

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2012-2013

Finance and Deregulation Portfolio

Department/Agency: ASC Pty Ltd

Outcome/Program:

Topic: Insurance Premium

Senator: Johnston

Question reference number: F68

Type of question: Hansard, F&PA Committee, Page 81, 24 May 2012

Date set by the committee for the return of answer: Friday, 6 July 2012

Number of pages: 1

Question:

Senator JOHNSTON: Okay. Your insurance premiums are running at, what, \$9 million a year?

Mr Ludlam: I believe we gave you that in answers to questions on notice.

Senator JOHNSTON: And that is up, in the last five years, from about \$1 million? ...

Senator JOHNSTON: You do not dispute that?

Senator Wong: No, we are not doing that. If he cannot recall, he will take it on notice.

Senator JOHNSTON: Take it on notice; that is fine. It is \$9 million and 22 claims last year?

Senator JOHNSTON: Yes? Good. Who gets the money?

Mr Ludlam: On the claims?

Senator JOHNSTON: On the claims.

Mr Ludlam: Invariably the DMO will get the money from the claims.

Senator JOHNSTON: I thought, under the Financial Management Act, the money would go into general revenue. Isn't that the case?

Mr Ludlam: I will have to take that on notice.

Answer:

ASC takes out a range of commercial insurances, consistent with its status as a Corporations Act company, and a Government Business Enterprise, which requires it to operate efficiently, price appropriately and be competitively neutral.

In specific instances, the allocation of the claim money is dependent on the nature of the loss. For example, where DMO has paid ASC to perform work that is subject to an insurance claim, ASC transfers the recoveries of the insurance to the DMO. The money is returned to Defence, but is held at portfolio level and not redistributed to DMO.

In other circumstances, the money recovered from insurance may be used to repair or replace the goods with the Original Equipment Manufacturer (OEM) or provider. Also, money recovered from the insurance may go directly to an injured party or third party who can prove a loss.