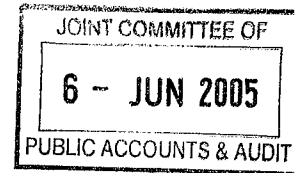




**Australian Government**  
**Department of Transport and Regional Services**

File Reference: L2005/1756

Ms Rebecca Gordon  
Inquiry Secretary  
Joint Statutory Committee on Public Accounts and Audit  
Parliament House  
CANBERRA ACT 2600



Dear Ms Gordon

**Review of Auditor-General's Reports Fourth Quarter 2003-2004**  
**ANAO Performance Audit Report No. 50 Management of Federal Airport**  
**Leases – Public Hearing 7 March 2005**  
**Questions on Notice: update of information**

On 27 April 2005 we wrote to you providing this Department's responses to the Questions on Notice arising from the Committee's Public Hearing on 7 March 2005.

One of the documents we provided to the Committee detailed Airport insurance cover in place from 1997 to 2005. At that time details relating to insurance cover for structures, plant and machinery and revenue loss for Brisbane and Gold Coast airports were not available as we were awaiting advice from insurance brokers for the airports.

Confirmation of this insurance cover has now been made available to the Department and I have attached an updated table for the Committee's information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Neil Williams'.

Neil Williams  
General Manager  
Airport Planning and Regulation Branch

1 June 2005

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

**Schedule of Airport Insurance Cover – Federal Leased Airports 1997-2005**

**INTRODUCTION**

The relevant Schedule to the Sale Agreements sets out insurance requirements in the following terms:

“1. The Transferee will at its expense effect and maintain or cause to be effected and maintained at the Grant Time the following policies of insurance (“Policies”) :

(a) policy or policies of insurance to cover:

- (i) loss and/or damage to or destruction of structures;
- (ii) loss and/or damage to or destruction of plant, machinery and other property on the Airport Site or in transit; and
- (iii) loss of gross revenues and/or additional increase in the cost of working consequent upon loss and/or damage to or destruction of structures, plant, machinery and other property.

Such policy or policies must be effected for the reinstatement or replacement value of structures plus extra costs of reinstatement;

(b) a policy or policies of insurance in respect of legal liability for, but not limited to, claims made by third parties for bodily injury or death or damage to or destruction of property (including the loss of use of such property) arising out of the Transferee’s use or occupation of the Airport Site or any operations occurring on or in respect of the Airport Site.

Such policy or policies must be effected initially with a minimum cover of \$....” *(The cover stipulated in the Sale Agreements for legal liability varies between airports as follows:*

<i>\$1.5 billion</i>	<i>Adelaide, Brisbane, Melbourne, Perth, Sydney</i>
<i>\$1 billion</i>	<i>Canberra, Gold Coast, Darwin</i>
<i>\$500 million</i>	<i>Alice Springs, Hobart, Launceston, Townsville</i>
<i>\$150 million</i>	<i>Archerfield, Bankstown, Camden, Essendon, Hoxton Park, Jandakot, Moorabbin, Parafield</i>
<i>\$25 million</i>	<i>Tennant Creek, Mt Isa</i>

All aviation liability primary policies identified in the table below contain third party legal liability limits consistent with the amounts specified in the Sale Agreements.

In addition to the insurance requirements of the Sale Agreements, all airport leases contain a clause indemnifying the Commonwealth from any actions arising from lessee operation of the airports. The relevant clause states that the lessee:

“...hereby indemnifies the Lessor from and against all Claims, Damages or Costs incurred or sustained by the Lessor, or for which the Lessor may become liable, in respect of any Claims, Damages, Costs or Injury to any person by reason of any act or omission on the part of the Lessee or by the performance of the Lease or the use or occupation of the airport Site by the Lessee or any other person...”

**Schedule of Airport Insurance Cover – Federal Leased Airports 1997-2005**

*(Insurance cover for structures, plant and machinery and revenue loss is denoted by ‘(a)’ in the second column; third party legal liability is denoted by ‘(b)’.*  
*The symbol “✓” represents insurance cover confirmed by certificates of currency, placement slips, policy schedules or written confirmation by the airport’s broker.*

Airport <sup>1</sup>	Cover required by Sale Agreement	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Adelaide/Parafield	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓
Archerfield	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓
Bankstown/Camden/Hoxton Park	(a)							✓	✓
	(b)							✓	✓
Brisbane	(a)	✓	✓	✓	✓	✓	✓	✓	✓
	(b)	✓	✓	✓	✓	✓	✓	✓	✓
Canberra	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓
Darwin/Alice Springs/Tennant Creek	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓
Essendon	(a)					✓	✓	✓	✓
	(b)					✓	✓	✓	✓
Gold Coast	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓

<sup>1</sup> Shaded areas in the body of the table indicate that the period was prior to sale. The respective sale dates were:  
 1 July 1997 - Brisbane, Melbourne, Perth; 28 May 1998 - Adelaide, Canberra, Gold Coast, Launceston, Parafield; 10 June 1998 - Alice Springs, Darwin, Hobart, Mt Isa, Tennant Creek, Townsville;  
 18 June 1998 - Archerfield, Moorabbin; 30 June 1998 - Jandakot; 10 August 2001 - Essendon; 30 June 2002 - Sydney (KSA); 14 November 2003 - Bankstown, Camden, Hoxton Park.

**Schedule of Airport Insurance Cover – Federal Leased Airports 1997-2005 (cont.)**

Airport	Cover required by Sale Agreement	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Hobart	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓
Jandakot	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓
Melbourne/Launceston	(a)	✓	✓	✓	✓	✓	✓	✓	✓
	(b)	✓	✓	✓	✓	✓	✓	✓	✓
Moorabbin	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓
Perth	(a)	✓	✓	✓	✓	✓	✓	✓	✓
	(b)	✓	✓	✓	✓	✓	✓	✓	✓
Sydney	(a)						✓	✓	✓
	(b)						✓	✓	✓
Townsville/Mt Isa	(a)		✓	✓	✓	✓	✓	✓	✓
	(b)		✓	✓	✓	✓	✓	✓	✓