

Thursday October 17, 2019

\$50 million mitigation funding increase is a leap in the right direction

Today's decision by the Senate to increase mitigation spending by \$50 million a year will make a significant difference to communities exposed to the wrath of extreme weather and natural disasters.

Insurance Council of Australia (ICA) CEO Rob Whelan said the insurance industry and many other organisations - including APRA, the ACCC and the Productivity Commission - had long called for a dramatic increase in funding.

He said investments in permanent mitigation to help prevent or reduce the impact of extreme weather, rather than handing out money following natural disasters, was a much more sensible use of taxpayer funds.

"The Insurance Council and its members are delighted, as should hundreds of thousands of Australians living in regions exposed to floods, cyclones, severe storms and bushfires," Mr Whelan said.

"This is a timely decision, which comes at the start of disaster season. Already, many communities have felt the effect of early-season bushfires, and the cyclone season is just around the corner.

"We are poised to assist the Commonwealth in developing mitigation action plans and identifying communities where investments in mitigation will have the most impact.

"Only three weeks ago, APRA said investments in mitigation and resilience, alongside the removal of punitive taxes on insurance, were the only viable ways to reduce insurance premiums in northern Australia through reducing the physical impact to communities.

"Today's decision by the major political parties in the Senate adds \$50 million a year to the amount the Commonwealth will be able to spend. Though it is unclear what the total annual mitigation budget will be, we believe it will be much closer to the \$200 million-a-year federal investment the Productivity Commission recommended in 2014.

"The ICA now urges state and territory governments to also commit to significant investments in mitigation.

"The insurance industry is standing by to reduce insurance premiums wherever permanent and effective risk reduction is deployed. Premium reductions from previous mitigation efforts have been significant to many communities, and the best outcome is that these towns become more economically and socially sustainable for many generations."

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