

Tuesday 11 May 2021

ICA welcomes Federal Budget's disaster mitigation funding

The Insurance Council of Australia (ICA) tonight welcomed the 2021-22 Federal Budget as an historic Commonwealth commitment to funding resilience and mitigation measures to better protect vulnerable Australian communities against natural disasters.

The ICA and insurers have been calling for increased investment in resilience and mitigation measures for more than a decade, and the Morrison Government has tonight provided an allocation of \$1.2 billion over five years to improve Australia's capability to prepare for, respond to, and recover from natural disasters.

Insurers welcome investments in the future success of vulnerable communities, including \$600 million for new disaster preparation and mitigation programs as part of the establishment of the new National Recovery and Resilience Agency (NRRRA) and \$40 million to make strata buildings in northern Australia more resilient to extreme weather events. To get maximum return from this investment the ICA calls on state and territory governments to match the Federal Government's funding in their own jurisdictions.

The natural disaster response package also includes \$280 million over three years for projects in bushfire affected areas as part of the National Bushfire Recovery Fund, \$210 million to establish the Australian Climate Service to help inform risk reduction and resilience investments, and \$90 million for national disaster management funding.

Along with the new NRRRA funding, the Budget commitment to underwrite a \$10 billion reinsurance scheme for cyclone and related flood for privately-owned homes, strata corporations and small businesses has been welcomed by insurers, who are committed to working with the Government on the design and implementation of the scheme.

Comment attributable to Andrew Hall, CEO Insurance Council of Australia:

Treasurer Josh Frydenberg's third budget is good news for delivering a community more resilient to the risks of natural disasters.

The Productivity Commission's estimate that 97 per cent of all disaster funding in Australia is spent after an event, with just three per cent spent on mitigation measures ahead of a disaster, shows that the Federal Government's commitments are an historic first step towards redressing that imbalance.

The ICA in particular thanks Assistant Treasurer Michael Sukkar for the constructive way he has worked with insurers, particularly on short, medium and long term measures to improve affordability and availability of insurance.

Insurers look forward to working with the Government and other stakeholders on the design and implementation of the cyclone reinsurance pool ahead of its implementation mid-2022.