



# News release

Insurance Council  
of Australia

Wednesday, 12 January 2022

## Insurance Council welcomes Labor's resilience pledge

The Insurance Council of Australia today welcomed the announcement by Federal Labor that it would increase investment in measures to better improve the resilience of Australian communities to extreme weather.

The *Prevent, Prepare, Rebuild* plan would bring Federal investment in measures that protect communities from the impact of natural disasters to \$200 million a year, a crucial change in the face of worsening extreme weather.

The plan also meets an important recommendation of the Productivity Commission's Natural Disaster Funding Arrangements report, which found that 97 per cent of all disaster funding in Australia is spent after a natural disaster with just three per cent spent on measures prior to an event taking place.

Importantly, the policy ensures disaster recovery remains fully funded through the budget process.

Investment in projects that protect against the impacts of extreme weather have a demonstrable return.

Construction of the Launceston flood levee saved the community an estimated \$216 million in recovery costs from an investment of \$58 million, with the benefit from just one flood four times the expenditure.

The construction of a \$15 million flood levee in Roma, Queensland in 2015 protected 483 homes and 75 businesses, reducing insurance premiums by an average of 34 per cent.

To ensure maximum return for communities, states and territories should be matching Federal investment.

The Victorian and New South Wales governments have increased resilience funding in their most recent budgets, however the Queensland Government, which faces the most significant threat from cyclone and cyclone-related flood, needs to do much more.

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

The Insurance Council has long been calling for the level of investment in resilience measures to be increased, and we warmly welcome today's announcement by Federal Labor.

Regardless of the outcome of this year's election, the next Australian Government needs to invest in stronger homes and infrastructure that makes communities more resilient in the face of worsening extreme weather.

This means investment in protecting the community, like levees and dams, and subsidies for households to improve a property's resilience to wind, water, and fire.

The process of allocating investment in publicly funded resilience projects and infrastructure must be data-driven, independent of the political process, require business cases to support high-value projects, and be followed up with analysis of the project's impact.