

3 March 2024

To whom it may concern,

Clean Economy Jobs, Resources and Transport Committee – Clean Economy Jobs Bill 2024

The Insurance Council of Australia (**Insurance Council**) thanks the Clean Economy Jobs, Resources and Transport Committee for the opportunity to provide feedback on the Clean Economy Jobs Bill 2024. We appreciate the collaborative approach the Committee has taken to welcome submissions from interested stakeholders.

The Insurance Council is the representative body of the general insurance industry in Australia and represents approximately 89% of private sector general insurers. As a foundational component of the Australian economy, the general insurance industry employs approximately 60,000 people, generates gross written premium of \$64.5 billion per annum and on average pays out \$147 million in claims each working day (\$36.5 billion paid out per year).¹

The Insurance Council welcomes the introduction of the Clean Economy Jobs Bill 2024 by the Queensland Government to legislate emissions reduction targets and establish an independent Clean Economy Expert Panel, bringing Queensland into step with other jurisdictions. For example, NSW has legislated emissions reduction targets of 50% by 2030, 70% by 2035, and net zero by 2050, overseen by an independent Net Zero Commission. Similarly, Victoria has a long-term legislated emissions reduction target of net zero by 2050, and a legislated requirement to set five-yearly emissions reduction targets.

In addition, we recommend the Queensland Government focus on effective adaptation measures alongside mitigation strategies, to comprehensively address the challenges posed by a changing climate.

Further detail is provided below.

The Insurance Council and its members welcome the legislation of emissions reduction targets for 2030, 2035 and 2050 in the Clean Economy Jobs Bill 2024.

Legislated targets will offer Queensland businesses and industries a stable and predictable investment environment which enables businesses and investors to make long-term plans and allocate capital towards green and climate-friendly initiatives.

The Queensland government should set science-based interim emissions reduction targets (2040, 2045) that are Paris aligned and consistent with IPCC timeframes. The Paris agreement calls for holding the increase in temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C.

These targets need to be supported by a comprehensive set of policies that accelerate Queensland's transition to net-zero, and the Insurance Council and its members look forward to continuing to collaborate on the Queensland Government's energy and climate policies.

The Insurance Council and its members recommend the Queensland Government embed action on adaptation into the Clean Economy Jobs Bill 2024, alongside mitigation strategies, to comprehensively address the challenges posed by a changing climate.

The Insurance Council welcomes the Queensland Government's Queensland Climate Adaptation Strategy (Q-CAS). However, embedding adaptation into the Clean Economy Jobs Bill 2024 will safeguard the Queensland government's ongoing commitment to adaptation actions to protect Queensland communities, economy and environment. A legislated commitment to adaptation

¹ APRA Statistics February 2023

would also encourage businesses and investors to allocate capital towards Queensland adaptation and resilience initiatives.

The Queensland government could include an adaptation objective in the Bill to make Queensland more resilient to a changing climate, similar to the approach taken by the NSW Government in their Net Zero Bill 2023. In addition, the Bill could make clear that the function of the Clean Economy Expert Panel is to also provide advice on climate adaptation.

Alternatively, the Queensland government could adopt the approach taken in Victoria's Climate Change Act that requires the Victorian Government to develop 5-yearly adaptation action plans for 7 essential systems² that are vulnerable to climate impacts or critical to Victoria's climate resilience, as well as 5-yearly Regional Climate Change Adaptation Strategies (RASs) developed by the community to address the challenges and opportunities from climate change.

Australia's general insurance sector provides protection for 41 million homes, buildings and vehicles against the physical and financial impacts of extreme weather events. Insurers are at the frontline when it comes to climate change and extreme weather which is why the insurance industry is focused on improving community adaptation and resilience.

Since the 2019-20 Black Summer bushfires, insurers have paid out an unprecedented \$16.8 billion in extreme weather claims, and in 2022 alone, there were more than 302,000 disaster related claims lodged from four declared insurance events across the country, costing \$7.28 billion in insured losses. Six billion dollars of these losses were from the northern New South Wales and south-east Queensland floods in early 2022, the second costliest insured event in the world last year and the costliest insured event recorded in Australia.³

Enhancing the resilience of Australia's built environment requires investing in improving the resilience of existing buildings, business assets, and infrastructure. The responsibility to make these changes falls to governments, both state and federally. While there have already been welcome announcements such as the Federal Government's \$1 billion Disaster Ready Fund and state-funded resilience programs being rolled out across high-risk regions in Queensland, more needs to be done.

The Insurance Council welcomes the Queensland Government's commitment to invest in a range of resilience measures following the catastrophic extreme weather events to hit the state in recent years. This includes the Resilient Homes Fund and the Queensland Resilience and Risk Reduction Fund co-funded by the Australian and Queensland Governments, and the North Queensland Natural Disaster Mitigation Program fully funded by the Queensland Government. While these investments are necessary and welcome, the Queensland Government needs to commit more funding to resilience measures to minimise the risk from extreme weather events.

The Insurance Council and its members have developed a set of policy recommendations, outlined in its report, "Building Australia's Resilience"⁴, which chart a path for how we can build on these existing initiatives to create a more resilient Australia, lessening the impact when disaster strikes and ensuring we don't continue to put communities in harm's way. We strongly recommend the adoption of these recommendations by state, territory and federal governments. The recommendations include:

- Resilience investment: In the face of worsening extreme weather, the ICA encourages all levels of Government, including the Queensland Government, to increase funding to strengthen Australian homes and businesses, helping communities to build their resilience in the face of worsening fires, floods, cyclones and storms. This increased investment needs to be coupled with a change in approach to what we build and where we build it to avoid repeating the mistakes of the past. This includes funding for:
 - Buyback schemes to move people permanently out of harm's way.
 - Retrofitting existing properties to help them better withstand the impacts of extreme weather events such as floods.
 - Infrastructure projects that protect the community

A five-year program of resilience measures costing approximately \$2 billion would be expected to reduce costs to governments and households by more than \$19 billion by 2050, delivering a return on investment of almost 10 times nationally. The Federal Government must extend the disaster resilience fund to a 10-year rolling program, matched by states and territories, and index disaster

² These 7-systems are: Built Environment, Education and Training, Health and Human Services, Natural Environment, Primary Production, Transport, Water Cycle

³ Insurance Council of Australia, CAT Report 2023, [20897_ICA_Cat-Report_Print-2023_RGB_Final_Spreads.pdf \(insurancecouncil.com.au\)](https://www.insurancecouncil.com.au/20897_ICA_Cat-Report_Print-2023_RGB_Final_Spreads.pdf)

⁴ Insurance Council of Australia, [Building Australia's Resilience: Policy Recommendations \(insurancecouncil.com.au\)](https://www.insurancecouncil.com.au/building-australias-resilience-policy-recommendations), 2023

mitigation funding from 2023–24 so it does not fall in real terms, as occurs under current arrangements.

- **National Construction Code and Standards:** State and Territory Governments must work together to incorporate resilience standards in the National Construction Code (NCC) to improve the resilience of all future building stock and strengthen existing building stock over time through refurbishment. A report from the Insurance Council has found strengthening the NCC could save an estimated \$4 billion a year and that extreme weather costs to homeowners will double by 2050, as events become more severe or more frequent because of climate change. The Queensland Government, via its representation at the Building Ministers' Meeting and on the ABCB, should continue to support amendments to the NCC and relevant Australian Standards that prioritise building resilience and considers current and future climate projections.
- **Improving competence and compliance:** While there have been commendable efforts to change industry practice in recent times, failure to comply with the technical requirements of the NCC remains a major challenge in all jurisdictions, including in Queensland. To address this, the Insurance Council encourages the Queensland Government to continue to action the recommendations of the *Building Confidence Report* including nationally consistent requirements for the registration of building practitioners, their enhanced education and training, greater rigour in the certification of design and construction, and improved enforcement.
- **Review of land use planning:** The Insurance Council encourages the Queensland Government to review land use planning arrangements considering both the likelihood and consequence of extreme weather events, including flooding. These reviews should adopt a catchment-based approach to land use planning and hazard management, based on existing Queensland Water catchment boundaries and consider current and projected extreme weather events and input from relevant councils. The ICA welcomes the leadership role the NSW government is continuing to play in reviewing land-use planning arrangements to better consider extreme weather risk, as tasked by National Cabinet. On the 22nd of February 2024, planning Ministers agreed that New South Wales will consult all jurisdictions in the coming months on this work and prepare a report and timeline for implementation into land use planning by all jurisdictions. The ICA encourages the Queensland Government to engage with NSW in this process.
- **Prioritise a risk-based approach:** The ICA encourages Governments to deliver on National Cabinet's commitment to ensure development no longer occurs on flood plains and for planning legislation to include a mandatory requirement for strategic and statutory planning arrangements to consider property and community resilience to extreme weather events. The Queensland Government should prioritise development in areas of negligible-risk and low-risk to extreme weather for new dwellings, noting the probability of a hazard occurring and the potential impact of that hazard on property and life as part of the development of regional plans. Housing development in areas prone to extreme weather events, including high flood risk, should not be permitted.
- **Improve Data:** The Queensland Government should work with other jurisdictions and the Commonwealth to update, standardise and make publicly available climate hazard data, considering long-term time horizons and prioritising the high impact perils of flood, bushfire, cyclone and coastal erosion. This data should consider all possible perils to help establish a national public baseline that can better inform land use planning, building codes and standards and understanding of current and future risk.

The Insurance Council and its members welcome the development of emissions reduction plans for key sectors of the Queensland economy such agriculture and transport. These should align with the Australian Government sector plans and be underpinned by robust policies.

Clear emissions reduction plans across key sectors of the state's economy helps decision makers and investors better benchmark emissions progress and encourages private sector investment and government partnerships in the decarbonisation of Queensland's sectors and businesses.

Insurers are actively participating in this flow of capital, increasingly directing investments towards sectors of the economy that are undergoing decarbonisation and aligning insurer portfolios with climate goals and net-zero commitments. This includes investment in renewable energy, green infrastructure, and sustainable businesses. This not only mitigates the risk of exposure to stranded assets but also strengthens their portfolios against future uncertainties. To further enhance comparability and transparency, collaboration between the Queensland Government and the Australian Government is needed to facilitate alignment of sector plans as much as possible. Sector emission reduction plans should be underpinned by robust policies to support the technologies, best practices, and feasible mitigation measures needed for sectors to decarbonise. The socioeconomic impacts of decarbonisation on workers, communities, and vulnerable

groups within the sector should be considered to ensure a just transition. Sector decarbonisation pathways should also incorporate climate resilience measures to mitigate the sector's vulnerability to climate change impacts, such as extreme weather events.

We trust that our initial observations are of assistance. If you have any questions or comments in relation to our submission please contact Ange Nichols, Senior Adviser, Climate Action & Resilience, ange.nichols@insurancecouncil.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Andrew Hall', with a stylized flourish at the end.

Andrew Hall
Executive Director and CEO