

17 June 2021

Manager  
Cyclone Reinsurance Pool Taskforce  
Treasury  
Langton Cres  
Parkes ACT 2600

Via email: [ReinsurancePool@treasury.gov.au](mailto:ReinsurancePool@treasury.gov.au)

Dear Sir/Madam,

**RE: Submission on Reinsurance pool for cyclones and related flood damage**

I refer to the submission paper and submission period (21 May to 18 June) published on your website, seeking comments on key design features of a reinsurance pool for cyclones and related flood damage. Council has considered this matter and would like further clarity on some details to understand the impacts upon this community, which has historically been associated with cyclones and floods.

Whitsunday Regional Council seeks clarity on the following matters:

**1. Coastal Hazard Adaptation Strategy**

Council is currently finalising its Coastal Hazard Adaptation Strategy (CHAS) implementation program which includes consideration of options for management of coastal areas with the increasing risk from climate changes and sea level rises. In some areas this may include considering coastal retreat options. Council is conducting further research into the best options for each identified area and will be continuing to engage communities in planning for future coastal adaptation. The insurance and finance sector play important roles in bringing increased risk to the attention of residents. Although Council would like to see its residents to be able to access the reinsurance pool, it is important that this does not subsidise additional risk taking in coastal areas that are at risk of permanent inundation within Councils planning horizon (by 2100) thereby reducing residents understanding of risks and the uptake of coastal adaptation.

The Government may like to consider offering residents at risk of permanent inundation by 2100 subsidised insurance however including additional conditions. For example.

- A specific sea height in which the property will no longer be eligible for reinsurance support (a number of years prior to the sea level reaching the property boundary) thereby ensuring residents understand the property “life expectancy”!
- An agreement that in the event that the property is damaged by a storm event, and the payout is greater than an agreed percent of the rebuild costs that the property will not be rebuilt in the same location (high risk land could be reclaimed and building could be undertaken at an alternative pre-determined land parcel located elsewhere). These processes may be key to assisting with the facilitation of retreat from high-risk areas in a planned manner in opportune times (ie. post disaster).

## 2. Council Residential Properties

Council owns five residential properties which are managed under leases managed by a Real Estate Agent and under a standard residential tenancy agreement. These properties are covered under Council property insurance. We believe the proposed arrangement will not include these properties, and Council will continue to provide the same insurance cover and not be eligible from the Reinsurance Pool. Council would appreciate an explanation and clarification if Council residential properties will be in or outside the scope of the proposed scheme.

## 3. Community Centre Facilities

Council currently insures specific community run facilities in the community, whereby the owner organisations cannot afford insurance on their own. Council currently covers eight facility locations consisting of 32 structures under its corporate Industrial Special risk Insurance. Council would like to know if the scheme extends to these Community facilities, in order to consider its position moving forward to provide insurance cover for these facilities.

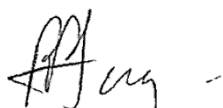
## 4. Impact on our Community

Council is concerned with the impact to small businesses operators within our community Post Cyclone Debbie in 2017, and how effective the engagement of different sectors has been within our community in this consultation process. Council is also seeking further details to better understand the eligibility criteria for the Reinsurance Pool, to ensure it covers as many policy holders as possible, so that consumers can understand how they can continue to manage their insurance premiums, and if they are able to purchase insurance at all.

We ask that the Australian Government Treasury provide further clarity around the definition and interpretation of the terms - 'Cyclone' and 'Strata Title' and also what constitutes a 'Small Business' to develop a better understand of the impacts to our community.

Council welcomes the opportunity to discuss the integral role that the insurance sector could play in planning coastal adaptation further, and to ensure the reinsurance pool covers the broadest range of events possible in the future.

Yours sincerely



**Rodney Ferguson**  
Chief Executive Officer