



16 December 2021

Manager
Cyclone Reinsurance Pool Taskforce
The Treasury
Langton Crescent
PARKES ACT 2600
via email – ReinsurancePool@treasury.gov.au

To Whom It May Concern,

RE: Reinsurance pool for cyclones and related flood damage | Draft Legislation

On behalf of the Mackay Region Chamber of Commerce, we would like to provide comment on the Draft Legislation of the Reinsurance pool for cyclones and related flood damage.

The Mackay Region Chamber of Commerce (MRCoC) was established in 1887 as an advocate for local businesses. Today, we represent over 10,000 organisations across every industry in our region, from the 'one-man band' to national organisations.

The Mackay Region has a population of over 118,000 – and rising. The region is well known for its proximity to the Bowen basin and the world class Mining Equipment and Services sector that resides in the city. The benefits of the mining sector, coupled with a resurgence in agribusiness and tourism, creates a regional business community that has a positive outlook, is resilient and is looking for well-directed support from the federal government.

The Mackay Region Chamber of Commerce supports the establishment of the reinsurance pool covering the risk of property damage caused by cyclones and cyclone-related flood damage as an important step in addressing the issue of the unaffordability of insurance cover in our region and Northern Australia more broadly.

As stated in our 2021 Pre Budget-Submission we are committed to advocating for a reinsurance facility to promote the lowering of costs associated with cyclone and natural disasters

Best regards,

Geoff O'Connor
President
Mackay Region Chamber of Commerce



This is a response to *Exposure draft legislation for the establishment of a reinsurance pool for cyclones and related flood damage*. The MRCoC welcomes the announcement of the government reinsurance pool scheme, as we believe it will provide advantages for residents in Northern Australia. Although we are largely supportive of the draft legislation, we do have a few concerns that we believe need addressing.

Definition of Small Business

The cyclone reinsurance scheme seeks to improve insurance access and affordability for households and small businesses in cyclone-prone areas by reinsuring the risk of property damage caused by cyclones and cyclone-related flood damage.

Most businesses in the Mackay Isaac Whitsunday region are small businesses, with the bulk of these employing up to 20 people. Therefore, it is important for our region that small businesses with up to 20 employees are included in the definition for small business. However, as representative of all Mackay Region businesses, we believe it is important that the definition remains as broad as possible. The Mackay Region Chamber endorses the Australian Small Business and Family Enterprise recommended definition of 'small business': *a business with less than \$10 million in turnover and fewer than 100 employees.*

Ineligibility of Farm Businesses

Other exclusions

(8) A contract is not a pool insurance contract to the extent that:

(a) it is a contract of reinsurance; or

(b) it provides insurance cover to a farm business, including:

(i) producing crops or livestock, or produce derived from

the crops or livestock; or

(ii) the interests of the insured in property used to produce crops or livestock;

The Mackay Isaac Whitsunday region has a diverse agricultural sector. We believe it is very important that Farming Businesses are included in the reinsurance pool.

The Mackay Region Chamber of Commerce support the introduction of the Reinsurance Pool, it is important to ensure our members have access to adequate and affordable insurance coverage well into the future. We believe a broad definition of "small business" and the inclusion of farming businesses are important inclusions to this legislation. The recommendations of the *Northern Australia Insurance Inquiry – Final Report* need to continue to be progressed alongside the establishment of the reinsurance pool in order to ensure that improvements in the affordability and accessibility of insurance across Northern Australia sustainable long term.