

26 September 2019

Committee Secretary
Senate Standing Committees on Finance and Public Administration
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Via email: fpa.sen@aph.gov.au

Dear Sir / Madam,

INQUIRY INTO THE EMERGENCY RESPONSE FUND BILL 2019

Suncorp Group Limited (*Suncorp*) welcomes the opportunity to provide a submission in response to the Senate Committees' inquiry into the Emergency Response Fund Bill 2019 and Emergency Response Fund (Consequential Amendments) Bill 2019 (*the Bills*).

Suncorp is a leading financial services provider offering insurance, banking and wealth products and services throughout Australia and New Zealand. We advocate for, and strive to deliver, what is in the best interests of our customers and those who live in disaster-prone parts of our country.

Suncorp would like to see the Government address the chronic shortfall in disaster resilience funding – this will strengthen regional economies, protect vulnerable communities and put downward pressure on costs of living.

Natural hazard resilience building is one of the smartest investments governments could ever make.

Suncorp supports the Bills' agenda to build more resilient communities after disaster strikes and acknowledge the need for sustainable disaster response funding to help communities recover from the impacts of severe and catastrophic disasters.

By substantially increasing natural hazard resilience funding, post-disaster resources could be reduced. Australia is currently stuck in a vicious cycle of *disaster, rebuild, repeat*. This Bill provides an opportunity to reset priorities focused on better protecting communities.

As a major insurer, Suncorp is concerned that Australian communities are becoming more vulnerable due to the physical impacts of a changing climate. With the risk of physical impact increasing alongside the economic impact of natural disasters, bringing forward investment into prevention is now urgent.

The Productivity Commission previously found that Australia spends 97 per cent of disaster funding on clean-up and recovery, with only three per cent spent on prevention and reducing the risk of natural disasters.¹ It made several recommendations to improve Australia's preparedness for natural disasters including to increase five-fold the level of Federal Government funding for disaster mitigation, to be matched by states and territories.²

The National Commission of Audit recognised the funding imbalance five years ago when it characterised recovery funding as a "*large and volatile expenditure [which] poses significant ongoing risks to the Budget*."³

¹ Productivity Commission 2014, *Natural Disaster Funding Arrangements, Inquiry report no. 74, Canberra (Volume 2)* page 300.

² Productivity Commission 2014, *Natural Disaster Funding Arrangements: Inquiry Report, Volume 1*, page 2.

³ National Commission of Audit 2014, *Towards Responsible Government, Phase One Report*, page 187.

Carefully considered investment in resilience measures today, will reduce Australian Government expenditure on natural disaster relief and recovery by more than 50 per cent by 2050.⁴

Just this week, the Australian Prudential Regulation Authority reinforced the need for mitigation funding and said, “*Money spent on prevention and mitigation generates greater sustainability as it makes homes and businesses more capable of withstanding natural perils, reduces the economic and insured losses when disasters do occur,*” in their submission to the Australian Competition and Consumer Commission’s inquiry into northern Australia.⁵

Improving the quality of our infrastructure, building levees around flood prone communities, as well as strengthening homes against cyclones, bushfires, and floods, will significantly prevent the short and long-term impacts of weather events.

The Launceston flood levee is an example of the benefits of community level mitigation. In 2014, the old Launceston flood levee was upgraded and raised. Subsequent analysis revealed the levee upgrade paid for itself four times over after just one flood event.⁶

Suncorp research from the Cyclone Testing Station at James Cook University shows that increasing the resilience of homes is a practical way of addressing the region’s significant risk problem.⁷ Based on this research, Urbis found that cyclone resilience retrofits can save homeowners and the economy up to \$13 for every dollar invested. Some options would pay for themselves after one Tropical Cyclone Yasi-like weather event.⁸

Suncorp applied this research in a very tangible way for our customers and developed the Cyclone Resilience Benefit. Since its inception in 2016, more than 40,000 customers have received premium reductions of up to 20 per cent for strengthening their homes.

The Queensland Government’s Household Resilience Program is based on the same research, and demonstrates how governments can partner with industry, and assist homeowners improve the resilience of their own properties. The program has already provided funding for around 1,000 homes in north Queensland to receive roof upgrades and other cyclone mitigation measures.

Suncorp continuously looks to work with government and the community to demonstrate the importance of resilience building against disaster risk, and we are committed to ensuring all Australians regardless of where they live continue to have access to affordable insurance to protect their home, car and business.

If you wish to discuss any of the points raised in this submission, please contact me on

Yours Sincerely

Joshua Cooney
Acting Executive Manager Government, Industry and Public Policy
Suncorp Group

⁴ Australian Business Roundtable for Disaster Resilience and Safer Communities 2014, *Building our nation’s resilience to natural disasters*.

⁵ APRA 2019, *Submission – Northern Australian Insurance Inquiry Second Update Report*, page 5.

⁶ Bushfire and Natural Hazards CRC 2017, *Launceston flood risk mitigation – June 2016 floods*.

⁷ Cyclone Testing Station JCU 2015, *Cyclone Resilience Research – Phase II*.

⁸ Urbis 2015, *Protecting the North: the benefits of cyclone mitigation*.