

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2015 - 2016

**Department/Agency:** Treasury

**Question:** AET 57

**Topic:** North Queensland Insurance Premium Taskforce - Modelling of Risks to the Commonwealth Balance Sheet

**Reference:** Hansard page no. 95 - 10 February 2016

**Senator:** McLucas, Jan

**Question:**

**Senator McLUCAS:** Senator McGrath, would you take that on notice and ask if we could see the modelling that was undertaken around the risk to the Commonwealth balance sheet?

**Senator McGrath:** I will take on notice whether that is possible.

**Senator McLUCAS:** Thank you. I think it is a useful thing. The interim report talks about the need for greater understanding by North Queenslanders of the risks and how insurance works. I think that modelling might be useful to have in the public arena. Did the task force commission any other modelling, other than what was identified in the interim report?

**Ms Quinn:** The task force undertook quite a lot of detailed analysis on different types of options and quantitative analyses across a range of different questions identified in the interim report and in response to submissions. I am happy to take it on notice and provide you with the contract information that is available in different forms.

**Answer:**

The Northern Australia Insurance Premiums Taskforce Final Report was released publicly on 4 March 2016.

The probability of cyclone damage was modelled to assess the likely cost to the Government and found that for a scheme set to reduce premiums by 10-15 per cent on average, there is a 10-20 per cent chance that it would cost more than \$2 billion over ten years, and a 5-10 per cent chance the cost would be more than \$5 billion. A detailed analysis is available within the report.

Box 1 on page 32 of the report details the modelling process undertaken, including the details of the modelling undertaken by external consultants. A report by Finity Consulting on the 'Financial Impact of Proposed Cyclone Schemes' is at Appendix C to the Final Report.