

NDIR Submission from Cassowary Coast Regional Council

Dear Sir/Madam

Please find below a quick overview of issues and ideas for the above panel.

The Cassowary Coast faces a challenging future in terms of its access to appropriate insurance and financial support. The region has suffered two major natural disasters within a space of five years leaving the region in an insurance and finance knife edge. The region is in an area that is exposed to the threat of natural disasters on a yearly basis and with the predictions and modeling on climate change by organisations such as the CSIRO predict that the region faces the possibility of increased cyclonic activity in the future.

The region is home to an agricultural industry valued at approximately \$600 million per annum, tourism at \$100 million per annum and manufacturing and other industry at around \$100 million per annum. The region is one of the most valuable agricultural regions in Australia and home to a growing tourism market. The region is strategically situated between two major regional growth centers in Cairns and Townsville. The significance of the regions potential for growth can be emphasized by the recent purchase of Tully Sugar Limited by COFCO Limited, the largest oils and foods importer exporter, leading manufacturer of food in China and a Fortune 500 company. The region also host approximately 3,200 small businesses as classified by the Australian Bureau of Statistics, accounting for approximately 94% of the region's registered businesses.

Access to appropriate insurance and financial facilities is crucial to facilitating regional growth. At a grass roots level, speaking to local business owners and industry groups, the urgency in the need to review the availability of equitably priced insurance and finance is a growing concern. Members of the Cassowary Coast Economic Development Reference and Recovery Group have highlighted the matter as one in need of urgent attention and has highlighted this as one of its key projects requiring support as part of the local recovery plan. There is a high level of uncertainty that the unavailability of appropriately priced insurance products and services will hinder future growth within the region. A case in point is that when one looks at the high number of small businesses within the region and the structure of these types of businesses, mostly family businesses, the availability of appropriately priced insurance and finance is critical. Many of these types of businesses tend to use personal assets to secure loans and when the insurance and finance industry are either unwilling to insure or charge exorbitant premiums for insurance and finance, this tends to leave these types of businesses in a very precarious position as they may be unable to put their plans into action.

The State and Commonwealth Governments have a major role to play in ensuring that local communities within disaster impacted areas, especially those that suffer yearly events are provided with adequate and affordable insurance and financial cover for individuals, businesses of all size and local governments. There is certainly a case for identifying appropriate models for providing insurance and finance. If the private insurance market is unable to offer or unwilling to offer adequate and affordable cover, then it is possible that organisations like the Queensland Treasury Corporation (QTC) or such a body underwrite certain regions and enable private insurance providers to provide affordable cover to the end consumer. The State of Queensland and the Government of the day must take the necessary steps to ensure the viability of regional growth centers.

Of further note is that regions such as the Cassowary Coast when rebuilt, will be built back stronger and more resilient, this in itself should be incentive to provide affordable

cover as the region is in much better shape to weather the next season. Infrastructure for example will be built to standard, housing when rebuilt, will be built to a certain level of cyclone rating appropriate for the area, as such there may be the case of reassessing the risk levels designated to certain regions. Innisfail which was rebuilt after Cyclone Larry in 2006 is now a stronger community in more than one sense of the word, this is evident in the level of impact that Cyclone Yasi had earlier this year, the town centre of Innisfail came out quite unscathed.

The Commonwealth and State Governments must ensure that they continue to facilitate growth in the regions and growth in designated industries of significance to the nation. Providing adequate and affordable insurance and financial products and services in partnership with the private sector is key to this.

I welcome further discussion and look forward to the results of this inquiry.

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