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## Federal Government ignores urgent need for flood mitigation spending

The Federal Government has left flood-prone communities exposed to the risk of floods by failing to make any significant provision for mitigation infrastructure in the Budget.

Rob Whelan, CEO of the Insurance Council of Australia, said the Government's priorities were askew and short-sighted.

He said only \$26 million a year had been allocated over the next four years to the National Partnership on Natural Disaster Mitigation.

"Unfortunately, despite the chaos, destruction, heartbreak and financial hardship caused by floods across three states over the past 18 months, the Federal Government has failed to heed the insurance industry's call for urgent investments in flood mitigation works," Mr Whelan said.

"We would rather have seen a substantial, far-sighted Budget investment in measures that would protect frequently flooded towns. Building permanent levees around dozens of flood-prone communities, and improving flood mapping, would ultimately mean governments would spend much less in disaster relief funding."

Mr Whelan said the \$100 million dividend being extracted in 2012-13 (\$75 million thereafter) from the Australian Reinsurance Pool Corporation should have been directly applied to natural disaster mitigation.

He said the insurance industry has received more than 81,000 claims totalling \$2.73 billion in damages since Christmas 2010 from declared flood catastrophes in Queensland, New South Wales and Victoria. Governments were also hit with multi-billion-dollar rebuilding costs.

The ICA's Federal Budget submission outlined the need for improved mitigation under the Natural Disaster Resilience Program. In 2011-12, government support for natural disaster mitigation was just \$300 for each property identified in the Natural Disaster Insurance Review as at risk of high or extreme flooding.

However, Mr Whelan was pleased with \$4.2 million allocated to the Bureau of Meteorology to improve its capability to respond to extreme weather events.