

Tuesday April 2, 2019

Statement on the 2019-20 Federal Budget

The Insurance Council of Australia (ICA) is pleased the 2019-20 Federal Budget projects a return to surplus.

It welcomes tax cuts for low to middle-income households, and asset write-offs for small businesses. This should help reduce cost-of-living pressures and encourage property owners and businesses to ensure they can better afford to protect their assets.

The ICA is pleased the Morrison Government is taking some positive steps towards addressing the urgent issue of climate change. It also supports the significant increase in funding for ASIC and APRA.

However, just six weeks after Townsville and parts of central Queensland were hit by catastrophic floods that caused billions of dollars in insured and uninsured losses, the Coalition has again failed to provide a vision or a sustainable solution for millions of Australians who live in disaster-prone regions.

Treasurer Josh Frydenberg has pledged \$3.9 billion for the natural disaster Emergency Response Fund, \$232 million to help flood-affected North Queenslanders and \$8 billion in additional spending on infrastructure. He has also promised up to \$300 million in grants to help flood-affected farmers rebuild damaged farm infrastructure, replace livestock and replant crops.

None of this money appears to be directed towards preventing natural disasters or making homes and businesses more capable of withstanding the impact of floods or cyclones.

The Coalition has ignored the Productivity Commission, which recommended the Commonwealth invest at least \$200 million a year in mitigation and resilience projects (matched by state and territory governments). At present about 97 per cent of disaster funding goes to clean-up and recovery, and only 3 per cent on prevention.

The ICA believes a significant portion of the Emergency Response Fund should have been directed to a program of investments in nation-building infrastructure projects, geared towards solving the problem of natural disasters rather than continually patching up communities and people in the aftermath.

Using government data, the ICA has been able to identify the 20 most flood-prone federal electorates in Australia; 16 of them are in Queensland, and some are marginal seats.

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The failure of governments to treat flood mitigation and resilience projects as critical investments in the economic future of natural disaster-prone communities is short sighted and disappointing.

The ICA is committed to working with the Federal Government, along with state and local governments, to enhance community resilience and disaster prevention.

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