



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON CLIMATE CHANGE, WATER,
ENVIRONMENT AND THE ARTS

Reference: Climate change and environmental impacts on coastal communities

THURSDAY, 4 JUNE 2009

CANBERRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

<http://www.aph.gov.au/hansard>

To search the parliamentary database, go to:

<http://parlinfoweb.aph.gov.au>

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE
ON CLIMATE CHANGE, WATER, ENVIRONMENT AND THE ARTS**

Thursday, 4 June 2009

Members: Ms George (*Chair*), Dr Washer (*Deputy Chair*), Mr John Cobb, Mr Dreyfus, Mrs Irwin, Ms Liv-
ermore, Ms Marino, Mr Murphy, Mr Scott and Mr Zappia

Members in attendance: Mr Dreyfus, Ms George, Mrs Irwin, Ms Marino, Mr Murphy and Dr Washer

Terms of reference for the inquiry:

To inquire into and report on:

Climate change and environmental impacts on coastal communities. The committee will inquire into and report on issues related to climate change and environmental pressures experienced by Australian coastal areas, particularly in the context of coastal population growth. The inquiry will have particular regard to:

- existing policies and programs related to coastal zone management, taking in the catchment-coast-ocean continuum
- the environmental impacts of coastal population growth and mechanisms to promote sustainable use of coastal resources
- the impact of climate change on coastal areas and strategies to deal with climate change adaptation, particularly in response to projected sea level rise
- mechanisms to promote sustainable coastal communities
- governance and institutional arrangements for the coastal zone.

WITNESSES

**SULLIVAN, Mr Karl, General Manager, Policy Risk and Disaster Planning Directorate,
Insurance Council of Australia..... 2**

Committee met at 10.41 am

CHAIR (Ms George)—I declare open this public hearing of the House of Representatives Standing Committee on Climate Change, Water, Environment and the Arts. The committee is inquiring into climate change and environmental impacts on coastal communities. The Minister for the Environment, Heritage and the Arts and the Minister for Climate Change and Water have asked our committee to examine the environmental impacts of coastal population growth as well as the impact of climate change on coastal areas and strategies to deal with climate change adaptations, particularly in response to the projected sea level rise. The committee will also look at existing policies and programs related to coastal zone management, mechanisms to promote sustainable coastal communities and governance arrangements for the coastal zone.

[10.42 am]

SULLIVAN, Mr Karl, General Manager, Policy Risk and Disaster Planning Directorate, Insurance Council of Australia

CHAIR—Welcome, Mr Sullivan. Although the committee does not require you to give evidence under oath, I advise you that this hearing is a legal proceeding of the parliament and warrants the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. The committee has received your written submission and it has been authorised for publication. I invite you to make a brief opening statement before we proceed to questions and discussion.

Mr Sullivan—I just want to open with an apology. I have missed several of these hearings so far, ironically for many of the reasons that you are interested in. The industry has been through a fairly severe six-month period, and the 12 months before that were little better, with natural disasters around Australia. My apologies that this is the first hearing I have been able to come along to.

The industry has a very strong interest in climate change as it relates to extreme weather events. That is where our interest lies. We have some interest, of course, in mitigation through emission trading schemes or carbon pollution reduction schemes but our primary focus is on adaptation. How do we increase the resilience or harden the targets in Australia that might be affected by extreme weather?

We have submitted to government previously a report on our view of coastal vulnerability as it stands at the moment and the exposures that exist in Australia. I am pleasantly surprised and encouraged by the activity of various state governments in this space to start getting their minds around in a policy sense what is a very difficult issue to come to terms with.

CHAIR—Thank you. We do have copies of the report that you refer to about improving community resilience to extreme weather events. That will inform our considerations. As we have travelled around the country we have seen some worst-case examples of planning regimes from the past that have left people potentially exposed to the effects of extreme weather events, particularly on the coastal strip where houses are built on the dunes. Something that has exercised my mind in the discussion about legal liability is the evidence that the insurance industry in different states in America is not providing insurance for potentially vulnerable properties. Are you seeing any changes to insurance arrangements in our own country, factoring in that assessment of vulnerability to climate change? For example, do you think potentially in the future there could be a requirement on those seeking insurance to demonstrate that risk mitigation measures have been put in place or properly considered? Where is the industry heading on these issues? Is there any generalisation you can make, or would it depend on the company?

Mr Sullivan—It is a little bit of column A and a bit of column B, but I will separate it into a couple of points. Firstly, insurers tend to have a three- to five-year outlook, unlike climate change scientists, who might be looking 100 or 200 years down the track. The benefit of the

three-to five-year outlook is that risks do not change greatly in that time, so you do not see too many significant strategic policy decisions made in that time. Insurers, obviously like the rest of us, have a weather eye on where this is going.

Pulling that back to the global example, insurers do adjust their risk profiles according to the history of loss in a region. If there is a high level of loss in a region, they would start to increase the cost of offsetting that risk. Some insurers may actually adjust their presence in a region, and by that I mean actually ceasing to write new policy in a region. That has happened around the world. An insurer might decide that they have had enough policy exposure in that region and are now going to focus on another market.

Are we seeing that in Australia? While there are micro adjustments all the time for insurers prudentially spreading their risk right across the nation, we are not seeing any huge trend at the moment where we might start to see areas that are red flagged, unable to get insurance or anything of that nature. There is still a good level of competition in the market. If we had this conversation in 100 years time, it would really be anyone's guess. It comes down to how well the community can mitigate the risks that are present there. If you are on the coastal fringe, you have some unique risks that you might not have if you live in the Blue Mountains.

To answer the final part of your question: will insurers in the future start to test what mitigation measures are in a person's residential property? Absolutely. I think that is where the trend is headed. If some of you have done online insurance recently, you may recall that you were required to tick boxes to say when your house was constructed and what it was constructed of. These are key things the insurer would then use to decide the risk profile of your house. For example, if your house was built post 1991, the insurer can make some assumptions that it was built in accordance with the building code and know what standards your house is built to.

Those things will continue to be tested. There may be for some areas further tests and perhaps a question about what the roofing material is if you are known to be in an area that has frequent large hailstones, for example. That trend is continuing, but I do not think we will see any overnight dramatic shifts in that market, certainly in Australia.

Mr DREYFUS—You have said that there are no red flagged areas anywhere at the moment in Australia. I took that as a suggestion that there might be red flagged areas, where no insurance would be offered, some time in the future.

Mr Sullivan—No, not at all. I really do not envisage that happening. Unlike some other areas globally, we have a very competitive environment in Australia. I think you will find that insurance will remain available in all areas. There are some things, of course, that you cannot insure for presently in Australia. Two years ago it was very difficult to get residential flood insurance for a river breaking its banks. That has changed. Through partnership with the state and federal governments, the industry has moved from eight per cent of policies offering that coverage to now 32 per cent of policies offering that coverage, and I predict that will grow. Where some risks exist that are beyond the appetite of the insurance industry, through cooperation we can find a solution.

So there really are no areas at the moment that are completely red flagged. There are some risks that are beyond the commercial appetite of insurers to touch. Some examples of that are

landslip and mine subsidence, and pandemic influenza is one that they will not touch. But at the moment, in terms of extreme weather events, there are no red-flagged areas, and I do not envisage that becoming an issue.

Mr DREYFUS—And you say that notwithstanding some pretty clear legislative status predictions of storm surge and inundations, such as that which we see in the Victorian planning schemes now—the prediction of a 0.8 metre sea level rise by 2100. Notwithstanding that pretty clear prediction, you do not foresee that there will be a withdrawal of the industry from insurance?

Mr Sullivan—I think the question, if I could turn that around little bit, is really: what would you be seeking to get insurance cover for? You simply cannot get an insurance product at the moment for gradual sea level rise that at a future time prevents you using a parcel of land because it has become untenable. So I would not see a shift to a position where we are no longer covering that, because globally that is not covered anywhere at the moment. Our most recent study shows there are 896,000 residential properties below six metres and within 3,000 metres of existing coastline, so that is a significant exposure that is out there.

Mr DREYFUS—And they are not now insured?

Mr Sullivan—That are certainly insured for all manner of things—

Mr DREYFUS—Sorry; they are not now insured against rising sea levels?

Mr Sullivan—No.

Mr DREYFUS—And you do not envisage that in the future they will be able to obtain insurance against rising sea levels?

Mr Sullivan—I am aware of some product development being done in that space and investigation of whether that would be a commercially viable product—whether people would see it as a significant enough risk to actually purchase a premium. I think we are some years away, though, from seeing a commercial product in any format hit the streets, if at all.

Mr DREYFUS—Just to zero in on a little aspect of this, the Insurance Council's paper recognises that it is not merely the rise in sea level that raises the issue; it is the storm surge events building on top of a sea level rise that in fact are likely to cause the most dramatic impacts in the medium term. I take it from your answers that that is not covered either, that storm surge effect?

Mr Sullivan—At the moment we are moving into riverine flooding as a first flooding example. There are some insurers who will look at what are more commonly called saltwater risks. That could be a king tide on top of a storm surge on top of a coastal inundation problem. So I think the trend is there—the market is starting to look at those risks—but presently, no, you cannot get cover for that in any significant or competitive way.

Mr DREYFUS—I was heartened that the Insurance Council is heartened by the gradual steps that are being taken in some state planning jurisdictions to deal with predicted sea level rise. My

home state of Victoria, as I mentioned, has adopted in its planning schemes what is said to be a somewhat conservative prediction of a 0.8 metre sea level rise by 2100. Is the Insurance Council content with that kind of prescription in planning schemes?

Mr Sullivan—I will not comment on the 0.8 metre, because it does vary—

Mr DREYFUS—No, it is the form that we are interested in. It is not so much the number but the form in which that control has been introduced.

Mr Sullivan—Yes, and my remarks in my opening statement went to that—that, where we see states implementing a planning decision at state level, I think that is a very progressive step forward: recognising (a) that there is a problem but, more importantly, (b) putting in place the architecture to adjust it into the future and make sure that we can keep up with how the risk actually does manifest.

Mr DREYFUS—Thanks.

Dr WASHER—I thought I might make an analogy here, if I can, with the Victorian bushfires, which have captured your time recently, I know. There will be people who wish to rebuild in what are high-risk areas, certainly under the circumstances that prevail. Now, that may not happen for another 50 years, of course, until fuel loads build up et cetera. But I would gather that, if I went to build a house in what is a reasonably high risk area, the banks would look at whether I could get insurance before they would lend me the money to build that house. In other words, it would fall back, I guess, onto the insurance industry to make some determinations that cascade down to loans et cetera.

Now, if that is true—and you have to tell me that—where is the insurance industry now in, say, Victoria? There is possibly an analogy between today and tomorrow in the coastal zone for different reasons going to where you are going to let people build houses, whether you give them insurance, whether they can borrow money et cetera. The banks will base it on that.

Mr Sullivan—It is a very complicated situation. I like the analogy, though. Lending practices in Australia do require generally a person seeking to borrow money to purchase insurance to cover the lender's interest in that property or that asset. There is the test right there. If the person cannot get insurance for the risk that the lender requires then the lending will probably not occur. I think the deeper issue here is not the instantaneous application and approval process. It is this issue of where is that property going to be in a risk sense in—and it may not be 50 years—five, 10 or 15 years down the track. Most lending contracts require you to maintain insurance over the asset, at least to protect the lender's interest. Some anecdotal evidence we are seeing from Victoria indicates that that may lapse five or 10 years down the track. So there is no real compliance that goes on there. I cannot speak for the banking industry, but I understand that they are looking at that as an issue.

Dr WASHER—Thank you.

Mrs IRWIN—I will just follow on from a number of questions that have been asked of you. On reading your submission, I noted that there was a proposal for a land value insurance scheme. I gather that owners would pay a regular levy for compensation.

CHAIR—Sorry, Julia. I do not think it is in the submission from the Insurance Council.

Mrs IRWIN—Yes, it was. I am positive it was in there.

Mr Sullivan—I think that might be from Insurance Australia Group.

CHAIR—Yes. It is a different submission.

Mrs IRWIN—Thank you, Chair, for that clarification. It could have been the other one that I read. Would you like to make a comment on that proposal?

Mr Sullivan—I should say that I cannot speak on an individual company's—

Mrs IRWIN—That is understandable.

Mr Sullivan—But this is an example of where insurers are examining products to meet future risks. That is the very product I am talking about. They really need to examine whether that would be a commercially viable product into the future. Apart from the fact that there is a very real risk of coastal vulnerability, the real questions are these. What is the community's understanding of that? Would they purchase a product and would enough of them purchase a product in order to build an insurance pool and be able to pay out future losses? I do not know where they are actually up to with their product development at the moment. That is certainly something I could ask them to respond to.

Mrs IRWIN—That would be appreciated, if you could do that. Do you think the land value insurance scheme would be a good idea?

Mr Sullivan—I think it would have to be commercially viable.

Mrs IRWIN—There would be a cost factor as well.

Mr Sullivan—Yes. Otherwise it simply could not work. In concept it seems to make sense, but I think there are some fairly big variables involved. The main one is the community's understanding of that and whether they would take up such a product.

Ms MARINO—I am sorry for being late, Chair.

CHAIR—No.

Ms MARINO—To you, Karl, I am sorry. I was in the House. I do not know if this question has been asked. What about a local council that has road verges and perhaps amenities along the edge of the sea or somewhere that is otherwise quite vulnerable? Are they still able at this time to your knowledge to access the type of insurance product that reflects the level of risk that they carry?

Mr Sullivan—Yes. There are products still available for that. The caveat I would put around that is that, as the risk increases in some of these areas, the price of offsetting that risk is going to increase in proportion with it. You may find that over time there is a gradual shift in the market

and in how local councils view that risk management process. You may find more start to self-insure rather than take out policies. I have had it said to me before by insurers that you could insure a house made of petrol-soaked rags in a bushfire zone if you were willing to pay the price to offset that very, very high risk. I do not see a future where councils will not be able to find an insurance policy to cover their risks.

Ms MARINO—Thank you.

Mr MURPHY—I would like to pick up on Dr Washer's analogy, because we are all listening to the inquiry in relation to the tragedy of the bushfires in Victoria earlier this year and about the deficiencies, whether they be with the fire authorities or the lack of communication. It was a very good point, and in answer to Ms Irwin's question you talked about community understanding.

In Ms Kelly's submission she lists six key areas for important actions that need to be taken. The one that I am most interested in is this community understanding of weather related risks. I am interested to know whether the Insurance Council of Australia has done any surveys to get a better understanding of what the community understands or does not understand in relation to risks and what the shortcomings are in educating the community. I think that communication is essential for this. I see you have a role and of course all the various government bodies and agencies have a role. Have you done any surveys?

Mr Sullivan—We are in the process right now of rolling through a series of projects that sit underneath those six key areas. One of those is a consumer framework project where we are looking at testing how the consumer understands risk and therefore translates that into a price. That is a work in progress. Something that we have recognised over time, though—if we drag this right back to climate change and extreme weather events—is it is almost information overload out there for consumers. You get anything from almost terrifying reports on certain media programs through to CSIRO reports that might be a little bit harder for the average person in the street to understand.

I endorse the premise of the question that education and understanding in the public is the foundation hurdle of this whole issue. People need to understand not only what climate change means for the nation but they have also got to understand what it means for their local government area. That is about the smallest parcel of land I would take it down to. People need to understand what it means for their beachfront property, or for their home up in the Blue Mountains or for a home in a bushfire attack zone in Victoria. We do see state governments working through those issues. There have been some very good examples come out of Victoria in particular, almost regionalising CSIRO data and predictions so that people can start to get their heads around what it means for their particular region.

Mr MURPHY—In listening to today's reports on the ABC about what happened during those bushfires you could reasonably think that there is a lack of resources, or there was very poor communication or the communication that was given was deficient and hence people perished. In an age of information overload, what do you think we can do to better educate the public? It is almost like the little boy who cried 'Wolf!' too many times. You hear all these negative messages or warnings and then people tend not to heed them—until it is too late, of course, and then people perish. So how do you get the balance right?

Mr Sullivan—The industry's view of this is very much that you cannot educate people overnight and expect understanding. This is a generational program. People much younger than us will grow up understanding these threats. It is important that those education measures are taken targeting those groups. When it comes to issues like the bushfires or other megadisasters that we have faced and face into the future, our view is that it is better not to be in the position where poor communication or any other issue can let you down. It is better to have structured the community to be resilient to them. That might mean you are not building in a certain location or, if you are building in that location, that the Building Code of Australia makes sure that your property is durable enough to withstand it. None of those things can start to occur unless we have a generational change in the attitude towards risk. I do believe that is happening; there is material coming out from the federal government and there is material coming out from state governments—it is starting to push through into the community. But it will not be an overnight revolution of understanding of what these risks mean.

Mr MURPHY—Just finally, does the Insurance Council of Australia make contact with governments and local government bodies to express views about developments that they are aware of that will take place—where they do not agree with the siting of those developments in terms of associated risks?

Mr Sullivan—We do get asked for a view on these matters from time to time. We are not planning experts and we will offer a view from time to time about what might be prudential planning methodology. Our major concern over the last few decades has been building in flood-prone areas. I think that as a general trend in Australia we have seen state based planning legislation start to clear many of those problems up, so that people cannot build a retirement home in an area that is obviously going to flood. It is not 100 per cent foolproof. You do occasionally see planning development come together that perhaps is a little bit more risky.

CHAIR—I saw one and it actually involved in aged care centre. I cannot remember where, I think it was in Victoria. When you overlaid it with the flooding map, it was very problematic.

Mr Sullivan—That is a question of compliance, really.

CHAIR—You referred earlier to that study that was done for the Insurance Council. Within the greater Sydney region—Newcastle to Wollongong—that study identified 46,000 addresses as being within one kilometre of the shoreline and with an elevation of less than three metres. We have travelled to various parts of the country, and this photograph is an example of the kind of issues that the committee is dealing with: a house precariously perched along the top of a cliff which is eroding underneath the home. Obviously, the people in that home will want to have, at the end of the day, someone responsible for their predicament. With that study that you have got in mind, and with the observable impacts of climate change on the coastal zone, what would the view of the insurer be—even looking five years ahead—knowing that there is a likelihood that these kinds of events are going to increase?

Mr Sullivan—Presently not covered—that would be a landslip issue or a coastal erosion issue. You can see that with the level of exposure in Australia or the number of properties in that kind of predicament, that would be a very difficult product to develop, price and find a market for. So the person would still be able to get insurance for the house burning down, a burglary,

storm damage and that sort of thing, but, in general, you would not be able to find a policy to cover you for a landslip issue like that. I would not envisage that changing into the future.

CHAIR—So a house in that circumstance currently, in general terms, would be insurance-free. There would not be a product that covers those people?

Mr Sullivan—Only for that particular risk. If the house burnt down, they would be okay.

CHAIR—That specifically. So coastal erosion is considered to be in the category of landslip, which is not covered?

Mr Sullivan—In general terms, yes. The definitions differ from policy to policy, but this is a global issue—it is not only in the Australian market. Matters of a geotechnical nature like that are very problematic to find cover for. This loss of viability of the land is one of the areas that some members are looking at, in a product development sense. But it is a very long way away from being a commercial product.

CHAIR—Just drilling down a bit, with these 46,000 addresses that are identified, if some had been built in locations like this, is there a view emerging that they will find it difficult to get insurance to cover circumstances like those described in that photograph?

Mr Sullivan—It is presently not covered and the view is that it is unlikely to be an insurable event into the future.

CHAIR—And you do not see that in conflict with the red flag discussion that you had with Mr Dreyfus earlier?

Mr Sullivan—I see where you are going. They will still be insured for other events.

CHAIR—But for the main event that causes the loss of property?

Mr Sullivan—Probably not, no. And that is the purpose of us writing to the government in our submission and saying, ‘Here is an issue that needs to be looked at.’ I do not believe that a commercial product, on present analysis, is viable, but that is a matter for individual insurers to look at. When we spot something that we cannot deal with commercially ourselves, we are obligated to come to government and say, ‘Something alternative needs to be done here.’

CHAIR—So, just from a layperson’s perspective, insurance against riverine flooding is now being made available as a product under an expansion of coverage. You said about 30 per cent of products cover that. Landslip is not covered, and geotechnical disturbance and things along those lines are not covered. What other things—storm surge?

Mr Sullivan—Storm surge is covered by some. Just to track back a little bit, there will be some policies around that cover some elements of landslip, and part of the difficulty here is it is not a case of one size fits all; there are different definitions.

CHAIR—No, you cannot generalise.

Mr Sullivan—No. But, as a very general statement, it is a very small proportion of policies that would cover an event like that, even in part. So storm surge is covered by some companies but, again, only a small percentage. There is a trend moving towards covering that as more data is received about it and we understand more about what the risk is, but it goes hand-in-hand with community education. An insurer might understand what the risk is, may want to develop a product and sell it to you to protect yourself against that risk, but if the community do not understand there is a risk there they are unlikely to want to purchase such a product. There is a little bit of chicken and egg involved in that. So storm surge is presently being looked at. It is being covered by some companies but only by a very small minority.

The biggest step taken to date around all of this is riverine flooding, which is about one-third of disaster costs in Australia, so it has been a significant step. We have gone from eight per cent to about 32 per cent. I think if we had this conversation again in another two or three months time it would be a higher number again. So I am encouraged that the industry has been able to take a step like that; there is some way to go yet—but that has only been achievable because we came to government and COAG, and said: ‘This is something we can’t do alone. If you give us the information about where the flooding occurs and what the risks are, we can use that to start to develop a product.’ That process took some years to achieve, but it has worked well and we now have a national flooding database, where we are starting to really be able to price a product out there.

CHAIR—In what practical ways can the recommendations of this committee assist in progressing the kind of agenda you have outlined this morning? What would you like this committee to be considering in terms of recommendations to government? What is the next stage, do you think?

Mr Sullivan—If we are focusing on coastal vulnerability again, I think there are several issues there. Many of those are already in progress, though, at the state level and I think they just need further encouragement and guidance to have these done—that is, land use planning and zoning around these areas. So there have been some encouraging steps taken in New South Wales and Victoria and other states around that. But there are bigger questions there and they are not easy for a state government or anybody to answer, and they relate to the existing properties in these zones.

Mrs IRWIN—Yes, that is the issue.

Mr Sullivan—What happens? Is there a rezoning at some point in the future? These are very, very difficult questions, and that is why we have highlighted them—because they are not something that at the moment we can commercially cover. So I think it is almost at the point where there needs to be a national forum on that sort of material, on the COAG agenda, to work out nationally how we tackle a problem. I would not like to see, from an insurer’s perspective, a grossly different solution from one state to another, because it does not make it terribly simple to then investigate how to cover the product.

One of the other areas is around building codes. At the moment, the Building Code only covers design for a property to be healthy and safe, for amenability and for sustainability. The missing ingredient there is durability. If you build a property to the Building Code, you would

expect that it is going to withstand foreseeable natural events in your area, and at the moment it does not. Thankfully, most developers—

CHAIR—The code is being looked at, isn't it? It is being revised currently, I think.

Mr Sullivan—We are aware the review was done. We have not seen the results of that review yet. So our strongest call at the moment is for an extra line to be added to the mission statement of the Building Code of Australia, which is: 'Properties should be durable for the risks that they are facing over their lifetime.'

Ms MARINO—Can I just ask a question on that. The parameters for defining—there would need to be criteria attached to that to be able to allocate that accordingly?

Mr Sullivan—Absolutely. And the way it seems to work is that, if you have that as a goal of the Building Code in there, that is not enough for a designer to come along and just go, 'Okay, I will do it this way.' That, though, enables Standards Australia and other bodies to start building the correct standards against the known risks and the predicted risks that are coming up in the future to achieve the mission statement.

Ms MARINO—Let's take that one step further. Theoretically, the person who builds to that particular code—who takes out the relative insurance product, who then finds themselves exposed for whatever reason—will be looking at who is liable and who pays, because it will not be them. So is it the council that has allowed them to build in that circumstance? Where does the liability lie beyond the Building Code that has provided the actual parameters for durability?

Mr Sullivan—I think that is a question for the courts. I am afraid that will inevitably come up. You can already start to see some cases around that issue, and globally there has been some testing of that as well. One of the areas that insurers do cover around this is directors and officers liabilities insurance. So, for example, if a planning officer in a local council makes a decision now which in the future turns out to be incorrect based on the evidence that he had and a person suffered a loss, there are insurance products around that, but it is becoming an increasingly risky area. Just like everybody else, a planning officer has so many different inputs and so much different information that choosing the right answer is often going to be as difficult for him as it is going to be for a member of the community who has so many different options. So it comes back to this question of education and almost a universal set of parameters across all the states about what coastal inundation means. What is the generic level that we agree we have to pull back by, plan to or adjust? Or how, at a national building code level, should we be adjusting the structure of our buildings to make them durable?

Ms MARINO—And then, beyond that, who is liable in the event of that building not being durable, beyond that recommendation?

Mr Sullivan—Yes. I think the question of liability will be very difficult to determine, unless there is a very clear set of guidelines and information out there now, while those decisions are being made, where liability may be tested later on.

Ms MARINO—And it will be.

CHAIR—I know we have missed one another for the last several times that we have tried to have you along, Mr Sullivan, but it has been very useful. So I am glad we waited until you were available. I think that will help inform the shape of our report and help us look further ahead in terms of some of the recommendations we might make. Do you know if there is any specific work being done in any department, either in the Attorney-General's Department through Emergency Management or in the Department of Climate Change, on the issue of insurance and liability in relation to coastal zone vulnerability? Have you been involved in any discussions?

Mr Sullivan—Not directly, but I am aware of a multitude of areas at both federal and state levels that are consistently seeking information on it. So there is policy examination going on.

CHAIR—There is movement at the station.

Mr Sullivan—Yes. It is on the agenda. You can see it is on the agenda. I think there needs to be a bit of a collective think tank about it nationally—about what the parameters are—and then that can go—

CHAIR—Obviously that will be encompassed in potential recommendations this committee could make to government. Thank you very much for attending the hearing today. Thank you to everyone involved from the insurance industry in addressing the seriousness of the outcomes of the horrendous fires in Victoria. I know that has taken a lot of your time. The secretariat will send you a copy of the transcript for any corrections that need to be made, and we would be grateful if you could also send on any additional material that you have undertaken to provide as soon as possible.

Resolved (on motion by **Ms Marino**, seconded by **Mrs Irwin**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 11.19 am