



Racing Queensland Board  
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12 August 2022

Senator Susan McDonald  
PO Box 2185  
Townsville, QLD, 4810

Dear Senator McDonald,

**RE: Cyclone and Flood Damage Reinsurance Pool**

I write to you on behalf of Racing Queensland (RQ) in relation to the Northern Australia Cyclone and Flood Damage Reinsurance Pool (the Pool) and a potential review of the new legislation.

In December 2021, the Morrison Government invited stakeholder views on exposure draft legislation and regulations to inform the establishment of the Pool. RQ made a submission, which is attached.

RQ's submission to the Taskforce sought consideration for increasing the proposed sums insured under the business property policy from \$5 million to \$25 million. This would provide eligibility for participation in the Pool to North Queensland racing clubs based on their asset value.

The *Treasury Laws Amendment (Cyclone and Flood Damage Reinsurance Pool) Bill 2022* was subsequently passed through Parliament on 30 March 2022, which provides a reinsurance pool for cyclone and related flood damage, covering residential, strata and small business property insurance policies up to \$5 million in asset value.

RQ is seeking consideration of an amendment to the legislation to enable a business with an asset value above \$5 million to be able to insure up to \$5 million with the Pool.

The request is based on the significant and increasing cost of Industrial Special Risk (ISR) insurance, which RQ places and funds on behalf of race clubs located in North Queensland.

The ISR insurance premium increased by approximately 150% in October 2021 for race clubs located above the Tropic of Capricorn (Rockhampton). This signalled a hardening of the market, which may ultimately result in unaffordable or uninsurable risk in the future.

An amendment to the legislation would provide greater surety with future insurance placement and the private insurance market may be more likely to insure the ISR of these race clubs, thereby providing a financial relief to the industry and potentially facilitating further job creation and economic growth in the region.

As detailed in RQ's submission to the Taskforce in December:

- The racing industry is central to the economic and social lifeblood of North Queensland;
- Race clubs and associated small businesses directly sustain 814 full-time equivalent (FTE) jobs and contribute more than \$99.5 million to Gross State Product in the Cairns and Townsville regions across the three codes of racing; and
- Race clubs provide social and community connection across the region.



Racing Queensland would welcome the opportunity for Jane Seawright, RQ Board Director and Chair of RQ's Audit and Risk Committee, to meet with you and discuss its request to consider amending the legislation to enable northern race clubs to access the Pool.

Ms Seawright resides in Townsville and is well connected to the local business community.

Further, I thank you for taking the time to consider RQ's request and welcome your feedback in response to this communication.

Your sincerely,

Mark Hopsick  
*Risk and Compliance/WHS Manager*

cc Michelle McConachy  
*Executive General Manager, People and Business Services*