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Our Ref: ECM No. 8632752

31 October 2023

The House of Representatives
Standing Committee on Economics

Lodged via on-line portal

Inquiry into insurers' responses to 2022 major floods claims

I refer to the Parliament of Australia's Inquiry into insurers' responses to 2022 major floods claims.

This letter represents a submission on behalf of Hawkesbury City Council.

The Hawkesbury-Nepean Valley has one of the most significant flood risk exposures within Australia. There are up to 134,000 people that live and work on the floodplain and over 25,000 residential properties and two million square metres of commercial space currently subject to flood risk in the Hawkesbury-Nepean Valley.

The extensive inundation experienced in the Hawkesbury during July of 2022 followed the three significant flood events that the area had endured in February 2020, March 2021 and March 2022; a further flood event hit the region in October 2022. These flood events significantly affected private properties, businesses, agriculture, Council managed public infrastructure and assets, as well as the wellbeing of our community.

The flood levels reached 13.93m at Windsor in July 2022. Whilst this level of inundation had a significant impact, this flood level represents a 1:20 year flood event in the Hawkesbury River, with the 1:100 flood level being 17.3m at Windsor (3.5 metres higher) and the 1867 highest recorded flood 19.7m at Windsor (5.9 metres higher). The significant, heavy and intense rainfall across the region in the lead up to the flood events of 2022 led to extensive flash flooding and landslides. These conditions delayed the assessment and repair of infrastructure, rendering communities isolated for extended periods of time.

The transition to recovery was particularly delayed following the July 2022 flood as there were additional investigations and slope stability assessments that needed to be undertaken before the commencement of restoration work, extending the response phase of operations and creating major issues related to resupply and restoration of power to isolated communities, and extended periods of time that residents were unable to return to their properties to commence the recovery process, including the commencement of processes to make insurance claims.

The concerns initially expressed by residents regarding insurance primarily related to the need to provide building impact assessments or other evidence of damage prior to commencement of processing claims, and the inability of residents to gather this information in a timely manner.

Many residents did not understand the limitations of their policy coverage and received reimbursements that were inadequate to meet the costs of property damage. The capacity of the insurance industry to respond to service demands was inadequate, resulting in long wait periods for insurance claim processing and a longer-term reliance on emergency relief services for many residents.





As a result of the consecutive floods experienced across the Hawkesbury-Nepean Valley there has been significant increases to insurance premiums for property owners, with instances of \$20-30,000 per year becoming common, or in many instances not being available at all; this is a significant issue in terms of resilience.

With regards to land use planning, a flood planning level is applied to identify suitability of development in relation to flood risks, and where flood related development controls are required to minimise impacts on development. Historically, this level has been applied to the 1 in 100 year flood event. It is acknowledged that the understanding of flooding and the impacts of flooding change over time, especially with increased development and climate change impacts, however if a development has been lawfully established, some level of insurance should be made available.

The source of flood data that insurance agencies use to determine availability or costs of insurance is unclear, as is the defined flood event, if any, that premiums are based on. The recently released Flood Evacuation Model (FEM) that will be used to inform the Department of Planning and Environment's Regional Land Use Planning Framework focusses on the 1 in 500 and the 1 in 1000 year flood event scenarios and identifies an overall trend of increasing risk; this is unlikely to improve in the future. The FEM does not acknowledge the diversity within the Catchment and its application as a one size fits all framework will further impact residents within the current 1 in 100 flood planning levels who are already unable to insure their properties.

The Insurance Council of Australia has advised that the implementation of flood mitigation measures would reduce the cost of insurance. Council has implemented a suite of initiatives that aim to reduce the flood risk in Hawkesbury, including reviewing and renewing planning provisions within a (draft) amended Local Environmental Plan, development of a Flood Policy and delivery of community engagement and education initiatives related to flood preparedness. It is acknowledged that these initiatives in isolation cannot entirely address the significant and well documented risk that exists in the Hawkesbury, any impact that these mitigation measures may have to reduce flood risk do not reduce the cost of premiums.

The inability of property owners to access affordable and reliable flood insurance in the Hawkesbury local government area will result in significant and widespread detrimental impacts on affected property values, in turn resulting in economic impacts and an alteration to the social fabric of our community.

Hawkesbury City Council welcomes the opportunity to contribute to this inquiry and the opportunity it has provided to consider models that will support property owners to access insurance for flood.

Any questions please contact Meagan Ang, Director of City Planning on

Yours faithfully

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