



8 March 2022

Senator Paul Scarr  
Chair  
Senate Economics Legislation Committee  
Parliament of Australia

Dear Mr. Scarr.

**Subject:** NQROC's Submission to the Treasury Laws Amendment  
(Cyclone And Flood Damage Reinsurance Pool) Bill 2022

As an alliance representing the councils of North Queensland, the North Queensland Regional Organisation of Councils (NQROC) is pleased that issues related to insurance costs caused by tropical cyclones are being inquired by the Senate Economics Legislation Committee, with a reinsurance pool legislation likely to come into effect on 1 July 2022.

We write, however, to express our concerns regarding certain aspects of the proposed legislation.

NQROC is a collaborative organisation representing five member-councils: Burdekin Shire Council; Charters Towers Regional Council; Hinchinbrook Shire Council; Palm Island Aboriginal Shire Council; and Townsville City Council. The Mayor and CEO of each council make up the NQROC's membership.

The region extends over 80,036 square kilometers and contributes \$16.6 billion annually to the Queensland economy. The regional population is set to grow by 1.3% over the next 20 years.

The role of NQROC is to foster cooperation and resource sharing between Councils. It also effectively advocates for regional positions, projects, and issues through on-going collaboration, and by working closely with governments, regional partners, and stakeholders.

As individual councils and in consultation with the Local Government Association of Queensland (LGAQ), NQROC members have participated in formal consultations regarding the reinsurance initiative, including submissions to the Federal Treasury "Reinsurance pool for cyclones and related flood damage".

We are regularly briefed by officials from the Bureau of Meteorology, Queensland Fire and Emergency Services, and Local Disaster Management groups.

Our long-term view regarding the reinsurance pool is that it should provide reinsurance for all severe weather events that take place in Northern Australia, including seasonal flooding, storm events, low pressure events, storm surges and droughts.

We understand, however, the current inquiry is unlikely to recommend extensive changes to the draft legislation. We will submit our views again when the legislation is reviewed in 2025.

In the meantime, we bring the attention of the Committee to two aspects we think should be amended:

1. Lengthening the claim period.
2. Including ex-tropical cyclones.

### **1. Lengthening the claim period.**

In the Treasury Laws Amendment (Cyclone and Flood Damage Reinsurance Pool) Bill 2022 - Explanatory Notes, under the Cyclone reinsurance scheme coverage, Coverage period, section 1.31 states that –

*“Insurance claims are eligible under the scheme for eligible cyclone-related losses where they commence during the claims period, even if those losses continue to increase after the end of the claim period.”*

In the same section, under Related damage period, section 1.46 –

*“The instrument declaring the end of a cyclone event will provide that the claims period ceases at a fixed time of 48 hours after a cyclone formally ends (the related damage period).”*

Our understanding of sections 1.13 and 1.46 is that to be eligible under the scheme, damage caused by a tropical cyclone (TC) and/or TC-related floods needs to occur within 48 hours of the end of a cyclone.

In our opinion, based on our experience of living in North Queensland and based on the knowledge of Queensland professionals involved in disaster management, emergency services and the study of severe tropical weather events we consulted with, a claim period of 48 hours is inadequately short.

We are concerned that the full effect of floods caused by TCs may not be realised within 48 hours.

For example, the Herbert River and the Burdekin River catchments cover 132,330 km<sup>2</sup>, or about 7.6% of Queensland. In catchments this size, it takes several days for the full effect of cyclone-related floods to be felt.

It would be unfair for communities affected by TC-related floods to miss out on the benefits of this legislation, simply because they live in a large catchment where flood waters take more than 48 hours to reach them.

For North Queensland, a 48-hour claim caveat is inadequate and needs to be extended.

### **2. Including ex-Tropical cyclones.**

Our communities make little differentiation between damage caused by a cyclone and damage caused by an ex-tropical cyclone. We understand that the end of a cyclone is not the end of that severe weather event, and that there is little time between the end of a cyclone and the beginning of an ex-tropical cyclone.

We ask for ex-tropical cyclones and ex-TC related floods to be included in the legislation.

It is well documented that ex-tropical cyclones can be as devastating as TCs. For example:

- *Category 4 Tropical Cyclone Debbie* lasted a little over four days in March 2014, causing damage and floods for the areas of Bowen and Mackay in Queensland.

*Ex-Tropical Cyclone Debbie* impacted areas of Queensland and New South Wales for 40 hours, with ten lives lost, significant rainfall, flash flooding, and long-lasting floods in river catchments.

- *Category 1 Tropical Cyclone Oswald* lasted less than 12 hours in January 2013 and caused no damage.

*Ex-Tropical Cyclone Oswald* affected almost all eastern Queensland for a week, with major flooding of the Burnett, Mary, Bremer, and Brisbane Rivers and the Lockyer Creek. It produced five tornadoes, destructive winds, torrential downpours, dangerous surf conditions, and tidal inundations.

- *Category 5 Tropic Cyclone Larry* lasted about three days in March 2006. Destructive winds, heavy rainfall and flash flooding impacted the Cassowary Coast through to the Tablelands, destroying 80% of Australia's banana crop and \$15 millions of avocado crop.

*Ex-Tropical Cyclone Larry* caused record rainfall and flood levels in the catchment of the Gulf of Carpentaria. Major flooding occurred in Gunpowder, Lorraine and Floraville 72 hours after TC Larry ended.

Damage caused by ex-tropical cyclones can be significant, costly in terms of lives, livelihood, and rebuilding. The cost is born by communities and, ultimately, by government.

As North Queensland Mayors working together to grow our region and safeguard our communities, we urge the Federal Government to review the legislation to reflect the full impact of tropical cyclones by extending the claim period and by including ex-tropical cyclones and flood caused by ex-tropical cyclones to the legislation.

We make ourselves available to assist.

Should you wish to contact the NQROC, the details of our [REDACTED]

Yours sincerely,

[REDACTED]  
**Cr. Lyn McLaughlin**  
**Chair, NQROC**  
**Mayor, Burdekin Shire Council**

Cc: Senator Susan McDonald, [senator.mcdonald@aph.gov.au](mailto:senator.mcdonald@aph.gov.au)