

SCENTRE GROUP

4 March 2022

Mr Mark Fitt
Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: economics.sen@aph.gov.au

Dear Mr Fitt,

TREASURY LAWS AMENDMENT (CYCLONE AND FLOOD DAMAGE REINSURANCE POOL) BILL 2022

Thank you for inviting Scentre Group to make a submission to this Inquiry.

We are concerned that the proposed legislation has two significant flaws and request that the Committee introduce safeguards to; (1) prevent the misuse of existing funds levied on commercial building owners; and (2), to prevent an unjustified obligation on large property owners in non-cyclone regions to fund this program.

In the first instance, the proposed amendments permit 'ARPC resources' to be used to meet the cost of cyclone damage to residential homeowners and SME businesses. These resources have been built up through nearly 20 years of Terrorism Levies paid by commercial property owners in capital cities.

The potential misuse of the funds to cover residential and SME cyclone losses would not only be a misappropriation of industry funds, but also increase the operational cost of the Terrorism Pool by requiring the shortfall in funds to be met through the purchase of additional Terrorism reinsurance to make up the shortfall, requiring an increase in Terrorism Levy on commercial property owners.

Furthermore, the proposed amendments provide no transparency as to how the new Cyclone Pool will be funded. We remain concerned that the new Cyclone Levy on property insurances may be charged disproportionately to the risk. Safeguards in the legislation requiring the levy to be structured in a manner which reflects the relative location risk is essential. It is not appropriate that property owners, who have prudently considered the risk of climate change in their long-term planning, with no exposure to the risk of cyclones, and who are excluded from benefitting from the scheme, be legislatively mandated to now pay a cyclone levy.

Thank you for the opportunity to express our concerns on the Bill and in addition to my comments above we otherwise support the Shopping Centre Council of Australia's submission to the inquiry, dated 4 March 2022. Please do not hesitate to contact me at [REDACTED]

Yours sincerely,



Peter Allen
Chief Executive Officer
Scentre Group