

Financial
Management
Of
Catastrophes
In
Australia

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Thank you to my colleagues at the Australian Government Treasury who assisted
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Financial Management of Catastrophes in Australia

Terrorism Insurance in Australia

Following the events of September 11 2001 in common with many countries Australian Insurance companies were unable to find either available or affordable reinsurance for Terrorist events. As a result insurance companies ceased offering cover to this type of event. The Australian Government was concerned the unavailability of this cover for the infrastructure and commercial property section could lead to wider economic consequences. Consequently it introduced the Terrorism Insurance Act (2003).

It therefore concluded that intervention was necessary consistent with the following principles:

- (a) the need to maintain, to the greatest extent possible, private sector provision of insurance;
- (b) the need to ensure that risk transferred to the Commonwealth is appropriately priced to minimise the impact on the Commonwealth's financial position, and to ensure that the Commonwealth is being compensated by those benefiting from the assistance;
- (c) the need to allow the commercial insurance and re-insurance markets to step back in when they are able (that is, ensuring an appropriate exit strategy for Government); and
- (d) the need to be compatible with global solutions.(1)

Consequently the Australian Government introduced the Terrorism Insurance Act(2003). The Act renders inoperative any terrorism exclusion clause in eligible insurance contracts on eligible insurance property in Australia. It also established the Australian Reinsurance Pool Corporation to provide reinsurance support where requested by insurance companies operating in the Australian market

The scheme provides cover for terrorism risks through a number of layers. The first main layer of cover is provided by a monetary pool (initially planned to accumulate to \$300 million, this has now been relaxed), funded by reinsurance premiums. The pool is supplemented by a line of credit of \$1 billion, which is underwritten by the Government, after which the Government has provided a \$9 billion indemnity.

Layer	Element
First layer	Policyholder's liability for some risk through a possible excess or deductible.
Second layer	Retention of some risk by insurers.
Third layer	Pool of premiums paid to the ARPC for reinsurance, initially targeted to be approximately \$300 million.
Fourth layer	Commercial line of credit for up to \$1 billion funded by the pool of premiums.
Fifth layer	Commonwealth Government indemnity for up to \$9 billion.
Sixth layer	Possible liability for some risk by policyholders, through the operation of the reduction percentage or policy limits.

The scheme was reviewed in 2006 to determine the necessity for the legislation to continue. It concluded that without this Act, insurance for terrorism risks would be very expensive and in short supply, risking reduced business investment and a weaker economy. The report also recommends refining the scheme. Specifically, the report recommends: (2)

- requiring the ARPC to continue charging premiums for reinsurance at the current rates;
- that once the pool reaches \$300 million, the ARPC has discretion to use premiums to build the terrorism insurance pool further or purchase reinsurance for the scheme;
- increasing insurer retentions under the scheme;
- that in relation to bundled insurance policies, requiring the ARPC to charge reinsurance premiums only on those sections of the policy that exclude terrorism risks; and
- modifying the scheme to cover all commercial insurance provided for public authorities, ensuring consistent treatment to insurance for government business enterprises and local government (which the scheme currently covers) and other public authorities that commercially insure, such as some local water utilities (which the scheme currently excludes).

These refinements will encourage greater participation of the commercial market and will increase the consistency of the scheme’s application to commercial property and infrastructure. Encouraging greater commercial market involvement is a key principle underpinning the scheme.

Premium Charges

The Australian Government does not set the premium that an insurer charges the policy holders. The amount that the insurer charges a policy holder is a matter for each insurer thus the market forces are allowed to operate.

In establishing the Australian Reinsurance Pool Corporation (ARPC) the Australian Government provided the means for insurers at risk in Australia to purchase reinsurance at an affordable price. There is no obligation on insurers to utilise the facilities of the ARPC. They are free to reinsure their liabilities arising from the Terrorism Insurance Act (2003) from the market or retain their liability in accordance with their financial position.

ARPC Reinsurance Charge

- Reinsurance premiums set as a % of base premium

	Pre event	Post event
Comm. Prop +BI		
Tier A (CBD)	12%	36%
Tier B (Urban)	4%	12%
Tier C (Other)	2%	6%
Public Liability	0%	2%

To assist the market in understanding their obligations arising from the Act the ARPC undertakes a cedant review program

The program was introduced with the intention of assisting clients to meet their obligations under the reinsurance agreement. The philosophy behind the program is to further strengthen the relationship between ARPC and its clients. We do this by assisting clients to raise their awareness of the processes involved in premium calculation, premium remittance, aggregate reporting and claims procedures.

The issues raised in the reviews have mainly revolved around:

- (a) correctly allocating policies to postcode locations and, consequently, calculating premium in the correct tier band; the
- (b) inability to reconcile the terrorism insurance premium with gross written premium and.
- (c) inflexible legacy systems

The Australian Government in developing the scheme needed to be able to contain its liability. The Act allows the Treasurer to limit the liability of the Australian Government in relation to a Declared Terrorist Incident (D.T.I) to \$A10bn. If the losses from an event are likely to exceed this amount then the Treasurer must declare a reduction percentage at the time he declares a D.T.I.

Thus it is important that an accurate estimate of the loss is available at the time of the declaration of the D.T.I. The ARPC therefore is putting extensive resources into developing loss estimation models for its use. We are doing this with the co-operation of several Government Departments and a the commercial arm of a Tertiary institution in Australia.

Natural Catastrophe Management in Australia

Australian Catastrophes since 1967

Cyclone	30
Bushfire	18
Earthquake	4
Flood	42
Hail	31
Storm	87
Wind/Tornado	15
Tsunami	1

There were 167 events, some with multiple causes of damage.

Appendix A provides a complete list of the events, date, location and original cost

All Australian insurers generally offer coverage for earthquake, fire, lightning, storm, hail and cyclone. Most insurers have exclusions for action of the sea and storm surge, erosion, subsidence and landslide, although a very limited few insurers offer coverage for action of the sea as part of their flood coverage.

The Insurance Council of Australia undertook a review of flood coverage in Australia; Only 2 insurers offered what could be termed full coverage. Several others offered to various degrees limitations in cover. What the review determined was that there was significant confusion in the market about the level of cover available and the definition of flood.

It considered that for any successful solution that a public-private or a public only approach is essential, as the provision of insurance cover must be linked to mapping, national disaster relief arrangements and to mitigation.

As you can observe Australia is a country which is exposed to natural hazard events on a regular basis and is affected by the full range.

Thus it has developed a sophisticated system for dealing with the emergencies that arise. Because it is a Federal system based on State and Territories, the Commonwealth Government does not have the primary role for Disaster response.

NATURAL DISASTER RELIEF AND RECOVERY ARRANGEMENTS (NDRRA)

- Eligible Natural Disaster Events
 - Any one of or combination of cyclone, flood, storm, bushfire, earthquakes or a landslide.
 - Drought is not an eligible NDRA event.
 - Non-natural disasters are not eligible for NDRA funding.
- Emergency and natural disaster management and relief is primarily the responsibility of the States and Territories.
 - The NDRRA is designed to provide funding assistance to the States to alleviate the financial burden associated with the provision of natural disaster relief payments and infrastructure restoration.
- Under the NDRRA, states are partially reimbursed for eligible expenditure on natural disaster relief and recovery, once their expenditure exceeds a certain threshold.
 - Once a natural disaster has been notified by the relevant State government, that government can seek reimbursement from the Australian Government, by submitting a claim to the Department of Transport and Regional Services in accordance with the programme guidelines.
- In December 2006, the Prime Minister announced a number of enhancements to the NDRRA, including the provision of three special community recovery packages: a community recovery fund, and recovery grants for small businesses and primary producers. (3)
 - These packages can be triggered on a case-by-case basis immediately or soon after a natural disaster has occurred, with funding to be provided on a cost-share basis. To trigger the packages, the State Premier or Territory Chief Minister must first request assistance from the Prime Minister. The Prime Minister and relevant Premier/Chief Minister will then make a joint announcement in relation to the specific assistance that will be provided.
- A principle of the NDRRA is that disaster relief assistance does not operate as a disincentive to effectively plan, mitigate and allocate sufficient resources for disasters or to discourage individuals or businesses taking out appropriate insurance to protect their assets and income.

- Since 2001, the Australian Government has provided some \$320 million to the States and Territories under these arrangements.

Eligible disasters and measures

- The NDRRA applies to any one of, or a combination of, the following natural hazards: bushfire; earthquake; flood; storm, including hailstorm; cyclone; storm surge; landslide; tsunami; meteorite strike; or tornado.
 - The arrangements do not apply to disasters where poor environmental planning, commercial development, personal intervention or accident are significant contributing factors to the event.
- Eligible measures for reimbursement under the NDRRA include any one of, or a combination of, the following:
 - grants for relief of 'personal hardship and distress' (PHD), such as the provision of emergency food, clothing and accommodation, essential housing repairs, or the replacement of essential household goods;
 - concessional interest rate loans to farmers, small business operators and voluntary non-profit bodies to replace assets that have been significantly damaged in an eligible disaster;
 - payments to restore or replace essential public assets which have been damaged as a direct result of an eligible disaster; and
 - payments for providing psychological and financial counselling to people who have experienced an eligible natural disaster.

Australian Government reimbursement of State expenses

- The Australian Government will partially reimburse State/Territory expenditure on eligible measures *after* a natural disaster has occurred once that expenditure, within the financial year when the expenditure was actually incurred, exceeds certain thresholds. The actual financial amount that is reimbursed will be calculated on the basis of:
 - half of State and Territory outlays incurred in providing PHD relief for a specific disaster where State or Territory disaster expenditure exceeds the small disaster criterion (currently \$240,000) in respect of each disaster; or
 - half of State or Territory expenditure on eligible relief measures (other than PHD) above a threshold base amount (0.225 per cent of State or Territory revenue) up to the second threshold (1.75 times the first threshold) where the Australian Government reimburses three quarters of all further expenditure.
- It should be noted that where a State has provided a concessional-interest loan (an eligible measure for reimbursement in some cases, see above), the Australian Government will provide that State with a concessional-interest loan.

Procedure for obtaining Australian Government assistance

- Affected States/Territories must notify the Department of Transport and Regional Services (DOTARS) as soon as practicable of the occurrence of an eligible natural disaster.
- At any time during a year, a State/Territory may submit a claim to DOTARS for financial reimbursement in respect of actual expenditure on eligible measures, or expenditure expected to be made within six months.
- Payments under these NDRRA provisions are reimbursements of State/Territory expenditures, and can only occur *after* the State/Territory has submitted a claim.
 - Claims for reimbursement can be made for eligible expenditure that occurs up to two years after the financial year in which the event occurs.

AUSTRALIAN GOVERNMENT DISASTER RECOVERY ARRANGEMENTS (AGDRA)

- The Government provides for support for individuals in communities affected by a disaster under the AGDRA including an Australian Government Disaster Recovery payment of \$1,000 per adult and \$400 per child, an emergency call centre and case management and counselling support. Appendix C and D outline the procedures for accessing Australian Government support following two recent events, Cyclone Monica and Cyclone Larry.

NATURAL DISASTER MITIGATION PROGRAMME (NDMP)

- The NDMP is a national program aimed at identifying and addressing natural disaster risk priorities across the nation.
- Funds are available for natural disaster mitigation works, measures and related activities that contribute to safer, sustainable communities better able to withstand the effects of natural disasters.
 - All three spheres of government provide funding under the NDMP. Generally, the Australian Government contributes up to one third of approved project costs. State and Territory government are required to match this funding, but may contribute more, with local agencies and in some cases private sector contributors making up the balance.
- Organisations eligible to apply for funding under the Natural Disaster Mitigation Programme are:
 - Local agencies that are responsible for disaster management and disaster mitigation works (e.g. local councils, indigenous community councils, catchment management authorities); and
 - State or Territory government agencies, where that agency is the relevant responsible agency.
- Projects that are generally not eligible for funding under the Natural Disaster Mitigation Program include:
 - measures that are part of normal land management responsibility;
 - on-going maintenance of existing works and measures;

- restoration and reconstruction of roads unless they are essential parts of a comprehensive approach to natural disaster mitigation, such as improving emergency access capacity;
 - reimbursement for works and measures already undertaken; and
 - projects designed to protect or which provide a commercial advantage to new developments (this is the responsibility of the developer and should be controlled through land use planning measures).
- Since the start of the NDMP, \$38 million of Australian Government funding has been allocated to 473 projects nationally.

Prime responsibility rest with the States and Territories. The Australian Government support States and Territories in developing their capacity for dealing with emergencies and disasters.

Emergency Management

Commonwealth Counter-Disaster Task Force

A senior interdepartmental committee within the Attorney Generals portfolio, with senior representation from all States and Territories

The Emergency Management Committee

The Australian Emergency Management Committee is Australia’s peak consultative emergency management forum. It is composed of senior officials from the Australian Government and the States and Territories

State/Territory Disaster Management Organisations

Each state and territory has established a peak committee to consider emergency management matters. These bodies usually consist of interdepartmental officials.

Emergency Management Australia

Emergency Management Australia (EMA) is responsible for providing policy advice, for overseeing interdepartmental arrangements and for providing recovery assistance to the States and Territories.

Figure 1 displays the interrelationship and responsibilities of various Australian Government Portfolios in the management of Catastrophes and disasters in Australia. All States and Territories have similar relationships.

In many respects disaster relief payments are an alternative to insurance and in this regard it is important to ensure that the availability of such relief does not become a disincentive for individuals to purchase insurance.

The NDRA is to ensure that disaster relief assistance does not operate as a disincentive to effectively plan, mitigate and allocate sufficient resources for disasters or to discourage individuals or businesses taking out appropriate insurance to protect their assets and income.

Specific Mitigation Measures - Selected Hazards

A major focus on Australian Government assistance in recent years since a major review in 2004 has been reforming the mitigation strategies at all levels of Government. (4)

The insurance industry benefits directly by improvement in mitigation strategies and should work in partnership with government (including assisting in funding) to ensure that they are not deferred due to lack of funds or available expertise.

Regional Flood Mitigation Programme (RFMP)

The RFMP was introduced in 1999 to reduce the cost of flooding in rural, regional and outer metropolitan Australia. RFMP funding is directed to priority, cost-effective flood mitigation works and measures such as retarding basins, levees and flood warning systems. As at January 2007, over \$75 million of Australian Government funding had been allocated to 277 RFMP projects nationally since the programme's introduction.

From 1 July 2007, the RFMP will be wholly incorporated into the NDMP.

The main mitigation strategies for the hazards covered by the Natural Disaster Relief Arrangements (NDRA) are listed in Appendix B.

References

- (1) <http://www.treasurer.gov.au/tsr/content/pressreleases/2002/031.asp>
- (2) Terrorism Insurance Act Review 2006 Page 13
- (3)* http://www.pm.gov.au/news/media_releases/media_Release2301.html
- (4) Natural Disasters in Australia “Reforming mitigation, relief and recovery arrangements” 2004

Appendix A

Australia's Catastrophe List

This list contains events (since 1967) likely to cost \$10 million or more and events declared a disaster by an appropriate Government Authority irrespective of extent of loss sustained.

Date	Location	Type	Original Cost (\$M)
1967 Feb 8	Hobart TAS	Bushfire	14
1967 Dec 19	Brisbane QLD	Hail, Rain	5
1968 Oct 14	Meckering WA	Earthquake	1.5
1970 Jan 18	QLD	Cyclone	12
1970 Aug 0	TAS	Flood	5
1971 Feb 0	Gippsland VIC	Flood	2
1971 Dec 24	Townsville QLD	Cyclone	25
1972 Feb 11	Brisbane & Gold Coast QLD	Cyclone	2
1973 Mar 4	Qld, NT, WA	Cyclone	30
1974 Jan 25	Brisbane QLD	Cyclone, Flood	68
1974 Mar 13	Port Macquarie to Brisbane NSW, QLD	Cyclone	2
1974 Apr 24	Sydney NSW	Flood	20
1974 May 15	Nth East VIC	Flood	4
1974 May 25	Sydney NSW	Hail, Wind	20
1974 Dec 24	Darwin NT	Cyclone	200
1975 Mar 0	Sydney NSW	Flood	15
1975 Dec 7	Port Hedland WA	Cyclone	20
1976 Jan 9	Toowoomba QLD	Hail, Storm	12
1976 Feb 22	Bundaberg QLD	Cyclone	3
1976 Nov 10	Sydney NSW	Hail, Storm	40
1976 Dec 19	QLD	Cyclone	15
1977 Jan 21	Sydney NSW	Thunderstorm	15
1977 Feb 5	Tongala, Echuca VIC	Storm	4
1977 Feb 12	Western District VIC	Bushfire	9
1977 Mar 0	Clarence River NSW	Flood	7
1978 Feb 10	Sydney, Newcastle, Wollongong NSW	Storm	15
1978 Mar 0	North Coast NSW	Storm	5
1978 Apr 4	Perth WA	Cyclone	13
1978 Jun 30	Sydney NSW	Flood, Storm	7
1979 Mar 13	WA	Cyclone	15
1979 Jun 2	Cadoux WA	Earthquake	3.5
1979 Nov 14	Port Broughton SA	Hail, Storm	10
1980 Jan 10	Port Headland WA	Cyclone	2.7
1980 Feb 1	Pilbara WA	Cyclone	2.5
1980 Feb 20	Adelaide Hills SA	Bushfire	13
1980 Dec 2	Brisbane QLD	Cyclone	7.5
1980 Dec 16	Brighton QLD	Hail, Storm	15
1981 Feb 7	Dalby QLD	Flood, Storm	20
1982 Nov 15	Melbourne VIC	Storm	10
1983 Feb 16	VIC	Bushfire	138
1983 Feb 16	SA	Bushfire	38
1984 Mar 19	Borrooloola NT	Cyclone	5
1984 Sept 0	Central & Southern NSW	Bushfire	25
1984 Nov 5	Sydney NSW	Flood	80

1985 Jan 18	Brisbane QLD	Hail, Storm	180
1985 Sep 10	Melbourne VIC	Hail, Storm	10
1986 Jan 2	Cairns to Ingham QLD	Cyclone	40
1986 Jan 21	Orange NSW	Hail, Storm	25
1986 Aug 5	Sydney (Toongabbie) NSW	Flood, Storm	35
1986 Oct 3	Western Suburbs, Sydney NSW	Hail, Storm	104
1986 Dec 6	Adelaide SA	Storm	10
1987 Feb 1	Southern Tasmania	Bushfire	7
1987 Jul 0	East Perth WA	Flood, Storm	2
1987 Nov 0	Melbourne VIC	Flood, Rain	8
1988 Apr 1	Alice Springs NT	Flood	10
1988 Apr 30	Sydney NSW	Flood	25
1988 May 21	Carnarvon to Denham WA	Cyclone	20
1988 Sep 22	South West WA	Storm	8
1988 Nov 30	Melbourne VIC	Flood, Storm	11
1989 Feb 7	Melbourne VIC	Flood, Storm	17
1989 Apr 4	Townsville to Mackay QLD	Cyclone	26
1989 Nov 16	Ballarat VIC	Hail, Storm	20
1989 Dec 28	Newcastle NSW	Earthquake	862
1990 Jan 0	VIC	Bushfire	10
1990 Feb 3	Sydney to Brisbane NSW, QLD	Cyclone	33
1990 Feb 7	Dubbo NSW	Hail, Storm	9
1990 Feb 10	Sydney NSW	Hail, Storm	10
1990 Mar 18	Sydney NSW	Hail, Storm	243.2
1990 Apr 0	Sth Qld & West NSW	Flood	30
1990 Aug 3	Sydney NSW	Storm	12
1990 Dec 26	Rockhampton to Cairns QLD	Flood, Wind	32
1991 Jan 21	Sydney NSW	Storm	138.4
1991 Jan 22	Adelaide SA	Hail, Storm	30
1991 Jan 24	Orbost VIC	Hail, Storm	12
1991 Jun 7	Sth East NSW	Flood, Storm	15
1991 Oct 16	Central Coast NSW	Bushfire	12
1991 Dec 0	Melbourne & Ballarat VIC	Flood	24
1992 Feb 0	Perth WA	Flood, Storm	4
1992 Feb 12	Sydney NSW	Hail, Storm	118
1993 Oct 3	Benalla & Shepparton VIC	Flood	12
1993 Dec 14	Melbourne VIC	Storm	12
1994 Jan 0	Eastern Seaboard NSW	Bushfire	59.1
1994 May 23	Perth WA	Storm, Wind	37
1994 Aug 6	Cessnock NSW	Earthquake	37.2
1994 Nov 20	NSW	Storm, Wind	29
1995 Feb 25	Kalgoolie WA	Cyclone	11
1995 Nov 6	Sth East Qld	Hail, Storm	40
1995 Dec 0	Hunter Valley NSW	Storm	10
1996 Jan 31	Sydney NSW	Storm	14
1996 Apr 5	Pannawonica WA	Cyclone	2
1996 May 0	Sth East Qld	Flood	31
1996 Aug 31	Sydney NSW	Storm	10
1996 Sep 29	Armidale/Tamworth NSW	Hail, Storm	104
1996 Nov 17	Tamworth NSW	Hail, Storm	10
1996 Nov 23	Coffs Harbour NSW	Flood, Storm	20
1996 Dec 4	Brisbane QLD	Storm	0
1996 Dec 11	Singleton NSW	Hail, Storm	49
1997 Jan 21	Ferny Creek VIC	Bushfire	10

1997 Mar 22	Cairns QLD	Cyclone	8
1997 Mar 31	Sth East QLD	Hailstorm	10
1997 Nov 16	Grafton NSW	Storm	5
1997 Dec 2	Menai, Sydney NSW	Bushfire	3
1997 Dec 19	Sydney NSW	Storm	40
1998 Jan 5	Nyngan NSW	Storm	12.0
1998 Jan 10	Townsville, Thuringowa City QLD	Flood, Storm	70.2
1998 Jan 26	Katherine NT	Flood	70
1998 Feb 4	Sydney NSW	Storm	12
1998 Apr 9	Sydney NSW	Storm	10
1998 Jun 23	Hunter Valley NSW	Storm	12
1998 Jun 24	East Gippsland VIC	Flood	1.3
1998 Aug 6	Sydney NSW	Storm	10
1998 Aug 17	Wollongong NSW	Flood, Storm	40
1998 Oct 13	Sth East Qld	Storm, Wind	23
1998 Nov 14	Brisbane QLD	Storm	7
1998 Dec 16	Brisbane QLD	Hail, Storm	76
1998 Dec 26	Melbourne VIC	Flood, Rain	10
1999 Feb 7	SE & SW Qld	Storm	2
1999 Feb 12	Nth Qld	Cyclone	4
1999 Mar 20	Moora WA	Flood	4
1999 Mar 22	Exmouth/Onslow WA	Cyclone	35
1999 Apr 14	Sydney NSW	Hail, Storm	1,700
1999 Oct 23	Sydney NSW	Storm	40
1999 Oct 24	Wollongong NSW	Flood, Storm	5
1999 Dec 26	VIC	Flood, Rain, Storm	10
2000 Jan 15	Perth WA	Flood	5
2000 Feb 7	Longreach/Central Qld	Flood, Storm	12
2000 Feb 27	Far Nth Qld	Cyclone	11
2000 Mar 0	Nth WA	Cyclone	5
2000 Apr 2	Nth Qld	Cyclone	15
2000 Apr 18	Nth WA	Cyclone	8.5
2000 Sep 30	Vic Peninsula VIC	Storm, Wind	2
2000 Nov 17	Mackay QLD	Flood	5
2001 Jan 6	Dubbo NSW	Storm	15
2001 Jan 16	Sydney NSW	Storm	12
2001 Jan 17	Casino NSW	Storm	35
2001 Mar 6	Nth Coast, Grafton, Kempsey NSW	Flood, Storm	25
2001 Mar 9	Brisbane QLD	Flood, Storm	37
2001 Nov 18	Sydney & Port Stephens NSW	Storm, Tornado	30
2001 Dec 3	Sydney & NSW Coast	Storm	30
02001 Dec 25	Sydney & NSW	Bushfire	69
2002 Jan 17	NE NSW & SE Qld	Storm	10
2002 Feb 16	Sydney NSW	Storm, Wind	10
2002 Oct 8	Sydney Region (Engadine to Glenorie) NSW	Bushfire	25
2002 Dec 10	SE Qld	Storm	3.4
2002 Dec 24	SE Qld	Storm	2
2003 Jan 0	NE Victoria & SE NSW	Bushfire	12.0
2003 Jan 18	Canberra ACT	Bushfire	350
2003 Aug 24	NSW, TAS, VIC	Wind Storm	25
2003 Dec 3	Melbourne Metro VIC	Hail, Storm	124
2004 Jan 24	Brisbane, SE & SW Qld	Hail, Storm	28.5
2004 Jan 29	Melbourne VIC	Storm, Water	18

		Damage	
2004 Dec 13	Sydney & Lismore NSW	Hail, Storm	32.3
2004 Dec 13	Brisbane, Gold Coast QLD	Rain, Wind	3.5
2004 Dec 26	South East Asia	Tsunami	3
2005 Jan 11	Eyre Peninsula SA	Bushfire	27.7
2005 Feb 2	Sydney, Central Coast, Newcastle, Melbourne, Sth East Vic, Nth Tasmania NSW, TAS, VIC	Hail, Storm, Wind	216.7
2005 May 16	Bunbury & Sth Perth WA	Storm, Wind	53.2
2005 May 19	Brisbane QLD	Hailstorm	17.6
2005 Jun 30	Sth East Qld QLD	Flood, Storm	53.9
2005 Jun 30	Nth East NSW NSW	Flood, Storm	25
2005 Oct 12	Gold Coast QLD	Hailstorm	61
2005 Nov 6	Broken Hill NSW	Flood, Rain, Wind Storm	4
2005 Nov 7	Molong, Eugowra, Parkes, Wellington, Forbes NSW	Flood, Rain, Wind Storm	3
2006 Jan 20	North, West & East VIC	Bushfire	22.4
2006 Mar 20	Nth QLD	Cyclone	350 est
2006 Aug 7	Sth West WA	Storm, Tornado	5.2
2006 Oct 31	Newcastle & Lower Hunter Valley	Hailstorm	28 est
2007 Jan 15	Nyngan	Severe Storm	tba
2007 Jan 16	Wagga Wagga	Severe Storm	tba

<http://www.insurancecouncil.com.au/Catastrophe-Information/default.aspx>

Appendix B

FLOOD

- Flood mapping.
- Land use management to limit the use of floodplains for the site of vulnerable elements (including infrastructure, residences, buildings etc).
- Engineering of structures in the floodplain to withstand flood forces (levee banks, berms, flood walls with opening barriers, dams).
- Relocation of structures out of the floodplain.
- Flood resistant building materials (water resistant materials, waterproof seals, strong foundations).
- Building design to elevate floor levels.
- Storage and sleeping areas high off the ground.
- Flood warnings.
- Community awareness of the floodplain.
- Awareness of potential impact of deforestation on flood risk.
- Flood evacuation preparedness including boats and rescue equipment.

EARTHQUAKES

- Seismic zonation.
- Land use management to reduce development on geological areas known to amplify ground vibrations e.g. alluvial soils, reclaimed land.
- Engineering of structures to withstand vibration forces.
- Seismic building codes, enforcement of compliance and encouragement of higher standards of construction.
- High standards of design for important buildings.
- Strengthening of existing buildings - retrofitting.
- Earthquake insurance.
- Securing dangerous appliances and sources of naked flames.
- Community awareness of earthquake risk.
- Earthquake drills.
- Survival kits.

CYCLONES AND SEVERE STORMS

- Land use management to provide protection from wind and storm surge.
- Siting of buildings on leeward side of hillsides.
- Engineering of structures to withstand wind forces and water damage (including storm surge).
- Wind load requirement in building codes.
- Good quality construction of wind-resistant buildings.
- Securing of elements which could blow away or cause damage (metal sheeting, roofing, fences, signs).
- Trimming of tree branches and cleaning of gutters.
- Storm water drainage systems (see also FLOOD).
- Planting of windbreaks.
- Provision of safety shelters.
- Protection for boats, building contents or other possessions at risk.
- Cyclone and severe weather warning systems.
- Community awareness of cyclone risk.
- Evacuation plans.

BUSHFIRES

- Land use management to limit development in high bushfire risk areas.
- Siting of structures (away from the top of slopes/ridges).
- Building codes for fire hazards.
- Fire resistant building materials.
- Planting of fire-resistant vegetation.
- Bushfire breaks.
- Controlled burning.
- Remove bushfire 'fuel' (rubbish, branches, leaf litter) from around house and gutters.
- Secure storage of flammable materials (wood, paint, fuel).
- Fire weather warning systems.
- Community awareness of bushfire risk.
- Sufficient water supply and hoses.
- Protective clothing.
- Fire evacuation plan.

<http://www.ema.gov.au/agd/ema/emaInternet.nsf/Page/RWP0ACB42930E19FCEFCA256C4800062B66?OpenDocument>



An Australian Government Initiative

Disaster Assist

Assistance Information

The following factsheet provides a summary of Australian Government assistance available to support those adversely affected by Tropical Cyclone Larry.

- [Australian Government Assistance for those affected by Tropical Cyclone Larry - Factsheet - PDF \[279kb\]](#)

For more information on these services and payments please read below:

- [Support for Individuals and Families](#)
 - [Support for Farmers and Small Business](#)
 - [Other Australian Government Support](#)
-

Support for Individuals and Families

Australian Government Assistance

Ex-Gratia payments

Assistance via ex-gratia payments has now closed.

Ex-gratia payments of \$1,000 per eligible adult and \$400 per eligible child are available to people whose principal place of residence was destroyed by the cyclone or was or is likely to be rendered uninhabitable for two weeks or more due to structural damage, because power and/or water supply has ceased or because the residence is inaccessible.

Further information about this assistance was available via the Tropical Cyclone Larry Relief Hotline **1802 002**.

Queensland Government Assistance

Far North Queensland residents affected by Tropical Cyclone Larry may be eligible for financial assistance and other support.

Disaster Relief Funding is available to persons whose financial position is such that they are unable to provide for their own recovery.

Disaster relief assistance is based on demonstrable hardship. Maximum limits apply and eligibility to some assistance is income or asset tested.

First round grants of up to \$2,000 from the Prime Minister's and Premier's Cyclone Larry Relief Appeal are now available. They will go to eligible applicants whose homes are uninhabitable because of the cyclone, and further assistance will be available soon for others who have suffered loss and damage. [Application forms are available for download \[PDF - 146kb\]](#), or at local council chambers in the affected areas.

For further information on the type of assistance available and helpline numbers please visit the [Queensland State Government website](#).

Free Travel between Cairns and Innisfail for Displaced Residents

The Australian and Queensland Governments have agreed to jointly fund daily bus services from Cairns to Innisfail and the surrounding region for three months.

These free services have been established to assist tradespeople, relief staff and displaced persons travel from their temporary accommodation in Cairns to their homes and communities.

For information on how to claim this assistance, contact the Queensland Department of Transport on **1800 440 074**.

Taxation assistance

The Australian Taxation Office is providing relief to taxpayers in the cyclone affected area who have suffered damage to their homes and businesses and as a result are experiencing difficulties meeting their tax obligations.

The Tax Office is offering a range of assistance such as fast tracking of refunds, extending debt payment and lodgement obligation time frames, and help in reconstruction of lost/destroyed tax records. For information and assistance contact the Tax Office on **13 11 42** (select option 4) between 8am and 6pm Monday to Friday.

Support for Farmers and Small Business

Australian Government Assistance

One-off income Support Programme

For affected farmers and small businesses, the Australian Government is providing a one-off income support programme equivalent to the Newstart Allowance.

There will be no asset test in relation to the capital value of their farm or business assets. This will mean that farmers and business people deprived of income will be able to focus on the immediate task of rebuilding their farm or business without the worry of how to pay their day-to-day bills.

The one-off income support programme payment is available for up to six months, from 22 March 2006 to close of business on 21 September 2006.

For claims lodged on or before 30 June 2006 backdating was available. Backdating has now closed for the Cyclone Larry one-off income support programme. For claims lodged after 1 July 2006 eligible applicants may be paid the one-off income support payment from the date of their claim until the programme ceases on 21 September 2006.

To claim this assistance you will need to complete the Cyclone Larry - Claim for Farmers and Small Business Income Support Payment form

Tropical Cyclone Larry Business Assistance Fund

Businesses, including farmers and tourism operators, adversely affected by Tropical Cyclone Larry may be eligible for one-off, tax-free, grants of \$10,000. Businesses that can demonstrate significant losses may be eligible for an additional grant amount of \$15,000 (a total of \$25,000).

This will help businesses with immediate restocking, replanting and cleanup activities. To be eligible for this assistance, businesses must be located in the area declared by the Queensland Government as a natural disaster area, be adversely affected by Tropical Cyclone Larry, and have an Australian Business Number.

The closing date to lodge claims for this assistance has now passed but under special circumstances, claims may still be considered if there are extenuating circumstances. Please contact the Tropical Cyclone Larry Relief Hotline **1802 002** for further information.

To claim this assistance you will need to complete the Cyclone Larry - Business Assistance Fund Claim Form.

Wage assistance for employers, including farmers

The Australian Government is providing a wage subsidy for employers (businesses, farmers and non-profit organisations) who demonstrate reasonable loss or hardship as a result of Tropical Cyclone Larry.

The wage assistance will help employers retain their pre-cyclone labour levels and get back into production and business as quickly as possible. It will enable employers to hold on to their employees in the clean-up and re-establishment phase and help prevent an exodus of workers who might otherwise become unemployed.

To assist eligible businesses recover from Cyclone Larry as quickly as possible, the Australian Government announced on 3 August that it was extending the period of the wage subsidy measure from 13 to 26 weeks. The cut-off date for applications for the wage subsidy has also been extended and is now **31 August 2006**.

For more information and to download the application form and guidelines go to the [Cyclone Larry wage assistance site](#) or call the Cyclone Larry Wage Assistance Hotline on **1802 001**.

The National Harvest Labour Information Service

The National Harvest Labour Information Service (NHLIS) will work closely with farmers and displaced agricultural workers to provide a central coordinating point for sourcing labour in the area affected by Tropical Cyclone Larry.

The National Harvest Labour Information Service can be contacted on freecall **1800 062 332** from 8am to 8pm weekdays.

Concessional Interest rate loans/grants for farmers and businesses

Eligible farmers and businesses will also have access to concessional loans to re-establish their enterprises. Loans of up to \$200,000 under the Natural Disaster Relief Arrangements will be available with repayments deferred for up to two years. The first 25 per cent of the loan will be provided as a grant.

For special cases, such as enterprises demonstrating extreme damage, the maximum loan amount will be increased to \$500,000, with the grant component capped at \$50,000. There will be no principal or interest repayments in the first two years. These loans will be available to eligible businesses regardless of the number of employees.

Applications for the concessional loans close on 31 December 2007 for farmers and 31 December 2006 for businesses.

The Queensland Rural Adjustment Authority (QRAA) is administering these loans. For more information call the QRAA on **1800 623 946**.

Fuel Excise Relief

Assistance via the Fuel Excise Relief payments has now closed.

On Sunday 26 March 2006, it was announced that the Australian Government will provide assistance with excise paid on diesel or petrol fuel used by businesses, farmers and households to generate their own electricity until normal services are restored.

Generator Hire

The Prime Minister announced on Thursday 30 March 2006 that the Australian Government will provide further assistance under the Natural Disaster Relief Arrangements to dairy farms and aquaculture businesses that are without power as a result of damage suffered due to Tropical Cyclone Larry.

Assistance for costs associated with hiring a generator will be available where electricity is needed to operate equipment that is required to relieve livestock distress and maintain the life of cows and fish and other aquatic organisms. This will help dairy farmers operate milking machines and aquaculture businesses operate pumps and filters.

Callers within Queensland seeking advice about this assistance can call the Primary Industry Cyclone Recovery Advice Service on: **13 25 23**.

This assistance is in addition to the fuel excise relief which was available to households and businesses that were without electricity and were using a generator as a result of the impact of Tropical Cyclone Larry.

Assistance for generator hire has now closed.

Assistance for companies

Australian Securities and Investments Commission (ASIC) are providing assistance to companies that have been affected by Tropical Cyclone Larry.

Where companies and office holders are experiencing difficulties with such activities as lodgements, notifications and payment of fees, extensions of time may be granted and late fees waived. ASIC will consider these options on a case by case basis.

Companies are urged to contact ASIC to discuss their particular circumstances and seek advice regarding their obligations. For further information phone **1300 555 600**.

Small Business Field Officers

Small Business Field Officers will provide on-the-spot assistance to small business operators within the region to help rebuild their businesses, including offering advice for obtaining financial support and how to access Government programs. For further information phone **1800 024 095**.

Taxation assistance

The Australian Taxation Office is providing relief to taxpayers in the cyclone affected area who have suffered damage to their homes and businesses and as a result are experiencing difficulties meeting their tax obligations.

The Tax Office is offering a range of assistance such as fast tracking of refunds, extending debt payment and lodgement obligation time frames, and help in reconstruction of lost/destroyed tax records. For information and

assistance contact the Tax Office on **13 11 42** (select option 4) between 8am and 6pm Monday to Friday.

Operation Farm Clear

The Prime Minister announced on 7 July 2006 that the Australian Government will allow the removal of debris from farms in the cyclone-affected areas under the Queensland Government's Operation Farm Clear programme to be considered as eligible expenditure under the NDRA. The Australian Government will reimburse Queensland Government expenditure of up to \$10 million.

Operation Farm Clear aims to assist primary producers with the removal of debris from farms impacted by Tropical Cyclone Larry to facilitate the re-establishment of essential property infrastructure and restoration of profitable operations.

Assistance is available through the Queensland Department of Primary Industries and Fisheries on 13 25 23, between 8am and 6pm weekdays, or email cyclonelarry@dpi.qld.gov.au.

Other Australian Government Support

Initial advance of \$40 million under the Natural Disaster Relief Arrangements

In recognition of the scale and the immediate nature of the relief and recovery operations, the Prime Minister has agreed to an initial advance of up to \$40 million to Queensland this financial year under the Natural Disaster Relief Arrangements.

This will help meet immediate personal hardship and distress costs, such as the provision of emergency food, clothing and accommodation, urgent housing repairs and the replacement of essential household goods. It will also ensure that urgent efforts to rebuild vital public infrastructure in cyclone-damaged communities in Far North Queensland are not delayed by red tape.

Farm Help

For more information about the Farm Help program for farmers and their families who are experiencing severe financial difficulties please call Centrelink's Farmer Assistance line on **1800 050 585** or visit the [Centrelink website](#).



Australian Government

Australian Government assistance for areas affected by Cyclones Monica and Larry

Information is correct as of 25 August 2006

What assistance is available?

- **Tax-free grants for business owners and farmers:** grants of \$10 000 or \$25 000 depending on the extent of costs or loss
- **Income support for small business owners and farmers:** available until 28 November 2006

Business assistance fund

Who can get it?

Registered businesses, including farmers, in areas affected by Cyclones Monica and Larry.

To qualify, businesses must:

- have a registered Australian Business Number/s (ABN) on or before 20 March 2006
- be located in the areas declared affected by the combined impacts of Cyclones Monica and Larry as defined in Annexure 1
- have not already claimed the Cyclone Larry Business Assistance Fund

- receive more than 50 per cent of their income from the registered business, if a sole trader or partnership (unless they are a primary producer with long lead times to production)
- have been adversely affected by the combined impacts of Cyclones Monica and Larry
- be prepared to show evidence supporting claimed losses
- make a claim by 31 August 2006
- have been solvent immediately before Cyclone Larry, **and**
- have been owned by the applicant/beneficiary immediately before Cyclone Monica.

The commercial enterprises of charities and not-for-profit groups are also eligible. Where a company is a trustee for a trading trust and both have ABNs, only one payment will be made as both entities will be considered as one business.

www.centrelink.gov.au



Australian Government



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Centrelink Facts

What can you get?

You can get a one-off, tax-free grant of either \$10 000 or \$25 000, depending on the extent of costs or loss. Where a grant of \$10 000 has already been made and exceptional costs or losses can be demonstrated, an additional grant of \$15 000 is available.

The grant is to assist with costs associated with:

- restocking
- replanting
- re-establishment, or
- business continuity—paying normal outgoings until the business is operational.

What evidence do you need to get the \$10 000 grant?

You may need evidence of how you intend to use, or have used, the grant to assist your business. Centrelink may contact you after the grant has been made to ask for this information.

What evidence do you need to get the additional \$15 000 grant?

Depending on the nature of your business, the following are examples of the type of evidence that could help when preparing your claim:

- copies of any insurance assessment documents outlining your losses
- copies of receipts/invoices for the removal of debris or repairs to your business
- copies of contracts showing details of supply before the cyclones
- copies of invoices/receipts for restocking your business
- copies of invoices/receipts or quotes for replanting/restocking farming land after the cyclones
- copies of unpaid invoices due to loss of income
- copies of booking registers showing a decrease in bookings, or
- photos of damage to your crops, livestock, business premises, fencing, and other farming infrastructure.

Please note that these are examples only and are not intended to exclude other evidence that you may be able to provide.

More information

You can get more information about the Cyclones Monica and Larry Business Assistance Fund by visiting www.centrelink.gov.au or www.disasterassist.gov.au. Call **180 2002** or see the claim form for more details about eligibility requirements.

What if I have more than one business?

If you are the owner of more than one business you may be eligible for more than one grant. To qualify, each business must have a separate Australian Business Number (ABN).

However, where separate businesses are registered under a single ABN, consideration may be given to paying the Business Assistance Fund grant for each business depending on individual circumstances.

How can you get it?

You need to fill in a **Cyclones Monica and Larry Business Assistance** claim form, available on www.centrelink.gov.au, call **180 2002** and ask for a copy to be sent to you, or get a copy from your nearest Centrelink Customer Service Centre.

You will need to lodge your completed form by:

- taking it to your local Centrelink Customer Service Centre
- taking it to your nearest Centrelink Agent, or by
- sending it to:
**Centrelink—Cyclones Monica and Larry Processing Centre
Area Support Office
Locked Bag 55
Brisbane QLD 4001**

Income support for farmers and small businesses

Who can get it?

Farmers or owners of small businesses whose income has been adversely affected by Cyclones Monica and Larry. (See Annexure 1 for eligible areas).

What can you get?

A fortnightly payment equivalent to the Newstart Allowance rate, paid until 28 November 2006. Payments will be taxable.

There will be no asset test in relation to the capital value of your farm or business.

You must show some proof of identity (e.g. driver's licence) before you can get paid.

How can you get it?

You need to fill in a **Claim for Farmers and Small Business Income Support Payment** form, available on www.centrelink.gov.au, call **180 2002** and ask for a copy to be sent to you, or get a copy from your nearest Centrelink Customer Service Centre.

You will need to lodge your completed claim form by:

- taking it to your local Centrelink Customer Service Centre
- taking it to your nearest Centrelink Agent, or by
- sending it to:
**Centrelink—Cyclones Monica and Larry Processing Centre
Area Support Office
Locked Bag 55
Brisbane QLD 4001**

More information

You can get more information about farmer and small business income support payments by visiting www.centrelink.gov.au or www.disasterassist.gov.au. Call **180 2002** or see the claim form for more detail about eligibility requirements.

Annexure 1

The Cyclones Monica and Larry Business Assistance Fund-eligible areas

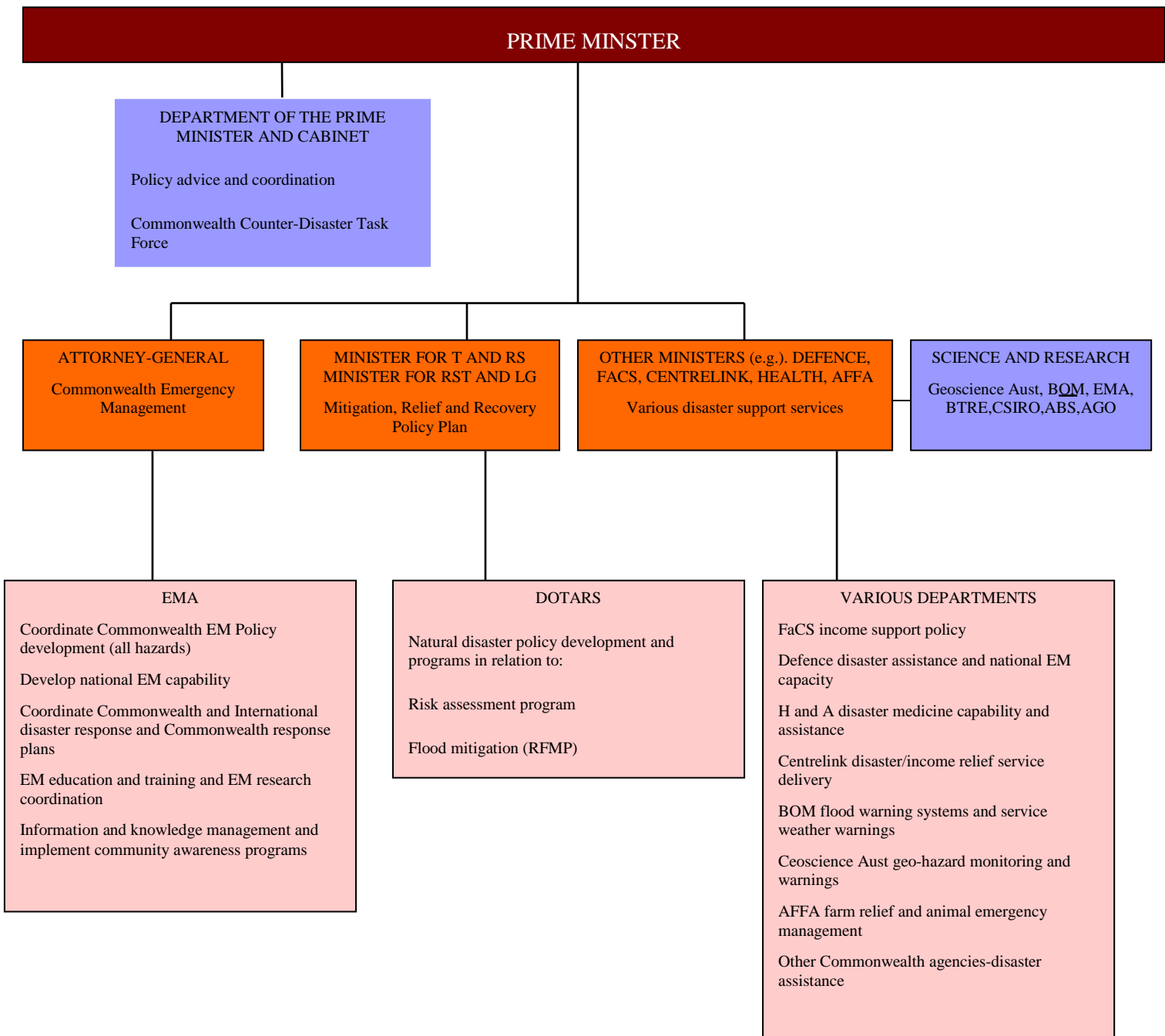
The Cyclones Monica and Larry Business Assistance Fund is available to eligible registered businesses, including farmers located in:

- the Cape York region of Far North Queensland north of the southern boundary of the Cook Shire Council, and
- islands that have been adversely affected by the combined effects of both Cyclone Monica and Cyclone Larry.

Carpentaria Shire Council was also eligible for assistance under the Cyclone Larry assistance package. Businesses that have received assistance under the Cyclone Larry Business Assistance Fund are ineligible for assistance under the Cyclones Monica and Larry Business Assistance Fund.

Only those who have been adversely affected by the combined effects of both Cyclones Monica and Larry may be eligible to receive assistance.

Figure 1 Commonwealth natural disaster management arrangements



http://www.dotars.gov.au/disasters/publications/pdf/natural_naturaldis.pdf