An Australian Government Initiative

Regional Development Australia
NORTHERN RDA ALLIANCE

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Northern Regional Development Australia Alliance (NRDAA) submission to the Joint Standing Committee on Northern Australia

Preparing for emerging industries across Northern Australia and the implementation and effectiveness of the cyclone reinsurance scheme as it relates to preparing for emerging industries.

Executive Summary

The Northern Regional Development Australia Alliance (NRDAA) welcomes the Committee's invitation of 13 August 2026 to provide further evidence on the implementation and effectiveness of the Cyclone Reinsurance Pool as it relates to preparing Northern Australia for emerging industries. NRDAA represents a collective regional development perspective across northern Australia. The submission addresses commercial insurance as a condition of viable businesses and industries, rather than insurance outcomes for households or residential strata.

The availability of appropriate and affordable insurance is essential to business establishment, continuity and investment. It protects productive assets and can be necessary for financing, contracts, leases and grant-funded projects. Where insurance is unavailable, exclusions are unsuitable, excesses are prohibitive or premiums absorb a disproportionate share of operating income, businesses may reduce protection, defer equipment purchases, constrain expansion or withdraw from proposed activities. Emerging industries depend on these existing businesses, contractors and service providers as well as on the insurability of their own assets.

Evidence collected through the 2026 NRDAA Insurance Experience Survey supports these concerns. Among respondents to the relevant business questions, 42 of 48 reported premium increases; 33 of 43 described insurance as becoming unaffordable; 22 of 42 reported sacrifices affecting operations, staffing or productivity; and 19 of 42 reported that insurance costs or availability affected expansion or investment plans.[1] In the most remote parts of the region, including the Indian Ocean Territories, the problem is often availability rather than price, with most uninsured business respondents reporting that no insurer would cover them.

A lack of choice and affordability of insurance represents critical constraints on the Northern economy and is resulting in perverse and sub-optimal decisions being made by households and organisations to manage risks These are self-selected respondent experiences, not regional population estimates.

Separately, the independent Kimberley Insurance Review documents how limited insurance choice and high premiums have led some local organisations and businesses to reduce cover, change activities, self-insure or seek alternative arrangements.[3] These examples illustrate possible commercial consequences without implying uniform conditions across Alliance regions. Taken together, the survey and independently documented regional research indicate that commercial insurance accessibility warrants a Northern Australia-wide policy response, even though impacts and market conditions vary among locations and industries, access to suitable insurance remains an economic development concern.

NRDAA recognises that the Cyclone Reinsurance Pool has delivered measurable benefits. The ACCC found average small-business premiums per $100,000 insured in higher cyclone-risk areas fell 24 per cent in the first year after insurers entered the Pool.[2] However, the ACCC also identified persistent affordability pressures, continuing impediments to insurer participation, and incomplete recognition of mitigation measures. The policy test is therefore broader than reduced cyclone reinsurance costs: it is whether northern enterprises can obtain financially sustainable insurance that supports continued operation and new investment.

NRDAA calls for a stronger commercial-outcomes lens in ongoing monitoring and in the statutory review of the Pool. In particular, the Alliance asks the Commonwealth to finalise consideration of the 48-hour post-cyclone reinsurance period, including the already-modelled 168-hour option, recognising the delayed catchment flooding, prolonged rainfall and other flood impacts attributable to a downgraded cyclone, not solely riverine flooding. NRDAA also seeks assessment of commercial property eligibility, specialised and remote commercial risks, insurer participation, policy pricing practices and resilience investment.

This submission includes 7 recommendations to ensure our northern Australian regions, including the Indian Ocean Territories, have the appropriate settings to leverage emerging opportunities for regional development and transformative growth across the three jurisdictions of northern Australia.

For further discussion about this submission, please get in touch with the NRDAA secretariat at ceo@rdagw.org.au

Kind Regards



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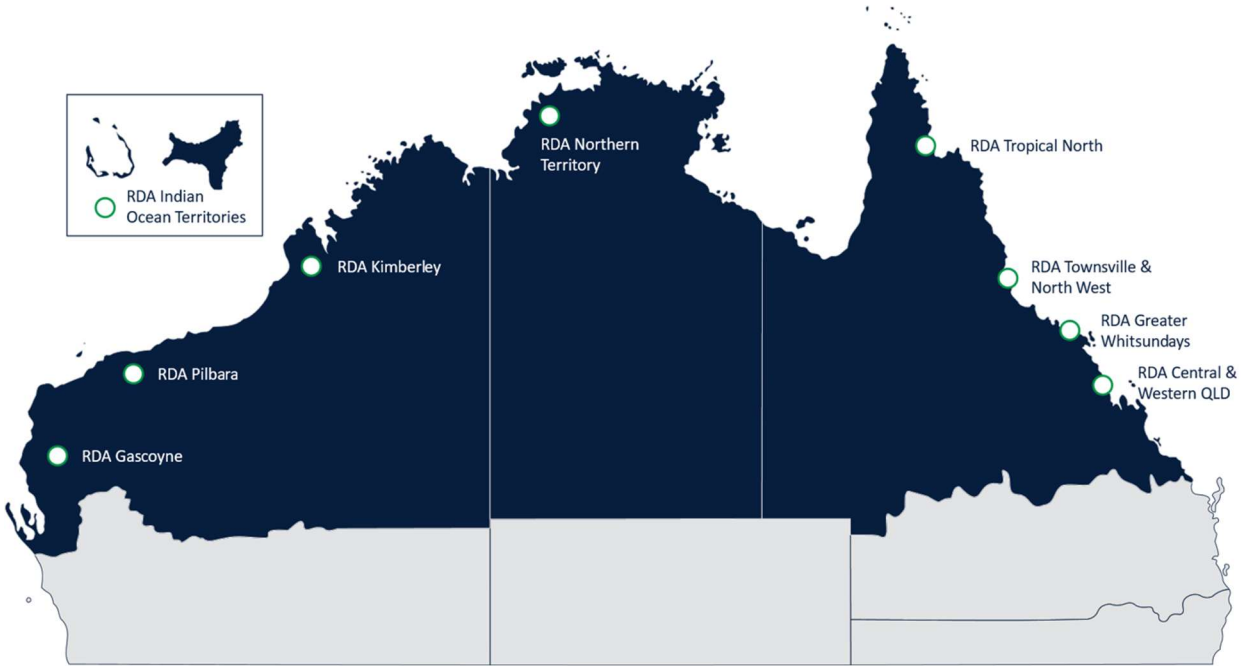
Mr Jeff Stewart Harris
Chairperson
Northern Regional Development Australia Alliance

About the Northern RDA Alliance

The RDA network links regional stakeholders with all three levels of government and supports the development of Australia's regions. The Northern RDA Alliance comprises the eight RDA Committees in northern Australia and extends across 100 local government areas (see Appendix 1). The NRDAA provides a forum for collaboration on shared issues, local innovation, capacity building and regional development advocacy.



NRDAA Recommendations

1. Continue independent commercial insurance monitoring

Establish continued, publicly accessible and regionally disaggregated monitoring following the conclusion of the ACCC's 2022–26 direction. Measure availability of suitable cover, insurer participation, premiums, excesses, exclusions, non-insurance, mitigation recognition and business decisions—not premiums alone.

2. Finalise the review of cyclone-related flood timing

Publish a decision on the present 48-hour post-cyclone Pool claims period and the 168-hour alternative, drawing on ARPC-commissioned modelling and evidence of delayed cyclone-associated flooding, including catchment and overland-flow impacts. Evaluate fiscal and actuarial implications, premium pass-through and commercial cover outcomes; establish and evidence-based approach to attributing delayed flooding to a declared cyclone.

3. Review commercial property eligibility

Assess the suitability of the $5 million non-residential sum-insured eligibility threshold against contemporary northern construction, freight and replacement costs, particularly for small and medium enterprises and remote businesses. Publish the expected cost, coverage and market effects of any adjustment.

4. Investigate gaps outside cyclone reinsurance

Undertake a distinct examination of access to affordable cover for non-cyclone flood, specialised commercial and marine-related activities, and business interruption and supply-chain disruption. Do not assume these risks can or should all be included in the existing cyclone Pool.

5. Improve competition and respond to demonstrated market failure

Investigate barriers to underwriting and market entry in thin and remote insurance markets. Consider options identified in independent regional, including demand aggregation, market facilitation and publicly backed baseline or last-resort insurer where private cover is demonstrably unavailable. Assess the economic benefits, competition effects, safeguards and fiscal exposure before choosing any mechanism. [3] [10]

6. Strengthen transparency and reward commercial resilience

Improve disclosure of how Pool-related savings and other risk factors flow through to business premiums, including renewal pricing and changes to cover or excess. Examine whether price walking (renewal or loyalty penalties) or price optimization unrelated to underlying risk occurs in thin commercial markets, and whether targeted consumer protections, regulatory oversight or disclosure reforms are warranted. Assess practical standardisation of core commercial insurance product information and coverage tiers to improve comparison, while examining the feasibility and consequences of stronger price-approval oversight. Promote transparent, evidence-based recognition of eligible commercial mitigation investments.

7. Examine commercial pricing practices and product comparability

Commission an evidence-based examination of commercial insurance renewal pricing, potential loyalty penalties and price optimisation in low-competition northern markets. Evaluate whether standardised disclosure of core product terms, exclusions and excesses—and proportionate regulatory or price-approval safeguards—would improve comparability, fairness and access without discouraging insurer participation.[10]

NRDAA perspective and relevance to the inquiry

The Northern Regional Development Australia Alliance (NRDAA) brings together nine Regional Development Australia committees whose regions span Northern Australia, from the Gascoyne in Western Australia through to Gladstone in Central Queensland, and including the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands.

As a collaborative network, the Alliance provides a united regional voice on the priorities, challenges and opportunities shaping Northern Australia. The NRDAA has played an active role in providing input to the Australian Government on key national initiatives, including the White Paper on Developing Northern Australia and the Northern Australia Infrastructure Facility.

The Alliance aims to support all levels of government by contributing regional insight, evidence-based advice and practical perspectives that help shape policy, guide investment and support the sustainable development of Northern Australia. Through collaboration, advocacy and strategic partnerships, the NRDAA works to strengthen regional prosperity, resilience and connectivity across the north.

The views advanced here are collective policy positions: individual RDA research and survey participation inform the evidence but do not confine the advocacy to those locations.

Commercial insurance is pertinent particularly to terms of reference (c) export industries, (f) infrastructure and (k) research and development. It also has implications for renewable energy and decarbonisation (a), critical minerals (b), defence-related supply chains (e), and First Nations enterprise participation (i). The connection is commercial readiness: new ventures rely on insurable premises, plant, logistical networks and local suppliers. The present submission does not address housing, residential or strata premiums, or workforce attraction.

Business insurance as an economic enabler

Insurance is often a prerequisite for borrowing, acquiring or leasing premises, meeting contractual obligations and operating in regulated supply chains. Where a business cannot obtain suitable cover, the effect may extend beyond its own risk exposure. A tourism enterprise may be unable to introduce an activity; a supplier may be unable to accept work; a project may struggle to satisfy funding conditions; and an investor may defer capital until insurability is established. These are plausible commercial pathways, supported by respondent accounts, rather than quantified impacts for every emerging industry.

The challenge is especially acute in geographically dispersed markets. Remote asset replacement can entail substantial transport expense, constrained repair capacity and prolonged business interruption. The independent Kimberley Insurance Review: Economic and Social Assessment (2025) identifies thin insurance markets, high replacement costs and supply-chain constraints, and documents business and organisational responses such as reduced cover, self-insurance and alternative or offshore risk arrangements.[3][10] Comparable concerns have been raised through other northern RDA research and engagement. NRDAA therefore advocates an insurance framework that considers regional commercial capacity, not simply climate peril pricing.

Business evidence from the 2026 NRDAA survey

The October ***2026 NRDAA Insurance Experience Survey*** Findings report records 232 entries across seven participating regions; 227 entries from five regions met the agreed regional inclusion threshold. The business stream is considerably smaller. Results below use the denominator for each question and describe only those who answered.[1]

Business insurance measure	Result
Premium increased	42 of 48 (87.5%)
Insurance becoming unaffordable	33 of 43 (76.7%)
Too few insurers willing to provide cover	25 of 43 (58.1%)
Sacrifices elsewhere in business operations, staffing or productivity	22 of 42 (52.4%)
Expansion or investment affected	19 of 42 (45.2%)

Business insurance measure	Result
Reduced level or type of cover	17 of 42 (40.5%)
Delayed property, equipment or asset purchases	13 of 42 (31.0%)
Considered closing, selling or relocating	6 of 42 (14.3%)

Of 60 answering the business insurance status question, 15 did not hold business insurance. Among 13 who answered why they did not hold cover, eight selected inability to find a willing insurer. Separately, 16 of 42 respondents said they had only bare-minimum public liability coverage and five said they could not obtain all required types of insurance. Thus, holding a policy is not equivalent to having commercially adequate protection.[1]

The survey also suggests a weak perceived link between protective investment and premium outcomes: 15 of 42 respondents reported proactive protection without noticing a premium reduction, while 13 said insurance costs left little for maintenance or upgrades.[1] The questions do not establish causation or insurer-specific pricing practices. Nevertheless, these experiences support independent investigation of how risk reduction is recognised.

Participation was voluntary and self-selected, with few responses to business questions and response numbers varying by question. Respondents could report multiple impacts, so counts cannot be added to determine the number of affected enterprises. Without reliable emerging-industry classifications, the survey cannot establish insurance prevalence or impacts within specific industries. The regional and industry examples below illustrate how these issues arise, not how widespread they are.

Northern Australia's diverse commercial insurance challenges

The combined evidence shows that insurance pressure takes different forms. Some enterprises face steep premiums but retain coverage; others encounter restrictions or a shortage of willing insurers. For businesses in remote locations, the cost and availability of insurance can intersect with costly infrastructure, fragile freight access and prolonged disruption. These issues are relevant to established businesses that form the supply base for emerging industries.

Publicly available evidence indicates that insurance affordability and availability remain significant challenges for businesses across the Northern Territory. Reported tourism and agritourism cases illustrate how flood exposure, difficult renewals and public liability requirements can constrain commercial activity.[4] The focus of these examples is the business consequence, not a claim that all enterprises face identical risk.

In the Indian Ocean Territories, responses also identify availability as a fundamental concern. Seven of 17 business insurance-status respondents reported not holding insurance, and five of six responding to the associated follow-up said no insurer would cover them. Regional feedback connects these limitations to the feasibility of tourism, research, defence-related services and renewable-energy ventures, although the survey does not establish industry-specific rates.[1] The Indian Ocean Territories are within the scope of the Pool, it is a reinsurance arrangement and can only reduce costs for policies

that insurers are willing to write. Where no insurer offers cover, as most uninsured IOT respondents reported, its benefits do not reach the business.

The Kimberley research identifies issues associated with remote market scale and insurance arrangements that may not match the values or requirements of local commercial assets. Across northern Queensland, RDA survey responses similarly describe pressures on operating budgets and investment choices. NRDAA draws these strands together as an Alliance-wide policy concern rather than claiming each region is equally affected or represented in the survey.

The Cyclone Reinsurance Pool: achievements and remaining commercial questions

The Pool commenced in July 2022 and reinsures eligible cyclone and cyclone-related flood losses on specified policies. It is a reinsurance arrangement, not a direct insurer of businesses. Its contribution should be recognised: the ACCC's June 2026 findings document lower average small-business premiums per $100,000 insured in higher cyclone-risk areas following entry into the Pool.[2] The ACCC nevertheless concluded that affordability and availability challenges persisted and that barriers to insurer expansion included risks beyond the Pool's scope.[2]

The ARPC's scheme explanation confirms cyclone-related wind, rain, rainwater run-off, storm surge and riverine flood may fall within the Pool where the loss satisfies its terms. Crucially, the prescribed event period generally finishes 48 hours after the declared cyclone ends.[5] This affects which losses are reinsured by the Pool; it does not automatically remove an insurer's liability for a valid policy claim. For business policyholders, the resulting policy terms, exclusions, premium and availability matter most.

a)Delayed flooding after cyclone downgrading

Large northern catchments, prolonged rain, overland flow and the movement of former tropical cyclone systems can cause damaging floods well after the cyclone is downgraded; with the effect not just confined to riverine flooding. Tropical Cyclone Jasper in December 2023 provides a documented illustration: the Pool's claims period ended on 16 December while extensive flooding continued beyond that point. Similar timing questions can arise across other northern catchments, but the consequences for specific insured losses depend on event timing rather than policy terms. ARPC-commissioned modelling by Finity Consulting and Risk Frontiers examined extending the post-cyclone period from 48 to 168 hours, estimating additional Pool average annual loss of approximately $20 million–$35 million under its assumptions. [6]

NRDAA supports publication of the Commonwealth's review findings and a decision on the 48 -hour period, including whether a 168 hour extension better reflects the timing of cyclone-associated rainfall, catchment flooding and overland flow while preserving financial sustainability. The assessment should clarify how delayed losses are attributed to a declared cyclone, model effects on Pool liabilities, and text whether any change would improve commercial insurance availability and final premiums. A seven-day period is a defined option for assessment, not a complete solution for all flooding or business interruption.

b)Eligibility and commercial risks beyond the Pool

The 2022 regulations prescribe a $5 million amount for one category of eligible non-residential policy.[7] In regions with high construction, freight and replacement costs, otherwise modest commercial enterprises may have asset values that challenge existing eligibility settings. NRDAA seeks a targeted review of who benefits, who is excluded and the likely cost and competition effects of changes, rather than an unsupported blanket increase.

The Pool is not a comprehensive answer to non-cyclone flood, specialised liability, marine activity, or all forms of business interruption. Treasury's current statutory review notes that small-business marine property insurance is not being added to the Pool following modelling.[8] NRDAA therefore recommends a separate commercial market-gap investigation for such risks, with targeted and evidence-led options rather than an assumption that all should be transferred to the existing scheme.

6. Practical implications for emerging industries

Insurance constraints can undermine commercial readiness across renewable energy, critical minerals, export-oriented agriculture, tourism, marine services and defence-related supply chains. For many projects, the immediate question is not whether the principal project has insurance but whether local contractors, logistics operators, premises and essential service providers can obtain cover at sustainable cost. Poor access can raise project costs, narrow supplier participation and weaken local economic capture.

NRDAA recommends that business insurance accessibility be incorporated into emerging-industry investment readiness assessments where relevant, with an early check on insurance requirements for core assets and delivery partners. This is not an argument for insuring unviable ventures at public expense; it is a practical method for identifying remediable barriers before substantial development expenditure is committed.

Conclusion

The Cyclone Reinsurance Pool has moderated some insurance costs and merits continued support and careful evaluation. Its effectiveness for Northern Australia's economic future, however, cannot be determined solely by average premium movements. Businesses require insurance that is obtainable, appropriate to their activities, responsive to mitigation and affordable alongside other operating expenses. Accessible products, transparent renewal pricing and confidence that public reinsurance benefits flow through to commercial customers are also material considerations.

NRDAA asks the Committee to recognise commercial insurance as a foundational condition of emerging-industry preparedness. Continued independent monitoring, a published decision on the post-cyclone flood period, review of commercial eligibility, investigation of pricing and product transparency, and targeted attention to persistent market gaps would provide practical policy pathways to support business viability, regional investment and more resilient northern industries.

References

[1] Northern Regional Development Australia Alliance, Insurance Experience Survey Findings, October 2026,

[2] Australian Competition and Consumer Commission, Insurance monitoring report, June 2026, https://www.accc.gov.au/about-us/publications/serial-publications/insurance-monitoring-reports/accc-insurance-monitoring-report-2026 ; ACCC media release, 25 June 2026.

[3] Regional Development Australia Kimberley, Submission to the Joint Standing Committee on Northern Australia, January 2026, pp. 3–5; Econisis, Kimberley Insurance Review: Economic and Social Assessment (2025), https://www.rdakimberley.com.au/business-development/kimberley-insurance-review/.

[4] ABC News, 1 April 2026, https://www.abc.net.au/news/2026-04-01/nt-tourism-operator-devastated-multiple-weather-events/106512440 and ABC News, 4 April 2021, https://www.abc.net.au/news/2021-04-04/nt-farmers-partner-with-airbnb-to-tap-into-agritourism/100023250.

[5] Australian Reinsurance Pool Corporation, Cyclone Pool and fact sheet, https://arpc.gov.au/reinsurance-pools/cyclone/ and https://arpc.gov.au/resources/cyclone-reinsurance-pool-fact-sheet/.

[6] ARPC, Modelling of Cyclone Pool coverage period, 6 September 2024, https://arpc.gov.au/resources/arpc-publishes-modelling-of-cyclone-pool-coverage-period/ ; Finity and Risk Frontiers, Estimating Cyclone Pool premiums with 168-hour coverage period, September 2024.

[7] Terrorism Insurance Amendment (Cyclone and Related Flood Damage Reinsurance Pool) Regulations 2022, F2022L00510, regulation 5B(10) and regulation 5D (as enacted); current legislative settings should be checked at lodgement.

[8] Australian Treasury, 2025 review of the Terrorism and Cyclone Insurance Act 2003, https://treasury.gov.au/review/2025-review-terrorism-cyclone-insurance-act.

[9] ARPC, Cyclone Reinsurance Pool Statistics Report June 2026, https://arpc.gov.au/resources/cyclone-reinsurance-pool-statistics-report-june-2026/ (context on reported mitigation and coverage).

[10] Econisis, Kimberley Insurance Review: Economic and Social Assessment (2025), Recommendations, pp. 21–

Appendix 1: Northern RDA Alliance local government areas

RDA Kimberley

Shire of Wyndham-East Kimberley, Shire of Halls Creek, Shire of Derby-West Kimberley, Shire of Broome

RDA Pilbara

Shire of East Pilbara, Town of Port Hedland, Shire of Ashburton, City of Karratha

RDA Mid-West Gascoyne

Shire of Carnarvon, Shire of Upper Gascoyne, Shire of Murchison, Shire of Shark Bay, Shire of Meekatharra, Shire of Exmouth, Shire of Ngaanyatjarraku, Shire of Sandstone, Shire of Cue, Shire of Mount Magnet, Shire of Yalgoo, Shire of Northampton, Shire of Chapman Valley, City of Greater Geraldton, Shire of Irwin, Shire of Three Springs, Shire of Mingenew, Shire of Morawa, Shire of Perenjori, Shire of Carnamah, Shire of Coorow

RDA Northern Territory

Alice Springs Town Council, Barkly Regional Council, Belyuen Community Government Council, Central Desert Regional Council, Coomalie Community Government Council, City of Darwin, East Arnhem Regional Council, Groote Archipelago Regional Council, Katherine Town Council, Litchfield Council, MacDonnell Regional Council, City of Palmerston, Roper Gulf Regional Council, Tiwi Islands Regional Council, Victoria Daly Regional Council, Wagait Shire Council, West Arnhem Regional Council, West Daly Regional Council

RDA Tropical North

Aurukun, Cairns, Cassowary Coast, Cook, Croydon, Douglas, Etheridge, Hope Vale, Kowanyama, Lockhart River, Mapoon, Mareeba, Napranum, Northern Peninsula Area, Pormpuraaw, Tablelands, Torres, Torres Strait Island, Weipa, Wujal Wujal, Yarrabah

RDA Townsville and North West Queensland

Townsville City, Charters Towers Regional Council, Burdekin Shire Council, Burke Shire Council, Carpentaria Shire Council, Cloncurry Shire Council, Doomadgee Aboriginal Shire Council, Flinders Shire Council, Hinchinbrook Shire Council, McKinlay Shire Council, Mornington Shire Council, Mount Isa City Council, Palm Island Aboriginal Shire Council, Richmond Shire Council

RDA Greater Whitsunday

Mackay Regional Council, Whitsunday Regional Council, Isaac Regional Council

RDA Central Western Queensland

Banana, Barcaldine, Barcoo, Blackall-Tambo, Boulia, Central Highlands, Diamantina, Gladstone, Livingstone, Longreach, Rockhampton, Winton, Woorabinda

RDA Indian Ocean Territories

Shire of Christmas Island, Shire of Cocos (Keeling) Islands