

Contact: [REDACTED]

17 November 2015

Mr Tim Rose

President

Wagga Wagga Business Chamber

[REDACTED]  
[REDACTED]

Dear Tim,

**Re: Proposed Special Rate Variation**

As you know Wagga Wagga City Council is committed to upgrading the Main City Levee to a 1 in 100 year level of protection and could potentially upgrade the North Wagga Levee to a 1 in 20 year level of protection.

To cover Council's one-third \$7.75M share of this \$23.3M project it is proposed to introduce a temporary increase in rates.

For businesses this would mean a one off increase of 4.1% above the rate peg, maintained for five years. Assuming a rate peg of 3% the full increase would be 7.1% in the first year. After the first year rates will only each increase each year by the rate peg, as set by the Independent Pricing and Regulatory Tribunal (IPART). At the end of the five year period the levee upgrade component of the increase will drop off rates.

At a recent meeting between Council and the Wagga Wagga Business Chamber you requested Council to provide a commitment that insurance premiums will drop if the levee upgrade goes ahead.

As this is out of Council's control we are unable to provide this commitment; however the Insurance Council of Australia (ICA) has welcomed Council's plans to upgrade the Main City Levee.

ICA's *General Manager of Communications and Media Relations, Campbell Fuller*, has provided a statement referring specifically to Wagga Wagga City Council's plans and what impact the levee upgrade could have on insurance premiums for businesses.

*The statement reads:*

*“In the case of flood insurance, the creation of appropriate mitigation measures that lower the risk of damage to property would typically flow through to lower home, contents and business insurance premiums within the footprint of the mitigated area.”*

*The full statement is below:*

*“The Insurance Council of Australia (ICA) has long advocated greater investment by all levels of government in permanent, well-maintained mitigation against natural disasters. Floods cause significant damage across Australia every year, in addition to bringing heartache and despair to those who suffer loss. Plans by Wagga Wagga City Council to raise the height of its main city levee to withstand a one-in-100 year flood event are a welcome development.*

*When calculating insurance premiums, insurers consider both the value of what is being insured and the likelihood that the policy holder will make a claim. Insurance companies rely heavily on geospatial data which is sourced from government bodies including local councils. In the case of flood insurance, the creation of appropriate mitigation measures that lower the risk of damage to property would typically flow through to lower home, contents and business insurance premiums within the footprint of the mitigated area. In Roma, insurance premiums fell by as much as 75 per cent after flood mitigation was completed and the local government released appropriate geospatial data demonstrating how the flood risks had changed.*

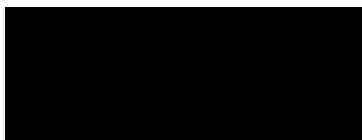
*Though most local governments in flood-prone regions have provided detailed flood data to the ICA for inclusion in the National Flood Information Database, relevant geospatial data for Wagga Wagga has not been made available. At present, insurers must rely on basic mapping that has been made available to residents through Wagga Wagga City Council’s website. This level of data is unusable by insurers and the majority of companies will not be able to calculate how any upgrade to Wagga Wagga’s main city levee would impact on flood risk (and therefore premiums). Providing the geospatial data and flood models used to create these community flood mapping products would allow all insurers to fully acknowledge existing mitigation, as well as form a view regarding the merits of planned upgrades.”*

In relation to the last paragraph, Wagga Wagga City Council is currently working closely with a number of insurance companies and the Floodplain Risk Management Committee to ensure that any release of flood data is in the best interest of the community.



Please do not hesitate to contact me should you have any further questions.

Kind regards



Craig Richardson  
Director of Corporate Services

