

CROP INSURANCE — GRAIN PRODUCERS

552. Hon COLIN de GRUSSA to the Minister for Agriculture and Food:

I refer to crop insurance for grain producers.

- (1) Is the minister aware of reports that insurers may be unwilling to offer bushfire cover in some local government areas of the state?
- (2) Is the minister further aware of potential reductions in the size of the insurance pool and also increases in premiums as a result of factors external to Western Australia?
- (3) Has the minister received advice on potential impacts of these issues for Western Australian producers, and can the minister table such advice?

Hon ALANNAH MacTIERNAN replied:

I thank the member for some notice of the question.

- (1)–(3) Yes, we certainly are aware that crop insurance has become more challenging, particularly this year. We know that it is re-insurance driven and buffeted through global capacity. We are part of an international risk assessment process. There has been increased demand for crop insurance across Australia this year as a result of the record cropping areas and the high yield forecasts, as well as high global prices. Insurance cover is based on statistical risk and it is often determined that we take the global factors and Australian factors and then drill down into local government areas. Some insurers will want to limit their exposure in any one area, which is a commercially prudent thing to do. It means that this situation will result, given that in some areas more farmers now want it than the insurance companies deem is prudent. The government was advised that the farmers who were insured last year are likely to be able to get coverage again and they will be given priority, but it may well be that some of those who are seeking cover for the first time, or who did not have it last year, may be affected. They may struggle to find that insurance. This situation is not unique to Western Australia or to bushfire-affected areas. It has long been said by people warning about climate change that one of the first challenges that would emerge would be insurance because insurers are looking at the risks of drought, fire and change in rainfall patterns. A better understanding of the insurance risks and coverage issues is being worked on. We hope in the next few weeks to have a fuller picture.