

AGRICULTURE — CLIMATE RISK MITIGATION INSURANCE

50. Hon PHILIP GARDINER to the Minister for Agriculture and Food:

In considering strategic support measures for farmers, in particular within the context of the state's \$7.8 million package that is being provided to grain farmers —

- (1) Is the Western Australian government considering climate risk mitigation insurance as a complementary plank to its farm assistance package?
- (2) Does the state government have any independent report concerning climate risk mitigation insurance and its relevance to Western Australian agriculture; and, if not, will it commission one?
- (3) Has the state government engaged with Swiss Re or any other reinsurance company that has been looking at rolling out a risk mitigation insurance option to WA farmers; and, if so, what has the government offered it in the way of support?
- (4) Does the state government believe it is taking an unacceptable risk on frost or drought hitting those farmers who will receive state and federal farm support funds this year?
- (5) Does the state government consider that any future taxpayer-funded financial support should go only to farms with risk insurance?
- (6) Would the state government support a two-year, two-million-hectare underwriting trial at \$5 per hectare in the eastern wheatbelt, with an additional \$10 million investment for radar, satellite, weather and data collection to help kick-start crop risk insurance in Western Australia?

Hon KEN BASTON replied:

I thank the honourable member for some notice of the question.

- (1) No; the state government is not targeting the state package at underwriting the costs of a climate risk insurance program. Rather, the package is aimed at supporting communities and viable farm businesses that have high, but manageable, debt levels.
- (2) No; the state government has not commissioned any independent report on the cost benefit of risk mitigation insurance for Western Australian farmers, but it has reviewed a wide range of reports on its effectiveness and cost. At this stage the government will work to support farmers, the banks, Co-operative Bulk Handling Ltd, grain traders and potential insurers on any independent economic and due diligence study.
- (3) The state government has met with Swiss Re a number of times and has provided it with data on yields, rainfall and frost risks. The Department of Agriculture and Food WA is currently rolling out a number of micro weather stations to help farmers and insurers manage crop risk.
- (4) No; the state government has put in place minimum equity provisions so that only viable farm businesses with at least 55 per cent equity are being supported, and it believes that all farmers receiving support this year are viable.
- (5) At this stage no frost or drought risk mitigation insurance is available to WA farmers, but the state government would be prepared to consider making it a condition for any future assistance if such insurance was available.
- (6) At this stage the government has no funds to allocate to underwriting a scheme for any crop risk insurance trial but it is looking at what additional data collection support it can provide to farmers to help them manage seasonal risks.

Having met with Swiss Re, and having had a look at some of the data and the possibilities, I must admit that I found it extremely interesting. I have to say that I believe that in the very near future, that is the way we will have to go. If people borrow money to buy a house, they need to have it insured. If people borrow money to buy a car, they need to have it insured. So I believe that with the technology that is available, we are getting closer to what we need to have.