

FEEDBACK SOUGHT ON MULTI-PERIL CROP INSURANCE

The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on its draft finding that government measures to support the uptake of multi-peril crop insurance could play a role increasing crop farmers' self-reliance during droughts, but are unlikely to displace other government drought assistance.

The draft report of the *Review of multi-peril crop insurance incentive measures*, released today for feedback, assesses some elements of the NSW Drought Strategy, which aims to support farmers to become more resilient and better prepared for drought, and to reduce their reliance on government drought assistance.

The measures being assessed have been identified as options for increasing farmers' uptake of multi-peril crop insurance as part of the NSW Drought Strategy. These include:

- ▼ a proposed subsidy for multi-peril crop insurance premiums
- ▼ the installation of additional rain gauges and weather stations that commenced in January 2016
- ▼ the Farm Business Skills Professional Skills Development Program that commenced in November 2015
- ▼ a proposal to waive stamp duty on multi-peril crop insurance premiums, and
- ▼ a proposed initiative to improve sharing of information with insurers.

IPART Chairman Dr Peter Boxall said of the five incentives assessed, the proposed upfront premium subsidy was most likely to help meet its objective of increasing the uptake of multi-peril crop insurance.

"Our draft finding is that while providing an upfront subsidy could increase the take-up of insurance, it would not reduce reliance on government assistance programs. This is because insurance is unlikely to be offered at affordable premiums during periods of drought, and because currently the main recipient of Government farming assistance is the livestock sector, which is not covered by multi-peril crop insurance," Dr Boxall said.

"While the other measures provide varying benefits, none meet the criteria in terms of promoting greater uptake of multi-peril crop insurance.

"But of the five measures assessed, we have found that the installation of additional weather stations, while unlikely to lead to a higher uptake of multi-peril crop insurance, is likely to deliver the largest net benefit per dollar spent by contributing to improving farming practices, and enhancing actuarial models for insurance and weather derivatives."

Feedback is being sought on the draft findings before a final report is provided to the NSW Government in October. A public hearing will be held on 2 August and submissions on the Draft Report will be received until 15 August.

A full copy of the Draft Report is available at www.ipart.nsw.gov.au.

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