



THE WESTERN AUSTRALIA  
**BUSHFIRE  
CONFERENCE**  
Ignite change in **2024**

# Housing loss from inevitable to surprising

Anthony Rowe

## Housing loss from inevitable to surprising

We've come a long way –  
Don't forget it

But we can get better

- I'd like to thank:
- Justin Leonard building on yesterday's presentation

*(My premise -the insurance industry will drive us to a high standard of best practice)*

- The Resilient Building Council
- The Housing Industry Association
- EFT Consulting - Risk to Vulnerable Occupants in Class 9 Buildings Associated with Bushfire Attack – Report to ABCB.

*None of the above have endorsed this presentation*

## Housing loss from inevitable to surprising

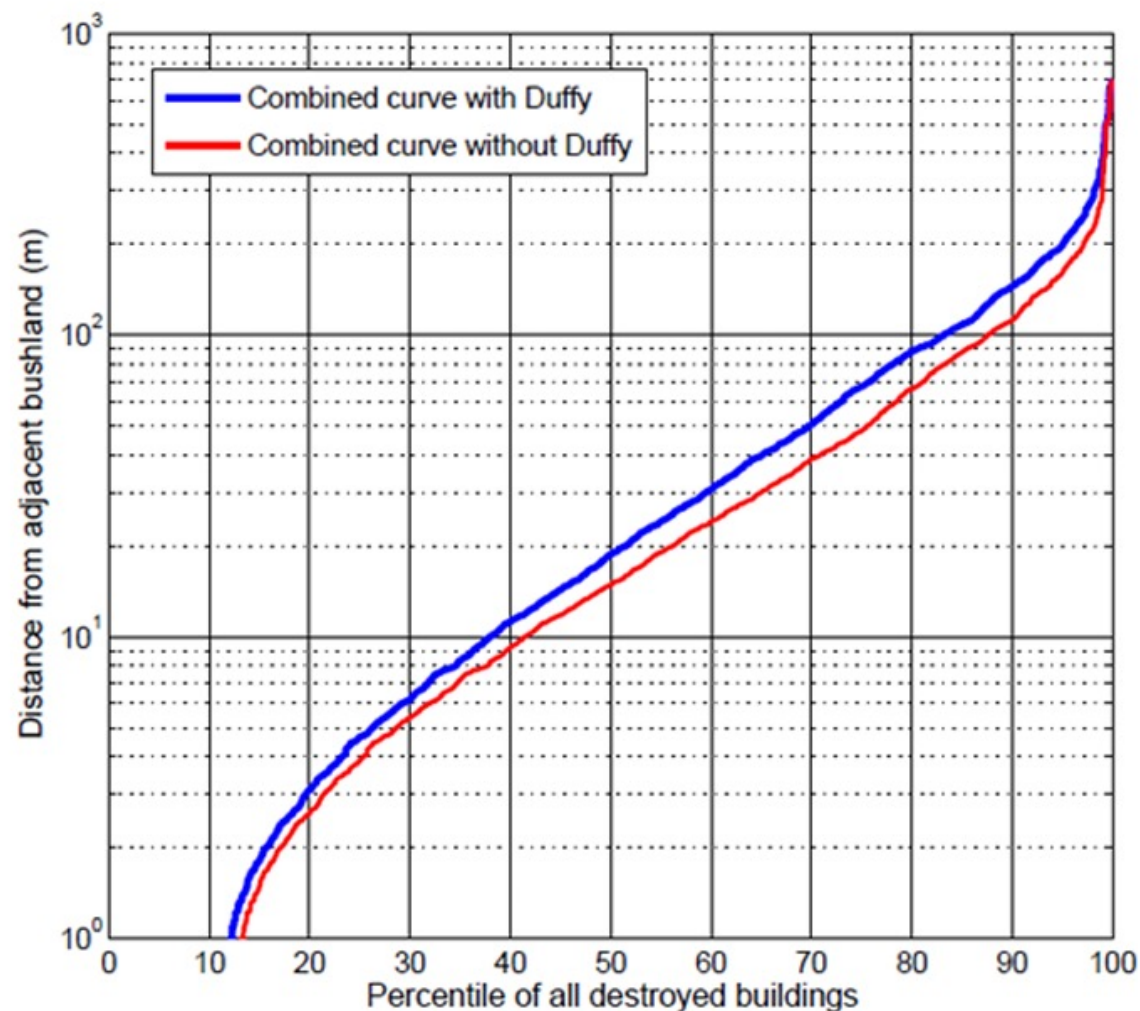
### House loss from bushland

- 40% within 10m
- 60% within 30m
- 70% within 50m
- 85% within 100m
- 99% within 300m

### Fatalities 1965-2011

- sheltering inside a structure - 40.2%
- late evacuation - 24.8%
- defending property outside - 16.3%

Strong correlation between house loss and fatalities



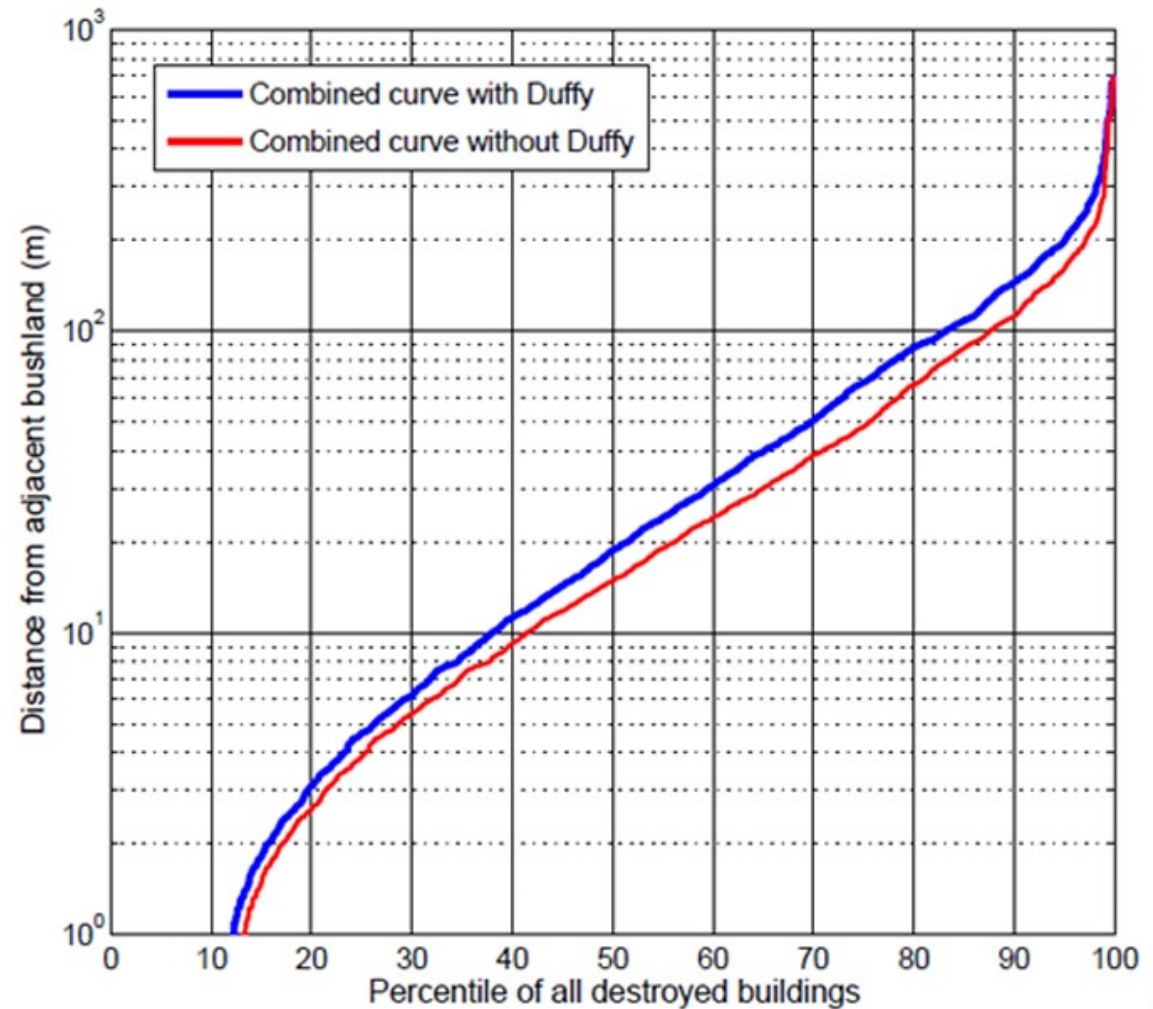
Risk Frontiers

## Housing loss from inevitable to surprising

Safest option is to evacuate early but:

- Bushfires can be unpredictable and can spread rapidly once started
- There is a high risk associated with evacuation.
- Vehicles offer little protection if trapped.
- Road conditions can be unpredictable.

We should plan for shelter but emphasise evacuation if safe



Risk Frontiers

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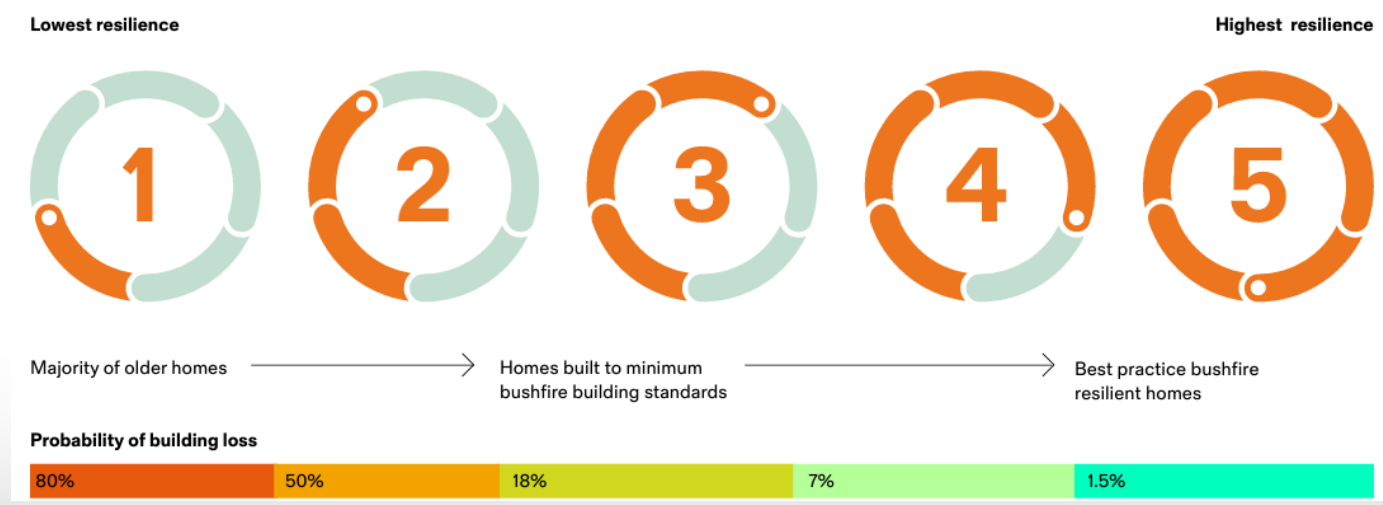
But we can get better

Pre 2015 – Do nothing – Loss risk 80% (Ramsay)

(Active suppression essential)

Post 2015, State Map Declared – Loss risk 20% Verification 10%  
(Passive)

Best Practice – Loss risk 5% -1.5%  
(Passive)



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### Benefits of Passive

Independent reliable shelter

Confidence to leave

Reduces demands on emergency services

Building survivability, positive insurance outcomes and community resilience.

Reduced Economic and Social consequence

## Housing loss from inevitable to surprising

What is the Market

In WA - addresses within  
100m of bushland (Existing  
stock)

**175,000 (est)**

## Existing Stock V New Development

Addresses within 100m of bushland; 626,000

Addresses within 30m of bushland; 360,000

(RiskFrontiers for ABCB 2016)

Total houses WA: 1,150,257 (2021)

Total houses outside metro Perth 267,883 (2021)

*Expect some net between metro bushfire prone and country  
bushfire prone, mapping differences not necessarily within  
100 m*

## Housing loss from inevitable to surprising

New Dwelling Construction  
average per annum 20,000  
(detached)

New Dwelling bushfire prone  
(detached) within 100 m (est.)

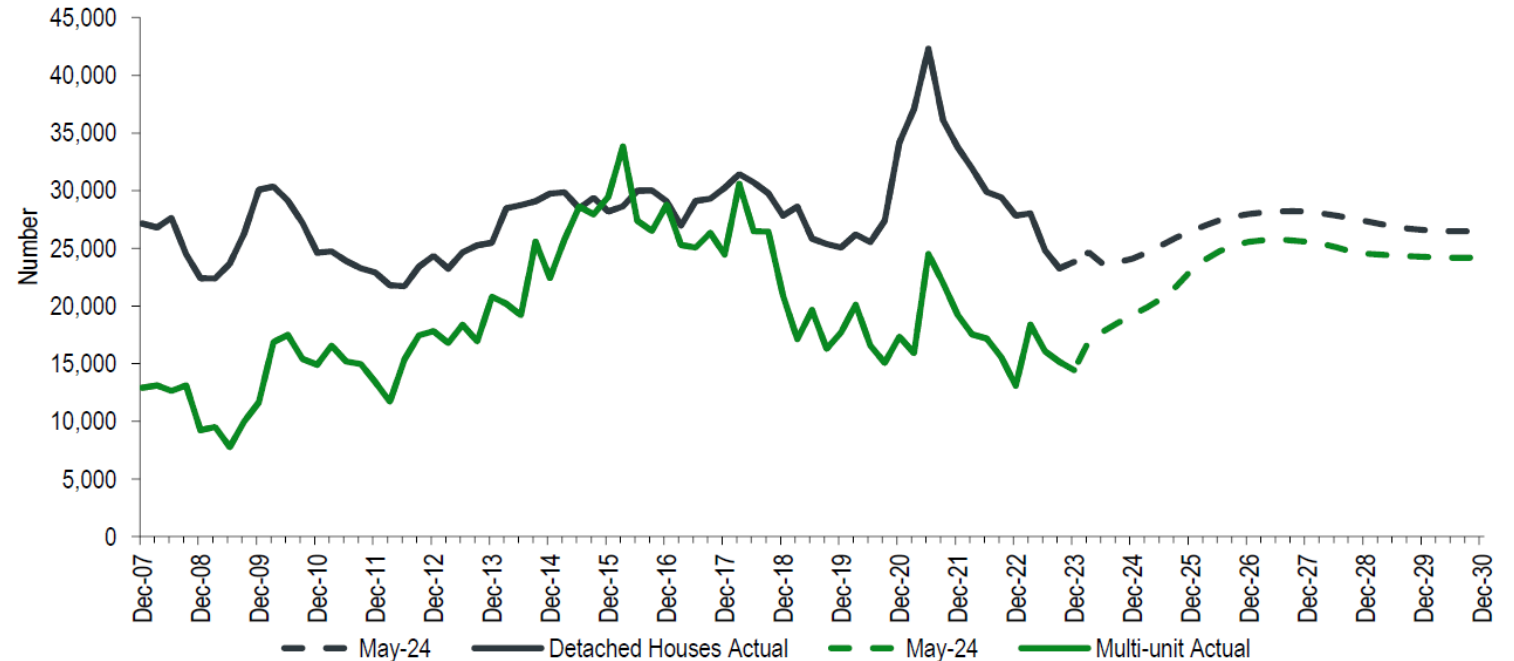
Orderly township expansion  
**2022-23: 8,000** (est.)

**2022-23: 1,500** (est. outside)

*This does not include changes of  
use or additions and non-  
commercial activities that  
involve BPAD*

HIA Forecast – Australia

Source: HIA Economics





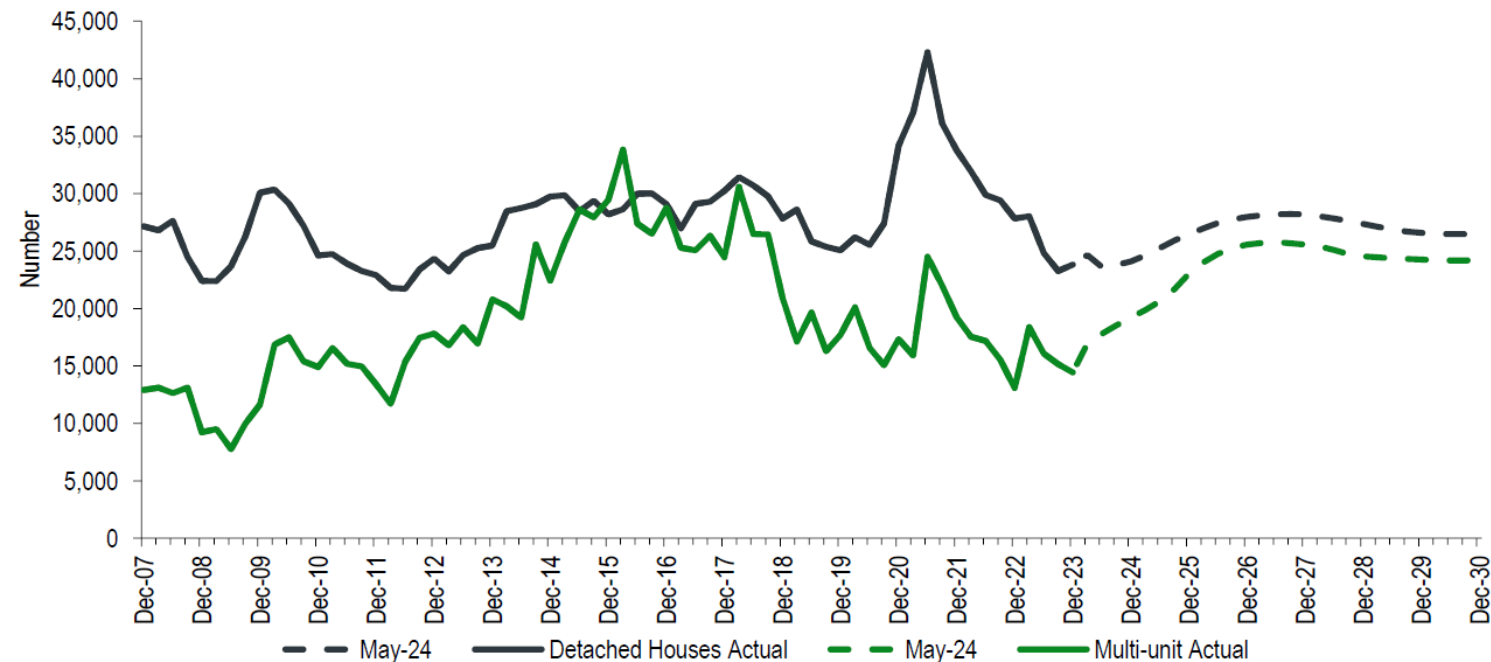
# Housing loss from inevitable to surprising

**IT IS GOING TO TAKE A LONG TIME TO MAKE A SIGNIFICANT CHANGE TO THE STOCK,**

As a percentage of WA housing becoming resilient to bushfire

### HIA Forecast - Australia

Source: HIA Economics



## Housing loss from inevitable to surprising

Present Condition

Existing Stock

Houses pre 2015 –

Community education

Firebreak Notice (s.33(1) Bushfire Act 1954  
the ***Bush Fire Risk Treatment Standards 2020*** and exemptions  
under the Environment Protection Act 1986 and Environmental  
Protection (clearing native vegetation) Regulation 2004.

Local Government fire control resources.

## Housing loss from inevitable to surprising

### New Builds

#### RESILIENCE DEPENDS ON:

- DESIGN
- ASSEMBLED as Designed
- MAINTAINED as Designed
- OPERATION

Houses post 2015 –

Community education

Planning and Development Act 2005 - Section 214  
(little to no follow up – reliant on complaint)

Building Act 2011 – Voluntary stage inspection, voluntary at completion, little to no follow up.

**The new stock is no certainty of resilience**

## Existing Stock

### What is the present state

Compliance (rudimentary) is very poor

Pressures:

- Insufficient inspection resources (Local Government)
- Assessment sophistication
- Pressures to vary the Notice standard
- Genuine motivation of owners
- Political pressure (not to upset)

## News Stock

*People like attaching timber*

*Frequently find unscreened glazed sliding doors to a low timber deck with lightweight outdoor furniture*

## What is the present state

Compliance (rudimentary) poor - DMIRS can confirm

Pressures:

- Uncertain assembly - insufficient inspection resources
- Variation to design/approval without bushfire consideration (planning and building)
- No follow up on maintenance
- Sophistication to assess maintenance of bespoke approval solutions (landscape – fire wise and construction)
- Genuine motivation of owners
- Political pressure (not to upset)

### What is the present state

We know its not great and its not changing soon if we continue doing what we have been doing

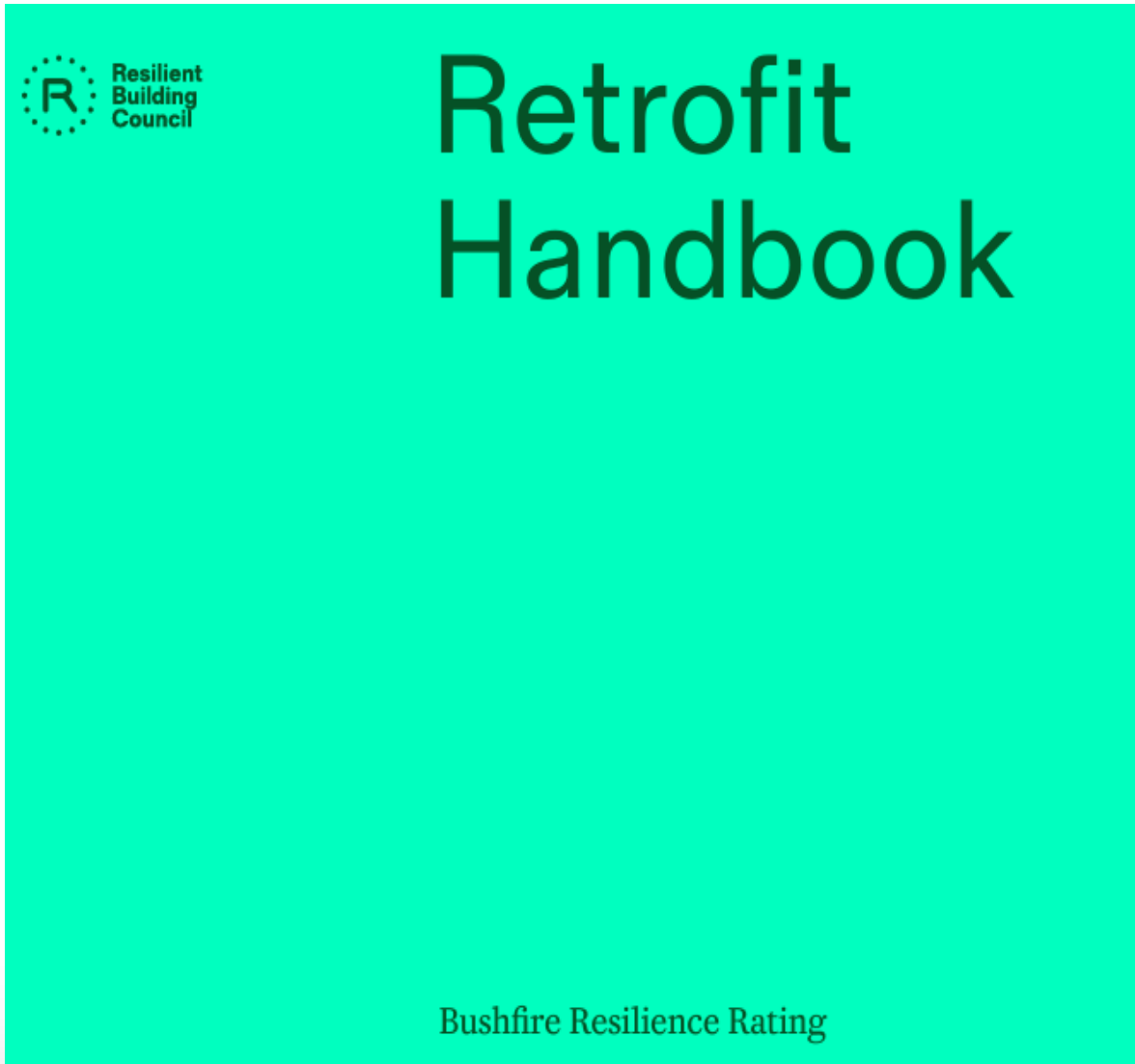
- Public resources are limited,
- Coercion compulsion is not desirable or practical
- Owner motivation and action not sustained (Elton Mayo)
- Mapping risk rating is not expedient – strong landowner opposition

## Housing loss from inevitable to surprising

### Opportunity to change

Must be:

- Enduring
- Owner driven – minimise public burden
- Incentive through market principals
  - Minimising/keeping insurance
  - Capital gain
- Expedient



Lowest resilience

Highest resilience



Majority of older homes



Homes built to minimum bushfire building standards



Best practice bushfire resilient homes

**Probability of building loss**



**Quote attributable to Julie Batch, CEO NRMA Insurance:** “Bushfires pose a critical threat to properties and lives across the country and the impact of these tragic events can last for generations. As a long-term partner of the RBC, we are pleased to have contributed to the development of the Resilience Rating methodology which underpins the app.”

“We are delighted to see the early uptake of people utilising the app, taking action to understand their bushfire risk and improve their household resilience. To further encourage and reward our customers who take resilience action, we will provide pricing benefits to those who gain a Bushfire Resilience Rating certification through the app of 3 Stars and above.”

**Quote attributable to Lisa Harrison, CEO Consumer Insurance, Suncorp:**

“Insurers play a huge role in getting homeowners and communities back on their feet after a bushfire, and we know being prepared gives the best chances of lessening the physical and emotional impacts.”

“We welcome the opportunity to support this initiative to arm homeowners with information to help build their bushfire resilience. Importantly, we will support our customers who have gained a certified Bushfire Resilience Rating of 3 and above, by reflecting this in their insurance premium.”



## Housing loss from inevitable to surprising

Why are star ratings good

They are expedient – it's not the government's fault

They provide a financial incentive to upgrade

Psychologically comforting to the owner or a safety signal for their event response?

They can increase the value at sale, for **an aware** market place - incentivising the expenditure.

They provide a signal for insurance.

Cumulatively, or individually it may affect the deployment and prioritisation of emergency services, reduce the burden.

It will shift the vulnerability of the housing stock.

## Housing loss from inevitable to surprising

What's wrong with the present initiative – nothing but:

Presently early days market rewards for rated houses not certain

Early adoption Elton Mayo (illumination)

Low hanging fruit, but design expertise will be required for landscape design and capital works

Self-assessment is untrustworthy; insurance will lose trust.

Motivates only a few.

They are expedient – it's not the government's fault

They provide a financial incentive to upgrade

Psychosocially comfort to the owner or safety signal?

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## Housing loss from inevitable to surprising

How quickly might change occur

It will vary between households and life cycle

Existing Stock is

**175,000 (est)**

Capacity to change

A house will replace its initial capital value every thirty years. ie replacing kitchens bathrooms, fashion.

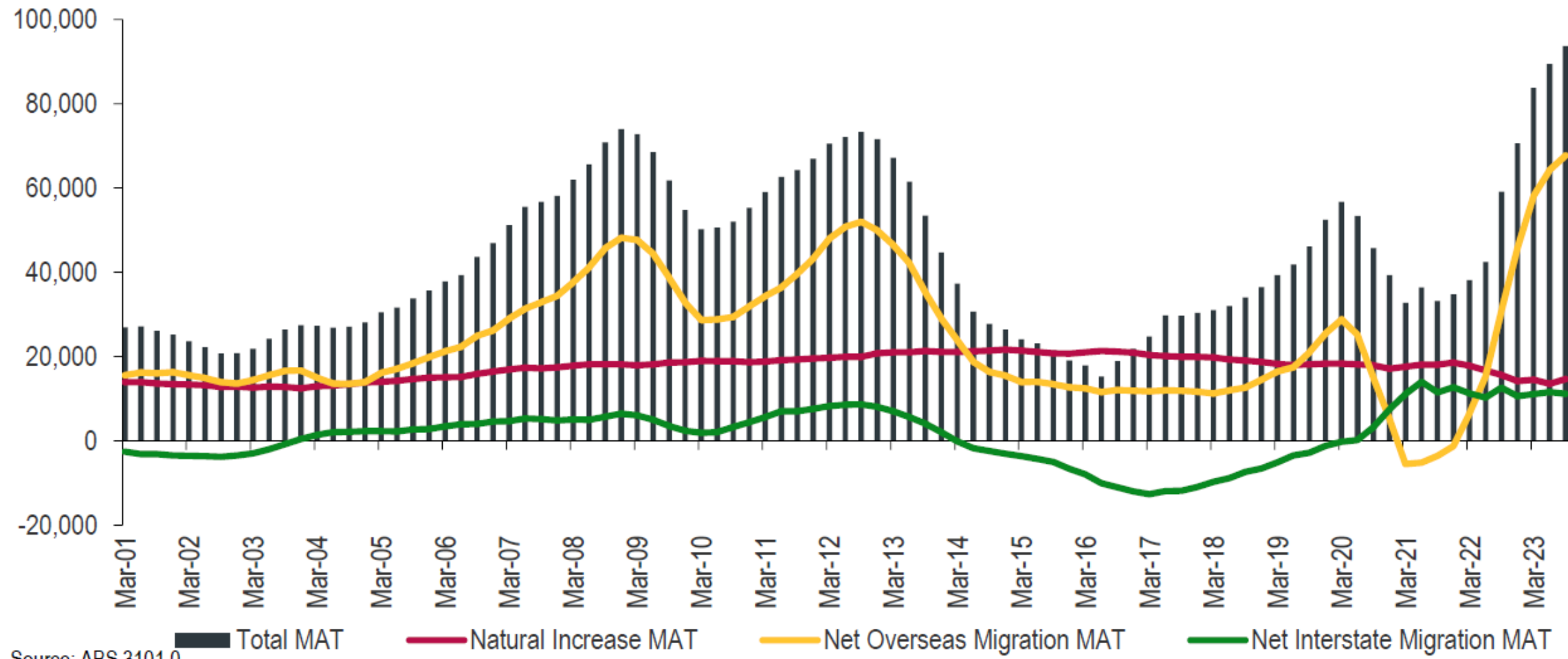
Equity is generally available at year 10 from purchase but is affected by growth in the housing market.

70 percent of householders are happier where they are, insurance may be the motivator for these people.

Churn will vary between areas.

30 percent may be sellers seeking to maximise their sale return. The motivating gain is expected to be 1:3 depending on certainty.

# Western Australia's Population Growth by Component - Moving Annual Total

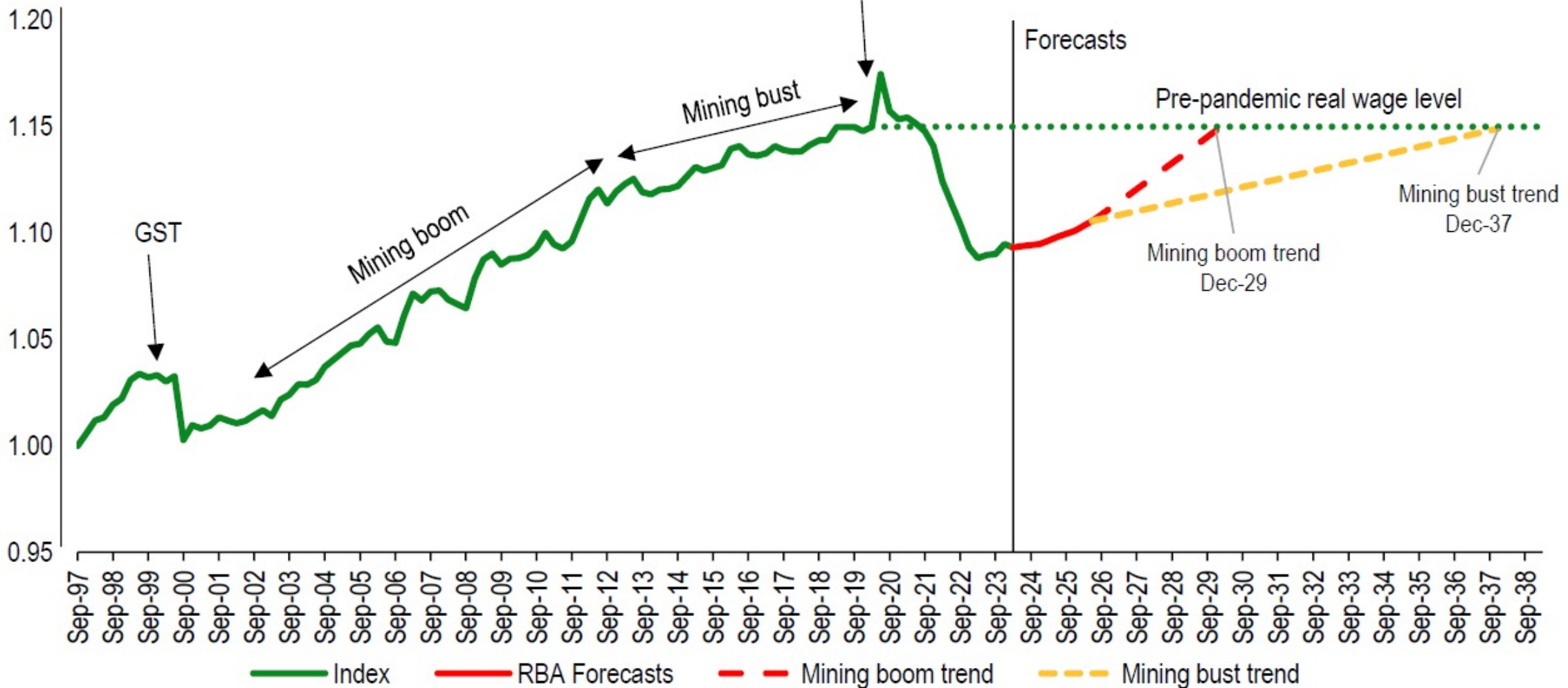


Source: ABS 3101.0



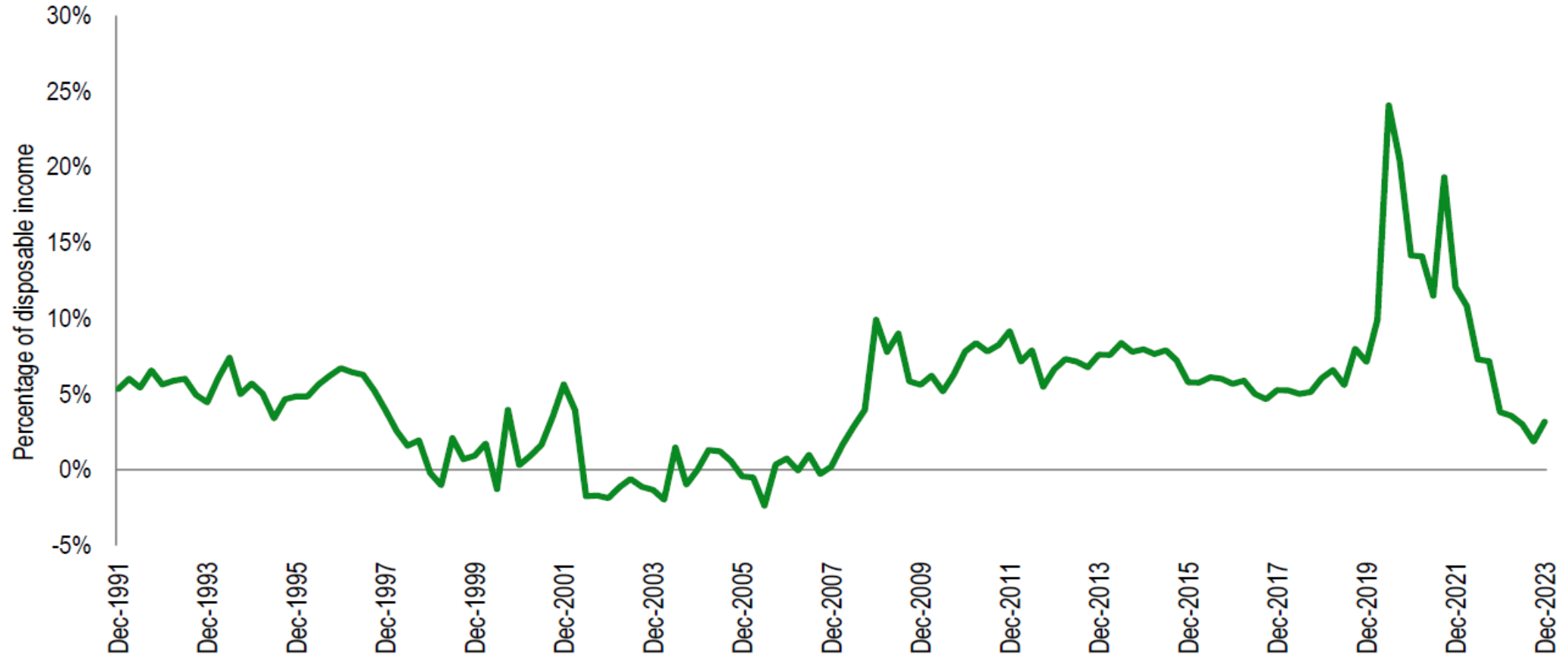
# Real Wage Index

Source: ABS



# Household Savings Rate

Source: HIA Economics, ABS 5206



## Housing loss from inevitable to surprising

How can we help

The insurance sector is going to demand more than compliance.

Regulation will for a range of reasons remain less than best practice.

Embedded best practice in industry familiarity will improve regulation

The regulatory framework must support best practice (above and beyond the minimum)

Understand the needs of the insurance sector, provide trusted independent certification. **The certificates will be required periodically to affirm maintenance.**

Skilled to undertake the assessment (sophistication trained to know what you're looking at for bespoke solutions)

Expertise in retrofit design advice and accurate evaluation of benefit.

*The FPA needs to take the solution to the insurance sector with the same rigor as expanding Accreditation across its industry to legislators – at least in the bushfire space*

Housing loss from inevitable to surprising

Thank you



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