10 February 2021

Australian Local Government Association

8 Geils Court

DEAKIN ACT 2600

Attention: Ms Monica Telesny

By email: monica.telesny@alga.asn.au

Dear Ms Telesny

**WALGA Input – Senate Inquiry On Lessons Learned Following 2019-20 Australian Bushfire Season**

Thank you for the opportunity to provide input to ALGA’s sector submission in response to the Senate Inquiry on Lessons Learned in Relation to the preparation and planning for, response to and recovery efforts following the 2019-20 Australian bushfire season.

The Western Australian Local Government Association (WALGA) is the united voice of Local Government in Western Australia. The Association is an independent, membership-based group representing and supporting the work and interests of 138 Local Governments in Western Australia.

WALGA provides an essential voice for over 1,200 Elected Members and approximately 22,000 Local Government employees, as well as over 2.5 million constituents of Local Governments in Western Australia.

WALGA welcomes the opportunity to provide feedback to the Senate Inquiry. Some of the issues being considered by the Senate Inquiry require detailed research and engagement with members and the short timeframe has meant that WALGA is not able to do this. Given the tight timeframe and the consultation occurring over the Christmas holiday period, a formal submission from WALGA is not possible, therefore we have provided feedback which aligns with policy positions previously endorsed by WALGA State Council.

1. **Hazard Reduction – including existing hazard reduction practices (the possibilities for future hazard reduction regimes) and Indigenous burning practices and their efficacy.**

WALGA’s relevant Policy Positions state:

*8.1 Community Resilience*

*The Association advocates that the Commonwealth Government should commit to continue funding of the Natural Disaster Resilience Program (NDRP) as a fund to assist Local Governments to undertake community resilience building projects to reduce the impacts of identified natural disaster risks on communities. (SCR December 2014 – 114.5/2014).*

*8.2 Disaster Mitigation*

*The Association advocates that the Commonwealth and State Governments should commit to specific funding programs to enable Local Governments to undertake essential physical mitigation programs to reduce the exposure of communities to the impacts of natural disasters and to ensure the protection of essential community infrastructure. (SCR May 2016 – 37.2/2016).*

Presently the Department of Fire and Emergency Services (DFES) is constructing the Western Australian Bushfire Centre for Excellence which is due to open in early 2021. One of the goals of the Centre is to develop skills, knowledge and experience in traditional fire management at a local level. The Centre has established a Traditional Fire Program, which will consider how to better link contemporary fire management with traditional fire practices. The program will focus on supporting communities in developing, implementing and promoting traditional fire programs and activities. A Traditional Fire Programs Coordinator and Traditional and Cultural Fire Officer will co-develop the program, working closely with Traditional Custodians, the Department of Biodiversity, Conservation and Attractions, Local Government and Aboriginal Land Councils.

1. **The 2019-20 Bushfire Season – and the level of recovery one year on (including the progress and status of recovery efforts).**

In January 2021, WALGA requested feedback on this question from Local Government CEOs which had been affected by bushfire in the 2019/20 season but did not receive any responses.

1. **Mitigation Infrastructure and land-use planning – including an assessment of the types (and costs) of mitigation infrastructure that would effectively reduce risk in fire-prone areas.**

The responses provided by some insurance companies and industry bodies (APRA, ACCC, ICA, NIBA) to the Australian Government Parliamentary Senate Standing Committee, continue to promote the view that the insurance industry has a critical role to play in partnering with governments in bushfire preparedness/response, climate change risk management and building local community resilience.

While there has been a more targeted focus by insurers for dealing with the impacts of climate change, the insurance sector agrees that the ability to access, purchase and rely on “insurance” provided communities with peace of mind, when it came to making critical decisions about personal safety and life-saving actions – either before (when making a bush fire plan or home alterations to mitigate risk) during (making the decision to defend or leave), and post a disaster (recovering and rebuilding). It is commonly accepted by insurers that access to financial protection, in the form of insurance is a significant influencer in building community resilience. Those who have insurance policies that respond are more prepared, both financially and emotionally, to recover from a disaster event.

The general view expressed by insurers is that while Governments have the responsibility to invest in disaster mitigation and community resilience, there needs to be a re-balance with a stronger focus on pre-disaster mitigation.  It was noted that currently, only 3% of (Commonwealth Government) natural disaster funding is spent on mitigation, while 97% is spent on post-disaster recovery. Disaster relief funding arrangements are disproportionally weighted to reactive disaster recovery.

The lack of central funding for pre-disaster mitigation work limits the economic incentive for State, Territory and Local Governments to invest in disaster mitigation and resilience. Currently funding available to support communities to recover after the event is calculated to simply rebuild the community back to where it was before the event, with no scope for betterment.  This creates vulnerability in the community anticipating the same, or even worse, impact of the next event.   This creates a disincentive for future economic investment on many levels in that community, as well undermining the ability of the community to build resilience, leaving the community vulnerable to the impacts of an event.

The Senate Committee has recognised that the ability of a local community to respond to, and prepare for, future natural disasters must be supported with “increased investment in measures to build community resilience” - in particular increased funding for (proactive) mitigation pathways.

WALGA encourages a more focused investment strategy on proactive disaster mitigation (as opposed to reactive recovery) to support and assist Local Government build resilience.  A resilient community is better prepared for, and more able to respond to, a natural disaster event. Furthermore, increasing community resilience will create a more attractive environment for the insurance industry to offer affordable, sustainable and appropriate insurance policies.

WALGA and the Local Government sector supported the introduction of the State-wide bushfire planning framework and has continually worked with the State Government to incrementally improve this system since its introduction on 2015. Prior to 2015 the Western Australian Planning Commission’s *Planning for Bushfire Guidelines* had no statutory weight and thus the consideration of bushfire risk through the planning system was inconsistent and ad-hoc.

Since the introduction of *State Planning Policy 3.7 Planning in Bushfire Prone Areas* and the establishment of the Bushfire Prone Area Map, the consideration of bushfire risk in the land-use planning system in Western Australia has had a greater emphasis on the protection of life and property, and greater consistency in decision-making. Not-withstanding, there remains several areas where improvements are required.

The first of these relates to lack of regulation and registration of bushfire assessors in Western Australia. The State Government developed a Bushfire Accreditation Framework in 2006 the purpose of which was to provide formal recognition of bushfire practitioners providing bushfire assessment, planning, design and advice services and establish a tiered assessor system based on the complexity of the work undertaken. The Fire Protection Association Australia is currently the sole accrediting body in Western Australia. The bushfire planning framework identifies the type and complexity of work that should be undertaken by either Level1, 2 or 3 accredited practitioners. However, there is no statutory mechanism that permits a Local Government to reject a proposal where the work has been undertaken by an unqualified or lower-level practitioner. Further, taking action against contractors who work in this manner is difficult and can only be undertaken through their professional body, if they are a member.

Secondly, in Western Australia there is no mandatory inspection regime within the building approval process for any structures. This includes homes that are located within bushfire prone areas, subject to AS3959 requirements and therefore whilst construction requirements specific to the bushfire risk level may be documented on plans and specifications for homes there is no legislated inspection to ensure these measures are compliant on site..AS 3959:2018, construction of buildings in bushfire-prone areas provides guidance to professionals in the building and construction industry and is primarily concerned with improving the ability of buildings in designated bushfire-prone areas to better withstand bushfires. It sets out a way to calculate bushfire risk (assessment method to establish a BAL rating taking into consideration slope of land, vegetation type and distance from vegetation) and then gives specific construction requirements according to that rating and risk such as screens on windows, sealing of gaps to prevent ember penetration, types of cladding and other requirements.

The Department of Mines, Industry Regulation and Safety’s [General Inspection Report Three](https://www.commerce.wa.gov.au/publications/general-inspection-report-three-bush-fire-building-requirements-western-australia)*– Bushfire building requirements in Western Australia* evaluated work carried out by building surveyors, bushfire consultants and builders at 54 new homes in bushfire-prone areas across 14 WA Local Governments during 2017 and 2018. The report concluded that industry was responding well to the requirements, but some improvements were necessary to increase confidence in compliance. The inspection found, *inter alia,* that:

* some Bushfire Attack Level (BAL) assessments did not accurately reflect the bushfire risk identified on site,
* some building surveyors did not provide detail on the use of alternative methods – known as performance solutions – to achieve Building Code of Australia compliance, and
* some materials and methods of construction needed improvement.

In March 2017, WALGA’s State Council meeting (Resolution 7.1/2017), outlined the sector’s Top Ten improvements to the Building Act 2011, which included the need for a mandatory inspection regime and the registration of Technical Specialists, including Bushfire consultants. It is believed that these two improvements will increase the community’s faith in both the planning and building systems, and aid in ensuring that property is protected in line with accepted standards.

1. **Insurance issues – the effects of fires on insurance premiums in fire affected regions (one year on from the 2019-20 fire season).**

There have been numerous State and Commonwealth Government reviews relating to insurance premiums over the past few years, with a focus on affordability for consumers.

WALGA strongly encourages this review to acknowledge the following key points:

* The lack of investment in local community risk mitigation can result in the withdrawal of “insurance” options (e.g. insurers not covering a peril or not providing cover in a certain geographical area) and/or increased “under insurance” (as a result of uneconomical insurance pricing).
  + Higher insurance prices will be reflective of higher risk factors and higher claims costs. Where regions, locations or risk portfolios are identified as unprofitable, insurers will increase premiums (or withdraw capacity) at a more significant rate than regions or portfolios with better claim performance. Insurers play catch-up to recover losses when sustained poor claim performance continues.
  + With improved access to data (geographic, spatial & analytical), insurers have been able to vary their pricing models in a much more sophisticated way. Risks and portfolios that are more attractive achieve improved and more consistent pricing whereas those areas that are in higher risk zones with increased claims will see price increases and much greater volatility.
  + A key element to achieve improved affordability is investment in risk mitigation to build resilience. This can be targeted to specific locations, or implemented on a broad scale involving an entire State or region. Implementation of specific risk improvements and broader resilience strategies will provide greater consistency and improved affordability of insurance.
  + The National Insurance Brokers Association (NIBA) and the Insurance Council of Australia (ICA) have both responded to the 2019/20 Royal Commission into National Natural Disaster Arrangements, highlighting the additional affordability burden that stamp duty has on rising insurance premiums. The Western Australian Government removed fire services levies (FSL) on insurance premiums in 2003, however stamp duty charges of 10% continue to apply to domestic householders, contents and motor vehicle insurance. The recent ACCC Northern Australia Insurance Enquiry Report highlighted this issue also and suggested that future options to consider could include:
    - Using the sum insured rather than the (regionally higher) premiums to determine the stamp duty value.
    - Repurposing insurance premium stamp duty revenue for direct premium subsidies, mitigation and resilience measures.

WALGA supports the investigation of these options to improve insurance affordability.

* Personal accident & Injury insurance cover for the Bushfire Brigade volunteers is the responsibility of the respective local governments in Western Australia. There are approximately 25,000 – 27,000 brigade volunteers in Western Australia with 17,000 actively undertaking normal brigade activities as outlined in Bush Fires Act 1954 Part IV Control and extinguishment of bush fires Division 1 Local Governments s. 35A.
* The commercial market ceased to provide Ground Up cover from 2012 and a Mutual fund was developed to provide ongoing protection.

Over the past eight years, availability of the local reinsurance market has shrunk on the back of volatile claims, significantly impacting premiums and requiring the Mutual to carry more risk. Local Governments have the ability to draw on State Government funding to support increased pricing, however this limits Local Governments’ ability to fund other operational initiatives, due to a single budget for all operational costs.

Brigade volunteers must continue to be protected and compensated if they are injured while protecting the community.

At a practical level, Local Government is well served by the sector-based Mutual, established by WALGA 25 years ago. Councils have benefited from long-term investment in risk mitigation initiatives and to date, Western Australian Councils have seen limited price impacts arising from the 2019/20 bushfires. However, the increased focus of (re)insurers on de-risking their portfolios and a focus on secondary perils such as bushfire continue to dominate discussions around Local Government exposure, responsibilities and capabilities. Further, we are starting to receive feedback from communities that insurance affordability is impacting community groups and businesses in higher risk/vulnerable communities.

We recommend that the Commonwealth Government continue to develop pragmatic, targeted and achievable risk mitigation programs that are built on consistent risk profiling data across Australia, incorporating an all hazards (e.g. earthquake, cyclone, hail, flood, storm surge) approach, which would see greater funding effectiveness and a whole of government approach to disaster mitigation and community resilience.

1. **Aerial firefighting – including the establishment of a sovereign aerial firefighting fleet, the use of aerial resources and early suppression.**

Aerial firefighting is currently controlled by the Department of Biodiversity, Conservation and Attractions and the Department of Fire and Emergency Services in WA. We recognise the important role and expansion of the fleet, which plays a significant role in management of the hazard. No comment other than consideration should be given to aerial resource capacity based on the geographical size of the State..

Thank you for the opportunity to provide feedback to ALGA’s Submission.

If you require any further information, please contact Susie Moir, Manager, Resilient Communities at [smoir@walga.asn.au](mailto:smoir@walga.asn.au) or telephone (08) 9213 2058.

Yours Sincerely,

**Narelle Cant**

**Executive Manager, Strategy, Policy & Planning**