



News release

Insurance Council
of Australia

Monday, 24 June 2024

Ministerial commitment to building resilience welcomed

The Insurance Council of Australia (ICA) today welcomed the decision by Commonwealth, state and territory building ministers to include building resilience as a specific objective of the Australian Building Codes Board (ABCB) from 2025.

Providing this mandate to the ABCB is the first step to ensuring the 2028 National Construction Code includes requirements that new homes are built to withstand worsening extreme weather events.

Analysis conducted for the Insurance Council by the Centre for International Economics found that strengthening the National Construction Code to require that new homes are made more resilient to extreme weather could save an estimated \$4 billion a year.

This includes a reduction in average annual building costs by an estimated \$2 billion per year for cyclones, \$1.5 billion per year for floods, and around \$500 million per year for bushfires.

Separate analysis undertaken by the McKell Institute for the Insurance Council in 2022 found that the economy-wide costs from extreme weather events are expected to grow by five per cent each year (before inflation) and reach a total of \$35 billion annually (2022 dollars) by 2050.

The Insurance Council also welcomed ministers' commitment to improve the safety and reliability of building products.

Up to 72 per cent of homes in Australia have defects costing approximately \$2.5 billion per annum, and reducing this cost over time will reduce pressure on insurance premiums.

The building ministers' agreement to provide a voluntary pathway in the 2025 National Construction Code for commercial buildings to measure their embedded carbon footprint, and an investigation of a minimum standard on this in the 2028 Code, were also welcomed by the ICA.

Quote attributable to ICA CEO Andrew Hall:

The Insurance Council has long called for the Building Codes Board to adopt building resilience as a key objective of the National Construction Code, alongside health, amenity and safety.

Our homes should be built to last a lifetime, so they need to be able to withstand intensifying cyclones, more severe bushfires, and worsening flooding.

Insurance prices risk and unless we reduce long term risks through strengthened homes there will continue to be pressure on premiums.

The economic benefits are clear, and stronger homes that are future-proofed against disaster will also enable communities to recover faster after an event.

Insurers welcome today's announcement by building ministers and congratulate Minister Husic and his state and territory counterparts for their leadership on this important issue.

We look forward to working with governments, industry and communities to see the 2028 National Construction Code prioritise resilience, improve the safety and reliability of Australia's buildings, and support the transition of the built environment to net zero.