



Insurance Council
of Australia

1 July 2024

Gary Rake
Chief Executive Officer
Australian Building Codes Board

National Construction Code Public Comment Draft

Dear Gary

Thank you for the invitation to provide feedback on the National Construction Code 2025 (NCC). We thank you and the team at the Australian Building Codes Board for engaging the Insurance Council of Australia (ICA) and our members in the consultation roadshow, and for your ongoing engagement with us on how we utilise insurer risk intelligence with ABCB expertise to ensure future buildings are robust to defects and built to withstand worsening disasters.

The Insurance Council has reviewed the technical changes proposed to the National Construction Code and wishes to provide minor feedback in relation to waterproofing. A member advises that under the current Code, membranes can be installed without a fall which is common practice. If insurers are performing remediation work to the areas mentioned (referred to in F1D4, F1D5, F1D7 clauses) this will now include creating a fall which may become problematic when door threshold step ups need to be considered.

Our broader observation on the revised version of the Code is that this current iteration does not seek to define resilience. As raised with yourself and your colleagues at the ABCB Board, the Insurance Council has long called for the ABCB to adopt building resilience as a key objective of the National Construction Code, alongside health, amenity and safety. We strongly believe buildings need to be able to withstand intensifying cyclones, more severe bushfires, and worsening flooding. Embedding resilience in the Code is a critical step towards achieving this objective.

We do, however, acknowledge and welcome the recent decision by Building Ministers to include climate resilience as a specific objective of the ABCB from 2025. This is an important step towards ensuring the 2028 National Construction Code and its associated Standards formally recognise resilience, and we commend Ministers' decision to provide the ABCB with this mandate. We look forward to working with you to support your execution against this mandate.

Our support for this policy reform is reinforced by the impacts more frequent and severe extreme weather events are having on the built environment, and the significant implications this is having on the affordability and availability of insurance. For example, since the 2019-2020 Black Summer Bushfires, there have been more than \$16.8 billion in extreme weather claims. These costs in vulnerable areas are driving up risk and therefore the cost of insurance premiums.

Our support for improved building resilience is also underpinned by analysis conducted by the Centre for International Economics which found that strengthening the National Construction Code to require that new homes are made more resilient to worsening extreme weather could save an estimated \$4 billion a year. This includes an estimated \$2 billion per year for cyclones, \$1.475 billion per year for floods, and \$486 million per year for bushfires.

We trust the ABCB's climate resilience mandate, combined with the greater funding certainty received through in-principle agreement to the 2025-2030 Intergovernmental Agreement, will both facilitate and

expedite the work that needs to be undertaken to develop future Code requirements that reduce the impact of natural disasters on buildings.

We also acknowledge that Ministers agreed the ABCB will consult with industry ahead of any future NCC changes that address climate resilience, to ensure these changes are practical, cost effective and fit-for-purpose. In that regard, I would like to reiterate my offer for the Insurance Council to continue to work collaboratively with the ABCB where you believe it is both appropriate and practical to do so.

We look forward to continuing to play a key role in informing stakeholders about the economic and social benefits from improving the ability of future buildings to withstand the worsening extreme weather events we are experiencing now and into the future.

I would welcome the opportunity to discuss with you the ABCB's future approach to this issue if that would be of assistance, as well as the insurer data and insights that may assist you in this important work

Yours sincerely



Andrew Hall
Executive Director and CEO