

The cost of bushfires

Australia is one of the most fire-prone countries on earth and bushfires can cause widespread devastation. In the right conditions a small fire can quickly become a massive one if not quickly controlled. When weather, topography, vegetation and fuel combine to defeat the best efforts of firefighters, bushfires can cause millions of dollars in damage and claim lives.

Each year 'disaster-level' bushfires (where the total insurance cost of the event was more than \$10 million) cost Australia an average of \$77 million. Between 1967 and 1999 Australia was affected by 23 bushfires where the insurance cost was greater than \$10 million. The total cost of these bushfires is estimated to have been more than \$2.5 billion, a figure that does not necessarily include forestry losses. The January 2003 fires that destroyed over 500 homes and claimed four lives in Canberra caused over \$300 million damage including more than \$50 million from the almost total loss of ACT forests.

These figures do not include the thousands of smaller bushfires that burn each year. Some of these can cause considerable property damage without reaching the level of a disaster. A bushfire that does not cause property damage can still be costly. Fire-fighting costs, environmental impacts, loss of wildlife, disruptions to economic and social activities and the effects of smoke on urban environments are just some costs not revealed by insurance payouts.

Between 1967 and 1999, bushfires in Australia resulted in 223 deaths and 4,185 injuries, at a total cost of \$654 million. While total insurance and other costs from bushfires were less than from floods, severe storms, tropical cyclones or earthquakes during the period of analysis, bushfires claimed more lives than any of these other disasters. More people were injured by bushfires than all other disasters combined and bushfires created 48 per cent of the total death and injury cost from natural disasters in Australia.

Some bushfires are truly devastating. The 1939 Black Friday fires in Victoria burned almost two million hectares, claimed 71 lives and destroyed more than 1,000 homes, including entire townships. In adjusted terms, these fires cost some \$750 million. On 1983 Ash Wednesday fires in Victoria and South Australia claimed 75 lives, more than 2,000 homes and over 400,000 hectares of country. Total property losses were estimated to be over \$400 million.

It is difficult to ascertain how much of the cost of bushfires is due to arson. Disastrous fires typically result from a number of separate fires coming together, some lit deliberately or carelessly by people, others occurring naturally or accidentally. In the aftermath, it can be hard to apportion costs between the different causes. This is set to change, however. Economics-based research conducted by the Bushfire CRC will soon give us a more accurate way of assessing the real cost of bushfires to the Australian community.

For more information:

Bureau of Transport Economics (BTE) 2001. *Economic costs of natural disasters in Australia*. <http://www.bte.gov.au/docs/r103/contents.htm#Top>

Department of Sustainability and Environment *Major bush fires in Victoria*. <http://www.dse.vic.gov.au/dse/nrenfoe.nsf/FID/-E20ACF3A4A127CB04A25679300155B04?OpenDocument>