

Australian fires leave tens of thousands in financial hardship and stress

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Around the world, the universal outcome of climate-change related disasters is that those who can least afford it—the working class and the poor—suffer the greatest and longest-term impact. The fires that have burnt through large areas of Australia since October have most severely affected low-income workers and welfare recipients, self-employed contractors, small-business owners and family farmers who were already struggling to make ends meet. The recovery measures being provided by the federal and state governments, and the assistance from charities, offer only short-term relief.

Losses are already devastating. At least 28 people have lost their lives nationally, including four volunteer firefighters. Thousands more have been injured, traumatised or forced to seek emergency treatment for respiratory conditions aggravated or caused by the toxic smoke blanketing large areas of the country.

Some 11 million hectares have gone up in flames, including hundreds of thousands of hectares of prime farmland, orchards, vineyards, commercial timber plantations and logging forests. An estimated seven thousand beehives have been incinerated, with major implications for honey production and the pollination of valuable agricultural industries. Stock losses run into the tens of thousands, especially on Kangaroo Island. The impact on native vegetation and wildlife has been immense, with as many as one billion animals killed.

Nationally, over 2,600 homes have been lost. In New South Wales (NSW), currently the worst affected state, the Rural Fire Service reported on January 13 that 2,132 homes, 4,518 “outbuildings” such as sheds and 218 “facilities,” such as shops and other commercial buildings, have been destroyed. Hundreds more homes and buildings have burnt out in the fires that have ravaged eastern Victoria, South Australia’s Adelaide

Hills and Kangaroo Island, along with areas of Western Australia, Queensland and the southern island state of Tasmania. Thousands of cars and farm vehicles have also been destroyed.

So far, over 11,000 insurance claims have been made, totally over \$1 billion, according to the Insurance Council of Australia. But it can be predicted with certainty that many people who have lost assets were either underinsured or had no insurance at all because they could not afford the premiums. While there is not yet an estimate for the current crisis, at least 13 percent of those who lost their homes in the 2009 Black Saturday fires in Victoria were uninsured. A study undertaken after the 2003 fires in Canberra concluded that insured households were underinsured by between 27 and 40 percent of the cost of rebuilding.

Even those households with the most comprehensive insurance coverage are likely to struggle. The cost of replacing lost assets generally far exceeds the insurance pay-out, particularly for older properties that have to be rebuilt to meet more stringent construction standards.

Banks are offering no-interest loans to cover the gap and 12-month mortgage repayment freezes, but people will still only be able to afford to rebuild by going deeper and deeper into debt. Insurance premiums will also soar over the long-term in every area that the banks and finance companies assess as “high-risk” natural disaster zones. With major flooding now taking place regularly in the tropical north-eastern state of Queensland—another consequence of global climatic change—insurance costs have increased by 300 percent or more in particularly prone areas—or coverage for floods is not offered at all.

As part of the \$2 billion package announced by the federal Coalition government of Prime Minister Scott Morrison this month, fire affected households are now

eligible for one-off emergency assistance of just \$1,000 per adult and \$400 per child under 16. State governments are offering their own small financial aid to the worst impacted people. Private charities, which are taking in tens of millions in donations, are also offering cash grants.

Examples beginning to appear in the media give a glimpse of how people have been left for weeks without meaningful relief. The Australian Broadcasting Corporation (ABC) interviewed people this week in the north-eastern NSW town of Wyaliba, which was devastated by fire on November 8. Two people lost their lives. Dozens of homes and the public school were destroyed.

Al Bacon, a concreter, suffered serious burns and was hit by a car during the worst of the fire emergency in the town. He was uninsured and lost his home and virtually all his possessions. He spent weeks in hospital and has been unable to return to work. One month after the fire, he and his partner received a total of \$1,280 from a state government relief fund, which was immediately spent on an ambulance bill and covering rent for temporary accommodation. Eight weeks after the fire, they are still waiting for financial assistance from the charity St Vincent de Paul. They are only now applying for the federal amount.

Initially, the federal social welfare agency Centrelink was refusing to even give out the \$1,000 payment to people unless they had been rendered homeless. Amid the storm of anger over fire victims being denied relief, Morrison personally intervened. Even so, only 33,000 payments have been made, totaling just \$40 million.

Morrison has also announced that the owners of some 19,000 farming businesses and other small businesses which have been severely impacted by the fires can apply for an immediate \$75,000 cash grant. State governments are also offering packages of up to \$15,000.

Such amounts pale in comparison with the losses that have been suffered. Crops have been decimated or smoke damaged. Farmers have had to sell or destroy valuable stock and are spending thousands of dollars each week to buy emergency fodder as grazing land has been burnt out. Just the fencing that has been destroyed on some farms will cost up to \$100,000 to replace.

Farming couple David and Carolyn Duff, who own a cattle farm on the NSW mid-north coast, told the ABC

this week that, while grateful for any assistance, “\$75,000 has been swallowed up just with feeding cattle.” They are spending up to \$12,000 a week just trucking in hay to their property. They estimate their total losses from the fires—including machinery, fences, outbuildings and stock—to be at least \$1.2 million.

Moreover, the number of businesses indirectly affected by the fires—through loss of trade in particular—is estimated by the Council of Small Business Organisations of Australia to number over 100,000. Many of the impacted regions are popular holiday destinations during the Christmas-New Year period. Hotels, motels, caravan parks and sight-seeing operators have suffered a collapse in bookings, while restaurants, cafes and service providers have gone weeks with drastically reduced custom.

In many cases, businesses have lost between 50 and 90 percent of the revenue they earn during the peak season of the year. Moreover, agricultural industries and the wilderness and natural beauty that attracts holidaymakers have been laid waste and will not recover for several years. A legacy of the fires will also be the perception, both in Australia and internationally, that what were once considered prime tourist destinations are dangerous to visit during the fire season. Areas of the country face the prospect of protracted economic slump, large-scale business failures and mass unemployment.

The victims of the fire crisis being treated with the greatest indifference are the low-paid temporary, casual, part-time and contract workers who have lost hours or been stood down. They will never be compensated for the loss of income they are suffering. The only assistance they are eligible for is 13 weeks of payments equivalent to the below-poverty unemployment benefit—providing they can demonstrate to Centrelink that their loss of paid employment is the “direct result” of fire. Thousands of impacted workers in the major cities and regional towns cannot provide such “proof.”



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