



# News release

Insurance Council  
of Australia

Wednesday, 26 February 2025

## Insurers call for Flood Defence Fund to future-proof Australia

The Insurance Council of Australia (ICA) has unveiled the industry's policy recommendations for the next Federal Government, calling for a comprehensive range of initiatives that will protect hundreds of thousands of Australians living in harm's way from natural disasters, as well as improve insurance affordability outcomes for home owners and businesses.

The centrepiece of the policy document, [Advancing Australia's Resilience](#), is a call for a Flood Defence Fund (FDF) – a \$30.15 billion investment over 10 years to protect the country's most at-risk catchments in Queensland, New South Wales and Victoria (list at end of release).

The proposed FDF would split the \$30 billion cost between the Federal Government and the State Governments of New South Wales, Queensland, and Victoria, which are the jurisdictions with the most high and extreme flood-exposed properties.

The FDF would:

- Deliver new critical flood defence infrastructure (\$15 billion)
- Strengthen properties in harm's way (\$5 billion)
- Help local Government undertake managed relocation (buy-backs) (\$10 billion)
- Future-proof existing flood mitigation infrastructure (\$150 million)

Flood is Australia's costliest extreme weather type, but of the 1.36 million properties facing flood risk in Australia it is estimated that more than half do not meet modern flood resilience planning and building standards. Around 298,000 of these properties – 225,000 homes and 73,000 businesses – face at least a two or five per cent chance of flooding each year.

The FDF is a big idea to confront a big problem – a problem that is predicted to worsen with a changing climate and growing population. The floods of February-March 2022, three years ago this week, caused the loss of 23 lives, devastated communities, and saw insured losses of almost \$6.4 billion.

Striving to protect our communities against a repeat of this level of devastation should be the priority of every policymaker.

*Advancing Australia's Resilience* also outlines other initiatives that would deliver improved outcomes for Australian homeowners and businesses, including:

- **Resilience and mitigation measures:** strengthening the Disaster Ready Fund; better data and flood mapping; improving disaster response and funding arrangements; cyclone-proofing Northern Australian homes; better land use planning; improving building resilience
- **Regulatory and legislative reform:** abolishing state insurance taxes, right-sizing regulation; undertaking civil liability reform; expanding home ownership with Lenders Mortgage Insurance
- **Business and industry support:** lowering risk for small businesses and not-for-profits; addressing motor trades skills shortages; strengthening motor trades skills shortages; enhancing cyber security; improving outcomes for strata communities

The ICA is committed to working closely with the State and Federal governments on solutions that will help future-proof Australia.

Quotes attributable to ICA CEO Andrew Hall:

Insurance premiums have risen over the past few years through a perfect storm of high inflation, taxes and regulations, extreme weather events and ever-increasing risk factors.

In a cost-of-living crisis, it is important that all our efforts go into measures which will bring downward pressure on premiums, and this can only be achieved through a strong partnership between insurers and governments.

That's why *Advancing Australia's Resilience* includes a big idea to combat a big problem over the long-term – the creation of a \$30.15 billion, ten-year Flood Defence Fund to protect Australians from our costliest natural disaster.

Consumers however cannot wait for mitigation and risk reduction programs to offer the critical protection and price relief needed. Immediate action is also essential – with tax and regulatory reform offering the best opportunity to ease cost pressure on insurance premiums in the near term.

Insurers stand ready to play their part in this important reform, but significant new government investment is the only way to reduce extreme weather risk and must underpin our future collaborative endeavours.

We know there is no silver bullet. However, if we don't do anything, insurance customers, governments and taxpayers will continue to pick up the much higher costs of rebuilding every time there is a natural disaster and insurance risks becoming unavailable and affordable for those Australians who need protection the most.

Quote attributable to Kate Cotter, Founder and CEO, Resilient Building Council:

Large-scale resilience investment and innovation is urgently required for Australia to reduce risk and cost of living pressures. We support ICA's call for big ideas to solve big problems, including the Flood Defence Fund and expansion of the Resilience Ratings Scheme.

**-ENDS-**

**Please find below more information about the Flood Defence Fund, as well as a summary of other policy initiatives outlined in *Advancing Australia's Resilience*.**

## Flood Defence Fund at a glance

### Flood Defence Fund cost drivers and investment

The cost drivers are clear: worsening disasters fuelled by a changing climate are pushing up insurers' costs, compounded by development in high-risk areas, the growing value of our assets, ongoing inflationary pressures, and supply chain shortages.

Together, these factors are widening the insurance protection gap, leaving more Australians vulnerable and putting increased pressure on government resources. Our current cost-of-living crisis is heightening the pressure on insurance customers – whether they're families or businesses – and making the need to confront this issue even more acute.

The Flood Defence Fund, at a cost of \$30.15 billion over ten years, will be shared by the Federal Government and the state governments of Queensland, New South Wales, and Victoria, and will:

- Deliver new critical flood defence infrastructure (\$15 billion)
- Strengthen properties in harm's way (\$5 billion)
- Manage relocation (buy-backs) (\$10 billion)
- Future-proof existing flood mitigation infrastructure (\$150 million)

This investment will:

- Reduce the impact of future floods, including the risk to life and property, as well as economic and community disruption
- Moderate insurance premiums over the medium to long term in these high-risk locations, particularly benefiting the most vulnerable who often have the highest flood risk
- Minimise the financial impact of post-flood recovery and rehabilitation activities.

### Catchments identified

Twenty four catchments across Australia have been identified where high flood risk results in potential risk to life, increased flood damages to homes and businesses and contributes to insurance affordability pressure.

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#### Queensland

Brisbane River  
Burnett River  
Condamine-Culgoa Rivers  
Fitzroy River  
Logan-Albert Rivers  
Maroochy River  
Mulgrave-Russell Rivers  
Pine River  
Pioneer River  
Ross River  
South Coast

#### New South Wales

Clarence River  
Hawkesbury River  
Hunter River  
Macquarie-Tuggerah Lakes  
Murray Riverina  
Murrumbidgee River  
Namoi River  
Richmond River  
Sydney Coast-George River  
Tweet River  
Wollongong Coast

#### Victoria

Goulburn River  
Yarra River

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## **Investing in new flood defence infrastructure**

The Centre of International Economics found that flood levees or upgrades often provide benefits worth twice their cost, and in some cases up to five times the initial investment. Roma and St George in Queensland are examples of this, with benefit-cost ratios of 4.9 and 5.4, while Grafton in NSW has a benefit-cost ratio of 2.2. The Flood Defence Fund should invest at least \$15 billion over ten years for the construction of new flood levees, dams, and detention basins to enable at-risk communities to mitigate flood risks and reduce the impact of flood events.

## **Flood management**

Few flood prone regions across Australia's east coast have planned risk management solutions. The Flood Defence Fund would rectify this by bringing together all levels of government to identify and deliver targeted resilience and mitigation projects.

## **Buybacks**

Of the 24 high-risk catchments assessed so far, it is estimated there are at least 10,000 properties across Queensland, New South Wales and Victoria where flood mitigation is not possible. These properties should be bought back, enabling residents to relocate, with the land re-purposed for safe, non-residential use.

## **Future proofing**

The Flood Defence Fund should invest \$150 million to support the establishment of a register and ongoing assessment of levees and dams across high-risk LGAs in New South Wales, Queensland and Victoria. A national register, including up-to-date-assessments of performance, enables insurers to accurately reflect flood risk management in setting flood premiums and support fair premium pricing.

## **Investing in infrastructure that drives down risk**

Investing in large-scale critical infrastructure reduces disaster risk, in turn, lowering insurance premiums. While smaller-scale projects can deliver important benefits to communities, larger scale projects can meaningfully drive down risk and moderate insurance premiums.

## **Better flood mapping**

The Australian Climate Service and National Emergency Management Agency's development of a national hazard dataset will better inform land use planning, building codes and standards and give a greater understanding of current and future hazard risks.

## **Better land use**

The current land use planning arrangements do not adequately account for current or future bushfires, floods or cyclones when determining where new homes can be built. The historical planning of land use have significant consequences today, with cities and towns being developed near areas prone to natural disasters (near oceans, bodies of water, level plots of land).

## Snapshot of other *Advancing Australia's Resilience* policy recommendations

The general insurance industry's *Advancing Australia's Resilience* policy document calls on the next Federal government to:

### **Strengthen the Disaster Ready Fund**

Move disaster resilience funding to a ten-year rolling program and index disaster mitigation so it doesn't fall in real terms. Identify risk mitigation projects that deliver a significant return on investment and help put downward pressure on premiums.

### **Better data and flood mapping**

Provide funding to address critical identified hazard data gaps, improving governments' and industry's understanding of current and future risk. Standardise hazard data and make it publicly available.

### **Improve disaster response and funding arrangements**

Government and insurance industry collaboration to establish Commonwealth Recovery Arrangements. Appoint an insurance industry representative to the Disaster Management Advisory Council.

### **Cyclone proof Northern Australian homes**

The Federal Government to provide \$110 million over five years to the Queensland, Northern Territory and Western Australian governments to support permanent and ongoing cyclone risk reduction programs.

### **Abolish insurance taxes**

Pursue the abolition of taxes on general insurance products, to provide cost of living relief and shift the tax burden toward less distortionary taxes, by incentivising states and territories to undertake reform.

### **Right size regulation**

Conduct a broad post-implementation review of the Hayne Royal Commission regulatory reforms' impact starting October 2025. Develop clear principles for financial services regulation with input from the financial sector and the Council of Financial Regulators. Create clear data strategies for regulators and policymakers, aligned with the Government's framework and ensuring application of a 'collect once' principle across government. Add the Australian Competition and Consumer Commission to the Council of Financial Regulators to focus on ensuring the settings are right to encourage competition.

### **Better land use planning**

Provide any necessary resources required for the Government, working through National Cabinet, to urgently finalise the development of a national standard for considering disaster and climate risk in land use planning.

### **Improve building resilience**

Continue to support the inclusion of climate resilience as a specific objective of the Australian Building Codes Board (ABCB) from 2025, a precursor to inclusion of resilience in the National Construction Code (NCC), as well as commit to three-yearly reviews of the NCC.

### **Improve outcomes for strata communities**

In partnership with local, state and territory governments, uplift education requirements for strata managers and educational opportunities for owners corporation members, as well as implement controls to ensure transparency of fees and service supplier relationships and prevent consumer detriment caused by hidden fees and conflicts of interest between strata managers and service suppliers. Ensure appropriate land-use planning and release at local government level so that buildings are built out of harm's way and enforce appropriate maintenance regimes, which are agreed upon and delivered by the owners corporation and coordinated by strata managers.

### **Expand home ownership with Lenders Mortgage Insurance**

Undertake and publicly publish regular reviews of Housing Australia's activities to assist first home buyers in accordance. Better target the Home Guarantee Scheme including reducing the number of guarantees and targeting them to those in greatest need of assistance, ensuring it operates effectively alongside the LMI industry originally intended.

### **Enhancing cyber security**

Expand access to the Small Business Cyber Resilience Service and improve data sharing with the insurance industry to improve its shared understanding of the threat environment and improve underwriting abilities.

### **Lower risk for small business and not-for-profits**

Fund training and education programs to improve risk management and national standards across industry sectors experiencing a higher frequency of personal injury liability claims.

### **Undertake civil liability reform**

Lead a national review of tort law and civil liability arrangements to examine the impact current legislation is having on SME and not-for-profit organisations' ability to access appropriate insurance.

### **Address motor trades skill shortages**

Streamline skills assessments by authorising motor trades associations and TAFEs to conduct assessments. Reduce or waive Skilling Australians Fund levies for critical motor trades on the Skills in Demand List, as well as lift geographic restrictions for 482 visa holders to direct resources where needed. Partner with industry to improve apprenticeship retention and completion rates, and provide greater investment in vocational training to equip workers with the skills needed for emerging motor trades roles, particularly for EVs.

### **Strengthen automotive supply chains**

Include automotive manufacturing in supply chain resilience initiatives like the Supply Chain Resilience Initiative and the Future Made in Australia Framework or similar industry initiatives. Expand the Motor Vehicle Information Scheme to mandate independent repairers' access to critical vehicle parts.