



News release

Insurance Council
of Australia

Monday, 27 April 2026

Insurers call for flood defence funding boost for frontline councils

Local governments need urgent funding to build flood defences against worsening extreme weather, the Insurance Council of Australia (ICA) has told a federal parliamentary inquiry.

The inquiry into Local Government Funding and Fiscal Sustainability examines the financial sustainability of councils and is an opportunity for the Committee to make a real impact on community resilience and improve insurance affordability in some of the highest risk areas.

The ICA's submission warns that extreme weather is placing growing fiscal strain on local economies, with councils increasingly unable to meet the demands of disaster preparedness and recovery. Addressing this will require significant Federal Government investment.

The ICA's submission sets out four priorities to safeguard those most vulnerable to extreme flood risk:

- **Cut infrastructure barriers:** The Federal Government must work with states and councils to cut red tape and fast-track investment in flood infrastructure. More than 60 flood mitigation projects across 17 high-risk catchments in New South Wales, Queensland and Victoria have been identified by the ICA, held up by slow approvals, funding gaps, and limited council capacity.
- **Extend the Disaster Ready Fund:** Make it a 10-year rolling, indexed program focussed on hard infrastructure that measurably reduces risk rather than smaller initiatives that don't move the dial on affordability and protection.
- **Reform Disaster Recovery Funding Arrangements:** Strengthen coordination between government and insurers to speed up recovery funding and deliver consistent clean-up and debris removal after major disasters.
- **Establish a Flood Defence Fund:** A 10-year, \$30.15 billion Fund, cost-shared between the Federal Government and the governments of Queensland, New South Wales and Victoria, targeting 24 priority east-coast catchments. With approximately 1.2 million properties at flood-risk, councils would be key delivery partners.

Effective flood defences drive down the flood portion of insurance premiums, easing cost pressures for households in high-risk communities.

The ICA will appear before the Committee on Friday 1 May and discuss these priority areas in more detail at an upcoming roundtable in St George, Queensland. The full submission is available on the [ICA website](#).

Quotes attributable to ICA Deputy CEO Kylie Macfarlane:

Local councils are on the frontline of Australia's worsening natural disaster challenge.

They play a critical role in land use planning, and disaster preparedness and recovery, but the financial, regulatory, and resource constraints they face are significant and growing.

There are around 242,000 homes with the highest flood risk in Australia, and more than 186,000 of them are not insured for flood, making them among the most vulnerable in our community.

Stronger investment in flood defences, better land use planning and a more coordinated approach to disaster recovery will help reduce risk, support councils, and over time ease pressure on insurance premiums.