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Department of Energy, Environment and Climate Action
Victorian Government

Via email resilience.planning@planning.nsw.gov.au

Victorian Draft Flood Risk Management Guidelines

The Insurance Council of Australia (ICA) thanks the Victorian Department of Energy, Environment and Climate Action for the opportunity to provide a submission on the draft Flood Risk Management Guidelines.

ICA is the representative body of the general insurance industry in Australia and represents approximately 85-90% of private sector general insurers. As a foundational component of the Australian economy, the general insurance industry employs approximately 46,000 people, writes 86 million policies a year, and paid out in claims \$49.9 billion in claims in 2025.¹

Flooding poses a critical threat in Australia, with around 1.36 million properties at risk of flooding nationally, and the greatest flood risk concentrated along the nation's east coast in New South Wales, Queensland and Victoria. Insurers have identified the 24 priority catchments across these states where the flood risk to communities is at its highest, and the risk can be effectively mitigated by targeted flood resilience measures, with Victoria's Goulburn and Yarra River catchments a key focus in the state.

Against this backdrop, the Insurance Council supports all jurisdictions adopting a stronger, risk-based approach to future development to minimise the number of homes being exposed to flooding, including through infill development noting the impacts of development within the Maribyrnong River floodplain. In that regard, we welcome the Victorian Government's intent to provide a clearer, consistent and more transparent process for managing land use and development in flood affected areas to better manage the state's natural disaster burden.

We commend the Guidelines specifically referencing as key principles the need to minimise damage and exposure, and avoiding reliance on flood mitigation infrastructure. We also recognise the Guideline's 'forward looking' approach to development, by ensuring decisions around future land use and infrastructure take into consideration how flood hazards will change over time, rather than a reliance on historical events.

In addition, we welcome the Guidelines recognition of, and alignment with, best practice climate science, including the need to ensure assessments consider the effects of climate change, and planning horizons extending to at least 2100 are adopted. The Insurance Council also acknowledges the emphasis placed on generating and maintaining clear, logical and practical flood mapping to support consistent and efficient decision making.

Notwithstanding this, the Insurance Council also believes the Guidelines could be strengthened in a number of key areas. These are outlined in more detail below.

Mandatory Requirements

Given the significant and long-term consequences of inappropriate development in flood-prone areas, a broad, overarching observation of the Insurance Council is that draft guideline currently relies on language that makes its application discretionary.

We encourage the Guideline to be given mandatory status within the planning framework, and for there to be a positive obligation on key stakeholders, including floodplain managers, modellers and councils etc to demonstrate compliance with the Guidelines for their land use and development decisions in flood affected areas.

This approach would provide greater consistency, accountability and transparency in flood risk management and support safer and more resilient development outcomes across the State. It would also be consistent with a recommendation from the Victorian Ombudsman's Inquiry into flood risk at two Melbourne housing estates¹, where it was stated that planning authorities are required to consider land subject to flooding when assessing potential risks to life, health and safety associated with proposed developments.

Flood Modelling Transparency

The Insurance Council would welcome the Guidelines placing a stronger emphasis on the important community and cost benefits that can be achieved from sharing flood information with insurers to better understand risk.

Knowledge about the nature and extent of flood risk is an essential part of living in flood prone areas. Insurers have been working proactively with all levels of government, as well as private entities, to access flood hazard information to inform insurers understanding of flood risk and to ensure that flood cover can be made as widely available as possible.

Where information is not accurate or not available, insurers are either unable to offer premiums that accurately reflect the nature of the flooding for the location, or they may need to refer to alternative methods for estimating the risk.

We encourage the Victorian Government to use the development of the Guidelines as an opportunity to work with local councils to help facilitate the provision of accurate and timely flood information modelling into the National Flood Information Database, to enable insurers to use this data for accurate premium pricing.

Infrastructure Maintenance

Similarly, whilst the Insurance Council notes the Guidelines acknowledge that flood mitigation infrastructure is dependent on ongoing management and maintenance, the Guidelines could send a stronger signal to stakeholders that an appropriate level of investment in infrastructure maintenance is critical to maintaining high levels of flood protection.

Severe weather and flood events can significantly damage flood mitigation infrastructure and delays in identifying and repairing damage to flood infrastructure increases risks and costs as disasters compound.

The risk of not adequately funding the maintenance of flood mitigation infrastructure extends well beyond the physical asset itself. It increases flood risk, economic losses, community disruption, and potential liability for asset owners and governments.

A UK study found that a £1 increase in maintenance spending was estimated to save almost £7 in capital expenditure. The research modelled river flood defences over a 30-year period and found that

¹ [Investigation report - When the water rises: Flood risk at two housing estates](#)

maintenance substantially extends asset life, delaying or avoiding the need for costly reconstruction or replacement works².

The Insurance Council's [Flood Defence Fund](#) estimates nation-wide investment in the order of \$150 million is required to begin future proof existing infrastructure across high-risk local government areas in NSW, Queensland and Victoria.

Multi-hazard approach

The Insurance Council encourages the Department of Energy, Environment and Climate Action to consider how the development of these draft Guidelines can be expanded to other extreme weather events to incorporate a multi-hazard approach.

Achieving a consistent approach to development in low, medium and high-risk zones across all perils would help to create and support a consistent framework among decision making bodies.

For example, the most recent and severe extreme weather event to impact the Victorian community was the 2026 Victorian bushfires, which incurred more than half a billion dollars damage to homes, vehicles and commercial properties insured by Insurance Council members, and was spread across nearly 5000 claims.

The Insurance Council supports a risk-based land-use planning framework that limits or prevents new development in areas exposed to unacceptable levels of natural hazard risk, including flood, bushfire and extreme wind. Avoiding the creation of new exposure is one of the most effective ways to reduce future disaster losses, improve community resilience and maintain insurance affordability.

Achieving National Consistency

Following on from this point, the Insurance Council notes that the Guidelines align with relevant national guidance material, including the Australian Rainfall and Runoff (ARR) hazard classification and National Construction Code provisions. This is appropriate and welcome.

This can be further strengthened by examining with other jurisdictions opportunities to achieve a more nationally coherent approach to classifying land-use risk associated with extreme weather events.

Floods do not respect local government boundaries. River systems operate at a catchment scale, with land-use decisions, flood mitigation works, and infrastructure management in one jurisdiction often influencing flood behaviour and consequences in neighbouring areas. This underscores the need for integrated, cross-jurisdictional flood risk management and consistent governance arrangements.

In this regard, we would welcome an ongoing dialogue with the Department of Energy, Environment and Climate Action to better understand how this initiative could feed into separate work being undertaken by the Insurance Council to develop a National Hazard Framework for Land-Use Planning in Australia.

Flood Risk Modelling / Draft Flood Mapping Practitioner's Guidelines

The Flood Risk Rating System, included in the *Draft Guidance Note Flood Mapping*, highlights the importance of flood risk ratings in developing flood mitigation infrastructure. The Insurance Council suggests there may be value in the Guidelines providing greater clarity as to whether these are with or

² [Joint ABI and Flood Re report highlights the need for adequate maintenance of the UK's flood defences. - Flood Re](#)

without the implementation of community and/or household level mitigation measures. Furthermore, we suggest that the *Draft Flood Mapping Practitioner's Guidelines* (Specific Requirements for Flood Studies section) adds modelling of return intervals in the flood studies for flooding at ground level 0.5m, 1.2m and 2m.

Continuous Improvement

ICA also notes that in the *Draft Guidance Note Flood Mapping*, five separate ministers are referred to - including their various portfolio responsibilities - to demonstrate how flood risk in Victoria is a shared responsibility across government. While this clarification appreciated, more broadly, it also highlights the challenges faced by industry as it is often required to deal with a multitude of agencies and various parties on issues relating to flood risk. The Insurance Council encourages the Department (in conjunction with other agencies) to consider how it can achieve broader reforms and a streamlining of responsibilities to continue to achieve operational efficiencies.

Conclusion

ICA thanks the Victorian Government for its invitation to provide input on the draft Victorian Draft Flood Risk Management Guidelines. Please forward any enquiries regarding this submission to Duncan Sheppard, Senior Advisor, Resilience, Insurance Council of Australia, dsheppard@insurancecouncil.com.au

Yours sincerely



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ⁱ [INCA015-Fact-Pack-2025 v3.6.pdf](#)