



Name: Insurance Council of Australia

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1. Reduce the cost of meeting carbon targets

1. What could be done to improve the cost-effectiveness and alignment of policies to reduce emissions across the industrial, electricity and transport sectors?

To reduce emissions more cost-effectively and efficiently across the industrial, electricity and transport sectors, it is essential that government climate policies are consistent and well-aligned across sectors and jurisdictions.

Currently, policy inconsistency or duplicity across jurisdictions and sectors can create uncertainty, increasing the cost and complexity of investment in low-emissions technologies. For instance, while some states provide subsidies to encourage the uptake of electric vehicles (EVs), others have introduced road-user charges that may deter adoption. At the national level, the recent introduction of a fuel efficiency standard—although a positive step—has come relatively late, contributing further to policy uncertainty. These inefficiencies send mixed signals to both manufacturers and consumers, increasing the perceived risk for businesses considering investment in low-emissions technologies. Establishing consistent, nationally coordinated policies would help provide the clarity and confidence needed to support long-term, low-emissions investment decisions.

The Insurance Council supports the alignment and harmonisation of existing and future climate and sustainability frameworks across jurisdictions globally. Clear and comparable disclosure of sustainability and climate-related information is one of the foundational building blocks of a well-functioning global financial system. Australia's climate disclosure regime should align with international standards and standards in key jurisdictions (e.g., ISSB, New Zealand, EU) to ensure transparency, comparability, and competitiveness.

2. Are there gaps in the emissions-reduction policies in the industrial, electricity and transport sectors which should be addressed?

Yes, policy gaps remain, particularly in the transport sector. While the electricity sector has benefited from consistent and focused policy attention—including the Renewable Energy Target, state-based clean energy schemes, and reforms to the National Electricity Market—the transport sector has lagged behind in implementing comprehensive emissions-reduction policies. Until recently, Australia lacked a national fuel efficiency standard, making it one of the few OECD countries without this foundational policy tool, which has limited progress on reducing transport emissions and hindered the uptake of low- and zero-emission vehicles.

In addition to policy gaps, there are also practical barriers to decarbonising transport. These include a lack of skilled technicians to service and repair electric vehicles, and an underdeveloped domestic supply chain to support widespread EV adoption. Addressing

these issues will be as critical as addressing the overarching policy gaps to enabling a smooth transition to low-emissions transport.

3. Are there any duplicative emissions-reduction policies in the industrial, electricity and transport sectors which could be streamlined?

There are instances where duplicative policies create inefficiencies without delivering additional emissions reductions. In the electricity sector, overlapping federal and state-level renewable energy schemes can complicate investment planning and increase the cost of compliance. Streamlining these policies by improving coordination would lower administrative costs and provide clearer, more stable signals to investors and consumers.

2. Speed up approvals for new energy infrastructure

1. Are planning and approvals processes for large energy infrastructure taking too long? If so, what causes the most delay?

N/A

2. How can planning and approvals processes be sped up without unduly compromising regulatory standards?

N/A

3. Should clean energy projects be treated differently to other projects for the purpose of environmental and other approvals? If so, how?

N/A

4. What can be done to build local community support for new energy infrastructure projects?

Building genuine community support for new energy infrastructure requires clear, early, and transparent communication about potential project impacts—especially for neighbouring landholders who may not host infrastructure directly but are still affected. These communities can experience indirect impacts such as visual and noise disturbance, increased traffic, and concerns about fire risk, liability, or declining property values and insurability.

To build trust and avoid conflict, project proponents must proactively identify and clearly communicate the risks associated with new developments and how these will be mitigated. Engaging neighbouring landholders from the outset—not just host landowners—allows for collaborative problem-solving and helps address risk-related concerns before they escalate. This approach also supports better outcomes for insurers, as unmanaged uncertainty can drive up perceived and actual risks, affecting the availability and cost of insurance.

5. Please outline any evidence showing the productivity benefits of faster approvals for energy projects.

N/A

3. Encourage adaptation by addressing barriers to private investment

1. What are the barriers and enablers impacting decisions by owner-occupiers, landlords and developers about how housing is built and updated over time so that it is resilient to the effects of climate change?

A range of barriers affect the ability of owner-occupiers, landlords, and developers to invest in climate-resilient housing. These include a lack of access to clear and trusted information about localised climate risks, uncertainty about the cost-effectiveness of resilience upgrades, and limited financial incentives to undertake retrofitting—particularly for lower-income households or rental properties where the benefits may not accrue directly to the investor.

Floods pose a particularly critical threat to Australia's housing stock. Around 1.36 million properties are at risk of flooding, with approximately 298,000 of these—comprising 225,000 homes and 73,000 businesses—facing at least a two or five per cent chance of flooding annually. Given the scale of the risk, piecemeal or reactive approaches are inadequate.

To address this challenge, systemic reforms are essential. While individual retrofitting plays an important role, it is often costly and limited in scope. Embedding climate resilience into national standards and planning systems will deliver more effective and equitable outcomes. For instance, incorporating resilience as a core objective of the National Construction Code would ensure that all new housing is designed with climate risks in mind, significantly reducing future retrofit needs. Additionally, reforming land use planning to prevent development in high-risk areas can help avoid locking in future exposure, ultimately protecting lives, property, and livelihoods.

Significant investment is also needed to support large-scale flood mitigation. The Insurance Council of Australia has proposed the establishment of a \$30.15 billion, ten-year Flood Defence Fund to deliver targeted solutions in 24 priority flood catchments up and down the east coast. This includes \$15 billion for new flood defence infrastructure, \$5 billion to strengthen properties in harm's way, \$10 billion for the buyback of the most at-risk properties, and \$150 million to upgrade existing flood mitigation infrastructure. Funding would be jointly provided by the Federal Government and the state governments of Queensland, New South Wales, and Victoria—which together account for 97 per cent of the most flood-prone properties. The Federal Government's share would amount to \$1.5 billion annually over a decade.

A publicly accessible, nationally consistent database of current and projected natural hazard risks is another key enabler of resilience. Such a tool would empower homeowners, builders, and developers to make informed decisions about where and how to build, and what measures are necessary to protect against future climate threats.

The insurance sector also plays a critical enabling role. For example, some insurers, in partnership with the Resilient Building Council, are offering a bushfire resilience rating system that helps homeowners understand and mitigate their risks. However, further support is needed at the policy level. In the current cost-of-living crisis, state governments are collecting more revenue from insurance taxes (\$7.6 billion in 2023) than insurers make in profit (\$4.6 billion), creating disincentives for adequate insurance coverage and resilience investments. Immediate tax reform is necessary to alleviate this

burden and unlock more affordable risk mitigation strategies for households.

Ultimately, while individuals can take meaningful steps, tackling climate resilience at scale demands coordinated, well-funded, and forward-thinking policy interventions. This includes investment in infrastructure, regulatory reform, and better alignment between government incentives and insurance systems—shifting the housing system toward safer, climate-ready outcomes for all Australians.

2. What information do people need to make decisions about where to live, how to build and how to upgrade their homes to appropriately factor in climate change?

People need access to clear, trusted, and localised information about current and future climate risks—such as flooding, bushfires, and extreme heat—to make informed decisions about where to live, how to build, and how to upgrade their homes. This should include easily accessible hazard maps, property-level risk assessments, data on the cost and effectiveness of resilience upgrades, and long-term projections of risk under different climate scenarios.

A nationally consistent, publicly accessible database of current and future natural hazard risks is essential to support these decisions. Such a resource would enable individuals, communities, and developers to better understand exposure and make proactive choices about building location, design, and retrofit needs.

Insurers also play a vital role in supporting improved resilience and energy efficiency. For example, some insurers are working with the Resilient Building Council to provide a bushfire resilience rating system, helping homeowners assess their level of bushfire risk and identify practical upgrades to improve protection. Tools like this are critical for empowering people to take action and for driving broader community adaptation.

In addition, systemic reforms are required. The Australian Building Codes Board (ABCB) must embed resilience as a core objective of the National Construction Code, in line with the directive from Australia's state and federal Building Ministers to do so from 2025. Following the 2025 federal election, responsibility for construction industry policy and regulation transferred from the Department of Industry, Science and Resources to the Treasury portfolio. This transition provides an opportunity for government to recognise and act on the long-term economic benefits from ensuring Australian homes are made more resilient to extreme weather events. We At the same time, we need the establishment of a \$30.15 billion, ten-year Flood Defence Fund to deliver targeted solutions in 24 priority flood catchments up and down the east coast, and land use planning frameworks must be reformed to prevent new development in high-risk areas, ensuring that future housing and infrastructure is built in locations that reflect the realities of a changing climate.

3. What are the most cost-effective retrofitting options for improving the resilience of Australia's existing housing stock? What are their costs and benefits?

Retrofitting existing homes can significantly improve resilience to climate-related hazards, particularly in high-risk areas. Common measures include elevating electrical systems in flood-prone zones, sealing roofs and vents against ember attacks during bushfires, and upgrading insulation to manage extreme heat. These upgrades can reduce immediate risks and damage, but their costs vary widely and may be prohibitive - especially for lower-income households. Moreover, these interventions are often reactive, placing the burden on individual homeowners after hazards have been

realised.

To achieve more cost-effective and enduring outcomes, broader systemic change is essential. Reforming land use planning to avoid new development in high-risk areas and embedding resilience as a core requirement in the National Construction Code are critical. These approaches ensure that new housing is built with climate risks in mind from the outset, reducing the need for expensive retrofitting in the future and delivering long-term cost savings.

Another key enabler is access to a nationally consistent, publicly accessible database of current and future natural hazard risks. This would allow governments, builders, and homeowners to make more informed decisions about where and how to build or retrofit, improving outcomes for communities and moderating insurance risks.

For flood-prone areas specifically, the most cost-effective approach goes beyond individual home retrofits. The Insurance Council of Australia is calling for a ten-year, \$30.15 billion Flood Defence Fund (FDF) - a joint investment between the Federal Government and the state governments of Queensland, New South Wales, and Victoria. This fund targets 24 priority flood catchments and would drive large-scale, strategic investment to:

- Build new critical flood infrastructure (\$15 billion)
- Support targeted household resilience programs (\$5 billion)
- Fund managed relocation and buybacks where risks cannot be mitigated (\$10 billion)
- Future-proof existing flood defences (\$150 million)

The FDF aims not only to protect frontline communities but also to help moderate insurance premiums and reduce the financial and social costs of disaster recovery. By combining infrastructure investment with targeted household retrofitting and relocation where necessary, the fund represents a holistic and cost-effective strategy for improving resilience across Australia's most flood-exposed regions.

Ultimately, while targeted retrofits remain important, especially for vulnerable households, the most impactful and cost-effective measures come from coordinated policy, planning reform, and strategic investment—ensuring resilience is built into the system, not just retrofitted onto it.

4. What role might minimum standards play in ensuring the resilience of Australia's housing stock?

Minimum standards play a critical role in embedding resilience at scale and ensuring that all new housing is fit for a changing climate. Embedding resilience as a core objective of the National Construction Code will be an essential step. However, implementation will rely on states and territories applying consistent and updated standards through planning and building regulation. Minimum standards must be based on future climate risks—not just historical data—and apply to both new builds and significant renovations. From an insurance perspective, mandatory resilience standards would reduce systemic risk and help ensure long-term insurability in hazard-prone regions.

In addition to the implementation of minimum standards, there needs to be greater government focus on ensuring compliance with the technical requirements of the NCC to ensure safe and sustainable buildings.

A 2021 report by the Centre for International Economics, commissioned by the ABCB,

highlighted that up to 72 per cent of residential properties in Australia have defects with an estimated cost of \$2.5 billion per annum.

The report also highlighted that the full economic impact could be much worse, citing the example of the Opal Towers building in Western Sydney, where the cost of defects was assessed at \$1 million, however, the full remediation cost exceeded \$27 million. To remedy these challenges, the Insurance Council continues to encourage implementation of the recommendations of the Building Confidence Report including nationally consistent requirements for the registration of building practitioners, their enhanced education and training, greater rigour in the certification of design and construction, and improved enforcement.

5. The impacts of climate change are being factored into the regulation of where and how houses are built in different ways around Australia. What does leading practice look like? Where is there room for improvement? Are there lessons we can learn from other countries?

Leading practice in factoring climate change into housing regulation involves a nationally consistent approach to land use planning, building codes, and natural hazard data that reflects future, not just historical, risks. This means ensuring homes are located, designed, and constructed with the realities of a changing climate in mind—from flood and bushfire risk to extreme heat.

Across Australia, there are examples of strong initiatives. Some insurers, for example, are already partnering with organisations like the Resilient Building Council to provide tools that help homeowners assess and mitigate bushfire risk. And states are beginning to embed resilience into planning systems. However, the national approach remains fragmented. There is an urgent need to lift minimum building standards, improve compliance, and embed resilience into the National Construction Code consistently across jurisdictions.

One of the most impactful reforms would be the establishment of a nationally consistent, publicly accessible hazard risk database to inform land use planning, building approvals, insurance decisions, and consumer choice. This would ensure communities, developers, and governments make better-informed decisions about where and how to build.

To further support this, the ICA has proposed a \$30.15 billion, ten-year Flood Defence Fund to drive targeted mitigation in 24 of the most flood-prone catchments along the east coast. This includes new infrastructure, home retrofits, buybacks, and upgrades to existing defences—co-funded by the Federal Government and the governments of NSW, Queensland, and Victoria.

Internationally, there are valuable lessons to draw from countries like the U.S. and the Netherlands, where hazard data transparency, strong planning controls, and large-scale investment in public resilience infrastructure help limit losses and guide development away from high-risk areas. Australia must adopt similar long-term, systemic strategies—integrating resilience into the housing system from the outset, rather than retrofitting risk at high cost later.