Advancing Priority Actions on Financing Adaptation and Resilience

Background Paper for Climate Action Week Sydney 2026

11 March 2026

Australian Sustainable Finance Institute

Australian Sustainable Finance Institute

Overview

Australia faces escalating physical climate risks that threaten productivity, asset values, infrastructure reliability, insurance affordability and fiscal stability.

Extreme weather and climate-related disasters already impose material economic costs. The Insurance Council of Australia estimates that natural disasters cost the Australian economy approximately $38 billion per year and could rise to at least $73 billion annually by 2060 under current trajectories (Insurance Council of Australia, 2025).

Investment in adaptation and resilience is therefore central to long-term economic stability.

- **Adaptation** involves adjusting systems, infrastructure, institutions and behaviours to reduce exposure and vulnerability to physical climate risks.
- **Resilience** refers to the capacity of those systems to withstand, absorb, recover from and adapt to climate shocks while maintaining core functions (IIGCC, 2025).

Together, adaptation and resilience protect long-term economic value, stabilise insurance markets, safeguard communities and preserve fiscal sustainability. They are not peripheral environmental considerations. They are core economic and financial imperatives.

In many Western systems, adaptation is framed primarily as emergency response and recovery. The story begins at crisis: disasters occur, insurance is activated, and capital flows react to repair damage after the fact.

From a ***First Nations perspective***, the story begins much earlier. Adaptation is grounded in preparing landscapes, strengthening community capability and maintaining long-term relationships with place. Prevention and stewardship are central, recognising that managing Country over generations reduces exposure and long-term costs more effectively than repeated recovery. This lens reframes resilience as an ongoing system of care rather than a series of episodic interventions.

At the same time, capital remains significantly under-allocated to adaptation and resilience. Revenues from adaptation-related solutions surpassed USD 1 trillion globally in 2024, yet flows remain well below estimated needs (IIGCC, 2025). In Australia, investors managing trillions in assets recognise growing exposure to physical risk, but adaptation investment remains fragmented and constrained (IGCC, 2024).

This is not primarily a problem of capital scarcity. It is a problem of market design.

Investment in adaptation and resilience generates broad system-wide benefits, including avoided future economic losses, productivity gains, fiscal savings, improved insurance affordability and, in the case of nature-based solutions, additional ecosystem services (Actuaries Institute, 2024; IGCC, 2024). However, upfront costs are typically borne by individual asset owners, infrastructure

providers or investors, while benefits often accrue more broadly across households, governments, insurers and markets. This misalignment weakens the private investment case even where aggregate economic returns are positive.

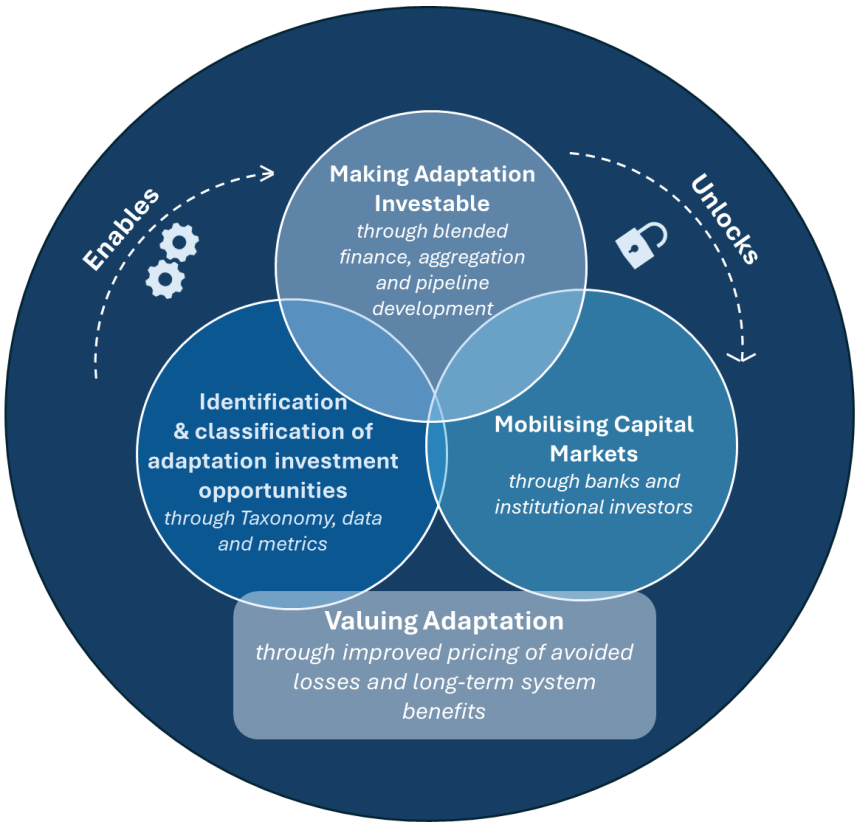
Capital allocators also face significant information gaps on what investments can be made and on the economic benefits of avoided losses from investing in adaptation. This information is dispersed and disparate, held with specialist private sector actors who seek to drive action on an individual transaction basis, often without success.

Research undertaken by financial institutions and insurers in Australia reinforces these structural challenges. The analysis highlights fragmented climate risk data, unclear definitions of resilience-aligned investment opportunities, limited project pipelines and insufficient mechanisms to aggregate investments or align value flows across stakeholders. While awareness of physical climate risk is increasing, capital markets currently lack the frameworks and coordination mechanisms required to systematically allocate capital toward resilience investments (NAB and IAG, 2023).

Advancing adaptation finance therefore requires coordinated reform across four interdependent themes that address the information barriers and support capital mobilisation:

- Valuing adaptation and resilience through improved pricing of avoided losses and long-term system benefits.
- Building common market infrastructure through clear identification of investment opportunities across the economy in the taxonomy.
- Making adaptation and resilience investable through blended finance, aggregation and pipeline development
- Mobilising capital markets, including banks and institutional investors.

These themes are sequential and interdependent.



Valuation reform addresses the systematic under-pricing of avoided losses and the long-term benefits of resilience. Taxonomy then builds on this by providing a common investment language

that identifies activities across the economy that contribute to adaptation and resilience. Blended finance structures and aggregation mechanisms help align risk and return, addressing early-stage barriers and scale constraints. Capital markets subsequently provide the scale and liquidity required to embed resilience across the economy. Collectively, these themes can shift adaptation from reactive public expenditure on disaster recovery toward proactive, systematic investment in resilience.

The workshop session at Climate Action Week Sydney will bring stakeholders together to align on the coordinated action required to advance the interdependent levers outlined above.

The State of Adaptation and Resilience Finance in Australia

Australia's exposure to physical climate risk is increasing in frequency, severity and systemic impact. Climate hazards are no longer isolated environmental events. They pose material risks to productivity, insurance affordability, infrastructure reliability, asset values and fiscal stability.

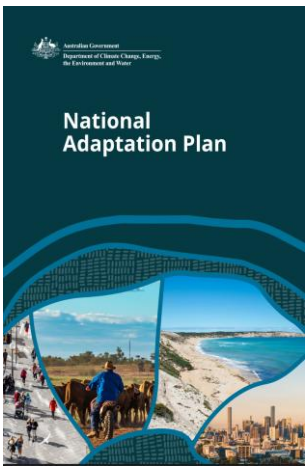
Major Economic Signals:

- Natural disasters cost the Australian economy approximately $38 billion per year and are projected to rise to at least $73 billion annually by 2060 under current trajectories (Insurance Council of Australia, 2025; Actuaries Institute, 2024).
- Extreme heat alone could reduce economic output by between $135 billion and $423 billion by 2063, depending on warming pathways (Actuaries Institute, 2024).
- Insured extreme weather losses over the past five years reached approximately $22.5 billion, a 67 per cent increase compared with the previous five-year period (Insurance Council of Australia, 2025)
- Every $1 invested in resilience could deliver approximately $9.60 in avoided losses (Insurance Council of Australia, 2025).
- Despite the above, approximately 97 per cent of disaster-related expenditure in Australia has been directed toward recovery rather than mitigation, reinforcing a reactive funding model (Insurance Council of Australia, 2025).

These signals are increasingly reflected in financial markets. Physical climate risk now manifests as credit risk for banks, portfolio risk for superannuation funds, capital adequacy and affordability pressures for insurers and long-term fiscal exposure for governments. Insurance availability and pricing are emerging as leading indicators of system stress.

Risk awareness is rising across financial institutions. Capital mobilisation into adaptation remains limited.

National Policy Response: The National Adaptation Plan



In 2025, the Australian Government released the National Adaptation Plan (NAP), building on the National Climate Risk Assessment (NCRA) and establishing a nationally coordinated framework to reduce exposure to climate risks across key systems (Australian Government, 2025).
The NAP emerged in response to growing evidence that climate impacts are systemic, interlinked and already locked in under current warming pathways. It recognises that mitigation alone is insufficient and that adaptation must be integrated into economic planning, infrastructure design, land-use systems, financial decision-making and community resilience strategies.
The Plan identifies priority risks across seven interconnected systems, including Economy, trade and finance; Infrastructure and built environment; Health and social support; Natural environment; Primary industries and food; Communities (urban, regional and remote) and

Defence and national security.
The NAP commits to embedding climate risk into government decision-making, strengthening cross-jurisdictional coordination, improving access to decision-grade climate information and monitoring adaptation progress. It emphasises partnership with industry, finance and communities, including First Nations stakeholders.
Since 2022, the Australian Government has committed approximately $3.6 billion toward adaptation-related measures and integrated resilience considerations across an estimated $9 billion of programs through to 2030 (Australian Government, 2025).

The National Adaptation Plan clearly signals the importance of mobilising private capital. However, further action is required to operationalise its objectives and resolve the structural constraints limiting adaptation finance flows

Structural Barriers to Scaling Adaptation Finance

Across the literature, four recurring structural barriers emerge.

1. **Undervaluation and mispricing of physical climate risk.**
   Current economic appraisal and financial valuation frameworks systematically understate the benefits of adaptation and resilience. Standard cost–benefit analysis often applies high discount rates, short time horizons and deterministic modelling approaches that reduce the value of long-term avoided losses and the visibility of low-probability, high-impact events (Actuaries Institute, 2024; Della Croce et al., 2024). Social, environmental and productivity co-benefits are frequently excluded or only partially captured.
   As a result, investments that are economically efficient at the system level may appear marginal at the project level, weakening investment signals across budgeting, infrastructure planning and private capital allocation.

2. **Information asymmetry and definition gaps.**
   Climate risk data varies significantly across jurisdictions, sectors and asset classes. Decision-grade forward-looking modelling is uneven. Methods to identify adaptation or resilience investments are inconsistent and vague (IGCC, 2024; Climate Bonds Initiative, 2023). The absence of common standards and approaches limits comparability, reduces investor confidence, constrains product development and increases due diligence costs. The National Adaptation Plan highlights the need for decision-grade climate information, stronger coordination, and an expansion of the Australian taxonomy to include adaptation and resilience (Australian Government, 2025).

3. **Cost-sharing barriers and value flow misalignment.**
   Adaptation and resilience generate broad public benefits, including reduced disaster recovery costs, improved insurance affordability, economic resilience across communities, greater infrastructure reliability and reduced economic disruption. These benefits accrue across households, private asset owners, insurers, governments, businesses and markets.
   However, upfront costs are typically borne by individual capital allocators. Where value creation is diffuse or indirect, private capital allocators may be unable to capture sufficient financial returns to justify capital deployment (IGCC, 2024). This cost-sharing imbalance is particularly acute in placed-based resilience projects, local government infrastructure and nature-based solutions. Market participants may rationally withdraw capital from high-risk regions rather than invest in resilience upgrades.

4. **Scale, aggregation and market creation constraints.**
   Adaptation finance is a market creation challenge. Projects are often small, heterogeneous and embedded within broader infrastructure upgrades. Capital markets require scale, standardisation and predictable cash flows. Aggregation mechanisms, intermediaries and blended finance structures capable of bundling projects into investable portfolios remain underdeveloped (City of

London, 2024). While the National Adaptation Plan provides policy direction, a coordinated national pipeline and market architecture for scaling private capital are not yet established.

Priority Themes – Advancing Priority Actions on Financing Adaptation and Resilience *(workshop discussions)*

Theme 1: Valuing Adaptation and Resilience

Current economic and financial valuation frameworks do not adequately price physical climate risk or the benefits of resilience. Without correcting this mispricing, adaptation remains treated as a discretionary cost rather than an economic investment.

The literature consistently identifies quantification and valuation challenges as a primary barrier to scaling adaptation finance (IGCC, 2024). Standard cost–benefit analysis often applies high discount rates, short appraisal horizons and deterministic modelling approaches that obscure long-term avoided losses and tail-risk events (Actuaries Institute, 2024; Della Croce et al., 2024). The Insurance Council of Australia quantifies rising disaster costs and highlights the economic efficiency of avoided-loss investment, noting that every dollar invested in resilience can significantly reduce recovery expenditure (Insurance Council of Australia, 2025). Complementing this, the Actuaries Institute projects that extreme heat alone could reduce national economic output by between $135 billion and $423 billion by 2063, depending on warming pathways (Actuaries Institute, 2024). Despite this growing body of quantified risk, these forward-looking loss projections and avoided-loss benefits are not systematically embedded into asset valuation, lending decisions or infrastructure appraisal frameworks.

What needs to happen.

- Standardise avoided-loss valuation methodologies across insurers, government and financial institutions.
- Reform appraisal frameworks, including discount rate guidance and time horizons, to better reflect long-term system risk.
- Integrate co-benefits such as health, productivity, insurance stability and ecosystem services into economic analysis.
- Expand use of probabilistic modelling (e.g. Average Annual Loss), scenario analysis and decision-grade climate risk analytics, including the economic effects of climate change on natural assets.

Discussion Questions

- How should Australia standardise avoided-loss valuation? Should this be standardised across government and the private sector?
- Who needs to lead this work, and what is the pathway to implementation?
- What is currently blocking progress, and what could unlock it?
- How can co-benefits and productivity impacts be systematically embedded into public and private investment appraisal?

Theme 2: Building Market Infrastructure Through identification of investible activities in Taxonomy

Improved valuation alone will not mobilise capital at scale. Investors require consistent methodologies, credible and usable investment frameworks and comparable metrics to allocate capital confidently.
The literature identifies fragmented climate risk data and inconsistent definitions and

methodologies for identifying adaptation and resilience activities as persistent barriers (IGCC, 2024; Climate Bonds Initiative, 2023). Without common standards, adaptation remains bespoke and transaction-specific, increasing due diligence costs and constraining product development. The National Adaptation Plan highlights the need for decision-grade climate information and stronger coordination across finance and infrastructure systems, yet consistent market-wide implementation remains incomplete (Australian Government, 2025).
Expanding the Australian Sustainable Finance Taxonomy to explicitly include adaptation and resilience provides a pathway to system coherence. A clear taxonomy can establish a shared language across business, banks, insurers and investors, reduce information asymmetry and enable tracking of adaptation-aligned capital flows. It can shift adaptation from negotiated case-by-case assessment to a recognised investment category with defined eligibility criteria and measurable outcomes.

What needs to happen.
Expand the Australian Sustainable Finance Taxonomy to include clear, sector-specific adaptation and resilience criteria underpinned by consistent metrics for resilience outcomes and avoided-loss performance.

Discussion Questions

- How should we determine which sectors should be prioritised in developing adaptation and resilience criteria within the Sustainable Finance Taxonomy (e.g. infrastructure, built environment, agriculture)?
- How can taxonomy criteria support development and scaling of adaptation-aligned financial products?
- What is currently blocking progress, and what would shift progress in this area?
- How can First Nations perspectives inform how adaptation and resilience criteria are shaped in the Sustainable Finance Taxonomy?

Theme 3: Making Adaptation Investable

Even where capital is willing, adaptation often lacks the scale, aggregation and structure required for institutional participation.
Many resilience projects are small, place-based and heterogeneous. Benefits are long-term and probabilistic. Revenue streams are uncertain or indirect. As a result, projects often fail to meet the requirements of institutional investors seeking scale, predictable cash flow and replicability. Aggregation mechanisms, intermediaries and blended finance structures capable of bundling projects into investable portfolios remain underdeveloped (Climate Bonds Initiative, 2023; IGCC, 2024).

Without aggregation and risk-sharing mechanisms, adaptation remains fragmented and difficult to mainstream.

What needs to happen.

- Deploy risk-sharing and blended finance mechanisms - including guarantees, concessional capital and first-loss structures - to address early-stage risk and crowd in private capital. These may be delivered through existing public financing institutions, dedicated vehicles or public–private partnerships.
- Establish a transparent national pipeline of priority adaptation investments to provide visibility and confidence to private capital. This could mirror models such as national infrastructure priority lists, identifying projects of systemic importance across public infrastructure, housing, nature-based solutions and community resilience, including projects led by or co-designed with First Nations communities.
- Strengthen the capacity to bundle and structure smaller resilience projects into larger, investable portfolios. This addresses scale and transaction costs and may operate

alongside blended finance but can also be delivered through purely private market structures.

Discussion Questions

- What types of projects or sectors are suited to private investment in adaptation and resilience?
- What investment barriers require risk-sharing or concessional support to enable private capital to participate?
- Which types of adaptation and resilience projects are likely to remain primarily publicly funded, and why?
- What governance, policy and institutional settings are needed to support blended approaches and scale capital into adaptation and resilience?

Theme 4: Mobilising Capital Markets

Cost-sharing barriers are consistently identified as a central constraint to scaling adaptation investment (IGCC, 2024). Adaptation generates system-wide benefits, including reduced disaster recovery expenditure, improved insurance affordability and stabilised asset values. However, upfront costs are typically borne by individual asset owners, infrastructure operators or project sponsors, while benefits accrue broadly across households, governments, insurers and markets.

Analysis of adaptation finance in London and the UK highlights that scaling investment requires deliberate market creation, including instruments and governance structures that better align incentives and risk allocation (Della Croce et al., 2024). Without these mechanisms, capital may rationally withdraw from high-risk regions rather than invest in resilience upgrades.

Banks and institutional investors sit at the centre of this dynamic. As primary allocators of credit and long-term capital, they shape risk pricing, lending standards and investment criteria. Where physical climate risk is mispriced or resilience investments are not recognised in credit frameworks, capital allocation will not adjust accordingly.

What needs to happen.

- Develop resilience-linked bonds and adaptation-aligned loan structures that reward risk reduction.
- Integrate resilience performance metrics into credit assessment, lending covenants and infrastructure financing frameworks.
- Explore sovereign or sub-sovereign resilience bond issuance to provide benchmark liquidity and signal policy commitment.
- Align fiscal, insurance and prudential settings to incentivise proactive risk reduction rather than reactive recovery expenditure.

Discussion Questions

- What are the main challenges and opportunities for capital markets in integrating resilience into mainstream lending and investment?
- What policy or regulatory settings would better support proactive resilience investment rather than reactive recovery spending?
- How can the finance sector better coordinate to scale capital into adaptation and resilience?

Appendix A: Glossary of Terms

Term	Definition
Adaptation	Adjustments in natural or human systems in response to actual or expected climate impacts, aimed at moderating harm or exploiting beneficial opportunities (Australian Government, 2025; IIGCC, 2025).
Adaptation financing gap	The adaptation financing gap refers to the difference between adaptation funding requirements and financing being made available.
A&R	Adaptation and Resilience
ASFI	Australian Sustainable Finance Institute. ASFI works with Australia's largest financial institutions to realign the finance sector and ensure capital flows to activities that will create a sustainable, resilient and inclusive economy.
Avoided Losses	Economic damages prevented as a result of proactive adaptation or resilience investments, often modelled through probabilistic approaches such as Average Annual Loss (Actuaries Institute, 2024).
Average Annual Loss (AAL)	A probabilistic measure of expected annual damage from hazards, commonly used in catastrophe and insurance modelling (Actuaries Institute, 2024; ICA, 2025).
Blended Finance	Blended finance' is a catch-all term that covers financial products or structures that combine different funding sources aimed at lowering the risk profile of specific companies or projects and ultimately attracting private capital (Della Croce et al., 2024).
Capital Mobilisation	The process of directing private and institutional capital toward targeted sectors or activities, including adaptation and resilience investments.
Climate Proofing	Climate proofing refers to a process that integrates climate change mitigation and adaptation measures into the development of infrastructure projects (Della Croce et al., 2024; European Commission, 2021)
Cost-Sharing Barrier	Structural misalignment where benefits of adaptation accrue broadly across society, while costs are borne by individual actors, discouraging private investment (IGCC, 2024).
Discount Rate	The rate used in cost–benefit analysis to convert future costs and benefits into present values.
Greenium (green premium)	Pricing benefits based on the logic that investors are willing to pay extra or accept lower yields in exchange for sustainable impact (Della Croce et al., 2024; UNDP, 2022).
IGCC	Investor Group on Climate Change
IIGCC	Institutional Investors Group on Climate Change
ICA	Insurance Council of Australia

Mispricing of Physical Climate Risk	Failure of asset prices, lending frameworks or financial models to fully reflect exposure to climate-related hazards (IGCC, 2024).
Market Creation Challenge	The need to deliberately build standards, instruments and governance structures to enable investment in emerging sectors such as adaptation finance (Della Croce et al., 2024).
NAP	National Adaptation Plan. Australia's national framework for reducing climate risk across systems, integrating adaptation into economic and infrastructure planning (Australian Government, 2025).
NCRA	National Climate Risk Assessment. The assessment underpinning the NAP, identifying priority climate risks across interconnected systems (Australian Government, 2025).
Nature-based solutions	Actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously benefiting people and nature (IUCN, n.d.; Della Croce et al., 2024)
Natural Capital Accounting	The systematic measurement and valuation of ecosystem services and environmental assets within economic frameworks.
Physical Climate Risk	Financial and economic risks arising from climate-related hazards such as heatwaves, floods, bushfires and cyclones (IIGCC, 2025).
Prudential Expectations	Regulatory requirements or supervisory guidance governing financial institution risk management and capital adequacy.
Resilience	The ability of systems, primarily customers and communities, to anticipate, absorb, manage, and recover from the impacts of climate change and natural hazards efficiently (Insurance Council of Australia, 2025).
Resilience Classification Framework	A structured system for defining and categorising adaptation and resilience-aligned activities to support capital market mobilisation (Climate Bonds Initiative / UNDRR, 2023).
Resilience-Linked Bond / Loan	Financial instruments that embed performance metrics related to resilience or risk reduction within debt structures (Della Croce et al., 2024).
SIV	Specialist Investment Vehicle. Dedicated investment structures designed to mobilise capital into priority sectors, potentially including adaptation and resilience (IGCC, 2024).
SPV	Special Purpose Vehicle. A legal entity created to isolate financial risk and structure project-based financing, commonly used in infrastructure and blended finance arrangements.
Taxonomy (Sustainable Finance Taxonomy)	A formal a classification and definitions tool that offers a science-based, consistent assessment of whether an economic activity is climate-aligned. Credible taxonomies create a common language between corporations and financial institutions.
Transition risk	Transition risks are those associated with the pace and extent at which an organisation manages and adapts to the internal and external pace of change

	to reduce greenhouse gas emissions and transition to renewable energy (US EPA, 2023; Della Croce et al., 2024).
UNDRR	United Nations Office for Disaster Risk Reduction.
Valuation Reform	Reform of appraisal and financial valuation methodologies to better reflect long-term climate risk and avoided losses (Actuaries Institute, 2024).

Appendix B: Summary of Key Research Sources

1. National Adaptation Plan (Australian Government, 2025)
The National Adaptation Plan establishes Australia's first nationally coordinated framework for addressing physical climate risks. It builds on the National Climate Risk Assessment and identifies priority risks across seven interconnected systems, including economy and finance, infrastructure, health, natural environment and communities. The Plan prioritises embedding climate-risk considerations into all levels of governmental and institutional decision-making, improving access to nationally consistent, decision-grade climate data, and strengthening governance through cross-jurisdictional coordination with states, territories and local governments, as well as deeper engagement with industry, community organisations and First Nations leaders. While it recognises the crucial role of private investment and signals the need to mobilise capital for resilience - particularly in systems such as infrastructure, the real economy, natural environment and water - it stops short of providing a dedicated national financing architecture, clear investment vehicles or a pipeline of bankable adaptation projects. Instead, the Plan serves primarily as a policy mandate and institutional roadmap, establishing governance principles, sectoral priorities and a forthcoming monitoring, evaluation and learning system, but leaving substantive financial reform, incentive structures and market-enabling mechanisms to future policy development if Australia is to translate adaptation ambition into scaled capital mobilisation and on-the-ground resilience outcomes.

2. Activating Private Investment in Adaptation (IGCC, 2024)
The IGCC report identifies how Australia can mobilise private capital to address escalating physical climate risks and avoid "capital flight" from high-risk regions and sectors. It highlights four major barriers that currently impede private investment—difficulty quantifying physical risk, insufficient market recognition of resilience benefits, challenges in sharing costs where adaptation benefits are widely distributed, and the limits of asset-level adaptation without whole-of-system resilience. The report argues that adaptation investment is essential to maintain Australia's economic competitiveness and prevent withdrawal of insurance, lending and investment from exposed communities. It provides a roadmap for governments and investors focused on building a shared understanding of physical risk, aligning regulation and planning with resilience, and facilitating innovation in adaptation finance through improved data, valuation standards, sector-level resilience plans, and new investment vehicles.

3. Financing Adaptation and Resilience in London and the UK: Moving from Aspiration to Reality – Part III – Policy Recommendations (Della Croce et al., 2024)
This research identifies major barriers limiting private investment in climate adaptation in London and the UK - such as fragmented governance, unclear valuation of adaptation benefits, and insufficient risk metrics - and sets out policy reforms to build a functional market for adaptation and resilience. It highlights the significant adaptation finance gap, the need to integrate adaptation into infrastructure planning, and the importance of clearer standards, improved climate-risk disclosure, and better data systems. The report proposes developing new business models (particularly in the water sector), leveraging carbon and nature markets, introducing dedicated adaptation bonds, and scaling nature-positive urban infrastructure. It emphasises the roles of regulators, investors, and government in maturing adaptation finance through blended finance, fiduciary duty reform, local green finance models, and investment-ready pipelines, ultimately positioning London to become a global centre for adaptation finance.
Note: Part III: Policy Recommendations develops policy recommendations, taking into consideration the current policy context. Drawing on insights from the case studies analysis and

the London urban adaptation finance research (Part I and II), this paper develops several recommendations: addressing policymakers, regulators, and the financial industry — primarily banks, asset managers, exchanges, and marketplaces.

4. Mobilising Investment for Climate Adaptation (Actuaries Institute, 2024)
The Actuaries Institute report outlines how Australia can scale adaptation investment to address rapidly rising climate-related damages, highlighting persistent barriers such as undervaluation of resilience benefits, fragmented governance and insufficient public and private financing. It recommends updating cost-benefit analysis frameworks to better reflect long-term and probabilistic climate risks, establishing a nationally coordinated Adaptation Investment Framework aligned with the National Adaptation Plan, and expanding adaptation finance through clearer roles across government and industry, diversified funding mechanisms and inclusion of adaptation within sustainable finance taxonomies to unlock private capital and build system-wide resilience.

5. Advancing Australia's Resilience (Insurance Council of Australia, 2025)
The report sets out a comprehensive policy platform aimed at reducing extreme weather risk, improving insurance affordability, and strengthening national resilience.
Its centrepiece recommendation is a $30.15 billion, ten-year Flood Defence Fund to deliver major levees, dams, household-level resilience measures and targeted buy-backs in the highest-risk catchments. It also proposes strengthening the Disaster Ready Fund through a ten-year, indexed program focused on hard infrastructure; improving national hazard data and flood mapping; modernising disaster recovery arrangements; and embedding climate-risk considerations into planning and building codes.
Complementary reforms include removing state insurance taxes, improving strata governance and building quality, expanding cyclone-resilience programs, enhancing cyber readiness, and addressing workforce and supply-chain constraints that drive up repair costs. Together these measures aim to reduce systemic risk, support affordability, and ensure Australians can continue to access a robust and sustainable insurance safety net.

6. Climate Change Roadmap – Towards a Net-Zero and Resilient Future: 2024 Update (Insurance Council of Australia, 2024)
The 2024 Roadmap outlines the general insurance sector's pathway to net-zero emissions by 2050, with rapid reductions required this decade in line with a 1.5°C trajectory. It strengthens best-practice guidance across five pillars: operational emissions, supply chain decarbonisation, underwriting, investment, and national resilience. Insurers are encouraged to achieve net-zero Scope 1 and 2 emissions by 2030, set interim five-year targets, and adopt global methodologies such as Partnership for Carbon Accounting Financials (PCAF) and Science Based Targets initiative (SBTi) as they mature. The Roadmap highlights emerging obligations under Australia's mandatory climate disclosure regime, noting the need for improved emissions data.
It also sets expectations for insurers to support economy-wide transition through net-zero-aligned underwriting, investment in low-carbon and resilient assets, and collaboration with government on planning reform, construction standards and mitigation funding. With extreme weather losses escalating and Australia's protection gap widening, the Roadmap emphasises the central role of insurers in accelerating national resilience, improving risk intelligence, and helping consumers make more resilient choices.

7. Designing a Climate Resilience Classification Framework (Climate Bonds Initiative, 2023)
The White Paper sets out a blueprint for a global climate resilience classification framework designed to mobilise significantly greater investment in adaptation and resilience through capital markets. It responds to the large and persistent adaptation finance gap, where annual needs (estimated at up to US$300 billion in developing countries) far exceed current flows, with less than US$1 billion originating from private finance. The framework seeks to provide clear, evidence-based definitions, eligibility criteria and screening tools that enable issuers and investors to identify credible resilience-focused investments across assets, activities and entities. It draws on IPCC science, the Sendai Framework and global sustainable finance taxonomies to propose a cross-economy structure built around seven climate resilience themes, including infrastructure, agrifood, cities, health, nature and societal resilience.

The paper introduces a tiered approach to determining investment eligibility to ensure investments make a substantial contribution to resilience while avoiding maladaptation and significant harm. It is intended to underpin future resilience-themed bond issuance, strengthen the integrity of adaptation-related finance, and support the development of a robust pipeline of investable resilience projects.

8. Insurance Catastrophe Resilience Report (Insurance Council of Australia, 2025)
The report provides the insurance industry's annual assessment of extreme weather impacts, recording $1.97 billion in insured losses across major cyclone and flood events in 2024–25. It highlights the accelerating costs of extreme weather, the deepening protection gap, and the disproportionate burden on lower-income and high-risk communities. The report stresses that rising premiums are symptomatic of underlying physical risk, compounded by global reinsurance pressures, higher reconstruction costs and repeated events.
While insurers are improving preparedness, surge capacity and customer support, the report argues that reducing systemic risk requires coordinated government action. Key recommendations include substantial investment in flood mitigation through a proposed $30.15 billion Flood Defence Fund, a long-term, indexed national resilience funding program, stronger planning and building standards, improved disaster coordination, and the removal of insurance taxes that exacerbate affordability pressures.

9. What is Adaptation and Resilience, why it matters and how to bridge the gap (IIGCC, 2025) *(Insights piece)*
The IIGCC briefing clarifies the distinction between mitigation, adaptation and resilience. It frames adaptation as adjustments to reduce climate vulnerability and resilience as the capacity to withstand and recover from shocks. The document quantifies global climate-related economic losses and emphasises investor exposure to physical risk. It calls for integration of adaptation into investment strategy, governance and disclosure frameworks, highlighting the financial materiality of resilience.

10. The Resilience Investment Vehicle Insights Report (Climate-KIC Australia, NAB & IAG, 2023)
The report outlines the outcomes of a three-year collaboration (led by NAB and IAG) to test how public and private capital could be directed into resilience-building projects that reduce disaster risk and deliver financial returns for investors. The RIV examined more than 30 potential projects and piloted three place-based initiatives, concluding that private investment is constrained by two systemic barriers: the absence of clear, low-risk revenue streams tied to measurable resilience outcomes, and the small, bespoke nature of community-level projects that prevents aggregation to institutional investment scale. The report identifies household-level retrofits - supported by tools like the Bushfire Resilience Star Rating System—as the most promising near-term pathway for scalable resilience finance, while community-level projects will require new business models, intermediaries, and blended finance approaches. It emphasises that progress depends on ongoing cross-sector convening, the development of common frameworks, and government leadership to create the enabling environment needed to mobilise private capital into resilience at scale.