



Submission to the Senate Environment and Communications References Committee

Re: Inquiry into the withholding of the Climate Risk Assessment

From: The Climate Risk Group (XDI & Climate Valuation)

Date: Tuesday, 9 September 2025

Introduction

The Climate Risk Group (CRG) welcomes the opportunity to contribute to this inquiry. We are a group of companies committed to quantifying and communicating the costs of climate change. Our organisations, XDI (Cross Dependency Initiative) and Climate Valuation, provide investment-grade physical climate risk analysis to governments, financial institutions, corporations and individual property owners globally.

Our analysis makes plain the urgent need to immediately scale up investment in adaptation. At the same time, we are deeply concerned that these costs may prove unmanageable without coordinated action. We therefore consider it imperative that all data and information from the Climate Risk Assessment be released as soon as possible, so that communities, insurers, banks and governments can work together to identify practical pathways to address this challenge.

Key Findings from *At Our Front Door*

Our recent report, *At Our Front Door: Escalating Climate Risks for Aussie Homes* (Climate Council & Climate Valuation, 2025), reveals the scale of the challenge:

- **652,424 properties (1 in 23)** across the country are already modelled in our analysis to be at high risk of damage from climate change extreme weather in 2025. All high risk properties require immediate evaluation and adaptation, particularly in the face of insurance withdrawal.
- **1.55 million properties (1 in 10)** are modelled to be moderate risk properties, and may still require investment in adaptation.
- Most alarmingly, more than **72,000 homes and businesses across 86 suburbs** are located in *Critical Climate Risk Zones* where 80–100% of properties are classified as high risk. In these zones, entire communities face widespread damage, collective uninsurability, and devaluation of their most important asset - their home.
- These risks will intensify: by 2050 the number of High Risk Properties is projected to rise to **746,185**, and to over **1.3 million by 2100**.

Adaptation at this scale will require **billions of dollars annually** in retrofits, resilience measures, and in some cases managed retreat. These costs are not just financial but deeply social: they involve moving communities, redesigning infrastructure, and restructuring local economies.

The financing of this adaptation cannot be borne by individuals, and nor should it - as they are the victims of a failure to curb emissions and plan for the consequences. For example:

- **Critical climate risk zones** will require urgent intervention, including buybacks, relocations, and resilient infrastructure investments. This represents costs well beyond local or even state government budgets.
- **Nationwide adaptation** will be needed for the one in 23 homes already requiring some level of resilience improvement. The scale of this task dwarfs existing adaptation programs.
- Without intervention, these risks translate into budgetary liabilities through disaster relief, emergency response, insurance subsidies, infrastructure repair, and housing market destabilisation.

As we argued in previous inquiries, when insurance becomes unavailable, property values collapse, and mortgage markets are destabilised.

Recommendations

1. **Full transparency of the Climate Risk Assessment:** Australians deserve open access to the Government's assessment of climate risk to their homes, infrastructure, and communities. Secrecy delays preparation and multiplies costs.
2. **National adaptation funding mechanism:** Establish a dedicated federal fund, co-designed with states, insurers and communities, to support large-scale resilience projects and managed retreat where necessary.
3. **Integration with fiscal planning:** Climate adaptation costs must be fully integrated into Treasury's forward estimates, acknowledging that the fiscal burden of inaction far outweighs proactive investment.
4. **Support for communities in critical risk zones:** Develop immediate policy options for buybacks, relocation support, and community-led resilience planning in the 86 suburbs already classified as critical climate risk zones.
5. **Fossil Export Levy for Adaptation:** Introduce a levy on Australian coal, oil and gas exports, directing a portion of revenues to fund climate adaptation. Proceeds should be used to compensate communities already experiencing worsening extreme weather, including through grants to local governments for resilience projects and support for household-level adaptation or property buy-backs.

Conclusion

The evidence is clear: **the costs of adaptation to climate change are already overwhelming and escalating rapidly**. Without urgent, coordinated national action, governments will face spiralling budgetary liabilities, communities will face collapse of property markets, and Australians will pay the price through higher taxes, insurance withdrawals, and repeated disaster recovery bills.

The Climate Risk Group strongly urges the Committee to recommend full transparency of the Climate Risk Assessment and to call for immediate establishment of a national adaptation finance mechanism.

Sincerely,

Dr Karl Mallon

Founder, The Climate Risk Group (XDI, Climate Valuation)

