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Australian Disaster
Resilience Conference



Australian Government
National Emergency Management Agency

Australian Institute for
Disaster Resilience 

 NRMA | INSURANCE

What does it take to build an enabling environment for resilience investment in Australia

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Overview

- Why focus on investment?
- What is involved in enabling resilience investment?
- What progress has been made?
- Lessons and suggestions for moving forward



Why focus on investment

Post catastrophic disaster recovery for long-term resilience

- These are in maladaptive spaces experiencing:
 - post-disaster loss, trauma and exhaustion
 - significant damage to homes and infrastructure
 - severe budget, resource, and capacity constraints
 - distrust in governments
- Communities wanting *'to do their recovery, development, and energy transitions differently'* but lack resourcing and enabling governance



Why focus on investment

Pre-disaster urban and regional development (& NRM) contexts

- Experiencing increasing costs from climate stresses and disruptions which is undermining investment in socio-economic development
- Many have climate and disaster risk assessments and mitigation plans
- Struggling to fund the increasing costs of BAU let alone to deliver on their growing adaptation and DRR needs



Why focus on investment

\$38 Bill/yr \$3.5 Bill/yr \$0.5 Bill/yr

- Insufficient investment in DRR is exacerbating insurance unaffordability

“The decision to close our Property Reinsurance business...was driven by the significant and increasing effects of climate change”

(Axis Re CEO, 2022)

- Investments in resilience, DRR and adaptation create significant value

“...adapting to climate change is a \$120 billion [per year] opportunity...”

(Deloitte Access Economics, 2022)

Why focus on investment

- There is substantial ‘lazy’ private capital looking for productive investments to create socially beneficial outcomes

“We have hundreds of billions of dollars in interest to invest in infrastructure. Our biggest difficulty is not capital.” (BlackRock CEO Larry Fink, June 2021).

- Yet, investors are struggling to find investable projects in adaptation, disaster risk reduction, or resilience

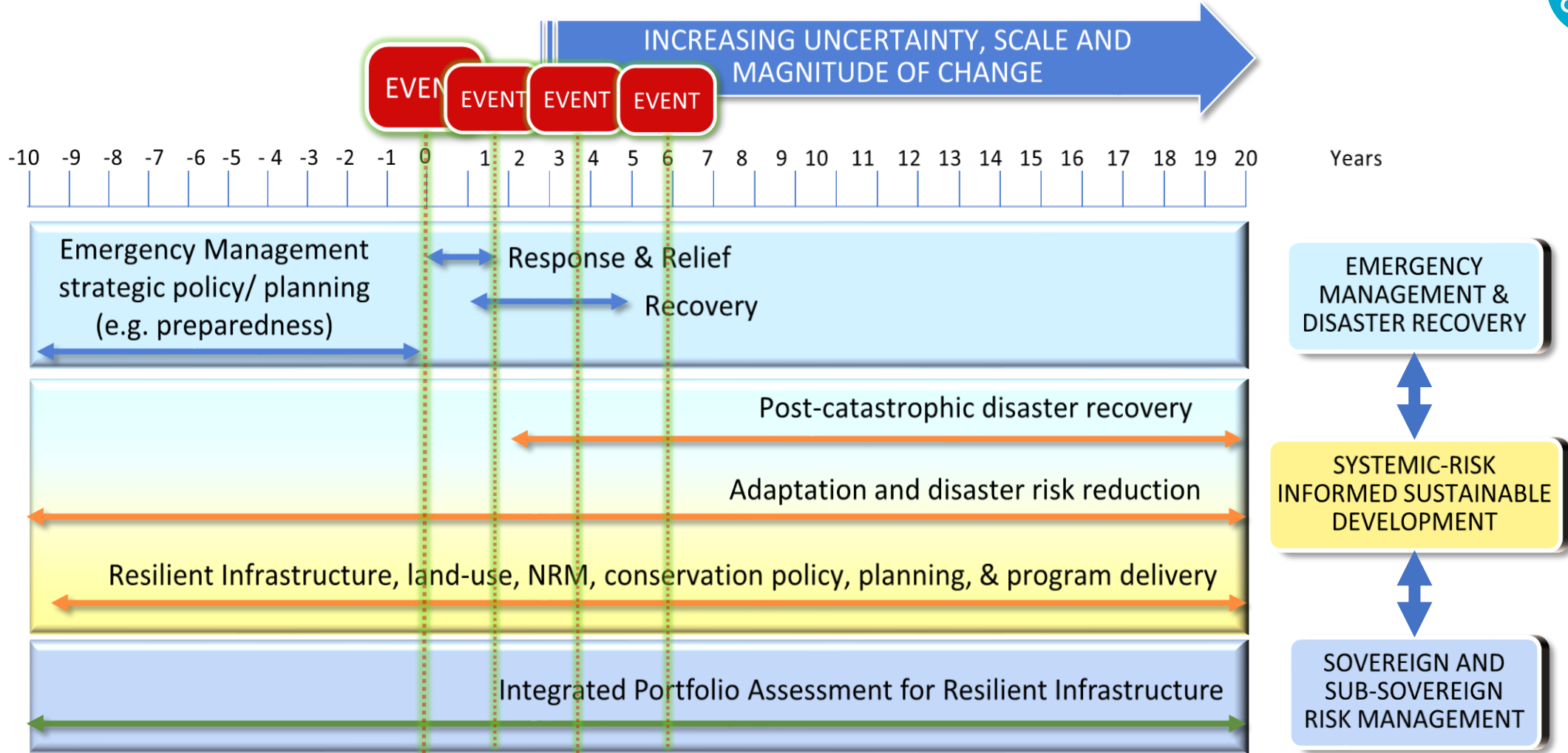
Only 7% of global climate finance in 2019-20 was dedicated to adaptation
(Climate Policy Initiative, 2021)

*Our biggest difficulty is not capital.
Our biggest difficulty is finding the
appropriate investments.”*

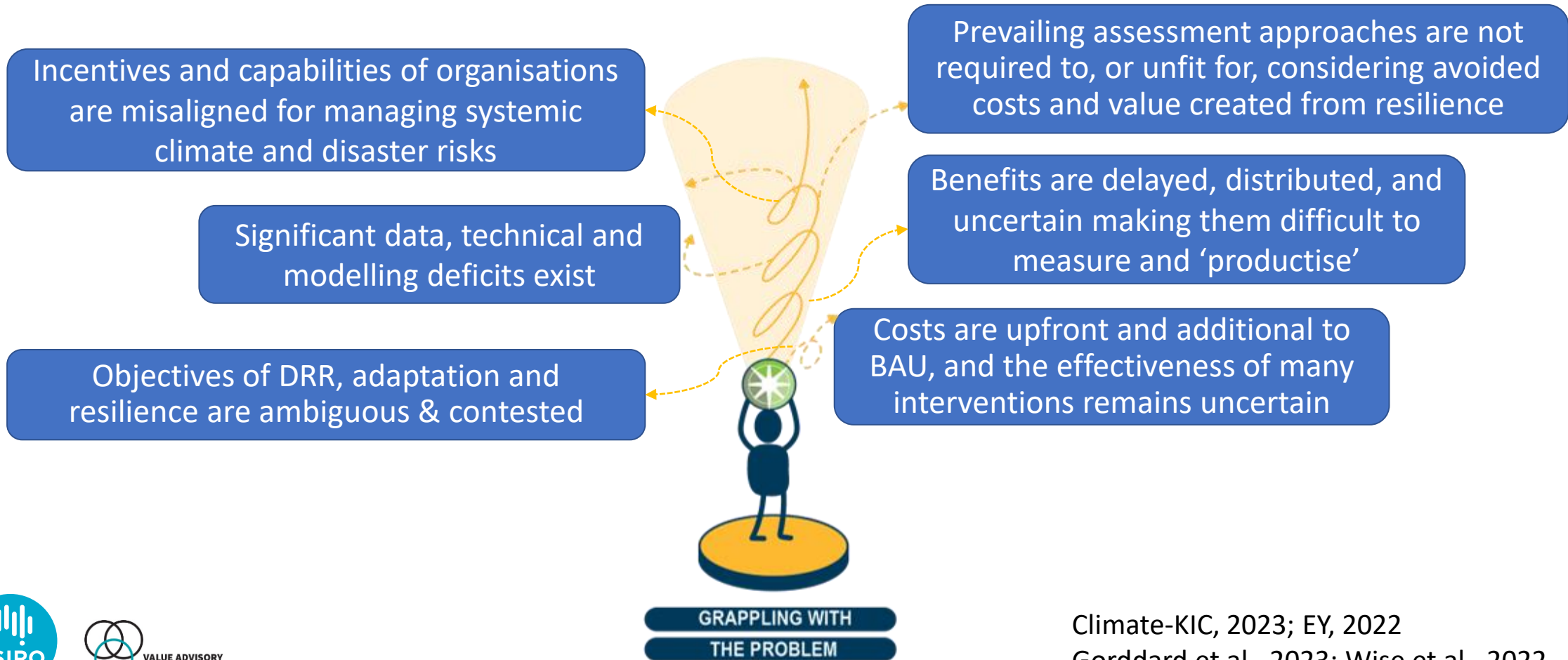
(BlackRock CEO Larry Fink, June 2021)

Good resilience projects... *“lack low-risk revenue streams”*
and *“are difficult to aggregate to a size suitable for
institutional investors”*

(Climate-KIC, The RIV, Insight Report, 2023)



Challenges (& opportunities) to enabling resilience investments



The Enabling Resilience Investment (ERI) approach

1. A developing action research agenda that aims to account for uncertain disruptions from climate change, and opportunities for creating value, into investment processes

2. A synthesis of concepts and ideas about how public and private investment processes can be better enabled nationally to account for uncertainty, climate disruption, and value creation through resilience

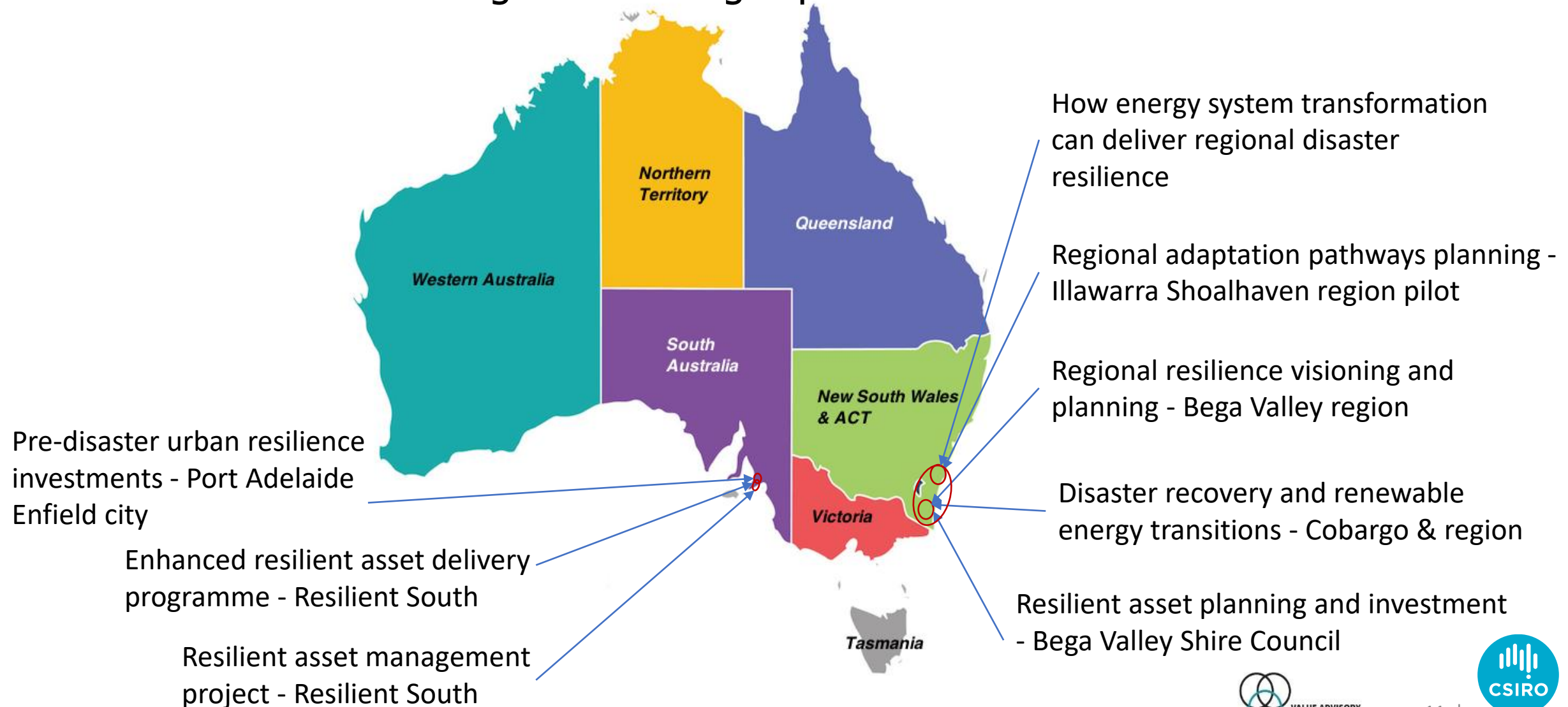
3. An evolving approach (methods, tools, and practices) for

- Developing and testing investment processes and methods in applied projects
- Building initiatives and coalitions across communities, business, and governments
- Creating adaptation/transition pathways that build from where stakeholders 'are at'



<https://research.csiro.au/enabling-resilience-investment/>

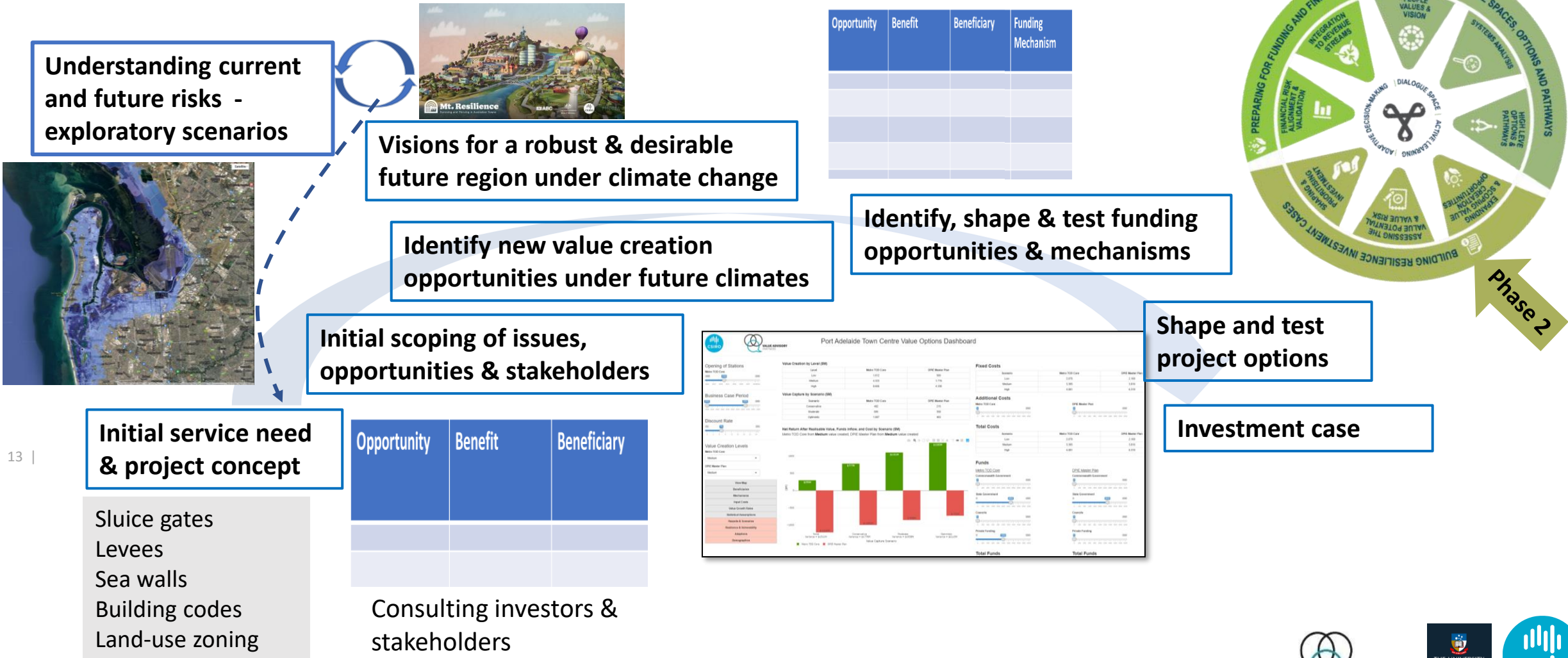
ERI - Demonstrating and building capabilities for resilience investment



Port Adelaide Enfield ERI pilot



Port Adelaide Enfield - building a resilience investment case



Port Adelaide Enfield - building a resilience investment case

Sum of Value Created Medium	Impact of intervention on Value Created (Medium Value)		
	Areas adapted to a 1:100 event (value potential - \$M)	Areas not adapted to a 1:100 event (value at risk - \$M)	Total
Case			
Base Case 1 Scenario 2	318	447	765
Project Case 1 Scenario 2	1,235	148	1,383
Project Case 2 Scenario 2	1,604	0	1,604
Project Case 2 Scenario 3	669	935	1,604

Scenario 2:

300mm SLR by 2050 and 10mm land subsidence.

Scenario 3:

800mm SLR by 2050 and 10mm land subsidence

Interventions:

hard engineering +
planning +
building regulations



What progress has been made?

- ✓ Tested and developed ERI concepts, methods, tools, and processes in a range of contexts
 - ✓ New capabilities in multi-hazard disaster risk and opportunity assessment
 - ✓ Identified and assessed value creation opportunities
 - ✓ Built resilience investment cases and supporting analytical capabilities / dashboards
 - ✓ Regional adaptation pathways planning for safe and affordable housing
- ✓ Created conditions for collective action:
 - ✓ shared understandings across participants, built competencies and agency, activated networks
- ✓ Ongoing reflection and learning to improve practice and build evidence to inform policy
- ✓ Slow progress on building national capabilities for scalability

What will it take to enable resilience investment?

Game A. Grow portfolios of place-based resilience investment projects

...that test and develop the practice, principles, processes for resilience investment

Link planning to
investment cases

Link DRR value to
revenue streams

Funded investment
cases (+ a pipeline)!!!

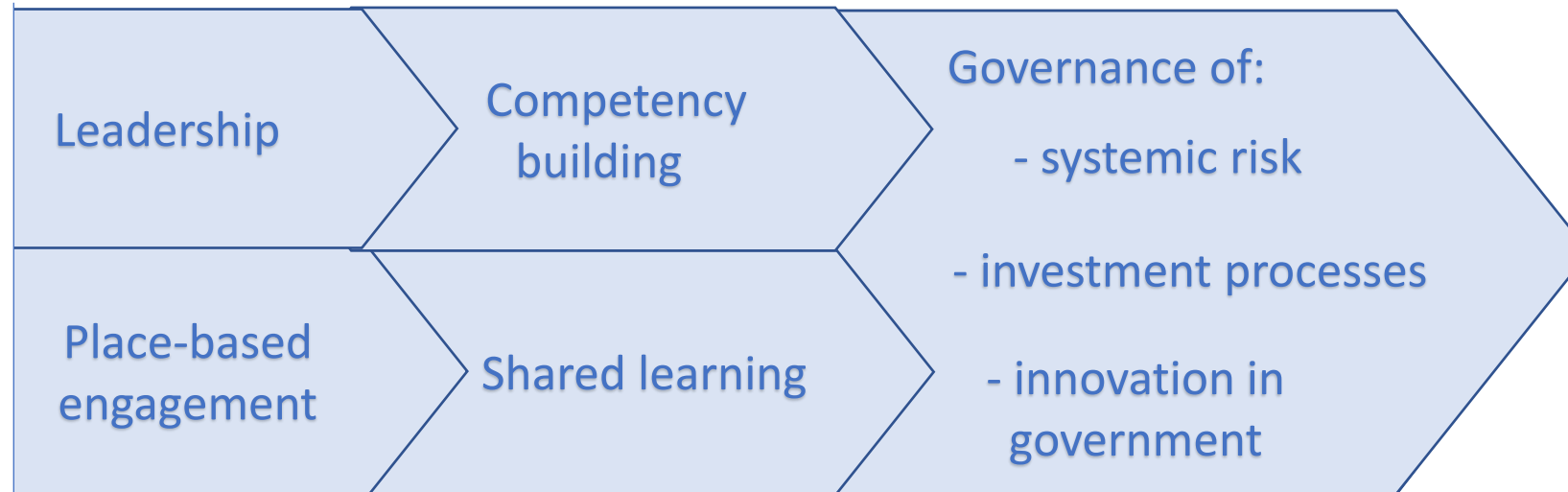
Step 1. Develop the playing field

Step 2. Fund the 'game' (i.e., resource the coaches,
managers, grounds folk, umpires, etc)



What will it take to enable resilience investment?

Game B. Enhance capacities in governance reform

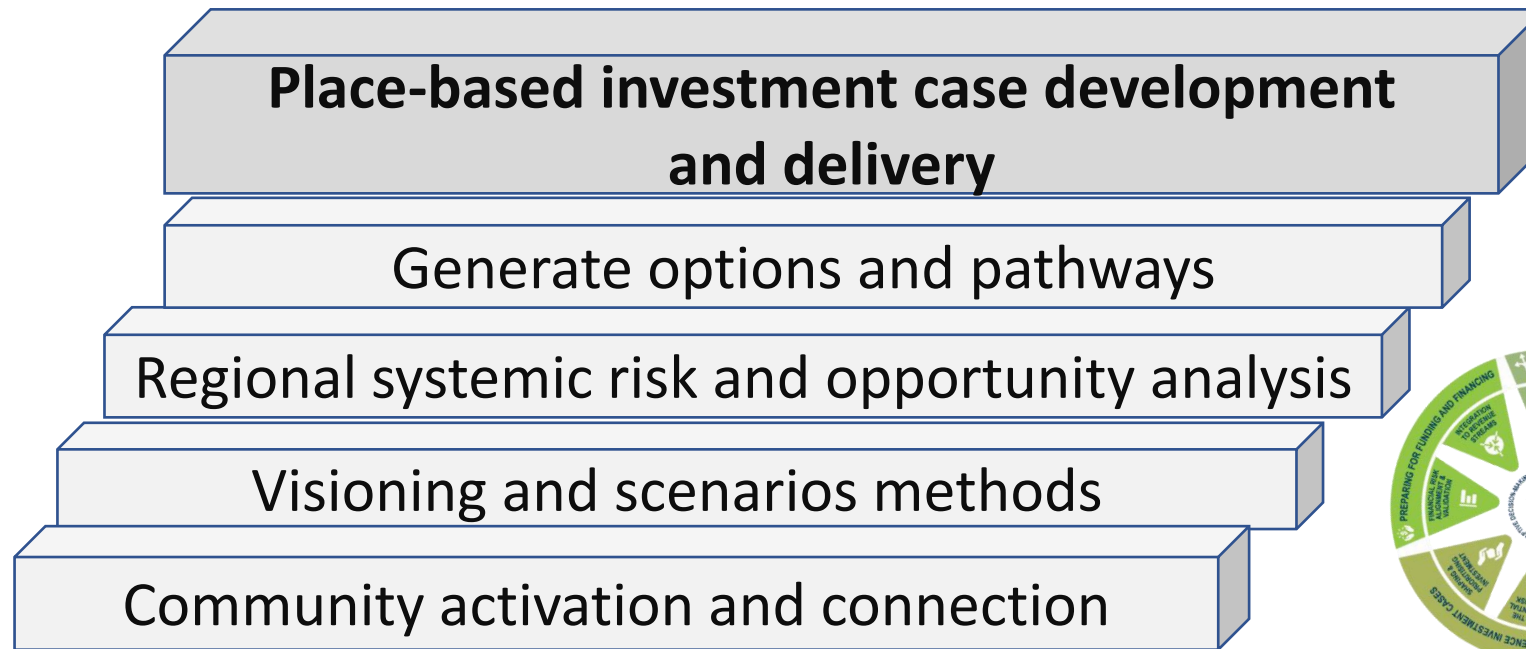


Step 3. Authorise and support governments to play larger and more active roles in regions with communities, as stakeholders and participants



What will it take to enable resilience investment?

Game C. Build the capabilities for process and analysis



Build the place-based “stack”

Step 4. Support / Resource regional investment case proponents

Take away messages

Need a focus on change across agency or organisational boundaries

Three ‘games’ with a range of actors and rules:

- A. Grow a portfolio of demonstration projects
- B. Enhance capacities in governance reform
- C. Create regional capabilities

Some possible next steps

Step 1 Fund & resource regional investment case demonstrations

Step 2 Develop the national capabilities to run these, learn from them, and scale them

Step 3 Governments to play bigger roles in regions as a stakeholder and participant

Step 4 Fund regional investment case proponents / brokers

Step 5

Thank you

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