Federal Government's Budget delivers changes to super but more needed: Actuaries Institute

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- **Actuaries welcome improved flexibility and equity in super, but big issues remain**
- **Welcomes consultation on reinsurance pool design for Northern Australia**
- **Greater and sustained commitment to STEM required**

The Federal Government's 2021-22 Budget, delivered tonight by Treasurer Josh Frydenberg, has outlined a raft of policy measures to guide Australia's economic recovery after the COVID-19 lockdown, the Actuaries Institute said.

The Budget states Australia's recovery has been swifter than the Government expected at the time of the last Budget, but reducing unemployment remains a priority.

The Actuaries Institute commends the Government on the measures to improve flexibility and equity within the superannuation system, especially the removal of the $450 per month threshold for employer payment of the Superannuation Guarantee, and the increase in the First Home Super Saver to $50,000.

The Institute also welcomes the increase in the Pension Loans Scheme to provide more Australians with flexibility for funding their retirement.

However, big issues remain. The Government has not leveraged the Retirement Income Review to make more impactful changes to the retirement incomes system, such as measures to help non-homeowners (renters) in retirement, in particular some of the most at risk of poverty in retirement - single female renters.

"The system also still lacks an overall objective for superannuation and its role in supporting retirement incomes," said Actuaries Institute President Jefferson Gibbs. "The Institute urges the Government to provide clarity on the purpose of superannuation, to enable more substantive reforms to be sensibly made to improve the system," he said.

The Federal Government also announced some further detail around a reinsurance pool, backed by a $10 billion government guarantee, to improve affordability of insurance premiums in northern Australia.

Actuaries Institute research shows 7% of Australia's population experience medium to high pressure meeting their annual home building insurance premiums. Insurance pools can help reduce premiums but need to be implemented alongside forward looking building codes and land use planning, and investment in climate risk mitigation.

"The Government is to be commended for taking steps to help Australians protect themselves against the risk of shock events, such as natural disasters," Actuaries Institute Chief Executive, Elayne Grace, said.

"Actuaries recognise that solutions require sustained and considered involvement across a broad range of stakeholders. But it is important we also get further commitment to forward looking land use planning and building codes, and climate risk mitigation.

"Overall, the Institute welcomes targeted spending that increases the wellbeing of all Australians and is particularly pleased to see a significant increase in spending on many important areas, including aged care, mental health and having a strong and fair National Disability Insurance Scheme," Ms Grace said.

The Institute welcomes the Budget measures to further promote STEM and the digital economy but believes continued focus over a sustained period will be required to ensure Australia seizes all future digital and technological innovation opportunities.

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As the sole professional body for Members in Australia and overseas, the Actuaries Institute represents the interests of the profession to government, business and the community. Actuaries assess risks through long-term analyses, modelling and scenario planning across a wide range of business problems. This unrivalled expertise enables the profession to comment on a range of business-related issues including enterprise risk management and prudential regulation, retirement income policy, finance and investment, general insurance, life insurance and health financing.

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