



Actuaries
Institute.

23 May 2025

The Hon. Chris Bowen MP
Minister for Climate Change and Energy
PO Box 6022
Parliament House
CANBERRA ACT 2600

Email: [REDACTED]

Dear Minister,

Policy considerations for the Government

The Actuaries Institute (Institute) wishes you and the Government continued success as you lead Australia through a period of significant transition to address climate change challenges and seize emerging opportunities.

With a membership spanning many aspects of financial services and other industries, and specialist groups on climate change and sustainability as well as data science and AI, the Institute brings a broad perspective to climate and sustainability policy discussions. Recognising that climate change represents one of the greatest challenges and opportunities facing Australia and the need for wide collective stakeholder action, the Institute strongly supports the Government's commitments to decarbonise the economy and an ambitious, orderly and just transition that is fair and equitable for all.

As you begin this term we share our support for progress on several initiatives and our insights for future policy development. We look forward continuing to assist you, your ministerial colleagues and the Department.

Policy priorities we encourage

- Setting and publishing **an ambitious but achievable 2035 National Determined Contribution** for emissions reductions.
- Supporting **a significant step up in timely and coordinated investment in adaptation and resilience**, given that additional warming is inevitable, and there is strong evidence of high benefit to cost ratios of these investments, although these are difficult to realise.
 - Some of this investment must be at a community level, such as the hardening of infrastructure (e.g. roads, bridges, levees) and other investment must be at specific property level. The balance of funding needs to shift from being very predominantly post event disaster recovery to being more risk mitigation and adaptation. Further reform of **building codes and land use planning** are critical elements, along with measures that support building back better/building forward, to enhance resilience, discourage unsustainable behaviours, and share the burden of future-proofing our housing stock across society.

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- Completing the **review of environmental laws** and the proposed **nature positive** legislation, to simplify regulation, as well as making it more effective and efficient for all stakeholders. Not only would this protect and restore nature, and the biodiversity it contains, but this also plays a vital role in limiting emissions and adapting to climate impacts.
- Continued support for key Government agencies and initiatives that can provide foundational support to help underpin greater private investment, such as through the **Clean Energy Finance Corporation**, the ongoing work of the **Australian Sustainable Finance Initiative (ASFI)** and continued development of the **Government's green bonds program**.
 - We see it as critical that ASFI's taxonomy be expanded to include criteria for climate change adaptation and resilience to assist unlocking some of the barriers to private sector investment. Furthermore, the current exclusion of adaptation and resilience increases the risk of maladaptation. This policy initiative can also enhance longer-term productivity.¹
- Continued support for independent expert advisers and sources of information to guide Government and all stakeholders, including the **Climate Change Authority** as a foundational independent expert adviser.
- Completing, publishing and implementing the **National Climate Risk Assessment** and implementing the **National Adaptation Plan** with appropriate funding support. These will also help inform effective investment by all stakeholders.
- The Institute strongly supports the work underway in the **Australian Bureau of Statistics, as part of the Australian Climate Service**, to gain further insights into insurance affordability and availability, which will complement and build upon the very substantial insights the Institute has published. This is an initiative of the National Emergency Management Agency and the Hazards Insurance Partnership.
 - The Institute's research on [Home Insurance Affordability and Home Loans at Risk](#) estimated that as at March 2024, 15% of Australian households faced home insurance premiums exceeding 4 weeks of gross household income (extreme affordability pressure), with premiums on average costing 9.6 weeks of their gross annual income. This provides an indication of likely under or uninsured households, where risk is being borne by consumers, the community and government. Further, we estimated that \$57 billion of home loans outstanding (3% of home loan assets) were secured by properties with extreme affordability pressure, with some regions of Australia having up to 16% of home loans at risk. For these loans, if disaster impacts the property, the loan is at greater risk of becoming impaired. Insurance affordability therefore also has implications for loan availability for consumers, with wider implications for communities and the banking system. An earlier paper, [Home insurance affordability and socioeconomic equity in a changing climate](#), highlighted how there is a strong socioeconomic dimension to insurance affordability under different emissions reductions scenarios.

¹ Our submission on this issue, including how it can be incorporated in the taxonomy, is available [here](#).

- Continuing support for **transition finance mechanisms**, such as the Capacity Investment Scheme and Future Made in Australia, to help facilitate the transition being as ambitious, orderly and just as possible.

Our full suite of thought leadership on climate and sustainability issues is available [here](#), including our public policy statement on climate change, quarterly updates to the Australian Actuaries Climate Index, research on home insurance affordability and submissions.

We look forward to continuing to work with you

The Institute values its strong relationship with all levels of government and looks forward to continued discussions on climate change and energy matters. We would be delighted to meet with you to discuss these important policy considerations in greater detail. I can be contacted via executive@actuaries.asn.au, and the Public Policy Team can be contacted via public_policy@actuaries.asn.au, or (02) 9239 6100.

Yours faithfully,

Elayne Grace
CEO

Copy: Senator The Hon. Murray Watt, Minister for the Environment and Water

The Hon. Josh Wilson MP, Assistant Minister for Climate Change and Energy

The Hon. Kate Thwaites MP, Special Envoy for Climate Change Adaptation and Resilience

Mr David Fredericks PSM, Secretary of the Department of Climate Change, Energy, the Environment and Water