



## Actuaries Institute.

30 January 2026

Budget Policy Division  
Department of the Treasury  
Langton Crescent  
PARKES ACT 2600

Email: [prebudgetsubmissions@treasury.gov.au](mailto:prebudgetsubmissions@treasury.gov.au)

Dear Sir/Madam

### Pre-Budget Submission (2026/27)

The Actuaries Institute ('the Institute') welcomes the opportunity to provide feedback on priorities for the 2026/27 Budget.

The Institute is the peak professional body for actuaries in Australia. Our members work in a wide range of fields including insurance, superannuation and retirement incomes, banking, enterprise risk management, data analytics and AI, climate change and sustainability, and government services.

The Institute has a longstanding commitment to contribute to public policy discussions where our members have relevant expertise. The comments made in this submission are guided by the Institute's 'Public Policy Principles' that any policy measures or changes should promote public wellbeing, consider potential impacts on equity, be evidence-based and support effectively regulated systems.

We recognise the Government faces significant fiscal constraints and competing priorities in an uncertain economic environment. Within the context of the 2026/27 Budget, the Institute supports:

- Increased investment in climate risk adaptation and resilience, recognising the growing fiscal and social exposure from natural disasters and the cost-effectiveness of proactive adaptation measures.
- Implementation of the National AI Plan and AI Safety Institute to build sovereign capability while managing risks and ensuring all Australians benefit from AI advancement.
- Reform of private health insurance and broader health systems, including addressing mental health funding fragmentation and NDIS sustainability.
- A modernisation of life insurance products to improve consumer outcomes, including a Federal recommitment to a product rationalisation framework and support for stamp duty revisions.
- More generally, we reiterate the importance of policy measures addressing intergenerational equity, including reforms to housing and the tax system. Rising house prices relative to wages in metropolitan areas is creating intergenerational inequity, while the risk of climate-driven price declines in high climate risk regions could drive geographic inequity. Housing, as a fourth pillar of retirement, represents one of the most significant equity issues and overcoming this challenge will require integrated solutions across government policy, financial services and individual planning.

We note most of these five key areas require a collaborative and co-ordinated approach with State and sometimes also local government.

The attachment sets out specific recommendations and analysis under each theme.

If you would like to discuss any aspect of this submission, please contact the Institute via (02) 9239 6100 or [public\\_policy@actuaries.asn.au](mailto:public_policy@actuaries.asn.au).

Yours sincerely,

[Signed]

Elayne Grace

CEO

## Attachment

### 1. Climate Risk – Improving Resilience and Adaptation

The Institute welcomes the 2035 Net Zero Plan and progress on the National Climate Risk Assessment and National Adaptation Plan. However, with disaster costs currently at \$38 billion per year and forecast to reach \$73 billion by 2060 ([Deloitte Access Economics 2021 Special report](#)), significantly increased investment in adaptation is critical to managing the growing financial burden and wider societal risks .

We recommend:

- Establishing a National Adaptation Investment Framework aligned to the National Adaptation Plan, with improved cost-benefit analysis frameworks reflecting social impacts, uncertainty and tail-risk. (Tail risk is the risk of rare, high-impact events and is expected to increase non-linearly as the climate changes.)
- Treasury modeling under the Net Zero Plan that integrates emissions pathways, natural disaster costs and adaptation investment requirements to support systematic budget prioritisation.
- Commonwealth adaptation funding designed to crowd in private capital through co-investment structures and concessional finance.
- Extending the Australian Sustainable Finance Taxonomy to include clear definitions of 'adaptation' to unlock private capital for climate resilience.
- Removing inefficient state-based insurance taxes (emergency services levies and stamp duty on home insurance) to improve insurance affordability and community resilience.

Persistent insurance affordability stress is a leading indicator of under-investment in resilience. The Institute's research showed that as at March 2024, 15% of Australian households faced extreme home insurance affordability pressure, with climate change expected to materially worsen this. Investment in household-level adaptation, resilience ratings and improved building standards is essential to limit the pressure on insurance affordability.

A substantive discussion of these recommendations and issues is provided in the Institute report [Mobilising Investment For Climate Adaptation](#) published in November 2025.

### 2. Digital Technology and AI Capability

The Institute supports the Government's commitment to capturing AI opportunities while managing risks, particularly through the National AI Plan and establishment of the AI Safety Institute.

We recommend budget allocations supporting:

- Building sovereign AI capability through investment in local development, research commercialisation, and domestic talent.
- AI infrastructure including computing capacity and positioning Australia as a regional AI hub.
- Widespread AI adoption support for small and medium sized enterprises (SMEs), not-for-profits and regional communities, including workforce development and skills programs.
- Ensuring the AI Safety Institute has adequate ongoing funding to monitor, test and share information on AI capabilities, risks and harms, with effective coordination across government agencies.
- Continued consideration of public and private investment in quantum computing research and infrastructure, with early planning for quantum-related cybersecurity challenges.
- Continued development of practical, cost-efficient cybersecurity measures accessible to SMEs.

The Institute reiterates its offer of our risk assessment and management expertise to support the AI Safety Institute's work, particularly in insurance, financial services and risk modeling.

Substantive discussion of these recommendations and issues is provided in these Dialogue papers:

- [Where are Australia's Data Science Leaders? The Case for Technical Career Pathways](#)
- [Introduction to Quantum Computing](#)
- [Building Tomorrow: Preparing Australia for the Age of AI](#)

### 3. Health and Disability Systems

#### Private health insurance reform

The Institute acknowledges and supports policy objectives to ensure access and affordability of comprehensive Private Health Insurance (PHI) cover for consumers, as part of wider access to healthcare for all Australians. We applaud the progress of improving transparency of healthcare specialist pricing through enhancements to the Medical Costs Finder tool.

We recommend:

- Detailed examination of affordability challenges and systematic review of cost drivers, including private hospital-insurer relationships and whether costs shared between insurers through risk equalisation can be set more optimally to promote greater system efficiency.
- Review of PHI policy settings to increase support for prevention and to transition the system to deliver healthcare in more contemporary settings.
- Continued improvements in transparency of provider pricing and hospital financial performance, with close monitoring of provider responses and regulatory mechanisms to address pricing practices that contribute to excessive out-of-pocket costs for consumers.
- Continued focus on strengthening value propositions for younger members to ensure sustainable risk pools.

We note the Government's plans to legislate against PHI product phoenixing. The Institute's [response](#) to the Department of Health's recent consultation on Outlawing Private Health Insurance product phoenixing provides our detailed analysis of these issues.

#### Mental health and disability systems

Australia's fragmented personal risk protection system spans 22 funding mechanisms totalling \$18 billion annually across life insurance, workers compensation, Compulsory Third Party (CTP), National Disability Insurance Scheme (NDIS) and social welfare. Financial pressures are intensifying: mental health workers' compensation claims cost four times more than other claims and have grown 43% over the past decade, while life insurance Total and Permanent Disability (TPD) claims due to mental ill-health increased 433% between 2014 and 2022.

We urge the Government to fund a comprehensive review of Australia's personal risk protection system, as recommended by the Productivity Commission in its 2023 [5-year Productivity Inquiry Report \(Volume 3, Recommendation 3.1\)](#), focusing on:

- Addressing structural problems in the mental health financial safety net through a whole-of-system priority investment approach.
- Investing in a national data strategy and systems intelligence.
- Developing contemporary funding designs supporting better resource allocation.

Substantive discussion of this recommendation and these issues is provided in the Institute report [The Mental Health Financial Safety Net](#) published in November 2025.

## **NDIS sustainability**

The Institute welcomes recent NDIS legislative changes.

We recommend continued priorities include:

- Addressing workforce supply constraints in care workers and allied health professionals.
- Implementing the new planning framework and I-CAN assessment tool with equitable funding allocation mechanisms.
- Building the evidence base on effective early intervention, particularly for childhood supports.

## **4. Intergenerational Equity and Fiscal Sustainability**

### **Housing affordability and intergenerational equity**

Intergenerational issues remain important, and intersect with the areas above, including the Government's response to climate change.

Housing affordability represents a particularly significant intergenerational equity challenge.

We recommend:

- Continued focus on housing affordability, informed by analysis of the complex factors driving this issue and acknowledging the existing significant investment through the Housing Australia Future Fund.
- Addressing the intersection between housing affordability and climate risk for vulnerable households (refer to earlier discussion under the area of Climate Risk – Improving Resilience and Adaptation).

The Institute will release a new paper in the first half of 2026, updating the Australian Actuaries Intergenerational Equity Index with spotlights on housing, expected to include a particular focus on renting, and the impacts of Australia's tax and transfer systems.

### **Fiscal sustainability**

Noting a Budget in material structural deficit has implications for younger generations, discipline on overall spending is welcome. Moderating the growth of NDIS spending (refer to earlier discussion under the area of Health and Disability Systems) and routine evaluation of all areas of significant Government expenditure will contribute to this goal. The Institute also supports continued consideration of tax reforms.

We recommend:

- Continued investment in data linkage and longitudinal modelling, evaluation and measurement of program interventions, and filling gaps in data collection.
- Continued consideration of superannuation taxation reform to improve equity and long-term sustainability, ensuring any measures are efficient and avoid materially increasing system complexity.
- State-based tax reform to remove inefficient insurance taxes and replace with more equitable revenue sources.

Substantive discussion of these recommendations and issues is provided in these Institute papers:

- [Mind the Gap - The Australian Actuaries Intergenerational Equity Index](#) (published in August 2020)
- [A narrow escape? The 2021 Australian Actuaries Intergenerational Equity Index](#) (published in May 2021)
- [Not a level playing field - Exploring issues of inequality](#) (published in May 2023)
- [Housing in Australia: Financial Journeys Through Affordability, Retirement and Climate Challenges](#) (published in June 2025)

- [Superannuation Tax Reform](#) (published in December 2024)
- [Providing better support for children with autism and developmental delay](#) (published in September 2023).
- [Actuaries Institute Submission to Treasury – Economic Reform Roundtable](#) (published 24 July 2025)

## 5. Life insurance and financial advice reforms

The Institute supports simplification of the group insurance in superannuation system including a review of state-based stamp duty on life insurance premiums to improve retirement outcomes. Further discussion of these recommendations is provided in the Institute's public policy statement from August 2025 [Group Insurance in Superannuation](#).

We urge the Government to support development of a life insurance product rationalisation framework to enable consumers in legacy products to transfer to contemporary products, with appropriate consumer protections including no-detriment principles and compensation mechanisms for any adversely affected policy holders.

We support continued investment in the *Delivering Better Financial Outcomes* reforms, with refinements needed around advice definitions, legislative recognition of guidance, and expanded data access for superannuation funds. The Institute's October 2025 Discussion Paper [Financial Advice Reform and Help, Guidance and Advice](#) sets out a framework for financial institutions to bridge Australia's advice gap through tiered support ranging from help to guidance to advice. We recommend refinements around clearer advice definitions that distinguish simple guidance from complex advice, legislative recognition of guidance to enable superannuation funds to provide directional support without triggering full advice obligations, and expanded data access for superannuation funds to deliver personalised member support.