

Hon. Stephen Jones MP
Assistant Treasurer and Minister for Financial Services
Parliament House
ACT 2600

2025/26 Pre-Budget Submissions

The National Insurance Brokers Association (NIBA) welcomes the opportunity to contribute to the Australian Government's 2025-26 Budget process. NIBA members are at the forefront of helping Australians manage risk, particularly in the face of increasingly severe natural disasters and emerging risks.

While insurance provides a vital safety net for Australian communities, it is only one part of the solution. A proactive approach to disaster mitigation, focused on long-term investments at both community and household levels, will reduce the impact of natural disasters, enhance resilience, and alleviate the financial pressures that increase insurance premiums.

This submission outlines three key recommendations to achieve these outcomes:

- expanding the Disaster Ready Fund,
- introducing a national co-funded household mitigation scheme, and
- creating an advisory committee to address emerging risks.

Together these measures represent a critical investment in Australia's future, helping to strengthen household and community resilience, improve insurance affordability and ensure communities and businesses can thrive in the face of growing challenges. NIBA welcomes the opportunity to work with the government to achieve these critical reforms and create a more resilient future for all Australians. Should you have any queries in relation to our submission or wish to discuss any of the matters raised, please do not hesitate to contact Allyssa Hextell, Head of Policy and Advocacy, at ahextell@niba.com.au.

Yours sincerely,



Richard Klipin
Chief Executive Officer
National Insurance Brokers Association

T: +61 2 9964 9400
E: info@niba.com.au

Suite 4.01B, Level 4,
31 Market Street, Sydney
NSW 2000

The Case for Long-Term Level Disaster Mitigation

As professionals at the frontline of risk management, brokers witness the growing challenges faced by households, businesses, and communities in managing the impacts of increasing natural disasters. Insurance serves as an essential safety net for Australian households, businesses, and communities, offering critical support amidst the growing challenges posed by natural disasters and economic pressures.

With premiums predicted to rise to levels that would make one in 25 homes "effectively uninsurable" in just five years' time, it is vital that action is taken to address the key barriers that contribute to the affordability and accessibility challenges currently faced by Australians.

NIBA commends the Government for establishing the Disaster Ready Fund (DRF) to support disaster mitigation and resilience projects across Australia. This initiative reflects a critical recognition of the need for proactive investments to reduce the impact of natural disasters. However, given the worsening impacts of climate change and extreme weather, investment in disaster resilience must extend beyond the 2028–29 end date of current DRF funding.

To enable communities and governments at all levels to make a meaningful investment in disaster mitigation and resilience projects, NIBA strongly supports transitioning to a rolling ten-year disaster mitigation funding program. This approach mirrors existing long-term funding mechanisms and aligns with the Government's stated objective for the DRF to serve as an enduring fund.

Additionally, this figure should be indexed annually to ensure it keeps pace with inflation. Under current arrangements, the \$200 million/year figure would be reduced to \$171 million in real terms by the end of the current funding commitment.¹

Recommendations

1. Expand the Disaster Ready Fund to a ten-year program to provide certainty and enable the planning of long-term projects targeting high-risk areas.
2. Index disaster mitigation funding to ensure it keeps pace with inflation, avoiding a decline in real terms.

¹ This figure assumes a conservative inflation rate of 3% per annum.

Household-Level Mitigation: A Critical Priority

While community-level investment is essential for building a more resilient Australia and addressing the underlying risks that contribute to insurance unaffordability, for many communities, such projects will have limited effectiveness in enhancing resilience to natural disasters, particularly in areas frequently impacted by tropical cyclones. In such cases, household-level mitigation efforts provide a practical and impactful alternative.

The rising frequency and intensity of natural disasters underscore the urgent need for individuals and communities to adopt proactive measures to safeguard themselves and their properties from damage. However, the cost of implementing these mitigation measures is often prohibitively high for many homeowners and small businesses, leaving them exposed to the impacts of severe weather events.

While increasing building standards to meet the demands of Australia's harsh weather conditions is an effective way to mitigate damage caused by natural disasters it fails to address the growing disparity as existing structures increasingly lag behind modern resilience requirements. Without support, this gap in preparedness will exacerbate losses, strain government recovery efforts, and drive-up insurance premiums in high-risk areas.

A national household mitigation scheme would empower homeowners to take proactive steps, such as retrofitting homes for cyclone or fire resistance.

Such a programme would deliver numerous positive outcomes, including reducing the risks and costs associated with natural disasters, providing a substantial boost to the economy by creating jobs and stimulating investment in the construction and engineering sectors, and enhancing community resilience and self-sufficiency.

Similar programs have been successfully implemented both domestically by state governments and internationally. One notable example is the 'My Safe Florida Home' programme, which operated from 2007 to 2009 and provided Florida homeowners with free assessments to identify structural vulnerabilities in their properties and offered grants to help them retrofit their homes for improved resilience.

Recommendations

3. Introduce a co-funded program to help homeowners implement property-level mitigation measures supported by federal and state governments.

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E: info@niba.com.au

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31 Market Street, Sydney
NSW 2000

Building Resilience to Emerging Risks

In addition to increasing risk from natural perils, communities and businesses are also facing emerging risks, such as cyber, Artificial Intelligence, and political unrest. Australians are largely unprepared for these events despite recognising the significant risks they pose due to the rapid evolution of such risks and the lack of tools and expertise to effectively mitigate them.

To address these challenges, the government should establish an advisory committee to provide expert guidance on emerging risks and appropriate mitigation measures. This information should be shared with state and local governments where appropriate, ensuring a coordinated and informed approach to risk management across all levels of government

Recommendations

4. Establish an advisory committee to provide guidance on emerging risks and appropriate mitigation measure