

Public Policy Framework

1. Overarching purpose

Council has determined that the Institute will continue to engage in public policy development within key areas related to the profession's areas of expertise and interest.

The Actuaries Institute is committed to promoting the actuarial profession and providing expert commentary on public policy issues related to the uncertainty of future financial outcomes. We strive to act in the public interest and our contributions are guided by the principles of transparency, a 'level playing field' and good regulation. Viewed by policy makers as non-partisan thought leaders and trusted advisers, we bring our evaluation of risk and opportunity to areas in which actuaries are known for providing valued advice and authoritative comment. We continue to have significant influence on the development of regulation, financial reporting, risk management and related practices in Australia and Asia.

By engaging in public policy discussions, the Institute aims to:

- ▶ use actuarial skills to benefit the community;
- ▶ increase awareness of the profession's skills and influence and thereby increase demand for actuaries' expertise;
- ▶ enhance the profession's reputation as a trusted, credible source of advice on relevant issues;
- ▶ create the opportunity for an ongoing role for actuaries in policy formulation; and
- ▶ demonstrate to the membership the influential role of the Institute and the profession.

2. Criteria for selecting public policy issues

The Institute develops and promotes the profession's value by contributing to, and informing debate on, public policy. We engage in public policy issues where we can identify:

- ▶ public benefit – by enabling actuaries to contribute their skills and expertise to help solve policy problems facing business and the broader community;
- ▶ actuarial insights – where the profession can provide unique insights to assist the development of policy positions;
- ▶ strategic opportunity – choosing topics of significant importance and reflective of areas in which actuaries work and that will increase awareness of the contribution actuaries can make; and
- ▶ materiality and impact – focusing on issues impacting a large sector of the community (directly or indirectly) and where we can have meaningful impact.

3. Public policy principles

The Institute's public policy principles guide the development of our key policy positions and submissions. We strive to act in the public interest and our contributions are guided by the principles of transparency, a 'level playing field' and good regulation. In research and communication, we ensure the actuarial point of view is expressed in a non-partisan way to stakeholders.

The public policy principles are as follows:

I. THE PUBLIC BENEFIT

As a professional body, the Institute holds the 'public interest' or 'common good' as a key principle in developing policy. The public benefit may include the best interests of:

- ▶ the Australian community as a whole, sometimes referred to as the 'common good'; and/or
- ▶ a part of the community, such as a particular group of consumers.

II. RISK FOCUS

In developing solutions to public policy problems, actuaries take an evidence-based approach that focuses on risks:

- ▶ What are the risks?
- ▶ Who carries the risks?
- ▶ Who should carry these risks?
- ▶ Are there means by which the risks may be mitigated?
- ▶ How can we ensure that the risks are carried more appropriately?

This also incorporates a range of sector-specific principles, for example, the right to underwrite in insurance.

III. TRANSPARENCY AND DISCLOSURE

The careful analysis that actuaries can provide is underpinned by the availability of data and information. Broadly, the more data that is available and the better quality of that data, the more accurately risk can be assessed. Actuaries also value clear, concise and standardised disclosure of information to consumers on the basis that such disclosure enables consumers to exercise informed choice.

IV. EQUITY

Individuals should be given fair treatment with intergenerational and intragenerational equity being considered

V. THE 'LEVEL PLAYING FIELD'

For commercial enterprises, this policy principle means that all entities are allowed to compete on a 'level playing field'. This should translate into avoidance, where consistent with the other policy principles, of policies that inhibit competition such as unnecessary barriers to entry and unequal treatment across sectors.

VI. 'GOOD' REGULATION

Excessive or unnecessary regulation can obstruct an efficient market from functioning and can undermine the 'public interest'. Some key elements of 'good' regulation include:

- ▶ proportionality – between the regulatory solution and the problem that it intends to solve; and
- ▶ appropriate regulatory tools – considering a range from self-regulation to prescription, where appropriate.

4. Engagement strategy

We will develop appropriate and targeted engagement plans to advocate our policy positions to stakeholders. The following are examples of relevant engagement targets:

- ▶ Government and Opposition political spokespersons (for example, Treasury, Finance, Social Services, Health);
- ▶ Government departments and agencies (for example, Treasury, Prime Minister and Cabinet, Finance, APRA, ASIC);
- ▶ Business and industry groups, such as Financial Services Council, Insurance Council of Australia, Association of Superannuation Funds of Australia, Australian Institute of Superannuation Trustees, Business Council of Australia; and
- ▶ Media – key financial journalists.

The channels for engagement include:

- ▶ submissions – on relevant major public policy issues;
- ▶ face-to-face meetings with major policymakers;
- ▶ media – President/CEO to promote Institute's public policy positions; and
- ▶ events – utilise Institute events to promote public policy positions.