

LEGISLATING THE OBJECTIVE OF SUPERANNUATION

HESTA Submission – September 2023

HESTA welcomes the opportunity to make a submission to the consultation on the exposure drafts and explanatory materials for the Superannuation (Objective) Bill 2023 and Superannuation (Objective) (Consequential and Transitional Provisions) Bill 2023.

We previously submitted to the consultation on legislating the objective of superannuation, and the submission can be found [here](#).

The Australian superannuation system is one of the best in the world, however gaps remain. As a profit-to-member super fund whose members are predominantly low- and middle-income earning women, HESTA has long advocated for measures to close the gender super gap, including through payment of superannuation on the Parental Leave Pay Scheme and better targeting super tax concessions to those who need it most.

HESTA strongly supports enshrining the objective of superannuation in legislation and strongly supports the Government’s proposed wording for the objective.

Our recommendations in this paper are focused on ensuring the objective of superannuation delivers on its promise for all Australians, regardless of how much they earn.

SUMMARY OF RECOMMENDATIONS

Clarify in the explanatory materials the superannuation system’s role in delivering an equitable and dignified retirement income, including measuring progress towards achieving the objective and those policies that impact it:

1. Include in the explanation of the “equitable” key concept that superannuation system settings should not entrench or create inequitable outcomes
2. State an ambition to close the gender super gap, and
3. Ensure sufficiently robust accountability mechanisms are in place to assess superannuation policy against the objective, both at the time superannuation policy change is proposed and over time through a periodic review.

ADVANCING DIGNITY AND EQUITY IN RETIREMENT OUTCOMES

HESTA has a proud history of advocating to address system inequities that impact financial security in retirement for women and other low-income earners, so we welcome the inclusion of “dignity” and “equitable” as key concepts in the objective of super.

The gender super gap exists in large part because policies are not designed with consideration to the impacts on women. HESTA is concerned that these inequities will continue to exist and new ones may inadvertently be created if we do not deliberately and intentionally seek to close them.

In order to achieve dignity and equitable outcomes in retirement the explanatory materials should include that superannuation policy settings should not entrench or compound existing system inequities or create new ones. Further, the explanatory materials should include the specific objective to eliminate the gender superannuation gap or at least address progress toward delivering this outcome.

MEASURES TO SUPPORT THE OBJECTIVE OF SUPER

HESTA welcomes the inclusion of accountability measures, however, we believe for it to be effective in determining progress on achieving the objective of superannuation, the compatibility statement should include a more robust assessment of the proposed policy’s impacts on superannuation savings.

Requiring the compatibility statement to contain analyses such as robust modelling would enable policy makers to:

- measure the proposed policy’s contribution to achieving the objective of superannuation, and
- identify potential adverse consequences of future superannuation policy.

HESTA contends that the ambition to target “support in the superannuation system to those most in need” can only be achieved if the distributional outcomes of superannuation policy are measured on different groups over time, for example, through a Gender Superannuation Impact Assessment.