

29 September 2023

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Dear Mr Jones

### **Legislating the objective of superannuation - August 2023**

Aware Super welcomes the opportunity to provide a submission in response to the exposure draft *Superannuation (Objective) Bill 2023* and *Superannuation (Objective) (Consequential and Transitional Provisions) Bill 2023*.

### **A legislated objective gives clarity to policy makers, industry and members**

Aware Super strongly supports legislating the Objective of superannuation and the proposed wording in the draft legislation.

The legislated Objective will provide a degree of policy certainty to assist in long-term planning and investment decisions, without applying unnecessary hurdles to important ongoing reforms.

We are pleased that the Objective in the draft legislation has:

- provided additional clarity around the principle of preservation;
- retained the focus on equity and sustainability as key concepts; and
- included the requirement for a statement of compatibility for new legislation and regulations related to superannuation.

### **Preservation of super savings**

Aware Super supports the inclusion of preservation as a key concept in the Objective. Preserving savings until retirement is a core pillar of the super system and ensures that compounding returns are maximised, enhancing financial security in retirement.

We welcome the additional clarity around the limited and exceptional conditions for early release and the importance of affordable group insurance to the financial security of workers, both of which are consistent with the Objective.

### **Equity and sustainability are key to a successful system**

It is crucial to the ongoing integrity of Australia's retirement system that outcomes for individuals are equitable, while the system as a whole remains financially sustainable. We have strongly supported the inclusion of both concepts in the proposed Objective.

As part of this balance, it is important to consider the distribution of tax concessions, to ensure the system is not inappropriately subsidising the savings of some Australians while under-serving others.

We also welcome the acknowledgement in the explanatory materials of the "important role of policy action outside the superannuation system to address underlying factors that can flow through to

superannuation outcomes” in recognition that not all equity measures are directly related to superannuation.

Aware Super will continue to advocate for policies inside and outside of super to support greater equity for women, Aboriginal and Torres Strait Islander people, and other groups who experience poor retirement outcomes.

This includes measures to address the gender pay gap, paying super on paid parental leave, increasing the low income super tax offset payment and implementing a ‘carers credit’ model to ensure caring work does not impact retirement outcomes.

### **Assessing future reform**

In our previous submission on the draft wording of the Objective, we highlighted the need for future reform to be assessed to ensure compatibility with the Objective.

We welcome the requirement that a statement of compatibility with the objective be prepared for a Bill or regulation that relates to superannuation.

The statement of capability provides a public measure of accountability for system changes.

### **Conclusion**

As we emphasised in our submission on the draft wording of the objective, a legislated Objective for the system is long overdue. Both the 2014 Financial System Inquiry and the 2020 Retirement Income Review recommended that an objective be adopted to provide clarity and consistency for policy makers, industry and members.

Clarity around the objective of super supports the long-term effectiveness and stability of the system and contributes to public trust and confidence.

Aware Super looks forward to working with the Government and other key stakeholders to see the Objective legislated as soon as possible. If you wish to further discuss any aspect of this submission, please contact David Johnson, Policy and Government Relations Adviser, at [David.Johnson@aware.com.au](mailto:David.Johnson@aware.com.au).

Best Regards



Deanne Stewart  
Chief Executive Officer

### **About us**

We’re Aware Super - Money Magazine’s Best and a Canstar Outstanding Value Super Fund for 2023.<sup>1</sup> As one of Australia’s largest profit-for-members funds, we always remember whose money it is and whose future we’re looking after. Along with super returns of 9.3% p.a.<sup>2</sup> (over ten years, for our High Growth option), and expert super advice and guidance for right now, it’s what makes us super helpful.

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<sup>1</sup> Visit [aware.com.au/awards](http://aware.com.au/awards) for awards information.

<sup>2</sup> SuperRatings Fund Crediting Rate Survey 30 June 2023 SR50 Growth (77-90) Index. Returns are after investment fees and costs, transaction costs, tax on investment income and any implicit admin fees. Past performance is not an indicator of future performance.