



Urgent Action Needed to Address Billions in Super Theft

Australian Council of Trade Unions (ACTU)
Submission on Payday Super Exposure Draft Bill

ACTU Submission, 21 April 2025
ACTU D. No 12/2025

Contents

Introduction	1
Necessity for Payday Super	2
Benefits of Payday Super	2
Direct action to prevent superannuation theft.....	2
Reducing administrative burden.....	2
A level playing field for all	2
Growing workers' retirement savings	3
Benefiting workers most in need	3
Benefiting the country and the economy	3
Onboarding: Recommendations	3
Recommendation 1: Default fund/s notice during onboarding.....	3
Recommendation 2: Protecting the delivery of critical information and education	4
Stapling & Insurance: Recommendation.....	4
Recommendation 3: Stapling exemption for those entering high-risk industries to ensure appropriate insurance coverage	4
Conclusion	4

Introduction

Since its formation in 1927, the Australian Council of Trade Unions (ACTU) has been the peak trade union body in Australia. There remains no other national confederation representing Australian unions. Together with its 35 affiliate unions, the ACTU represents over 1.7 million trade union members around Australia who work across a broad spectrum of industries and occupations in both the public and private sectors.

For nearly 100 years, the ACTU has played the leading role in advocating on behalf of working people to improve working and living standards, improve safety at work, eliminate inequality and secure a better future for all Australians.

The campaigns of the Australian trade union movement have led to the creation of many of the social and economic pillars of modern Australia. Through industrial action, bargaining, advocacy and public campaigning, the union movement has won improvements for all workers. The ACTU was instrumental in the creation of the Accord which introduced universal and compulsory superannuation through the legislation of the Superannuation Guarantee (SG) by the Keating Labor Government.

In addition to facilitating working people to come together to win fairer workplaces and a fairer country, unions assist members through providing representation, legal advice, education and training to support workers to understand and uphold their legal rights.

Australian unions continue to fight for and win improvements to the lives of working people including annual minimum wage and SG increases. The Australian trade union movement will always advocate for the rights of working people to dignity and fairness in all aspects of their working and retirement lives.

The ACTU welcomes the Exposure Draft Bill to mandate payday super to reduce the \$5 billion of superannuation theft that occurs every year.¹ Payday super is a crucial step towards ensuring that workers receive the superannuation that they are legally entitled to and can retire with dignity.

The legislation presents additional opportunities to improve the superannuation system for workers through introducing measures to ensure that workers can make an informed choice when

¹ [Addressing unpaid super will help workers and employers alike | SMC Australia](#)

choosing a fund during onboarding, protecting the provision of legal and financial information and ensuring that workers have industry appropriate insurance.

Payday super, informed choice of fund, legal and financial information and education, and industry appropriate insurance will deliver significant progress towards realising the Objective of Superannuation to enable all workers to work and retire with dignity.

Necessity for Payday Super

Superannuation is a fundamental industrial right enshrined in Modern Awards, Enterprise Agreements and the National Employment Standards (NES) in the *Fair Work Act*. Not paying superannuation is wage theft, a criminal offense. Despite this, \$5 billion worth of super is stolen from Australian workers every single year. Therefore, urgent action is required to address superannuation theft. The requirement to pay superannuation at the same time as wages is both a necessary policy response to superannuation non-compliance and will deliver far-reaching benefits to workers, businesses, Government and the Australian economy.

Benefits of Payday Super

Direct action to prevent superannuation theft

Mandating payment of superannuation at the same time as wages will provide greater visibility over superannuation compliance for Government, superannuation funds, workers and their unions. Increased visibility incentivises compliance and makes it easier to identify and rectify super theft. Additionally, the requirement to pay superannuation at the same time as wages communicates to all employers that superannuation is an industrial right and legal obligation with the same importance and compliance oversight as wages.

Reducing administrative burden

Aligning superannuation payments with wages reduces the administrative burden on employers currently maintaining different wage and super payment schedules. For this reason, many employers report that they already pay super at the same time as wages. Furthermore, smaller and more regular superannuation payments will assist employers to remain up to date with their obligations instead of falling behind over longer periods of time where the action required to rectify non-compliance is greater.

A level playing field for all

Greater superannuation compliance creates a level playing field between employers as it ensures that those operating legally are not put at a disadvantage to those operating outside of the law. Payday super helps to ensure that all employers are equally compliant with their legal obligations.

Growing workers' retirement savings

Payday super will deliver more regular superannuation payments into workers' superannuation accounts which will significantly increase their compound interest returns and therefore, their quality of life in retirement. When superannuation is paid irregularly, workers' money is kept in employers' accounts and therefore, workers are unable to earn interest on the money that they have earned. Payday super will increase workers' superannuation accounts and the interest they earn thereby, directly improving their retirement outcomes.

Benefiting workers most in need

Payday super will benefit all workers as it will increase compliance with an industrial right. In particular, payday super will significantly benefit women workers, younger workers, casual workers, lower paid workers, migrant workers and those working in insecure or precarious employment. These workers often receive lower wages and therefore, lower superannuation contributions meaning that every dollar in their superannuation account is critical to their retirement security. Furthermore, these workers stand to gain the most from more regular superannuation payments delivering more regular compound interest returns. Payday super is a critical step towards ensuring that superannuation delivers equitably for all workers.

Benefiting the country and the economy

Ensuring that workers receive the superannuation they have earned has great economic benefit. Through superannuation compliance, workers have more money to sustain themselves in retirement, less resources are required to address non-compliance, workers can remain appropriately insured through their funds and workers' savings can be invested to deliver them high returns while driving economic development and growth.

Onboarding: Recommendations

Recommendation 1: Default fund/s notice during onboarding

Superannuation is an industrial right, listed in the NES. A component of this right is workers' right to have their superannuation in an industry appropriate, not-for-profit fund with industry appropriate insurance. To uphold this right, Modern Awards and Enterprise Agreements outline the default superannuation fund/s for a worker who does not choose an alternative fund and who does not have a stapled fund.

To ensure that workers can make an informed choice of fund during onboarding, workers should be informed of the default fund/s in their Modern Award or Enterprise Agreement. Default fund/s should be required to be clearly communicated, in writing, to all workers during onboarding by both the employer and digital onboarding platforms. An ABN is not sufficient to determine default fund

status and therefore, the default fund/s listed in the Modern Award or Enterprise Agreement must be communicated.

Recommendation 2: Protecting the delivery of critical information and education

New employees often undertake inductions where they receive important information on their rights from trade union/s and their Modern Award or Enterprise Agreement default superannuation fund/s. These inductions are a critical component of onboarding where employees are provided with information on their legal rights and financial information and education about their superannuation to maximise their retirement outcomes. Therefore, clarity must be provided that inductions are not impacted by the proposed changes to the onboarding process.

Stapling & Insurance: Recommendation

Recommendation 3: Stapling exemption for those entering high-risk industries to ensure appropriate insurance coverage

Within the right to superannuation is a worker's right to receive insurance through their superannuation which is appropriate for the level of risk they are exposed to in their industry. The level of risk across industries varies greatly and therefore, so too does the level of insurance coverage. As such, industry superannuation funds provide different types and levels of insurance coverage to align with the occupational and industrial risk profiles of their members.

When workers entering high-risk industries for the first time are stapled to their previous super fund, they are unlikely to have appropriate insurance coverage for their new industry's heightened level of risk. Therefore, the ACTU continues to advocate for an exemption to stapling for workers entering high-risk industries to ensure that they can easily access industry appropriate insurance and therefore, that their balances are not inappropriately eroded to pay for inadequate insurance.

Conclusion

The ACTU welcomes the Exposure Draft Bill to mandate payday super to reduce the \$5 billion of superannuation theft that occurs every year. Payday super is a crucial step towards ensuring that workers receive the superannuation that they are legally entitled to and therefore, that they can retire in dignity.

The legislation presents additional opportunities to improve the superannuation system for workers through introducing measures to ensure that workers can make an informed choice when choosing a superannuation fund at the time of onboarding, protecting the provision of legal and financial information and education and ensuring that workers have industry appropriate insurance.

Payday super, informed choice, information and education, and industry appropriate insurance will deliver significant progress towards realising the Objective of Superannuation in guaranteeing superannuation for all workers to enable them to work and retire in dignity.

address

ACTU

Level 4 / 365 Queen Street

Melbourne VIC 3000

phone

1300 486 466

web

actu.org.au

australianunions.org.au