



Delivering the benefits of Payday Super to all workers

Submission by the Australian Council of Trade Unions to the *Senate Economics Legislation Committee Inquiry into the Treasury Laws Amendment (Payday Superannuation) Regulations 2026*

ACTU Submission, 20 April 2026
ACTU D. No 27/2026

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Executive Summary

The Australian Council of Trade Unions (ACTU) strongly supports the introduction of Payday Super and the *Treasury Laws Amendment (Payday Superannuation) Regulations 2026*. Requiring employers to pay Superannuation Guarantee (SG) contributions at the same time as wages is a necessary and overdue reform that will significantly reduce unpaid superannuation and improve workers' retirement outcomes.

Unpaid superannuation remains a systemic problem in Australia, costing workers billions of dollars each year and disproportionately affecting younger workers, women workers, migrant workers and those in insecure employment. Payday Super directly addresses this problem by strengthening compliance and transparency while ensuring that workers benefit from the compounding returns of earlier and more regular contributions.

However, Payday Super alone will not deliver the full objectives of Australia's superannuation system unless it operates within a framework that achieves true universality, adequacy and equity. This inquiry provides an important opportunity to reaffirm the universal nature of superannuation and recommend the removal of current exclusions which entrench retirement inequality.

The ACTU, therefore, recommends:

- Adoption of the *Treasury Laws Amendment (Payday Superannuation) Regulations 2026*,
- Removal of the exemption to workers for a period of parental leave,
- Removal of the exemption to workers under the age of 18 years from receiving superannuation on all hours worked and,
- Removal of the exemption to private and domestic workers receiving superannuation on all hours worked.

Introduction

Since its formation in 1927, the Australian Council of Trade Unions (ACTU) has been the peak trade union body in Australia. There is no other national confederation representing Australian unions. Together with its 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.

The Australian trade union movement led the campaign to establish superannuation to provide workers with dignity in retirement. Through industrial action, bargaining and advocacy at both the Australian Conciliation and Arbitration Commission and the High Court, the union movement won the introduction of superannuation for many workers. The ACTU and affiliates were instrumental to 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 the 30 years since the establishment of universal, compulsory, fully vested and portable superannuation, the ACTU and affiliates remain dedicated to ensuring that all workers live and retire in dignity and out of poverty. To do so, unions remain active contributors to the superannuation system. Member-representative trustee directors, nominated by the ACTU and affiliates, ensure that members' interests are the priority of superannuation funds and that these funds continually demonstrate industry-leading, best-practice governance, investment performance and administration.

The ACTU welcomes the *Treasury Laws Amendment (Payday Superannuation) Regulations 2026*. Payday Super is required to ensure that workers receive the superannuation that they are legally entitled to and that superannuation theft does not continue to rob many workers of a fundamental right and a dignified life in retirement. The Regulations are both a critical step towards reducing super theft and an opportunity to expand the universality, adequacy and equity of superannuation for the benefit of all workers including those on parental leave, those under 18 years of age and those undertaking private and domestic work.

Payday Super

Unpaid superannuation is a significant and persistent problem, robbing workers of their right to dignity in retirement. The Super Members Council estimate that approximately \$5.7 billion in superannuation is unpaid each year, robbing 3.3 million workers of money they have earned. Workers in insecure employment, younger workers and women are disproportionately impacted while also being the cohorts who already retire with less, and often inadequate, superannuation balances.

Payday Super will reduce non-compliance, improve transparency for workers, grow workers' retirement balances through more regular compound interest and create a fair, level playing field for employers.

Universality of Superannuation

Universality is a foundational principle of Australia's superannuation system. Superannuation was established as a universal industrial entitlement for the benefit of all workers regardless of age, gender, industry or employment status.

A universal system is essential to public confidence in superannuation and to achieving fair retirement outcomes. When entire categories of workers are excluded, the system fails to meet its objective. Payday Super strengthens universality by improving compliance thereby, ensuring that superannuation is paid. However, universality remains incomplete while exemptions continue to exclude significant groups of workers from coverage.

A modern, universal, superannuation system should not tolerate dated exclusions that are inconsistent with contemporary work patterns and disadvantage large cohorts of the workforce.

Adequacy and Equity of Superannuation

Adequate retirement incomes require superannuation contributions to be paid on time, in full and across the whole of a worker's working life. Gaps in coverage, particularly early in a working life, have a disproportionate impact on final retirement balances due to lost compounding returns.

Equity requires that workers receive the same retirement income protections regardless of paid leave, age or occupation. Exemptions that exclude workers, such as those on parental leave, those under 18 years of age or private and domestic workers, are fundamentally inequitable and disproportionately affect groups already at greater risk of poor retirement outcomes.

Employer Paid Parental Leave

The Union Movement commends the Albanese Labor Government for legislating to ensure every person receiving Commonwealth Paid Parental Leave will now receive superannuation on top of that payment.

The gendered superannuation gap is an unjust inequity in Australia and the fact women continue to retire with less superannuation than men must be urgently addressed. While paying superannuation on Commonwealth Paid Parental Leave payments closes one gap, that employer-paid parental leave does not attract superannuation payments is unfair.

Employers should not be able to opt out of paying superannuation on parental leave.

Workers Under 18 Years of Age

The exclusion from superannuation for workers under 18 years of age who work less than 30 hours per week has the effect of removing the majority of young workers from the superannuation system. Doing so is contrary to the principle of universal superannuation, directly undermines the adequacy of superannuation in retirement for these workers and is deeply inequitable. There is no justification for denying young workers access to superannuation on earnings they have worked to receive.

These regulations provide an opportunity to deliver far reaching benefit to the working and retirement outcomes of all workers, and to correct an historic inequity in the superannuation system by extending coverage to young workers.

Private and Domestic Workers

Private and domestic workers have historically been excluded from superannuation, reflecting outdated assumptions about the value of care and household work. These workers are overwhelmingly women and are often employed in low-paid and insecure

roles. Excluding private and domestic workers from superannuation only further entrenches gender inequality in retirement outcomes and is inconsistent with the objective of super.

Extending superannuation coverage to private and domestic workers will recognise the economic value of their work and ensure they receive the same retirement outcomes as other workers.

Conclusion

The union movement strongly supports the introduction of Payday Super. This reform will significantly reduce unpaid superannuation and improve the retirement outcomes of millions of workers.

Payday Super should not modernise payment systems while preserving exclusions that are incompatible with a modern, adequate and equitable retirement income system. Therefore, Payday Super should be accompanied by the removal of the exemption for workers on parental leave; to workers under the age of 18 years from receiving superannuation on all hours worked, and the removal of the exemption to private and domestic workers from receiving superannuation on all hours worked.

Payday Super provides an important opportunity to modernise Australia's world-class superannuation system and to ensure that all workers receive its benefits and the dignity in retirement it provides.

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