

28 July 2025

Australian Taxation Office

Via email: vulnerabilityconsultation@ato.gov.au

ATO Vulnerability Framework

The Super Members Council (SMC) thanks the ATO for the opportunity to make a submission to this consultation on behalf of Australia's most vulnerable. SMC advocates for the collective interests of over 12 million Australians with more than \$1.6 trillion in retirement savings managed by profit-to-member super funds. Our mission is to advocate for the strong financial security of members throughout their lives by reducing systemic barriers, championing strong protections and support services to make super accessible and responsive to the diverse needs of its members. This is especially important for those who may struggle to engage with the system due to personal circumstances.

Anyone can find themselves in a vulnerable situation at any point in their lives, whether through hardship, personal loss, financial abuse, domestic and family violence, ill-health or changes in family or work situations. Vulnerability may not be a permanent state or a reflection of a person's character; it can be temporary, long-term, or arise from a complex mix of factors. Experiencing vulnerability is a normal part of life and should never be a source of stigma or shame. By fostering understanding and empathy, we can create an environment where people feel safe to seek support without fear of judgment.

Serving the public interest in these difficult times is vital for agencies like the ATO, as it prioritises community wellbeing and fosters trust in Australia's tax and super systems. With nearly every Australian required to engage with the tax and super systems at some point in their lives, it is crucial that the ATO has a robust vulnerability framework. This ensures that people facing temporary or ongoing challenges are not left behind or unfairly disadvantaged. By recognising and responding to the diverse needs of the Australian community, the ATO can provide tailored support, reduce barriers to compliance, and foster greater trust in the system. This not only helps individuals navigate what can be complex systems during difficult times, it also strengthens the fairness, integrity, and inclusiveness of Australia's tax and super systems for everyone.

SMC acknowledges the hard work of the ATO in preparing its Vulnerability Framework (the framework) as the first step toward more inclusive, fair, and supportive tax and super systems. With a lens on the 4 core focus areas, SMC proposes 10 recommendations to make the framework - and work flowing from the framework - as robust and inclusive as possible both generally and in super. This submission outlines:

- suggestions to improve the high-level principles on the Vulnerability Framework
- opportunities for longer-term projects in super to improve the financial wellbeing of those experiencing vulnerability.

SMC looks forward to further collaboration with the ATO to shape policies and services to best support all Australians, no matter their needs.

SMC recommends that:

1. The framework should be updated to recognise its direct implications for super, especially in areas where vulnerable individuals interact with the system. This may include examples such as early release of super under compassionate grounds or super guarantee compliance.
2. The ATO incorporate relevant definitions, guiding principles, and practices within ISO 22458 or the Australian equivalent (AS 22458:2025) when finalised, to align itself with global best practice. This will ensure that the framework is as robust as possible.



Within the core focus areas, the ATO should:

3. Specifically identify supporting the work of financial counsellors as important in assisting people experiencing vulnerability; and separately commit to engaging with Financial Counselling Australia to facilitate long-term policy strategies.
4. Accept alternative forms of identification to simplify the process for First Nations peoples, people living in regional communities, and groups at high-risk of experiencing vulnerability.
5. Engage in data sharing with other government agencies to harness better demographic insights for more targeted and effective support of people in vulnerable circumstances; and use data to better understand and respond to complex super policy challenges, such as publishing lost or unclaimed super by postcode.
6. All ATO staff be trained in vulnerability to foster a culture of empathy and compassion. Frontline staff should receive specialised and nuanced training to recognise people in vulnerable circumstances and to provide targeted solutions.
7. Engage with ASIC's Indigenous Outreach Program to understand its operational model and any synergies that could be gained through cross-collaborative efforts.

More nuanced work in super:

8. Protecting workers at risk of exploitation of unpaid super must be a critical function of the framework.
9. A framework that enables the ATO to centrally manage super hardship claims would address significant gaps in transparency and protection for vulnerable members.
10. The ATO should consider a separate longer-term body of work to protect Australians in vulnerable circumstances from potential harm when accessing super early on compassionate grounds. Appropriate guard rails may include:
 - Ban advertising that promotes early access to super for non-essential treatments.
 - Prohibit third-party fees for facilitating compassionate release applications.
 - Introduce clearer warnings about the impact of early withdrawals on retirement.

About the Super Members Council

We are a strong voice advocating for the interests of 12 million Australians who have over \$1.6 trillion in retirement savings managed by profit-to-member super funds. Our purpose is to protect and advance the interests of super fund members throughout their lives, advocating on their behalf to ensure super policy is stable, effective, and equitable. We produce rigorous research and analysis and work with Parliamentarians and policy makers across the full breadth of Parliament.



The ATO Vulnerability Framework and its impact on super

SMC supports the framework as a first-step, high-level, principles-based approach to supporting people experiencing vulnerability in meeting their tax and super obligations.

While the framework acknowledges the ATO's dual role in administering both tax and super systems, the document's primary emphasis is on the ATO's tax responsibilities. Most sections, including the guiding principles, core focus areas, and practical examples, are framed around supporting individuals to meet their tax obligations and addressing barriers to tax compliance. References to super are present, but they are generally secondary and often mentioned alongside tax rather than as a distinct area of focus. The framework's strategies, such as tailored support, service design, and staff training, are predominantly geared toward improving taxpayer experience and ensuring equitable access to tax-related services. As a result, the document provides only limited detail on super-specific challenges or initiatives, reinforcing its main orientation toward the ATO's tax administration duties.

To ensure a holistic approach, the framework should consider language that recognises its direct implications for super, especially in areas where vulnerable individuals interact with the system.

These include:

- Early release of super under compassionate grounds or severe financial hardship.
- Super guarantee compliance, particularly for workers at risk of exploitation.
- Claims handling for insurance within super (e.g. data and information sharing for the purposes of claiming death benefits). The ATO has an important role in advising Australians whether they have existing insurance held in super. This becomes critical if a person needs to make a claim related to total and permanent disability.
- Service and member support, especially for those facing financial abuse or low financial literacy.

SMC recommends that the framework be updated to recognise its direct implications for super, especially in areas where vulnerable individuals interact with the system. This may include examples such as early release of super under compassionate grounds or super guarantee compliance.

Although this consultation focuses on the framework as high-level principles, SMC understand the ATO plans to create long-term strategies for addressing vulnerability in specific situations or at-risk groups. This submission also raises super specific considerations that the ATO should consider in its long-term planning to assist those in vulnerable circumstances.

Guiding principles

The six guiding principles within the framework represent good policy by creating a foundation for a fair, responsive, and trustworthy system that considers the diverse needs of all individuals, especially those experiencing vulnerability. Standards Australia are currently consulting on adopting international standard ISO 22458:2022 *Consumer vulnerability – Requirements and guidelines for the design and delivery of inclusive service*. ISO 22458 is built on internationally recognised principles, drawing on expertise and consensus from a wide range of stakeholders. ISO 22458 provides a comprehensive, evidence-based, and globally recognised approach to supporting people in vulnerable circumstances.

SMC recommends that the ATO incorporate relevant definitions, guiding principles, and practices within ISO 22458 or the Australian equivalent (AS 22458:2025) when finalised to align itself with global best practice. This will ensure that the framework is as robust as possible.

Core focus areas

The framework identifies four core focus areas designed to guide practical changes and initiatives for supporting people experiencing vulnerability. These areas are **support, services, design and staff**. SMC's responses to these four core areas are set out below including **collaboration** with other government agencies.



Support and financial counsellors

Collaborating with partners and advocates is fundamental to the purpose of supporting Australians at their most vulnerable. That is why SMC supports a framework that specifically calls out working with groups such as financial counsellors. Financial counsellors provide free, confidential advice to people experiencing financial hardship or crisis. By working with these experts, the ATO will ensure that vulnerable individuals receive accurate, practical guidance tailored to their unique circumstances. Early engagement with financial counsellors can prevent minor issues from becoming major crises. By collaborating with counsellors, the ATO can identify at-risk individuals sooner and provide timely, flexible support. This proactive approach helps people stay engaged with the tax and super systems and meet their obligations, reducing the risk of long-term financial exclusion.

The ATO should also consider engaging directly with Financial Counselling Australia (FCA) to understand the systemic issues that people who use financial counselling services experience when interacting with the tax and super systems. Effective policy development relies on stakeholder input from organisations such as FCA, to inform solutions that are tailored to real world challenges.

SMC recommends that:

- **the ATO framework specifically identifies supporting the work of financial counsellors as important in assisting people experiencing vulnerability; and**
- **separately commit to engaging with Financial Counselling Australia to facilitate long-term policy strategies.**

Services and the use of alternative forms of identification

The ATO's commitment to reviewing service offerings to identify areas for improvement and address any gaps will ensure systems and services are easy to use. Under this core focus area, the ATO should consider accepting alternative forms of identification (ID) to simplify the process for First Nations peoples when needed, people living in remote communities and other cohorts of people experiencing vulnerability. Flexible identification procedures help break down barriers, allowing vulnerable and marginalised customers to participate in the financial system and reducing the risk of financial exclusion. Alternative forms of ID could include State Government-issued ID cards, Centrelink identification, or other locally recognised forms of ID.

Additionally, the ATO should adopt AUSTRAC's guidance *Assisting customers who don't have standard forms of identification*¹ (the guidance) when applying ID requirements. Adopting the AUSTRAC guidance or similar policies will ensure that people who lack standard forms of identification, such as those from diverse backgrounds, people experiencing homelessness, survivors of family violence, or individuals in remote communities, are not excluded from accessing essential financial services. The ATO should also put in place mechanisms within the system which flag that ID has been achieved and does not need to be repeated. This would ensure people in vulnerable circumstances are not continuously facing the same ID challenges within the ATO. Ideally, this could extend to information sharing with other government agencies or financial counsellors.

SMC recommends that the ATO accept alternative forms of identification to simplify the process for First Nations peoples, people living in regional communities and groups at high-risk of experiencing vulnerability.

Design

SMC recognises that strong data privacy practices build trust between organisations and the people they serve, assuring individuals that their personal details, like financial records or health information, are handled responsibly and ethically. Although the framework recognises that sharing of information may occur on balance with privacy considerations, in certain circumstances the benefits of greater information sharing may outweigh potential risks. These benefits include:

- **Coordinated government assistance:** When agencies share information, vulnerable people can receive more holistic and timely support, reducing the risk of individuals falling through the cracks. This may include government agencies such as the Department of Social Services (DSS) to

¹ AUSTRAC, *Assisting customers who don't have standard forms of identification*. 17 April 2025



proactively identify at-risk individuals.

- **Holistic understanding:** Agencies gain a more complete picture of a person's circumstances, leading to better policy decisions and more effective interventions.² Working with DSS, the ATO could realise opportunities to improve data transparency on demographics and (in the case of early release) withdrawal patterns in super. Data sharing creates a foundation for evidence-based policy. With improved demographic insights, the government can design, implement, and evaluate programs that address the real challenges faced by vulnerable people. This leads to more effective resource allocation, better program outcomes, and the ability to track the impact of interventions over time.
- **Reduced repetition and likelihood of harm:** People experiencing vulnerability often have to repeat their stories to multiple agencies, which can be traumatic or burdensome. Information sharing can minimise this need, making it easier for people to access help.

The power of data: The ATO's data provides crucial insights into the diverse circumstances of the community. By analysing and sharing this data, the ATO can design services that are truly responsive to the challenges faced by vulnerable individuals, ensuring that support is accessible, relevant, and timely. SMC supports the ATO in maximising the use of its data to design systems and services to support people in vulnerable circumstances. We also encourage the publishing of as much data wherever possible.

Publishing lost or unclaimed super by postcode and possibly industry: The ATO last published this data in 2020 with the number one suburb for lost or unclaimed super being Cairns and surrounding suburbs (4870). In the 2021 census, 10% of the population in the Cairns region identified as Aboriginal and/or Torres Strait Islander. This is significantly higher than the national average of about 3.2% and the Queensland average of 4.6%.³ This data provides enormous insight into what may potentially be systemic issues in First Nations communities for lost or unclaimed super. This data-driven insight could support the development of policies that are grounded in the real experiences of vulnerable people, leading to more effective responses from government. Advocacy and community groups such as First Nations Foundation have used this data to drive targeted outreach programs to reunite lost super with First Nations peoples. There is also the potential for the ATO to publish data at an industry or sector level for even greater advocacy and awareness purposes.

SMC recommends that the ATO:

- **engage in data sharing with other government agencies to harness better demographic insights for more targeted and effective support of people in vulnerable circumstances; and**
- **use data to better understand and respond to complex super policy challenges, such as publishing lost or unclaimed super by postcode.**

Staff

Training must be at all levels: To fully foster a cultural sense of empathy and compassion, training in vulnerability should be at all levels, not just frontline staff. Training at every level ensures that all staff, from frontline employees to senior executives, understand what vulnerability means, how it may present, and why it matters. This creates a shared language and approach, reducing the risk of inconsistent or harmful responses in the design and implementation of systems and services. Many people experiencing hardship, such as financial abuse, mental health challenges, or family violence may not readily disclose their situation. It is important for the tax and super system frameworks to be designed with the understanding that vulnerability can be hidden. When all staff are equipped to handle vulnerability appropriately, the risk of errors, misunderstandings, or complaints is reduced.

Advanced training for frontline staff: For more advanced training, frontline staff should be able to recognise when a person may be in a vulnerable circumstance to tailor advice and assistance accordingly. This may include risk factors (such as life events) or signs of vulnerability (such as memory retention issues or communication barriers). Staff must be trained to recognise vulnerability including coercive control and financial abuse. Victim-survivors should be able to access tailored support. Robust training provides employees with the skills to manage difficult conversations. It also

² Office of the Victorian Information Commissioner, [Information sharing and privacy - Guidance for sharing personal information](#).

³ Australian Bureau of Statistics, Cairns, 2021 Census Aboriginal and/or Torres Strait Islander peoples



protects the emotional wellbeing of the employee as well as the caller, which is especially important in high-stress or sensitive situations. ISO 22458 and draft Australian Standard AS 22458:2025 provide guidance on identifying vulnerability and risk factors.

SMC recommends that all ATO staff be trained in vulnerability to instil a culture of empathy and compassion. Frontline staff should receive specialised and nuanced training to recognise people in vulnerable circumstances and to provide targeted solutions.

Collaboration

SMC agrees that collaborating with partners and stewardship groups bring diverse expertise and lived experience, helping organisations like the ATO understand the real-world challenges faced by different community members, especially those experiencing vulnerability.

ASIC's Indigenous Outreach Program (IOP): An example of exemplary work in another government organisation is ASIC's IOP. The IOP is a specialist team within ASIC dedicated to supporting Aboriginal and Torres Strait Islander peoples in their interactions with the financial system. In addition to the financial literacy resources created by this team, the IOP has sought to influence industry and government to improve financial products and services for First Nations peoples with their industry workshops.

SMC recommends that the ATO engage with ASIC's Indigenous Outreach Program to understand its operational model and any synergies that could be gained through cross-collaborative efforts.

Opportunities for more nuanced work in super to support Australians in vulnerable circumstances

Super is a critical safety net for millions of Australians. The ATO plays a central role in ensuring that people in vulnerable circumstances understand and can access their super entitlements. SMC believes that long-term planning will enable the ATO to proactively identify at-risk cohorts, design inclusive services, and collaborate with partners to address emerging challenges in super. By embedding vulnerability considerations into super policy, outreach, and service design, the ATO can help prevent exploitation, support early intervention, and foster confidence in the retirement system. This approach not only safeguards the financial wellbeing of individuals but also strengthens the integrity and trustworthiness of Australia's super framework for future generations. Some considerations include:

1. Super Guarantee compliance

In 2022-23, 3.3 million Australians missed out on \$5.7 billion in super entitlements that are legally owed to them. Over 10 years, Australians have missed out on \$47 billion in unpaid super.⁴ We know that certain groups of workers in Australia are at significantly higher risk of having their super entitlements unpaid or underpaid by employers. This includes young workers, migrant workers, insecure and casual workers, low-income workers and women, to name a few. People with limited bargaining power or who face challenges like low financial literacy or language barriers are less likely to notice or report unpaid super, increasing their risk of exploitation. By embedding proactive audit strategies and improved data sharing into the framework, the ATO can identify at-risk groups and intervene before harm escalates. Such an approach will ensure the onus does not inappropriately fall on vulnerable workers to report their employer to prompt the ATO to act. The ATO should reduce its reliance on Employee Notifications as a compliance tool. Compliance systems should work proactively and automatically to identify and act on unpaid super. Such measures help create a fairer, more inclusive super system where all employees are protected, regardless of their background or financial knowledge.

SMC recommends that protecting workers at risk of exploitation of unpaid super must be a critical function of the framework.

⁴ [SMC, Australians-call-for-urgent-payday-super-legislation-as-unpaid-super-bill-blows-out-further-July-2025](#)



2. Financial hardship claims

Currently, individuals seeking early access to their super under hardship provisions must provide Centrelink evidence to each fund. Yet, super funds have no way of knowing if the same member has made multiple claims across different funds. This lack of visibility can be exploited, potentially resulting in members accessing more funds than intended or permitted, which undermines the integrity of the system. Centralising the claims process, mirroring the ATO's existing role in compassionate grounds applications, would ensure consistent assessment, prevent duplicate or fraudulent claims, and provide funds with real-time oversight. This approach would not only safeguard super balances for those in genuine need but also streamline the process for members, reduce administrative burden on funds, and strengthen the overall fairness and security of the super system.

SMC recommends that an approach that enables the ATO to centrally manage super hardship claims would address significant gaps in transparency and protection for vulnerable members.

3. Compassionate Grounds release and misuse

Individuals may be targeted by unscrupulous operators or pressured by others to access their retirement savings prematurely, sometimes through misleading advice or fraudulent schemes. Early withdrawal of super in situations that are not in a member's best interest has raised significant policy and industry concerns due to its potential to undermine the long-term effectiveness and integrity of Australia's retirement savings system. These are:

- **Undermining retirement savings:** SMC analysis shows that a 30-year-old who withdraws \$20,000 from their super could be left with about \$93,600 less at retirement.⁵ This estimate highlights the significant long-term impact of early super withdrawals, primarily due to the loss of compound earnings over decades.
- **Inflationary pressure:** The growing trend of early withdrawals for items such as dental work may contribute to inflationary pressures, particularly by driving up the costs of certain treatments. Peak bodies in the health sector have publicly expressed concern that some dental providers may be raising their fees to match the amount patients are able to withdraw from their super under the early release scheme.⁶
- **Loss of public confidence:** Misuse of early release provisions can erode public confidence in the super system's ability to deliver on its promise of providing retirement income, potentially diminishing trust in the system.
- **Inadequate consumer protections:** Many applicants are not fully aware of the long-term financial consequences of withdrawing super early and may be unduly influenced by promotional materials from clinics, rather than receiving balanced, independent advice.

By considering a review of the early release of super on compassionate grounds, the framework can help ensure that compassionate release provisions genuinely support those in need while introducing stronger safeguards to detect and prevent exploitation. This would protect both individuals and the integrity of the super system, ensuring that compassionate grounds are not used as a loophole for abuse or financial harm.

a) Dental and cosmetic procedures

In 2022-23, Australians withdrew approximately \$313.4 million from their super for dental treatments under compassionate release provisions. This represents an 83% increase from the previous year and a significant jump from \$66.4 million in 2018-19.⁷ In 2022-23, the average withdrawal for dental work was \$23,100, based on 13,540 approved applications.⁸

Dental treatments accounted for 41% of all super funds released on compassionate grounds in 2022-23, highlighting the prominence of dental claims within the scheme.⁹

⁵ SMC Australia, [Pandemic-super-withdrawals-could-cost-taxpayers-85-billion](#), March 2024

⁶ Private Healthcare Australia, [Draining superannuation for dental care is driving up costs for all Australians](#), May 2024

⁷ LBA Partners CPA, [Early-access-to-super-for-dental-work](#) June 2024

⁸ Private Healthcare Australia, [Draining superannuation for dental care is driving up costs for all Australians](#), May 2024

⁹ SBS News, [The-184-000-sacrifice-australians-are-making-for-their-dream-smile](#), 22 May 2024



Many of these procedures were cosmetic or elective, not medically urgent. This trend has been driven by aggressive marketing from dental clinics and third-party facilitators, which advertise guaranteed approvals and fast processing.

b) Third-party exploitation

Companies have emerged to 'assist' Australians in accessing their super early, particularly on compassionate grounds for medical and dental expenses. While the process is meant to provide relief in genuine cases of need, these companies have been criticised for exploiting loopholes, charging high fees, and encouraging practices that undermine the intent of the system. They promote early access as a simple solution, often downplaying the long-term financial impact of accessing super early. Providers can charge substantial fees, sometimes hundreds of dollars, for services that individuals could undertake themselves for free via the ATO. Vulnerable people, desperate for treatment or unaware of the process, may feel pressured to pay these fees, further eroding their retirement savings.

The marketing and business models of these companies are often aimed at people experiencing financial stress, poor health, or low financial-literacy groups least able to assess the long-term consequences of early super withdrawal or to advocate for themselves.

The ATO cannot currently report unscrupulous practitioners to regulators such as Australian Health Practitioner Regulation Agency and the Dental Board of Australia due to legislative restrictions.

c) Lack of discretion in ATO assessments

When the ATO lacks discretion in approving early release of super on compassionate grounds, its ability to reject questionable or potentially inappropriate claims is significantly constrained. The ATO is required to assess applications strictly according to legislative criteria, meaning that if an applicant meets the prescribed documentation and eligibility requirements, approval must be granted – even if there are concerns about the necessity or appropriateness of the claim. This rigid process prevents the ATO from exercising judgment in cases where claims may be driven by aggressive marketing, third-party facilitation, or involve procedures that are elective rather than medically urgent.

SMC recommends that the ATO consider a separate longer-term body of work to protect Australians in vulnerable circumstances from potential harm when accessing super early on compassionate grounds. Appropriate guard rails may include:

- **Ban advertising that promotes early access to super for non-essential treatments.**
- **Prohibit third-party fees for facilitating compassionate release applications.**
- **Introduce clearer warnings about the impact of early withdrawals on retirement.**

The framework is a commendable first step in addressing the needs of people experiencing vulnerability, providing much-needed recognition and early support for those who may be at financial, social, or personal risk. By acknowledging and recognising vulnerability in services and support, the ATO creates a foundation for a fairer and more accessible tax and super system. To ensure the best retirement outcomes, it is crucial to build upon this framework with highly targeted, context-specific interventions that are relevant to super. Without this nuanced, super specific work, many vulnerable Australians may miss out on a dignified and secure retirement.