SUPER MEMBERS COUNCIL

Submission to the Federal Government's 2025 Economic Reform Roundtable

A blueprint for superpowered productivity and economic outperformance

Our nation's $4.2 trillion super system is Australia's most powerful economic asset in the quest to jumpstart productivity and forge a new blueprint for national economic growth. It gives Australia an outsized economic edge over all other nations - and every working Australian owns a stake in it.

This submission by the Super Members Council sets out a package of reforms that would drive a strong uplift in national productivity and living standards, spur economic growth, strengthen budget sustainability, and enhance intergenerational fairness. Of note, our proposals include a reform to dismantle current barriers to better match-make super capital with our nation's most promising science and startups – noting Australia's innate strengths in biotech, medtech, AI and quantum – all productivity gamechangers that can be supercharged.

Investing in the economy: The super savings of millions of Australians generate investment returns by powering our nation's transport networks, infrastructure, warehousing, commercial property, and equipment, enhancing national productive capability. Investments in data centres and advanced manufacturing boost innovation. Super funds are poised to invest $60 billion in unlisted assets and private equity domestically over the next 5 years, but only if regulatory settings and market structures are reformed to back effective and efficient capital deployment.

Super's counter cyclical investment cycle cushions the economy during market downturns. The Reserve Bank of Australia among others, says policies that undermine funds' liquidity requirements and long-term investment focus would threaten this critical function.

Smarter, more efficient regulation: There is a smarter way to regulate super without lowering standards or compromising consumer protections. Anchored in the best interests of super fund members and national interests, our recommendations are specific and practical and have broad industry and community support. We have an opportunity to reduce the financial burden on Australians from the patchwork of piecemeal regulation and duplicative reporting requirements that have accumulated over the past decade. This can help be achieved by initiating a dedicated Productivity Commission (PC) review, designed to enhance super system efficiency and streamline the regulatory regime.

Lifting standards of living in retirement: Smart investors have long understood the key to maximising long-term returns is to deploy capital where it can be most effective at outperforming the pack. National regulatory and policy settings should enable Australia's super system to maximise the retirement savings of millions of everyday Australians and more strongly drive outperformance.

Today, an average Australian retires with $200,000 in super, projected to grow to $500,000 for a typical 30-year-old today. These balances at retirement could grow faster by adopting the integrated reform blueprint set out in this submission. That includes appropriately refining the existing performance test that does not reward funds seeking to add value by investing in new and emerging assets. Rather it risks penalising them by straying too far from the index.

SMC also urges the roundtable to endorse the swift implementation of payday super laws to stop the drain on the super savings of 3.3 million Australians. Along with cutting a fairer tax deal on super for low-income workers and extending super coverage to under-18 workers, these measures will help lift Australian's retirement balances, reducing Age Pension outlays and strengthen the budget.

Sustaining super as an economic bulwark: Australia's expenditure on the Age Pension as a proportion of GDP is forecast to decline from 2.3% to 2% in the decades ahead, a forecast few advanced economies enjoy. But ongoing risks to the fundamental policy pillars that keep super strong for people's retirements put this at risk and should now be ruled out for all time.

Super has also evolved as an important fiscal hedge against an ageing population, which is reducing the proportion of working- age people and shrinking the tax base needed to support the economy and fund fiscal revenue. Policies that undermine the foundations of super also put this role at risk.

	Recommendation	Budget impact	Benefits
1	**Supercharge science, startups, and solutions** Remove investment fee barriers and forge better pathways to better connect super capital with new ideas–researchers, start-ups, and innovators. This should complement existing pathways (typically VC funds) and include co-investment models inspired by successful initiatives such as the Medical Research Commercialisation Fund and US university-linked endowment partnerships.	Positive	Reduce financial intermediaries; more productive capital flow and higher net returns to members; boost national innovation; less cost for investors and businesses; greater transparency; more efficient capital deployment.
2	**Smarter regulation, less duplication** Simplify the performance test in super to promote stronger long-term net returns as the primary benchmark for success. This approach would encourage value-added outperformance. Include account-based pensions in the current APRA performance test, as part of a longer-term plan to establish strong comprehensive quality filters to assess and compare all retirement products. Replace multiple sources of fee and cost disclosure rules (RG97, APRA performance test), with a single fee disclosure regime. This would reduce overlap, duplication, complexity, distortions in the way capital is deployed and create a single source of truth for members to compare funds. Reduce compliance costs related to the Best Financial Interest Duty by issuing clear regulatory guidance. Rule out adverse private market regulation. Remove data reporting duplication between regulators (e.g. fee disclosures, dispute resolution disclosures).	Positive	Less red tape without lower standards or compromising member protections and experience; reduce costs for members; boost net returns and capital flows; higher government revenues; more efficient capital deployment.
3	**Fair and targeted tax concessions** Fairer concessional taxation of super to a) ensure concessions are targeted to their best use, b) stop amplifying systemic inequities, and c) boost confidence in the system and retirement –especially for the less wealthy.	Positive	More sustainable fiscal position; targeted support for members who need it; better retirement adequacy; less Age Pension reliance; less pressure to reform taxes to improve allocative efficiency.
4	**Supercharge system efficiency** We propose a new fast-track Productivity Commission review to ensure the super system is working effectively and efficiently, updating its last major review undertaken 8 years ago. With fast super system growth, this should be a priority, to boost member returns, capture economic opportunities and fix inefficiencies.	Positive	Connect more Australians to better performing funds; more efficient capital deployment; reduced intermediation of savings; safer system; greater system confidence.
5	**Remove retirement system inefficiencies** Allow super contributions to be made into retirement-phase super accounts. Improve data sharing between government and super funds to help members navigate retirement and reduce points of friction.	Positive	Improve workforce participation; efficient drawdowns in retirement and spending into the economy by retirees.
6	**Plug system leakage** Fix unpaid super by swiftly legislating payday super reforms, boost the Low-Income Super Tax Offset, and expand super coverage to all under-18 workers.	Positive	Improve workforce participation; productivity dividends; more investment capital.
7	**Affirm policy certainty** All policymakers should recommit to the super system's pillars, including preservation, to ensure cash flow and long-term investment certainty.	Neutral	Increase economic resilience by supporting counter-cyclical investment in downturns.