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Submitted via [Treasury Laws Amendment \(Better Targeted Superannuation Concessions\) Bill 2025 - Consult hub](#)

Better Targeted Superannuation Concessions - Exposure draft legislation

Summary

The Super Members Council broadly supports measures to make superannuation more equitable - and particularly commends the Government's decision to unfreeze the Low-Income Super Tax Offset in these proposed reforms.

Lifting the LISTO will make super even fairer and stronger for Australians at the lowest end of the income and wealth spectrum - delivering a much-needed super boost to those who need it most. SMC modelling shows a woman earning the minimum wage over her entire working life could have up to \$60,000 more in her super by retirement from this reform - transforming her income and living standard in retirement.

We are aware the Association of Superannuation Funds of Australia will make a submission more broadly on the detail of the draft Bill and therefore propose to focus our submission on the LISTO measure, which has not been included in the exposure draft.

SMC notes a substantial level of detail on the operation of the policy has been deferred to subordinate legislation. It is crucial that key stakeholders are also consulted on any draft regulations supporting the Bill.

SMC strongly supports the announced changes to align LISTO with changes to both the marginal income tax thresholds and Super Guarantee rate over the past 13 years. It is essential these changes are dynamic and future proof. Futureproofing this reform will deliver certainty on a major equity measure in super. Australian workers who rely on the LISTO are among the lowest paid - mostly women and young people working casual or part-time jobs.

Future-proofing the LISTO changes

The Explanatory Memorandum (para. 1.18) flags that "when introduced the Bill will include an additional Schedule giving effect to the Government's announced changes to boost the Low Income Superannuation Tax Offset". It outlines the change to the current eligibility threshold from \$37,000 to \$45,000 and states that the maximum LISTO amount will be increased from \$500 to \$810. However, the Explanatory Memorandum also refers to "aligning the LISTO with broader income tax and superannuation settings".

On this language, it is unclear whether the Bill will implement a one-off adjustment to the LISTO amount or whether it would implement a mechanism to permanently align the LISTO settings with future changes to the income tax thresholds and SG rate.

SMC strongly supports an approach that would address the root cause of the current LISTO shortfall - after 13 years of being frozen - to future-proof the LISTO.

SMC has considered two potential mechanisms to do so:

1. Peg LISTO to the relevant tax scales to ensure the eligibility threshold moves with any adjustments to the income tax thresholds.
2. Index the LISTO amount and eligibility threshold to an appropriate index to maintain a constant real value of the payments over time.



Pegging LISTO to the tax scales would align eligibility for the offset with any future changes to income thresholds that address bracket creep. It would require a relatively minor technical amendment to the law and would ensure that LISTO recipients are not disadvantaged by future movements in income tax thresholds.

But by itself, this mechanism alone would not also maintain the real value of LISTO payments over time. That risks the offset's benefits for low-income Australians again becoming substantially eroded over time. And it could mean many low-income Australians once again become ineligible for LISTO if the income tax thresholds fail to keep up with bracket creep.

Indexing both the LISTO payment amount and the eligibility threshold would be the best way to future-proof LISTO recipients from inflation for recipients of LISTO, and SMC proposes the Government adopts this approach.

In concept, applying this approach to LISTO would be consistent with the Bill's proposed indexation arrangements for the thresholds on both the large balance (\$3 million) and very large balance (\$10 million) accounts, which are indexed to the Consumer Price Index. In practice, it would mean the whole super system moves together in a coherent whole over time, rather than risk future erosion of the value of the fairness deal for the nation's lowest income earners. It would enshrine greater guarantee of fairness at the bottom end of the super system to match a similar commitment for those at the top end.

There are also multiple examples of indexation being applied in superannuation, as well as broader tax and social security policy (table 1). Given LISTO and the Div296 changes have their genesis in the same policy announcement, we strongly advocate for consistency in how the time value of money is treated between both.

Table 1: Indexation examples

Area	Legislation	Indexed to
Superannuation		
Contribution caps	<i>SGA Act 1992, ITAA 1997</i>	AWOTE
Co-contribution thresholds	<i>SGA Act 1992, ITAA 1997</i>	AWOTE
Transfer balance cap	<i>SGA Act 1992, ITAA 1997</i>	CPI
Taxation		
<i>Tax thresholds: Medicare levy, HECS repaym't</i>	<i>ITA Act 1997</i>	
Fuel tax	<i>Fuel Tax Act 2006</i>	CPI
Excise Tariffs	<i>Excise Tariff Act 1921</i>	CPI
Family Tax Benefits	<i>A New Tax System (Family Assistance) Act 1999</i>	CPI
Child Support		
Self-support amount, relevant & exempt income levels, costs of children table.	<i>Child Support (Assessment) Act 1989</i>	MTAWE
Social Security		
Parenting payment (Single), Age Pension, Disability Support pension, Carer Payment, Income & assets test.	<i>Social Security Act 1991</i>	Linked to CPI, MTAWE or rate pegged to a % of the Age Pension (s1068A)

Applying indexation to LISTO would enshrine a stronger fairness guarantee for low-income Australians. It would secure this decision for all time as a powerful legacy. Without such indexation, at current projected levels of inflation, SMC estimates that over **30 per cent of the upcoming increase** to the maximum LISTO payment would be **eroded within 5 years** if the income tax thresholds remain the same and the LISTO amounts are not indexed. And on eligibility for LISTO, SMC modelling shows that after 5 years, around **445,000 fewer Australians** would be eligible for LISTO than if indexation were applied. Around 59 per cent of them are low-income women (table 2).



Table 2: Effect of CPI indexation on eligibility for LISTO - number of additional beneficiaries at 2032-33

	Females	Males	Total
New entitlement	264,000	180,000	445,000
Increase in entitlement	64,000	61,000	125,000
Total beneficiaries	328,000	242,000	570,000

Key recommendation: SMC strongly advocates the Australian Government apply indexation to both the LISTO amounts and eligibility thresholds, to futureproof its historic policy decision and ensure fairness and consistency in indexation for the poorest and wealthiest Australians alike.

About the Super Members Council

We are a strong voice advocating for the interests of 12 million Australians with over \$1.6 trillion in retirement savings in profit-to-member super. Our purpose is to protect and advance the interests of super fund members throughout their lives, advocating on their behalf to ensure superannuation 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.