



SUPER  
MEMBERS  
COUNCIL

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# Unfinished business: Fixing gaps in the Super Guarantee



## Executive summary

Australia's super system was designed to be universal and compulsory, so all working Australians could have a higher standard of living in retirement, not just the wealthy.

But shockingly in 2026 there are still pockets of the Australian workforce missing out on the same legal guarantee to super that is enjoyed by 17 million other working Australians. That's not fair.

When a worker is excluded from the legal guarantee of super, it lowers their retirement income and, by extension, adds to the cost of Australia's taxpayer-funded Age Pension system.

Today, more than one million Australians still miss out on super simply because of *who they are, the work they do, or because they have taken time off paid work for caring responsibilities*.

Making super truly universal by extending them a legal right to the Super Guarantee (SG) can close this gap, and in doing so:

- boost retirement incomes for young and part-time workers - some of the most vulnerable in the workforce
- close the gender super gap by guaranteeing super in areas of work and care dominated by women
- lower long-term pressure on the Age Pension while lifting overall retirement living standards, and
- strengthen retirement incomes for Australians who take time out of the paid workforce as carers to deliver crucial caring work that would otherwise be much more expensive for taxpayers to deliver.

### There are precedents

Two recent reforms serve as a guide for this next piece of unfinished business to make super truly universal.

In 2022, the Australian Government ended the unjust exclusion of workers who earn less than \$450 a month from guaranteed super. Then in 2025, the Government ushered in an historic reform to start paying super on Commonwealth paid parental leave – ensuring 200,000 parents each year will no longer miss out on super. Both reforms will make a big difference toward closing the gender super gap.

These reforms highlight how decisions by Government to end unfair exclusions from super can make a big difference in the lives of vulnerable Australians who need super most.

### Recommended reforms

This report sets out the next set of practical, targeted reforms to end the most significant remaining exclusions from the SG.

Together, these changes would ensure super is paid to over a million low-income Australians, strengthening their eventual retirement savings by billions of dollars, and bolstering the universality, fairness and sustainability of Australia's world-envied retirement income system.

New SMC data analysis quantifies the benefits from these reforms in the form of higher super balances and retirement incomes, particularly for women and Australians with caring responsibilities. Even small amounts paid in super today add up to big amount at retirement.

- **Pay super on the Carer Payment.** Currently, Australians who step out of the paid workforce to deliver vital care to a loved one - care that would otherwise cost taxpayers much more to deliver - are made much poorer in retirement due to the loss of super they would otherwise earn. The majority (71%) of these recipients are women. Paying 12% super on the Carer Payment would deliver an average \$3,072 a year in super to 334,000 unpaid carers in the years they are caring, or around \$1.07 billion in additional retirement savings for carers nationally. For a typical 45-year-old carer, this could lift their super by around \$45,000 by retirement. It is a foundation stone on which to start to build carers' retirement savings and begin to tackle the carer poverty penalty.
- **Pay super to all under-18 workers regardless of hours worked.** Currently, part-time workers under the age of 18 are excluded from the legal guarantee of super contributions. Ending this under-18 exclusion by removing the 30-hours-per-week threshold would deliver \$405 million a year in super to around 515,000 young workers. Because women are more likely to work part-time as



teenagers, a typical young woman can be around \$2,500 better off by age 18 - with that boost growing to around \$11,000 by retirement.

- **Remove the domestic worker exclusion.** Currently, part-time domestic cleaners, housekeepers and nannies are excluded from the legal guarantee of super. Removing the domestic workers exclusion would see around 37,000 workers (86% of whom are women) paid a combined \$150 million in super each year. For a typical 45-year-old part-time cleaner for life, this can mean around \$133,000 more super at retirement and \$4,500 more in annual retirement income - a life-changing difference.
- **Guarantee super to gig workers.** Currently, gig work is the new normal for thousands of workers, but they are not always paid super. Creating a pathway for the SG in gig work would mean around 184,000 gig workers would receive an average of \$2,220 a year in super – supporting a typical young gig worker to retire with around \$38,000 more in super.

**Note:** Other SG exclusions (for some unpaid carers, exclusions within Ordinary Time Earnings, tax-free income arrangements, certain types of leave and coverage gaps for some self-employed people and contractors) require further consideration and solutions and are beyond the scope of this report.



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## Introduction

Introduced in 1992, the Super Guarantee (SG) transformed retirement incomes in Australia.

By making super a workplace right, it ensured most Australians - not just the wealthy - built savings during their working lives, lifting retirement incomes, improving living standards, and reducing reliance on the taxpayer-funded Age Pension.

The principle of universality is central to that vision. When everyone is included, everyone benefits, leading to a more sustainable community-wide retirement income system. Today, around nine-in-ten working Australians have super, and balances at retirement are higher than ever.

But super is not a universal right. A handful of outdated exclusions mean some workers are still missing out, particularly in areas of the labour market dominated by women, young people and people in insecure work or caring roles. These gaps weaken the fairness of the super system and undermine retirement resilience for the many workers.

This report analyses the most significant SG exclusions, recaps how they came about, and proposes specific practical reforms to right this wrong and end the exclusion of these vulnerable workers.

### What is the Super Guarantee (SG)

Enshrined in Australian law, the SG sets out the minimum level of super contributions employers must pay for eligible workers. From 1 July 2025, the SG rate has been 12% of ordinary time earnings, paid on top of people's take-home wages.

The SG operates automatically. For eligible workers, super contributions are paid regardless of income level or capacity to make further voluntary savings. This design has been critical to super's success.

However, not all workers and not all forms of income are covered. Exclusions based on age, hours worked, type of employment and source of income mean some Australians are missing out entirely, while others receive only partial super coverage. It's time to fix this.

### Universality is central to super's success and sustainability

Universality strengthens the fairness and durability of the super system by building shared ownership. It gives all workers the same opportunity to benefit, rather than being confined to higher-income earners, as was typical before universality was a design feature of Australia's modern super system.

Universality also supports long-term Government budget sustainability. It enables a combined retirement income system of private savings and a public pension, reduces inequality in retirement living standards, prevents distortions in how workers are paid or engaged, and brings more people into a regulated savings system with strong consumer protections.

Super is now a core pillar of Australia's retirement income system. The typical Australian reaching retirement today has around \$200,000 in super, while a 30-year-old today is expected to retire with \$500,000 (in today's dollars).

Without super, matching current retirement incomes through the Age Pension alone would require a substantial increase in Age Pension rates at significant cost to taxpayers. Expanding SG coverage is therefore not only fairer for workers, but more sustainable for public finances.

If the Age Pension had to rise to match retirement incomes currently generated by super and Government sources combined, the full-rate would need to rise to nearly \$2,100 a fortnight for singles, or \$1,600 for couples - an additional cost to taxpayers of \$86 billion per year.<sup>1</sup>

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<sup>1</sup> Retirement revolution: Super's coming of age, SMC, 2025



## Fairness fixes needed to strengthen universality

Super is a workplace right, not a rare benefit reserved for those with stable careers or higher incomes. Yet several exclusions mean some workers are treated differently under the SG, despite doing paid work or delivering essential care.

People who step away from paid employment to care for children, partners or parents often miss out on super altogether. Young workers can be excluded purely because of their age and hours. Some forms of work, including domestic and gig work, remain outside the system or only partially covered.

These gaps are not accidental. Many reflect design choices made when the compulsory super system was first established, at which time balances were small, work was more standardised, and protections for low balances were limited. Those conditions no longer apply.

Other laws leave workers without or with limited super rights. For example, under-18s only get employer super if they work more than 30 hours a week. Domestic workers - such as cleaners, housekeepers and nannies miss out altogether, and many gig workers are still not eligible even though their rights have improved in other areas.

## Recent changes have boosted super coverage

Governments have already demonstrated that closing SG gaps is both feasible and effective.

The removal of the \$450 monthly earnings threshold by the previous Coalition Government significantly improved coverage for low-income and part-time workers.

Paying super on Commonwealth Paid Parental Leave, put in place by the current Government in 2025, recognised that caring responsibilities affect retirement savings as well as working-life income. 200,000 new parents are now each being paid contributions to their retirement savings when taking time out of paid work to care for children. Around 95% of the benefits from this reform are estimated to be paid to women.

Combined, these reforms establish a clear precedent. They show that ending exclusions can improve fairness, narrow the gender super gap and strengthen the retirement income system without undermining its foundations.



# Gaps in the Super Guarantee

## Informal care

The Carer Payment exists to partially replace income when someone steps away from paid work for a time to care for a loved one. Yet, like paid parental leave prior to 2025, this payment does not yet include super.

As a result, these carers miss out on retirement savings - often for many years - while they are delivering essential care that taxpayers would otherwise have to pay much higher direct costs to deliver in aged care or health care places. This lack of super for carers disproportionately hurts women, who are far more likely to take on primary caring roles. People with caring responsibilities are often doing so for long periods of time, taking years, or even decades, out of the workforce to care for elderly parents and loved ones.

Paying super on carer payments makes sense for the same reasons super is now paid on paid parental leave. In both cases, people step away from paid work to provide care with clear benefits to the community and economy. That time out of paid work reduces their lifetime earnings. Missing out on SG contributions makes the long-term economic harm worse - especially in retirement.

Paying super on the highly targeted Carer Payment - a payment that is asset- and income-tested so it supports the carers who have the least financial resources - would more properly recognise their essential caring as work which delivers strong fairness and economic benefits. It would boost super for hundreds of thousands of carers, narrow the gender super gap and reduce future reliance on the Age Pension.

Paying super on the Carer Payment provides a strong foundation from which to fix the carer poverty penalty. The Government could also consider lifting the base payment rate for the Carer Payment to align it with Paid Parental Leave.

There is also a growing amount of unpaid care work that is not covered by Government payments. *Women In Super* in partnership with several profit-to-member super funds and academics, is currently developing a concept of super carer credits based on new research, which we expect to be launched later this year. The Super Members Council awaits that work with great interest.

**Recommendation 1:** Add 12% super contributions to the Carer Payment. This could act as a foundation stone from which to reduce the damage to retirement savings that penalises Australians delivering unpaid care.

This reform will:

- boost fairness in super by cutting the loss of retirement savings due to career break,
- lessen the financial penalty of the unpaid care gap in retirement,
- help narrow the gender super gap, and
- reduce the future burden on taxpayers through lower Age Pension outlays.

## Government carer payments

The Carer Payment is a highly targeted fortnightly pension for people providing constant care to a family member, or other person in need, who do not receive significant income from work or other sources. The eligibility for this payment is asset- and income tested, and if recipients receive some other income from time to time, the payment reduces.

The Carer Allowance is a small payment (currently \$160 a fortnight) which is paid to a wider pool of people who provide ongoing daily care to someone with a disability, medical condition or frailty. Eligibility is broader than for the more highly targeted Carer Payment - recipients can receive other income, up to a household cap of \$250,000 per year.

These supports give direct financial assistance to people with ongoing caring responsibilities, often fully or partially replacing income that could otherwise be earned through employment. Like paid parental leave, carer support payments recognise caring responsibilities take people away from the workforce for critically important work that benefits the economy and society more broadly but affects

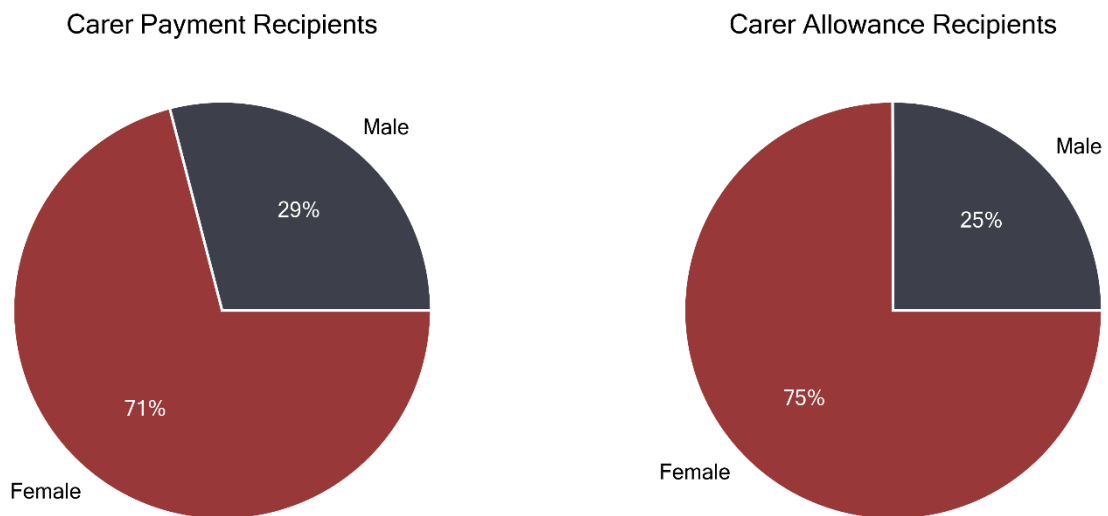


their capacity to earn income. By extension this curbs their super contributions, leaving carers further behind at retirement.

Currently, 334,000 Australians receive an average \$25,600 a year through the Carer Payment, 699,000 Australians receive around \$4,200 a year through the Carer Allowance.

Women are three times more likely to face informal caregiving demands than men. More than one-in-seven women face primary caregiving demands between the ages 45 and 65, reducing their earnings by up to \$40,000 a year.<sup>2</sup> More than seven-in-ten (71%) Carer Payment recipients, and three-in-four (75%) Carer Allowance recipients, are women.

**Figures 1 and 2:** Carer Payment and Allowance recipients by gender, June 2025



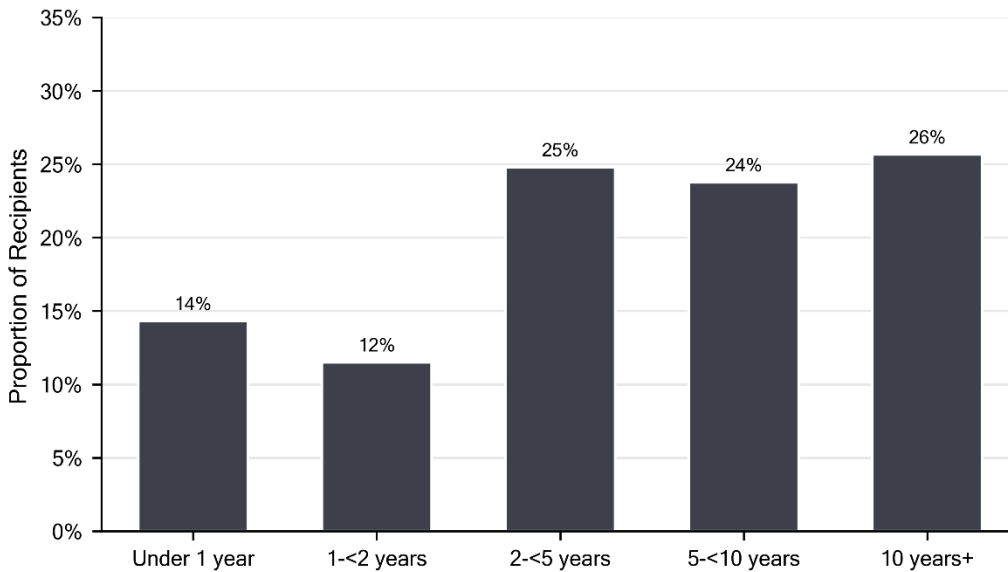
**Source:** DSS (June 2025)

And most carers take time out of the workforce for long periods of time - it's rarely temporary. Three-in-four (75%) current Carer Payment recipients have been receiving the payment for over 2 years consecutively, and more than 1 in 4 (26%) have been receiving it for over 10 years.

<sup>2</sup> Economic security in retirement: How life events affect older Australian women, Impact Economics and Policy, 2025



**Figure 3:** Current Carer Payment recipients by payment duration, June 2025



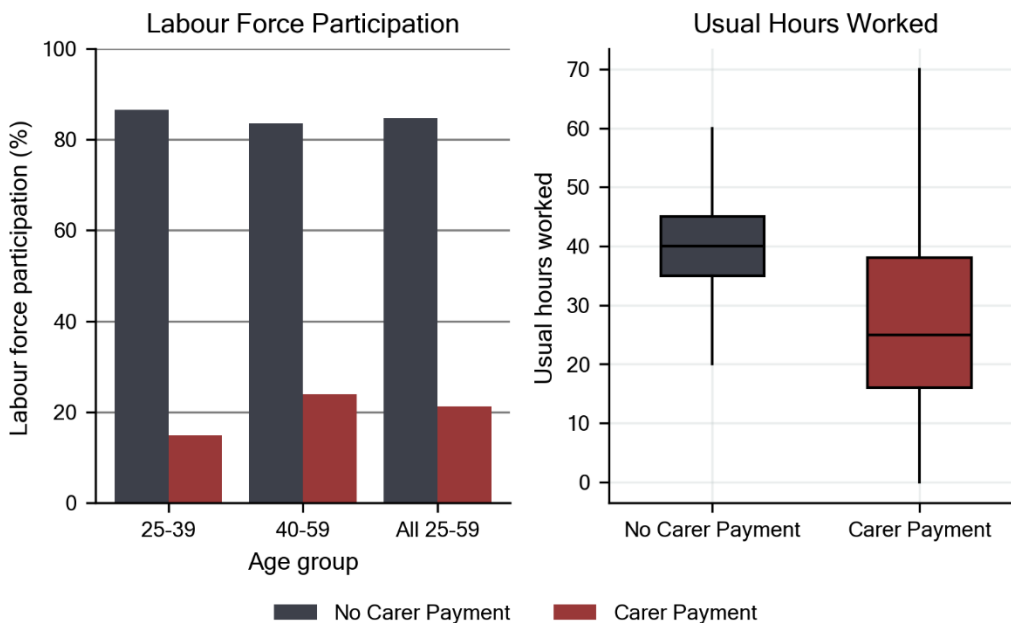
Source: DSS (June 2025)

Informal caregiving responsibilities have a significant impact on carers' capacity to do paid work. Only one-in-five (20%) working age Carer Payment recipients are in the workforce, compared to more than four-in-five non-recipients (86%).

Recipients who remain in the workforce work significantly fewer hours. The median employed recipient works about 24 hours a week, over a third less than the median non-recipient, who works 38 hours a week. This represents a clear shift towards part time work.

These patterns closely mirror what happens when people (mostly women) step away from work on parental leave to care for a new baby. Caring for a family member with a disability or who is chronically ill also reduces people's ability to work - often for longer periods.

**Figure 4:** Labour force participation and usual hours worked, ages 25-59



Source: HILDA Survey, pooled waves 20-24



## Unpaid carers miss out in retirement

Those taking time out of their careers due to caring responsibilities are not just missing out on take home pay - they are also missing out on SG contributions.

While Government wage-like payments support them while undertaking caring duties, unpaid carers fall behind in their retirement savings, significantly lowering their living standards in retirement.

Adding super contributions to the Carer Payment would go a long way to limiting this loss, helping close the retirement gap faced by Australians with unpaid care responsibilities.

### Case study 1: Maria, full-time carer, 45 years old

Maria is 45, single and owns her own home. She takes 7 years out of her career to look after her sick father starting in 2026. Each year, she'll get the full rate of Carer Payment for singles. She has about \$150,000 in super. If super was paid on the Carer Payment, she'd retire with \$45,000 more super at 67 and \$1,200 more a year in retirement income.

## A modest investment

Adding 12% super contributions to the Carer Payment would boost the super of unpaid carers by an average \$3,072 in the first year. This would boost their retirement incomes, while also partly reducing future reliance on the taxpayer funded Age Pension.

The total investment for Government in the first year would be \$1.07 billion. The total cost over the Budget forward estimates if this was introduced in the 2026-27 financial year would be \$4.55 billion over 4 years.

### Case study 1a: Maria's reduced reliance on the Age Pension

Maria gets the Low Income Superannuation Tax Offset (LISTO) in each year so pays no tax on her super contributions. The Government will pay Maria \$22,000 less in Age Pension income over her lifetime, but she will have \$31,000 more in lifetime income despite the Age Pension reduction - improving Maria's living standard in retirement while offsetting most the initial cost to Government.

**Table 1:** Adding 12% super to Carer Payment, estimates of net Budget impact over the forward estimates, from 2026-27

	2026-27	2027-28	2028-29	2029-30	Total
Net budget impact (UCB \$m)	-1,070	-1,120	-1,160	-1,200	-4,550

**Source:** SMC Analysis, DSS Annual Report 2024-25, Portfolio Budget Statements 2025-26 - Social Services, ABS Cat.6302.0.

## More needs to be done to address the unpaid care gap in retirement

Paying super on the Carer Payment will go a long way to limiting the penalty that care responsibilities inflict on carers' retirements, but more needs to be to close the gap entirely.

The Carer Payment is paid at the same rate as the Age Pension, is indexed in the same way, and is subject to the same income and assets tests. However, while the rates are the same, their purposes and rules differ. The Carer Payment is designed to support people who provide constant care and includes limits on work and travel, with eligibility tied to caring responsibilities. By contrast, the Age Pension is age-based and does not require the provision of care.

Given these differences, it is reasonable to ask whether it remains appropriate for the Carer Payment to be set at parity with the Age Pension. The Carer Payment is intended to support people during their working lives, when everyday expenses, financial pressures and the need to save for retirement are typically higher than at Age Pension age. There is a case for considering whether the rate should be higher to better reflect these realities and the value of unpaid care. By comparison, Commonwealth Paid Parental Leave is pegged to the minimum wage, meaning super contributions are calculated in line with minimum wage earnings. A similar principle could be considered in future discussions about the adequacy of income and super support for carers.



While over 1 million Australians currently receive carer support payments (Carer Payment and Carer Allowance), not all those with informal care responsibilities can get them, and the amount they receive is usually lower than what they would be earning through employment.

Carers Australia, through the National Carer Network, estimates that over 3 million Australians perform more than \$2 billion worth of informal care each week. Two thirds of carers who still do paid work reduced their hours to meet caring demands, and one-in-five had to stop working temporarily or permanently.<sup>3</sup>

Caring responsibilities put significant constraints on carers' ability to participate in the workforce, limiting the hours they can work or the salary they can earn. Fixing these structural barriers will ensure carers can earn more income and super through employment, improving their working lives and retirement income, while also reducing pressure on the Age Pension.

### **Building an evidence base on carer credits**

Alongside the reforms outlined in this report, important work is currently underway to deepen the evidence base on how the super system could better recognise unpaid care. Women in Super, in partnership with four profit-to-member super funds - HESTA, Rest, Aware Super and Australian Retirement Trust - and academics from the University of Sydney, is examining broad-based targeted carer credit models to address the retirement gaps created by unpaid caring responsibilities.

This work recognises that unpaid care is critical to Australia's economy and community - but it often comes at a lasting cost to carers' retirement security. Time spent caring - most often by women - can mean years without super contributions, leaving carers at retirement without the savings they should have to live with dignity.

Many carer organisations have also long advocated for reforms to better support carers, including paying super on the Carer Payment. The Super Members Council will continue to work alongside WIS and carer organisations. Together, this work will help drive reforms that deliver lasting generational improvements in system equity and retirement security for Australians with caring responsibilities.

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<sup>3</sup> Submission to the Senate Standing Committee on Employment, Workplace Relations, Skills and Training, National Carer Network, 2026



## Under 18 workers

Workers under 18 are only guaranteed super if they work more than 30 hours a week for one employer. This exclusion was introduced back at the outset of the super system when super balances were small and concerns about fee erosion were real.

Those concerns no longer apply. Fees on low balances are capped, and default insurance protections prevent unnecessary erosion of small amounts of super. Reforms passed in 2019 and 2020 cap administration and investment fees at 3% for balances under \$6,000, and workers under 25 with super balances under \$6,000 won't have automatic insurance premiums unless they opt-in or work in a dangerous job.

What remains is an age-based exclusion that leaves most teenage workers without super, despite being in paid employment. Young women are particularly harmed by this exclusion because they are more likely to work part time. This exclusion is recreating the gender super gap all over again for the next generation of young women who are just starting out in the workforce today.

Paying super to all under 18 workers would give young Australians a fair start to their working lives, boost their lifetime income through compounding returns, and help narrow the gender super gap.

SMC acknowledges this reform would have an impact on business and supports a phased transition, supported by Government consultation, to help smooth implementation and manage any impacts on business.

SMC has previously undertaken detailed analysis on why super should be paid to all under 18 workers in our previous reports:

- [Guaranteeing a super start to work](#), November 2024
- [Closing the gender super gap: Pay super to all under-18 workers](#), December 2025

**Recommendation 3:** End age-based discrimination in super by removing the 30 hour a week threshold so all under 18 workers are entitled to the Super Guarantee.

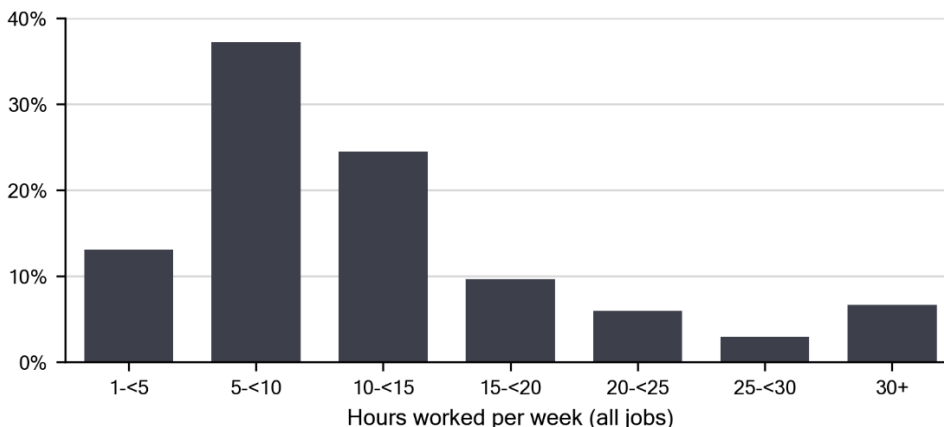
This will:

- boost the super of Australia's young workers, especially women,
- make super fairer by giving under 18 workers the same entitlements as their colleagues, and
- give young workers a super start to their working lives.

### Most under 18 workers are missing out

More than nine-in-ten (93%) under 18 workers usually work less than 30 hours a week and are therefore not guaranteed to receive super contributions for their work.

**Figure 5:** Distribution of hours worked under 18s across all jobs



Source: SMC analysis, HILDA, waves 19 to 22.



While some employers do pay super to under 18 workers even if they don't meet the 30 hours a week threshold, SMC estimates that 60% of Australia's under 18 workforce will not receive super despite being in paid employment - a total of 515,000.<sup>4</sup>

### **Paying super to under 18 workers will help narrow the gender super gap**

Closing this exclusion will boost the super for all under 18 workers. But young women are more likely than their male counterparts to work under 30 hours a week, meaning they will benefit more, helping narrow the gender super gap.

And thanks to the power of compound returns, the earliest contributions make the biggest difference at retirement.

Paying super to all under 18 workers could see a typical female teenager who works for at least two years benefit from almost \$2,500 in their super account by the time they turn 18. This is projected to grow to \$11,000 (in today's dollars) as they reach retirement age.

Young men would also benefit from this change, but slightly less. A typical male teenager who works for at least two years would benefit from about \$2,000 in their super account by the time they turn 18. This is projected to grow to about \$9,000 (in today's dollars) as they reach retirement age.

In total, SMC estimates the change could mean an extra \$405 million in super contributions in 2025-26 for young working Australians.

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<sup>4</sup> Closing the gender super gap: Pay super to all under-18 workers, SMC, 2025



## Domestic workers

Like under 18s, part-time domestic workers employed in private homes are excluded from the SG if they work fewer than 30 hours a week. This arbitrary rule has applied since the SG's introduction.

The exclusion disproportionately affects women working as cleaners, housekeepers and nannies. Over time, missing out on super contributions can result in substantially lower retirement incomes.

Removing this exclusion would bring domestic work into line with other forms of employment and ensure workers are not penalised simply because of where or how they work.

**Recommendation 4:** Make super fairer by removing the arbitrary domestic workers exclusion to the Super Guarantee.

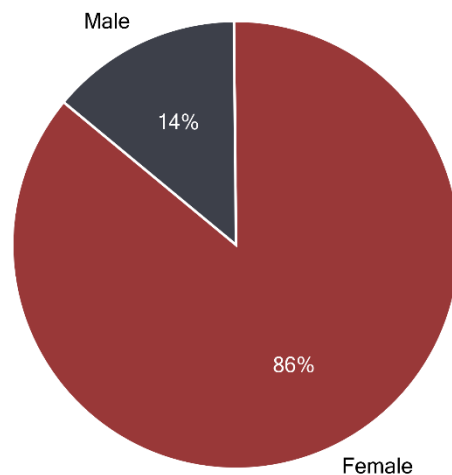
This will:

- ensure part-time domestic workers don't miss out in retirement due to the type of work they do,
- help narrow the gender super gap, and
- bring employment standards for domestic workers in line with other types of work.

## Who is missing out

37,000 domestic cleaners, housekeepers and nannies are missing out on the SG, and most (86%) are women.

**Figure 6:** Domestic cleaners, housekeepers and nannies by gender, 2026-27

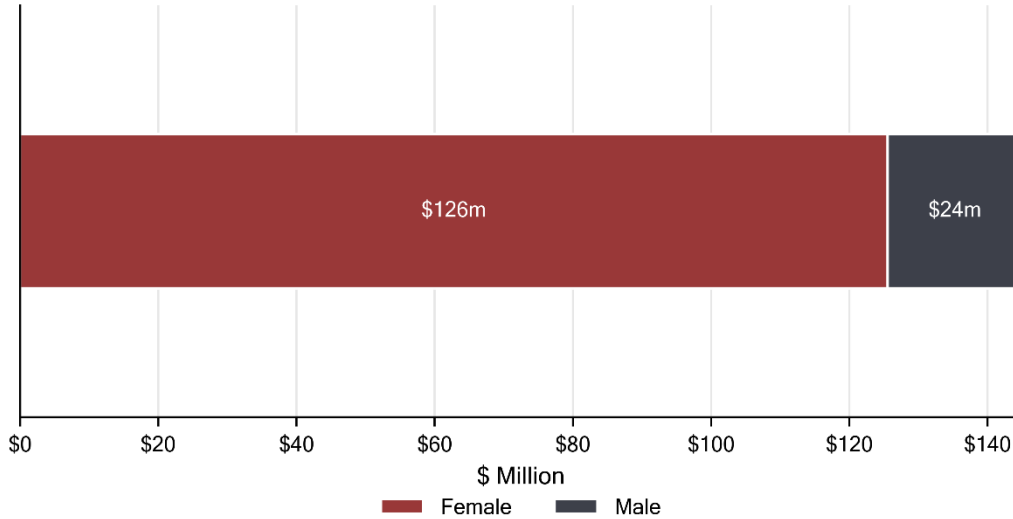


**Source:** SMC Analysis, ABS Census 2021 (TableBuilder).

On average, this is costing each worker \$4,000 in super contributions a year, totalling \$150 million across the country in the 2026-27 financial year.



**Figure 7: Total SG missed out on, 2026-27**



**Source:** SMC Analysis, ABS Cat.6291.0 & Cat.6302.0, ABS Census 2021 (TableBuilder).

Over the next four years, they will miss out on \$640 million in super contributions.

**Table 3: Total SG missed out by domestic workers, 2026-27 to 2029-30**

	2026-27	2027-28	2028-29	2029-30	Total
Estimated total SG missed out on (\$m)	150	160	160	170	640

**Source:** SMC Analysis, ABS Cat.6291.0 & Cat.6302.0, ABS Census 2021 (TableBuilder).

This is costing part-time domestic workers big at retirement and contributing to the gender super gap.

**Case study 2: The retirement benefits of paying super to domestic workers**

Tracy is 45 and works 25 hours a week as a domestic cleaner, making \$32 an hour, or just above \$40,000 per year. She is married and owns her own home and will work in the job for the rest of her career. At 45, she has a super balance around \$50,000. By getting paid the SG for her work, Tracy will retire with around \$133,000 more in her super at 67, boosting her retirement income by \$4,500 a year. She'll get \$117,000 more income across her lifetime, and the Government will save \$32,500 on her Age Pension.



## Gig workers

Gig work has become a permanent feature of the labour market, employing tens of thousands of workers, mainly in platform-based rideshare transport and food delivery. Recent workplace law reforms have opened pathways to minimum standards across parts of the gig economy.

As gig workers are usually employed as contractors, their employers are not always required to provide minimum standards, including super. But with gig work becoming a larger part of the workforce, and a growing push for minimum employment standards across other employment rights, their retirement savings must be considered to bring them in line with other types of work.

Extending super to gig workers would ensure retirement savings keep pace with changing work patterns. Given the young age profile of many gig workers, early contributions would deliver significant lifetime benefits.

**Recommendation 6:** The Australian Government should consider future *Fair Work Commission* decisions on minimum standards for gig workers and ensure a clear pathway for super to be included on gig work.

### What has changed

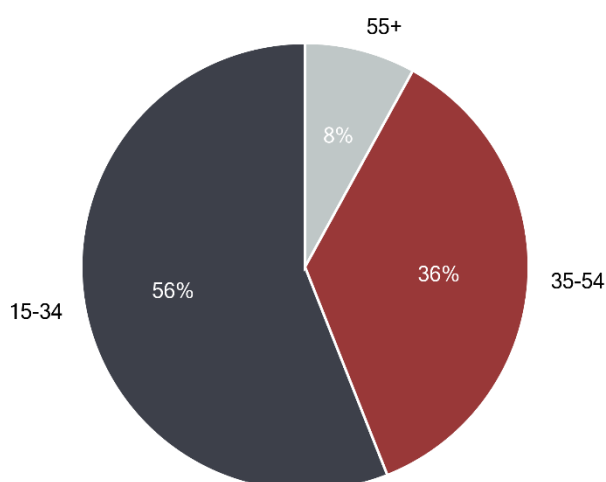
The *Closing Loopholes* workplace law reforms, which took effect in 2024, change how gig work is defined, and allow groups gig workers to negotiate minimum standards across their industry.

Joint submissions to the Fair Work Commission made by the *Transport Workers Union* and major gig work platforms have created minimum standards for their workers, and ongoing negotiations could see super included as a workplace right.

### Who would benefit

If the SG was added to gig work, 184,000 workers would benefit, receiving a total of \$410 million more in super contributions in the 2026-27 financial year, an average of \$2,220 per worker each year. Most are young workers, with 56% under 35 years of age.

**Figure 8:** Gig workers who would benefit from the SG by age, 2026-27



Source: SMC Analysis, ABS Cat.6336.0.



Over the coming four years, these workers would benefit from \$1.76 billion more in super contributions.

**Table 4:** Total additional super contributions if gig workers received the SG, 2026-27 to 2029-30

	2026-27	2027-28	2028-29	2029-30	Total
Additional SG (total) (\$m)	410	430	450	470	1,760

**Source:** SMC Analysis, QUT (2024), ABS Cat.3222.0, Cat.6302.0 & Cat.6336.0, Jobs and Skills Australia.

### Case study 3: The retirement benefits of paying super to gig workers

Cameron is 23 and works part time and earns a below-average wage in his main job. He decides to take on a food delivery gig work job starting in 2026, earning around \$29 an hour on average and working around 13 hours a week for 5 years. Cameron gets married, starts a family in his late 20s and eventually buys a house before retirement. By getting the Super Guarantee for his gig work, Cameron will retire with \$38,000 more super when he retires at 67, boosting his retirement income by \$1,300 a year.



## Other gaps

More gaps exist in the system, which means there is more work to do to ensure all Australians can achieve a dignified retirement. These include:

### Self-employment

A major driver of the gap in super coverage is because self-employed people and some forms of contractors are not required to contribute to their super when they pay themselves for their work. Further policy consideration is needed to move towards ensuring all forms of work are covered by super's transformative benefits - and that every working Australian has that same right.

### Types of pay included in SG calculation

The 12% SG rate is paid on top of *Ordinary Time Earnings*, which excludes some forms of salary and wages, such as overtime pay. This can mean some workers who work in irregular patterns or in seasonal roles can miss out compared to their colleagues who work more consistent hours.

Tax-free income is also excluded, which means members of the Australian Defence Force Reserves do not get super contributions on top of their take-home pay.

There should be ongoing thought about the appropriateness of how super is calculated to ensure some workers aren't left behind for the way they work.

### Employer-funded paid parental leave

Employer-funded PPL is one of the only types of leave where super contributions don't need to be paid. Most employers already pay super on their parental leave schemes, with *Workplace Gender Equality Agency* data for 2024-25 showing that 86% of employers with self-funded schemes now pay super, up from 81% in 2020-21.

But those missing out are worse off at retirement. A typical mother-of-three will be \$28,700 better off at retirement if she is paid super each time she takes PPL.

More work needs to be done to identify where these gaps exist and the potential benefits of closing them, as the super system continues to move towards being completely universal.



## Appendix - Methodology

### Cameo modelling

The SMC cameo model projects the accumulation of super savings throughout the life of hypothetical individuals or couples. The model simulates components of the tax, transfer, and super systems – such as contributions, returns, drawdowns, and age pension payments – under current and alternative tax settings to estimate the impact of policies on retirement outcomes. While all cameos in the following cohort analysis share the core modelling mechanism outlined above, key differences are noted in the case study assumptions located in the respective sections of this report.

### Carer payment and carer allowance

The statistics and analysis presented for the carer payment and carer allowance rely mainly on data from the Department of Social Services (DSS) Benefit and Payment Recipient Demographics (June 2025) and the department's Annual Report (2024-25).

The demographic splits – by gender (for both payment and allowance) and duration (for payment only) – are sourced from DSS Demographics dataset.

Current-year (2025-26) program outlays for carer payment and carer allowance are calculated using 2024-25 program outlay (sourced from the annual report) for each payment type, indexed to 2025-26 using Male Total Average Weekly Earnings (MTAWE – from ABS Cat. 6302.0). An uplift rate is then applied to reflect historical annual average growth in recipients for each program. The estimate for 2025-26 program recipients is then calculated by applying historical average recipient growth rates to the reported number of 2024-25 program recipients. The average per-recipient amounts are then calculated by dividing the aggregate program outlay by the number of recipients. Both the aggregate-level and individual-level foregone super guarantee (SG) amounts are estimated by applying the 12% SG rate to the aggregate program outlay and the average payment received per individual, respectively.

Estimates over the 2026-27 Budget forward estimates period are projected by growing the 2025-26 figure in line with the year-on-year program expense trajectory published in the DSS Portfolio Budget Statements for the respective payment type. Estimates are rounded to the nearest \$10 million.

### Under-18 workers

The analysis on hours worked (among under-18s) relies on unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

To compile the distribution of hours worked for the under-18s cohort, the population of interest is drawn from the HILDA Survey (release 22, waves 19 to 22 pooled together), restricted to respondents aged 17 or younger at the time of interview and reporting positive hours worked in the relevant variable. Weighting uses HILDA's cross-sectional responding-person weights, with records carrying a non-positive weight dropped. Because four waves are pooled, each record's weight is divided by four to form a pooled weight, so the summed weights represent the average annual weighted population of working under-18s across 2019-2022 rather than a cumulative four-year total. Hours worked are grouped into seven positive-hour bins plus a zero-hour bin (empty by construction, as only positive-hour records are retained). Cross-tabulation then produces a table with hours-worked bins as rows and age as columns, populated with the sum of pooled weights, with a total column labelled "All" giving the distribution across all under-18 ages combined. Applying the 12% SG rate to the aggregate wage base implied by this distribution produces the total and per-worker SG foregone figures, rounded to the nearest \$5 million, consistent with previous SMC analysis.

### Usage conditions of the HILDA Survey

The unit record data from the HILDA Survey was obtained from the Australian Data Archive, which is hosted by The Australian National University. The HILDA Survey was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne



Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views based on the data, however, are those of the authors and should not be attributed to the Australian Government, DSS, the Melbourne Institute, the Australian Data Archive or The Australian National University and none of those entities bear any responsibility for the analysis or interpretation of the unit record data from the HILDA Survey provided by the authors.

### **Domestic workers**

The domestic worker analysis focuses on three occupations: domestic cleaner, domestic housekeeper, and nanny. These correspond to 6-digit ANZSCO occupations contained in the ABS 2021 Census (TableBuilder) statistics, which serve as the primary source for this analysis.

The starting cohort is drawn from the 2021 Census through ABS TableBuilder, filtered to the three 6-digit ANZSCO occupations, employee status, and usual working hours of less than 30 per week. The resulting table undergoes further consolidation so that the number of persons and weekly personal income (implied by the midpoint of income bands) allows for the estimation of gender-based totals (number of persons and total income earned), and from which average annual earnings for the cohort are then calculated.

The Census cohort population and estimated average annual income are then projected forward to 2026-27. Worker populations are scaled using historical labour force growth for the occupation group from ABS Cat. 6291.0 (May 2021 to May 2025), extended by a further two years of projected growth from the Jobs and Skills Australia five-year employment outlook. Average incomes are indexed from June 2021 to June 2027 using growth based on average weekly earnings projections. Applying the 12% SG rate to the grossed-up 2026-27 wage base produces the total and per-worker SG foregone figures.

For the 2026-27 Budget forward estimates, worker numbers are projected using year-on-year growth in the working-age (25-60) population from ABS Cat. 3222.0, while average annual earnings are grown in line with projected average weekly earnings projections. These two components allow for the calculation of aggregate income earned by this cohort. The annual SG foregone from 2026-27 to 2029-30 is then calculated on the same basis as previously outlined and rounded to the nearest \$10 million.

### **Gig workers**

The analysis of the gig worker population draws on the QUT (2024) Digital Platform Work in Australia national survey report and ABS Cat. 6336.0 Working Arrangements (August 2025).

The number of gig workers in Australia for 2026-27 is estimated from a base population drawn from the ABS Working Arrangements publication, which records gig workers who performed platform work during 2024-25. This cohort is indexed forward to 2025-26 using the Jobs and Skills Australia five-year employment outlook. The 2026-27 gig population estimate is sourced from the four-year forward estimates, where the population is projected in line with ABS Cat. 3222.0 population projections for the 15-34 age group, reflecting the young age profile of gig workers. Gender and age breakdowns are sourced directly from the ABS series.

Aggregate earnings for this cohort are constructed by type of work performed through the main digital platform, using QUT (2024) to decompose the gig workforce into 13 work-type categories. For each category, average annual earnings per worker combine (i) hourly rates, (ii) average weekly hours on the main platform, and (iii) an average number of weeks worked per year, derived from reported frequency of engagement. Hourly rates are scaled from 2023 to 2027 using ABS AWOTE. To form the average hours worked per week for each work type, an allowance is also made for workers active on multiple platforms by adding 50% of main-platform hours to the relevant multi-platform share. The worker count for each of the 13 work-type categories is formed by applying the work-type proportions from the national survey to the total estimated gig worker population. Combining these counts with average annual earnings by work type produces the total aggregate earnings for the gig worker sector. Applying the 12% SG rate to total aggregate earnings gives the aggregate SG contributions per year. The per-worker average contribution is the aggregate divided by the estimated gig worker population.

Over the 2026-27 Budget forward estimates period, average annual earnings are grown in line with projected AWOTE. Multiplying these by the gig worker population projections outlined above gives the



total aggregate wages earned. Applying the 12% SG rate to aggregate wages yields the annual estimated SG foregone, which is rounded to the nearest \$10 million.