BCA
Business Council of Australia

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Senator Lisa Darmanin
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Dear Senator Darmanin

RE: Superannuation Legislation Amendment (Fair Super for Young Workers) Bill 2026

The Business Council of Australia (BCA) welcomes the opportunity to make a submission on the *Superannuation Legislation Amendment (Fair Super for Young Workers) Bill* 2026 (the Bill). The BCA opposes the Bill and recommends that it not proceed.

As this Committee has recently recognised, further consultation and analysis are required to properly understand the impact of the proposed changes on young workers and employers. At present, no compelling case for change has been established. In particular, we are concerned that the proposal is not informed by a proper assessment of the measure's net long-term retirement benefit and any near-term labour market effects, or of the cumulative costs and compliance pressures facing employers from payday super, increases in applicable rates of pay and other recent reforms.

The proposal to extend compulsory superannuation to all workers under 18, regardless of hours worked, has already been considered by this Committee and the Senate on multiple occasions this year. It was examined in the Committee's May 2026 inquiry into the *Treasury Laws Amendment (Payday Superannuation) Regulations 2026*[1] and revisited in debate on Senator Barbara Pocock's partial disallowance motion, moved on 30 June and defeated on 1 July 2026.[2]

At paragraphs 2.29–2.30 of its May 2026 report, the Committee supported the principle of paying superannuation on every dollar earned, including for workers under the age of 18, as part of the long-term pathway to universal superannuation. It also noted that most employers of workers under the age of 18 do not pay superannuation, that embedding the new payday super system should be the priority, and called for consultation with unions, civil society and employers, as well as detailed analysis of the impact of the proposal.[3]

During debate on the Bill on 20 August 2026, you reaffirmed that position. You described payday super as 'one of the biggest changes to the administration of superannuation in decades', and recognised

[1] See Economics Legislation Committee, *Treasury Laws Amendment (Payday Superannuation) Regulations 2026*, May 2026, Treasury Laws Amendment (Payday Superannuation) Regulations 2026 – Parliament of Australia.
[2] Senate Hansard, 30 June 2026, pp 86–88; 1 July 2026, p 67-71.
[3] Senate Economics Legislation Committee, Treasury Laws Amendment (Payday Superannuation) Regulations 2026, May 2026, paras 2.29–2.30; see also paras 2.15–2.18.

that employers, payroll and software providers, superannuation funds and regulators were focused on implementing those reforms.[4] As the Government and this Committee have recognised, further analysis and consultation are essential to properly understand the impact of the proposal.

In addition to implementing new payday super systems, businesses are also preparing for phased junior rate increases for eligible 18 to 20 year-olds under the Retail, Fast Food and Pharmacy Awards from December 2026, adding to labour costs.[5] The cumulative costs and compliance burden of these reforms require proper assessment, as do any unintended consequences of the changes outlined in the Bill, including for young people's access to first jobs and additional shifts. Any reduction in early employment opportunities may adversely affect young people's job readiness, future employability and lifetime earnings. It would be an extraordinary own goal for the country if the Bill resulted in fewer young people having access to first job opportunities.

The May inquiry by the Committee considered projected retirement balances and individual worker testimony. A broader evidence base is needed, including robust, representative qualitative and quantitative research into the views of affected workers. For example, consultation should test how young workers weigh their immediate income needs and job opportunities against retirement savings, which they will generally be unable to access for more than 40 years. Would they prefer to pay down a HECS debt or save for a home deposit? Consideration should also be given to the true net retirement benefit for workers with low earnings or short periods of employment, taking account of contributions tax and fees.

The Bill would commence the day after Royal Assent, with no dedicated transition period. If enacted late in the year, it could require payroll changes during the peak Christmas trading period. Retailers would be required to change payroll and superannuation arrangements for a workforce cohort heavily represented in seasonal employment while managing high recruitment and payroll volumes. Without adequate time to update and test systems and obtain fund details for newly eligible employees, employers face an increased risk of contribution errors, delayed payments and subsequent remediation.

The BCA agrees with the Government that "reforms should be carefully designed, properly consulted on and implemented in the right sequence".[6] Accordingly, we ask that the Committee recommend that the Bill not proceed. Further analysis and consultation with affected workers, employers, unions and the superannuation sector should establish whether reform is warranted, taking full account of the measure's net long-term retirement benefit and any near-term labour market effects, and the cumulative costs and compliance pressures that recent and forthcoming reforms place on employers.

Yours sincerely

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[4] Senate Hansard, 20 August 2026, pp 3-5.
[5] *Application by Shop, Distributive and Allied Employees' Association* [2026] FWCFB 222, 26 August 2026 at [5], [261]–[266].
[6] Senator Lisa Darmanin, Senate Hansard extract, 20 August 2026, p. 5.