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Via email to [VulnerabilityConsultation@ato.gov.au](mailto:VulnerabilityConsultation@ato.gov.au)

Dear ATO Vulnerability Framework Consultation Team,

**Re: Consultation Paper – draft ATO Vulnerability Framework**

AustralianSuper welcomes the opportunity to provide feedback on the Australian Taxation Office's (ATO) draft Vulnerability Framework consultation paper.

AustralianSuper is Australia's largest superannuation fund and is run only to benefit members. Over 3.5 million Australians are members of AustralianSuper, and we manage over \$385 billion of members' assets on their behalf. Our purpose is to help members achieve their best financial position in retirement.

Australia's superannuation system is one of the best in the world and works well for most Australians, but it can be improved. AustralianSuper members are more likely to be low- and middle-income earners: a cohort containing vulnerable groups. AustralianSuper is committed to advocating for inclusive system settings to improve how superannuation system settings deliver for members who are most reliant on them. A key component of this is recognising the close interaction between taxation and superannuation settings, and the imperative that they work together to drive more equitable outcomes for vulnerable superannuation members.

While our recommendations are predominantly focused on actions that can be undertaken today, we also take this opportunity to point to the potential that improved data integration between the ATO and superannuation funds could provide in future to assist funds to better support vulnerable members in relation to their superannuation and the retirement income system.

**ATO Superannuation Settings and Vulnerable Members**

The ATO has crucial responsibilities in administering the superannuation system to enable members to receive their full superannuation entitlements. The ATO's remit includes ensuring that members are paid their superannuation entitlements on time and in full; it also includes refunding the contributions tax paid by low-income earners within the Low Income Superannuation Tax Offset (LISTO) framework; and ensuring that temporary visa holders working in Australia can access their Departing Australia Superannuation Payments (DASP).

While the relationship these members have with the ATO is not the typical 'taxpayer' relationship, they depend on the ATO and many of them will meet criteria for vulnerability.

AustralianSuper recognises that all superannuation members can experience vulnerability, and that vulnerability may come from a range of factors.

Our submission focuses on the scope of the ATO's current understanding of vulnerability and makes recommendations around how stated intentions will be translated into practical, measurable and accountable commitments.

## **The ATO Vulnerability Framework's Approach to Superannuation**

Recommendation 1: The ATO is tasked with administering the superannuation system. Therefore, the ATO's definition of vulnerability should be amended. It should extend beyond an individual's capacity to comply with taxation obligations and should explicitly refer to the ATO's role in relation to recipients of superannuation.

We welcome the ATO's commitment to embedding considerations of vulnerability into its administrative processes and support the intent behind the Framework's six guiding principles. These steps are important in strengthening the responsiveness to the barriers faced by people with lived experience of vulnerability in navigating and engaging with system settings.

To build on the acknowledgement of the ATO's dual role in administering both taxation and superannuation, there is scope to expand the Framework's treatment of superannuation-related challenges. The distinct barriers and vulnerabilities faced in superannuation should be reflected more clearly across the Framework's core focus areas, guiding principles and practical examples. For example, vulnerable individuals may be more likely to be the victim of superannuation guarantee non-compliance, or may have more difficulty in accessing Departing Australia Superannuation Payments.

The Attachment provided to our submission outlines key areas where vulnerable members rely on ATO services and vulnerability criteria to access their full superannuation entitlements. These touchpoints, which underscore the need for consistent application of vulnerability considerations across both system areas, emphasise the need for the Framework to more clearly define its implications for superannuation.

## **Implementation and Operational Scope of the ATO Vulnerability Framework**

Recommendation 2: To ensure the Framework, in practice, is best positioned to deliver better outcomes for individuals experiencing vulnerability, we recommend the ATO develop and publish a complementary implementation plan outlining how the commitments set out in the draft Vulnerability Framework materials will be operationalised.

This should include:

- The functional areas of the taxation and superannuation systems where the Framework would be applied,
- Responsibility for implementation,
- How core processes and operational decision-making across taxation and superannuation would change in response to this new framing, and
- Mechanisms to monitor the progress and assess the effectiveness of its application

While the consultation material refers to applying the Framework across the core areas of support, services, design and staff, we believe this framing could benefit from more specificity to support clarity and confidence in its practical impact.


## Applying Vulnerability Considerations to Superannuation

Recommendation 3: Priority areas within the remit of superannuation that present meaningful opportunities for the practical implementation of vulnerability considerations outlined in the Framework that the ATO should consider include:

1. **Data integration between the ATO and superannuation funds**: Future data integration between the ATO and funds could help funds to deliver improved support for vulnerable members in relation to their superannuation and the retirement income system.
2. **Addressing unpaid superannuation**: Unpaid superannuation affects Australians across the income levels, but the lowest income earners are particularly impacted. To support a smooth transition to Payday Super, the ATO should take a facilitative approach to compliance during an initial period after commencement of Payday Super and publish its approach.
3. **Early release of superannuation on compassionate grounds or financial hardship**: The ATO should consider scope for greater communication on the withdrawal rules and restrictions that apply once compassionate grounds or financial hardship conditions for release have been satisfied.
4. **Communications around the Low-Income Superannuation Tax Offset (LISTO)**: LISTO's automated nature means that the offset can be overlooked by its recipients. The ATO should consider additional communications around LISTO's purpose and operation, so members know they are receiving it. This includes community briefings for individuals in remote areas.
5. **Improving outcomes for Pacific Australia Labour Mobility (PALM) scheme workers**: PALM scheme workers can struggle to access their superannuation entitlements, facing an unfamiliar and complex system. We encourage the ATO to streamline the DASP claims process to make it easier for workers to access their super. This includes addressing missing international bank detail fields and revising cheque payment options and allowing members to attach necessary ID documents to the online DASP form.

Detailed comments on AustralianSuper's position across these application areas are provided in the Attachment.

We would be pleased to provide additional information or to discuss this submission in further detail. If that would be of assistance, please do not hesitate to contact Katherine Salih, acting Head of Government Relations ([KSalih@australiansuper.com](mailto:KSalih@australiansuper.com)).



Yours Sincerely

**Paula Benson AM**  
Chief Strategy Officer

*AustralianSuper*

## Attachment: Priority Superannuation Settings for Practical Implementation of the Vulnerability Framework

### Data integration between the ATO and superannuation funds

Improved data integration between the ATO and superannuation funds has the potential to assist funds to better support vulnerable members in relation to their superannuation and the retirement income system. The ability of funds to provide relevant information and guidance to members, particularly as they approach retirement, would be greatly enhanced by reforms to empower members to give their superannuation fund secure access to their relevant data held by government, including that held by the ATO and Services Australia. Information such as total superannuation balance and receipt of employment termination benefits, for example, when combined with age and other information, could in future help funds engage with members on the topics of retirement income and the Government Age Pension.

We know that some members find navigating the retirement income system challenging. Delays in applying for the Government Age Pension are both common (only 44% of people apply immediately when eligible, with 32% delaying for one year or more<sup>1</sup>), and costly. Vulnerable members have much to gain by engaging with the retirement income system, and should be better supported to do so.

Work would need to be done to allow and implement a pathway for efficient and secure data sharing. Superstream provides an example of where collaboration between government and industry delivered better member outcomes and strengthened the integrity of the super system through enhanced efficiency, reliability and security when sharing member information. This is a model that could be further leveraged to improve member outcomes by allowing super funds to form a more holistic understanding of the income needs and wants of members through further integration.

### Recommendation

The Government should empower members to give their superannuation fund secure access to their relevant data held by government to support the provision of tailored information and guidance.

### Addressing Unpaid Super

Unpaid superannuation – when an employee receives less than their full superannuation entitlement or no superannuation at all – undermines trust in system settings and risks the retirement outcomes of millions of Australians. Tackling this issue requires proactive action. The ATO plays an important role in supporting employers to comply with their Superannuation Guarantee (SG) obligations and identify and deal with those who do not. We acknowledge the value of the ATO's publication of annual SG compliance statistics, as well as its recent steps toward a more deliberate and targeted approach.<sup>2</sup>

However, recent Super Members Council's (SMC) analysis shows that those among the Australian workforce's more vulnerable groups – relatively lower paid women, those in insecure work migrants, and younger workers –

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<sup>1</sup> Link Group, *Retirement Reality: Advice and the Age Pension Whitepaper*, July 2022, p 5.

<sup>2</sup> ATO, 2024, [We're changing our approach to collecting unpaid tax and super](#).

are most acutely affected by unpaid super, exacerbating existing inequalities these groups can face.<sup>3</sup> Further, barriers such as low financial literacy and language constraints can make these at-risk groups less likely to identify or report their unpaid super. Additional work is required to better protect these groups and ensure the system delivers fairer outcomes for all employees.

AustralianSuper supports the Government's commitment to implementing Payday Super. The payment of superannuation at the same time as an employee's salary or wages allows for more time for superannuation savings to compound, leading to additional retirement savings for members. This important measure, first announced on 2 May 2023 will significantly reduce the incidence of unpaid superannuation and allow the ATO to detect it more quickly.

To support a smooth transition, the proposed 1 July 2026 start date should be accompanied with a facilitative approach during an initial phase. During this phase, recognising that this is a significant change to the arrangements surrounding the payment of superannuation, the ATO should work with employers, supporting their transition to comply with the new arrangements.

### **Recommendation**

The ATO should take a facilitative approach to compliance during an initial period after commencement of Payday Super and publish its approach.

## **The release of superannuation on compassionate grounds or financial hardship**

The principle of preservation, that superannuation is for retirement, is core to Australia's superannuation system. However, there are limited circumstances where members experiencing vulnerability may need to access their superannuation early.

Additional attention must be given to how this process operates once the conditions for early release are met. The design and administration of this mechanism – including the role and discretion of superannuation funds - affects member outcomes and experiences, particularly those in vulnerable circumstances.

We have observed that members in these vulnerable circumstances often require greater information and support to engage with the involved administrative processes, including difficulties identifying the right point of contact for further guidance.

A key issue for members that satisfy early conditions of release for compassionate grounds (governed by the ATO) or financial hardship (governed by Trustees) are that members are often unaware of the restrictions attached to these types of withdrawals, such as a single lump-sum payment limitation, time limitations with a 12 month period, related tax implications on early withdrawal below 60 years of age, and potential impacts on eligibility for government welfare support.

### **Recommendation**

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<sup>3</sup> SMC, 2024, **Fixing unpaid super: Making super fairer for workers and employers alike.**

The ATO consider scope for greater communication on the withdrawal rules and restrictions that apply once compassionate grounds or financial hardship conditions for release have been satisfied.

## Communications around LISTO

LISTO compensates low-income earning individuals for the tax their superannuation fund pays on concessional contributions. It aims to address the unfairness of taxing compulsory superannuation contributions at often a higher rate than a low-income earning individual's individual tax rate on their assessable income earned outside of the superannuation system.

We recognise the ATO's function in administering this offset, and value its commitment to transparency through publishing annual LISTO reporting statistics. As an automated offset, LISTO recipients may not be fully aware or realise they are benefitting from it.

The July 2024 Pyxis Polling and Insights survey, which found 4 in 10 Australians could not correctly state the tax rate that most Australians pay on their superannuation, validates the need for enhanced communication on entitlements so they can be more understood by those they are designed to support.<sup>4</sup> The case for greater communication and awareness is reflected in our observation of a high level of need in remote communities for more tailored outreach and accessible services. Guided by insights from First Nations financial counsellors, AustralianSuper launched a targeted outreach program in September 2023 to provide administration services, assistance and education shaped by local needs. We have since connected with more than 25 communities to support members who may not otherwise be able to successfully engage with the system in finding, understanding, and accessing their superannuation and AustralianSuper services.

AustralianSuper is calling for LISTO to be expanded during this term of Government to ensure that all low-income earners get a fair tax concession on their superannuation and can benefit from an improved standard of living in retirement. This includes:

- Increasing the amount of LISTO available to reflect increases in the Superannuation Guarantee (linking the LISTO amount to the SG rate),
- Allowing access to LISTO for those earning between \$37,000 and \$45,000 a year (linking LISTO eligibility to the top of the second tax bracket) and,
- Doubling LISTO for those on the lowest incomes (i.e. below the tax-free threshold) to ensure that they get a tax concession on their superannuation contributions like everyone else.

The biggest benefit of these reforms will be felt by women, First Nations people and young workers who are more likely to be low-income earners.

While the legislative change required to address these shortcomings are not within the ATO's administrative remit, efforts to increase public understanding of the importance of the LISTO, and awareness of eligibility for LISTO are crucially important. LISTO can make a significant difference to the standard of living in retirement of low-income members, and the ATO should consider undertaking public education about LISTO generally, and direct communications to superannuation members receiving LISTO.

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<sup>4</sup> SMC & Pyxis, 2024, **SMC Flash Survey**.

## Recommendation

The ATO should consider scope for additional communications around LISTO's purpose and operation, so members know they are receiving it. This includes community briefings for individuals in remote areas.

## Improving Outcomes for PALM Scheme Workers

The PALM scheme is a temporary migration program that allows Australian businesses to hire workers from nine Pacific Island countries and Timor-Leste. The scheme enables these workers to take up employment in Australia, develop their skills, and remit income to support their families and communities. For Australian businesses, it plays an essential role in ensuring an adequate supply of workers, particularly in the agriculture, meat processing, and care industries in our economy.

Australia's Department of Foreign Affairs and Trade estimates that on average, short-term PALM scheme workers are likely to accumulate about \$3,800 in superannuation through a 9-month placement.<sup>5</sup> Many of these workers are members of AustralianSuper.

## Claims Process

Applications for the Departing Australia Superannuation Payment (DASP) are either made through the ATO's portal to a superannuation fund, via a paper-based form to a superannuation fund, or directly to the ATO.<sup>6</sup> This application process can be challenging for PALM scheme workers to navigate.

A recent paper from the Australian Workers' Union and the Approved Employers of Australia sets out the difficulties that PALM scheme workers face in obtaining their superannuation. The barriers identified include:<sup>7</sup>

- Administratively complex paperwork.
- System design that assumes the applicant is still residing in Australia.
- Certification of identity documents under Australian law, which is often only accessible via Embassies or High Commission for workers outside of Australia. This service can be high-cost and time-consuming. Additional administrative burden comes from visa-related forms such as certification of immigration status or visa cancellation requests.
- Requirement to provide details of an open Australian bank account is often unworkable, as many workers close their account upon leaving Australia.
- The subsequent reliance on cheque payments when no account is available is impractical, given they are not accepted in many Pacific countries and are being phased out by the ATO by 2028.
- Limited access to communications and transport infrastructure for workers in remote and outer island regions.

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<sup>5</sup> ABC, 2024, **Superannuation is sitting in Australia as PALM workers report barriers, delays in claiming their money**, accessed July 17 2025.

<sup>6</sup> DASP is required to be transferred to the ATO as unclaimed money if it is more than 6 months since the member left Australia and their visa has ceased to be in effect.

<sup>7</sup> AWU, **Super Powered: Improving Access to PALM workers' retirement earnings**.

The cumulative effect of these obstacles can result in confusion for PALM workers, which can end in the forfeiture of the monies owed to them. Reforming this process to make it more accessible aligns with the ATO's stated commitment to streamlining processes and improving systems under the Framework's 'Support' core focus area.<sup>8</sup>

A quick and easy win would be updating the DASP claimant form to allow for international bank payment details to be included. Not all superannuation funds may provide for this option. AustralianSuper does, and this update would streamline the process for all participants in Australia's superannuation system if members could input their international bank payment details into the ATO's DASP form where their superannuation fund offers payment.

**Recommendations:**

1. The ATO streamline the DASP claims process to make it easier for workers to access their superannuation.
2. The ATO address missing international bank detail fields and revising cheque payment options in the ATO DASP form. This would better align with the current processing needs for administrators and superannuation funds.
3. The ATO allow for members to attach necessary ID documents to the online form. This would streamline the DASP approval process. Currently, funds need to reach out to the member after the form has been lodged to obtain ID documents, adding an unnecessary extra step to this process.

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<sup>8</sup> ATO, 2025, **Consultation Paper – ATO Vulnerability Framework**, page 9.