



79 Constitution Ave  
Campbell ACT 2612  
T (02) 6245 1300  
hia.com.au

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Director  
Superannuation Insurance and Governance Unit  
Member Outcomes and Governance Branch  
Retirement Advice and Investment Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

## Consultation on legislating the objective of superannuation

The Housing Industry Association (HIA) provides the following response to the consultation on legislating the objective for superannuation.

HIA does not agree that a legislated objective for superannuation is necessary. The assertion that a legislated objective for superannuation will improve living standards for retirees does not appear to be strong.

Of concern, is that the simplified nature of the proposed objective would leave many issues open to interpretation with extensive scope for debate. It is disappointing that the objective contained in the *Superannuation (Objective) Bill 2023* has not changed since the consultation.

Most notably, the proposed objective fails to consider and recognise the broader socio-economic impacts of superannuation.

For example, adopting phrases such as ‘preserve savings’ could have an unintended consequence by limiting the use of superannuation in supporting home ownership.

To that end, superannuation is just one side of the national savings and wealth conversation. Evidence shows that in addition to superannuation, housing is the other fundamental driver of wealth, and those without either, or with one but not the other, suffer from wealth inequality that appears to be increasing.

Superannuation and homeownership must work hand in hand as drivers of wealth accumulation.

### Superannuation and home ownership work hand in hand in retirement

Many Australians aspire to accumulate enough savings throughout their working careers to maintain their lifestyle in retirement. People accumulate savings within the superannuation system and savings outside of this system. For many households, purchasing a home in which to live is the primary form of saving. The Retirement Income Review (2020) noted that:

*“The home is the most important component of voluntary savings and is an important factor influencing retirement outcomes and how people feel about retirement. Home owners have lower housing costs and an asset that can be drawn on in retirement.”*

And also that:

*“About one-quarter of retirees who rent privately are in financial stress, primarily because of high housing costs.”*

Saving within superannuation and owning your own home are both important factors influencing the living standards that people enjoy in retirement. While an objective of superannuation is to provide a source of income in retirement, the purpose of an income stream in retirement is to enable people to maintain their standard of living. Owning your own home in retirement makes a positive contribution to living standards in retirement. Considering imputed rent, owner-occupied housing is an important source of income.

Policies that aim to improve living standards in retirement should operate in a coordinated manner. Policies such as the First Home Super Saver demonstrate that the superannuation system can support home ownership.

If you would like to discuss these comments further, please contact Melissa Adler ([m.adler@hia.com.au](mailto:m.adler@hia.com.au)).

Yours sincerely  
HOUSING INDUSTRY ASSOCIATION LIMITED

A handwritten signature in black ink, appearing to read 'Jocelyn Martin', with a stylized flourish at the end.

Jocelyn Martin  
Managing Director