

31 March 2023

Superannuation Insurance and Governance Unit
Member Outcomes and Governance Branch
Retirement, Advice and Investment Division
The Treasury
Langton Crescent
PARKES ACT 2600
Via online lodgement

REIA Submission: Legislating the objective of superannuation

To whom it may concern,

The Real Estate Institute of Australia (REIA) is the national body and voice for the real estate profession in Australia. REIA's primary function since 1924 has been advocacy for policies that support a successful real estate industry. We are committed to working with the Australian Government to advance Australia's prosperity.

REIA's members are the State and Territory Real Estate Institutes (REI's), through which around 85pc of Australian real estate agencies are collectively represented across 46,793 businesses.

The Census records the Rental, Hiring and Real Estate Services Industry employment as sitting around 120,000, which includes business brokers, property managers, principals, real estate agents and representatives. Property contributes \$300 billion annually in economic activity and underpins a combined workforce of 1 in 4 Australian jobs.

Real estate and superannuation in Australia have long co-existed as complimentary asset classes which in retirement are established as mutual critical success factors. CoreLogic estimates residential real estate is worth \$9.3 trillion and superannuation is worth \$3.3 trillion.¹

REIA's 2021 Megatrends Report for real estate identified a changing population as a key issue for national development and stated "it is not so much the total population, but its composition. The issue of ageing is of utmost significance as Australia moves towards a population of 50 million."²

Overview

REIA therefore welcomes the opportunity to provide a submission to the Treasury's Draft Legislation on the Objective of Superannuation.³

¹ [Monthly Housing Chart Pack - March 2023](#), CoreLogic.

² [Megatrend Report 2021: Megatrends Relevant to the Real Estate Industry](#), REIA

³ Available: [Legislating the objective of superannuation consultation paper \(treasury.gov.au\)](#)

The Australian Government has produced successive reviews and papers on Australia's retirement system including the Retirement Income Review: The Final Report (July 2020)⁴ and the Intergenerational Report (June 2021).⁵

REIA supports the need to enshrine the objective of superannuation to provide a shared understanding of the role of the superannuation system and to protect retirement outcomes for Australians.

We believe this is particularly the case as our nation deals with the economic, social, and ethical implications of an increasing 'greying population' that will be seeking access to their superannuation.

"Australia is currently in the middle of a significant demographic transition, as people in the baby boomer generation reach 65. This has already driven a rapid fall in the ratio of working-age people to those over 65 through the past decade, which will continue for the next decade."

- 2021 Intergenerational Report

Our position

REIA agrees Australians would benefit from legal framework to safeguard their savings and direct super fund and future Government approaches to be accountable to the agreed intent.

The proposed wording: "To preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way" should be changed to reflect an intent to help **Australians have a genuinely successful retirement.**

The Retirement Income Review found that superannuation was only one of three critical success factors in a successful retirement:

"Australia's Age Pension, compulsory superannuation and private savings, including voluntary superannuation and a high level of home ownership, gives Australians flexibility to achieve retirement incomes that suit their circumstances."

- Retirement Income Review

Superannuation must unlock opportunity and adapt to changing circumstances as the trends in the Intergenerational Report are realised and ideally help Australians achieve multiple prongs of a successful retirement.

Housing must be a central consideration of a successful retirement

Home ownership has fallen for younger and lower- to middle-income Australians over the past 40 years. Increases in residential property prices, later workforce entry, delay of household formation and declining housing affordability have all been key factors in this trend.

The reality is, unless trends to declining home ownership are addressed, superannuation and additional government support will have to step up to support an increasing cohort of 'retiree renters.'

⁴ Available: [2021 Intergenerational Report | Treasury.gov.au](https://www.treasury.gov.au/publications/2021/01/2021-Intergenerational-Report)

⁵ Available: [Intergenerational Report | Treasury.gov.au](https://www.treasury.gov.au/publications/2021/06/Intergenerational-Report)

The Retirement Income Review stated repeatedly the benefits of home ownership in retirement and sounded the alarm for those who are in rentals:

“The retirement income system does not appear to be delivering an appropriate standard of living for many retiree renters. Owning a home has a positive influence on a person’s standard of living in retirement. Whereas, in retirement, renters have higher levels of financial stress. A significant proportion of retiree households that rent are in income poverty, which is even higher for single retiree renters.”

- Retirement Income Review

REIA strongly urges when legislating an objective of superannuation to consider all factors of a successful retirement not simply compulsory superannuation.

Improving home ownership rates as well as additional support for retiree renters will be a critical success factor for this and these must be addressed by a whole-of-government response.

REIA Recommendations

REIA’s positions on the proposed wording for legislating an objective of superannuation are that:

1. Retirement outcomes for Australians be considered holistically in defining an Australian superannuation objective. Conditions around ‘preserve savings’ should be broadened and reworded to identify the best possible and most successful retirement outcome.
2. Superannuation should continue to support and consider expanding providing support for first home buyers, as with the voluntary First Home Super Saver Scheme, and examine successful schemes for young homebuyers in Canada New Zealand, and Singapore given home ownership’s well understood role in a successful retirement.

Conclusion

Legislating an objective for Australia’s superannuation system should consider the following key elements:

- That flexibility is required as Australia’s population ages and by consequence economy changes
- That a holistic view of retirement income, savings, and accommodation requirements is needed
- That superannuation objectives must by necessity be directly aligned with current and future housing needs in the context of a successful retirement
- Consider expanding the role of superannuation funds to not simply be guardians and gatekeepers of compulsory retirement wealth, but look to play an active role to ensure Australian’s are able to have a genuinely successful retirement across all pillars including home ownership

This would enhance Government objectives for dignity, financial security, and wellbeing by maximising Australian’s nest eggs in retirement and deliver on REIA’s strategic vision to Advance Australia’s Prosperity.⁶

⁶ Available: [REIA 2025 Strategy](#)

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Yours sincerely,

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