

Submission to Superannuation Legislation Amendment (Fair Super for Young Workers) Bill 2026

September 2026

The Australian Retail Council (ARC) welcomes the opportunity to contribute to the Senate Economics Legislation Committee inquiry into the Superannuation Legislation Amendment (Fair Super for Young Workers) Bill 2026.

ARC represents the Australian retail sector. Valued at \$444 billion, retail supports more than 1.4 million jobs, and employs more young Australians than any other industry. Retail is embedded throughout the economy and plays a critical role in the supply chain of Australian businesses. ARC advocates for policies and reform that drive growth, resilience and long-term prosperity for Australian retail and the millions who rely on it.

General comments

ARC supports all workers receiving their legislated workplace entitlements, including superannuation. However, ARC does not support policy measures that may increase the cost of employing young people, reduce access to entry-level employment opportunities or impose disproportionate costs on businesses that employ junior workers.

Retail is Australia's largest private sector employer and one of the nation's most significant providers of entry-level employment opportunities. Young workers play an important role in the retail workforce, with the sector providing flexible employment opportunities that support participation in education while developing foundational workplace skills.

While the Bill seeks to improve retirement outcomes for under-18 workers, ARC is concerned that insufficient consideration has been given to the potential impact of the proposal on youth employment, particularly when considered alongside recent increases in labour costs affecting young workers, including changes to junior rates and the implementation of Payday Super reforms.

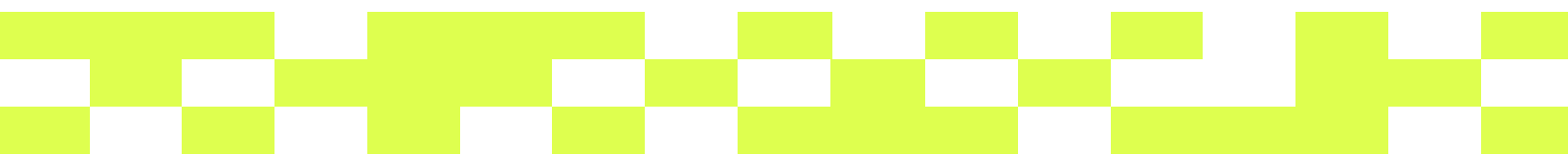
ARC notes that the Senate Economics Legislation Committee's 2026 inquiry into the Payday Super Regulations concluded that Payday Super should be embedded before further changes to the superannuation system are considered and that extending superannuation to under-18 workers would require careful consultation and further work to understand the impacts on employers and the broader economy.

ARC recommends that the Committee not support the Bill. While the Bill may improve retirement savings outcomes for affected workers, insufficient consideration has been given to its potential impact on youth employment opportunities, workforce participation, entry-level job creation and implementation challenges for employers.

Detailed comments

The Retail Sector and Youth Employment

The retail industry has long served as a gateway to employment for young Australians. For many workers, a retail job represents their first experience of paid employment, providing an opportunity to develop communication, customer service, teamwork, problem-solving and workplace skills that remain valuable throughout their careers.



Retail remains one of Australia's most important pathways into the workforce for young people. Around one-third of the retail workforce is under 25 years of age and retail employs more young Australians than any other industry.

For many young workers, retail employment provides not only an income but also their first exposure to workplace expectations, customer interaction, teamwork and professional development. These foundational experiences often shape future workforce participation and career opportunities.

Employing young workers often involves significant investment by businesses in recruitment, training, supervision and development. These investments are made despite the reality that many young employees have limited prior work experience and often work flexible hours to accommodate school and study commitments.

Workforce participation and access to first-job opportunities should be a central consideration in assessing this Bill. Youth unemployment remains more than double the national unemployment rate, at 10.4 per cent compared with 4.5 per cent, in July 2026. Research from Jobs and Skills Australia highlights that many young Australians face challenges transitioning from education to employment, particularly in relation to work experience, skills and meeting employer requirements. Employers identified communication skills and relevant experience as key considerations when recruiting young workers.

Research using HILDA data has found that underemployment, casual employment and periods of joblessness early in a person's career can have lasting impacts on future wages and career prospects, highlighting the importance of workforce participation and employment opportunities during the transition from education to work.

International bodies including the OECD and International Labour Organization recognise youth employment and workforce attachment as critical drivers of long-term labour market participation, earnings and economic outcomes.

Against this backdrop, policies that increase the cost of employing younger workers risk making workforce entry more difficult for those already facing labour market disadvantage, depriving young workers of significant economic and social benefits.

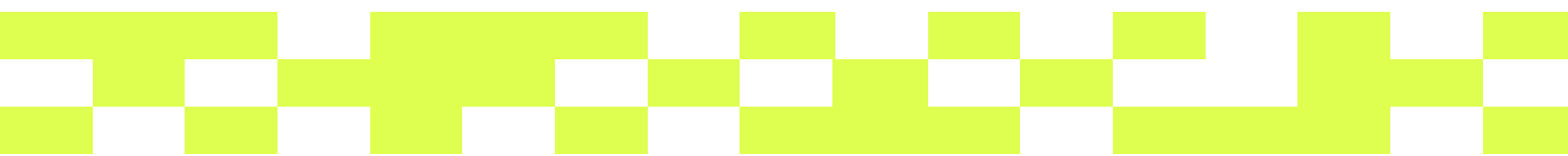
The Committee should carefully consider whether the proposed reforms may have the unintended consequence of reducing opportunities for young Australians to obtain their first job, particularly in sectors such as retail that employ large numbers of school-aged workers. Businesses facing ongoing increases in labour costs may seek to manage those pressures through changes to hiring practices, workforce arrangements and greater reliance on technology, rather than absorbing the additional costs. This may have unintended consequences for the availability of entry-level employment opportunities for young Australians.

Impacts on Employment Outcomes

ARC acknowledges the fairness rationale underpinning the Bill. However, workplace policy frequently recognises that younger workers occupy a different position in the labour market and may require different regulatory settings to support workforce entry. The Committee should therefore consider not only the fairness of entitlement outcomes, but also the fairness of maintaining pathways into employment for school-aged workers.

The Committee should also carefully consider the potential impact of the proposal on youth employment opportunities, particularly in sectors that provide significant entry-level employment for young Australians.

For many young Australians, the most significant long-term economic benefit is the opportunity to enter the workforce, gain experience and develop skills. The benefits of workforce participation are immediate and can shape future employment opportunities, earnings and career progression throughout a person's working life.



Early employment contributes to:

- workforce participation and labour market attachment
- skills development
- future employability
- wage growth over a person's working life
- career progression opportunities.

The future labour market will almost certainly look very different from today's. Early workforce participation provides young people with transferable skills and workforce attachment that can support long-term employability regardless of how the nature of work evolves.

If additional employment costs reduce the number of available entry-level opportunities, the long-term economic and social consequences for young Australians may extend well beyond the value of any additional superannuation contributions.

ARC submits that employment outcomes should be given priority consideration in assessing the merits of the Bill.

Cumulative Cost Pressures on Employers

ARC is particularly concerned that the Bill is being considered in isolation from a broader suite of workplace and employment reforms affecting retailers. This concern is heightened by the absence of detailed economic modelling on the cumulative impact of these reforms on businesses that employ large numbers of young workers.

Retail employers are currently absorbing a range of significant labour cost increases, including the Fair Work Commission's 4.75 per cent increase to minimum award wages from 1 July 2026, substantial increases arising from the Junior Rates decision and the implementation of Payday Super reforms.

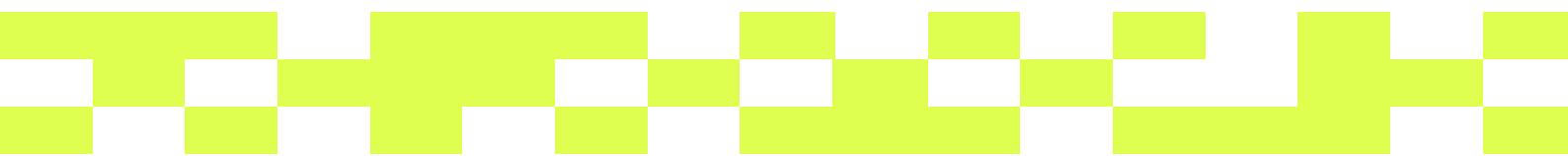
Most recently, the Fair Work Commission's 2026 Junior Rates decision will progressively increase minimum pay rates for 18- to 20-year-old employees in the retail, fast food and pharmacy industries. Under the new arrangements, experienced employees aged 18 to 20 will transition to 100 per cent of the adult award rate, representing a significant increase in labour costs for employers that rely on younger workers.

Employers are also preparing for the implementation of Payday Super, which will require superannuation contributions to be made within significantly shorter timeframes and is expected to increase payroll administration and compliance costs, particularly for small businesses.

These implementation risks are particularly relevant given retail's high concentration of junior employees and the variable working patterns associated with school, weekends and holiday periods. Large employers of young workers may face significant implementation and compliance challenges due to the scale of their workforces, particularly where employee hours fluctuate during school holidays and peak trading periods. Changes of this nature increase the risk of payroll errors, remediation activity and compliance costs across the retail sector.

While any individual reform may be manageable in isolation, businesses make employment decisions based on total labour costs. The cumulative effect of successive cost increases can influence hiring decisions, particularly in relation to younger and less experienced workers who often require greater training, supervision and support.

ARC is concerned that extending compulsory superannuation to under-18 workers would further increase the cost of employing young people and may reduce access to the entry-level employment opportunities that retail has traditionally provided.



Of note, in its Junior Rates decision, the Commission recognised that younger workers are in a "position of particular vulnerability" and face "greater labour market disadvantage". It further found there were strong fairness reasons for maintaining junior rates for under-18 workers to assist young people to balance employment, education and training.

In ARC's view, these considerations remain highly relevant when assessing the likely impact of the current Bill. Measures that increase the cost of employing under-18 workers should be carefully considered considering retail's critical role in providing entry-level employment opportunities and the broader labour market challenges already facing young Australians.

Impacts on Small and Medium Retail Businesses

Retail is overwhelmingly comprised of small and medium-sized businesses (SMEs).

These businesses frequently operate in highly competitive environments and on comparatively narrow margins. Unlike larger employers, many SMEs have limited capacity to absorb additional labour costs without adjusting staffing arrangements or recruitment decisions. For many small retailers, incremental increases in labour costs influence decisions relating to recruitment, rostering, staffing levels and the engagement of junior employees.

This is occurring at a time when small businesses are already under significant pressure. The annual Australian Chamber of Commerce and Industry (ACCI) Small Business Conditions Survey found that small business stress increased by 5.3 per cent compared with the previous year, while the number of businesses reporting negative impacts from red tape increased by 11 per cent. Increasing costs and cashflow pressures were identified as the most significant worsening challenges facing small businesses, rising by 15 per cent and 12 per cent respectively. In this context, additional employment costs associated with changes to superannuation obligations are likely to be felt most acutely by small and medium-sized retailers.

Absorbing additional employment costs is not always possible and is becoming increasingly difficult in a highly competitive and low-margin operating environment. Where businesses are unable to absorb those costs, they may ultimately be passed on to consumers through higher prices, adding further pressure at a time when many Australian households continue to face cost-of-living challenges.

As a result, measures that increase the cost of employing younger workers are likely to have the greatest impact on the very businesses that provide many of Australia's local and community-based entry-level employment opportunities.

Recommendations

ARC recommends that the Committee does not support the Superannuation Legislation Amendment (Fair Super for Young Workers) Bill 2026.

The proposed changes would impose additional employment and compliance costs on businesses that employ large numbers of young Australians at a time when retailers are already adjusting to substantial workplace reforms, including

Payday Super, the 2026 Annual Wage Review and the Junior Rates decision. Preserving pathways into the workforce for young Australians should remain a key consideration in workplace and retirement income policy.

Please contact policy@retail.org.au if you have any questions about this submission.

About ARC

ARC represents the Australian retail sector. Valued at \$444 billion, retail is the nation's largest private sector employer, supporting more than 1.4 million jobs, including more young Australians aged 15 to 24 years than any other industry. ARC's membership is diverse. From family-owned small and independent businesses, comprising 95 per cent of our membership, to large national and international retailers supporting communities across metropolitan and regional Australia. With more than 155,000 retail outlets nationwide and a growing online presence, the retail sector is embedded throughout the economy, playing a critical role in the supply chain of Australian businesses. ARC advocates for policies and reform that drive growth, resilience, and long-term prosperity for Australian retail and the millions who rely on it. At a time of rapid change, from technological disruption and international competition to shifting consumer behaviour and sustainability expectations, effective policy settings are critical for retailers, workers, consumers, and communities.

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