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15 April 2025

Superannuation Access and Compliance Unit
Retirement Income and Superannuation Division
Treasury
Langton Cres
Parkes ACT 2600

Via email: paydaysuper@treasury.gov.au.

Re: Payday Super - Exposure Draft

To Whom It May Concern:

The Association of Digital Service Providers Australia New Zealand (DSPANZ) welcomes the opportunity to submit this on behalf of our members and business software providers.

About DSPANZ
Digital Service Providers Australia New Zealand is the gateway for the government into the dynamic, world-class business software sector in Australia and Aotearoa New Zealand. Our members range from large, well-established companies to new and nimble innovators working at the cutting edge of business software and app development on both sides of the Tasman.

DSPANZ supports the policy intent of Payday Super and how it will benefit employees' retirement outcomes.

However, we recognise that Payday Super will fundamentally transform the superannuation guarantee (SG) contribution process, with the required changes impacting every participant in the contribution supply chain - employers, payroll software providers, gateways, clearing houses, super software providers, super funds and the Australian Taxation Office (ATO). Payday Super impacts how more than 850,000 employers make SG contributions, and it requires more than 300 payroll products together with gateway/clearing house providers, APRA registry/administration providers, APRA super funds and self-managed super funds to facilitate changes to their systems.

DSPANZ members are experienced in delivering large-scale changes that impact employers, such as SuperStream and Single Touch Payroll (STP), and supporting them through the transition process. A key factor in successful policy implementation for Digital Service Providers (DSPs) is certainty, which requires passing legislation and finalising technical documentation before development begins.

1 July 2026 is not achievable for implementing changes and transitioning all employers

DSPANZ believes that the 1 July 2026 commencement date is not achievable for all DSPs to implement the current scope of changes and transition all employers.

We recommend that Payday Super commences 2 years after the legislation passes to provide sufficient time for DSPs to develop, implement and test the required changes before beginning to transition employers. Without changing the commencement date, there will be less than 12 months to implement changes and transition all employers.

However, the changes will impact our members differently, and successfully implementing Payday Super requires careful sequencing of the changes for each participant in the contribution supply chain.

Feedback from our members has shown that:

- Gateways and clearing houses are confident they can move quickly to support Payday Super requirements.
- Payroll software providers will require additional time to implement and then support, educate and transition all employers.

There is an opportunity for the ATO to require gateways and clearing houses to be ready before the commencement date to support DSPs and super funds with their implementations.

If the commencement date does not change, the scope must be reduced

Since Payday Super was first announced in 2023, DSPANZ has consistently provided feedback that the current scope cannot be implemented by the 1 July 2026 commencement date.

If the commencement date for Payday Super remains as 1 July 2026, DSPANZ believes that moving to monthly SG contributions would enable the current processes and technology to continue to be used and is the most practical path to more frequent super payments within this timeframe.

We would then advocate for further consultation across key stakeholders to implement technology reforms that can deliver on the government's Payday Super policy objectives and support the transition of gateways, clearing houses, super funds, payroll software providers and, most importantly, employers.

Data quality is key to the success of Payday Super

The vast majority of employers try their best to be compliant with their SG obligations.

For Payday Super to succeed, we should design a system where it is easier for employers to "get it right" and where services are available that provide validated, accurate information when an employee is onboarded and before the first payroll occurs.

The government has allocated $400 million to the ATO for SG compliance and re-designing the SG charge. There is no funding for developing new services to support employers with access to information that will improve efficiency in processing and enable SG contributions to be processed by super funds the first time and every time.

DSPANZ continues to call on the government to invest in upfront data services that will benefit all employers in meeting their SG obligations.

We recommend that the Treasury works with DSPANZ to determine a better cost analysis and impact framework for DSPs implementing policy changes. This framework would support future policy conversations and how changes are delivered across the economy.

DSPANZ provides the following feedback on the draft legislation and implementation of Payday Super:

Commencement date

- Moving all stakeholders will require 2 years after legislation is enacted and ATO technical documents are finalised.
- DSPs will have different readiness requirements, depending on the products and services they provide. The timeframe should reflect the sequencing of changes required to support each participant in the contribution process with their implementations and then transition employers.

Calendar days should be business days

- The legislation should only reference business days to remove confusion for employer operations and better align with existing legislated timeframes for employers and super funds.

Qualifying Earnings (QE)

- Introducing QE and QE day as a concept will require investment in employer education to understand this term and how it interacts with Ordinary Time Earnings (OTE).

- A new STP pay event may be required to assist with the change management for employers and reduce the likelihood of errors.

SG compliance

- DSPs will be fundamental in helping to reduce the administrative burden for employers surrounding the SG charge. However, they are limited in how they can provide prompts and nudges about SG obligations as these are considered as providing tax advice under the *Tax Agent Services Act 2009*.

- Employers should not be penalised for unintentional errors that may arise as they transition to Payday Super. The government should consider a 12 month grace period to support employers trying to 'get it right'.

Processing SG contributions

- The explanatory materials should clarify if super funds can only match contributions using the mandatory set of information included in the legislation - full name, date of birth, residential address, tax file number and telephone number.

- Super funds must have consistent member matching processes - SG contributions should be able to be allocated or returned quickly to the employer.

Exceptional circumstances

- Any outage or incident across the super ecosystem has the potential to impact an employer meeting their SG obligations. Exceptional circumstances should not be exclusively limited to those that are widespread or affect multiple employers, given the penalties involved.

Advertising during onboarding

- The proposed changes to limit advertising to MySuper and default employer products allow DSPANZ members to continue providing onboarding products that present fund information to employees during onboarding.

- The definition of advertising within the legislation needs to be clarified to provide clear guidelines.

Employee onboarding

- The draft changes to enable employers to access employee stapled fund information before the choice of super fund process are unlikely to achieve the intended policy objectives without changes to how the employment relationship is created within ATO systems.

DSPANZ welcomes the opportunity to provide further feedback on our submission. Please contact Maggie Leese, Public Relations and Policy Manager, at maggie@dspanz.org for more information.

Yours sincerely,

Signed by:

EC91E61718094221

Chris Denney,
President & Director
DSPANZ.

Overall Feedback

The draft legislation and explanatory materials cover the superannuation guarantee (SG) reforms, advertising ban during onboarding and employee onboarding reforms.

Many of the changes required to give effect to Payday Super sit within the SuperStream legislative framework. The explanatory memorandum does not explain how the legislation will be supported by changes within the SuperStream legislative instrument to bring into effect key requirements, such as introducing the New Payments Platform (NPP) as a payment method.

The explanatory memorandum allows the Treasury to bring to life the employer experience they intend to introduce through the legislation. Including this additional information will be critical in guiding how the Australian Taxation Office (ATO) will interpret the intent of the legislation when developing new services, guidelines or penalties.

Ultimately, providing more information on what the Payday Super legislation aims to achieve will benefit all stakeholders in understanding and delivering the intended outcomes.

Recommendation

DSPANZ recommends that Treasury add references to the changes that will be addressed in secondary legislation to the explanatory materials, where appropriate.

DSPANZ suggests including a diagram explaining the interaction between the primary and secondary legislation and further required changes in the explanatory memorandum. This addition would support a better understanding of how the changes interrelate.

Commencement Date

The 1 July 2026 commencement date is not achievable for all Digital Service Providers (DSPs) to implement the required changes and transition all employers to Payday Super.

Payday Super will fundamentally transform the current SG contribution process, with the required changes impacting every participant in the contribution supply chain - employers, payroll software providers, gateways, clearing houses, super software providers, super funds and the ATO.

Continuing with 1 July 2026 is not preferred

If the government must proceed with Payday Super from 1 July 2026, DSPANZ believes that the only practical option is to change SG contributions to a monthly system with no further changes to SuperStream or Single Touch Payroll (STP).

Moving to a monthly contributions system will not deliver the government's ambitious policy outcomes for Payday Super.

Implementing Payday Super technical changes is complex

Once legislation passes and technical documentation is available, DSPs will develop business cases, allocate resources and then go through the development cycle before transitioning their customers.

Note: The below is a simplified overview of how a DSP may approach implementing Payday Super with the interdependencies of government readiness. Individual DSPs will have different internal approval processes, build and test requirements, types of solutions in the market (cloud or desktop) and employer transition and support needs.

	DSP	Government	Comments
1		• Payday super law enacted • ATO - Finalise SuperStream and STP technical documentation	
2	Business case		• Development and approval • Unlock investment and resourcing
3	Design		• Assess impacts of law and technical changes on software products • Develop requirements
4	Develop		• Implement SuperStream changes, STP changes, and payment changes • Waterfall and agile development methods in use

5	Test		• Product testing
			  ○ Functional: integration, system, acceptance
			  ○ Non-functional: Performance, usability, compatibility

			● Regression and security
6		● ATO - interoperability testing	● Testing between DSPs, super funds ● Integration, interoperability testing, peer-to-peer testing ● Supported by gateways
7		● ATO - Cut-over	● Product orchestration ● Sequencing of the 'ramp-in' system changes across DSPs and super funds
8	Deploy		● Release products to employers ○ Cloud products can be deployed to all employers in a single release ○ Desktop products will require employers to schedule deployment via release in their environment
9	Support and educate		● DSPs will be employers' first line of support ● Changes to employer obligations, SG shortfall regime and SG penalties ● Changes to DSP product functionality and payment methods
DSPANZ would welcome further engagement with Treasury to discuss the software development lifecycle.			

Experience suggests that stakeholders in the super ecosystem will require **2 years** to implement Payday Super and enable all employers to meet their obligations.

Previous large-scale whole-of-economy reforms, such as SuperStream and STP, reflect the scale of change and development effort required to implement new systems across payroll providers, gateways, clearing houses, super funds and more than 850,000 impacted employers.

The change management for employers to transition to Payday Super is expected to be significant, and DSPs will be instrumental in educating their customers and supporting the overall process.

Ultimately, all stakeholders want Payday Super to be a success. Providing all stakeholders with a timeframe that enables solutions to be developed, tested, and deployed to market and sufficient time to educate and transition employers gives Payday Super the best chance of success.

Recommendation

DSPANZ recommends that Payday Super commences 2 years after the legislation is enacted to provide sufficient time for DSPs to design, develop, test, deploy and support employer education and change management activities.

Structured DSP and super fund 'ramp-in' to Payday Super is critical

DSPANZ recognises that while the legislation will set out the commencement date, how quickly the payroll and super ecosystem can commence to implement these changes sequentially will ultimately determine the go-live date for Payday Super.

However, the breadth of changes does not impact our members equally, depending on the products and services they provide. Feedback from our members has shown that:

- Gateways and clearing houses are confident they can move quickly to support Payday Super requirements.
- Payroll software providers will require additional time to implement and then support, educate and transition employers to Payday Super.

The sequencing of changes to support Payday Super is critical for our members to ensure the technical changes are implemented across the ecosystem before starting the employer transition.

1. **ATO must be ready:**
    - SuperStream and STP technical documentation must be finalised
    - Testing environments updated and made available to DSPs
    - System enhancements like the Fund Validation Service (FVS) are completed and deployed.
2. **SuperStream gateways must be ready:**
    - Gateways are critical in supporting DSPs and super funds through their implementations of Payday Super.
3. **All super funds must be ready:**
    - Super funds must be ready to receive and process employer contributions sent under the new Payday Super requirements before payroll software providers release their updated products to employers.

4. **All DSPs must be ready:**
    - DSPs must have products ready to go live on the commencement date.
5. **Employers can transition to Payday Super:**
    - Employers should be granted a 12 month grace period to support their transition period and bed down new versions of payroll products and new payroll processes.
    - During this time, ATO should invest in education programs to assist employers' understanding of the Payday Super changes - payment timeframes and new SG obligations (changes to notional interest, voluntary disclosure requirements, SG shortfall and penalties).

DSPANZ believes that when assessing readiness across the whole super ecosystem, the most practical response is to move the commencement date.

Payday Super will also require the banking system to support the introduction of NPP and related services, such as PayTo and Confirmation of Payee, to support the imminent decommissioning of BECS, which is proposed to occur in 2030.

DSPANZ notes there are continuing improvements to the NPP's capabilities to support payroll, super and bulk payments. However, there is not yet price parity between NPP and BECS. Without the NPP's functionality and pricing closely aligning with BECS, we anticipate that DSP, and therefore employer, take-up of NPP will be slow.

DSPANZ recognises that banks and Payment Service Providers (PSPs) have commenced engagement with the DSP community to understand our requirements for supporting the processing of salary and wages and super contributions.

Confidence in the payment system is paramount to the success of Payday Super. While the BECS system will run in parallel for an extended period, DSPANZ highlights that super contribution processing will be the first industry to have NPP mandated as a payment standard.

Although NPP can be used today for account-to-account payments (i.e. directly from the employer to a super fund), to implement the NPP on the scale required to support all employers across the range of payment processes supported by BECS today will require the adoption of PayTo, Confirmation of Payee and the ability to process bulk payments.

Moving the start date for Payday Super will enable all participants in the super ecosystem to be ready and not adversely impact employers (who may not have systems ready to support them) or employees who may miss out on the benefits of earlier SG contributions.

Supporting the employer transition

The government should consider applying a grace period for the first 12 months after the commencement date to support employers transitioning to Payday Super. A grace period would ensure that employers are not heavily penalised for unintentional errors and mistakes during this period.

While most employers will try to get things right, transitioning to a shorter contribution cycle and updated STP reporting will likely increase unintentional errors and mistakes. With Payday Super intending to transition all employers simultaneously, there will be a hard cut-over process, adding further challenges to ensuring a smooth transition.

Our members are experienced in delivering large-scale changes that impact employers, such as SuperStream and STP, and supporting their customers through this process. When there are hard cut-overs from one process to another, grace periods support employers and help them to get things right.

Leverage gateways and clearing houses to drive readiness

DSPANZ internal consultation has identified that gateways and clearing houses are confident they can move quickly to deliver the SuperStream technical requirements to support Payday Super.

Gateways and clearing houses are critical in enabling DSPs and super funds to interact with the Superannuation Transaction Network (STN), provide access to other value-added data services, and support payroll software providers and super funds with product testing.

There is an opportunity for the ATO to work with the gateways and clearing houses to develop a process that leverages their role in supporting payroll software providers and super funds and may be able to quicken the 'ramp-in' to Payday Super.

Further transformation

A change to the commencement date could allow for true transformative changes across the employee onboarding and contribution process.

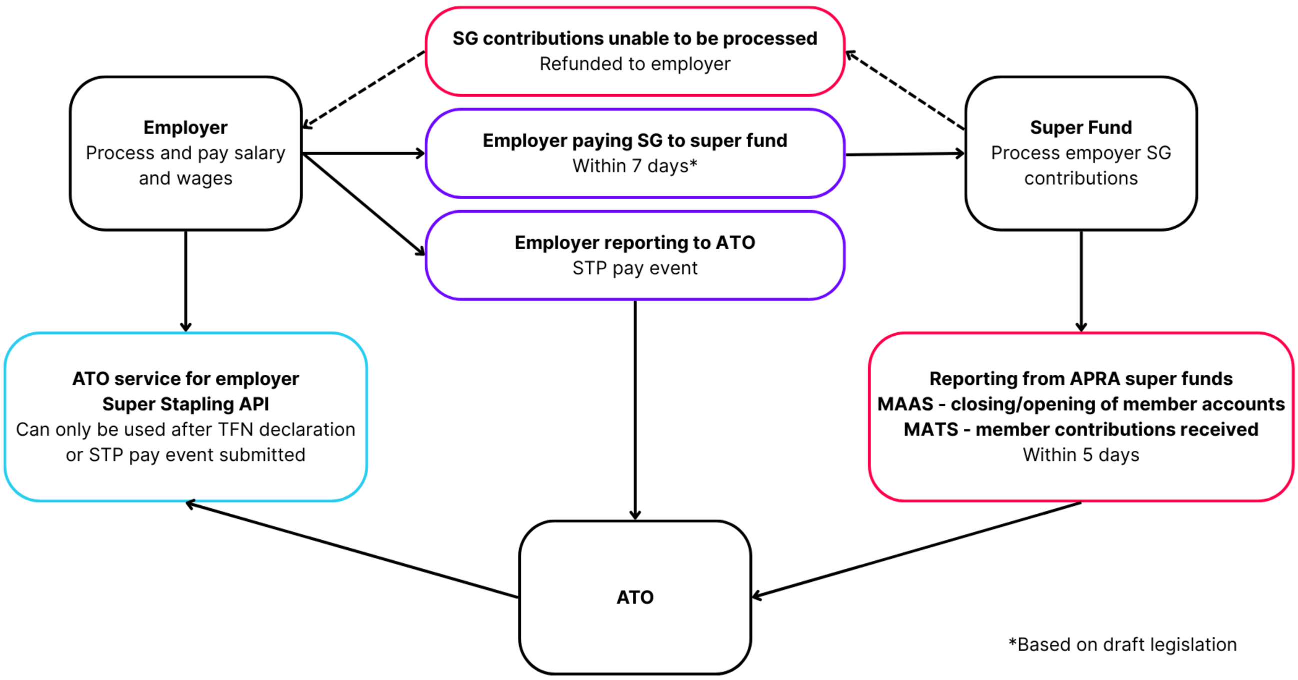
The ATO and industry are currently making a series of decisions about the changes required to deliver Payday Super based on what is achievable in the current condensed timeframe. As a result, we are missing opportunities to support employers holistically with the SG contribution process.

Payday Super presents a critical opportunity to deliver employer services that will support better data quality, such as confirming individual details at onboarding and including super fund details. Designing a system for a digital future where all employers can collect accurate and validated information that integrates into their payroll software will enable a streamlined process for employers to meet their employee onboarding and SG contribution obligations.

DSPANZ recognises that 99 per cent of employers are trying to do the right thing and meet their SG obligations for their employees - on time and accurately. However, out of the $400 million allocated to the ATO for Payday Super, none is allocated to developing new services to support employers.

DSPANZ encourages the government to reconsider the allocation and use of committed ATO funding.

An effective superannuation system is an ecosystem of interactions



There are no new or significant changes to ATO digital services to support Payday Super, meaning that the burden of facilitating these changes falls on DSPs, gateways, clearing houses, super funds and employers.

While each participant has a role in facilitating SG compliance, DSPANZ believes some simple changes can deliver better outcomes for the operation of the super ecosystem, reduce the SG gap and provide processing efficiencies for employers.

APRA super funds

APRA super funds must currently report to the ATO within 5 days when member accounts are opened or closed.

In a Payday Super environment, there is a need for faster reporting of accounts being opened or closed to the ATO. DSPANZ would like to see this information reported on the day accounts are opened or closed.

If employers are obligated to send STP reporting to the ATO on the day that salary and wages are paid, it would make sense for super funds to move reporting opened or closed accounts to the ATO on the day this occurs, noting that it is a much simpler process.

More timely Member Account Attribute Service (MAAS) reporting would enable the ATO to update its database to reflect changes to a taxpayer's super account.

ATO

New or updated ATO services are required to support employers obtaining accurate and timely information about employees to deliver better quality data that will enable them to meet their new SG obligations the first time and every time.

More frequent reporting by super funds of opened or closed member accounts via MAAS could enable the ATO to identify changes to a taxpayer's stapled super fund and send a notification to the employer, for example, via the STP reporting that links the employer and employee. The employer could then access the super stapling service to promptly obtain updated employee super fund details.

Contributions

The success of the Payday Super policy and ensuring smooth contributions will rely on good data quality and actionable error messaging throughout the SG contribution process.

However, as we have mentioned, there are no new or updated ATO services to support employers - for example, opportunities to leverage MAAS reporting or make changes to the super stapling experience.

DSPANZ highlights that employers are required today to send an STP pay event on the same day that salary and wages have been paid. We suggest that a similar model should be applied for Payday Super - that is, the SuperStream contribution data is sent on the same day that salary and wages have been paid. The benefit of this approach is that employers would start meeting their SG obligations on payday.

This approach would require the Payday Super legislation to be constructed in the following way:

1. Employers must send the SuperStream contribution data on the same day that salary and wages are paid;
2. Employers must have SG contributions allocated by super funds within 7 days of the QE day.

Requiring an employer to send the SuperStream contribution data on the same day the STP pay event is sent will streamline payroll processing and, depending on the payment method used, bring forward the timeframe from when a payment will be sent to the super fund.

For example:

Employer uses a gateway and pays direct to super fund
Day 0 - Send contribution data to gateway + payment sent to super fund via NPP.
Day 1 - Send contribution data to gateway + payment sent to super fund via Direct Credit.

Employer uses a gateway and Payment Service Provider
Day 0 - Send contribution gateway to gateway + payment via PayTo agreement to PSP.

Employer uses a clearing house
Day 2 - SuperStream contribution data + payment sent to clearing house via Direct Credit.
Day 4 - SuperStream contribution data + payment sent to clearing house via Direct Debit.

Importantly, all payment options will enable employers to meet the proposed Payday Super timeframes.

Calendar days vs. business days

The draft legislation currently describes the obligation for employers to make contributions in calendar days and the obligation for super funds to allocate contributions in business days.

DSPANZ anticipates that using calendar and business days throughout the legislation to describe the overall contribution process will confuse employers about how they are expected to meet their obligations, given that the requirement for making on-time contributions and the associated penalties lies with them. Business days would also better align with existing legislated timeframes for employers and super funds.

The interaction between calendar and business days will impact how employers handle errors and resend contributions, particularly over weekends and public holidays.

For example: If errors occur over the Easter period, employers may not receive error messages from super funds until calendar day 5. This may leave employers with 2 days to resolve the error, resend the contribution, and have this allocated by the super fund.

Recommendation

DSPANZ recommends that business days are used throughout the legislation to avoid confusion between the obligations of employers and super funds and to better assist employers in meeting their obligations and handling errors.

We must also recognise that while the NPP will facilitate a faster contribution process, many DSPs and businesses are still expected to leverage the BECS infrastructure until it is decommissioned. Current Payday Super timeframes are unlikely to provide sufficient flexibility for employers to correct errors and resubmit contributions without incurring an SG shortfall.

The number of business days for employers to have SG contributions received by super funds should consider the following:

- Providing adequate time for employers to action errors and resend contributions, particularly if super funds need to utilise the whole 3 days.
- Enabling employers to contact employees to obtain up-to-date information.
- Balancing the current limitations of BECS with the efficiencies of the NPP to ensure that employers can meet their obligations on either payment infrastructure.

DSPANZ believes that the number of business days for employers to make contributions could be reviewed and potentially reduced once these changes are embedded and there is a greater take-up of the NPP across the super ecosystem.

Mandatory data elements for super funds

The explanatory statement to support changes to the *Superannuation Industry (Supervision) Regulations 1994* indicates that the following employee details should be sent to a fund each time an employer makes an SG contribution:

- Employee's full name
- Employee's date of birth
- Employee's residential address
- Employee's tax file number
- Employee's telephone number.

DSPANZ interprets this guidance to mean that super funds must use a combination of these data elements to allocate contributions moving forward. If this is the intent of the legislation, the Treasury should make it clear in the supporting guidance.

Today, super funds require additional mandatory data to allocate contributions. This mandatory data set differs across each fund and may rely on non-standard identifiers, complicating the matching process and adding delays. DSPs must navigate this complexity and support these differing data requirements.

Super funds may reject contributions if the employee information received by the super fund does not match the member information they hold. In a Payday Super environment, we should recognise that the employer's system will likely have more up to date employee information than super funds.

A standard SG contribution data set across super funds would support consistent member matching processes, enabling contributions to be allocated and facilitating timely returns if there are errors.

Recommendation

DSPANZ recommends that the legislation mandates that super funds must allocate an employer contribution by using the following mandatory data: employee full name, date of birth, residential address, tax file number and telephone number.

If the super fund cannot allocate to a member using this mandatory data, the contribution must be returned to the employer on the day the member matching is undertaken.

Error handling

Payday Super means that employers will need to be advised of any errors and have internal processes that enable them to rectify errors much faster to meet their new SG timeframes. A failure to have an employee's SG contribution allocated by a super fund will lead to an SG shortfall.

The majority of errors in the SG contribution process today result from employees either:

- Not providing the correct super fund information during onboarding; or
- Not advising an employer that they have changed super funds (i.e. closed their member account).

Both scenarios result in super funds refunding SG contributions and employers being required to contact their employees to obtain updated information.

DSPANZ members have highlighted that it is challenging for employers to contact their employees within the current timeframes to obtain the correct information. As a result, it may be difficult for employers to meet the shorter timeframes proposed by Payday Super.

The ATO's focus on reducing the number and type of errors that occur as part of the SG contribution process is welcome. The proposed introduction of a new Member Verification Request to SuperStream is expected to reduce errors by validating that an employee holds an account with the super fund they have provided to their employer before the first SG contribution is sent.

While there are proposals to help reduce errors, unless there is investment in ATO services to improve the quality of employee super fund information for employers, we expect many errors to continue in the system.

Practically, DSPANZ believes that the legislation should provide employers with extra time to deal with errors and obtain correct employee information, regardless of whether the error is associated with onboarding or a change in an employee's super fund details.

The inclusion of "choice loading" within the draft legislation highlights that employers who have been provided incorrect information by employees at the time of onboarding, through the election of super fund, may be penalised for not making a contribution to the employee's nominated super fund - even though incorrect super fund details have been provided.

For example: Would 'choice loading' apply if an employer sends the employee's SG contribution to the default fund? Alternatively, should an employer check for a stapled fund if an employee?

The explanatory memorandum would benefit from providing additional clarity on what actions an employer can take in this circumstance.

Out-of-cycle payments

DSPANZ supports the intention for out-of-cycle payments to be aligned with current STP processes.

SG Charge

The explanatory materials should include worked examples about how the updated SG charge intends to operate to ensure employers can understand it.

Qualifying earnings

Introducing qualifying earnings (QE) and QE day to the legislation will involve a change management process for employers and payroll practitioners.

DSPANZ believes that once the term QE is unpacked and we understand how it is applied to different pay elements, there will need to be a new STP pay event to assist with the change management for employers and reduce the likelihood of errors.

Without a new pay event, there may be the following challenges when transitioning to Payday Super:

- The ATO may raise SG charge penalties on employers due to inaccurate data.
- Employers may be unable to report STP due to the number of errors they will experience.
- Data quality issues may affect other government agencies that rely on STP data, such as Services Australia.

DSPANZ recognises that, with or without a new STP pay event, employers will need to recategorise their pay elements once payroll software providers release their changes.

Administrative burden

The changes to how the SG charge operates could introduce a significant administrative burden for employers, particularly with the current commencement date.

DSPANZ recognises that the more time government and industry have to co-design the required changes, the more opportunities there are to develop solutions that help reduce this administrative impact on employers.

DSPs may be able to assist employers with completing voluntary disclosures if the ATO develops a digital service that could be incorporated into software. There is currently no information or engagement with DSPs about voluntary disclosures, and there will be limited time to deliver this experience by the current commencement date.

While DSPs may assist in reducing some of the administrative burden for employers, they may be limited in some circumstances.

For example: DSPs see value in delivering prompts and nudges to customers about their SG obligation in software. However, prompts and nudges about compliance due dates and obligations are considered 'tax advice' under the *Tax Agent Services Act 2009* and are therefore restricted by the Tax Practitioners Board.

Exceptional circumstances

The draft legislation and explanatory materials allow the Commissioner to make a determination that a class of employers are affected by exceptional circumstances, such as natural disasters or widespread ICT or communications outages that affect multiple employers on a large scale.

DSPANZ recognises that any outages or incidents across the super ecosystem have the potential to impact an employer meeting their SG obligations, and these circumstances may be out of their control.

The most likely scenarios that employers will encounter relate to the availability of key super and banking providers:

- Unplanned outages across the banking system, gateways, clearing houses, super funds, payroll software providers and the ATO
- Super funds closing or merging
- Employer specific cyber incidents.

Given the penalties that apply in a Payday Super system, the guidelines for when the Commissioner will allow extended periods to make SG contributions under 'exceptional circumstances' must be clear. The guidelines should also be clear with information on what other mechanisms will be used to support employers impacted by any external outage outside of their control that affects their ability to meet their SG obligations within Payday Super timeframes.

Advertising During Onboarding

DSPANZ supports the proposed change to limit advertising to MySuper and default employer products during onboarding. We believe this change will enable onboarding software to continue presenting new employees with information on super funds that meet APRA performance tests.

To reduce any confusion in complying with the legislation, it could describe where advertising is permissible during onboarding rather than describing a ban on advertising and then listing the exemptions.

DSPANZ believes that the draft legislation would benefit from including a definition of advertising to clarify the differences between providing a list of MySuper funds or the default employer products and any paid promotional material.

Recommendation

DSPANZ recommends adding a definition of advertising to the legislation to further clarify what advertising means during onboarding.

Employee Onboarding

DSPANZ anticipates that the draft changes to enable access to stapled fund information earlier in the choice of super fund process may not achieve its intended benefits due to the workflow of interacting with the ATO's super stapling Application Programming Interface (API).

The main issue with super stapling is not the sequencing of when an employer can access the stapled fund service but rather when an employment relationship can be created in ATO systems. The super stapling API requires a TFN declaration or STP pay event to establish the employment relationship before this information can be returned. This means that a stapled super request cannot necessarily be completed earlier in the employee onboarding workflow.

DSPANZ will continue to advocate for changes to the ATO's super stapling service to align with employer processes and their use of natural business systems to deliver a streamlined employee onboarding process.

There has been a limited take-up of the super stapling API by DSPs due to how the employment relationship is created within ATO systems:

- TFN declaration: The introduction of STP Phase 2 removed the need for TFN declarations, meaning many DSPs stopped using the TFN declaration service.
- STP pay event: This cannot be initiated without the super fund details, and running an additional pay event may contravene Fair Work payslip requirements.

Options could be explored to improve the administrative design to enable DSPs to better integrate the stapled fund service within existing employee onboarding services. Removing the existing restrictions on how an employment relationship is created will provide further opportunity for widespread take-up and use of this service. With no change, it is unlikely that more DSPs will make wholesale investments to integrate super stapling within their products.

DSPANZ believes that if changes are made to the super stapling services, the government could then explore further requirements for mandating employers to obtain stapled funds as part of employee onboarding and integration with the choice of super fund process.

Ultimately, we believe these changes will enable stapled fund policy objectives to be delivered.