

November 2023

Retirement, Advice and Investment Division
The Treasury
Langton Crescent
Parkes ACT 2600

By email: paydaysuper@treasury.gov.au

Dear Treasury

Thank you for the opportunity to provide feedback to the Treasury's consultation on securing Australians' superannuation.

In this letter, we raise specific points for Treasury's consideration in relation to the payday super proposals.

We also provide our views on the payment technology to support the proposed reforms.

Payday super reforms

The consultation paper poses two models to implement the payday super reforms: "employer payment" and "due date".

We do not have a particular view on either model, but request Treasury give consideration to the following factors when deciding on a model.

When the superannuation contribution is paid

We suggest that the method for determining when the superannuation contribution is paid is when the employer loads the contribution into SuperStream.

This would mitigate the risk that situations outside the control of the employer result in delayed receipt of contributions into an employee's superannuation account. Some examples of these situations are:

- Rejected contributions. For example, an employee provides incorrect superannuation account details, superannuation fund account details change without notice (e.g. closure or consolidation of funds), non-compliant self-managed superannuation funds. Please note that in practice, confirmation of rejected contributions can take 10 or more days.
- Delayed allocation of contributions by superannuation funds.
- Delayed processing of contributions by clearing houses or service providers.

Manual or off-cycle salary payments

There are circumstances where a manual or off-cycle salary payment is made. For example, if the employee provides incorrect account details, there is a delayed transaction or approval, or a payroll processing error.

We have mechanisms that permit rapid payment in these situations which can sometimes be the same day.

However these mechanisms do not allow for the superannuation contribution to be paid in the same timeframe (instead, the superannuation contribution is paid at the next available pay date).



We request that Treasury give consideration to whether it would be appropriate for superannuation contributions applicable to manual or off-cycle payments to be made on the following available payday.

International-based employees

Global employers such as ANZ have a requirement to make superannuation contributions for employees in certain international assignment positions (i.e. where the employee has a role and is paid wholly or in part by a jurisdiction outside of Australia).

Currently ANZ calculates and processes contributions for these employees in line with the quarterly requirement.

Under a new model, we suggest superannuation contributions for these employees would be required to be made according to the payday of the host country.

Onboarding employees and super stapling processes

We support the intent to streamline the processes around choice of superannuation fund elections and stapling of superannuation funds.

Our view is that retaining some flexibility on stapling processes is preferable over new mandated requirements.

We note the consultation paper offers an option for a new digital ATO service that employees and employers can use to confirm the right superannuation fund details.

We would support this option but recommend Treasury consider how such a service would integrate with employer software. It is particularly important to ensure that any solution minimises the risk that superannuation contributions are delayed for new employees.

Payment technology

We recognise that payment technology plays a role in supporting improved processing times and achieving the Government's objective for contributions to be allocated to an individual's superannuation account as soon as possible.

Our view is that the design of the reforms should not prescribe the payment technology and should encourage a range of innovative, real-time payment technologies including the New Payments Platform (NPP) and digital assets such as Stablecoin and Central Bank Digital Currency (CBDC).

We believe that a non-prescriptive approach would allow for payment technology that could achieve the Government's objectives of designing a fit for purpose system while minimising the administrative and regulatory burden on stakeholders.

NPP

The NPP provides several advantages over the Bulk Electronic Clearing System (BECS) which is currently used for processing superannuation payments. Payments made via the NPP are real time, irrevocable and data-rich, facilitating efficient reconciliation of the payment.

This would support improved superannuation payment processing times and provide more certainty that the payment has been received by the employee. In addition, payment errors could be identified and rectified quickly, rather than the 10 or more days it can currently take, as noted above.

Since the launch of NPP in 2018, payments have progressively transitioned from BECS to NPP. The payments industry is considering the transition requirements of other payment types including bulk



payments such as payroll and superannuation to NPP in preparation for a full transition away from BECS. Should the reforms allow for NPP to be used to make superannuation payments, this would support industry's planning and investment prioritisation for this transition.

By accommodating multiple payment methods, this would support flexibility in any transition ahead of the anticipated commencement date in July 2026. For example, employers may continue to use BECS in circumstances where the transition time to alternatives may not be viable prior to the commencement date of the reforms.

Digital assets

We believe that a non-prescriptive approach to payments would allow flexibility for evolving technology and innovation, including digital assets such as Stablecoin and CBDC. Digital assets may provide benefits that are not available with current technology.

Digital asset technology operates on the basis that the payment and information move together. In the case of superannuation payments, the payment would only be made to the superannuation fund once it has been validated. That is, confirmation that the member exists, the member account details match and the payment is allocated directly to the member's superannuation account.

The process would be more efficient and reduce the administrative burden on employers and superannuation funds. It would provide immediate confirmation to the employer that the payment has been received into the member's superannuation account (currently the employer only receives confirmation that a payment has been made). It would remove the need for superannuation funds to reconcile funds to enable member level allocation.

ANZ recently participated in the Reserve Bank of Australia and the Digital Finance Cooperative Research Centre CBDC pilot for [Superstream Payments](#). While the use of digital currency is an area that requires some regulatory clarity, the pilot demonstrated that in a pilot environment, this technology is able to pre-validate superannuation account information prior to the payment being made. The resulting benefits could potentially support the payday super reforms including increased speed and regularity of reporting, matching capability, reduced errors and potential for fraud reduction.

We would be happy to provide the Treasury with further details of the pilot or any other aspect of our submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jodi Keall'.

Jodi Keall
Principal, Government Relations and Policy