

**From:** Suanne Woidt <Suanne.Woidt@detmoldgroup.com>

**Sent:** Thursday, November 2, 2023 2:36 PM

**To:** Payday Super <paydaysuper@TREASURY.GOV.AU>

**Subject:** Payday super submission 1

Dear Sir/Madam,

As the Payroll Manager at Detmold Group, an Australian family-owned and operated business supplying sustainable paper and packaging to a diverse range of customers, I put forward the following submission for payday super.

The aim of paying SG contributions in more regular fashion is supported by us so, however the impact of the 'payday' definition in relation to SG overpayment situations and maximum contribution base periods have been outlined below for your consideration.

#### 'Payday' definition

The definition of 'payday' based on the 'employer payment' of making SG contributions on the day that wages and salary is made or based on 'due date' of requiring SG contributions to be received by the superannuation fund within a certain number of days presents significant issues for employers that pay in arrears and in advance.

The issue arises where employees are paid in arrears and in advance but then they suddenly leave the organisation during the month. In this case the employee will have been overpaid for the rest of the pay period after leaving. If 'payday' super is based on 'employer payment' the employee will have been overpaid super on the part of the pay period where they left the workplace. The 'due date' super may also result in overpayment of super if the number of days provided is not of long enough duration to capture staff that leave part way through a pay period.

One solution to this situation will be to have 'pay day' based on paying SG contributions 'the day after the last day of the pay period'. For example, a monthly pay for 1-30 April may make salary payments to employees on 15 April and SG payments on 1 May. Whilst this is not paying SG contributions on the day of salary payment, it is having employers pay SG contributions the day after the last day of the pay period that the employees have been paid for and would reduce the impact of overpaying SG super to staff that leave during the pay period.

Underpinning SG contributions being paid on 'payday' also places a heavy reliance on employees at onboarding to provide correct information.

Consideration is also required around the difficulty in obtaining super refunds from superannuation funds and in ensuring that clearing houses pay superannuation funds within the terms in the agreement.

#### Maximum contribution base

Due to payday super model no longer being paid on a quarterly basis, a mechanism to help prevent employers paying over the concessional contributions cap for employees may be to use a monthly period or to ideally use the pay cycle e.g. weekly, fortnightly, monthly, for the maximum superannuation contribution base. Whilst this will not reduce all issues, it would assist in the administration of this item.

Kind regards,

Suanne Woidt  
Manager Payroll Services

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