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Subject: Mercer response to Securing Australians' Superannuation

Dear Wendy

Mercer welcomes the opportunity to respond to the Consultation paper entitled *Securing Australians' Superannuation Budget 2023-24* released by Treasury on 9 October 2023.

The structure of this submission is as follows:

- Who is Mercer?
- Our support for the intent of payday super
- Major concerns
- Major recommendations
- Attachment: our response to the consultation questions

Who is Mercer?

Mercer believes in building brighter futures by redefining the world of work, reshaping retirement and investment outcomes, and unlocking real health and well-being. Mercer's approximately 25,000 employees are based in 43 countries and the firm operates in 130 countries. Mercer is a business of Marsh McLennan (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people, with 85,000 colleagues and annual revenue of over \$20 billion. Through its market-leading businesses including Marsh, Guy Carpenter, Mercer and Oliver Wyman, Marsh McLennan helps clients navigate an increasingly dynamic and complex environment.

Our support for the intent of payday super

Mercer has long supported the need for a fairer superannuation system within Australia and therefore we support:

- The need to increase the payment frequency of the SG, so that most superannuation contributions are received by the relevant superannuation fund shortly after the related salary or wages are paid to the individual; and
- To reduce the level of under-payment or non-payment of the legally required employer superannuation contributions.

However, as will be outlined in this submission, the payment of superannuation contributions on the same day as salary or wages is not straightforward. Therefore, we are recommending some flexibility in the practical implementation of payday super, whilst also providing individual employees with the best possible outcome for their retirement.

Regardless of the model that is applied (i.e., employment payment or due date), Mercer believes that the introduction of payday super also represents an opportunity to improve the engagement of individuals with their superannuation, during both the onboarding process for new employees and throughout their employment years.

Major concerns

Administration issues

The Mercer Super Trust receives contributions from over 14,000 employers. In preparing this submission, Mercer has discussed the introduction of payday super with employers, many of whom have thousands of employees in several locations around the country.

They have outlined many concerns which include, but are not limited to:

- Increased frequency of payments which will increase costs and complexities as there will be reduced time for checks to be undertaken
- The superannuation payment system is different from, and carried out after, the normal payroll processing for many reasons including the different definitions of income and the need for negative adjustments (e.g., a termination where salaries are paid mid-month)
- Major employers can have up to 50 pay cycles per month but may have a single superannuation payment cycle
- An employer may not yet know the superannuation fund for a new employee when the first salary payment is made to the individual
- Similarly, there is often a delay when an employee changes their superannuation fund before informing the employer

With these and other concerns in mind, Mercer is recommending a due date model; that is the superannuation contribution must be received by the superannuation fund within 10 business days after the payday.

Onboarding process

The Consultation paper has a section on page 20 entitled [Choice of fund, stapling and employee onboarding](#).

Mercer Super supports Choice of Fund and providing consumers access to the relevant tools, education, and information to make an informed decision about their superannuation. Equally, Mercer supports the concept of stapling to reduce the number of multiple accounts and provide members with a better long-term outcome.

Feedback from employers is that the current stapling process is inefficient. Yet the employee onboarding processes are an important opportunity for employees to understand their new workplace, policies and procedures, entitlements and benefits. Superannuation is an important and material component of the employees' pay and conditions and therefore represents a central part of any onboarding process. As such, it is important that employees have access to information about their new employer's default fund, the ability to maintain an existing fund and the ability to choose a new fund.

Many major employers offer their employees, or have negotiated with their superannuation provider, a better deal than is available from their existing super fund. In some cases, these developments arise from global policies whereby the employer contributes above the minimum to enhance the employment package provided to their employees.

These enhancements can include:

- The payment of the administration fee by the employer
- The payment of the group life insurance premiums by the employer
- An additional employer contribution for every dollar of voluntary contribution made by the employee
- Negotiated enhancements (such as lower administration fees or insurance premiums) with the superannuation fund

It is both desirable and appropriate that the employer can inform new employees of the advantages or benefits that are available from the employer's default fund. As the ASIC Information Sheet 89 states, an employer can:

"give employees information about the default superannuation fund including information that the provider of the default fund has prepared, such as the Product Disclosure Statement"

Digital employee onboarding

Digital employee onboarding is the process of using digital technology to automate and streamline the process of bringing new employees into an organization. This can include tasks such as filling out paperwork, completing training modules, and setting up payroll and benefits.

Digital employee onboarding can be done through a variety of tools, such as online portals, mobile apps, and automated workflows. The goal of digital employee onboarding is to reduce the time and resources required to onboard new employees, while also improving the employee experience by providing a more

efficient and user-friendly process. Digital employee onboarding can also help to ensure that all necessary tasks are completed accurately and on time, reducing the risk of errors and delays in the onboarding process.

The use of digital onboarding by employers has risen materially over the last five years as employees and employers embrace an improved user experience.

There are material benefits for superannuation funds being present on digital employee onboarding platforms including:

- **Accuracy:** Digital onboarding can help ensure that all necessary information is collected accurately and in a timely manner, reducing the risk of errors and delays and updated in real time to the employer's payroll system. Enhanced accuracy will be a real benefit for the successful implementation of payday super.
- **Compliance:** Including the new employee's superannuation selection in digital onboarding can help to ensure that the employer is complying with all relevant regulations and requirements.
- **Member engagement:** Digital onboarding is a highly valuable engagement tool for new employees to highlight the benefits available to them of different superannuation options.

Therefore, whatever the onboarding process, Mercer recommends that there should be no ban on an employer informing new employees of the benefits of their alternative superannuation options during the onboarding process. Furthermore, a ban on advertising super products during onboarding would remove the opportunity for new employees to choose a different fund. Such an outcome may inadvertently keep many members in a fund which is no longer their best option considering their new situation.

Defined benefit members

As noted on page 23 of the Consultation paper, defined benefit (DB) members pose different issues from employees who receive SG contributions. Simply put, the size and frequency of superannuation contributions made by the employer are normally recommended by an actuary and do not directly relate to the payment of salary. Hence, the specific payday super requirements applying to members of accumulation plans should not apply to DB members.

However, there is an additional issue we wish to raise relating to DB schemes.

The background on the SG treatment of DB schemes at page 25 of the Consultation paper omits an important issue regarding the SG treatment of employees who are accumulation members of DB schemes i.e., members who only have an accumulation interest (and no DB interest) in a DB scheme.

Under the current provisions of the Superannuation Guarantee (Administration) Act 1992 (SGA Act), an employer's SG compliance for an accumulation member of a DB scheme is not determined based on the employer contributions actually paid for the employee, as would apply if they were a member of an accumulation scheme.

Instead, the employer's SG compliance for an accumulation member of a DB scheme is determined in the same way as for a DB member of the DB scheme, by reference to the notional contribution rate applicable to the member as specified in the Benefit Certificate issued by an actuary.

Such treatment may have been appropriate in 1992 when the SG commenced, as at that time most DB schemes had few, if any, accumulation members. However, the DB membership sections of most DB schemes have now been closed for many years and the number of accumulation members in many of these schemes is now much larger than the dwindling DB membership.

Hence, we now have the somewhat perverse (and not well-understood) outcome that, in practice, the DB SG requirements (via Benefit Certificates) now apply to much higher number of accumulation members than DB members.

We understand that actuaries have generally prepared Benefit Certificates (in line with relevant professional guidance) which aim to provide accumulation members of DB funds with treatment commensurate with that which would apply under an accumulation scheme. Further, we are not aware of any evidence that accumulation members have been disadvantaged by the current arrangements, though they are somewhat cumbersome.

However, there is the potential for member disadvantage, as highlighted by the SGA Act amendments in 2019 which were directed at ensuring that an individual's salary sacrifice contributions cannot be used to reduce an employer's SG contributions. As raised by the Actuaries Institute in 2020, the problem is that these amendments did not amend the SG requirements relating to support provided by employers in respect of their employees in DB schemes i.e., they only addressed employer SG obligations met by contributions made to accumulation funds (and Retirement Savings Accounts).

As a result, hundreds of thousands of employees who are accumulation members of DB schemes are not covered by the 2019 salary sacrifice amendments to the SGA Act.

We understand the Government is contemplating further amendments to address this anomaly. We recommend that the proposed amendments should go further and ensure that the SG treatment of accumulation members of DB schemes be on the same footing as members of accumulation schemes. That is, the test should be based on the employer contributions actually paid rather than on a notional contribution rate specified in a Benefit Certificate.

This will be even more important with the move to payday super, so that non-standard rules only apply to the shrinking number of DB members.

Major recommendations

In view of the above comments, Mercer recommends:

- Treasury explores ways to ensure that the introduction of payday super improves the engagement of individuals with their superannuation, during both the onboarding process for new employees and throughout their employment years.
- Adoption of the due date model whereby the employer's superannuation contribution must be received by the employee's superannuation fund within 10 business days of the relevant payday.
- Some flexibility be introduced into the SG charging arrangements to allow for the situation where the employer does not have the relevant superannuation details.
- No ban on an employer informing new employees of the benefits of their alternative superannuation options during the onboarding process.
- The specific requirements relating to payday super do not apply to employer contributions used to fund defined benefit interests.
- Future amendments to the Superannuation Guarantee (Administration) Act 1992 should ensure that accumulation members of defined benefit superannuation schemes are treated in the same way as members of accumulation schemes.

Naturally, we would be very happy to discuss any of our comments with you and your team as you carefully consider these matters. Please do not hesitate to contact us.

Yours sincerely,



Dr David Knox AM
Senior Partner

Securing Australians' Superannuation – Responses to questions in the Consultation paper

Question	Mercer's response
<p>1. What implementation issues could arise if 'payday' is defined as being each time a payment is made to an employee with an OTE component?</p>	<p>There will be material costs to employers, payroll providers and super funds.</p> <p>It is also certain there will be an increase in the number of errors as there will be less checking between payday and the superannuation contribution payment date, as well as an increase in the number of superannuation contribution payment dates during the year.</p>
<p>2. What implementation issues could arise when more regular SG payments are mandated?</p>	<p>The performance of super fund administrators is recognised in their contracts with employers. Increases in the number of contribution payments and reporting requirements will require significant investments. It will also lead to an increase in the level of support required by employers. Of course, increased frequency of contributions can also lead to increased engagement by fund members.</p>
<p>3. Are there any advantages or disadvantages with the requirements of payday super being fulfilled if employers make the payment of SG contributions on 'payday' (i.e., the employer payment model)?</p>	<p>Advantages: For members, earlier payment leads to the possibility of increased investment earnings. It would also be easier for the member to understand if an SG contribution has not been paid on time. This may also make it easier for employers in understanding when contributions are due.</p> <p>Disadvantages: The increased cost to small business in having to remit more regularly could be detrimental to some, where cashflows may not be consistently available.</p> <p>Although this approach appears attractive to the employee, it will not mean that the payment is received by the super fund on the payday. A reduction in the processing times by banks and clearing houses would assist in reducing the period between an employer making a payment, and it appearing in the member' superannuation account. Improvements in payments and infrastructure should deliver near real-time payment of superannuation.</p>

	<p>This approach would also reduce the opportunity for checking the data and confirming the differences between actual pay and OTE, leading to additional errors.</p>
<p>4. Are there any advantages or disadvantages with the requirements of payday super being fulfilled if the employee's superannuation fund has received employer contributions a certain number of days after payday (i.e., the due date model)?</p>	<p>The advantage of this approach is that it would enable the payroll and super contribution processes to be done separately by employers leading to fewer errors.</p> <p>Of course, the number of days after payday must be limited to ensure that the superannuation contribution is received within a reasonable period.</p>
<p>5. Should there be a standardised due date for SG contributions depending on different pay cycles, independent of the frequency to when salary and wages are paid?</p>	<p>The due dates should be standardised, which would make it easier for both employers and super funds to manage, and for employees to understand.</p> <p>We are suggesting ten business days after pay day.</p>
<p>6. Would requiring a new reporting mechanism for employers under an employer payment model to the ATO on payday increase compliance burden?</p>	<p>Yes, a new reporting mechanism would increase the compliance burden on employers. Employers struggle with adherence to the current process. This could also have a detrimental impact on small businesses.</p> <p>Considering the quality and volume of data available to the ATO, it is possible that the ATO could build this reporting mechanism without requiring employers to undertake a new reporting mechanism.</p>
<p>7. How would intermediaries continue to be incentivised to expedite the processing of employer contributions under an employment payment model?</p>	<p>Implementation of regular and published performance reviews. That is, public reporting of number of processing days by clearinghouse/intermediaries so that superannuation funds and employers can use those with faster processes. As noted in our response to question 10, Mercer recommends that financial intermediaries should be regulated.</p>
<p>8. Given reduced payment processing times facilitated by modern payment platforms, is a due date of 3 days after payday for superannuation contributions under a due date model feasible? What would prevent this timeframe?</p>	<p>As highlighted in our covering letter, the calculation and payment of the SG by employers is not straightforward. Hence, while modern payment platforms can speed up the process, we recommend that ten business days be permitted under the due date model. Over time, this period could be reduced but the complexity of introducing payday super on all stakeholders should be underestimated.</p>

	<p>A 3-day time frame would not work in these examples:</p> <ol style="list-style-type: none"> 1. For any employer who has a direct debit facility attached to their clearing house solution. It can take up to five business days for the superfunds to receive the payments from the time of submission due to the time required for payments to clear. 2. It would also not work for anyone using B-Pay due to the reliance of clearance times by banks. 3. For large employers where the payroll operates separately from finance may also find this challenging as payroll need to raise a requisition with finance to have the superannuation payment made. Internal processes (including multiple authorisation steps) may cause delays meaning that the 3-day compliance is missed.
9. What impact would shorter payment timeframes have on clearing houses and other financial intermediaries that facilitate the payment of superannuation contributions to funds?	Administrators would expect to see increases in employer support requests, employer refunds of SG payments and rectification activity. In other words, shorter time frames would lead more errors and an increase in overpayments.
10. Would shorter payment timeframes require regulation of these financial intermediaries to ensure payment timeframes are met?	Financial intermediaries play a critical role in the super industry and should have been regulated some time ago. Hence our answer to this question is yes as this will ensure that payments are made in a timely and consistent manner. This regulation or licensing should also encourage clearing houses to improve their platforms.
11. How can the payday super model be designed to ensure it can adapt to changes and innovations in payment and data platforms?	<p>As we transition to a digital economy, the way people and businesses transact finances have changed significantly over recent years. At the same time there have been minimal changes in the way the SG is paid by employers, or the way superannuation funds process members' requests to access their savings.</p> <p>There is a real opportunity for the introduction of payday super to be undertaken in a way to harness the innovations in payment and data platforms. The Reserve Bank of Australia's Strategic Review of Innovation in the Payments System set four key challenges: faster payments, 24/7 payments, data-rich payments and simpler payments addressing. As a result of these objectives the New Payments Platform</p>

	(NPP) evolved. Modern payment platforms such as the NPP could enable near real-time processing times.
12. What are the benefits or risks associated with allowing multiple payment methods and how might this affect payments processing for clearing houses and superannuation funds? Would there be benefit or risks in only allowing one payment platform (such as the NPP)?	A benefit of one payment platform is that it would ensure consistency across the industry. However, having a single platform introduces considerable risk as there would be concentration. The cost and complexity of implementation and the end-to-end process of NPP would need to be well understood by all stakeholders, including the business impact to employers, intermediaries, and fund administrators.
13. What is the appropriate timeframe for ATO reconciliations? For example, fortnightly or monthly? Should the timeframe differ depending on the frequency of payday or would a standard timeframe be more appropriate?	<p>The consensus is that monthly would be the most appropriate timeframe for reconciliation for the following reasons:</p> <ul style="list-style-type: none"> • fortnightly may be too frequent; and • monthly would cover the differing pay periods (i.e., weekly, fortnightly and monthly) <p>Any penalties should not be based on pay frequency otherwise this could negatively impact employers who pay weekly.</p>
14. Should there be a mechanism whereby employers can pay SG charge they know they have accrued, prior to the reconciliations and assessments being issued? How should this occur?	This is only feasible if a reconciliation has already occurred, or a calculator made available to employers that could provide an accurate real time projection. One suggestion is that if the ATO portal is available to all employers, they could proactively mitigate the accrual of the SG charge.
15. Should the LPO and carry forward of late payments remain a feature of the SG compliance system in a payday super model? Could an alternate system be adopted whereby late payments apply retrospectively to the earliest period outstanding?	Yes, a facility needs to be maintained that allows employers to ameliorate their SG charge before reconciliation occurs (and possibly reduce penalties).
16. Should late SG contributions be tax deductible under certain circumstances, for example when an	Yes, if an employer is proactively remediating missed SG and the SG charge before being notified by ATO. This will provide the employer with a strong motivation to be compliant.

employer amends the SG charge before it is assessed by the ATO?	
17. What kind of prompts or nudges could be provided to employers to be aware of and meet their SG obligations on time?	<p>Regular communications from the ATO are essential.</p> <p>Comprehensive employer education is also required before implementation including working with accounting and payroll services to provide simple, clear, and consistent advice.</p>
18. Are there more appropriate incentives outside of the LPO to encourage employers to pay SG in a timely manner?	<p>Unfortunately, some employers will do what they wish to do. For example, some employers only remit contributions annually despite the current associated penalties.</p>
19. Would changes to the SG charge be required to ensure the charge remains adequately punitive for non-compliant employers?	<p>Increased flexibility should be introduced; that is, it should not be a one size fits all approach. For example, repeat offenders should have a higher penalty applied and some leniency should be available under special circumstances.</p>
20. Does the current nominal interest rate of 10 per cent per annum adequately compensate employees for the foregone interest that would have accrued in the fund had their super been paid on time?	<p>Our view is that the rate of 10% is fair. The change in frequency of the required SG payments shouldn't necessitate a change in the nominal rate as it will still be proportional.</p>
21. Does a nominal interest charge of 10 per cent per annum remain appropriate in a payday super model? Or are there alternative models that could address different degrees or severity of lateness?	<p>If the nominal interest charge were to increase based on severity, this would also act as an incentive to encourage employers to pay on time.</p>
22. How should the administrative component of the charge apply? Is per employee, per ATO reconciliation period appropriate, considering your responses above to the appropriate timeframes for ATO reconciliations?	<p>A per employee approach automatically increases with business size.</p> <p>In addition, it should be based off the reconciliation period; otherwise, weekly-paying employers are fined four times more than monthly paying employers.</p>

<p>23. Should the amount of the administrative component of the charge be changed? If so, what is the appropriate amount, and why?</p>	<p>As a minimum, this component should be indexed.</p> <p>In addition, given the increased administrative burden for monitoring payday super, any increased costs should be borne by the offending employers.</p>
<p>24. Given that the current SG charge is not tax deductible, are there any circumstances where a non-compliant employer should be able to make a tax deduction for the SG charge paid?</p>	<p>Our answer is yes, where the employer is not a serious and repeat offender and has been proactive and paying the SG charge prior to the reconciliation. As such, it becomes an incentive for employers to comply. This approach also treats employers fairly, where there has been an honest mistake.</p> <p>In most other cases our answer is no, as there should be a real penalty for not meeting the due dates.</p> <p>However, as mentioned above, there should be the ability to reduce or repeal this charge under special circumstances.</p>
<p>25. Are there any other changes to the components of the SG charge that should be considered in the move to a payday super model, in the context of the purpose of the charge? For example, should the punitive aspects of the charge be more proportionate to the size of the non-compliance (that is, the size of the debt)?</p>	<p>We agree that size of the charge should be related to past compliance history and the size of the debt. This also ensures adequate discouragement for larger employers.</p> <p>There may also need to be consideration of a payment plan for a large debt incurred by a small business.</p>
<p>26. What should 'additional behavioural penalties' look like in a payday super model?</p>	<p>Where there is consistent and sustained non-compliance and a large accrual of debt penalties, there should be the potential to include civil penalties on the CEO and CFO of the employer.</p>
<p>27. Would granting the ATO flexibility to remit the SG charge in certain circumstances on the part of the employer risk the integrity of the SG charge?</p>	<p>No, it should be discretionary and consider the employer's history of compliance. There should also be an avenue for employers to appeal.</p>

28. If you consider that the ATO should have some discretion to remit the charge, under what discrete circumstances should this be able to occur?	Where circumstances are legitimately outside the employer's control. These could include but are not limited to failings linked to the financial intermediary or fund administrator, fraud, natural disasters, banking or technological outages, personal circumstances.
29. Should any discretion to remit the SG charge apply to the entire amount due or only to certain components? For example, scope could be given to the ATO to remit the nominal interest and administrative components of the SG charge but not the SG shortfall.	We agree that elements of the SG charge could be remitted under certain circumstances, but the SG shortfall should not be reduced.
30. Would it be appropriate for the ATO to have discretion to extend the due date for the SG charge? If so, in what circumstances would this be appropriate? Further, what would be an appropriate time period for any extension? Should there be a limit on this?	This opportunity is essential, particularly for small businesses. If the business can provide evidence of financial hardship, they should be able to lodge a payment plan with the ATO without further penalties, as long as they comply with the agreed terms.
31. Should employers be allowed to make 'catch-up' contributions due to errors?	Yes, any proactive action by employers to remain compliant should be encouraged.
32. What would be a reasonable time period to allow employers to make 'catch up' contributions that aligns with the intent to pay superannuation alongside wages? Should this time period differ depending on payday frequency?	Any corrections should be in the next pay cycle (or within a month) which would allow for reconciliations to be completed in an accurate and timely manner.
33. What are the challenges in correcting SG payments under a payday model? Is this an efficient way for employers to make corrections? Should error messages be standardised across funds?	Error message needs to be standardised and mandated. Currently administrators are not required to provide return messaging via SuperStream; that is, employers receive refunds and do not understand the reason. This causes delays with the remediation required. Ideally if there was a method where amendments or corrections can be lodged via SuperStream this would reduce efforts for both the employer and the administrator. As an administrator, Mercer recognises that any

	requirements to implement consistent error messaging and allow for amendments and corrections through SuperStream would require significant investment.
34. Is the 20 business day time period for superannuation funds to resolve errors appropriate in a payday super model?	This should be reviewed to understand the impact to fund administrators. If the ATO is increasing the frequency of reconciliations, then errors should ideally be resolved before the next payday. However, we recognise this may not be possible with a weekly pay cycle.
35. Under a 'due date' model, would it be appropriate for a period of grace to apply after the due date for SG contributions? If so, should the grace period apply automatically? Or should it be applied at the ATO's discretion in certain limited circumstances?	There should be no grace period. Otherwise, employers will continue to pay to the grace period rather than the due date. However, employers should have avenue for appeal.
36. Would a digital ATO service simplify the choice of fund process and assist employees and employers to confirm the right super details? What functionality would be required? Would this address issues with data integrity under a payday super model? Should such a service be mandated?	<p>We support a digital ATO service to simplify the choice of fund process. It needs to integrate with the employer's payroll, the onboarding process, and the payments systems to make it useful to employers and employees. It should include all the correct and mandated data fields that employers are required to use when using SuperStream to allow for immediate allocation.</p> <p>Further, we recommend a review of the mandatory data fields to identify opportunities to source data that would improve communication with the member. For example, mandating email or mobile phone numbers would make it easier for funds to communicate with members.</p> <p>The service should not be mandated; it should be a highly valuable tool that employers want to use.</p> <p>The most important outcome is that the employee makes an informed decision about their superannuation in a simple and efficient way.</p>
37. What are the costs and benefits of requiring employers to offer stapling to employees? Are there other changes that could be made to the choice of	Mercer supports stapling as a tool to reduce unintended multiple accounts. The challenge is that the current stapling process is inefficient and ineffective for

<p>fund process? Could a digital ATO service reduce the administrative burden associated with stapling?</p>	<p>employers. A digital service that reduces the administrative burden on employers would be a positive move.</p> <p>Mercer also supports Choice of fund and providing consumers access to the relevant tools, education, and information to make an informed decision.</p> <p>If a digital service is provided by the ATO, it would need to be built in a way that connects seamlessly into digital employee onboarding to meet current and future demand.</p>
<p>38. What are the costs and benefits of a ban on advertising super products during onboarding?</p>	<p>Please refer to our covering letter which highlights the benefits of a strong onboarding process and the importance of new employees having information relating to their alternative superannuation arrangements, which may be more appropriate to their new situation.</p> <p>The onboarding process should be clear and secure and the existing regulations on advertising superannuation products should apply to this channel.</p>
<p>39. How could a smooth transition be managed to align STP, SuperStream, MAAS and MATS reporting, either through changing the reporting requirements to year-to-date values or transaction-based reports?</p>	<p>There needs to be a more consistent approach with SuperStream vs MAAS/MATS in relation to data quality, mandatory fields, and validation. The fields should be aligned across both, and this would stop employers providing bad data to super funds. MATS reporting should also stay at transactional level as this allows for an easier re-reporting process. MAAS reporting becomes a critical task in this process regarding unmatched members.</p> <p>Regarding YTD reporting, this could make reconciliations difficult during the end of year process and the timing of 30/06 contributions.</p>
<p>40. How could a smooth transition be managed if additional fields in reporting are made mandatory?</p>	<p>Employer education and training around the new data fields and criticality of correct data needs to be highlighted. Timing of any changes would also need to align with MAAS/MATS reporting changes needed relating to the new high balance tax to ensure multiple system changes are not required.</p> <p>Member education is also important to highlight the importance of accurate and timely data.</p>

41. Should a new unique identifier be included as a mandatory field in STP, SuperStream, and MATS which links employers, employees, and transactions?	While this sounds like a good idea, it would require full analysis to understand the true impact and if it would add value to the process or if it would increase the burden and complexity on employers and fund administrators. To implement this change, we would also need to ensure that data sent by employers is accurate and we would rely on employers to use the correct codes for their contributions. This would also require a system change.
42. Are there any issues or consequences with including an employer's SG liability and OTE as a mandatory, rather than optional field in STP reporting?	Yes, standardising the details reporting on a contribution file and to the ATO would be of benefit. Payroll packages could also be built to submit the same details.
43. What is the best mechanism to avoid disadvantaging employees who would reach the concessional contributions cap in 2026-27 due to the accounting of SG contributions in the year the policy commences?	As this would be a one-off issue occurring in a single financial year, the simplest approach would be a one-off increase in the concessional cap for the cross-over financial year. The cap would then reduce in the next year. Alternatively, a more complex arrangement could be developed between the ATO and the affected members so that these members are not subject to an excessive contributions tax bill, which was caused by the changes in the timing of concessional contributions.
44. On what period should the maximum superannuation contribution base be calculated in a payday super model? Would there be issues if it remained a quarterly calculation? Are there any other mechanisms that could help prevent employers paying over the concessional contributions cap for employees?	Shortening the period could provide greater volatility in the level of superannuation contributions for some individuals as well as distorting calculations for backpay.
45. Are there any other changes that will be required for defined benefit members?	<p>Yes, members of DB funds will require special treatment as the size and frequency of superannuation contributions are normally recommended by an actuary and do not directly relate to the payment of salary. Hence the specific payday super requirements should not apply to defined benefit members.</p> <p>Please see our covering letter for a more detailed commentary and recommendation relating to non-DB members in DB funds.</p>

46. Should there be any changes to the reporting frameworks for SMSFs and/or Defined Benefit funds to the ATO?	No comment
47. Are there any other changes that will be required for self-managed superannuation fund members?	No comment
48. Are there any other impacts on stakeholders or considerations Government should consider in policy design?	<p>From a member perspective, it is also important that voluntary member contributions and salary sacrifice contributions are paid into the super fund as soon as possible.</p> <p>From a fund administrator's perspective this is will be a very large and costly change. Besides the investment into infrastructure, we would also expect to an increase in cost to ensure that rectification and remediation of SG contributions are managed in a timely manner. Of course, the success of allocation is very dependent on the quality of the data being sent through by employers.</p>
49. What further changes would be required under the current rules to allow employers to meet payday super requirements?	It is desirable that there is consistency between SuperStream, MAAS/MATS reporting and Single Touch Payroll. Consistency across all the flow of data should lead to improved outcomes and greater efficiency for all stakeholders.