



Australian Government
The Treasury



Ministerial Submission
MS25-000693

FOR ACTION - TREASURY LEGISLATION PROGRAM - 2025 SPRING PARLIAMENTARY SITTINGS

TO: Treasurer – The Hon Dr Jim Chalmers MP
CC: Minister for Housing and Minister for Homelessness, and Minister for Cities – The Hon Clare O’Neil MP, Minister for Small Business, and Minister for International Development, and Minister for Multicultural Affairs – The Hon Dr Anne Aly MP, Assistant Treasurer and Minister for Financial Services – The Hon Dr Daniel Mulino MP, Assistant Minister for Productivity, Competition, Charities and Treasury – The Hon Dr Andrew Leigh MP

TIMING

By **COB 19 May 2025**, to meet the deadline for submission of the Treasury portfolio legislative Bid for the 2025 Spring sittings to the Prime Minister by close of business on **21 May 2025**.

Recommendation

- That you **sign** the attached letter to the Prime Minister at Attachment A seeking his consideration of the Treasury portfolio legislation Bid for the 2025 Spring sittings.

Signed / Not signed

- That you **approve** the documentation forming the Treasury portfolio legislative Bid for the 2025 Spring sittings for circulation to the Parliamentary Business Committee of Cabinet (Enclosure 1 to Attachment A).

Approved / Not approved

- That you **note** that following Treasury’s usual prioritisation process, which includes consultation with all Treasury portfolio Ministers, we will brief you again on the full forward program and any necessary variations to the legislation Bid.

Noted

Signature	Date: / /2025
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KEY POINTS

- The Department of the Prime Minister and Cabinet (PM&C) yesterday requested Treasury portfolio Ministers write to the Prime Minister with their legislation Bids for the 2025 Spring sittings by close of business on 21 May 2025.

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- At Attachment A we have prepared a draft letter to the Prime Minister for your signature, seeking the Parliamentary Business Committee's (PBC) approval of the Treasury portfolio legislation Bid. The draft letter satisfies PM&C requirements, including:
 - a statement certifying that each Bid is necessary to implement a policy proposal and that implementation of the policy objective cannot occur administratively, and
 - an accompanying summary of the Bills and measures contained in the Bid (Enclosure 1 to the draft letter).

s 47E(d)

- We will consult with your office closer to the commencement of the sittings to re-confirm Bill names, packaging, schedule order and weeks of introduction, including any adjustments required to accommodate further Government decisions.

- Following your response Treasury will supply the completed Legislation Bid statements directly to PM&C by 21 May 2025.

Clearance Officer

Erin Wells
First Assistant Secretary and Chief Counsel
Law Division
14 May 2025

Contact Officers (job share)

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CONSULTATION

Revenue Group, Markets Group, Small Business, Housing, Corporate and Law Group, the Department of Prime Minister and Cabinet and the Office of Parliamentary Counsel.

ATTACHMENTS

A: Attachment A – Letter to the Prime Minister – 2025 Spring Treasury Legislation Bid

- Enclosure 1 of the letter to the Prime Minister: Summary of Treasury Legislation Bills and Measures



THE HON JIM CHALMERS MP
TREASURER

Ref: MS25-000693

DATE

The Hon Anthony Albanese MP
Prime Minister
Parliament House
Canberra ACT 2600

Dear Prime Minister

I am writing to submit the Bid for the Treasury Legislation Program for the 2025 Spring sitting period.

A summary of the Bid for the Treasury Legislation Program, indicating the category sought for each Bill and outlining the measures in each Bill, is set out in Enclosure 1.

As agreed with your department, I intend to reintroduce the lapsed Pacific Banking Guarantee Bill 2025 in its current form.

I certify that this Bid is necessary to implement several policy proposals and that the policy objectives cannot be implemented administratively.

The Bid has been prepared in accordance with the instructions issued by your department.

Yours sincerely

The Hon Jim Chalmers MP

Enc:

Enclosure 1: Summary of Treasury Legislation Bills and Measures

CC:

The Hon Clare O'Neil MP, Minister for Housing and Minister for Homelessness, and Minister for Cities
The Hon Dr Anne Aly MP, Minister for Small Business, and Minister for International Development, and Minister for Multicultural Affairs
The Hon Dr Daniel Mulino MP, Assistant Treasurer and Minister for Financial Services
The Hon Dr Andrew Leigh MP, Assistant Minister for Productivity, Competition, Charities and Treasury



Australian Government
The Treasury

Ministerial Submission

MS25-000707



FOR INFORMATION - Allegations of anti-competitive conduct by Bunnings

TO: Minister for Small Business, Minister for International Development, Minister for Multicultural Affairs - The Hon Dr Anne Aly MP

CC: The Treasurer - The Hon Dr Jim Chalmers MP; Assistant Treasurer and Minister for Financial Services - The Hon Dr Daniel Mulino MP; Assistant Minister for Productivity, Competition, Charities and Treasury - The Hon Dr Andrew Leigh MP

KEY POINTS

- You requested advice on competition issues raised in recent media reports regarding Bunnings, including the potential impacts on smaller businesses.
- Media reports allege that Bunnings has used its size and market power to block competitors from setting up in retail precincts where it already has a store, opening or planning to open stores close to competitors, or buying-up competitor stores. Other allegations include poor treatment of suppliers and anti-competitive pricing practices.
- Small businesses are particularly vulnerable to the negative impacts of anti-competitive practices, as they often lack the capacity and resources to advocate for or protect their interests against larger businesses. Anti-competitive practices can lead to higher market concentration, lower dynamism and rising profit margins. This can limit market entry by smaller businesses and reduce their ability to reinvest in and grow their businesses

s 47E(d)

— For example, s 34(3)

- s 34(3) . We can provide further advice on request.
- The Government also intends to extend unfair trading practice protections to small businesses in business-to-business transactions, subject to state and territory agreement, and will undertake consultation on the design of such measures. It will consult on the nature of these protections and how they can address power imbalances between small and larger businesses.

Protections under competition law

- Australia's competition law prohibits businesses with substantial market power from engaging in conduct that has the purpose, effect or likely effect of substantially lessening competition. However, the law does not prohibit a business with a substantial degree of market power from 'out-competing' its competitors.
- The Australian Competition and Consumer Commission (ACCC) can investigate anti-competitive behaviour and take appropriate action. Competition issues in the supermarket and retail sector are a key compliance and enforcement priority for the ACCC in 2025-26, with a focus on firms with market power and conduct that impacts small business.
 - The ACCC does not comment on whether it is investigating specific matters or entities.
- Generally, businesses are free to choose whether they will supply or deal with another business. Exclusive dealing is quite common in business arrangements and will only breach competition law when it 'substantially lessens competition' in a market. This competition test depends on the circumstances of each matter.
- Media reports suggest that different laws apply to restrictive provisions in lease arrangements for supermarkets. This is not the case. In 2009 the ACCC accepted enforceable undertakings from supermarkets, requiring them to transition away from restrictive lease provisions. These arrangements did not involve supermarket-specific legislative amendments and could be open to the ACCC for other entities such as hardware stores.

Food and Grocery Code

- The Food and Grocery Code regulates conduct between industry participants. During his independent review of the Code (released June 2024), Dr Craig Emerson considered whether Government should extend the code to retailers selling grocery products, such as Bunnings.
 - Nursery supplier association, Greenlife, argued for Government to extend the Code to Bunnings to address Bunnings' alleged poor treatment of suppliers and the impact of an imbalance in bargaining power.
- Dr Emerson did not recommend extending the Code, noting this would involve a change in the policy intent of the Code. The Government agreed to this approach in its response. However, it called on industry to have avenues in place to address supplier concerns and indicated it will continue to monitor conduct in the nursery plants industry.

Other competition measures

- The Government has taken other actions to improve retail competition, including:

- \$240 million over 10 years as part of National Competition Policy to encourage states and territories (states) to implement pro-competitive commercial planning and zoning reforms to facilitate business entry and expansion
- providing the ACCC with an additional \$30 million in MYEFO 2024-25 to combat misleading and deceptive pricing practices and unconscionable conduct in the supermarket and retail sectors
- legislating reforms to Australia’s merger rules, including giving the ACCC stronger powers to better target, identify and scrutinise transactions that may substantially lessen competition.

Next Steps

- Treasury will brief you in the coming week on the next Small Business Ministers’ Meeting and future priorities for this group, including any opportunities to contribute to the Government’s National Competition Policy agenda.
 - In November 2024, Treasurers signed the National Competition Policy agreements to coordinate national pro-competitive reforms over the next 10 years, underpinned by a \$900 million National Productivity Fund.
 - s 47E(d)
 - Competition policy responsibility sits with the Treasurer and Assistant Minister Leigh.

Clearance Officer
 Anthony Seebach
 First Assistant Secretary
 Small and Family Business Division
 16 May 2025

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CONSULTATION

Australian Competition and Consumer Commission; Digital Competition and Payments Division; Competition Taskforce Division.



Australian Government
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Ministerial Brief

MB25-000088



FOR INFORMATION - AT briefing pack

TO: Assistant Treasurer and Minister for Financial Services - The Hon Dr Daniel Mulino MP

KEY POINTS

As discussed with your Office, ahead of our in-person briefings with you next week, please find attached a briefing pack which includes:

- a reading list covering superannuation and tax administration topics (**Attachment A**);
- a short note outlining the current status of Payday Super (**Attachment B**); and
- an existing public fact sheet on Payday Super prepared by Treasury (**Attachment C**).

Clearance Officer

s 22

A/g Assistant Secretary

Retirement Income and Superannuation Division

16 May 2025

Contact Officer

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A/g Assistant Secretary

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ATTACHMENTS

- A: Reading list
B: Note on status of Payday Super
C: Payday Super fact sheet



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FOI 3965
Document 3a



Assistant Treasurer

Additional reading pack

May 2025

Superannuation

Since the introduction of compulsory superannuation in 1992, the system has grown substantially. Australia's superannuation system now has 18 million members and \$4.2 trillion in assets. This represents 145 percent of Australian GDP.

This growth is expected to continue, with superannuation forecast to grow to around 218 percent of GDP by 2062 (IGR 2023). This means superannuation will become increasingly important as a source of retirement income. Over the next decade, around 2.5 million people are expected to move to the retirement phase of superannuation, with around \$190,000 for the average Australian. In 2023, revenue forgone for superannuation tax concessions amounted to 1.8 percent of nominal GDP and is forecast to increase to 2.4 percent of GDP by 2062 (IGR 2023).

Recent reviews and reform

Australia's superannuation system has been the subject of numerous reviews and inquiries which have shaped the objective of superannuation, the product options available to consumers, the obligations and requirements of superannuation trustees, and the role of regulators in managing the financial system as a whole. The main focus of reform to date has been on the accumulation phase as the superannuation system was still maturing but is now shifting to the retirement phase.

In 2019, there was a [Royal Commission into Misconduct in the Banking, Superannuation and Financial services industry](#). This led to a package of reform that included expanding ASIC's role in the regulation of the conduct of superannuation trustees to improve consumer protection, fund transparency and disclosure, extending APRA's powers and stronger obligations on superannuation funds to meet members' best interests.

Following the [2019 Productivity Commission Inquiry into Superannuation: Assessing Efficiency and Competitiveness](#) and the [2020 Retirement Income Review](#), the [Your Future, Your Super \(YFYS\) package](#) was announced. YFYS introduced: an annual performance test for MySuper products; reduced the incidence of multiple accounts through stapling; the YourSuper comparison tool; and the best financial interests duty.

In September 2022, the [Your Future, Your Super Review Consultation Paper](#) sought stakeholder views on any unintended consequences and implementation issues of the YFYS legislation. The [Your Future, Your Super Review in April 2023](#) summarises stakeholder views expressed during the YFYS review.

In December 2024, the objective of superannuation was enshrined in legislation (see [Explanatory Memorandum](#)). Defined as: "to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way". A statement of compatibility with the objective will need to be included in the explanatory materials accompanying all Commonwealth Bills and regulations relating to superannuation.

The superannuation sector's size raises question of whether it is an amplifier or stabiliser of financial sector risks. The [April 2025 Financial Stability Review \(page 34 and 41\)](#) notes the superannuation sector could amplify financial system stress if it faced severe liquidity stress. APRA's 2025 financial system stress test is expected to provide insights into how risks can transmit between different sectors.

Ongoing work

Several key reforms were announced by the Albanese Government in the previous term and work is still ongoing. These include lifting member standards, retirement phase reforms, addressing superannuation tax concessions and unpaid superannuation.

Member Service Standards and Fund Governance

Rising complaints, regulator enforcement and media scrutiny have highlighted that superannuation funds are failing to provide services that meet community expectations. Complaints to the Australian Financial Complaints Authority and ASIC about superannuation member services continues to grow. Member

disengagement and a lack of competitive tension mean funds lack incentives to improve member services or outcomes.

ASIC - Taking ownership of death benefits: How trustees can deliver outcomes Australians deserve (REP 806) (see Exec Summary Page 3 to 9) provides a strong evidence base for the need for reform. Stakeholder evidence suggests that the focus of some regulation, particularly the annual APRA performance test, encourages the sector's focus on lower fees potentially at the cost-of-service provision.

In January 2025, the Albanese Government **announced** that mandatory member service standards would initially target critical areas where complaints data shows the greatest need for improvement: handling of death benefits claims; processing of insurance claims; and communications with members. Treasury has developed a draft set of service standards for Government consideration, based on consultation with industry and regulators.

Recent regulator actions against funds for member services and other regulatory failings has placed more scrutiny on fund governance. The Financial Accountability Regime was extended to superannuation funds in March 2025, and APRA has released a Consultation Paper on Governance arrangements for large APRA regulated entities including superannuation - the **APRA Governance Review Consultation Paper**. The Consultation Paper covers governance issues within APRA's current remit.

Retirement Phase Reforms

Managing superannuation in retirement can be confusing and complex. The Retirement Income Covenant has been in place since 2022, but industry progress has been slow. Few funds offer longevity product options. Member demand for longevity products is also low and is likely to remain so without greater government intervention. More can be done to advise members on suitable retirement solutions to maximise retirement income.

The recent package of retirement phase reforms (see **Discussion paper** and **fact sheet**) focuses on further enabling and supporting industry-led action. It is designed to empower more Australians to make the most of their superannuation through more trusted information, better products and greater transparency.

These reforms work in tandem with the Delivering Better Financial Outcomes reform which will clarify the advice topics which may be collectively charged through superannuation and allow superannuation funds to provide targeted prompts to members to drive greater engagement with superannuation at key life stages.

Better Targeted Superannuation Concessions

Superannuation savings currently enjoy generous tax concessions to help people save for their retirement. These concessions cost Australians \$55 billion a year, with the cost projected to exceed that of the Age Pension by 2040 (Note: this is calculated on a revenue forgone basis and is sensitive to the choice of benchmark). These tax breaks also overwhelmingly benefit a small number of people with high balances that are well beyond what's required for a dignified retirement. High income earners will receive up to \$500,000 more in lifetime government support for retirement through superannuation tax concessions than lower-income individuals, even after accounting for Age Pension entitlements.

Subject to the passage of legislation, the Better Targeted Superannuation Concessions measure (see **Explanatory Memorandum**) will improve the equity and sustainability of the superannuation sector.

Securing Australians' Superannuation

The ATO estimates around \$5.2 billion of superannuation was unpaid in 2021-22. The Government has decided to address the problem by requiring superannuation to be paid on payday to protect and grow the retirement incomes of millions of Australians from 1 July 2026. Subject to the passage of legislation, payday superannuation (see **fact sheet**) will mean employers must make the contributions when they pay salary or wages, complemented with improvements to choice of fund and stapling rules.

Tax administration

Key administrators

Australian Taxation Office

The Australian Taxation Office (ATO) is the Australian Government's principal revenue collection agency. It administers legislation governing Australia's tax, superannuation and business registry systems.

The ATO is led by its Commissioner, Mr Rob Heferen, who was appointed in December 2023 by the Albanese Government to a 7-year term commencing on 1 March 2024. The Commissioner of Taxation is also the accountable authority for the Tax Practitioners Board and the Australian Charities and Not-for-Profits Commission.

Mr Heferen is supported by an ATO Executive that includes three Second Commissioners who are also appointed for 7-year terms (Mr Jeremy Hirschhorn, Ms Kirsten Fish and Mr David Allen).

A recently completed [Australian Public Service Commission Capability Review](#) identified that while the ATO is a high-performing organisation with strong technical expertise and effective processes and frameworks, it needs to be more agile and creative in its problem-solving to address new problems and changes to its operating environment. The review also found its culture needs to shift more to 'one ATO'. The ATO continues to face challenges delivering key Government measures that often require significant investment in people and Information technology (IT) infrastructure, and relies on legacy IT systems, which are increasingly difficult and expensive to update or replace.

Tax Practitioners Board

The Tax Practitioners Board (TPB) is the national body responsible for the regulation of Australia's tax agents and Business Activity Statement agents (collectively known as 'tax practitioners'), through the *Tax Agent Services Act 2009* and Code of Professional Conduct.

Inspector-General of Taxation and Taxation Ombudsman

The Inspector-General of Taxation & Taxation Ombudsman (IGTO) seeks to improve the administration of tax and superannuation systems by investigating complaints against the ATO and TPB and through its systemic reviews, which offer a source of independent advice on the systems' operation.

The IGTO is led by the Inspector-General of Taxation, Ms Ruth Owen CBE, who was appointed by the Albanese Government to a 5-year term commencing on 15 July 2024.

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The agency is currently seeking feedback on topics for [next year's review program](#).

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Tax administration priorities

In the previous term, a key focus of Government was strengthening the integrity of the tax, superannuation and intermediary systems in response to numerous incidents; including the disclosures by PwC and large-scale GST fraud committed against the ATO.

PwC disclosed confidential information that they obtained as part of policy development work with Treasury and subsequently used this information to market services to clients. On 6 August 2023, the Government announced a significant package of reforms in response to the PwC tax leaks (refer to the [Government response to PwC tax leaks scandal - factsheet](#)). The Government has completed work on a number of measures, but work continues in areas relating to enhancing sanctions, registration frameworks for tax practitioners (both announced in the March 2025 Budget), tax regulator information gathering, tax secrecy rules and tax promoter penalty laws. Markets Group is progressing work on the regulation of consulting, accounting and audit firms and Law Division is working with AGD on the use of legal professional privilege.

The Government has also increased ATO resourcing to assist with the collection of outstanding tax debts, which had risen sharply during the COVID-19 pandemic. During COVID, debt recovery was paused, and this led some businesses to change their behaviour and see their debts to the ATO as part of their financing options. Normal debt recovery has only recently resumed and the ATO has focussed on resetting these business behaviours as it resumes normal debt recovery processes (refer to [ATO Media “We’re changing our approach to collecting unpaid tax and super”](#)).

In addition to improving debt collection, the Commissioner of Taxation has indicated that the ATO has a renewed focus on collecting revenue (see the [Commissioner’s address to the Tax Institute Tax Summit](#)).

There is an opportunity to provide updated Statements of Expectations to the ATO, TPB and IGTO early in this term of Parliament that reflect Government priorities and expectations around how the agencies cooperate in undertaking their respective roles.

An emerging issue is the use of the tax system to perpetuate financial and domestic violence. This has been the subject of reports by the [Parliamentary Joint Committee on Corporations and Financial Services](#) and a recent review by the [IGTO \(Identification and management of financial abuse within the tax system\)](#). As part of [Labor’s Commitment to Women](#) the Government has committed to a range of actions aimed at embedding safety in Commonwealth systems, including consulting on changes to tax and social security laws so that perpetrators, not victim survivors, are accountable for debts they accrue through financial abuse.



Reading list

Superannuation

- [Royal Commission into Misconduct in the Banking, Superannuation and Financial services industry: \(Culture, Governance and Remuneration Chapter\)](#)
- [2019 Productivity Commission Inquiry into Superannuation: Assessing Efficiency and Competitiveness](#)
- [2020 Retirement Income Review](#) (Executive Summary)
- [Your Future, Your Super \(YFYS\) package](#)
- [Your Future, Your Super Review Consultation Paper](#)
- [Your Future, Your Super Review in April 2023](#) (Summary of Issues)
- [Superannuation \(Objective\) Bill 2023 Explanatory Memorandum](#)
- [April 2025 Financial Stability Review](#) (pages 34 and 41)
- [ASIC - Taking ownership of death benefits: How trustees can deliver outcomes Australians deserve \(REP 806\)](#) (Executive Summary Pages 3 to 9)
- [Media Release: Mandatory service standards for the superannuation industry](#)
- [APRA Governance Review Consultation Paper](#)
- [Retirement Phase of Superannuation Discussion paper December 2023](#)
- [Improving the retirement phase of superannuation fact sheet](#)
- [Better Targeted Superannuation Concessions Bill Explanatory Memorandum](#)
- [Payday Super fact sheet](#)

Tax administration

- [Australian Public Service Commission Capability Review - ATO](#)
- [Tax Ombudsman draft work plan for consultation](#)
- [Government response to PwC tax leaks scandal - factsheet](#)
- [ATO Media Release: *We're changing our approach to collecting unpaid tax and super*](#)
- [ATO Commissioner's address to the 2024 Tax Institute Tax Summit](#)
- [Parliamentary Joint Committee Report on Corporations and Financial Services: Financial Abuse](#)
- [Tax Ombudsman Report: *Identification and management of financial abuse within the tax system*](#)
- [Labor's Commitment to Women](#)



Payday Super

This fact sheet provides further implementation details about the Government's *Payday Super* measure, part of the *Securing Australians' Superannuation Package* announced in the 2023-24 Budget.

Payday Super for employers and employees

In the 2023-24 Budget, the Government announced a reform to align employers' payment of Superannuation Guarantee (SG) contributions with salary and wages, instead of the current quarterly requirement. This will take effect from 1 July 2026.

This will strengthen Australia's superannuation system and help deliver a more dignified retirement to more Australian workers by tackling unpaid superannuation. The non-payment and underpayment of superannuation by employers risks the retirement income of millions of Australians. Non-payment and underpayment of superannuation is equivalent to wage theft and has significant impacts on retirement outcomes.

Around 8.9 million employees will benefit from higher retirement savings from receiving their superannuation contributions earlier and more frequently throughout their working life. These reforms will deter superannuation theft and enable the ATO to take quick action to rectify instances of unpaid superannuation.

More frequent payment of superannuation will empower employees to track their entitlements and make it harder for them to be exploited by disreputable employers. Employees will be able to see these payments by reviewing their superannuation account transactions, and will be able to hold employers to account by raising non-compliance directly, or through the Fair Work Ombudsman or the ATO.

More frequent superannuation payments will also make employers' payroll management smoother with fewer liabilities building up on their books.

This will complement the Government's other actions to strengthen the superannuation system including increasing the SG rate to 12 per cent by 1 July 2025, paying super on Government Paid Parental Leave, including superannuation as an entitlement in the National Employment Standards, criminalising superannuation theft, legislating the Objective of Superannuation, making super concessions fairer, improving the equity and sustainability of superannuation tax concessions, and expanding the coverage of the annual performance test.

Employers will need to pay SG alongside wages

From 1 July 2026, an employer will be required to make SG contributions on 'payday'.

Payday is the date that an employer makes an Ordinary Time Earnings (OTE) payment to an employee.

Each time OTE is paid, there will be a new 7 day 'due date' for contributions to arrive in the employees' superannuation fund. This provides time for the movement of funds through the payment system, including clearing houses. An employer will be liable for the new SG charge unless SG contributions are received by their employees' superannuation fund within 7 calendar days of payday.

There will be some limited exceptions:

- Contributions for OTE paid within the first two weeks of employment for a new employee will have their due date deferred until after the first two weeks of employment.
- Small and irregular payments that occur outside the employee's ordinary pay cycle would not be considered a payday until the next regular OTE payment or 'payday' occurs.

An updated SG charge

Where employers fail to pay contributions in full and on time, they are liable for the SG charge.

The SG charge is being updated for the payday super environment and will continue to reflect the seriousness of underpayment or late payment of SG.

The SG charge will ensure that employees are fully compensated for any delay in receiving their super. It will also create an incentive for employers to address unpaid superannuation quickly.

The updated SG charge framework will:

- put workers in the same position as if the contributions had been received in full and on time;
- incentivise employers to quickly disclose and rectify any instances of unpaid superannuation; and
- scale up consequences for employers who don't pay on time, with bigger penalties for employers who repeatedly do the wrong thing.

All assessments of the updated SG charge will be made by the ATO. Assessments would be triggered where there is non-payment detected by the ATO, which could occur by voluntary disclosure of an employer, an employee notification or the ATO's proactive compliance. Additional interest and penalties apply if the assessed SG charge is not paid by the due date.

Components of the updated SG charge	
Outstanding SG shortfall	The SG shortfall will be calculated based on OTE to be consistent with the base used for calculating the SG.
Notional Earnings	<p>The SG shortfall will incur daily interest calculated at the general interest charge rate on a compounding basis. Interest accrues from the day after the due date.</p> <p>The annual general interest charge rate is currently 11.36 per cent (July – September 2024 quarter).</p>
Administrative uplift	An additional charge will be levied to reflect the cost of enforcement. This will be calculated as an uplift of the SG shortfall component of up to 60 per cent.

	This will be reduced when employers take action to voluntarily disclose when they have failed to pay contributions in full and on time to incentivise addressing unpaid superannuation quickly.
Additional interest and penalties after assessment of SG charge by ATO	
General Interest Charge	<p>Following assessment, interest will continue to accrue on any outstanding SG shortfall and notional earnings amounts, on a daily compounding basis calculated at the general interest charge rate.</p> <p>This will continue to compensate the employee for delays in contributions arriving in their super fund after assessment of SG charge by the ATO.</p> <p>The general interest charge will also apply to any outstanding administrative uplift penalty that remains unpaid from the time of assessment.</p>
SG charge payment penalty	<p>Additional penalties will apply to employers that have been assessed for the SG charge and do not pay the amount in full within 28 days of the notice of assessment.</p> <p>This will total up to 50 per cent of the outstanding unpaid SG charge amount.</p>

The SG charge will be tax-deductible, ensuring the income tax consequences for paying employees' superannuation are consistent. Any penalties and interest after assessment of SG charge by the ATO will not be deductible.

Like the current system, an employer's shortfall and SG charge will be increased where they fail to comply with the rules around giving the employee their choice of fund and following that choice.

Recognising late contributions

Employers will need to pay SG contributions on payday, so they are received in an employee's super account within 7 calendar days of payday.

If funds are not received in an employee's superannuation account within 7 days, the employer will be liable to pay the SG charge, even ahead of the ATO issuing an assessment. An employer in this situation should make contributions to their employee's superannuation fund as soon as possible. This will minimise their liability and penalties.

The longer the period of non-compliance, the larger the SG Charge will be. Employers need to ensure they have the correct governance and systems in place to ensure their workers receive their full legal entitlements, including salary, wages and SG, on time.

The approach to correcting late contributions will be simplified under payday super. Employers will no longer need to make an election or choose which period for which each late contribution should count. Contributions will now automatically count towards the earliest possible payday that has not yet been assessed for SG charge, and which still has an outstanding SG shortfall.

Supporting transition to Payday Super

Several changes are being made to support the transition to Payday Super and protect employees in the onboarding process:

- The deadline for superannuation funds to allocate or return contributions will be reduced to three business days, down from 20.
- The SuperStream data and payment standards will be revised to allow payments via the New Payments Platform and improve error messaging to ensure employers and intermediaries can quickly address errors.
- Given the improvement in payroll software solutions over recent years provides employers with cost-effective and more fit for purpose options for paying superannuation contributions on payday, the ATO's Small Business Superannuation Clearing House will be retired from 1 July 2026. The ATO will engage with small businesses ahead of time to support them in transitioning to an alternative that is fit-for-purpose for Payday Super.
- Revised choice of fund rules will make it easier for employees to nominate their superannuation fund when they start a new job. Employers will be able to show employees their existing 'stapled' fund during onboarding, as part of the choice of fund. This will reduce the risk of unintended duplicate accounts and give employers more timely and accurate details.
- Advertising of superannuation products during onboarding will be limited to MySuper products that have passed the most recent performance test to protect employees from poor outcomes.

ATO's compliance approach

The ATO will have increased visibility of SG contributions across the employer population, by matching employer Single Touch Payroll (STP) data and superannuation fund reporting. This visibility will allow the ATO to proactively identify missing or late SG payments and intervene sooner to ensure employers can get back on track with their superannuation before problems escalate.

The onus will be on employers to make sure they pay SG at the same time they pay their employees' wages. Employers who repeatedly fail to pay on time and fail to disclose promptly will be exposed to the maximum administrative uplift component of the SG charge. Where employers promptly disclose their failure to pay SG on time, the amount of administrative uplift they must pay will be reduced. The ATO will streamline services for employers' voluntary disclosures.

To facilitate this compliance, employers will be required to report in STP both the OTE and the total superannuation liability for an employee, ensuring the SG can be correctly identified.

This will also mean that employees that previously had to wait up to 4 months to determine whether they had been paid SG will be able to check their superannuation account as their wages are paid to determine if their employer is meeting their obligations. This will empower employees to take action before large amounts of unpaid SG accrues, including by raising it directly with their employer, submitting an employee notification form to the ATO, or raising it with the Fair Work Ombudsman.

Next steps

Legislative design will progress through the second half of 2024. The ATO will engage industry to inform administrative design. Following consultation there may be some refinements to the details set out in this factsheet.