

Payday Super

- 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. Payday superannuation will mean employers must make the contributions when they pay salary or wages, complemented with improvements to choice of fund and stapling rules.
- The Government released a fact sheet on Payday Super on 18 September 2024 and exposure draft legislation on 14 March 2025.

Stakeholder views raise during recent consultation on draft legislation:

Issue	Stakeholder views
1. Commencement date	Overwhelming support for a start date deferral to ensure readiness across the ecosystem • Digital Service Providers: universal view that they need 18 months for their scope of build. • Funds: some funds now say insufficient time for their (smaller) build too, said they need minimum 12 months
2. 7-calendar day due date	<u>Business days vs calendar days</u> • All stakeholders: Supported changing the due date requirements to business days to address issues when timing spanned weekends or public holidays ○ The mismatch between calendar days for employers, and business days for Funds to accept or reject, was viewed as problematic ○ Even with fast payment technology, elements of the process that require human intervention (across employers, clearing houses and funds) would face delays on public holidays. For example, seeking clarification from employees when they have chosen a new fund and provided incorrect details. It was noted that smaller business may have part-time payroll staff that will not be available to action errors on every business day. <u>Appropriate length of time</u> • There was a range of views on the number of business days for a due date, with key options including 5, 7, 10, 15, or a monthly option. • Employers: current timeframe is too restrictive. There is too great a risk of them being penalised even if they do

	everything right on payday, due to delays and failures by other parties. • Employers/DSPs/Funds: some stakeholders called for an initial extended due date at the commencement of the measure, to allow technological infrastructure and updated processes time to catch up and achieve consistency.
3. Rejected contributions	• Employers: Felt it unfair that they are still required to adhere to the same due date if the fund rejects the contribution, especially where it may already be close to that date before they are made aware. ○ Some advocated for a blanket extension until the subsequent payday due date wherever a contribution was rejected ○ Others suggested an extension or discretion should exist where a rejection 'is not due to the fault of the employer' • Unions: Concerns that a general 'not their fault' extension would undermine the payday principle and leveraged for contributions to consistently come later than payday. • All stakeholders: Common situations raised that 'aren't the employer's fault' included where an employee has rolled-over their super to a different fund without telling employer, or where contributions can't be accepted during a successor fund transfer.