FINANCIAL SERVICES COUNCIL

15 September 2025

s 22
Director
Member Outcomes and Governance Branch
Retirement Income and Superannuation Division
Treasury
Langton Cresent
Parkes ACT 2600
Via email: s 22 @treasury.gov.au

Dear s 22

RE: Superannuation Advertising at Employee Onboarding

The FSC wishes to make representations regarding the display of superannuation advertisements during employee onboarding.

Superannuation is a competitive industry. This competition drives good consumer outcomes by encouraging superannuation funds to provide well performing superannuation products, as well as high quality customer service and invest in other matters important to Australian consumers such as cybersecurity and the provision of financial advice.

For this reason, the advertising of superannuation funds is an important aspect of both customer acquisition and customer retention. Advertising comes in many forms such as flyers in the break room for the default fund of the organisation, seminars provided in the workplace, advertising on television, and the display of advertisements during the employee onboarding process.

The FSC thanks Treasury for engaging in the consultation regarding superannuation fund advertising constructively over the last several years. The FSC believes that the matter had landed in a sensible middle ground between an outright ban and necessary consumer protections by requiring that advertised products be default products that had passed the annual performance test.

The FSC understands that Treasury now intends to recommend to the Minister that onboarding platforms be required to also advertise a person's stapled fund either before they are provided with the choice form (and any advertising) or at the same time as an advertised fund.

To place the stapling step before choice misunderstands the purpose of stapling and subverts legitimate superannuation choice for consumers.

The FSC understands that there are some concerns within Treasury that advertising at onboarding will seek to undermine the goal of stapling by encouraging employees to open a new account when they already have an active one in another fund. Data previously provided to Treasury by the FSC in 2023 indicates that around 16 per cent of employees who use an onboarding service open an account in the fund that is advertised to them on that platform. This is in comparison to 77 per cent of users of those platforms who input their existing details into a choice form and have therefore

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effectively ‘stapled’ themselves. Of the 16 per cent, 95 per cent will go on to request a SuperMatch search to identify any lost, existing, or forgotten funds, avoiding unintended duplicate accounts.

The FSC stresses that the purpose of stapling is not to keep customers in funds if they wish to exercise their right to make an active choice and stapling does not, in any way, indicate the quality of a fund that a person might be in.

In advertising the stapled fund either before or more prominently than an advertised fund, the FSC is concerned that this implies that a person should stay with their stapled fund without any reference to fees and performance features that fund has relative to other funds in the market.

This creates a potentially perverse outcome where people are actively discouraged from thinking about their superannuation choices. Change of employment is one of the only times when a person is actively encouraged to fully engage with their superannuation – to ensure it still serves them before they complete a choice form. To subvert this process is to further discourage superannuants from engaging and ultimately making decisions that suit their needs and interests.

The FSC would also note that the proposed process ignores the existing way in which employees make choices about their superannuation. Typically, a person would complete a choice form in which they either indicate they would like to remain with their existing fund or make a choice about a new fund that they have determined suits their interests.

Stapling through the ATO’s Super Match service is a fall back which occurs only before an employer opens a new account, as noted above, to ensure that a person does not end up with multiple accounts.

Finally, the FSC wishes to express its concerns that final legislation will be passed through Parliament that is substantially different to that which was consulted on at Exposure Draft stage, without adequate consultation with superannuation funds.

With Payday Super legislation at the top of many stakeholders’ priority list, the FSC encourages Treasury, if it wishes to make significant changes to the intended rules around advertising, to remove these changes entirely from the Payday Super package so that the legislation required to enact that important measure can be debated by Parliament, while the advertising matter be dealt with separately and with more fulsome consultation.

We would welcome the opportunity to discuss this matter further with you. Please contact me on s 47F to set up a meeting.

Yours sincerely,

Kirsten Samuels
Policy Director, Superannuation and Funds Management

CC: Minister Daniel Mulino, Minister for Financial Services

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12 September 2025

The Hon. Dr Daniel Mulino MP
Assistant Treasurer & Minister for Financial Services
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Re: Payday Super Legislation

Dear Dr Mulino,

I am writing to you about the progress of the Payday Super legislation and to highlight industry concerns that certain elements of the initial draft legislation have undergone significant alteration post consultation.

As you would be aware, Digital Service Providers Australia New Zealand (DSPANZ) represent many of the Digital Service Providers (DSPs) that will implement the necessary changes within their products (onboarding, payroll, superannuation gateways, payment providers) that will give effect to Payday Super.

As has been previously discussed with you, delivering change within software requires a substantial lead time before being released to market. The proposed Payday Super changes (note: legislative-driven changes, not SuperStream changes) will impact each of our members differently, depending on their role in the ecosystem and the software products and services they provide.

The Government has made it clear that there is an intention to commence Payday Super from 1 July 2026. The introduction of any new requirements contained within legislation (for example, the proposed requirement for onboarding solutions to integrate Super Stapling if they advertise super funds) and that require changes to software products will not be uniformly delivered by 1 July 2026.

If the Payday Super legislation requires that all changes commence from 1 July 2026, DSPs will require certainty that employers (and by extension the DSP) will have an extended period to implement system changes.

We also highlight our expectation that the Payday Super legislation be consistent in how it is drafted and who it applies to. We expect that legislation has been crafted to apply equally and enable consistent policy outcomes.

For example, the proposal to only require that onboarding solutions supporting super fund advertising will be mandated to include super stapling will result in inconsistencies across the market. Onboarding solutions that do not have advertising will not be required to display a stapled account. I would suggest that the government's policy objective for super stapling is to ensure as many individuals as possible are aware of and can utilise their stapled account. Only requiring onboarding solutions that advertise to incorporate stapled accounts will result in a distorted market where some onboarding products will display stapled accounts and some will not. More importantly, the many individuals who work for employers that use onboarding products that do not advertise will not be required to display stapled accounts.

DSPANZ recognises that the introduction of legislation continues to be a catalyst for DSPs to secure the funding and resources required to deliver Payday Super, particularly for payroll software providers. Without wanting to restate the obvious, the ongoing delay in introducing legislation creates a range of challenges for the government and the broader industry to support employers' transition to Payday Super.

I encourage you to use the current time available between Parliament sittings to engage with DSPANZ and other key stakeholders and provide clarity on changes that have been proposed to the Payday Super legislation.

While DSPANZ remains committed to supporting the Government to deliver this critical reform successfully and would welcome the opportunity to engage further on the Payday Super legislation, we highlight that the lack of legislative progress continues to prevent meaningful progress.

Yours sincerely,

s 47F

Chris Denney,
President & Director
DSPANZ.