



ASFA November 2024 – Preparing for Payday Super

Speech delivered by Deputy Commissioner Emma Rosenzweig to the ASFA conference on 20 November 2024.


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Good afternoon everyone.

Thank you to ASFA for inviting me to talk to you about preparing for Payday Super. This is a once-in-a-generation opportunity to contemporise the Super Guarantee (SG) environment.

While at its core Payday Super is a simple concept, there are a lot of connected parts of the SG ecosystem. Employers, digital service providers, gateways, clearing houses, super funds and the ATO, will all need to make changes to support the implementation of Payday Super.

Payday Super is aimed at ensuring more of the \$5.1 billion in unpaid SG each year is paid into members' accounts, improving the retirement income of millions of Australians.

If you haven't read it, there is a [fact sheet](#)  on the Treasury website with more details. But the core obligation under Payday Super is that employers will only have 7 calendar days after payday to make sure that a contribution is received by a fund.

Payday Super requires significant legislative changes, which are being worked on by our colleagues at Treasury. The ATO and the super industry can do a lot now to prepare for the changes that are coming.

While it will sound as though I'm stating the obvious, at its simplest level Payday Super means everything will need to work faster.

To give you a sense, 24% of employees currently have their SG paid quarterly, 49% monthly and 17% paid fortnightly. However, when you

look at salary and wages, only 14% of employees are paid monthly, 54% fortnightly and 30% are paid their salary and wages weekly.

So while the vast majority of workers are getting their SG more regularly than the minimum quarterly now, Payday Super is still going to drive significant change for funds in the pattern of receiving contributions.

The ATO has invested heavily in our ability to match employers' Single Touch Payroll data to the contribution data reported to us by your funds in the current quarterly SG system.

In the lead up to Payday Super we will be increasingly proactive with employers where these data sets tell us that an employer has not met their obligations under the current quarterly system. Once Payday Super starts, the ATO will also have to operate at a faster pace to ensure that we can act quickly when an employer has underpaid super for their workers.

The changes that Payday Super will require from super funds include:

Only having 3 business days to return payments to an employer that you cannot allocate to a member's account.

SuperStream contribution error messaging will be improved to help employers understand why a contribution could not be allocated. This will better support employers to fix errors quickly with their employees, so they can get the contribution paid on time.

SuperStream will also be updated to support faster payments through the new payment platform, in anticipation of the retirement of the Bulk Electronic Clearing payment system (known as BECs).

Supporting the SuperStream changes, there will be enhancements to the Fund Validation Service which will deal with some current irritants in the contributions process and support faster payments and better data through the system.

The biggest mistake you can make is to think that Payday Super is an employer problem.

On behalf of your members, you rightly agitate that the ATO should do more to deal with unpaid super. And we are. But that relies on all parts of this system working.

As a nearly \$4 trillion industry where \$165 billion flowed seamlessly to you last year it is expected that you will also invest to ensure the

retirement system stays contemporary and employers can meet their obligations for your members.

As we work with you through these changes, there are things that funds can do now to prepare. Many of these are things that I have spoken to you about at previous ASFA conferences. These include, ensuring that you have good governance and assurance over your reporting processes to the ATO, and that you start reviewing the business processes that you have in place that will be challenged by Payday Super, especially error handling.

We know that many of these processes have emerged with the best intentions to try to help resolve errors and get contributions to the right member accounts, but under the velocity of Payday Super, many of these manual processes will no longer be viable.

Until the latest announcement in September of further policy detail by the government, we have been limited in what we have been able to discuss, although we did run some industry workshops early last year to contribute to Treasury's consultation paper.

Recently we have established the Payday Super special purpose working group to provide overarching advice on the end-to-end administrative solution and implementation. I'm pleased to report that this working group had its first meeting earlier this month and plans to meet monthly, with key outcomes published on the ATO's website. ASFA is obviously a member of this group.

Several technical working groups are also being established to focus on more detailed aspects. So there'll be further opportunities to participate in technical discussions and workshops as the Payday Super Program moves forward. One of these working groups is the SuperStream Technical Group which had its first meeting last month.

If you are here from a clearing house or a gateway or payment service provider, much of this advice is relevant to you as well.

Your systems and processes will have to be able to handle the volume and speed of Payday Super, including the need to resolve errors quickly to ensure that employers can meet their obligation to get contributions to funds within 7 days of payday.

Employers are ultimately the ones who bear the obligation to make the right super payments to funds on time, and they will have much to do to get ready for Payday Super as well.

As with funds, we have been telling employers that they should have good governance over their payroll data and reporting. We are seeing encouraging signs that employers are listening and actively undertaking reviews of their payroll practices which will set them up well for Payday Super.

Hopefully you can see how connected the changes for super funds are to an employers' ability to get things right, and for the ATO's ability to match data accurately and take timely action when an employer hasn't paid super for their workers.

Many of the changes that the ATO has led in collaboration with the superannuation industry in prior years, from SuperStream to Single Touch Payroll, have laid the groundwork that will enable Payday Super.

I have seen, at many stages in my career, the challenges in closing the gap of unpaid super, which currently stands at \$5.1 billion annually.

It is a great privilege for me to have the opportunity to implement the generational change of Payday Super and close that gap, to improve the lives of all Australians in their retirement.

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