

14 October 2022

Superannuation Efficiency and Performance Unit
Retirement, Advice and Investment Division
Treasury
Langton Cres
Parkes ACT 2600

Via email: YFYS@treasury.gov.au

Re: Your Future, Your Super Measures Review

To Whom it May Concern:

The Association of Digital Service Providers Australia New Zealand (DSPANZ) welcomes the opportunity to make this submission on behalf of our members and the business software industry.

About DSPANZ

Digital Service Providers Australia New Zealand is the gateway for the government into the dynamic, world class business software sector in Australia and New Zealand. Our 90+ members range from large, well-established companies through to new and nimble innovators who are working at the cutting edge of business software and app development on both sides of the Tasman.

DSPANZ is supportive of the policy intent behind the Your Future, Your Super measures. With specific reference to the stapling measure, the administrative design has made the implementation of the super stapling measure unworkable for many employers.

With the current administrative design issues unresolved, the majority of Digital Service Providers (DSPs) will not implement a solution that considerably disrupts existing onboarding processes and delivers a poor user experience.

Moving forward, we encourage Treasury and ATO to hold technical feasibility conversations prior to publishing legislative instruments or finalising legislation that directly impacts DSPs and their business end users. For the super stapling measure, this would have greatly reduced the risk of outcomes negatively impacting DSPs.

Our response to this consultation highlights where the current administrative design of super stapling is deficient and prevents the broader take-up of this service by employers. In summary:

- Many DSPs have embedded a digital version of the Superannuation standard choice form within their products to support onboarding of new employees.
- The ATO's requirement to create an employment relationship between the employer and employee via submission of a Tax File Number (TFN) declaration or Single Touch Payroll (STP) Pay Event is unworkable as the vast majority of employers can not do this until the first payroll has occurred.
- DSPs agree that continuing to deliver the super stapling API through the ATO's Digital Services Gateway will provide the appropriate foundations to begin developing software for consuming the API.

DSPANZ welcomes the opportunity to provide further feedback on our submission. For more information, please contact Maggie Leese on maggie@dspanz.org | 0487 641 702.

Yours faithfully,



Simon Foster,
President & Director,
DSPANZ



Maggie Leese,
Manager - Communications & Advocacy,
DSPANZ



14. To what extent are employers putting into practice processes to seek stapled fund details from the ATO?

Due to the unworkable nature of the super stapling measure, the majority of employers continue to rely on having employees complete the Superannuation standard choice form.

Many DSPs have provided employers with the ability to have employees complete this form digitally from within their products as part of the onboarding process. This approach reflects the current legislative framework where employers are required to offer all employees a choice of super fund. It is only if no choice of fund is elected that an employer is required to check for a stapled fund account.

A number of DSPs have designed software that requires new employees to elect a choice super fund as part of the onboarding process. There is currently advice from the ATO contained within previous meeting notes about this being an acceptable process but this is only available in Online Services for DSPs and not accessible to employers. This type of information should be made accessible to help DSPs and reassure employers that they are meeting their obligations when using their software.

Anecdotally, the use of the ATO's retail service is low relative to the number of employees that have changed roles since 1 November 2021. We would highlight that the ATO service requires a level of awareness from employers about how to check for a stapled account and a willingness to embrace the process to be able to access ATO systems.

Employers have highlighted that the ATO retail solution, while adding steps to the onboarding of new employees, often does not provide the information (stapled fund does not exist, fund details cannot be returned) that employers require nor does it provide information about the steps the employer should then take to identify the employee's super account (for example employer pays to default fund).

We have heard feedback from a number of employers attempting to meet the stapling requirements that they have missed their superannuation contribution payment date due to unavailability of information. Additionally, larger employers have had issues when submitting stapling requests that cover many employees. In summary, the ATO's retail service is, for the majority of employers, a substandard experience compared to what DSPs provide.

It is clear though that unless the ATO processes governing how and when the employer and employee link is created change, there will be limited progress. If employers were able to check for a stapled fund account as part of the existing onboarding process (i.e. prior to the payroll process), we are confident that DSPs will look favourably at developing solutions that connect with super stapling.

To this end, it is imperative that the Application Programming Interface (API) wholesale service is made available to DSPs as a priority. Until these changes occur and there is demand from

employers, DSPs do not view super stapling as a high priority within their development roadmaps.

How has the implementation of stapling changed onboarding, software and payroll processes for new employees?

As mentioned above, a number of DSPs have embedded the choice of fund form within their products that must be completed as part of the onboarding process. This option has proven popular with employers given employee selection of a choice of fund removes the need to check for a stapled account and engage with the ATO's experience.

The implementation of the legislation by the ATO has meant that the employment relationship, that is required to be established before an employer can make a stapled super fund request, can only be created through submitting an approved form: either a Tax File Number (TFN) declaration or a Single Touch Payroll (STP) pay event. There are two significant issues here:

- The majority of employers and DSPs do not currently have access to submit TFN declarations electronically and the STP 2 pay event incorporates TFN declarations making the need to submit stand-alone TFN declarations redundant moving forward; and
- The employer needs the employee's super fund details before being able to pay the employee, meaning the employment relationship needs to occur before the STP pay event submission.

We are of the view that any solution needs to simplify how employers can access an employee's super account without adding complexity or significant cost to the system.

For example, the ability for employers to complete a declaration which is submitted to the ATO would be low cost to implement, create a legal basis for the stapling check with the ATO and most importantly, it would be a simple process for employers. We see this process working as follows:

1. Employers complete a declaration stating that an employment relationship exists between the employer and employee.
2. ATO systems would use this declaration to create an employment link between the employer and employee.
3. The employee's super stapling details could then be returned to the employer.
4. The ATO could then send a message to the employee via their myGov inbox that their employer requested their stapled super fund details.

15. Are there any barriers in the current framework to achieve the intent of the stapling reform?

The most significant issue to resolve is the creation of the employer and employee link within the ATO's systems. Unless this can be resolved and brought into alignment with employers existing onboarding processes, it is unlikely there will be any change to adoption.

The data returned as part of the stapling service also needs to be considered. We understand that the ATO's privacy assessment outlines concerns around the return of the Member Account detail and that private information is being provided to the employer.

To reduce risk and simplify the process, the Stapling service should only return information such as the APRA fund name and USI or the SMSF ABN and ESA. None of this information is in itself considered sensitive. This would then facilitate employers to use stapling in their payroll processes and support existing SuperStream processing requirements. We would also highlight that Member Account Number is an optional inclusion within the SuperStream message.

Further feedback

DSPANZ would be interested in further design sessions with Treasury and ATO to explore appropriate options to facilitate the creation of the relationship between an employer and employee to ensure it meets legislative requirements and is workable for the government, DSPs, employers and employees.