

Gateway Network Governance Body

contactus@gngb.com.au

www.gngb.com.au

3 November 2023

Wendy Hau
Director, Superannuation Access and Compliance Unit
Retirement, Advice and Investment Division
The Treasury
Langton Crescent
PARKES ACT 2600
paydaysuper@treasury.gov.au

Dear Ms Hau,

RE: Gateway Network Governance Body Ltd's (GNGB's) submission on the Securing Australian's Superannuation consultation paper

Firstly, GNGB wishes to confirm our emphatic support of the PayDay Super measure and the benefits it will bring to millions of working Australians. We see the move of Superannuation Guarantee (SG) payments to payday being a natural maturing of the highly functioning superannuation system that is in place today.

GNGB is the industry owned governance body responsible for the security, integrity and availability of the Superannuation Transaction Network (STN), the data infrastructure that transmits superannuation contributions between employers (and their agents) and superannuation fund trustees. Superannuation fund trustees and employers rely on the STN to enable their legislative superannuation obligations to be met. The STN comprises of 9 Gateway Operators who validate, route and transmit superannuation transactions, including superannuation guarantee contributions, in line with the Superannuation Data and Payments Standards.

Since 2016, GNGB has played an essential role in the environment and witnessed the successes and the challenges of multiple sectors working together in a technology heavy integrated system, for the benefit of superannuation fund members. It is in this context, that GNGB provides this following submission to Treasury, for consideration into the design and implementation of the Payday Super measure.

In Summary

Of the two models proposed in the Treasury Consultation paper, GNGB supports the **due date model**. In consultation with Gateway Operators. The benefits of this model include:

- a clear and simple point of compliance.

- compliance can be assessed consistently.
- the emphasis on getting the data right at the source,
- the solution is payment method agnostic,
- leverages the infrastructure built to support the superannuation system today,
- is achievable by 1 July 2026,
- delivers the ability for the ATO to determine compliance of employers, in a much faster timeframe than today.

GNGB considers that a reasonable due date for this model would be payday + 5 business days. For this model to work effectively, improvements to the current environment need to be made, including:

- significantly improved data validation at the beginning of the process,
- a review of error management protocols with the objective of consistent use of standardized error messages which can then be presented to employers,
- implementation of a positive confirmation of a contribution being made (contribution outcome response),
- minimum standard service levels for payment processing timeframes for intermediaries,
- a mechanism for standardized and digitized corrections, removing manual processes.

GNGB recognizes that many of the above changes would enhance the current environment. In preparation for the impact of increased volume and velocity of payday super contributions GNGB strongly encourages consideration of what can commence today, to ensure 1 July 2026 implementation date can be supported appropriately.

The following paper outlines GNGB's detailed response, developed in consultation with Gateway Operators as participants in the Superannuation Transaction Network.

The Treasury Consultation paper outlines the objectives of the PayDay Super measure as:

- enable non-payment and underpayment of superannuation to be identified by the ATO in a timely manner through matching data on employer superannuation payments and contributions for each pay period. **(ensuring employee entitlements are paid)**
- individuals receive their superannuation contributions to their account as close to payday as possible, maximising the invested returns on these contributions; **(maximising super benefits)**
- to assist with employees identifying whether they have received the correct contributions by matching the SG contribution printed on their payslip with contributions information from their superannuation fund **(employee visibility)**

Brackets indicate GNGB's shorthand naming of each objective, which will be referred to throughout the document.

In addition to the above objectives outlined by Treasury, GNGB considers the following principles should guide the design of the payday super model to ensure a trusted and fit for purpose system, into the future:

Secure: The design should always prioritise the security of superannuation member money and data. Control points need to be considered as part of the design to ensure security is not compromised at any stage of the transaction process.

Transparent: The status of SG contribution transactions should be visible to employers throughout the process, ensuring any remediation required is obvious and can be acted upon proactively and in a timeframe to reduce the chance of unintended non-compliance.

Reliable: The design should result in a scalable, robust and highly available system.

Standardised and consistent: The behaviour of the system throughout the various value chain components should be consistent and repeatable. For example, all employers have the same requirements to meet as should all intermediaries. This will enable ongoing change and maintenance to the design or processes to be simplified.

Simple and Efficient: It is important to prioritise simple and standardised design elements over complex elements, to enable a clear understanding of the obligations of each party in the value chain, and the optimisation of efficiencies.

Getting the Data right at source: Any solution must prioritise and incentivize correct data at source and/or where it is input into the superannuation system.

Payment method agnostic: Any design should be payment method agnostic. The reliance on payment infrastructure for the superannuation system to operate means there will always be different ways to achieve the same outcomes. In addition, the payment infrastructure within Australia is undergoing significant change with the impending retirement of legacy infrastructure such as BECS, the introduction of digital payments and the move to a more real time environment removing the dependency on business banking hours. Stakeholders of the superannuation system should have certainty and transparency across the process, regardless of payment methods available at any particular time.

Evolution of the Superannuation System: The target superannuation system for SG contributions is one that operates in near real time, contributing, reconciling, and matching contributions continuously. This highly automated system will provide visibility for regulators and require manual intervention only in exceptional cases. However, due to dependencies at various stages of the process today, a model such as this may not be achievable by July 2026, and it may be that the due date model is a step in the right direction.

In the interim, to meet objectives of this measure, the industry can make significant improvement within the current system by implementing the following strategies:

- Submitting SG contributions more frequently, aligning with payday
- Ensuring accurate data and payment at the start of the process to minimize delays for any one transaction
- Incorporating emerging payment methods for use in conjunction with the current
- Providing greater transparency throughout the transaction lifecycle through minimum standard service levels, s
- Implementing faster and more efficient error and resolution processes
- Enabling employers to resolve issues themselves.

Defining 'payday'

It is envisaged that 'payday' would capture every time a payment with an OTE component is made to an employee. For example, some payments with OTE components may occur outside of the regular pay cycle, such as termination payments. It is envisaged that these events will still constitute an employee's 'payday' given they contain OTE components.

GNGB agrees with this definition. From an STN perspective, this definition is simple, standardised, repeatable, transparent and able to be applied consistently.

If we assume this definition, and based on ATO provided single touch payroll data to date which illustrates 500 million pay events occur per year, we could assume approximately 500 million contribution payments per year, from 1 July 2026.

Impacts to the STN arising from the implementation of payday super:

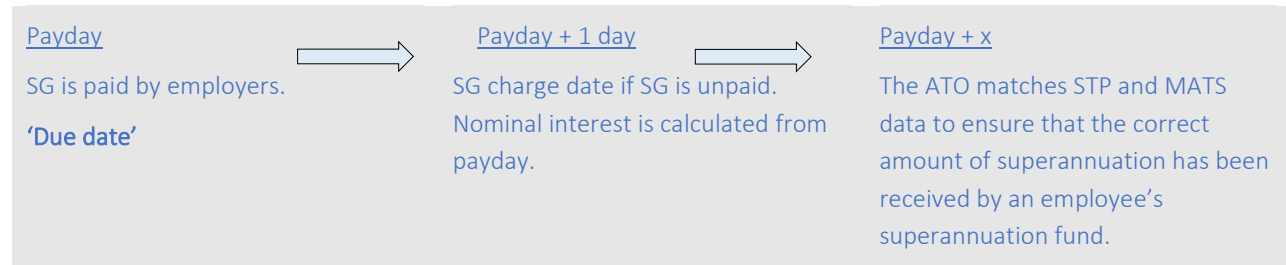
- Increase in volume of transactions. The number of contributions made via the STN in the last 12 month period (Oct 2022 – Sept 2023) was 150,210,324^{*1}. Based on the above assumption, we can assume a multiple factor of just over 3 times from 1 July 2026.
Across the year, volume peaks occur around current superannuation guarantee deadlines such as the 28th January, April, July and October, as well as around financial year end 30 June. We can assume that these peaks will smooth to reflect the more frequent payment of contributions aligned to payday, however the patterns of transaction volume will not be known until implementation (for example are the majority of paydays Wednesday or Thursday and therefore will there be significant peaks on these days?).
- These changes to transaction volume and patterns will need to be incorporated into the STN governance framework in the following ways:
 - Throughput and capacity testing - Capacity testing is in place for Gateway Operators within the STN – this will need to be reviewed for suitability where the volume of transactions is increased significantly. However, it is not yet known whether the uplift in transaction volumes on an ongoing basis will exceed the current quarterly peaks.
 - Ensuring current service levels remain fit for purpose - The STN operates on a real time 24/7 basis where currently Gateway Operators are required to process 99.8% of Superannuation Transaction Messages within 1 hour of complete receipt, and all remaining Superannuation Transaction Messages must be processed and sent in a time not exceeding 6 hours of complete receipt, including during the industry peak periods. These will be reviewed in line with the finalized design to ensure the STN continues to support the measure in the most appropriate way.
- Errors and rejections of transactions. Current volume of returned contributions is equal to approximately 1%² of contributions transactions. In the majority of cases currently, the resolution of these errors requires manual intervention either by a fund trustee, intermediary, employer or all three. Without addressing errors and issues in the data before it enters the system, there will be a likely corresponding 3 x multiple factor increase in error rates. The costs to industry to resolve that volume of errors is unsustainable. Even at 1% of transactions, meaning 5 million transactions per year requiring repair, the impact to efficiency and resource effort, make it unlikely that the system will meet the objectives of the measure.
- Gateway Operators play a critical role in enabling customer compliance with the current Data and Payments standards and will need to consider how they best support their immediate stakeholders, such as employers, payroll providers, accounting platforms and superannuation fund trustees, to implement the payday super measure.

The consultation paper outlines two possible models in defining what payday super means:

¹ Data is collected from Gateway Operators on a monthly basis and aggregated by GNGB. The total number of contributions is taken from the aggregation of all contributions sent from Gateway Operators to their customers, over a 12month period. This does not include government contributions. Data provided is for informational purposes only and we make no representations or warranties of any kind, expressed or implied about the reliability of the data herein. The content of GNGB data reporting may be subject to errors, omissions or inaccuracies and we expressly disclaim any liability for such occurrences.

² data is collected from Gateway Operators on a monthly basis and is indicative only. GNGB is aware of many cases where errors and returns of contribution transactions are managed outside of the STN, meaning this figure is likely an understatement of the actual extent of errors.

Figure 1: Employer payment model - SG charge and nominal interest accrual



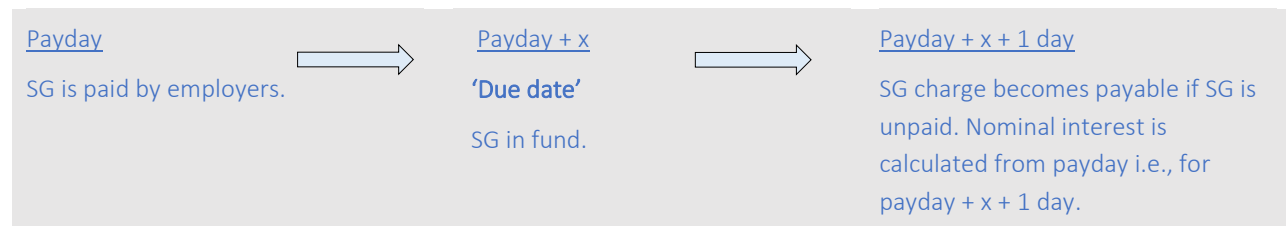
We interpret this to be where the employer's compliance obligation is met if the SG contribution is paid on payday. At that point, the employer obligation is discharged.

There are some concerns about this model including:

- Does not incentivize employers to get the **data right at source** as the obligation is discharged regardless of the ability to apply the contribution to the member's account.
- Challenge in understanding when the payment has actually been made (i.e. the compliance point) – obtaining a consistent and independent confirmation of the compliance point may be difficult. Does not meet the **transparency** principle.
- Employers may be unduly penalized if they miss the deadline by 1 day.

This model does, however, develop the right employer mindset for payment of contributions on payday.

Figure 2: Due date model - SG charge and nominal interest accrual



We interpret this model to allow for an administrative window, by which the employer's SG contribution payment and data can reach the superannuation fund trustee and be successfully applied to the employees' superannuation account (i.e. the compliance point). The employer's compliance is discharged if this compliance point occurs within the mandated time of Payday + x.

While this window is necessary under the current superannuation administration model, there is an ability to improve on current practice, tighten the service levels and increase monitoring and reporting, to ensure it meets the measure's objectives.

In addition, the due date model does not penalize employers who are genuinely attempting to meet their compliance obligations and are hampered by administrative process.

The model favoured by participants within the STN is represented by Figure 2: the Due Date model. STN participants have determined that where X = 5 business days, this balances the need for speed and transparency, with the ability for employers to get the data right and achieve realistic policy outcomes such as **ensuring employees' entitlements are paid** and **maximizing super benefits**.

Let us outline how we see this model working:

SG contributions are paid by employers via whichever mechanism they choose, either via an intermediary such as a payroll system, accounting platform, clearing house or software payment enabler, or straight to the superannuation fund. This payment is validated against employee data by the intermediary, in some cases disaggregated and reaggregated into group payments for the same destination and sent on to the superannuation fund trustee. The trustee receives the payment, matches that to the data received and where matched, is allocated to the member's account using the effective date = to that of payment receipt date. The trustee then reports the confirmed SG contribution transaction via the Member Account Transaction Service (MATS) reporting to the ATO.

The conditions required for this model to be optimised and to ensure Payday + 5 is comfortably achievable:

- Employers need to get the data right up front. This will be assisted by a fit for purpose validation solution made **mandatory** for employers to use prior to first contributions or at any point during the employee's tenure where a change of superannuation fund occurs. GNGB supports the proposed ATO solution. However, the tool must be:
 - mandatory – the mandatory nature of the tool ensures **consistency** in process and data quality.
 - accessible on a timely basis - the mechanism by which employers (and their agents) will access the information in the ATO solution needs to be carefully considered, to avoid issues experienced with the stapling tool today.
 - easily integrated into existing solutions - intermediary access to ATO services is currently managed via the ATO's Access Manager. The consent/appointment model under the current services solution is not viable when dealing with the significant volume of small employer organisations and will need to be reviewed in relation to this type of service.
- Errors in the data or payment details coming from employers, require identification at the beginning of the process, and need to be visible to employers in real time, to enable a correction/resubmission of the contribution. This includes validation of message and data structure and format. The current model under the Data and Payments Standards requires validation of data by the receiving entity. GNGB supports this being transferred to the sending entity, enabling the principle of **getting the data right at the source**.
- When the superannuation fund trustee confirms the SG contribution is applied to the member's account, they provide a positive outcome response for the employer to be satisfied they have met their compliance obligation. The pattern of data messages to facilitate this outcome response already exists within the STN today (in relation to rollover transactions) and represents a positive confirmation that the employers' SG transaction has successfully arrived at its destination. This outcome response can be used by employers to confirm that they have discharged their compliance obligations. This enables the principle of **transparency**.
- If errors do make it through the STN or payment channels, despite the necessary upfront validations, any errors identified the superannuation fund trustee in matching data and money, need to be returned as soon as practicable, rather than providing for a 20 day period for issue resolution. GNGB supports a return of data and/or money within 24hrs if unable to be applied. Again, this allows **transparency** for employers, and **consistency** in process, regardless of which

fund they are contributing to, enabling the employer to have the best chance of meeting their obligations. This also places the accountability squarely on the trustee to action either a successful or unsuccessful contribution within a given period.

- Error messaging within the SuperStream environment today is not fit for purpose nor used consistently. To enable straight through processing of refunds and errors, a review of the error messaging protocols, with a view to uplift error codes and clarify actions required, is necessary. In addition, error codes must be made mandatory to ensure **consistency** is applied across all users.
- Errors and positive outcomes responses returned by superannuation fund trustees need to find their way through the value chain, all the way back to employers, meaning any solutions used by employers such as payroll software, accounting platforms or other interfaces will require a way to display the information. This supports **transparency** of the process for employers.
- Minimum service levels are established for payment providers or enablers. These minimum service levels are to be measured, monitored and managed. Today within the STN, Gateway Operators have throughput service levels that are designed to enable stakeholders, users of the network, to meet their own legislative obligations (i.e. the timeframes taken by the core of the system, to process STN messages is clear and short to enable process at either end to be completed within legislative timeframes) The current Gateway Operator service levels = 99.8% of messages within 1 hour, the remaining messages to be processed within 6 hours. We envisage something similar could apply to the payment processing timeframes. This ensures **consistency** of minimum standard timeframes for payment, regardless of solution chosen.

A model as described above, does meet the 3 objectives of the measure:

- Regulatory compliance of employers – the model allows much faster visibility of employer compliance than is the case today. In addition, it provides greater opportunity for employers to repair and resubmit transactions where inadvertent errors are made.
- Maximising super benefits – the model enables contributions to be received by fund trustees consistently and predictably within 5 business days.
- Employee visibility - a standardised date following payday at which employees can expect to see superannuation payments in their account encourages employee monitoring and engagement with their superannuation fund.

The following pages outline GNGB's responses to specific consultation questions where we have knowledge or experience that may assist the Treasury's deliberations. We have not responded to all consultation questions. It is important to note that all elements of the design outlined work together to deliver an improved SG administration environment, supporting the payday super measure. No single solution component described, will deliver the objectives of the policy.

Question 5:

Should there be a standardised due date for SG contributions depending on different pay cycles, independent of the frequency to when salary and wages are paid?

GNGB: Under all paycycles, the due date should be 5 business days after payday, where the fund is able to apply the contribution to the members account having received the payment and sufficient data

Additional timing could be considered for the onboarding of new members, allowing additional time for account set up and follow up of any missing data required. GNGB notes that setting up an account for a new member is a prerequisite for applying contributions to that account.

Question 11:

How can the payday super model be designed to ensure it can adapt to changes and innovations in payment and data platforms?

GNGB: At a policy level, the design needs to be technology agnostic. Appropriate governance across the ecosystem needs to be in place to ensure new solutions can be impact assessed and enabled as and when they become available. Policy should set a target operating model, as described up front, to encourage innovation that is directionally consistent with desired outcomes.

The mechanism by which to assess impact of any technology changes to the SuperStream environment has been in place since 2019 with the agreement of Superstream Principles to be used to assess impacts from changes to technology or capability. This agreement, sets out the principles based approach by which stakeholders will consider the industry impacts, focusing on the best interests of fund members in developing any changes. This has to date proven to be an effective mechanism to manage changes to the environment.

On an ongoing basis, clear governance of the SG operating model should be the accountability of a collaborative council of stakeholders, established in conjunction with government to plan and implement the evolution of the environment.

Question 12:

What are the benefits or risks associated with allowing multiple payment methods and how might this affect payments processing for clearing houses and superannuation funds? Would there be benefit or risks in only allowing one payment platform (such as the NPP)?

GNGB: There are currently three payment methods allowed under the Data and Payments Standards in addition to bilateral agreements between employers and superannuation trustees. GNGB would support NPP being added to the list of allowable payment methods, however mandating the NPP would create challenges for the industry due to:

- The NPP solution is a consumer to consumer solution and lacks scalability for B2B payments – a large number of current SuperStream payment processes are built on an aggregation model whereby payments from multiple employers are aggregated by destination. This can be achieved due to the batch nature of the banking infrastructure. The introduction of near real time 24/7 payments is welcomed, however under the current NPP model, aggregating payments

is not feasible. This risks reducing the efficiency benefits of a faster payment solution by disrupting already efficient business processes, integrating with the payments.

- Current costs of payments transacted over the platform are significantly out of step with other payment types within the system, and this cost overhead would likely find its way to members.

The benefits of multiple allowed payment methods include:

- Enabling employers and their agents to exercise choice in determining the best solution that suits their needs, weighing up payment types, natural business processes and the ability to meet their legislative obligations.
- Allowing an opportunity for the industry to continue to develop solutions directionally consistent with the target state and retire BECS based models in line with the broader retirement timeframes

Over time, continued development of the NPP solution, together with changes to business process for users of the infrastructure, will ensure that we are moving towards a solution enabling near real time payments and corresponding continuous reconciliation and matching so that efficiencies are maintained or even enhanced. We are not there yet and delivering this by 1 July 2026 will be extremely challenging.

Question 33:

What are the challenges in correcting SG payments under a payday model? Is this an efficient way for employers to make corrections? Should error messages be standardised across funds?

GNGB: Corrections, where shortfall is required to be paid, can be made as an additional contribution. The challenges of today's model appear to be where an overpayment is made by an employer. GNGB supports a model whereby over payment of SG compliance is applied to the members' account for future contributions. This minimizes re-work and costs for all parties. Situations will exist where it is not possible (e.g. the member has left the fund or retired, and a refund to the employer is required). In the Treasury consultation workshops employers, and their agents, expressed frustration at the different approaches and the largely manual processes employers are asked to undertake. To **standardize** and automate this approach, a new message type via the Data and Payments Standards could be used to request a refund. A similar message pattern exists within the Data and Payments Standards for rollovers. As an example a CTRR (Contributions Refund Request) could be developed as a new message type to cater for the scenario where the employer has a genuine need to request a refund. The current process, by which employers need to complete a statutory declaration and/or seek confirmation from the member, will not be fit for purpose with the increased volume of the payday super environment.

The model above will need to consider:

- Superannuation fund trustees not being able to independently verify that the employer's need for a refund is legitimate. This is the key reason refunds take time today.
- Controls will need to be built into the design to ensure this is not used maliciously to take money from a member's account

Question 34:

Is the 20 business day time period for superannuation funds to resolve errors appropriate in a payday super model?

GNGB: The 20 business day time period for superannuation fund trustees to resolve errors is not appropriate in a payday super model. If trustees are unable to match payment and data, they should send an error response within 24hrs of receipt. A hard error is the best way for the data to be fixed at the source, quickly and efficiently. Trustees should also send a positive confirmation of receipt once they are able to apply the contribution to the members' account. This will provide confirmation to employers that the contribution has found its destination, and their obligation has been discharged. This ensures **reliability** and consistency of the system for employers.

GNGB acknowledges that the types and context of errors within the system are many and varied, and the frequency of different types of errors will likely change and reduce over time, with the implementation of payday super and accompanying operating model changes. GNGB would support a more detailed design process to flesh out use cases of common errors and determine a sensible timeframe for error response resolution.

Question 36:

Would a digital ATO service simplify the choice of fund process and assist employees and employers to confirm the right super details? What functionality would be required? Would this address issues with data integrity under a payday super model? Should such a service be mandated?

GNGB: Data validation up front before sending into the superannuation system is supported to ensure quality and consistency of data. This underpins one of our key principles of **getting the data right at source**. For this to be effective the following needs to be true:

- Mandated – if not mandated, the use of the ATO tool will not be prioritised and data quality will continue to **be inconsistent** leading to greater errors and impact the SG contribution being applied to the members' account
- Accessible - able to be developed by intermediary's and DSP's on behalf of employers. The current authorization models for intermediary's accessing ATO data on behalf of another party are not fit for purpose in this scenario. An alternative authorization model is required to ensure efficient and effective action on behalf of employer organisations.
- Integrated - able to be integrated into employer solutions such as via API or other fit for purpose mechanism to ensure this forms part of the employer's natural onboarding processes.

Question39:

How could a smooth transition be managed to aligning STP, SuperStream, MAAS and MATS reporting, either through changing the reporting requirements to year-to-date values or transaction-based reports?

GNGB: The implementation of payday super involves work to be done by a significant number of stakeholders. In addition, the measure is transparent to both employers and employees, meaning any issues with the implementation will be visible, and could have far reaching impacts.

We can derive lessons learned from recent transitions, such as SuperStream and Single Touch Payroll (STP) where government and industry have worked together to deliver significant reforms.

To ensure a smooth transition, certain principles need to be followed:

1. Accountability – Clearly define responsibilities for managing the work program necessary to deliver the government-determined design. Regular communication of progress, issues requiring resolution, and insights from early adopters is crucial.
2. Requirements – Ensure early access to detailed requirements for all stakeholders to prevent assumptions. Maintain clear version control to avoid confusion.
1. Phased Transition – Avoid a risky “big bang” implementation strategy. Instead manage issues on a smaller scale and share lessons learned across the industry through a phased transition approach.
2. Backwards Compatibility – Reduce network and member risks by ensuring ongoing support for existing versions while onboarding progresses. Establish a clear end date to ensure compliance with the new changes within a predetermined timeframe.
3. Conformance Testing with the ATO – Co-ordinated testing organized by the ATO with test data, credentials and specific scenarios developed to ensure compliance with the ATO requirements. This will require an uplift of the current test harness environment.
4. Co-ordinated Industry Testing – As more stakeholders are involved, coordinated testing becomes more critical. Involving payroll providers, clearing houses, gateways, superannuation funds and employers in a phased in transition supports a cohort approach to testing, similar to the approach used in the SuperStream implementation.
5. Change Management – Develop a comprehensive change management program encompassing training and education tailored for users and consumers. Align communication strategies developed jointly by government and industry.
6. Post-Implementation Support Plan – Devise a plan for continued support post implementation. Implement mechanisms to measure the broader benefits and success of the initiative beyond reducing unpaid superannuation by employers.
7. Governance – perhaps most importantly, a collaborative body developed to steer the project, with a responsibility for input into issue resolution, maintaining design integrity, but also communications back to stakeholder groups is essential.

Question 41:

Should a new unique identifier be included as a mandatory field in STP, SuperStream, and MATS which links employers, employees, and transactions?

GNGB: This is a significant piece of work on its own, requiring the same data field to be present across STP, SG contributions message, possibly also included in the payment reference, as well as the MATS reporting. The coordination of build test and deploy across all participants within the environment is a significant effort. The benefit of this work would manifest itself with the ATO, to assist with matching of data. GNGB would defer to the ATO for their assessment of value of this identifier. If this identifier would result in significantly faster data matching and identification of shortfall or employer non-compliance, then it may be worth exploring.

Question 46:

Should there be any changes to the reporting frameworks for SMSFs and/or Defined Benefit funds to the ATO?

GNGB: A risk within the current system exists due to the inability to validate the SMSF destination for contributions money. This validation process is in place for rollover transactions via the ATO provided SMSF Verify Service (SVS) however not currently for employer contributions. The payday super impact of faster more frequent contributions to SMSF accounts exacerbates this existing risk. GNGB supports making the SVS validation tool available to employer solutions such as clearing houses, payment enablers and gateway operators, so that they may validate SMSF destinations and reduce the risk of contribution fraud.

A further step in risk reduction would include more frequent reporting than the current annual reporting by SMSF's on contributions received. This would ensure greater visibility for ATO on potential employer non-compliance.

Question 48:

Are there any other impacts on stakeholders or considerations Government should consider in policy design?

GNGB:

- Timeframes provided during the Treasury roundtable of October 19, are not sufficient. The 18 months allowance for build, test and deploy, of the changes required under either model is not realistic for Gateway Operators, superannuation fund trustees and other DSP's. GNGB refers to the experience of implementing SuperStream initiatives including later versions of the Data and Payments Standards and is very concerned that an 18 month implementation timeframe will lead to sub optimal outcomes. We would strongly encourage exploration of elements of the solution that could begin design and build prior to legislation passing through parliament. SuperStream implementation included a transition in process, and GNGB would recommend consideration of phasing in of the measure to manage the change process across the ecosystem.
- Strong governance across the ecosystem of implementation of the measure will be key to ensuring the outcomes are realized in an effective and efficient manner. This could be run via a PayDay Super Council or similar, with representatives from all sectors to manage and address issues both during implementation but also drive ongoing maintenance and management of the continuous improvement initiatives required in the environment. Collective governance could contribute to:
 - Clear communication, collaboration and ensuring stakeholders are aligned to the same end goal is critical
 - Effective measurement - Understanding the impact of the measure is of high importance, not just on reduction of underpayment or non payment of SG as stated in the consultation paper, but on the ability to continue to improve employer experience and reduce data errors, minimize throughput timeframes etc. Opportunities for data capture to support measurement of success needs to be built into the design and to

ensure continuous improvement a reporting framework to measure performance standards including KPIs to be considered.

- Security and protections against fraudulent activity are of the utmost importance when considering the design of this measure. As the environment experiences a significant change in contributions volume, frequency and speed, any design needs to incorporate controls into the process to ensure the risk of fraud, unauthorised access to member accounts, employer bank accounts and PII data is kept at a very low level.
- ATO participation within the environment requires significant investment to prepare for the payday super environment. GNGB suggests the following considerations:
 - The ATO's Small Business Clearing House (SBSCH), providing SG clearing services to micro employers is not currently SuperStream compliant. This is the case in a number of areas however, significantly, in the lack of adherence to data validation standards. A sample of data taken from a single gateway operator in July 2023 found ATO messages failed taxonomy validation on over 200 occasions. While this may seem insignificant in number, the requirement to manually intervene means the resource effort required to remediate is costly. If we assume, in line with our opening assumptions, that this volume will increase by a multiplying factor of 3, it becomes unsustainable.
 - The SBSCH model means that employers are treated differently to all other solutions within the ecosystem. Employer compliance is currently achieved by payment to the SBSCH, however compliance is reversed should the data within the transaction be incorrect and the contribution returned. This coupled with the lack of data validation at the SBSCH, results in a very poor experience for the employers.
 - Multiple instances exist whereby sending parties, to the ATO, receive successful acknowledgement of receipt of messages, however it is later identified that these messages were not in fact parsed through ATO systems and senders are requested to resend. Again, this will be an issue that is compounded under increased volume of transactions.
 - ATO services are often deprecated or become unavailable during industry peak periods such as the week leading up to SG contributions quarterly deadlines. A recent example of this is reflected on the Superannuation dashboard, see entries for 27 October 2023 <https://ses.status.ato.gov.au/> GNGB would recommend a review of scalability and capacity to ensure uninterrupted services in a payday super environment.
 - ATO planned systems maintenance is a frequent and disruptive occurrence for STN participants and their stakeholders such as employer solutions and fund trustees. For example, upcoming planned maintenance windows impacting FVS, MATS, SVS and SBSCH services are currently listed for every weekend in the month of November 2023, sometimes stretching to Friday nights and Monday mornings. These frequent breaks in availability create unnecessary lags in the environment, with transactions needing to "wait" for services to resume.
 - Planned changes to Superstream, SBR and STP specifications need to be reviewed through the lens of the ATO Operational Security Framework to ensure that controls are

still relevant and appropriate. Uplift to those controls (where necessary) must be part of the broader considerations around scope, security testing and implementation timeframes and engagement with industry.

GNGB would welcome an opportunity to discuss any of the above issues raised or options presented. We thank the Treasury for the opportunity to provide the views of GNGB and STN participants, for your consideration.

Kind Regards

Michelle Bower
CEO
Gateway Network Governance Body Ltd

Jan McClelland AM
Chair
Gateway Network Governance Body Ltd