

Securing Australians' Superannuation Budget 2023-24 Consultation paper ACCPA Pay Day Super Submission – 3 November 2023

About ACCPA

The Aged & Community Care Providers Association (ACCPA) is a national Industry Association for aged care providers offering retirement living, seniors housing, residential care, home care, community care and related services. We currently have over 1,000 members across Australia.

ACCPA exists to unite aged care providers under a shared vision to enhance the wellbeing of older Australians through a high performing, trusted and sustainable aged care sector. We support our members to provide high quality care and services while amplifying their views and opinions through an authoritative and comprehensive voice to the government, community and media.

Our sector serves to make better lives for older Australians, and so do we.

Member Response

In the majority our members were positive towards the introduction of pay day super payments by employers. A number have said they already pay superannuation monthly. They do however have the following areas of concern:

1. New employees

Members raised with us that many of their new employees do not nominate their superannuation fund prior to working their first shift. Members have also said that the introduction of the stapled superannuation accounts process can add to the timeframe for when a new employee's superannuation fund is identified. For those employers with higher than average staff turnover (this is an ongoing issue among providers in the aged care industry) this problem would be multiplied. This means that employers often wouldn't have the required information to ensure compliance with the future change to the legislation on pay day super.

If employers had four (4) weeks from an employee's commencement date to reach compliance for payment each pay day, this would assist in managing these onboarding issues. Allowing more time for this would also reduce the chance of errors being made in the set up of the payment of the entitlement to the correct fund.

2. Terminating employees

We have members with higher than average staff turnover and this increases their administrative burden around the calculation of final payments including

the superannuation guarantee entitlements for terminating employees. Given that the timeframe in which to complete the activities required with the termination of employees and their superannuation entitlements would be significantly decreased with pay day super, this increases the administrative burden on staff and could increase the chance of errors being made.

It would therefore make sense to provide employers with two (2) – four (4) weeks from the date of termination to complete all activities in relation to the employee's superannuation guarantee entitlement payment.

3. Payroll systems not being updated for this change

Currently some payroll systems would not allow for superannuation guarantee payments to be paid each pay day or don't calculate superannuation payments at all (those providers use separate, often manual systems). Members hope that the software providers will already have pay day super on their development radar to address issues in their systems which would inhibit pay day super compliance. Employers can obviously change payroll software providers however this takes time, money and proper planning.

If the relevant Commonwealth Government department could provide encouragement and/or education on the details of the new requirements to payroll software providers to make the necessary updates so that payroll systems are compliant with the new legislation, this may assist in addressing this issue.

4. Time after pay day to make any adjustments

Members are concerned that they would not have enough time to make any required adjustments for each pay day when they are necessary because of the circumstances with individual employees. For example, one of our members said that that generally leave the payroll open for 3 business days post pay day to allow for any adjustments to be made. This benefits employees as they do not have to wait for the next fortnight for an adjustment.

Public holidays can also cause problems for payroll processing times and should be taken into account when fixing timeframes for the payment of superannuation guarantee entitlements.

Some of our members said that as they are large withholders they must pay PAYG to the ATO within 7 days after pay day. They suggested that if the payment of the superannuation guarantee on pay day be aligned with the ATO obligation. This would give employees until 7 days after the pay day to make the payment. This ATO requirement also takes into account public holidays so this would assist with that concern as well.

5. Impact on payments through a superannuation clearing house

We have members who are concerned about the implications of paying superannuation entitlements through a clearing house and whether this would still be considered to be compliant with pay day super. These members understand that it currently takes up to a month for the payment to be made to an individual's super account from the clearing house. This may be a simple matter however it is an important matter to clarify for our members.

A frequently asked questions information sheet is an educational tool that is often used in the aged care industry so that providers can better understand the changes that are being made by the Department. We suggest that such a document on pay day super be produced for employers that is simple and easy to understand to assist with the implementation. It would be useful to have this available as soon as possible so that employers can start planning well before the implementation date of 1 July 2026.

Summary of Suggested Actions

- Provide employers with four (4) weeks from an employee's commencement date to reach compliance for payment each pay day.
- Provide employers with two (2) – four (4) weeks from the date of termination of an employee to complete all activities in relation to the employee's superannuation guarantee entitlement payment.
- Provide encouragement and/or education on the details of the new requirements to payroll software providers to make the necessary updates so that payroll systems are compliant with the new legislation.
- Align pay day super employer requirements with the ATO requirement on some employers to pay PAYG within 7 days of pay day.
- Clarification as to whether paying superannuation entitlements through a clearing house would be considered to be compliant with pay day super requirements on employers.
- Provision of a simple and easy to understand frequently asked questions information sheet for employers as soon as practicable so they can start planning well before the implementation date of 1 July 2026.

Claire Bailey
Head of Workplace Relations
Aged & Community Care Providers Association