

3 November 2023

Wendy Hau  
Director, Superannuation Access and Compliance Unit  
Retirement Advice and Investment Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Via email: [paydaysuper@treasury.gov.au](mailto:paydaysuper@treasury.gov.au)

**Re: Securing Australians' Superannuation – Budget 2023–24**

Dear Wendy,

Superchoiceform.com.au powered by SuperAPI is pleased to submit this for more than 40,000 new employees who visit us as part of their work commencement process and make a superannuation choice on our platform every calendar month.

**About SuperAPI**

Our vision is that all Australians will make active and informed choices for their largest asset outside the family home, their superannuation.

We believe that superannuation should make the future better for all Australians.

To achieve this, we engage new and existing superannuation members at the most critical point in their superannuation journey; when they complete their 'superannuation standard choice form' during the onboarding process with their employer.

**The importance of employee superannuation engagement at commencement**

Market research conducted since our inception in 2017, shows that only 10 percent of Australian employees are actively engaged with their superannuation and that 50–80 percent of employees did not actively choose their fund, found the ATO forms

confusing, didn't understand superannuation, and as a result were defaulted into an employer default retail or industry fund earlier in their career.

The same research has shown and is now backed by the publicly available APRA Heatmap, that an alarming proportion of super funds underperform their peers and that more than 20 percent of employees would consider changing superannuation funds if they were given a choice when onboarding with a new employer and commencing a new job.

Compounding this are the inherent complexities, costs, legacy technologies and business conflicts throughout the current superannuation contributions data and payments supply chain.

We have successfully found solutions to some of these, using existing technologies and industry standards. Software and digital processes will be the critical enabler for Payday Super; timely choice of fund for SG contributions and payroll accuracy are inherently linked.

### **Using technology to deliver superannuation choices for employees**

Employee-centric, employer-focused onboarding software plays a meaningful role in administering SG contributions, and onboarding software allows employees to engage with their superannuation actively.

We have developed a suite of technology products to support all participants in the PayDay Super value chain of employees, employers, software developers, and superannuation funds. Our products allow employers to meet their legal and record-keeping obligations for employee onboarding and superannuation fund selection. These capabilities include support for stapling, presentation of the employer default option, selection of an employee's existing SMSF, and critically, for the 20% of job starters new to the workforce a digital first-time fund selection experience.

SuperAPI removes the overhead of the compliance burden on Australian employers of all sizes, reduces costs for their payroll software providers, and enables Payday Super by improving the quality of employee super data through fully integrated digitalised onboarding. Verified employee payroll, tax and super data is securely processed

through the platform and can be distributed to authenticated employer and superannuation systems including payroll software.

Using [superchoiceform.com.au](https://superchoiceform.com.au), employees can choose any superannuation fund as part of the onboarding process: retail, industry, employee stapled, employer default or self-managed.

All funds are supported – including those that do not have a commercial arrangement with SuperAPI. Our software already supports SMSFs, defined benefit schemes and employees who are members of retail and industry funds. We also allow employers to ensure funds linked to applicable awards are chosen where mandated.

### **Business and commercial models of software developers**

Digital onboarding software substantially reduces inadvertent choices and unwanted super fund accounts, with over 80 percent of employees opting for their existing super fund when changing jobs. Digitising the Superannuation Standard Choice form during the onboarding process benefits employees by simplifying the process of remaining with an existing super fund, through automated look up of existing member numbers and validation of fund details, ensuring a smooth and error-free onboarding experience.

The superannuation onboarding process is marred by high compliance costs, but digital onboarding offers a more economical solution, costing roughly 5 percent of the manual process. Despite this, direct expenses in the digital chain can still range between four and twenty dollars, with additional costs for third-party KYC verification in rollovers.

The superannuation and payroll sectors are under immense pressure to adapt to rapid compliance changes, with many players including the biggest global and local ERP and accounting software companies yet to implement the stapled fund changes made two years ago.

We believe that a ban on funds advertising as part of the onboarding process could slow the industry's transition to digital solutions, as both employers and software providers would need to bear the brunt of the associated costs. Maintaining a balanced

approach to advertising within onboarding remains key to ensuring a smooth and cost-effective transition to digital superannuation processes for all parties involved.

### Regulatory enablers

The ATO has a set of existing API services that support employee registration and stapling. These services may require further investment to reflect better holistic natural business processes, maturing technical requirements, and service-level expectations.

This investment should be focused on supporting software to deliver streamlined processes and not on enhancements to ATO online services, which would require employers and employees to switch channels to complete business processes such as onboarding or fund consolidation and rollover.



A broader conversation should be had about making high-quality ATO data more available to minimise errors and improve data quality across the entire superannuation ecosystem. This will require a law change to the *Tax Administration Act 1953*.

The remainder of our submission contains specific answers to the following questions from the consultation paper:

- Q36: Would a digital ATO service simplify the choice of fund process and assist employees and employers to confirm the right super details?
- Q37: What are the costs and benefits of requiring employers to offer stapling to employees?
- Q38: What are the costs and benefits of a ban on advertising super products during onboarding?

SuperAPI welcomes the opportunity to provide further feedback on our submission. Please contact Ben Styles at [ben@superchoiceform.com.au](mailto:ben@superchoiceform.com.au) | 0401 000 134 for more information.

Yours faithfully,

 <b>Riley James</b> Founder	 <b>Ben Styles</b> Co-Founder	 <small>Sam Richardson (Nov 3, 2023 16:59 GMT+11)</small> <b>Sam Richardson</b> Co-Founder
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**Q36: Would a digital ATO service simplify the choice of fund process and assist employees and employers to confirm the right super details?**

- True simplification for employees will require data standardisation and the modernisation of the technology platforms that underpin employee commencement and superannuation choice.
- The ATO has a set of existing API services that theoretically support employee commencement and super fund stapling. These APIs are spread across various technologies – SuperStream, SBR2 and the Digital Services Gateway (DSG).
- Some of these APIs are offered via contemporary technical platforms (eg. DSG) and others rely upon industry-specific legacy technologies and specifications (eg. SuperStream and SBR2).
- The APIs allow software to establish a relationship between a new employee and their employer; complete a Tax File Number Declaration; look up their stapled superannuation fund; and register them as a member of a new superannuation fund or complete a rollover. These APIs are disconnected from one another, rely upon different technologies and operate at different service levels. This means software developers need to build connectivity and asynchronous logic across multiple systems to deliver an acceptable level of performance for employers and employees.
- These services may require further investment to reflect better holistic natural business processes, maturing technical requirements, and service-level expectations.
- Investment should be focused on supporting software to deliver streamlined processes and not on enhancements to ATO online services. This would require employers and employees to switch channels to complete business processes such as onboarding or fund consolidation and rollover.
- Using a government website to onboard with a new employer and choose a superannuation fund – potentially for the first time – is not a natural process and is inconsistent with ATO’s stated intent of making “Tax Just Happen” before 2030 by leveraging natural business processes and systems.
- An ATO digital service delivered via Online Services for Individuals will be disconnected from the daily lives of employees. It is highly unlikely that the ATO

will be able to facilitate new fund selection and employee choice given its restrictions on providing advice to taxpayers – and the complex technology stacks employed by both SuperStream and the superannuation funds themselves concerning new member registration.

- Many employees would be expected to use an onboarding service to choose their first superannuation fund as part of their initial employee onboarding – this is especially true of younger employees, migrant employees and women returning to the workforce after childbirth.
- We do not believe that an ATO-developed solution is the best way to give employees choice. We cannot foresee a future where the ATO can provide adequate information to facilitate an informed choice.
- We believe that additional investment by the ATO into this existing tech stack with the explicit intention to modernise and harmonise their implementations will allow software developers to integrate stapled fund lookup and super fund choice selection into existing digital tools such as payroll, employee onboarding and HR workforce management tools.

**Q37: What are the costs and benefits of requiring employers to offer stapling to employees?**

- Leveraging software in employee onboarding could be a comprehensive solution to efficiently manage the complexities associated with stapled superannuation efficiently, ultimately reducing the administrative burden on employers. In future, stapling information would be required before super selection and in an ideal state by utilising existing services and infrastructure, employer software – like SuperAPI – can be optimised to automate various aspects of the stapling process, ensuring a smoother transition for employers and employees.
- Firstly, software can provide employers with easy access to a comprehensive list of all available superannuation funds. This is crucial for making informed decisions and ensuring compliance with stapling requirements. Additionally, it can facilitate the lookup of an employee's existing superannuation fund, if they have one, streamlining the onboarding process and eliminating unnecessary delays.
- Moreover, in an ideal market, software could integrate performance metrics of each fund, drawing data from resources such as the APRA HeatMap and YourSuper comparison tool. This visibility extends not only to the available funds but also to the employer's default fund, allowing for informed choice based on verified characteristics of the products available.
- Employers using Superchoiceform.com.au can present employees with options for choosing either an existing or a new superannuation fund, as well as the option to opt for the employer's default fund. Our software ensures that all available options are laid out transparently, facilitating a seamless decision-making process.
- Similarly, software should allow the chosen superannuation fund to present employees with options to search for and consolidate any lost or duplicate super accounts, again using services such as Supermatch2. This ensures employees are fully supported in onboarding, facilitating a comprehensive and user-friendly experience.
- In summary, by embracing the capabilities of software, employers can significantly reduce the administrative complexities associated with stapled

superannuation. This approach not only ensures compliance and efficiency but also enhances the onboarding experience for employees, promoting a more engaged and informed workforce.

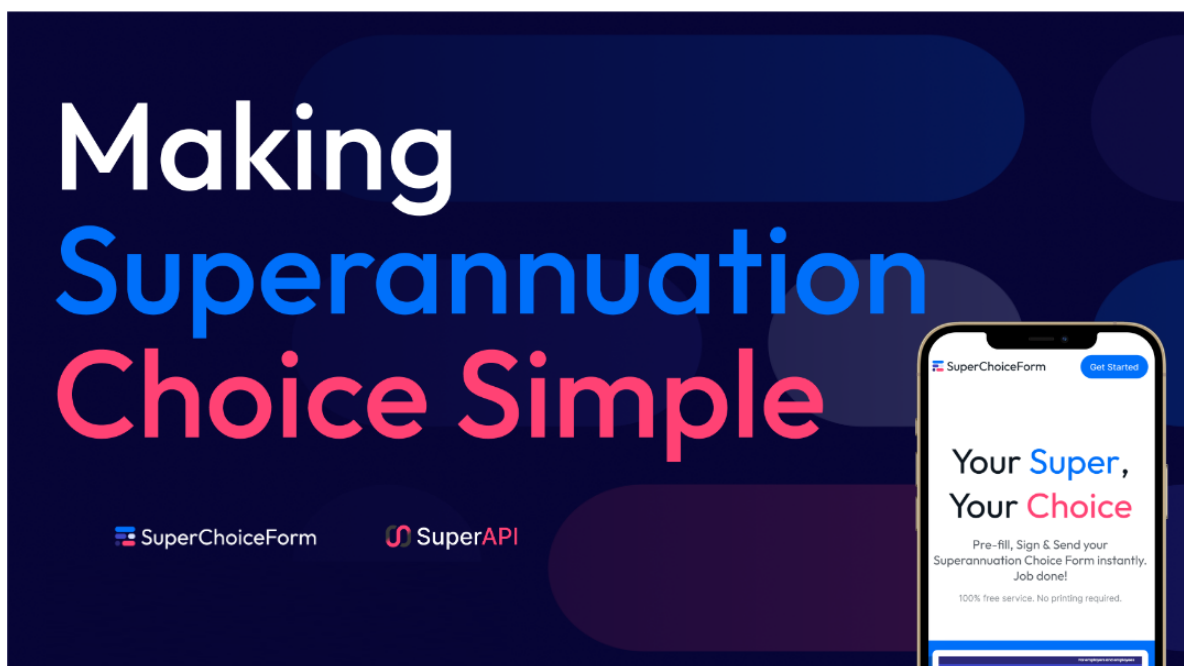


**Q38: What are the costs and benefits of a ban on advertising super products during onboarding?**

- Australian Taxpayers, particularly employees, are poised to face significant disadvantages due to the proposed ban, with an alarmingly high risk of unintended negative consequences. It is critical to underscore that the onboarding process is a pivotal moment when employees evaluate various financial aspects such as salary, banking, insurance, savings, retirement, and mortgages. We welcome rigour around the advertising standards that apply to superannuation funds.
- Experts unanimously agree that stifling the flow of information during this crucial juncture would undeniably lead to reduced informed decision-making among employees. To bolster this point, a recent study from the Financial Literacy Foundation highlighted a direct correlation between access to comprehensive information and enhanced financial decision-making. Thus, it is paramount not only to maintain but to increase the availability of information, inclusive of advertising content, to empower employees to make judicious and well-informed choices.
- Nevertheless, it is imperative to navigate this landscape with caution, ensuring that super funds do not exploit their position by developing employer or employee management software for the sole purpose of promoting their funds. Transparency and fairness must be at the forefront, fostering a competitive and employee-centric environment.
- The complexity of the onboarding process, encompassing various platforms and mediums, presents a substantial challenge in implementing a comprehensive ban. To illustrate, advertising permeates every aspect of our lives—from TV, radio, and billboards to digital spaces like emails and the employee intranet. Eradicating advertising from all these channels is not only impractical but nearly impossible, as noted by industry experts.
- A more pragmatic and efficient approach would be to enhance the provision of exhaustive information about super funds to employees. This should encompass access to both simple, and comprehensive details about fees and performance, leveraging trustworthy and authoritative sources such as the APRA Heatmap and the source data for the YourSuper comparison tool. This approach is

championed by financial advisors and experts, who advocate for empowering employees to make informed choices based on concrete performance data.

- For such a ban to be even remotely feasible, it necessitates the removal of the Employer Default option (Option C) from the Standard Choice form. This move would ensure equitable conditions for all super funds, acknowledging that the Employer Default Option is a prime advertising channel, especially for funds offering a MySuper option.
- The responsibility now falls on the industry, particularly those investing heavily in advertising across diverse channels without demonstrating tangible performance. The anticipated governmental reforms set to be unveiled in December, focusing on financial advice, are expected to address this issue comprehensively. These reforms aim to alleviate super funds and other entities from the advisory burden of communicating fund performance and consolidation options, fostering a more transparent and accountable superannuation ecosystem.
- It is crucial to highlight that the Employer Default Option has been the primary driver of duplicate accounts for over three decades. Despite the Your Future, Your Super reforms, this option when combined with paper-based forms, continues to confuse and mislead employees into believing that joining their employer's super fund is a requirement, even if they have an existing superannuation account.












# SSSG - Treasury Submission and Cover Letter 03112023

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