Australian Retailers Association

National Retail ASSOCIATION

ARA SUBMISSION
PAYDAY SUPERANNUATION EXPOSURE DRAFT

APRIL 2025

The Australian Retailers Association (ARA) and National Retail Association (NRA), welcome the opportunity to provide feedback on the Exposure Draft of the *Superannuation Guarantee Charge Amendment Bill 2025*.

The ARA and NRA, which propose to amalgamate into the Australian Retail Council (ARC), represent a **$430 billion sector** that accounts for **18% of Gross Domestic Product,** and **employs 1.4 million Australians** – making retail the largest private sector employer in the country and a significant contributor to the Australian economy

Our membership spans the full spectrum of Australian retail, from family-owned small and independent retailers that make up 95% of our membership, through to our largest national and international retailers that employ thousands of Australians and support both metropolitan and regional communities every day.

With a significant portion of every dollar spent in retail flowing back into employees, suppliers, super funds, and local communities, a thriving retail sector benefits all Australians. After a uniquely challenging five-year period, which has had significant impacts on the sector, we are united in advocating for policies, reform and collaboration that will drive growth, resilience, and prosperity for the retail sector and all Australians.

EXECUTIVE SUMMARY

In principle, the ARA supports the alignment of superannuation contributions with wage and salary payments and acknowledges the intent of the Government's proposed Payday Superannuation framework. We support reforms that improve the integrity and efficiency of the Superannuation Guarantee (SG) system and provide workers with more timely access to their superannuation entitlements.

However, these changes must be implemented in a manner that supports employers in meeting their obligations without imposing disproportionate administrative burdens – particularly on small businesses. The transition to more frequent super payments will require significant adjustments in payroll and accounting systems, and careful consideration must be given to the varying capacity of different business sizes and sectors to comply.

Technology and automation will be critical to achieving a successful transition. While increasing digitisation in payroll systems presents opportunities to streamline superannuation processes, further investment will be required by superannuation funds, software providers, government, and the Australian Taxation Office (ATO) to ensure a seamless experience for employers.

As a member of the Australian Chamber of Commerce and Industry (ACCI), the ARA supports the detailed recommendations put forward by ACCI in its submission. In this submission, we also provide the following recommendations that reflect the ARA's position and the views of our diverse retail membership:

- The due date for contributions should be seven business days following payday.

– An employer's obligation should be considered met when payment is received by the super fund.
– A phased implementation approach is required, including a carve-out for small businesses.
– The SG penalty regime should be amended in line with more frequent contribution obligations.
– Investment in payment systems and automation is critical and requires coordinated support.

RECOMMENDATIONS

Recommendation 1
Payment Timing – 7 Business Days

The ARA recommends that the legislated timeframe for superannuation contributions be amended from the proposed 7 calendar days to 7 business days following payday. The current model compresses employer payment windows by including weekends and public holidays, which is especially problematic for employers operating on weekly or fortnightly pay cycles.

While the Government's draft allows seven calendar days for contributions to reach the fund, the inclusion of weekends and non-banking days means businesses may have as few as three business days to complete the process. This is further complicated when payments must pass through clearing houses, which typically take up to three business days to process payments.

A 7-business-day model strikes a more practical balance between timeliness for employees and administrative feasibility for employers. It provides businesses with sufficient time to resolve technical or banking issues and reduces the risk of non-compliance due to events outside their control.

Recommendation 2
Clarify When Super Is Considered Paid

The ARA recommends that employer obligations be considered met when contributions are received by the superannuation fund, not when those funds are subsequently allocated to individual member accounts.

The current draft's language suggests that payment is not "made" until the fund has completed allocation, introducing uncertainty and exposing employers to penalties even when they have met their responsibilities. Allocation delays can be caused by errors, fund processing backlogs, or mismatches in payment and data—none of which the employer has oversight or control over.

This is inconsistent with broader payment practices across the tax and employment systems, where obligations are considered met once payment is successfully transmitted and received. Aligning superannuation with this approach would provide certainty for businesses and focus compliance on genuine non-payment.

Recommendation 3
Phased Implementation – Large vs Small Business

The ARA supports a phased implementation of Payday Super:

- Large and medium businesses should be expected to comply with the new payment timing from 1 July 2026, but penalties for non-compliance should not apply until 1 July 2027 to allow for systems testing and operational readiness.

- Small businesses (as defined by headcount or turnover) should have their compliance start date deferred to 1 July 2027, with the enforcement of penalties delayed until 1 July 2028. This would allow time for awareness-building, system upgrades, and training.

Small businesses face additional barriers due to resource constraints, older software systems, and lower digital literacy. Without sufficient time and support, they risk non-compliance not due to unwillingness, but because of the scale of transition required. A phased approach, including a later compliance date and delayed enforcement of penalties, allows small businesses to adjust at a manageable pace while still delivering the reform's benefits over time.

This is consistent with other reforms where smaller entities were given extended implementation windows (e.g. Single Touch Payroll and Modern Awards changes) and reflects feedback from ARA members across sectors.

Recommendation 4:
Penalty Regime Reforms

We support a fair and proportional compliance framework. As the SG Charge becomes linked to a higher payment frequency, penalties must reflect genuine non-compliance rather than administrative or procedural delays.

The administrative uplift component of the SG charge should be either capped or removed—particularly where employers make voluntary disclosures of errors before ATO intervention. This encourages honesty and early rectification while avoiding excessive or duplicative penalties.

The general interest charge already serves as a financial deterrent for late payment. A revised penalty structure should focus on clear, proportionate consequences that reflect the true cost of compliance enforcement.

Recommendation 5:
Support for Technology Transition

The ARA supports the broader goals of modernising the superannuation payment framework through digitisation, real-time payment systems, and the adoption of the New Payments Platform (NPP). However, this must be accompanied by:

- Continued support for employers—especially SMEs—through system upgrades, payroll software enhancements, and training.
- Coordination between the ATO, payroll providers, and super funds to resolve outstanding issues in data integration and platform reliability.
- Consideration of ACCI's position on retaining the Small Business Superannuation Clearing House (SBSCH) or delaying its closure to ensure there is a viable, low-cost transition pathway for small businesses.

These actions will reduce friction in the rollout and improve employer compliance outcomes while ensuring the Government's long-term objectives for the superannuation system are met.

We encourage the Government to continue collaborating with business groups and service providers to ensure a smooth rollout and minimise compliance risk.

Thank you again for the opportunity to provide a submission on the payday superannuation exposure draft. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.