



30 November 2018

Reserve Bank of Australia
Via email

Email: nppsubmissions@rba.gov.au

Dear Sir/Madam,

**Re: AIST submission in response to Reserve Bank of Australia October 2018 consultation on
*New Payments Platform Functionality and Access***

In brief:

AIST is concerned to ensure the services offered through the NPP:

- meet the needs of the superannuation industry and the best interests of the members of superannuation funds – that is, 15.6 million Australians; and
- have governance structures appropriate to the services being delivered, including in relation to superannuation.

Thank you for the opportunity to make this submission.

Involvement of AIST in reform of superannuation transactions

AIST represents the interests of the \$1.3 trillion profit-to-member superannuation fund sector.
AIST:

- was a key participant in the development of SuperStream from 2010 to the present;
- is represented on the SuperStream Reference Group (SSRG) and the Single Touch Payroll Advisory Group (and other liaison forums between the ATO and the superannuation industry);
- is a founder and co-sponsor of Gateway Network Government as well as being represented on its Board; and
- was part of a recent joint approach (along with the ATO and ASFA) to the NPPA seeking discussions on the development of superannuation overlay to the NPP.

Current impact of NPP on superannuation transactions

While the NPP may develop an additional overlay service for superannuation payments in the future, such a service is not currently in place. Notwithstanding this, some superannuation

payments are already being used using NPP causing disruption to straight-through-processing and reducing the efficiency of transaction processing.

Efficiencies of SuperStream

Following the Superannuation System Review (Cooper Review) in 2010, a collaboration between the superannuation industry, the Australian Government and the ATO resulted in SuperStream, a data and payment standard to drive more automated and timely processing of employee transactions.

The digital standard also provided an easier system for employers to use, reduced lost accounts and provide a timelier flow of money to members' accounts. These changes were supported by enabling services for industry and fund members along with a series of staged technological implementations over the last eight years.

With the total investment estimated at \$1.5 billion between 2012 and 2018, the implementation costs have been significant. The cost has largely been borne by APRA funds, and employers or their agents. While this investment cost is significant, so too are the benefits that have commenced and will continue to flow from system maturation.

The realised efficiencies of SuperStream are estimated by the ATO¹ as being approximately \$800 million per year, comprising about \$400 million per year for employers and a further \$400 million per year for superannuation funds. More significantly, the estimated savings for members from this investment is estimated at \$2.4 billion savings per annum.

Effectively managing the impact of the NPP on superannuation transactions

As a key stakeholder in relation to the data standard, there is an obligation on AIST to consider the extent and impact of NPP on SuperStream. Given the investment from the banking sector into using NPP there is a risk of a divergence between NPP and SuperStream. The SSRG (including AIST) are committed to ensuring the integrity of the SuperStream data standard.

SSRG members (including AIST) have confirmed their position with the view of having one single standard to comply with and are seeking to continue engage with the NPPA about this.

While the NPP may provide an opportunity to improve efficiency, timeliness and customer service and reduce costs, this will not happen for superannuation transactions unless there is the

¹ ATO, SuperStream Program Benefits Report (as at December 2016), July 2017. Executive summary available at: Australian Taxation Office (2018). *SuperStream program benefits report – executive summary*. [online] www.ato.gov.au. Available at: <https://tinyurl.com/ya8xz2sp> [Accessed 30 Nov. 2018].

development of a superannuation overlay on a co-operative basis, that recognises and builds on the SuperStream framework.

Similarly, the GNGB provides a governance structure for the Superannuation Transaction Network, and this should be replicated within the NPP for any superannuation overlay. The GNGB has obtained an ACCC exemption to operate notwithstanding competition issues because the ACCC was satisfied that the likely public benefits outweighed possible detriments to competition.

AIST submits that the specific requirements of the superannuation industry and the value of the SuperStream infrastructure to the Australian community be explicitly recognised by the RBA as providing functionality and governance that needs to be protected and enhanced in any superannuation application of the NPP.

For further information regarding our submission, please contact myself, Eva Scheerlinck, CEO, at 03 8677 3800 or at escheerlinck@aist.asn.au .

Yours sincerely,



Eva Scheerlinck
Chief Executive Officer

The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.

As the principal advocate and peak representative body for the \$1.3 trillion profit-to-members superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST provides professional training and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.