

26 June 2026

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Attention : Bonita Tsang

**Re: Draft Practice Statement PS LA 2026/D3 - Payday Super: Exceptional Circumstances Determinations**

## About DSPANZ

Digital Service Providers Australia New Zealand (DSPANZ) is the peak industry association representing business software developers, payroll providers, accounting software providers, digital identity providers, payment technology providers and other organisations that develop software and digital services used by millions of Australian businesses to process payroll, taxation and superannuation.

This operational experience provides DSPANZ with a unique perspective on how legislation is translated into software, business workflows and digital services. Accordingly, DSPANZ's comments focus on the practical implementation of the draft Practice Statement and opportunities to strengthen certainty for employers, software providers and government.

## Executive Summary

DSPANZ welcomes the opportunity to comment on Draft Practice Statement PS LA 2026/D3 and as a sector we are supportive of publishing guidance that describes how the Commissioner will exercise the exceptional circumstances determination power under the Payday Super reforms.

The draft appropriately recognises that modern payroll and superannuation compliance depends on more than employer intent. It acknowledges that widespread failures affecting payroll software, banking infrastructure, clearing houses, superannuation fund systems and Australian Taxation Office digital services may prevent employers from meeting their obligations despite acting appropriately.

DSPANZ considers this an important acknowledgement of the increasingly digital nature of Australia's payroll and superannuation ecosystem. However, DSPANZ believes the guidance can be strengthened to better reflect the operational reality of modern payroll systems.

Over the past decade, implementation of SuperStream, Single Touch Payroll, Stapled Super and other digital reforms has demonstrated that compliance depends upon the successful operation of an interconnected ecosystem comprising employers, software providers, financial institutions, clearing houses, government digital services and superannuation funds.

Failures increasingly arise through shared technology dependencies rather than complete outages of individual systems.

Similarly, operational experience demonstrates that the impact of an outage depends not only on its duration but also on where it occurs within payroll processing cycles and payment workflows.

DSPANZ recommends that the final Practice Statement be strengthened to:

- broaden recognition of dependency failures across interconnected digital services.
- consider operational payroll timing alongside outage duration.
- provide additional implementation guidance for employers and software providers.
- improve communication arrangements through machine-readable digital notifications.
- strengthen engagement with software providers during major technology incidents.
- review the operation of the framework following the first year of Payday Super implementation.

DSPANZ welcomes the opportunity to continue working with the Australian Taxation Office to support the successful implementation of Payday Super and future enhancements to Australia's digital payroll and superannuation ecosystem.

Regards



**Chris Denney**

**Interim CEO & Executive Director**

## Overall Position

DSPANZ supports the policy objective of maintaining the integrity of the Payday Super reforms while recognising that extraordinary events may prevent employers from complying despite acting reasonably and in good faith.

The publication of guidance that promotes consistency, transparency and certainty to businesses and DSPs regarding the Commissioner's exercise of the exceptional circumstances determination power is welcome.

Maintaining confidence in the Payday Super framework requires balancing the interests of employees in receiving timely superannuation contributions with the reality that employers increasingly rely on complex digital services outside their direct control.

The draft Practice Statement is an important step towards achieving this balance.

### The role of Digital Service Providers in Payday Super

Digital Service Providers are not simply software vendors.

They provide the operational infrastructure through which employers meet their taxation, payroll and superannuation obligations.

Every payroll event involves software providers interpreting legislation, implementing calculation rules, validating employee information, integrating with government services, initiating payments and supporting employers throughout ongoing compliance.

For most Australian employers, compliance is therefore enabled through software. Consequently, implementation issues affecting software providers have direct consequences for employer compliance outcomes.

### Implementation lessons from SuperStream and Single Touch Payroll

The implementation of SuperStream and Single Touch Payroll provides several important lessons that remain directly relevant to the operation of the proposed exceptional circumstances framework.

#### *Digital reforms succeed through ecosystem coordination*

Both SuperStream and STP demonstrated that legislation alone is insufficient to deliver successful reform.

Successful implementation required coordinated development across:

- software providers
- superannuation funds
- clearing houses
- financial institutions
- employers
- intermediaries
- government agencies.

The availability of technical standards, APIs, implementation guidance, testing environments and operational support proved equally important as legislative certainty.

DSPANZ recommends that the exceptional circumstances framework recognise this broader implementation ecosystem and the impact of an outage of any of these entities can prevent an employer meeting their Payday super obligations.

***Operational issues rarely occur within one organisation***

During both SuperStream and STP, operational incidents frequently arose because of interactions between systems rather than failures within individual organisations.

Examples included:

- message delivery failure
- changes to external APIs
- identity verification failures
- payment processing delays
- infrastructure outages (eg cloud hosting)
- upstream service disruptions.

These experiences demonstrate that the practical operation of payroll should be assessed as an end-to-end workflow rather than a collection of independent systems.

**Modern payroll operates as an interconnected digital ecosystem**

The draft Practice Statement appropriately identifies payroll systems, payment systems and superannuation gateways as potential sources of disruption.

However, the PSLA should recognise that modern payroll operates through an interconnected network of digital services.

A typical Payday Super contribution may involve:

- payroll calculation
- employee validation
- fund validation
- Stapled Super services
- employer approval workflows
- banking infrastructure
- payment messaging
- clearing house processing
- superstream gateways
- fund administration systems

- member allocation.

Although employers experience this as a single workflow, it depends upon numerous shared services operating successfully. Each component may be operated by a different organisation and no single organisation has control over all the processes.

DSPANZ recommends that the Practice Statement more explicitly recognise this end-to-end implementation model.

### **Technology failures increasingly arise through shared dependencies**

The draft primarily discusses outages affecting identifiable 'platforms'.

Operational experience suggests failures increasingly occur for a range of different reasons and will not necessarily be easily identified as a 'platform'.

Modern software commonly depends upon:

- cloud infrastructure
- API gateways
- authentication providers
- certificate services
- DNS infrastructure
- telecommunications providers
- payment messaging services
- cybersecurity controls.

An employer's payroll software may continue operating normally while a failure affecting one of these shared services prevents contributions from being transmitted successfully.

Similarly, cyber security incidents increasingly require organisations to temporarily suspend services as part of incident containment and recovery activities.

These events may affect many thousands of employers despite no single payroll platform experiencing a complete outage.

DSPANZ recommends broadening the guidance to recognise dependency failures across interconnected technology services.

### **Payroll timing is often more important than outage duration**

The draft Practice Statement provides indicative guidance based largely on disruption duration.

DSPANZ considers operational timing deserves greater emphasis.

For example, payroll processing follows fixed business cycles. A disruption immediately before payroll processing may remove the entire compliance window available to employers. Conversely, a longer outage occurring immediately after payroll completion may have little practical effect.

Assessments should therefore consider:

- payroll schedules
- employer approval cycles
- banking settlement windows
- clearing house processing
- fund allocation timing
- operational recovery activities following service restoration.

Operational timing is often a better indicator of compliance impact than elapsed outage duration alone.

### **Providing certainty through digital service design**

The Practice Statement explains how determinations will be published.

DSPANZ considers greater certainty can be achieved through modern digital service delivery.

DSPANZ recommends consideration of:

- structured notifications
- subscription services
- developer communications.

These approaches would allow software providers to rapidly incorporate determinations into payroll software and provide employers with timely guidance.

### **Supporting employer self-assessment**

The draft requires employers to determine whether they fall within the class covered by a determination.

While appropriate from a legislative perspective, practical implementation raises several operational questions.

Employers and software providers would benefit from guidance covering:

- whether there is a requirement to retain evidence (for example, software-generated audit reports)
- expected record keeping
- software-generated audit reports
- reliance on incident notifications
- interaction with future compliance activities.

Worked examples illustrating these scenarios would improve consistency across the market.

### **Governance and industry engagement**

DSPANZ recommends formalising engagement with software providers during significant technology incidents.

DSPANZ members frequently identify systemic issues before they become visible through regulatory reporting because they support employers directly and monitor transaction processing across multiple systems.

Early engagement with software providers would improve the evidence available when considering:

- the scale of disruption
- affected employer cohorts
- likely restoration timeframes
- implementation implications
- appropriate communication strategies.

Such arrangements have proven effective throughout previous digital reforms.

## **Recommendations**

DSPANZ recommends the final Practice Statement:

1. Recognise failures affecting shared technology dependencies alongside complete platform outages.
2. Assess operational payroll timing as well as outage duration.
3. Expand examples to include cloud infrastructure, authentication services, APIs and shared digital services.
4. Publish implementation guidance supporting employer self-assessment.
5. Develop machine-readable notification services for software providers.
6. Establish structured engagement with DSPANZ during significant operational incidents.
7. Continue implementation consultation throughout the introduction of Payday Super.
8. Review the operation of the Practice Statement following the first year of implementation to identify opportunities for refinement.