Submission to the

Senate Economics Legislation Committee

Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Bill 2025

Submitted By: SuperAPI Pty Ltd

Date: February 19th 2026

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To the Senate Economics Legislation Committee,

As an ATO Digital Service Provider, SuperAPI has embraced the policy intent of super stapling and engaged with treasury and the ATO since 2023 to implement the ATO Super Stapling API at scale to maximise the policy outcomes, and subsequently to fill the gaps in member details validation that "stapling" was not designed to support.

We have, in a very short period of time, become the industry leader in the field and as such seek to support the passing of the bill in a timely manner, and to do so with minor practical amendments.

Sincerely,

Riley James Cocklin
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Executive Summary

SuperAPI processes employee onboarding for 76,000 Australians each month and operates the largest implementation of the ATO Stapling API in the country. We support the Bill and its policy intent.

Our data shows that the ATO Stapling API alone cannot reliably identify an employee's existing superannuation fund. Only 23% of small business employers can successfully activate the service, and even when activated, the API fails to return a usable result in a significant number of cases.

The Bill as drafted ties the advertising exception in subsection 992AB(4)(d) exclusively to this single service, meaning that when it fails, employees are defaulted into new accounts rather than matched to their existing fund.

SuperAPI already solves this problem by combining multiple verification sources, ATO stapling, direct fund lookups, existing records, and Superstream MVR, achieving an 80% rate of employees successfully nominating their existing fund. The legislation should recognise this approach rather than restricting it.

We urge the Committee to pass the Bill with one targeted amendment: broaden subsection 992AB(4)(d) to recognise any secure, verified method of confirming existing fund membership, not just the ATO Stapling API. Only where no choice is made and no existing membership is identified through any verified source should the employer's default fund apply.

About SuperAPI

SuperAPI provides digital payroll compliance and onboarding services as an ATO Digital Service Provider to a range of Australia's largest and most trusted software brands in HR, Payroll, ERP, and Time and Attendance solutions. This includes TANDA, Deputy, Humanforce, Pronto, CanYou, Payroo, Xonboard (Xero App Partner), who together represent employee payroll onboarding for 76,000 Australians each month.

We were the first to implement the ATO Stapling API following the Your Future Your Super reforms, and have since built Australia's most comprehensive employee onboarding verification platform and quickly becoming the market leader in this domain and a trusted source of truth for the performance of the Stapling reforms for government agencies, our software partners, and a number of the Top 5 superannuation funds in Australia.

What we do for employers

We reduce the compliance burden of employee onboarding by automating the manual work involved in looking up stapled superannuation funds, registering employees with default funds, and validating fund details to avoid failed contributions. This is particularly valuable for SMEs, where payroll is often handled by people without specialist superannuation knowledge.

What we do for employees

We help employees find and nominate their existing superannuation fund during onboarding, rather than being silently defaulted into a new account. By presenting verified membership details from multiple sources, employees can make an informed choice about their super, keeping their existing fund if they want to, or choosing a new one. For employees who don't provide fund details, or provide inaccurate details, our platform retrieves and validates the information needed to ensure their contributions land in the right place from day one.

What we do for superannuation funds

We help funds retain existing members by identifying memberships through multiple verification methods during onboarding. We help create new members through choice and default pathways, reduce duplicate accounts, and keep member data current as employees change roles or addresses, reducing fund administration costs and supporting member lifecycle engagement from hired to retired.

We work closely with superannuation funds using existing secure rails, including SuperStream, to deliver these services. This is how we generate our revenue.

Why are we making this submission?

We believe our current operations champion the intent of the proposed legislation, but the drafting of subsection 992AB(4)(d), which ties the advertising exception exclusively to the ATO Stapling API, creates uncertainty for platforms like ours that draw on a broader set of verification sources to achieve the same policy outcome. We are seeking clarity from the Committee that the legislation, as passed, will support business models that are actively reducing duplicate accounts and improving outcomes for both employers and superannuation funds.

We also wish to highlight our role in supporting employers and superannuation funds as they prepare for the forthcoming Payday Super reforms. Accurate employee data collected at the point of onboarding is critical to avoiding failed superannuation contribution payments under the new payday regime. Our services ensure employers collect verified fund details upfront,

reducing the downstream compliance and administrative costs that Payday Super will otherwise amplify.

To put it simply, it is now well-understood across the industry that employers, and especially small business employers, will not be able to comply with Payday Super efficiently without solutions like ours continuing to roll out rapidly at scale.

How employee onboarding works today

Employee onboarding in Australia currently operates through two distinct methods, manually and digitally.

Manual employee onboarding

This remains common, particularly among smaller employers. This involves paper-based or PDF forms being completed by the employee, physically or digitally exchanged between the employee, employer, and their payroll provider, and then manually keyed into payroll systems. Superannuation choice is handled through printed Standard Choice Forms, and where a stapling check is required, the employer or their bookkeeper must separately log into the ATO Business Portal, enter the employee's details, wait for a result, and re-enter that information into their payroll system. This process is time-consuming, error-prone, and typically takes 20 to 60 minutes per employee for the superannuation component alone.

Digital employee onboarding

This is increasingly adopted by employers of all sizes, through platforms such as those powered by SuperAPI. In a digital workflow, the employee completes their onboarding in a single session, personal details, tax file number declaration, and superannuation choice are captured together, validated in real time, and transmitted directly to the relevant systems.

Stapling checks, direct fund lookups, and member verifications can be performed automatically as part of this process, with results presented to the employee to inform their choice.

The clear expectation from employers and technology providers is that employee onboarding will be predominantly digital within the next few years. Manual onboarding is a significant drag on productivity, and employers are moving away from it as fast as platforms become available to them. As this shift accelerates, the volume of requests to ATO services, including the Stapling API, will grow substantially in line with the pace of digitisation.

This has direct implications for the Bill. As digital onboarding scales, the ATO Stapling service will experience materially increased demand, and the ATO support services will see

a corresponding rise in support requests from employers encountering authorisation failures, access restrictions, and incomplete API responses.

Unless the intention of these amendments is to continue placing burdensome manual processes on employers, such as requiring them to separately log into the ATO Business Portal to perform stapling checks outside of their onboarding software, the legislation should recognise and support the digital pathways that are already delivering better outcomes for employers, employees, and superannuation funds.

What our data shows

Employer demand is strong for stapling, but ATO authorisation is a barrier

With 20,000 employers using our services, and over 2,000 more employers a month signing up, we have consistent feedback from employers and employees who consistently tell us they value this capability. Feedback from employers via the Xero App Marketplace and directly through employee onboarding surveys confirms that both parties see the benefit of finding existing super fund details during onboarding, it solves a real problem and is a key reason they adopt our software.

However, there is a significant gap between wanting to use the ATO Stapling service and being able to. The rate at which employers successfully activate stapling as an automated feature varies dramatically by business size and sophistication. Smaller employers, who stand to benefit most from automation, are the least likely to get through the ATO's authorisation process.

The data below illustrates the scale of this problem and its implications for the Bill's reliance on the Stapling API as the sole verification gateway.

Across SuperAPI's partner network, whose employers collectively employ 1.5 million Australians, the activation gap is stark:

- **Medium sized employers** : 75% have successfully activated the ATO Stapling service.

- **Small business employers**: just 23% have activated it. The remaining 77% have not, meaning their employees cannot benefit from automated stapling during digital onboarding, despite the software being available to them, and SuperAPI's software providing clear guidance, nudges (reminders), and support to do so.

The pattern is clear: the employers with dedicated payroll and IT teams can navigate the ATO's RAM authorisation process. The majority of Australian businesses cannot, and these

are the same employers least equipped to fall back on manual processes when the automated pathway fails.

Even successful stapling authorisation comes at a cost

Of those employers that do successfully set up super stapling, 26% take longer than a week to complete, many requiring multiple calls to their bookkeeper or the ATO support lines to resolve authorisation issues.

This is not an abstract inconvenience, employers setting up stapling via the RAM portal are doing so because they are actively trying to hire someone. Every day of delay is a day an employee cannot be fully onboarded.

The cumulative cost of these delays to the Australian economy in lost productivity and direct administrative costs is significant, and will only grow as digital onboarding scales. This also does not account for the broader economic impact of delayed wages, lost tax receipts, or the downstream effect on superannuation contributions arriving late, costs that will become far more visible under the Payday Super regime.

The stapled fund returned may not be the "right" one

Even when the Stapling Service successfully returns a result, the fund identified may not be usable or accurate:

- In 14% of onboarding sessions, the stapling request fails entirely, returning no result despite the employee having one or more existing fund memberships. This occurs even where SuperAPI has created the employee to employer link and subsequently made the stapling request through the same system, meaning we know the link exists yet the error is still returned.
- The Stapling API only returns a single fund. If an employee holds multiple superannuation memberships, the other funds are not surfaced. The employee has no visibility of their full membership picture if the employer relies on stapling alone. The fund returned might not be the "right fund" from the employee's perspective.
- The fund returned may not be able to receive contributions from the new employer. Examples include public service and government funds, or corporate and employer-specific funds that are closed to external contributions. The Bill provides no resolution pathway for these cases, leaving employers in an administrative dead end.

Taken together, these limitations mean that the Stapling Service, while a useful tool, cannot be relied upon as the sole source of truth for an employee's superannuation fund. Treating it as such, as subsection 992AB(4)(d) currently does, will produce inaccurate outcomes for a material number of employees.

Employee to employer link required before stapling can occur

Before a stapling request can be made, an employee to employer link must exist with the ATO. The only practical way to create this link during a digital onboarding session is through a TFN Declaration submission.

This means the employer must first successfully submit a TFN Declaration, wait for it to be processed, and only then can a stapling request be attempted, adding a dependency and a point of failure before the employee's super choice process can even begin.

This challenge is compounded by the Payday Super reforms. Historically, employers could rely on their first Single Touch Payroll (STP) submission to establish the employee to employer link, and perform stapling after the fact. Under Payday Super, superannuation contributions must be made alongside salary, meaning the employer needs accurate fund details at the point of onboarding, not after the first pay run.

The STP fallback is no longer viable, making the upfront reliability of the stapling process significantly more important than it has been to date.

Utilising multiple sources of super fund membership data

SuperAPI aims to maximise the best financial interest outcomes for employees and members by using all available means to identify, validate, and nominate their existing membership details during onboarding, while maximising the chances that the details provided will result in successful contributions at the first payroll contribution. We have proven that this is systemically critical for the success of the July 1 PayDay Super reforms.

Why multiple verification sources are needed to achieve the policy outcome

Our experience operating at scale has shown that no single data source is reliable enough on its own to consistently identify an employee's existing superannuation fund. The stapling limitations outlined above are one part of the picture, but every available verification source has its own constraints. Achieving a high rate of accurate matching requires drawing on multiple sources and cross-referencing results.

The limiting factors we encounter across all sources include:

Response times vary significantly and affect usability. The ATO Stapling API typically returns a result within 10 seconds, which is workable during a live onboarding session. However, the forthcoming Member Verification Request (MVR) service via Superstream is expected to take up to 24 hours to return a result, making it unsuitable for use during onboarding itself.

MVR is valuable as a pre-contribution validation check, but if it returns a negative result at that point, it is too late: the employee has already been onboarded and the contribution is about to be processed.

Data held by sources can be outdated

Member records held by funds or returned by the ATO may reflect old addresses, former names, or lapsed contact details. This makes matching difficult, particularly where TFNs cannot and should not be used as a matching criterion. We work with our partners to use alternative identifiers, but stale data remains a persistent challenge.

Matching criteria are inconsistent and the underlying data changes frequently

Each fund and data source applies different matching logic and thresholds. The personal details used for matching, addresses, phone numbers, email addresses, change often, particularly among younger workers who move more frequently. A match that would have succeeded three months ago may fail today because the employee has changed address since their last fund interaction.

This is precisely why we use multiple sources. By combining results from the ATO Stapling API, direct fund lookups, existing payroll and HR system records, employee provided details, and Superstream MVR validations, we materially increase the accuracy of identifying an employee's existing fund. Each source fills gaps left by the others. The Bill's reliance on a single source, the ATO Stapling API, as the gateway for the advertising exception does not reflect this operational reality.

The industry is already solving this problem

SuperAPI uses multiple sources of data to find an employee's existing super fund memberships and proactively present them to the employee.

Sources of super fund membership details include:

- Super stapling service from the ATO
- Super fund membership details that already exist in the Payroll / HR System
- Super fund membership details retrieved via direct integration with a super fund and/or administration system
- Super fund membership details as provided by the employee

The introduction of the Member Validation Request (via superstream) provides an additional tool to validate details that have been provided by the methods referenced above.

A platform should be able to present existing super fund memberships for an employee from sources outside of the Stapling Service.

Through our platform, we observe over 80% of employees successfully nominate their existing fund when presented with results from secure direct member lookups connecting to superannuation funds, combined with the ATO Stapling API. By drawing on the breadth of available connections rather than relying on any single source, the likelihood of duplicate memberships or unnecessary account creation is materially reduced.
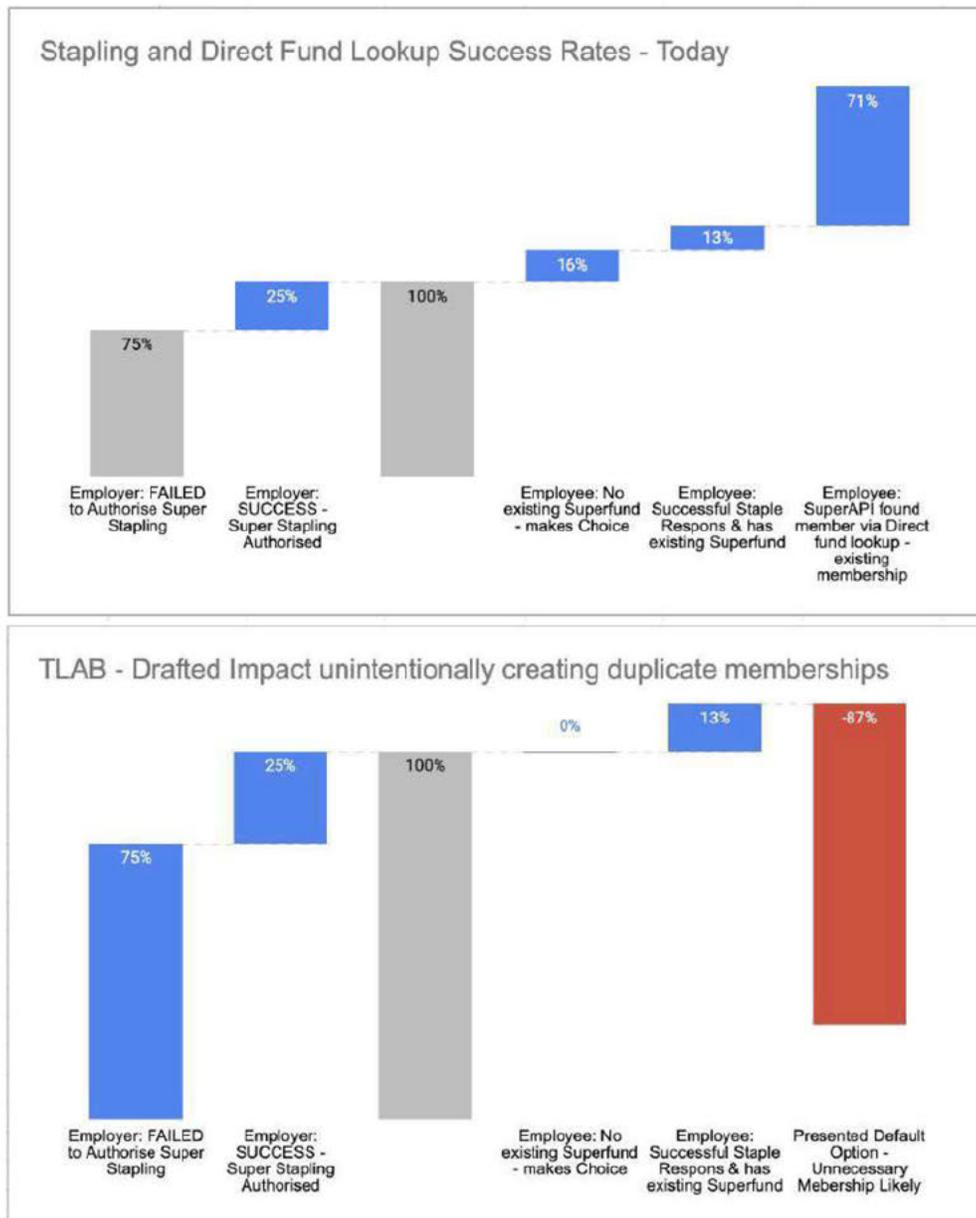
We are working with partners who are now entering trial arrangements with large funds to test the forthcoming Member Verification Request (MVR) service to add a further layer of accuracy. This demonstrates the market actively solving for the policy outcome the Bill seeks to achieve, reducing duplicate accounts and protecting employee interest, without requiring additional investment in ATO infrastructure.

The same logic underpinning the flexibility in Item 3, that employers need room to manage workflow timing, should extend to Schedule 2's treatment of how existing fund memberships are verified. We address this in our response below on Schedule 2.

Unintended consequences of the proposed bill

As currently drafted, the TLAB would prevent us from presenting an employee's existing super fund details during onboarding if the ATO Stapling Service is unavailable or fails to return a result, even where we have confirmed the membership through other verified sources.

The only exemption available in that scenario is for the employer's default fund. The practical consequence is that more employees will be channelled into the default fund despite having an existing fund we can identify but are legislatively prohibited from showing them.

Stapling and Direct Fund Lookup Success Rates - Today

TLAB - Drafted Impact unintentionally creating duplicate memberships

SuperAPI's Recommendations

Schedule 1 - Employee Onboarding Reforms

We wish to highlight the importance of enhancing Schedule 1 and increasing the chance of reducing member duplication of memberships, or opening of unnecessary accounts.

Support for Flexibility in Item 3

The proposed subsection 32R(1A) sensibly allows stapling requests to be made before, at, or after the provision of the Standard Choice Form. This gives employers and their software partners the room to build stapling into their onboarding workflows in the way that works best, rather than forcing a rigid sequence. It also reflects a practical reality: the ATO's current authorisation and security monitoring processes cannot support a mandatory stapling request for every onboarding event. We encourage the Committee to preserve this flexibility.

Schedule 2 - Ban on Advertising Superannuation Funds During Onboarding

Schedule 2 is well-intentioned, but aspects of the drafting risk creating the very problem it sets out to solve.

Schedule 2 as drafted risks creating the problem it is designed to solve

We support the protections Schedule 2 seeks to introduce for employees in reducing duplicate accounts However we note the following concerns regarding the readiness of technology the Bill relies on:

1. **The Bill locks the advertising exception to a single verification source.** The ATO Stapling API is one of several secure methods of confirming an employee's existing fund membership. Platforms like Deputy also draw on direct member lookups via superannuation fund APIs and Superstream Member Verification Requests (MVR) to build a more complete and accurate picture. Our data shows that combining these sources delivers materially better outcomes for employees than any single source alone. By tying the advertising exception in subsection 992AB(4)(d) exclusively to a stapling request under subsection 32R(1), the Bill penalises platforms that use the breadth of available connections to achieve the very outcome the Bill is seeking. The exception should be technology-neutral, recognising any secure, verified method of confirming existing fund membership.

2. **Duplicate accounts will increase due to incomplete API responses**. The ATO is aware that a significant percentage of Stapling API requests do not return a usable

response, even where the employee is a member of one or more superannuation funds. Where the API fails to return a result, the employee will likely be defaulted into a new account. Creating the duplication the Bill is designed to prevent.

3. **Not all stapled funds can receive contributions.** Some superannuation memberships returned by the ATO Stapling API cannot actually accept a contribution from the new employer. Examples include large retail funds with corporate offerings that do not transfer between employers for new contributions. This creates an administrative dead end for employer payroll and HR teams, with no clear resolution pathway in the Bill.

4. **ATO authentication friction causes onboarding dropout.** Our data shows that 80% or more of employees know their existing fund, or wish to stay with it when starting with a new employer. We check for existing memberships during onboarding to help them do this. However, the ATO Stapling API requires a two-factor authentication step (phone or email) for each request. This creates measurable dropout during onboarding, employees abandon the process, and as currently drafted, those employees will likely be defaulted by their employer despite having an existing fund they intended to keep.

Summary of Recommendations for Schedule 1 and Schedule 2

Amend subsection 992AB(4)(d) and the compliance cascade so that the advertising exception and fund verification process recognises the breadth of available sources, not just stapling under subsection 32R(1). An employer or their agent should be able to present existing fund memberships identified through any secure, verified method (ATO Stapling API, direct fund lookups, Superstream MVR) alongside the employee's choice and any eligible MySuper products. Only where no choice is made, no existing membership is identified through any of these sources, and no stapled fund is returned, should the employer's default fund apply.

We recommend the Bill be passed with these minor amendments, and avoid any additional changes that would impose unintended consequences on Australian employers and workers.