

## **What does the 2018-19 Federal Budget mean for the NPP?**

This week's 2018-19 Federal Budget unveiled plans to invest more than \$2.4 billion into 'Australia's public technology infrastructure'. There are items listed within the budget that point to the role the New Payments Platform will play in helping to move Australia to a more efficient and innovative digital economy.

### ***Department of Finance productivity improvements***

The budget included an additional \$10m for the Department of Finance (on top of previously provided \$1.3m) spread over two years to 'strengthen [its] capacity to respond to critical priorities and drive productivity improvements across the Australian Public Service'. The NPP was called out in the Budget Papers as being essential to this work:

"This includes modernising Commonwealth cash management by utilising the New Payments Platform for fast payments which is being rolled out across the banking system in Australia,"

The NPP's ability to support fast, versatile, data-rich payments will play an important role in driving efficiency and process improvements for the Commonwealth, as both a recipient of funds but also in sending faster, data-rich payments to Australians, anytime of the day or week.

As our participating financial institutions progressively rollout their NPP services to customers, we look forward to seeing these benefits delivered.

### ***Single Touch Payroll***

Single Touch Payroll (STP) becomes mandatory for companies with 20 or more employees from 1 July this year. STP gives employers the ability to submit payroll information and superannuation payments with the ATO via their own accounting software.

Its intention is to ease the administrative burden of tax and superannuation reporting, as well as improve compliance. STP will also simplify the administration associated with hiring new employees by enabling digital completion of Tax File Number declarations and superannuation fund forms.

The 2018 budget sets aside an additional \$15 million for the project.

The NPP is well positioned to help the ATO implement this important initiative. Payroll payments could be made real-time, 24x7 together with disbursements for tax or superannuation. Data fields contained within the NPP messages could be explicitly tailored to support the needs of STP.

As banks and accounting software providers embrace the benefits that NPP offers their clients, it will be easier for small and large employers to meet the requirements of Single Touch Payroll.

### ***Cashless society – moves to reduce large cash payments***

The budget included moves to clamp down on cash payments made as part of the 'black economy' by imposing a \$10,000 limit on cash payments to businesses from 1 July 2019.

This has the potential to further fuel innovation in the payments space, with the NPP playing a central role as increasing emphasis is placed on the development of electronic payments.

The NPP can play a role across a wide range of areas – from supporting cashless person-to-person payments between friends and family or paying tradespeople, all the way through to supporting B2B transactions such as e-invoicing.