

The Bond Report June Quarter 2014

Superannuation Industry Trends: APRA Quarterly Data (Data released 21 August)

By James Bond, Chief Economist at the Financial Services Council



Key Points

The 2013-14 financial year saw the strongest growth in total annual contributions to APRA regulated superannuation funds since the GFC (Chart 1).

Total contributions for 2013-14 were \$95 billion, which was \$6.5 billion or 7.4 per cent higher than in 2012-13 (Table 1).

The past 12 months has seen a coincidence of positive factors driving strong contributions.

Concerns around the Euro zone and US debt problems that affected contributions in 2012-13 have dissipated, a second year of double digit returns and bi-partisan support for no negative changes to superannuation have all combined to make 2013-14 a very strong year for contributions.

A lack of confidence in the global economy and mooted changes to superannuation regulation saw growth in superannuation contributions slow to just 2.1 per cent in 2012-13 (Chart 1).

The increase in compulsory contributions from 9.0 per cent to 9.25 per cent clearly had an impact on growth in 2013-14. However, generally most change in total contributions is driven by changes in discretionary contributions.

Annual contributions (2013-14)

- Total contributions for the 12 months to June were \$95 billion, an increase of \$6.5 billion (7.4 per cent) on the 12 months to June 2013. (Table 1)
- This compares to growth of just \$1.8 billion (2.1 per cent) in the 12 months to June 2013. (Chart 1)

Year-on-year (June 2013 to June 2014)

- Total contributions to APRA regulated superannuation funds were \$27.6 billion in June 2014, \$1.5 billion higher (5.9 per cent) than in June 2013. (Table 2 page 2)

Seasonally Adjusted series

- In seasonally adjusted terms, contributions fell marginally (1.5 per cent) between March and June. (Table 3 page 2)

Table 1: Total annual contributions 2012-13 and 2013-14

	2012-13 \$bn	2013-14 \$bn	Change \$ bn	%
Total Contributions (sum of 4 quarters)	88.4	95.0	6.5	7.4

Chart 1: Change in total annual contributions

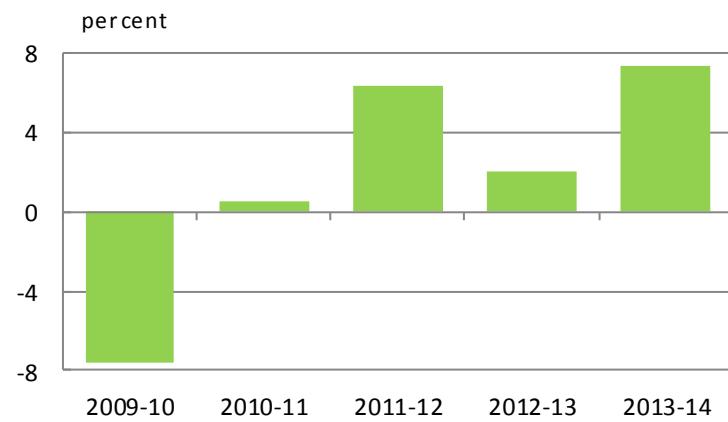


Chart 2: Annual contributions: financial years (sum of four quarters)



Source: APRA Quarterly Superannuation Performance (interim edition) June 2014

Chart 3: Year on year changes (June quarter 2013 to June quarter 2014)

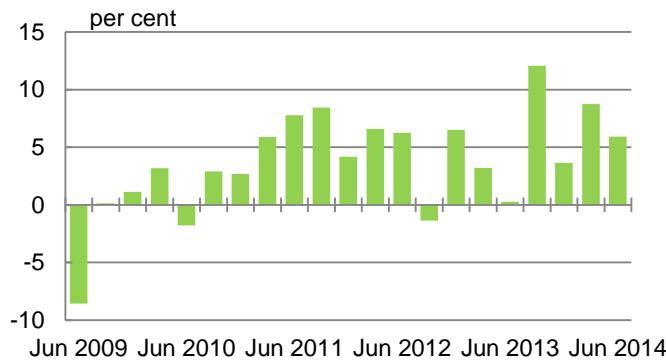


Table 2 Year on year changes (ie June quarter 2014 compared to June quarter 2013)

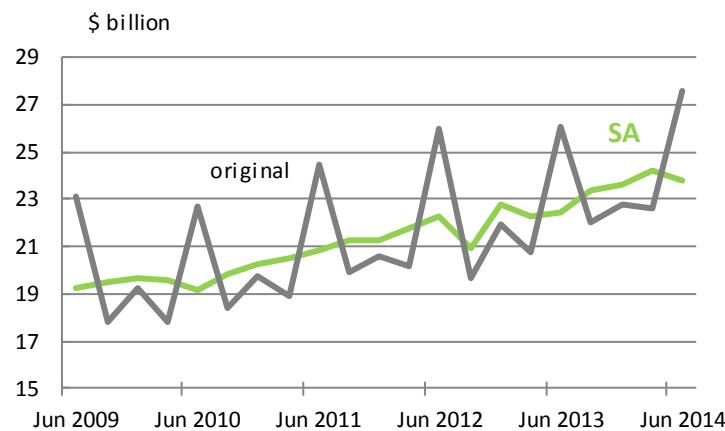
	Jun-13 Quarter \$bn	Jun-14 Quarter \$bn	Change \$bn	Change %
original	26.1	27.6	1.54	5.91

FSC Seasonally Adjusted Series

To facilitate comparisons between quarters, the FSC has developed a seasonally adjusted series of superannuation contributions.*

Superannuation contributions have a strong seasonal pattern (Chart 4). Contributions peak in June each year followed by a significant decline in the September quarter before returning to average levels in December.

Chart 4 Contributions: Original and Seasonally Adjusted



The seasonal pattern means it is difficult to see trends in changes in contribution rates from quarter to quarter. To facilitate comparisons from quarter to quarter, the FSC has developed a seasonally adjusted series.

Table 3 Quarterly Changes – (ie June quarter compared to March quarter)

	March Quarter \$bn	June Quarter \$bn	Change \$bn	Change %
original	22.6	27.6	5.03	22.2
seasonally adjusted	24.2	23.8	-0.36	-1.5

APRA Interim Data:

APRA is revising its superannuation data publications. Previously APRA reported voluntary and compulsory classifications separately which assisted evaluating the impact of sentiment and public policy changes on contributions and adequacy. More detailed analysis will be conducted by the FSC when APRA's new data format is released.

#One-Off Factor June 2012

In June 2011 the NSW Government made a single contribution of \$4.6 billion towards the State's unfunded public superannuation liability. This effectively doubled employer contributions to public sector funds in the quarter. In June 2012 public sector contributions were \$10.9 billion compared to \$5.6 billion in the March quarter and \$5.2 billion in June 2011.

To allow for analysis of trends across quarters and years, the one-off contribution of \$4.6 billion has been removed from the data series for the purposes of this publication.