

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates – 25–26 February 2009

Question: aet 68

Topic: Default Funds Under the Modern Awards System

Hansard Page: E115 (25 February 2009)

Senator BUSHBY asked:

Senator BUSHBY—In relation to the first tranche of default funds under modern awards, what is the anticipated annual flow of contributions into the nominated default funds? Is that something that you can or have looked at?

Mr Jones—We could certainly collect statistics on the contributions to go into the funds because that is the type of information that we would have access to.

Senator BUSHBY—I do not necessarily expect you to have that with you today, but I would be interested if you would take it on notice and, at the same time, provide an indication of what percentage those funds represent of the total superannuation guarantee flow from across the country. What I am after is the anticipated annual flow of contributions into the nominated default funds under the modern award system and what percentage that represents of the overall superannuation.

Mr Jones—In dollar terms or in number of funds?

Senator BUSHBY—Dollars.

Mr Venkatramani—There is a particular clarification. As you know, the contributions which flow into the system consist of different varieties. One is fundamentally the SG, which employers are obliged to pay. Our system also allows employers agreeing contributions plus, under the three-pillar system, voluntary contributions which are post tax. For APRA to collect the flows of these three different streams would be, firstly, costly and, secondly, might be extremely inclusive for individual funds to separate. In terms of formulating the question, are you only interested in the SG or are you interested in all of the contribution streams?

Senator BUSHBY—My preference would be just a percentage of SG, but if that creates difficulties for you or additional expense then whatever you can provide me with any back-up information to explain it.

Mr Venkatramani—Thank you.

Answer:

The Australian Prudential Regulation Authority (APRA) does not have projections for future contributions.

Additionally, superannuation funds do not report the superannuation guarantee (SG) portion of employer contributions separately in APRA returns.

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Superannuation funds report employer contributions received/receivable from the employer(s) for the reporting period. This includes (but is not limited to):

- all mandated employer contributions (SG, SG voucher, award/productivity, and contributions by the employer under enterprise bargaining agreements or under the superannuation entity's governing rules);
- salary sacrifice contributions;
- voluntary employer contributions; and
- contributions by an employer sponsor to reduce the deficit in a defined benefit superannuation entity.

Table 1 provides the growth in employer contributions for industry funds, retail funds and all superannuation funds with more than four members over the last two financial years.

Table 1 growth in employer contributions			
	Industry funds	Retail funds	All superannuation funds with more than four members
2006/07	29%	21%	34%
2007/08	15%	4%	2%