ASFA Research note: Current super balances across Australia

- There is substantial variation in average superannuation balances among Australia's major cities and towns.
- Key reasons for this include differences in demographics – in particular, the cumulative impact of inter and intra-state migration – but also differences in incomes that in part reflect the composition of economic activity and occupations.

This note provides estimates of average super balances among Australia's major cities and towns.

Average super balances

There is substantial variation in average super balances across Australia. Figure 1 shows the average super balance for cities and towns with a population of at least 25,000 people (at least 45,000 people for New South Wales).

Among the major cities/towns identified (excluding capital cities), Newcastle in New South Wales has the highest average super balance (around $203,000), while Melton on the north-west fringe Melbourne has the lowest average balance (around $90,000).

Among the capital cities of Australia's states and territories, Canberra has the highest average super balance (around $254,000), while Darwin has the lowest average balance (around $142,000). Aside from these two extremes, the average balances for the remaining six capital cities are within a relatively narrow range of $170,000 to $190,000 – although there is also considerable geographical variation *within* capital cities particularly in Sydney and Melbourne (see Table 1, Page 2).

When comparing average super balances, there is a host of factors that can explain variations across Australia. Two of the major factors include demographics (specifically, the distribution of the population across age cohorts), and income from wages and salaries.

The impact of demographics

Age distributions can differ markedly across Australia. In large part, this reflects differences in birth rates and the cumulative impact of inter and intra-state migration, and (to a lesser extent) international migration.

This is illustrated by Chart 1 which shows the age profile (for people aged 20 and older) for Australia as whole, but also for the major Australian region with the youngest adult population (Sydney's Inner West/South – for example, Newtown), and the major region with the oldest adult population (the Mid-North Coast of New South Wales – for example, Port Macquarie).

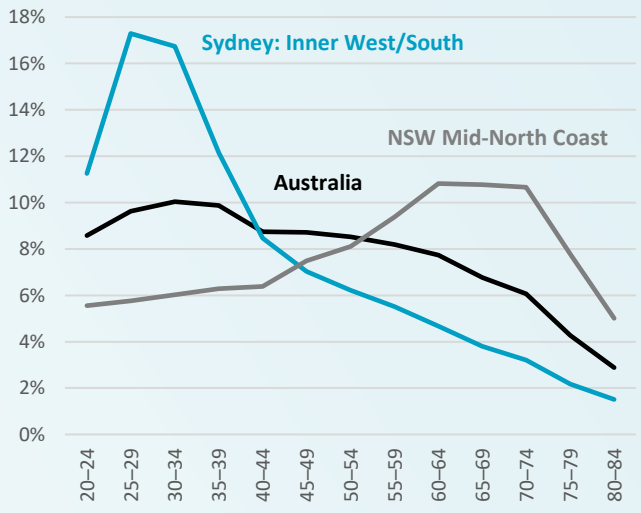
- For Sydney's Inner West/South, 57% of the adult population is younger than 40, compared with only 23% for the NSW Mid-North Coast. For Australia as whole, 37% of the adult population is younger than 40.
- Conversely, in Sydney's Inner West/South only 7% of the adult population is older than 64, compared with 37% for the NSW Mid-North Coast. For Australia as a whole, 22% of the adult population is older than 64.

The relationship between age profile and super balance is complex.

For Australia as a whole, Chart 2 shows the median super balance for each 5-year age cohort (for people who have a super balance).

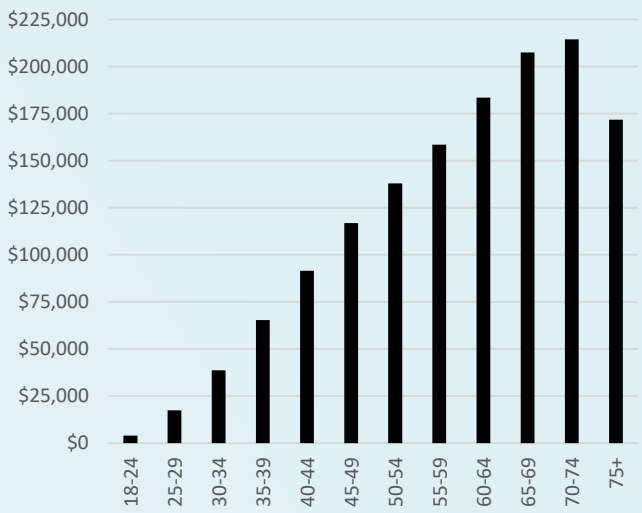
In terms of the working age population, older workers will (all else being equal) tend to have higher super balances. In general, at a particular point in time, older workers will have been in the workforce for longer, will have made super contributions over longer periods, and will have accumulated higher balances (generally peaking at the end of workers' careers).

Chart 1: Estimated adult age profiles, for regions with the youngest and oldest populations
(2021-22)



Source: ABS and ASFA calculations.

Chart 2: Median super balance, by age cohort
(June 2021)



Source: ATO and ASFA calculations.

In contrast, for retirees, it is generally the case that older retirees will have lower super balances than younger retirees – as, at a particular point in time, older retirees will have drawn down more of their retirement savings than younger retirees. Note that the data in Chart 2 exclude retirees who have exhausted their retirement savings (and so would have a zero super balance).

With respect to Chart 2, data limitations mean that it is not possible to show median super balances by 5-year age cohort beyond the age of 74. While this inhibits a direct comparison of balances for older Australians with the trend for working-age balances, the chart does show that for the entire 75+ cohort, the median balance is far lower than for the preceding age cohort (70 to 74).

It is worth noting that in the decades ahead, the distribution of super balances across age cohorts (such as shown in Chart 2) will shift up. The rate for compulsory super contributions (as a per cent of wages/salaries) has risen from 9.5% in 2021 to 10.5% today, with additional rises scheduled: 0.5% on 1 July 2023, followed by 0.5% in each of the two subsequent years (until the rate reaches 12% on 1 July 2025). Workers who enter the workforce today will be contributing at higher rates, for longer periods, compared with previous generations of workers – which will be reflected in higher super balances.

The impact of income from work

Average incomes from work vary across Australia. Chart 3 shows that the average annual income from work (wages and salaries), from lowest to highest, for cities and towns with a population of at least 25,000 people (at least 45,000 people for New South Wales).

From Chart 3, average annual income from work ranges from around $52,000 for Shepparton in Victoria, to around $83,000 for Kalgoorlie-Boulder in Western Australia's Goldfields-Esperance region (note that the average wage/salary data in Chart 3 has been normalised by age).

A major determinant of the geographical distribution of income across Australia's major cities and towns is the composition of economic activity and occupations. For example, in some areas of Australia, relatively high average incomes are associated with the relative dominance of the mining sector – such the Goldfields-Esperance region. Of course, as noted above, the lived experience of many Australians is that they will reside and work in multiple regions across Australia during their lives.

It is worth noting that the geographical variation of income is even more pronounced *within* Australia's capital cities. Within capital cities, the key determinant of the geographical distribution of income is the relative cost of housing (that is, more expensive housing requires higher incomes), rather than the location of specific economic activities and occupations.

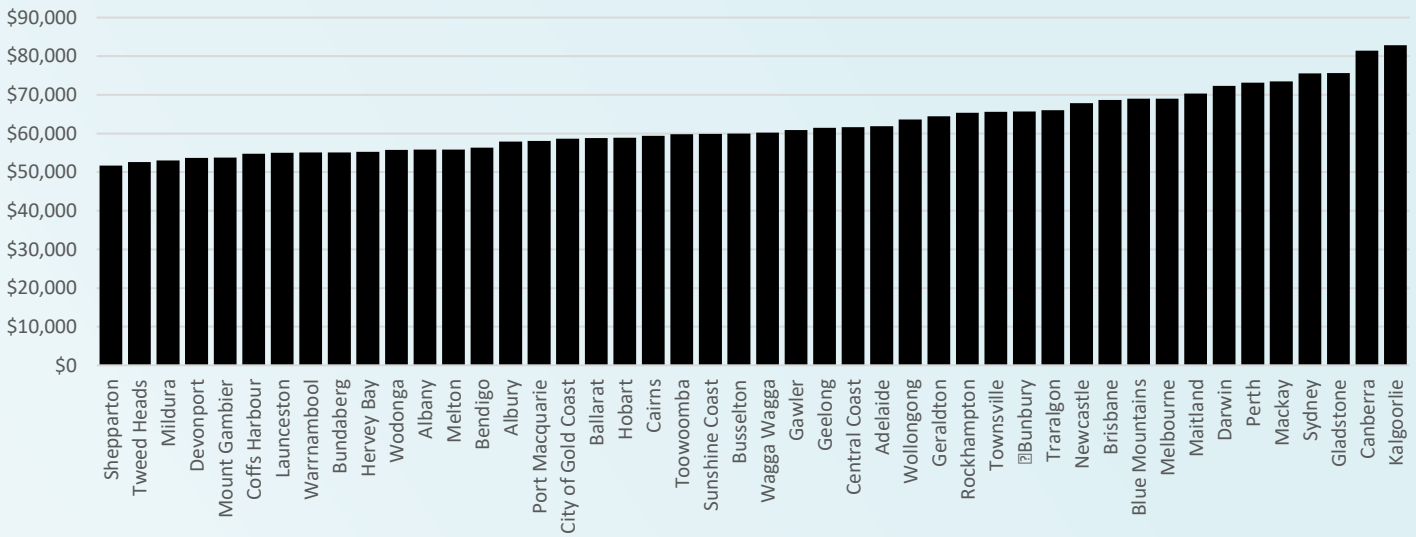
With respect to the effect of income on super balances, all else being equal, higher wages and salaries mean high super contributions and higher accumulated balances.

Table 1: Federal electorates – highest and lowest average super balances (June 2021)

Sydney	Wentworth	$368,000
	Blaxland	$78,000
Melbourne	Kooyong	$385,000
	Calwell	$91,000
Brisbane	Ryan	$284,000
	Rankin	$107,000
Perth	Curtin	$350,000
	Burt	$113,000
Adelaide	Sturt	$234,000
	Makin	$135,000
Hobart	Clark	$177,000
	Franklin (Hobart area)	$175,000

Source: ATO and ASFA calculations.

Chart 3: Average wages/salaries for Australia's major cities and towns (June 2021)*



*Normalised by age
Source: ATO and ASFA calculations.

Figure 1: Average super balance, major cities and towns (June 2021)

New South Wales

Sydney	175,776	Tweed Heads	159,838
Newcastle	202,920	Coffs Harbour	160,701
Central Coast	158,596	Wagga Wagga	172,253
Wollongong	193,189	Albury	176,999
Maitland	167,204	Port Macquarie	185,606
Blue Mountains	192,206		

Victoria

Melbourne	187,326	Shepparton-Mooroopna	151,199
Geelong	170,531	Wodonga	149,276
Ballarat	168,416	Mildura	123,132
Bendigo	162,581	Warrnambool	176,359
Melton	89,703	Traralgon	194,881

Queensland

Brisbane	183,247	Mackay	169,898
City of Gold Coast	146,943	Rockhampton	165,035
Sunshine Coast	198,610	Hervey Bay	157,477
Townsville	182,758	Bundaberg	151,391
Cairns	151,855	Gladstone	173,368
Toowoomba	179,613		

Western Australia

Perth	173,397
Bunbury	155,362
Geraldton	147,368
Albany	156,036
Kalgoorlie-Boulder	117,945
Busselton	165,351

South Australia

Adelaide	184,047
Gawler	162,703
Mount Gambier	149,412

Tasmania

Hobart	178,518
Launceston	153,825
Devonport	137,282

ACT

Canberra	253,687

NT

Darwin	142,474