

# ASFA Research note: Superannuation balances of First Nations individuals

- Newly available data allow a comparison to be made between the average and median superannuation balances of First Nations men and women and those for the Australian population generally.
- Both the incidence of having superannuation and average balances are lower for First Nations people, although coverage and balances have improved over the last eight years.
- Differences in superannuation balances are strongly linked to the historical lower levels of paid employment for First Nations people.
- Policies in place to lift paid employment levels will boost superannuation balances for First Nations people.
- Other policy measures, such as superannuation on Paid Parental Leave and improving and expanding the operation of the Low Income Superannuation Tax Offset will also reduce disparities in superannuation. Avoiding any future general release of superannuation will also assist.

Nations individuals, with around 3 per cent (660,000) of those aged over 15 being First Nations.

Data from the HILDA survey of the Australian population that was extracted especially for ASFA indicates that superannuation coverage for both First Nations men and women is significantly lower than that for the overall Australian population (Table 1). However, in contrast to the general population, more First Nations women have superannuation than do First Nations men.

Both coverage levels and balances are up since 2014, when the coverage rate for First Nations men was 66 per cent and for women it was 56.9 per cent. Median balances were also up from 2014, with the median balance for men increasing from \$13,000 to \$27,000 and from \$15,000 to \$20,000 for women.

However, coverage levels for male First Nations individuals fell between 2018 and 2022. This is likely to have been the result of COVID early release payments emptying low balance accounts.

## Drivers of differences in coverage level

Superannuation balances are strongly linked to length of participation in the paid labour force and to average wage or salary received.

In 2021 Census data indicate that 52 per cent of First Nations people were employed, compared to 74 per

## Superannuation coverage and levels for First Nations men and women

According to the last Census figures, around 3.8 per cent of the Australian population identified as First

**Table 1: Superannuation coverage and superannuation holdings of Aboriginal and Torres Strait Islander men and women who were not yet retired**

	2022		
	% with superannuation	Superannuation balance of those with super (\$)	
		Mean	Median
<i>ATSI Men</i>	67.7%	84524	27000
<i>ATSI Women</i>	70.7%	59839	20000
<i>ATSI Total</i>	69.2%	71656	22000
<i>in contrast to</i>			
<i>ALL Men</i>	86.9%	178416	80000
<i>ALL Women</i>	86.1%	119342	50000
<i>Total</i>	86.5%	149115	60000

Note: statistics are weighted using population weights

cent for the rest of the population. Around 48 per cent of First Nations people were receiving income support payments, compared to around 24 per cent for other Australians.

Difference in average wages also would have been a factor. In 2021, First Nations people were over-represented in labouring and community and personal service occupations. First Nations people were under-represented as professionals and managers, relative to the working age non-Indigenous population – 14 per cent of working age non-Indigenous Australians were managers compared with 8 per cent of First Nations people.

#### **Policy measures to reduce differences in superannuation coverage levels**

Lifting the level of First Nations people in paid employment and improving levels of education and training will lead to greater superannuation balances in due course.

The National Agreement on Closing the Gap has a number of employment related targets. Outcome area 7 sets a target for increasing the proportion of Aboriginal and Torres Strait Islander youth (15–24 years) who are in employment, education or training to 67 per cent in 2031, up from 58 per cent in 2021.

Outcome area 7 sets a target for Aboriginal and Torres Strait Islander people aged 25–64 who are

employed to 62 per cent in 2031, up from 56 per cent in 2021.

More superannuation specific measures will also help increase superannuation balances for First Nations people. These include the announced introduction of superannuation payments in regard to Paid Parental leave.

An expansion of LISTO through increasing its upper threshold for taxable income from \$37,000 to \$45,000 would be of particular assistance to First Nations people given that a higher proportion of First Nations people are employed in modestly paid occupations and industries.

As well, ruling out in the future any generally available early release of superannuation (as was the case with COVID early release of superannuation) would assist in those with modest superannuation balances remaining in the system and not having balances substantially run down.