



Impact of Payday Superannuation on the frequency of contributions



About ASFA

ASFA, the voice of super, has been operating since 1962 and is the peak policy, research and advocacy body for Australia's superannuation industry. ASFA represents the APRA regulated superannuation industry with over 100 organisations as members from corporate, industry, retail and public sector funds, and service providers. We develop policy positions through collaboration with our diverse membership base and use our deep technical expertise and research capabilities to assist in advancing outcomes for Australians.

We unite the superannuation community, supporting our members with research, advocacy, education and collaboration to help Australians enjoy a dignified retirement. We promote effective practice and advocate for efficiency, sustainability and trust in our world-class retirement income system.

Executive Summary

This paper provides data and analysis on:

- The rationale of Payday Superannuation
 - The level of unpaid superannuation
 - The impact at the individual level of having more frequent and more reliable superannuation contributions
 - The aggregate increase in the number of superannuation contributions per month following the introduction of Payday Superannuation
 - The number of individuals who are receiving more frequent superannuation contributions
 - The industries where an increase in the frequency of contributions is likely to be the most common
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Together, these findings confirm that Payday Superannuation will significantly enhance retirement outcomes for the bulk of Australian employees. This will be because of the direct impact of earlier and more frequent contributions and through a reduction in the amount of unpaid superannuation as a result of earlier identification and action in regard to unpaid superannuation.

The number of superannuation contribution transactions per month doubled after the introduction of Payday Superannuation with a substantial amount of contributions brought forward in July 2026.

Preliminary estimates prepared by ASFA based on the various data above indicate that around 7 million Australian workers have moved from quarterly SG payments to mainly fortnightly and weekly, with some being made monthly. A further 2 to 3 million workers are likely to have moved from monthly to fortnightly or weekly SG payments.

Payday superannuation is likely to have the biggest impact for employees in employment in cafes and restaurants, retail, construction, agriculture, accounting and legal, real estate and property services, and hair dressing.

As a result of more frequent and earlier super contributions that will grow and compound over their working life, for the average 25-year-old worker's retirement balance, this is the equivalent of receiving an extra \$6,000 in today's dollars. If a worker is missing out on their super the impact is even greater. In a typical unpaid super case for a 35-year-old, recovering their super leaves their retirement balance more than \$30,000 better off in today's dollars.



Background to the introduction of Payday Superannuation

In the 2023-24 Budget, the Government announced reforms to the Superannuation Guarantee (SG) framework to align the payment of SG contributions with the payment of salary or wages (which is usually on a weekly, fortnightly, or monthly basis), instead of the then quarterly requirements. Wages are required by other legislation to be paid at least monthly.

This reform strengthens Australia's superannuation system and helps ensure that SG is paid on time and in full. The measure is intended to address unpaid superannuation, which totalled nearly \$6.2 billion in 2022-23 alone. However, cases of unpaid superannuation while diminishing in number will still continue due to factors such as sham contracting, cash economy and employer insolvencies. However, given more frequent SG payments unpaid superannuation associated with employer insolvencies should decline. Any shortfalls in contributions will also be more obvious given that contributions are required to be made the same time that a wage is paid.

Employees also will benefit from higher retirement savings from more frequent and earlier superannuation contributions throughout their working life. It will also improve the ability of the ATO and others to identify and manage unpaid SG earlier.

In terms of the impact of more frequent and earlier super contributions that will grow and compound over their working life, for the average 25-year-old worker's retirement balance, this is the equivalent of receiving an extra \$6,000 in today's dollars.

If a worker is missing out on their super the impact is even more significant. In a typical unpaid super case for a 35-year-old, recovering their super leaves their retirement balance more than \$30,000 better off in today's dollars.

Employers will benefit from smoother payroll management where making SG contributions becomes better integrated with payment of salary and wages. There will also no longer be a need to calculate SG on two different earnings bases (OTE or salary or wages) when an employer has an SG shortfall, and there will be more options to self-correct unpaid SG. Smaller, more frequent payments (and earlier intervention) will help prevent a build-up of large SG liabilities for employers.

Accordingly, from 1 July 2026 employers must:

- pay employees their Super Guarantee for each payday (instead of quarterly)
- calculate super based on an employee's qualifying earnings, which is a new term that brings together ordinary time earnings and other payments.

Payday Super does not change:

- who employers have to pay super for (employers continue to need to pay super for eligible employees, including independent contractors paid mainly for their labour)
- the percentage used to calculate super guarantee contributions (still 12%)
- the systems and platforms used to make super guarantee contributions (except for the Small Business Super Clearing House, which has now closed).

Table 1 sets out the historical pattern of SG payments prior to the introduction of Payday Super based on a survey of employers. The table contains survey data from 2022 and the frequency of SG payments may have increased since then.

Table 1: Frequency of superannuation contributions by employee size

	Total	1-4 employees	5-19 employees	20-199 employees	200 or more employees
	N = 1,920	N = 593	N = 750	N = 506	N = 71
Weekly	2%	3%	1%	0%	4%
For nightly	2%	2%	2%	5%	8%
Monthly	46%	36%	54%	73%	75%
Quarterly	43%	49%	40%	21%	13%
Yearly	3%	5%	1%	-	-
Other (Specify)	3%	4%	1%	0%	-
Don't know	1%	2%	1%	1%	-
Total	100%	100%	100%	100%	100%

The Table clearly indicates that prior to the introduction of Payday Super a large proportion of small employers and a minority of large employers paid superannuation on a quarterly basis. Only a very small minority of employers paid superannuation on a weekly or fortnightly basis, but this would include some large employers with many employees. Some owner operators of small businesses who are not subject to the SG might be amongst the small businesses making annual contributions.

There around 12.3 million employees in Australia with a further 2.2 million self-employed. Some of the self-employed will receive SG when they work for a business and are supplying mainly labour services.

While most Defined Benefit superannuation funds are closed to new members, there also is a significant number of employees in such funds. Their funding arrangements do not follow the contribution

requirements for members in accumulation accounts in funded superannuation arrangements. The entitlements of defined benefit members reflect the design of the superannuation scheme rather than being directly linked to employer contributions.

The impact of Payday Superannuation on the aggregate number of contributions

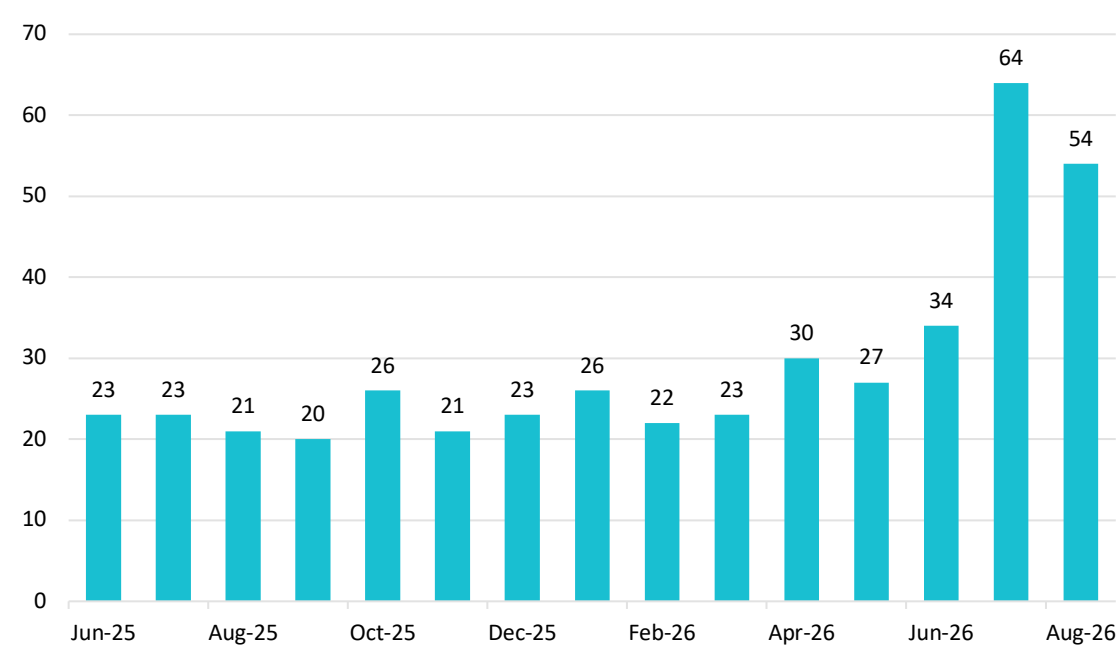
Chart 1 below shows recent data collected by the Gateway Network Governance Body (GNGB) which is an industry owned not-for-profit organisation, whose main purpose is to manage the integrity of the Superannuation Transaction Network (STN). Amongst other things GNGB monitor superannuation contributions made through SuperStream. SuperStream is the government standard requiring employers to submit superannuation data and contribution payments in a consistent electronic format.

In the past contributions to superannuation funds, both SG and voluntary, have shown a marked seasonal pattern. Voluntary contributions tend to peak in June (when taxpayers are aware of how much concessional contribution cap and/or savings are available). Employer SG contributions in the past peaked in the months following the end of each quarter. The month of July 2026 was impacted by both quarterly SG contributions under the previous regime and additional SG contributions due to the introduction of Payday Superannuation.

Going forward, it is likely that the volume of employer contributions will be more evenly distributed over each month of the year, but at a higher number of contributions than in 2025-26.

The total number of contribution messages increased from 27 million in May 2026 to 34 million in June, and then to 64 million in July. In August the volume was 54 million, which is likely to be around the number of contributions being made on a monthly basis going forward, around double the monthly average previously.

Chart 1: Monthly overall volume and flow of contribution message records



The arithmetic of the increase in the number of contributions is shown below for a cameo based on an employee who is on a salary of \$100,000 a year with SG contributions for each financial year of \$12,000. Prior to the introduction of Payday Superannuation quarterly contributions were made for the employee. After introduction, SG contributions are made every fortnight along with wages.

Table 2: Impact on payment frequency and amount of contributions for employee previously having quarterly SG contributions

Month	Contributions
June 2026	None
July 2026	\$3,000 (SG for June quarter) plus \$500 twice
August 2026	\$500 twice
September 2026	\$500 twice
October 2026	\$500 twice

In this example, rather than there being one quarterly contribution there were a total of seven contributions in the September 2026 quarter. Total contributions in the quarter also reflect the SG contributions made in July 2026 for the June 2026 quarter.

Experience has varied across ASFA member funds in regard to the change in SG payment patterns. One fund had 3.5 times volumes of employer transactions after the introduction of Payday Superannuation

reflecting many of their employer contributors are small businesses who were contributing quarterly before.

A fund with more diversified employers had around twice the contribution numbers compared to same month a year earlier and around 1.4 times in contribution values (those paying quarterly would have tended to have more casuals and part-time employees)

A fund with a larger proportion of employees of large employers had around 1.35 times contribution numbers and 1.4 times contributions value.

When APRA releases data for employer SG contributions for the September quarter 2026 the amount is likely to be substantially higher than for the June quarter 2026. However, the level should return to customary levels from the December quarter 2026 onwards. Employer SG contributions averaged around \$34 billion a quarter in 2025-26.

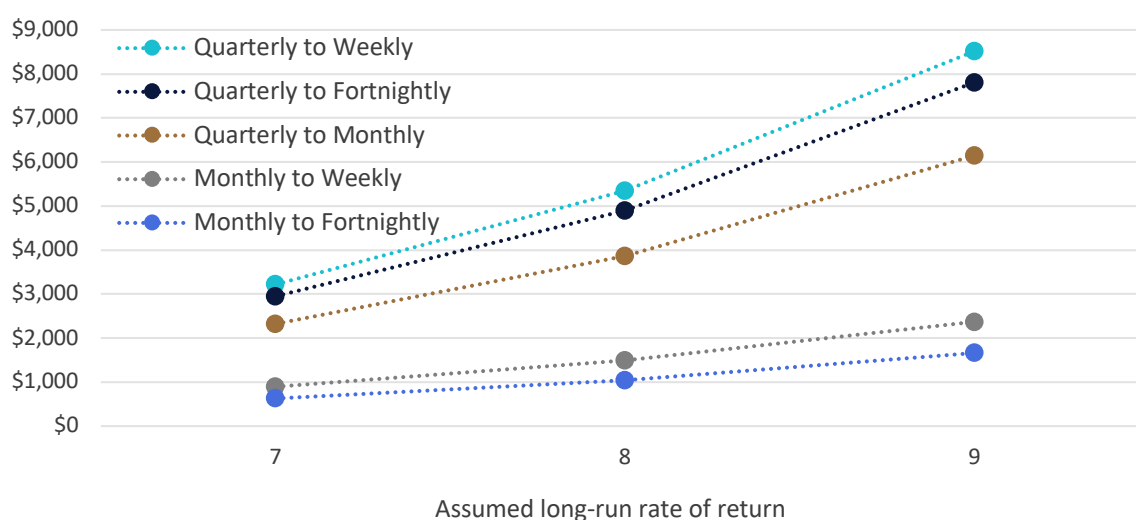
The number of employees having more frequent payment because of Payday Superannuation

Preliminary estimates prepared by ASFA based on the various data above indicate that around 7 million Australian workers have moved from quarterly SG payments to mainly fortnightly and weekly, with some being made monthly.

A further 2 to 3 million workers are likely to have moved from monthly to fortnightly or weekly SG payments.

Chart 2 below indicates the impact on retirement balances for individuals on the average wage.

Chart 2: Impact on superannuation balance at age 67



The industries and employees who will most be impacted by Payday Superannuation

Generally, the greatest impact of Payday Superannuation will be on employees of small businesses, who are the most likely to pay SG quarterly. Some of the industries dominated by small businesses are also likely to have the highest levels of unpaid superannuation. These include:

- Building and construction
- Road transport and freight
- Cafes and restaurants
- Hairdressing and personal beauty services
- Cleaning and carpet services

Small businesses with fewer than 20 employees make up about 97% of all businesses in Australia, and they are most common in sectors like agriculture, real estate, and construction. Industries with relatively high small business and small employer presence are:

- Agriculture, Forestry, and Fishing: Roughly 82% to 94% of businesses in this sector operate as small-to-medium enterprises, often consisting of family-run farms and localized operations.
- Rental, Hiring, and Real Estate Services: Around 75% to 99% of real estate agencies and property services operate with small teams or as independent operators.
- Construction: About 66% to 77% of businesses in construction are small employers, heavily driven by independent builders, trade contractors, and specialized sub-trades.
- Accommodation and Food Services: Local cafes, restaurants, pubs, and regional motels are frequently small, independent employers with fewer than 20 staff.
- Professional, Scientific, and Technical Services: This sector contains the highest total count of small businesses in Australia, including independent accounting, legal, consulting, and engineering practices.
- Health Care and Social Assistance: Rapidly growing segments like allied health clinics, in-home care, and NDIS support providers are increasingly run as small businesses.

Some large employers also are more likely to be quarterly SG payers, including in industries such as retail where there is a mix of small and large employers.

Public sector employers, manufacturers, hospitals, and educational institutions tend to be larger employers.

