SuperStream Benchmarking Report (SRF711.0) quarterly report

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Abstract:

SuperStream Benchmarking Report (SRF711.0) quarterly report: Status and trends in contributions processing by superannuation entities (1 January 2018 – 31 March 2018).

# Quarterly report 1 January 2018 – 31 March 2018

SuperStream’s goal is to enhance the productivity and efficiency of the superannuation system, especially business processes associated with contributions, rollovers and the consolidation of accounts. Industry improvements are intended to lower fees and improved processing flows.

We measure SuperStream's success by tracking its compliance with:

* The Superannuation Data and Payment Standards 2012
* rates of straight through processing
* reduction in processing cost
* improved data quality.

# Benchmarking and evaluation of SuperStream

The ATO, APRA and Treasury consulted with industry in early 2013 to:

* develop a broad approach to SuperStream benchmarking and evaluation
* identify which key outcomes have been achieved.

Wherever possible, these items were sourced from existing collections; in particular:

* APRA’s regular quarterly and annual reporting forms released on 28 March 2013
* Super member contributions statement
* other industry collections such as the ASFA VEDA Core Member Details Benchmark.

During consultation there were a small number of data items that were not yet collected, which would give insight to the rate of take-up of the Standard and direct consequences of its adoption.

See also:

* [SuperStream legislation, standards and schedules](https://www.ato.gov.au/Super/SuperStream/In-detail/Legal-framework/Legislative-instrument/SuperStream-legislation,-standards-and-schedules/#SuperannuationDataandPaymentStandard)
* [Reporting Standard SRS 711.0 SuperStream Benchmarking Measures legislation](https://www.legislation.gov.au/Details/F2015L00827)

## The SRF711.0 collection

The SuperStream benchmarking data is designed to focus on contributions processing by APRA-regulated funds and Exempt Public Sector Superannuation Schemes (EPSSS). It will be conducted quarterly from the September quarter 2015 until the June quarter 2019.

SRF 711.0 is collected by APRA for use by the ATO. This report contains ATO analysis and interpretation of the data reported on SRF 711.0 for the period from 1 January 2018 to 31 March 2018. It includes some reporting entities which have a different financial year end.

# Key concepts

The data tracks the volume and cost of member contributions sent by employers to APRA-regulated super funds and a small number of other super entities.

## Reporting entities

Reporting entities include:

* APRA-regulated superannuation entities (RSEs) with more than four members (except as noted below)
* a number of EPSSS that report to APRA under a heads of government agreement between the Commonwealth and each of the state and territory governments.

SRF 711.0 is not reported by eligible rollover funds, pooled superannuation trusts or single member approved deposit funds.

## Employers

Employers are required under the Superannuation Guarantee (Administration) Act 1992 to send contributions on behalf of their employees at least quarterly, but many report more frequently. Monthly reporting is now the most common frequency.

### SuperStream standard – contributions

The SuperStream standard requires an employer to send – and a fund to accept – contributions in a specified electronic format with a minimum data set and an agreed set of identifiers (for example a tax file number for each member).

Both data and money must be sent electronically and linked by a payment reference number to enable rapid straight-through processing by the receiving fund into a member’s account.

Some alternative electronic methods are allowed under the standard (these are referred in the reporting of this data series as Channel B). These include pre-existing electronic portals operated by some funds which must meet certain minimum operational standards to be considered compliant.

### Non-conforming contributions

Non-conforming contributions refer to a mix of paper-based, electronic and hybrid processes which don't satisfy the requirements of the SuperStream standard. These are often referred to as Channel C contributions although they are not a uniform grouping.

For example, contribution information may be forwarded by an employer on a form by mail with a cheque, some components of data and money may be electronic (for example a BPAY payment), or a digital channel may be in use but falls short of the minimum requirements under the standard.

Typically these types of contributions add cost, time delays, errors or complexity to the processing pipeline with adverse longer-term effects on members. The SuperStream standard aims to reduce contributions coming through these channels to as close to zero as possible.

Note: This report does not include personal contributions made by members in their own right.

### RSEs and YTD reporting

Some RSEs operate with non-standard financial years, meaning that any data reported by these entities on a year-to-date (YTD) basis will not be in line with the rest of the reporting population.

For example, in the March quarter most entities will be reporting their combined first, second and third quarter results on an YTD basis. Entities with a December year end will be starting a new financial year and will only report the current quarter results.

To avoid confusion in interpreting the data series, we've relied on discrete quarterly results for each entity and verified that these reconcile with respective YTD reports. A cumulative YTD and annual view has been built from these quarterly results.

Note: All figures are rounded to the nearest decimal point. Prior quarter figures are revised in later quarters where reporting errors are uncovered or entities have resubmitted data. These refinements are unlikely to have a material impact on the overall picture.

# Key findings

The overall rate of employer contributions complying with the SuperStream standard remains high.

By the end of the March quarter 2018, over 94.5% of all employer contributions were being received electronically and in conformance with the SuperStream standard (includes the combined impact of Channel A and B volumes) a slight increase from the previous quarter which was 94.2%.

When exempt funds are removed from the reporting data, the conformance rate is even higher at 97%.

Table 1: Channel A conforming contribution transactions – quarterly, September 2015 to March 2018

|  |  |  |
| --- | --- | --- |
| Channel A quarterly contribution transactions | Volumes (m) | % of total |
| September quarter 2015 | 12.4 | 39.7% |
| December quarter 2015 | 16.2 | 49.8% |
| March quarter 2016 | 18.1 | 57.2% |
| June quarter 2016 | 20.1 | 57.9% |
| September quarter 2016 | 19.4 | 60.2% |
| December quarter 2016 | 21.7 | 63.7% |
| March quarter 2017 | 22.1 | 67.6% |
| June quarter 2017 | 25.8 | 71.7% |
| September quarter 2017 | 24.3 | 74.6% |
| December quarter 2017 | 26.1 | 75.1% |
| March quarter 2017 | 25.6 | 75.9% |
| Total for the quarters in this period | 231.9 | 63.3% |

Table 2: Channel B conforming contribution transactions – quarterly, September 2015 to March 2018

|  |  |  |
| --- | --- | --- |
| Channel B quarterly contribution transactions | Volumes (m) | % of total |
| September quarter 2015 | 12.3 | 39.2% |
| December quarter 2015 | 11.3 | 34.6% |
| March quarter 2016 | 9.9 | 31.4% |
| June quarter 2016 | 11.0 | 31.5% |
| September quarter 2016 | 10.3 | 32.1% |
| December quarter 2016 | 10.0 | 29.3% |
| March quarter 2017 | 8.5 | 26.0% |
| June quarter 2017 | 7.9 | 22.2% |
| September quarter 2017 | 6.2 | 19.1% |
| December quarter 2017 | 6.6 | 19.0% |
| March 2018 | 6.3 | 18.6% |
| Total for the quarters in this period | 100.3 | 27.4%% |

Table 3: Channel C (non-conforming) contribution transactions – quarterly, September 2015 to December 2017

|  |  |  |
| --- | --- | --- |
| Channel C (non-conforming) quarterly contribution transactions | Volumes (m) | % of total |
| September quarter 2015 | 6.6 | 21.1% |
| December quarter 2015 | 5.1 | 15.5% |
| March quarter 2016 | 3.6 | 11.3% |
| June quarter 2016 | 3.7 | 10.6% |
| September quarter 2016 | 2.5 | 7.7% |
| December quarter 2016 | 2.4 | 6.9% |
| March quarter 2017 | 2.1 | 6.3% |
| June quarter 2017 | 2.3 | 6.3% |
| September quarter 2017 | 2.0 | 6.1% |
| December quarter 2017 | 2.0 | 5.9% |
| March quarter 2018 | 1.9 | 5.6% |
| Total for the quarters in this period | 34.1 | 9.3% |

Table 4: Total quarterly contribution transactions – September 2015 to March 2018

|  |  |  |
| --- | --- | --- |
| Total quarterly contribution transactions for all channels | Volumes (m) | % of total |
| September quarter 2015 | 31.4 | 100% |
| December quarter 2015 | 32.6 | 100% |
| March quarter 2016 | 31.6 | 100% |
| June quarter 2016 | 34.8 | 100% |
| September quarter 2016 | 32.2 | 100% |
| December quarter 2016 | 34.0 | 100% |
| March quarter 2017 | 32.7 | 100% |
| June quarter 2017 | 36.0 | 100% |
| September quarter 2017 | 32.5 | 100% |
| December quarter 2017 | 34.8 | 100% |
| March 2017 | 33.7 | 100% |
| Total for the quarters in this period | 366.2 | 100% |

Note: All figures are rounded to the nearest decimal point. Prior quarter figures are revised in later quarters where reporting errors are uncovered and data is resubmitted by entities. However these refinements are unlikely to have a material impact on the overall picture.

Figure 1: Contribution transactions by channel – quarterly trend, September 2015 to March 2018.

## Channel volumes

Together all ‘conforming’ transactions represent a combined 94.5% of volumes in the March quarter 2018. Channel A transactions have slightly increased to 75.9% in the March quarter compared to the previous quarter of 75.1%. Channel B transactions have declined slightly during the March quarter to 18.6% when compared to 19.0% in the previous quarter.

Non-conforming contributions in Channel C (including exempt funds) as a percentage of total transactions have declined slightly to 5.6% when compared to the previous quarter of 5.9%. When exempt funds are excluded non-conforming contributions in Channel C are even lower at remain steady at only 3.1%.

Figure 2: Contribution transactions (complying and non-complying) – quarterly trend, September 2015 to March 2018.

## Costs of contribution processing

The costs of contribution processing amounted to approximately $35.2 million over the March quarter.

The total value translates into an average cost of $1.04 per contribution processed across the whole sector for the March quarter, indicating a slight increase from the previous quarter.

Table 5: Cost movements – quarterly, September 2015 to September 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cost movements per quarter | Total volumes (m) | Total cost ($m) | Unit cost ($) | Quarterly Trend |
| September quarter 2015 | 31.4 | 40.8 | 1.30 | n/a |
| December quarter 2015 | 32.6 | 39.6 | 1.22 | -6.5% |
| March quarter 2016 | 31.6 | 38.7 | 1.23 | 0.8% |
| June quarter 2016 | 34.8 | 38.7 | 1.11 | -9.4% |
| September quarter 2016 | 32.2 | 37.0 | 1.15 | 3.3% |

Table 6: Cost movements – quarterly, December 2016 to March 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cost movements per quarter | Total volumes (m) | Total cost ($m) | Unit cost ($) | Quarterly Trend |
|  |  |  |  |  |
| December quarter 2016 | 34.0 | 37.0 | 1.09 | -5.4% |
| March quarter 2017 | 32.7 | 35.7 | 1.09 | 0.1% |
| June quarter 2017 | 36.0 | 34.5 | 0.96 | -11.9% |
| September quarter 2017 | 32.5 | 35.1 | 1.08 | 12.5% |
| December quarter 2017 | 34.8 | 35.2 | 1.01 | -6.3% |
| March quarter 2017 | 33.7 | 35.2 | 1.04 | 3.2% |

Note: Data has been rounded to the nearest decimal point.

See also:

* [SuperStream Benchmarking Report (SRF711.0) annual report 1 July 2016 – 30 June 2017](https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Super-research/SRF711-0-annual-report-1-July-2016---30-June-2017/)