



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Estimates**

(Public)

THURSDAY, 11 FEBRUARY 2016

CANBERRA

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**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Thursday, 11 February 2016**

**Members in attendance:** Senators Carol Brown, Cameron, Gallagher, Lindgren, Ludlam, Moore, O'Neill, Peris, Polley, Reynolds, Seselja, Siewert, Smith, Xenophon.

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**EXTRACT – Starting at page 46 of Hansard Proof**

**Senator CAROL BROWN:** We have some questions on the treatment of income from defined benefits superannuation schemes. Does the department have data on the impact of the changes to the treatment of income from defined benefits?

**Mr Whitecross:** As at 1 January 2016, 46,366 DSS recipients received a reduction in pension allowance by an average of \$86.46 a fortnight, and 1,572 recipients had their payment cancelled.

**Senator CAROL BROWN:** So they all were cancelled. Are you able to provide information to us about the number of pensioners across income brackets at all? I am interested in knowing the average income for people who have been impacted and by how much.

**Mr Whitecross:** Well, I think we know who has been impacted, so I suppose it is possible to do some sort of breakdown by assessable income.

**Senator CAROL BROWN:** With regard to the information you have just provided, is that the only way you keep this information? You do not monitor it along income brackets?

**Mr Whitecross:** This is done as a change to their income assessment. The income assessment is recorded into the Centrelink system. We can get management information from the Centrelink system, so we certainly would know what assessable income they had before or after the change. So we could certainly do that.

**Senator CAROL BROWN:** I am interested in their average annual income and the amount of the impact—the reduction.

**Mr Pratt:** Do you want the average income they generate from the defined benefits scheme?

**Senator CAROL BROWN:** That is right.

**Mr Pratt:** And, apart from that, the loss on average?

**Senator CAROL BROWN:** Essentially the pension they receive from their defined benefit scheme.

**Mr Whitecross:** The average reduction I mentioned before is \$86.46 a fortnight.

**Senator CAROL BROWN:** That is on average. Say somebody is on a pension of \$11,400. What is the impact of these changes on them? How much would they lose, if they would lose?

**Mr Whitecross:** Okay. For a specific level of defined benefit pension, in a range, we could work out an average. I guess the caution is that there is not any direct relationship between the size of someone's defined benefit pension and the impact of this change on them because that would depend on the particularities of the defined benefit scheme they are in and how much pre-1983 service they might have had in relation to it. We could calculate an average, but it is whether the average would be very meaningful. You could not then turn around and say someone else with a defined benefit of \$11,000 would get the same reduction as the average. You would have to look at their specific circumstances.

**Senator CAROL BROWN:** I think I would like to go down this exercise, because what you have said is over 46,000 people have been impacted on an average of \$86.40 per week.

**Mr Whitecross:** Per fortnight.

**Senator CAROL BROWN:** Per fortnight, sorry. And 1,572 people have had whatever pension they received from the government cancelled altogether. That is a small amount of 1,572 into over 46,000. I am trying to work out where all this impact really is occurring. You must be able to give me something that is going to make it much clearer than the information you have provided here.

**Mr Whitecross:** We can tell you information about the range of sizes of defined benefit income streams. We can tell you things about the range of sizes of the total assessable income, because these people have usually got other sources of income as well as the defined benefit income stream.

**Mr Pratt:** Would it be helpful, Senator, if we were to look at the affected group and to, say by \$10 per fortnight increments, tell you how many lost \$10 per fortnight, how many lost \$10 to \$20 per fortnight and \$20 to \$30, or something like that?

**Senator SIEWERT:** Yes. That would be useful.

**Senator CAROL BROWN:** Is it possible to get that state by state?

**Mr Pratt:** We will have a look at it.

**Mr Whitecross:** We will look at that. It will go to the size of the job. Yes, we can look at that.

**Ms S Wilson:** We will have a look at what we can do, Senator.

**Senator CAROL BROWN:** Thank you.

**Senator SIEWERT:** The average is \$86. Did I get that right?

**Mr Whitecross:** It is \$86 a fortnight.

**Senator SIEWERT:** A fortnight, yes.