Tasmanian Association of State Superannuants Inc.

By email: senator.carol.brown@aph.gov.au

1 May 2026

Good morning Senator Brown,

It is just over 4 months since you phoned me before Christmas to let me know you would be pursuing opportunities to reform the 10% Cap legislation during 2026. Your phone call was a breath of fresh air as for the first time in the past decade there was a glimmer of hope that action may at last be taken on this legislation which has had a terrible impact on low income retirees in Tasmania.

I am now wondering what progress has been made during the early part of 2026.

As you would be well aware the original intent of this legislation was to impact some “fat cats” on pensions of $120,000 per annum or more who were gaining access to the age pension due to anomalies created in the 2007 reforms to superannuation. Unfortunately the impact of the legislation has been predominately felt by low income retirees.

Subsequently TASS was advised by the Commonwealth Minister that the legislation was introduced to ensure that defined benefit income streams were assessed equitably with other types of lifetime income products when determining access to the age pension. Again this is clearly not the case with a taxable defined benefit income stream subjected to a 10% cap on the amount of income that can be offset, while other taxation exempt lifetime income streams are able to offset 40% of their income stream.

Most recently we were advised that the reason for the legislation was due to some public sector schemes shifting a significant amount of the employer funded component into the employee component for the purposes of determining the deductible amount as part of the 2007 superannuation reforms. Again, we have demonstrated that for retired Tasmanian public servants this was not the case based on written correspondence we received from RBF.

It is quite clear that the Commonwealth government does not really understand why this legislation was introduced as the reason for it seems to be continually changing. This in itself is more than enough reason to review the legislation, if not repeal it. Clearly there are four valid options available to the Commonwealth in regards this unfair and inequitable legislation. Each could be easily adopted through a simple legislative amendment:

1. Repeal the Act it in its entirety;

2. Have the Act only apply to the targeted income group as originally stated - those on defined benefit pensions above $120,000;

3. Apply the same 40% offset to defined benefit pensions as applies to other lifetime income stream products; or

4. provide a specific exemption to RBF members from the Act due to there being no transfer of the employer component to the employee.

Those retirees who are most impacted by this unfair and inequitable legislation are also those who are most impacted by the emergence of significant inflationary pressures such higher fuel costs, rising utility costs, significant insurance charges and most recently the Commonwealth government’s decision to remove the private hospital insurance rebate.

Clearly the Act is not delivering its intent, unless of course the intent was to have a significant financial impact on low income retirees. I trust you are able to give me some good news to share with our members. I remain hopeful that during 2026, after the legislation has been enforce for a decade, sanity will prevail and it will be recognised it is time for change.

Yours sincerely

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