



Superannuated
Commonwealth
Officers'
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21 October 2015

The Hon Christian Porter MP
Minister for Social Services
Parliament House
CANBERRA ACT 2600

Dear Minister

The 10% cap on the part of a defined benefit pension that can be excluded from the income test


I write to you concerning the financial impact of the change to the treatment of the defined benefit pensions of civilian Commonwealth superannuation pensioners. This change, to be implemented from 1 January 2016, results from the Social Services Legislation Amendment Bill 2015 that the former Minister claimed was designed to fix an anomaly that was allowing "48,000 superannuants on higher incomes....to effectively fly under the radar on the income test for the pension."

However, at 30 June 2013, there were 82,526 civilian Commonwealth superannuation pensioners who were receiving 1922 Act, CSS or PSS pensions valued at less than \$30,000 per annum who might be affected by this measure. That is a far greater number of persons than that quoted by the former Minister. Furthermore, I have been told that some Members of Parliament were led to believe that civilian Commonwealth superannuation pensioners would not be affected by the legislation. In addition, a Daily Telegraph article on 7 May quoted the former Minister as saying that private sector defined benefit superannuation pensioners would not be affected. However, CSS and PSS pensioners have been receiving letters from the Department of Human Services saying that they may be affected, and the Act exempts only members of the military defined benefit funds.

Recently a very elderly pensioner contacted me. He was relying on a CSS pension of \$20,000 a year and a part age pension, and he and his wife had no other source of income other than a few dollars in a deeming account. At present, 50% of his CSS pension can be excluded from the income test, but after 1 January only 10% will be excluded. He and his wife will each lose \$100 a week (or \$5,200 per annum) after 1 January. This will result in considerable hardship for that couple. There will be many other low-income civilian Commonwealth superannuation pensioners in a similar position.

The Superannuated Commonwealth Officers' Association respectfully requests that the change be reviewed to ensure that low-income Commonwealth superannuation pensioners who have contributed to their retirement income from their after-tax earnings are not penalised so severely. I thank you for your consideration of this issue and look forward to receiving your response.

Yours sincerely


Dr Annette Barbetti
FEDERAL PRESIDENT