
Australian Council of Public Sector Retiree Organisations Inc.

ABN74202015642

Peak Council representing Commonwealth, including military, State, Territory and other public sector retirees.



12 Muresk St
Farrer ACT 2607

9 March 2016

The Hon. Alan Tudge MP
Minister for Human Services
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Cc: The Hon. Christian Porter MP
Minister for Social Services
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Dear Minister,

Request for data:

The impact of the “10% Cap” on defined benefit pensioners

The Australian Council for Public Sector Retiree Organisations (ACPSRO) is a “peak” body made up of organisations representing Commonwealth, including military, and State Government public sector retirees. As such, many of ACPSRO's member organisations represent defined benefit pensioners.

The “10% Cap” was a 2015 Budget measure legislated under the *Social Services Legislation Amendment (Defined Benefit Income Streams) Act 2015* to cap at 10% the deductible amount (that is, the amount that can be excluded from the income test) for a defined benefit income stream when applying the social security income test, ie defining eligibility for a part Age pension.

The problem is that a wide range of numbers and financial circumstances of those claimed to be affected by the 10% Cap, both singles and couples, have been proffered, both by Government Ministers and by the Department of Social Services. The financial circumstances of many retirees that have been reported to ACPSRO member organisations seem to differ markedly from what has been claimed publicly by the Government and, more importantly, suggest that some retirees are suffering considerable and apparently unanticipated financial hardship.

The 10% Cap came into effect on 1 January 2016. There should therefore have been time for the Centrelink computer systems now to have accurate and easily accessed figures on the impact of the measure.

ACPSRO believes that it would be a matter of good government for the answers to the attached questions to be published promptly so that, if there is unanticipated financial hardship resulting from this measure, it can be corrected promptly. Accordingly, we seek answers to the attached questions.

Yours sincerely.

Richard Griffiths
National President
Australian Council for Public Sector Retiree Organisations

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Questions relating to the impact of the "10% Cap" Budget measure

1. What is the total number of defined benefit pensioners, including partners, who have had their part Age pensions cancelled or reduced as a result of this measure?
2. What has been the total annual saving to the Government of the 10% Cap measure?
3. How many of those defined benefit pensioners, including partners, have had their part Age pensions completely cancelled?
4. What has been the total annual saving to the Government of those *cancellations*?
5. How many defined benefit pensioners (and partners) with defined benefit pensions in the following ranges have been affected:
 - <\$15,000 pa
 - \$15,000-\$19,999 pa
 - \$20,000-\$24,999 pa
 - \$25,000-\$29,999 pa
 - \$30,000-\$34,999 pa
 - \$35,000-\$39,999 pa
 - \$40,000-\$44,999 pa
 - \$45,000-\$49,999 pa?
6. Of all those retirees affected by the 10% cap, how many had no pre-1 July 1983 employer contributions?
7. How many retirees, including partners, were affected by the 10% cap on the basis of pensions purchased with their personal after-tax contributions to their defined benefit schemes?
8. How many defined benefit pensioners are now receiving reduced Disability Support pensions as a result of the 10% Cap?
9. If the following tables can be completed from Centrelink data, they should provide an overview of both:
 - a. the effect of the 10% Cap on different bands of defined benefit pension income levels, noting that \$30,000 pa seems to be the average defined benefit pension; and
 - b. the impact on each different defined benefit scheme's pensions as a whole.

| Defined Benefit Scheme (DBS) | Taxable Income before Reduction | Reduction in pension resulting from change to 10% SINGLE RETIREES | | |
|------------------------------|---------------------------------|---|---------------------------|--------------------|
| | | Number of Retirees affected | | Total \$ reduction |
| | | \$0 Pension remaining | Reduced pension remaining | |
| CSS | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |
| PSS | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |
| DBS 3 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |
| DBS 4 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |
| DBS 5 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |
| DBS 6 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |
| DBS 7 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |
| DBS 8 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |
| DBS 9 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | >\$60,000 | | | |

| Defined Benefit Scheme (DBS) | Taxable Income before Reduction | Reduction in pension resulting from change to 10% RETIREE COUPLES | | |
|------------------------------|---------------------------------|---|---------------------------|--------------------|
| | | Number of Retirees affected | | Total \$ reduction |
| | | \$0 Pension remaining | Reduced pension remaining | |
| CSS | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |
| PSS | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |
| DBS 3 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |
| DBS 4 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |
| DBS 5 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |
| DBS 6 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |
| DBS 7 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |
| DBS 8 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |
| DBS 9 | <\$30,000 | | | |
| | \$30,000-\$60000 | | | |
| | \$60,000-\$120,000 | | | |
| | >\$120,000 | | | |