



**Australian Government**

**Department of Social Services**

Secretariat  
Senate Standing Committee on Community Affairs  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Sir/Madam

**2015-16 Additional Estimates Hearings: Response to a written question on notice from Senator Brown**

At the 2015-16 Additional Estimates hearing for the Social Services Portfolio, Senator Carol Brown submitted a written Question on Notice requesting data on the impact of the changes to the treatment of income from defined benefits. The Department of Social Services advised that the information requested required a detailed breakdown of administrative data and that the analysis would be provided to the committee as soon as practicable.

The answer to the Senator's question has been finalised and is attached to this letter. The Department acknowledges that at the dissolution of the Senate and the House of Representatives on 9 May 2016 for a general election on 2 July 2016, the parliamentary committees of the 44<sup>th</sup> Parliament ceased to exist. We ask that the secretariat provide the answer to the new committee in the 45<sup>th</sup> Parliament at its earliest opportunity.

Thank you for your assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Whitecross'.

Andrew Whitecross  
Branch Manager  
Rates and Means Testing Policy

23 May 2016

**Senate Community Affairs Committee**  
**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**  
**SOCIAL SERVICES PORTFOLIO**  
**2015-16 Additional Estimates Hearings**

**Outcome Number: 1.6 Income Support for Seniors**

**Topic: Treatment of Income from Defined Benefit Schemes**

**Hansard page: Written**

**Senator Carol Brown asked:**

Does the department have data on the impact of the changes to the treatment of income from defined benefits? I am interested in their average annual income and the amount of the impact - the reduction. 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? Including a break-down of the total affected group by \$10/fortnight increments eg, how many lost \$10/fortnight, how many lost \$10-\$20/fortnight and \$20-\$30 etc. 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. Is it possible to get it state by state?

**Answer:**

Due to privacy and data issues, it was not possible to provide data as specified in the question.

Tables 1 and 2 show the impact on single income support recipients and couples who are in receipt of an income support payment in term of total derived income from the change to cap the deductible amount for defined benefit income streams at 10 per cent from 1 January 2016.

**Table 1: Single income support recipients impacted by cap deductible measure by average derived income as at 1 January 2016**

<b>Derived total income range a fortnight</b>	<b>Number of impacted single recipients</b>	<b>Average reduction a fortnight</b>
Less than \$1,200	5,612	\$41.97
\$1,200 to < \$1,400	3,502	\$42.20
\$1,400 to < \$1,600	3,736	\$63.66
\$1,600 to < \$1,800	3,522	\$88.65
\$1,800 to < \$2,000	2,771	\$121.66
\$2,000 to < \$2,200	2,236	\$154.42
\$2,200 to < \$2,400	1,812	\$165.52
\$2,400 to < \$2,600	1,243	\$161.95
\$2,600 to < \$2,800	878	\$168.36
\$2,800 to < \$3,000	515	\$178.50
\$3,000 to < \$3,200	293	\$196.57
\$3,200 to < \$3,400	121	\$196.75
\$3,400 to < \$3,600	61	\$157.55
\$3,600 to < \$3,800	47	\$141.13
\$3,800 to < \$4,000	25	\$165.88
Greater than \$4,000	30	\$164.45
<b>Total singles</b>	<b>26,404</b>	<b>\$93.30</b>

**Table 2: Couples who are in receipt of income support impacted by cap deductible measure by average derived income as at 1 January 2016**

<b>Derived total income range a fortnight</b>	<b>Number of impacted couples in recipient of an income support payment</b>	<b>Average reduction a fortnight</b>
Less than \$1,800	1,205	\$49.51
\$1,800 to < \$2,000	1,146	\$67.96
\$2,000 to < \$2,200	1,445	\$94.11
\$2,200 to < \$2,400	1,421	\$114.74
\$2,400 to < \$2,600	1,434	\$145.49
\$2,600 to < \$2,800	1,396	\$195.25
\$2,800 to < \$3,000	1,046	\$257.05
\$3,000 to < \$3,200	719	\$320.31
\$3,200 to < \$3,400	408	\$390.32
\$3,400 to < \$3,600	205	\$426.02
\$3,600 to < \$3,800	98	\$380.34
\$3,800 to < \$4,000	76	\$292.33
Greater than \$4,000	168	\$270.56
Total couples	10,767	\$164.25

Note that:

- Total derived income is the sum of an individual or couple's total income support payments, income from defined benefit income stream, and other assessable income as assessed under the social security income test.
- For the ranges above, the average reduction will depend on the individual's defined benefit income stream and the change in their deductible amount which will vary for each individual.

Tables 3 and 4 show the number of income support recipients' impact by the change to cap the deductible amount for defined benefit income streams at 10 per cent from 1 January 2016.

**Table 3: Number of single income support recipients impacted by cap deductible measure by reduction in income support payment as at 1 January 2016**

<b>Average reduction a fortnight in income support payments</b>	<b>Number of impacted single recipients</b>
Less than \$50	11,641
\$50 to < \$100	5,194
\$100 to < \$150	3,364
\$150 to < \$200	2,563
\$200 to < \$250	1,632
\$250 to < \$300	1,000
\$300 to < \$350	505
\$350 to < \$400	298
\$400 to < \$450	138
\$450 to < \$500	47
More than \$500	22
Total singles	26,404

**Table 4: Number of couples who are in receipt of income support impacted by cap deductible measure by reduction in income support payment as at 1 January 2016**

<b>Average reduction a fortnight in income support payments</b>	<b>Number of impacted couples in recipient of an income support payment</b>
Less than \$50	3,219
\$50 to < \$100	1,625
\$100 to < \$150	1,267
\$150 to < \$200	1,046
\$200 to < \$250	825
\$250 to < \$300	713
\$300 to < \$350	553
\$350 to < \$400	485
\$400 to < \$450	399
\$450 to < \$500	265
\$500 to < \$550	181
\$550 to < \$600	85
\$600 to < \$650	61
More than \$650	43
<b>Total couples</b>	<b>10,767</b>

Note that

- For the ranges above, the average reduction will depend on the individual's defined benefit income stream and the change in their deductible amount which will vary for each individual.