

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2014-15 Supplementary Estimates Hearings

Outcome Number: 1

Question No: 242

Topic: Pensions - indexation Budget measure

Hansard Page: Written

Senator Brown asked:

The PBO recently forecast that as a result of the proposed changes, the associated save to the Budget bottom line would be \$23 billion by 2023.

1. Has the Department done any forecasting for itself over this or a similar period?
2. Does the Department have any reason to doubt the accuracy of the PBO's forecast?
3. Please provide the Department's own forecasts broken down by year, month, week?

Answer:

1. Yes. The Department has projected the impact on expenditure of the measure to index pension and Parenting Payment Single to the Consumer Price Index over the medium term to 2020-21.
2. The Department's understanding is that PBO calculations relate to all factors affecting Age Pension expenditure. The Department has not sought to replicate all PBO calculations.
3. The breakdown of budget forecasts by month or week is available only by annual expenditure. The Department's forecasts in relation to the measure to index pensions and Parenting Payment Single to the Consumer Price Index over the medium term are provided below.

Estimated savings over the medium term - indexing pensions and Parenting Payment Single to the CPI only

Payments	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Age Pension	\$0.000 m	\$0.000 m	\$0.000 m	-\$177.499m	-\$605.040 m	-\$1084.028 m	-\$1607.069 m
Disability Support Pension	\$0.000 m	\$0.000 m	\$0.000 m	-\$57.364 m	-\$192.714m	-\$339.919 m	-\$497.164 m
Carer Payment	\$0.000 m	\$0.000 m	\$0.000 m	-\$20.756 m	-\$74.328 m	-\$139.357 m	-\$215.284 m
Bereavement Allowance	\$0.000 m	\$0.000 m	\$0.000 m	-\$0.015 m	-\$0.054 m	-\$0.101 m	-\$0.157 m
Widow B Pension	\$0.000 m	\$0.000 m	\$0.000 m	-\$0.030 m	-\$0.094 m	-\$0.154 m	-\$0.210 m
Wife (Age)	\$0.000 m	\$0.000 m	\$0.000 m	-\$0.331 m	-\$1.007 m	-\$1.601 m	-\$2.075 m
Wife (DSP)	\$0.000 m	\$0.000 m	\$0.000 m	-\$0.248 m	-\$0.679 m	-\$0.937 m	-\$0.987 m
Parenting Payment (Single)	-\$1.502 m	-\$16.636 m	-\$44.203 m	-\$75.242 m	-\$115.132m	-\$157.087 m	-\$199.093 m
Total	-\$1.502 m	-\$16.636 m	-\$44.203 m	-\$331.486 m	-\$989.049 m	-\$1723.185 m	-\$2522.039 m
Cumulative total	-\$1.502 m	-\$18.138 m	-\$62.341 m	-\$393.827 m	-\$1382.876 m	-\$3106.061 m	-\$5628.101 m