

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

Outcome Number: 1

Question No: 249

Topic: Pensions - indexation Budget measure

Hansard Page: Written

Senator Brown asked:

The Prime Minister and indeed the Minister often compare the Government's decision to index pensions by CPI only with indexation arrangements for family tax benefits.

1. Can the Department please outline the differences between a Family tax Benefit and a pension?
2. Can the Department please confirm that the pension is a primary payment, while family tax benefits are essentially supplementary payments to assist with the cost of raising children?
3. Is it fair to say that without exception, the pension would form a larger part of a household's income, than family payments would?
4. Does the Department accept that in most cases, changes or reductions to pension indexation will impact more significantly on a person's actual income than that for Family Tax benefits?

Answer:

1 & 2 A pension is an income support payment designed to provide eligible recipients with a basic acceptable standard of living.

Family Tax Benefit is paid to parents or guardians to ensure that children in income support and other low income families have a basic acceptable standard of living and to help with the cost of raising children in low to middle income families.

3 No. Family payments paid for the children in the household could represent a larger proportion of household income than income support for the parents from a pension. Proportions will vary depending on the type of pension, the number and ages of eligible children in the household, and the amount of any private income and how it is shared between members of a couple.

4. No.