

**Senate Community Affairs Committee**  
**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**  
**Social Services Portfolio**  
**2014-15 Budget Estimates Hearings**

**Outcome Number: 1**

**Question No: 313**

**Topic: Indexation Changes**

**Hansard Page: 04/06/2014 CA 103/104**

**Senator McLucas** asked:

Can the Department provide any work completed to ascertain what the pension rate will be under the new arrangements for each of the following: single full rate, couple full rate, and parenting payment. Under the new arrangements compared with the current arrangements after one year, four years and 10 years.

**Answer:**

Projected fortnightly pension rate after implementation - new arrangement compared with current:

<b>Parenting Payment Single</b>	<b>One year after implementation</b>	<b>Four years after implementation</b>
PPS - CPI only	\$716.40	\$770.90
PPS – current settings	\$718.90	\$789.00

<b>Pensions</b>	<b>One year after implementation</b>
Single – CPI only	\$864.40
Single – current settings	\$874.20
Couple (each) - CPI only	\$651.60
Couple (each) – current	\$659.00

The costing for the measure to index pensions by CPI only is based on current Treasury parameters which cover the forward years to 2017-18. Projected rates are based on those Treasury forecasts. Actual rates will depend on future movements in inflation and wages growth.

The new arrangements for Parenting Payment Single (PPS) are due to commence in 2014-15 and the projected fortnightly payment rates for PPS are annual averages for 2015-16 and 2018-19. For all other pensions the change to indexation arrangements will not occur until September 2017 and the projected fortnightly payment rates is an annual average for 2018-19.

Projections for the years beyond the forward estimates period will depend on movements in all uprating parameters, which is difficult to predict. Treasury projections for these parameters beyond the forward estimates are not available. Any projections beyond the forward estimates would be highly speculative.