

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2013-2014

Finance Portfolio

Department/Agency: Department of Finance

Outcome/Program: 1/1.1

Topic: Superannuation Indexation Unfunded Liability

Senator: Wong

Question reference number: F20

Type of question: 'Hansard' with F&PA page 72, 19 November 2013

Date set by the committee for the return of answer: Friday 17 January 2014

Number of pages: 1

Question:

Senator WONG: I appreciate that. Have you actually gone through to make the PBO costing add up? I am happy to take it on notice.

Ms Ong: No.

Senator WONG: Why don't we just do that, rather than try to do it this way? If you can go through and explain to us how you understand the reconciliation between the PBO costings and what Finance has put on the public record in the context of the Senate inquiry—with actual numbers. This change meant this much. Shall we do it that way?

Answer:

The main differences between the two costings are attributable to differences in:

- start dates; and
- underlying assumptions used for the basis of the costings including the assumed rate of indexation that would flow from the different proposed indexation arrangements.

In addition, the PBO costings take into account the former Government's proposed measure entitled *Military Superannuation – higher indexation for DFRDB and DFRB pensioners over 65 years of age*, as set out in the 2013 Economic Statement and include an allowance for the impacts of taxation receipts and other Government payments.

Quantifying the differences in dollar values would involve Finance seeking external actuarial advice. This would involve an unreasonable diversion of departmental resources.