



FAIR GO FOR PENSIONERS (FGFP) COALITION VICTORIA INCORPORATED

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Date 12/9/2022

The Hon. Anthony Albanese MP,
Prime Minister,
Parliament of Australia,
Canberra ACT.

Dear Prime Minister,

Call for a Review of the Pension Rate formula and CRA.

We at Fair Go For Pensioners in collaboration with the LIFE Campaign and supported by our affiliate members, which includes retired unionists and community groups, are deeply concerned that the current pension rates have not come to your attention for urgent review.

More pensioners on the Single rate are now living below the official poverty line and suffering extreme hardship. The recent announcement of a much-anticipated increase in pension rates will do nothing to ease the pressure on pensioners, given that the well documented increases in cost of housing, transport, utilities and groceries in the past six months are not reflected in a current CPI, MTAWWE or PBLCI, the basis of the increase.

Based on the explanation below received from the Department of Social Services, we have carried out a detailed analysis and we have determined that the process of bi-annual adjustments no longer satisfies the vital principle contained therein:

Under social security law, base pension rates are indexed every March and September to ensure they keep pace with increases in the cost of living. These rates are calculated according to provisions in legislation and are not a decision of Government. The cost of living is measured by the Consumer Price Index (CPI) and the Pensioner and Beneficiary Living Cost Index (PBLCI) Base pension rates are also benchmarked to Male Total Average Weekly Earnings (MTAWWE) to align them with community living standards. The couple base pension rate is benchmarked to 41.76 % of MTAWWE with the single base pension rate benchmark equivalent to 27.7 % of MTAWWE

Despite significant changes to the economy and fiscal policy since 2009, when this legislation was introduced, it appears that the indexes contained in the above formula have not been reviewed or authenticated since. As a result, these indexes and supplements are skewed and not fit for purpose and must be independently audited to restore appropriate checks and balances to maintain the legislated principle:

“to align them with community living standards.”

- PBLCI Pensioner & Beneficiary Living Cost Index: Cost components fall well short of reality.
- MTAWWE Male Total Average Weekly Earnings—This measure (All Employees) builds in downward pressure on the age pension and is not fit for purpose.

Continued Page 2>

- Ratio between Single/Couple pensioners, (currently 27.7%/41.76%) of MTAWE- should be 35%/41.76%. of MTAWE – Ordinary Earning category.
- CRA Commonwealth Rental Assistance. As a safety net this supplement has not kept pace with realistic housing/rental costs as it has been measured against CPI. causing a national housing crisis.
- Substantial state Land Tax costs are imposed on renters via the landlords, further contributing to the cost of housing and homeless crisis.

We are researching and reviewing the current system, including ongoing discussions with affiliate members despite the obstacles imposed by the COVID pandemic. What we find is widespread dissatisfaction with a process of neglect where there is obvious evidence of financial hardship contributing to: homelessness, isolation, elderly abuse, malnutrition, and mental health issues caused by anxiety. Single female pensioners are the hardest hit.

Prime Minister, given your pre-election assurances that “no-one would be left behind,” we request you instigate an urgent audit and open a line of communication for us to ensure the indexation process meets the criteria whereby pensioners’ living standards align with community standards and pensioners get a fair go. This should not be contingent on the economy.

Fair Go For Pensioners looks forward to your prompt response.



Joe Montero.

President

Fair Go for Pensioners Coalition Victoria Inc.