



Explainer: Campaign Against Pensioner Poverty

No Pensioner Left Behind!

Petition to raise the age pension.

Reason

We the undersigned call on the Australian Government to address the **failure to maintain the Age Pension at a level that aligns to acceptable community living standards**. Age pensioners are now living **at or below the poverty line**, because of obsolete statutory methods of calculating the six-monthly increases. This is significantly contributing to the rise in homelessness, malnutrition, isolation, and physical/mental health issues.

Subject to the 2023 pension increases, at the May 2024 Budget the dollar amount of the Base Pension Rate for single pensioner must be lifted to \$655/week and for couple pensioners, \$769/week.

Request

That **Male Full-time Adult Ordinary Time Average Weekly Earnings**, replace Male Total Average Weekly Earnings as the benchmark to align with community living standards.

That the single age pension base level be set at **35% of that standard**, and the couple rate shall be maintained at the current relativity.

That the current concept for six-monthly increases be maintained on that basis.

Click here to sign the petition.

<https://www.megaphone.org.au/petitions/no-pensioner-left-behind>

Our petition...

- Alerts pensioners, their families, and the community that many now live in poverty.
- Explains how the current system makes that happen.
- Enables Aged Pensioners to be consulted in the 6-month adjustment process.
- Explains how industrial wages, especially the Annual Wage Review, affects the pension.

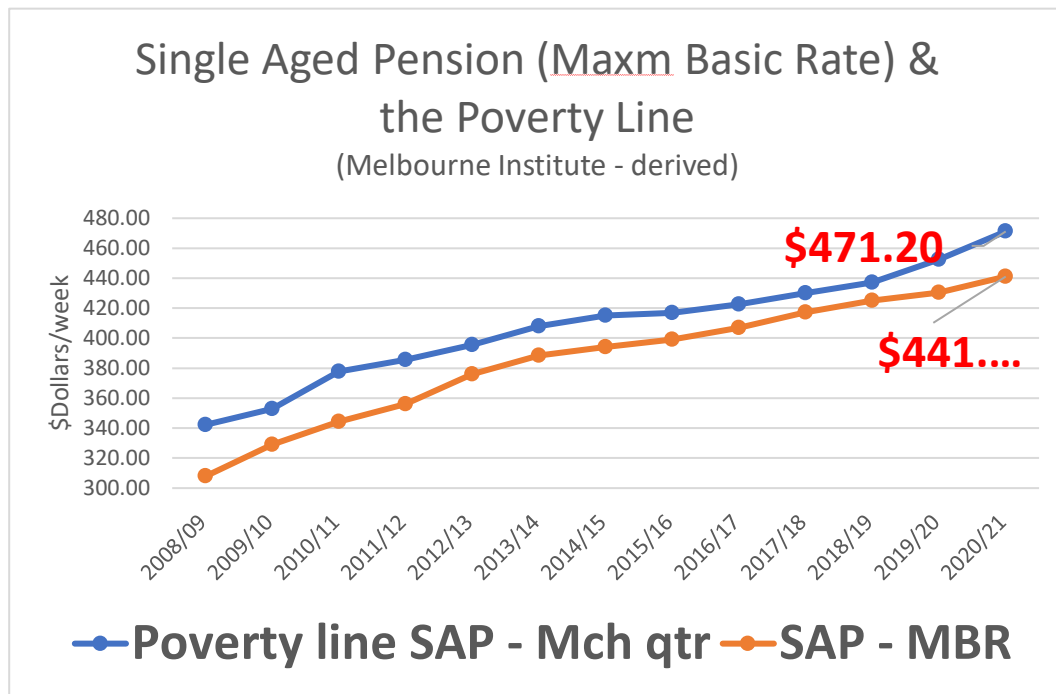
**QCode link to
Megaphone petition**

The basics and the poverty line

The total aged pension has 3 components: the maximum basic rate (MBR), the maximum pension supplement (MPS), and the energy supplement. The MPS does not apply to every pensioner – because of the income and assets tests.

Therefore, the MBR is the relevant component to assess poverty.

This graph shows the link between the MBR (all aged pensioners) and the poverty line for pensioners. It shows the growing disparity between the two now measures \$30.20 per week.



The 6 monthly adjustment

The social security law sets out how the aged pension is adjusted. Official correspondence to us from Dept of Social Services explained how:

The Age Pension (AP) is adjusted on March 20 and September 20 each year.

- First, the ABS provides the data: the CPI (headline inflation), the PBLCI (Pensioner Beneficiary Cost of Living Index), and the MTAW (Male Total Average Weekly Earnings).
- Second, whichever is the highest, – CPI or PBLCI – is used in the first instance to set any increase and that is compared to a percentage of the benchmark All Employee MTAW to align with community living costs.
- The increases are calculated by the following ratio:
 - For combined couples – **41.76% of MTAW**, and
 - For Singles – 66.33% of the combined couple rate; that is **27.7% of MTAW**.
- The new pension rate is then announced.
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Pensioner organisations do not play any role in the process.

The covid pension cut – September 2020

- Falls in the CPI and the PBLCI led to no increase in the pension for September 2020, the first 6 months or so of the covid pandemic.
- Instead, pensioners were given two \$750 Economic Support Payments during 2020 as part of the Government’s COVID 19 response packages. That’s **less than \$3 per week** over the first year of the pandemic.
- **But MTAWWE increased by 2.6% in May 2020.**
- **Shouldn’t the AP have been adjusted to ensure the relativity to male total average weekly earnings (MTAWWE)?**
- **For singles that should have been \$12.28, with flow-on effects afterwards.**

Official measures of cost of living don’t compare to pensioners’ lives.

Also, the ABS cost of living measures fail to understand the real-world aged pensioners live in. For example, we say the PBLCI measure grossly undervalues real housing costs, especially for single pensioners, by over \$200 per week.

This is a big factor in the drift to poverty and must be changed.

The aged pension relativity to the wages measure pushes pensioners into poverty.

We agree the relativity of the aged pensions to wages is a good idea. However, the current link is to All Employee MTAWWE, the **wrong measure** of wages.

What is MTAWWE?

- *Male Total Average Weekly Earnings. All male employees (Line 3), employees sampled include [junior or apprentice rates and part-time employees, and part-time casuals](#).*
- One of 3 measures of wages that could be used to establish age pension relativity to wages.

1	Adult Gross (with overtime) MTAWWE.	\$2,003.20 per week
2	Adult Ordinary Time MTAWWE - 38/36-hour weekly rates	\$1,906.20 per week
3	All employees MTAWWE– incl. apprentices, juniors, part-time etc	\$1,618.70 per week

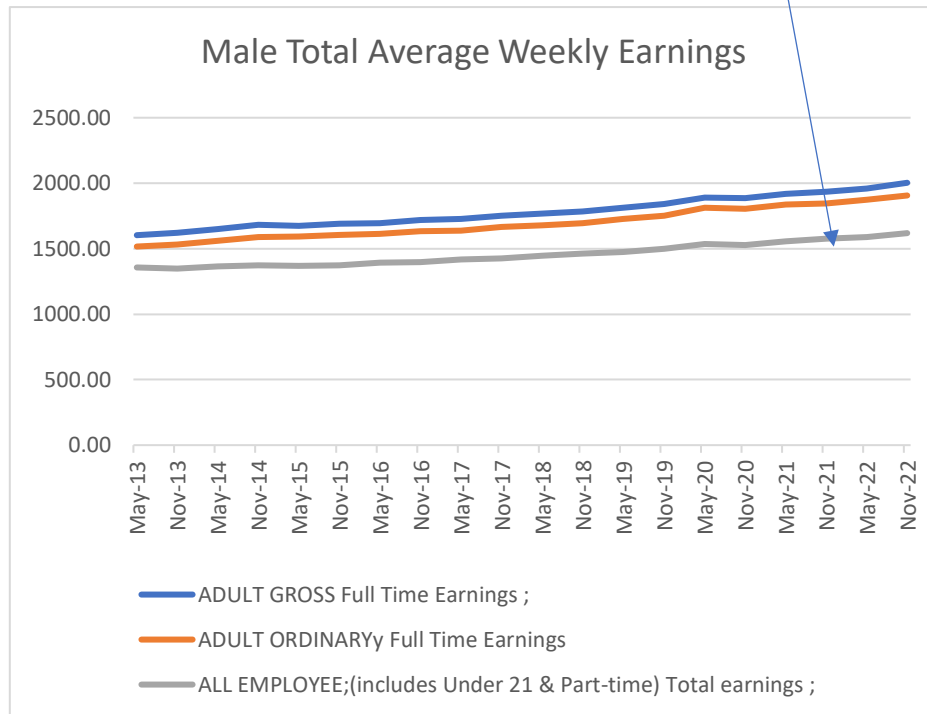
Line 3 above is the worst of the 3 possible standards and is the wrong comparison because it does not fairly reflect community living standards.

- It is the fastest declining measure of wages. The gap between MTAWWE and the other 2 is getting bigger. It is a **deteriorating** living standard.
- It includes the most precarious and junior parts of the workforce and **does not express adult standards**. Pensioners are not young, by definition, not in precarious work, and do not work overtime.

For age pensioners, **the correct comparison is line 2**: Adult Ordinary Time MTAWWE. That is, for single pensioners 27.7% of that, and for couples 41.76% of that.

This graph demonstrates the continuous decline in the All Employee Male Total Average Weekly Earnings against the appropriate measures.

This declining measure is no longer fit for purpose.



Therefore the “community standard” for the pension must be changed to the average wages for full time Adult workers – Male Full-time Adult Ordinary Time Earnings

That means the current statutory benchmark for single pensioners should be \$655 per week.

Our proposals mean:

- Retain the formula of the current system: living costs – average wages.
- Switch the wages benchmark to Adult Ordinary Time MTAW
- Make the PBCLI relevant against pensioner real lives.
- Lift the single age pension to \$655 / week fortnight.
- Enable a pensioner voice - A twice-yearly review meeting with relevant Services Australia officials and staff who are calculating the relevant increase.