

Submission: Re the Age Pension – Campaign Against Pensioner Poverty

Introduction

About 25% of Australia's age pensioners (APs), probably more, are living at or below the poverty line. That is about 700,000 people. We say that is not acceptable and fixing it is a priority.

In recognition of this problem the Campaign Against Pensioner Poverty (CAPP) was established. The Campaign is supported by various groups at both the national and local levels, including the Australian Manufacturing Workers Union Retired Members Division, its parent union at national and state levels, Fair Go for Pensioners, ACTU's Retired Unionists Network, and state RUN's.

The Age Pension (AP) was last re-set in September 2009, to prevent pensioner poverty, when the single rate was increased by 12%, and the benchmark increased by 11%. Several Ministers in that Labor government are in the current Ministry and will remember their embrace of that commendable principle.

Work done by the Campaign includes addressing many local meetings, a petition currently being circulated, and background research.

The work done to date has identified problems with the way the pension rate is set, so this Budget submission sets out what needs to be done to fix them.

1. We propose retaining the current legislated system but amending the relativity of the AP to the wages of a matching community, not the current one. Changing the pension relativity of the age pension to the correct average wage standard is the best way to raise and consolidate the age pension above the poverty line, making it less vulnerable to reduction by a different government, and entrenching community acceptance of it.
2. We estimate that is an increase in the single age pension rate at \$25.79 per day – proportionately for couples – needed to lift all AP's marginally above the poverty line. We agree that this increase can be phased within 3 years, starting for example at \$10 per day.

3. This will restore the total spent on the age pension to past, better standards and lift all pensioners above the poverty line so that they can live in comfort relative to the current situation.
4. The main reason is the inadequate measures for fixing the pension rate every 6 months relative to an obsolete, non-matching community standard (and measures of the cost of living). We do agree with the principle of the current system. However, over time it has eroded and made it possible for the AP to stay above the current required wage relativity but below the poverty line.
5. We assert our proposed increase is affordable and can be funded through tax reform and shifts from some current priorities that deliver government funds to corporations and individuals that do not need it.
6. We propose also a public based consultation to review and repair the living costs indexes used for the Age Pension.

Specific requests for the Budget 2026-7: Campaign Against Pensioner Poverty (CAPP):

We seek **a second consultation meeting** with the Minister, the Hon. Tanya Plibersek MP, in early-mid March 2026 to discuss her response to this Budget submission.

Our specific proposal follows and then we elaborate on that.

Our specific proposal:

1. Specifically, we request the following for the 2026 Commonwealth Budget:
 - 1.1. 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.
 - 1.2. That the single age pension base level be set at 35% of that standard, and the couple rate shall be maintained at the current appropriate relativity in proportion to it.
 - 1.3. That the current concept for six-monthly increases be maintained on that basis.
2. **Why is this necessary and important?**
 - 2.1. The current statutory method uses a community standard that does not match the reality of age pensioners lives. The Age Pension (AP) now falls below acceptable and matching community living standards.
 - 2.2. This contributes significantly to the rise in homelessness, housing precarity, malnutrition, isolation, and physical/mental health issues, all of which are indicators of poverty.

Subject to the March '26 pensions increase, at the May 2026 Budget the dollar amount of the Base Pension Rate for single pension must be lifted to \$770 and proportionally for couple pensioners.

There is widespread and growing support for our proposal. In part, this proposal moves from a fragile patchwork of partial and inadequate, but welcome, improvements in the Commonwealth Rental Assistance Scheme, the energy supplement, and pharmaceutical benefits, to a durable outcome akin to what was achieved in 2009.

The 2009 Age Pension changes addressed: income adequacy; and complexity in pension payments. Thus, there was a re-set of the adequacy benchmark (up from 25% MTAW), and of the indexation arrangement and, simplifying some components and supplements.

We contend that, from 2009 to 2026, AP living standards have slipped significantly and it is essential that adequacy benchmarks be re-set, as the Labor Government did in 2009.

It moves towards an ongoing outcome when Australia's APs can live in decent and dignified comfort. This proposal, if implemented, will be highly regarded by AP's and their families, just like Labor's reform in 2009. Community acceptance will be high.

Here is a summary estimate of our proposal:

2025-26					
per week	HMDI – poverty line	\$1,283.16	50%	\$ 641.58	
			60%	\$ 769.89	
	Current Age Pension (AP)				
	AP MBR S (maximum basic rate – single)			\$ 539.85	
	AP MBR C/person (couple / person)			\$ 406.95	
	AP Total S			\$ 589.35	
	AP Total C/person			\$ 444.25	
	Age Pension Poverty Gaps (PG) - CURRENT				
	AP MBR S	PG 1A	50% measure	101.73	\$14.53 / d
	AP MBR C/person	PG 1B	50% measure	362.94	To be discussed
	AP Total S	PG 1C	60% measure	180.54	\$25.79 / d
	AP Total C/person	PG 1D	60% measure	717.66	To be discussed

Background: Pensioner Poverty is getting worse and it Matters

Incidence of AP poverty

About 25% of Australia’s APs are living in poverty or just marginally above it. That is about 700,000 Australians. They, like all other Australians, should not be left behind.

So far, our experience shows that most politicians do not know the extent of AP poverty in their electorate or their state, and there are serious question marks about how well it is understood by officials in the Department of Social Security (DSS) and Services Australia (SA).

At mid 2024, at least 23% of the 2.7 million Age Pensioners are living in poverty, and probably that number is rising. (Australia Institute – AI - report)

Older women are much more likely to be in poverty than older men: 25-30% of them at risk (Australian Council of Social Services - ACOSS 2022) (Men 15-20% at risk)

Single women (65+) are most vulnerable – 35-40% (Melbourne Institute - MI, 2023)
(Single men 25-30%)

This number is probably rising.

Reliable analysis from the AI reported:

- 2021: OECD estimated about 25% of older Australians (65+) in poverty – using a rigorous income threshold.
- 2022: ACOSS/UNSW – 13.6% using the low-end, less rigorous 50% of median household income as the poverty line.

The AI study highlighted extra key issues:

- 22.6% of Australian retirees end their working lives in poverty, compared to 11.1% in Sweden and 3.8% in Norway.
- Australia spends 5.29% of GDP on the AP, Sweden spends 9.09% and Norway spends 9.30%.
 - The Australian government foregoes nearly \$38 billion a year in superannuation tax concessions.
 - If this money was redirected into the Age Pension, significantly fewer Australians would be poor at the end of their working lives.
 - 10% of Australians reach the age of 65 with a super balance of \$1 million. These people hold 51% of the nation's overall superannuation funds.
- “This report highlights the broken nature of Australia’s retirement system that leaves many people living in poverty,” **said Greg Jericho, Chief Economist with AI.**

The AP Poverty Gap

In the continued absence of an official government poverty line, we use the rigorous OECD/ACOSS measure of poverty - 60% of median household disposable income.

AP poverty is real. There is an Age Pension poverty gap.

Here is our snapshot of the AP poverty gap.

ACOSS, using MI data in [its 2025 Report](#), suggested the AP in 2023 was below or marginally above the poverty line. However, their approach underestimates the impact of housing costs on pensioner poverty.

The Housing Factor

According to the Australia Institute for Health and Welfare about 625,000 AP's are non-homeowners – about 24% of the 2.6 million (approx.) total.

The incidence of homelessness among older women is higher and increasing faster than other groups.

[AIH&W estimates](#) about 160,000 AP's receive the CRA support (about 32% receiving it) but are still under rental stress. Thus, about 68% of AP's receiving CRA would have been under more severe rental stress without it.

Sources:

- DSS: “Characteristics of Payment Recipients - June 2022 / 2023”
- AIHW: *Housing assistance in Australia 2023* (CRA vs. renter numbers).

The Superannuation Factor

The Association of Superannuation Funds of Australia ([ASFA](#)), [provide estimates for a “comfortable” or “modest” retirement.](#)

Using median superannuation accounts as the notional benchmark, ASFA highlights serious limits for most retirees who will use all or a big part of their retirement package.

Also, ASFA provides a useful guide on what the target standard of living should be for all AP's:

- For a **Comfortable** Retirement Standard (March 2024):
 - Approx. \$76,505 per year for a couple, or \$54,240 for a single.
 - To achieve this, a couple needs a combined super balance of \$690,000, and a single person needs \$595,000.
- For a **Modest** Retirement Standard (March 2024):
 - Approx. \$50,866 per year for a couple, or \$35,199 for a single. This is considered better than the Age Pension but still only covering basic living costs.
- For a **Modest** Retirement Standard – **Renters**:
 - \$67,125 for singles and \$49,676

- Comparing the data: The median superannuation balances of around \$180,000 - \$200,000 are substantially below what is needed for a comfortable retirement. This means a large proportion of Australians retiring today will rely earlier and heavily on the AP to supplement their income.
- ASFA points out: the single AP is \$30648 and the couple AP is \$46,202.

That is well short of a modest standard of living and even worse relative to the comfortable living standard.

AP's who have a median or less superannuation balance will use much or even all of it to pay off or reduce a mortgage, and or a car (loan), and any other crucial significant requirement (eg deferred dental or medical).

They will require the AP much sooner than is commonly understood, even if they own their own home, and then must learn to cope at or below the poverty line if the AP is not improved.

The meaning of poverty

Poverty, caused by an obsolete statutory arrangement, takes several forms often interacting:

- Homelessness, housing precarity and housing quality.
- Elder Abuse brought on by “money worries”, some landlords, shop owners, and others that AP's interact with, that flows through whole families, sometimes meshing with ageing mental and physical decline.
- Isolation: financial pressure forces AP's to withdraw from passive and active community life, including volunteering, grand parenting, “showing up”, accessing affordable modern communication services.
- Mental Health Issues: financial hardship forces worrying and loss of self-confidence, degrading paternalism into otherwise active AP lives.
- General Health Issues: poor nutrition, brought on by bulking up on cheap processed food alternatives or free handouts brings on or worsens physical illness. The cost and timeliness of important medical procedures is out of reach for most AP's.

AP poverty ripples outwards to impact living standards and the quality of life of others around them. The sons and daughters of AP's on an industrial wage use some of that to care for their ageing parents, despite AP pride that resents it. The hardships experienced by pensioners in poverty have a broader impact on families, carers, and the wider community, demonstrating that poverty among older Australians concerns many others beyond those directly affected.

The Government's Role in Addressing Pensioner Poverty

The government's own actions have acknowledged the issue in a partial way – e.g. the energy rebate, and Ministerial references to cost-of-living pressures. In fact, those current cost-of-living pressures have made the issue of pensioner poverty even more urgent. Pensioners are more susceptible to cost of living increases as their level of disposable income is proportionately smaller than higher income groups.

Other measures in place are inadequate. For example, while various pensioner concessions (such as rate rebates, transport concessions) provide welcome additional relief, they are State-based and vary significantly between States.

Attending to the needs of the vulnerable in our community such as the aged should be a much higher priority for the Australian government than it is currently. By lifting the priority of groups such as the aged will ensure that Australia continues to respect the tradition of our exemplary social wage system. The aged pension was designed to ensure a modest income for those in retirement with minimal assets and became the cornerstone of our internationally respected retirement income system since 1908.

1. **Commonwealth Rent Assistance (CRA)** increased by **15% (Sept 2023)** – the largest hike in 30 years
2. **PBS Medicines Safety Net threshold lowered (\$300/year** savings for pensioners on prescriptions).
3. **One-Off Cost-of-Living Payments**
4. **\$500 energy rebates** (announced May 2024) for all households, including pensioners.
5. **\$4,000 increase in Work Bonus** (let pensioners earn more before losing benefits).

The government has the means to resolve this social crisis by adopting our proposal, including a phased introduction of it.

Implementing a fairer and more effective indexation system based on a genuine, matching community standard as we propose, would not only improve the quality of life for pensioners but also generate savings for the government in the long run by reducing the costs associated with managing the negative outcomes of poverty. In short, wise investment in pensioner support is a proactive measure that benefits individuals and society alike.

Why our proposal makes sense and is affordable

Common sense: the correct matching community standard

The concept of the current system should be maintained: the AP is adjusted every 6 months against increases in the cost of living so that it stays above a wages-defined community standard, supported by improved reliance on specific measures like the CRAS.

The community standard using **Male Total Average Weekly Earnings - MTAWE** - is the wrong one because it does not match the Age Pensioner community. Thus, the associated statutory relativities are too low.

We see this in the following table and graph, and the accompanying summary, that shows how the AP falls against a proper, matching community standard. The sensible matching community standard is Male Full-time Adult Average Weekly Ordinary Time Earnings.

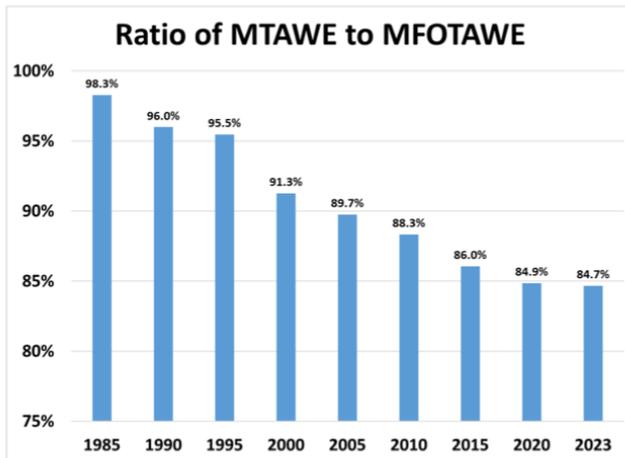
Here is the current snapshot that shows both the wrong, current wage relativity and the correct, sensible, matching community wage relativity.

MALE Average Weekly Earnings: 3 possible benchmarks that the pension could be aligned to (Trend \$ dollars, male wages)
[ABS 6302 – June 2025](#)

Full-time adult weekly ordinary time earnings (a) (MFAWOTE) -	2108.40 Up 4.4% / year	The best benchmark and the one we propose in any reform for the Budget 2026-7	38/36 hour week rates
All employees average weekly total earnings (a) (MTAWE)	1791.70 Up 4.0%	The current required benchmark in pension law.	Apprentices, juniors, part-time etc
Full-time adult average weekly total earnings (MFTAATE)	2212.60 Up 4.5% / year		Overtime

12/11/2025

20



MTAWE is Male Total Average Weekly Earnings: it includes youth wages, part-time wages and overtime. It is the "current community benchmark" for the Age Pension. It is now the **WRONG** community, and that helps to explain the erosion of the value of the age pension.

MFOTAW is Male Full-time Ordinary Time Average Weekly Earnings (ie 38-hour week wages) for Male Adults. It is the **logical** "community benchmark" for the age pension.
 Source: Australian Bureau of Statistics, "Average Weekly Earnings".

How does the MTAW wage benchmark set up poverty (Male Total Average Weekly Earnings)?

- The MTAW community cohort of workers have had the **SLOWEST** "growth" in wages compared to others.
- It is the lowest set of wages that could be used.
- And it does not align to who pensioners are - overwhelmingly full-time and adults.
- **The correct relativity is to non-overtime wages of full-time male workers - MFAAWOTE.**

The current statutory relativity of the Age Pension to MTAW is no longer valid because age pensioners and the MTAW male wage earners cohort are not matching communities.

Overwhelmingly APs are NOT part time, nor are they juniors, nor do they work overtime. Age pensioners are all adults.

MTAW is the slowest growing of the wage relativities. Thus, AP's living standards are defined by the rise (and fall) of precarious work.

Shifting from **MTAW to MFAAWOTE** is the most important new basis to start closing the poverty gap because it retains the principles of the current system.

Improving the energy supplement (or rebates) and the Commonwealth Rental Assistance Scheme are worthwhile ideas but are precarious – able to be taken away if any government believes it can get away with it – and are not entrenched into the system for all age pensioners.

We propose:

Change the wages benchmark and the relativity that sets the MINIMUM the pension can be from MTAW to **MFAAWOTE** – because it matches the age pensioner - from 27.7% for SAP's to 35% of **MFAAWOTE, and adjusted proportionately to the current relativity (41.76%) for couples.**

We would accept “phasing in” every 6 months over the life of the current government>

Step 1: Close the Poverty Gap

In 2026-7 start closing the **poverty gap**, age pensioners need MINIMUM plus the regular cost of living increase.

We estimate the Poverty Gap is currently \$25.79.

Step 1 must be: \$10 per day (or more) increase for singles in the 2026 Budget, proportionate for couples, followed by 6 monthly increases until the Poverty Gap at the relevant time is closed and then, continued increases until reaching our proposed new rate in the current term.

For example, the next 3 by six monthly increases must be \$10 / day, then minimum \$7.50, and minimum \$7.50. Of course, these numbers would have to be adjusted to take account of future developments in wages and pensioner prices.

The increases can still be complemented by an appropriate CRA payments for AP's trapped in rent excesses or unable to rent, turning to compromised house sharing or caravan park accommodation.

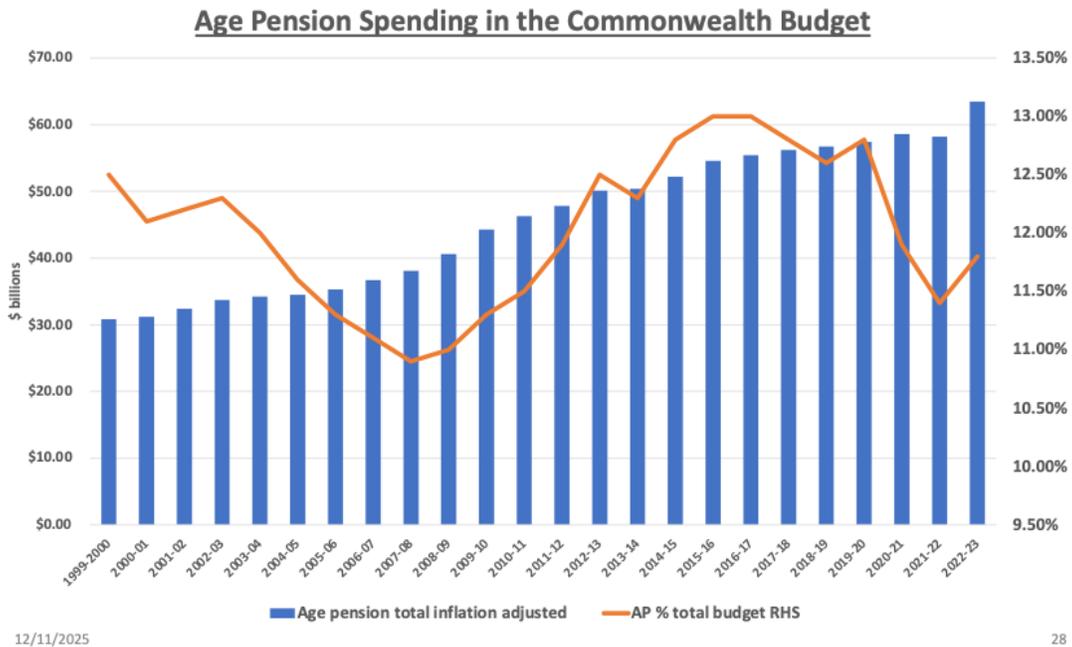
Final stage: Ultimately, the Labor government must achieve a short-medium term improvement that lifts the Age Pension to 60% of the **median industrial wage**, so that every AP can live in secure, dignified comfort and thus continue to make a substantial contribution to their communities for as long as possible, and enjoy the fruits of their efforts over their paid unpaid (especially for women) working lives.

Affordability

The proposal is affordable. The Commonwealth government can access resources to lift all pensioners above the poverty line without changing the principles of the current system:

- Create new sources of funding through progressive taxation, and / or
- Re-arrange existing spending by taking from those who do not need government funds to those who have earned it and need it.

The current total expenditure on the AP relative to the total Budget is less than the trend increases over the past 20 years. Relative to GDP it is also below the 20-year trend line.



Implementing our proposal will be a big step to take all age pensioners to a more secure, dignified comfortable standard of living fitting for a relatively advanced economy, and relieve the stressful flow-on effects to family members who support them using their industrial wage.

Impact – final thoughts:

The next 3 years are “our moment” to intensify our efforts for age pensioners.

We seek regular, strong and collaborative consultations with the government throughout this period.

This will not only improve their quality of living but will have broader benefits for the community at large.

This government can lift pension rates above the poverty line, enabling pensioners to live a dignified, fulfilling retirement, with NO PENSIONER LEFT BEHIND, thus a legacy reform for its future credit.