

# THE VOICE of Pensioners and Superannuants online

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## Is pension indexation based on wages still alive?



AT the next indexation of the pension in March 2022, it will be exactly thirteen years ago since the average weekly wage was used as the basis for calculating the indexation amount.

The average weekly wage was called by its acronym, MTAWWE.

MTAWWE was a byword for pension indexation. It ensured that the pension kept up with wages when wages were growing strongly.

People who went on the Age Pension in 2009 are now in their 77<sup>th</sup> or 78<sup>th</sup> year and may never have heard of MTAWWE.

It was introduced in March 1998. It was used in more than half the indexations for the next eleven years, falling into a coma after March 2009. Never used since.

Pension indexation uses inflation (the Consumer Price Index) as the first indexation mechanism. This is then compared with a second measure of inflation, the Pensioner and Beneficiary Cost of Living Index. The higher of the two wins. The new pension amount that rolls out of that is then compared with MTAWWE. If MTAWWE is higher, then MTAWWE wins.

If MTAWWE had been the only pension indexation mechanism, the basic pension (without supplements) would now be \$1,298.98 for couples instead of \$1,330. The single pension would be \$861.61 instead of \$882.20.

This means MTAWE has some catching up to do before it gets a chance to be used in pension indexation again.

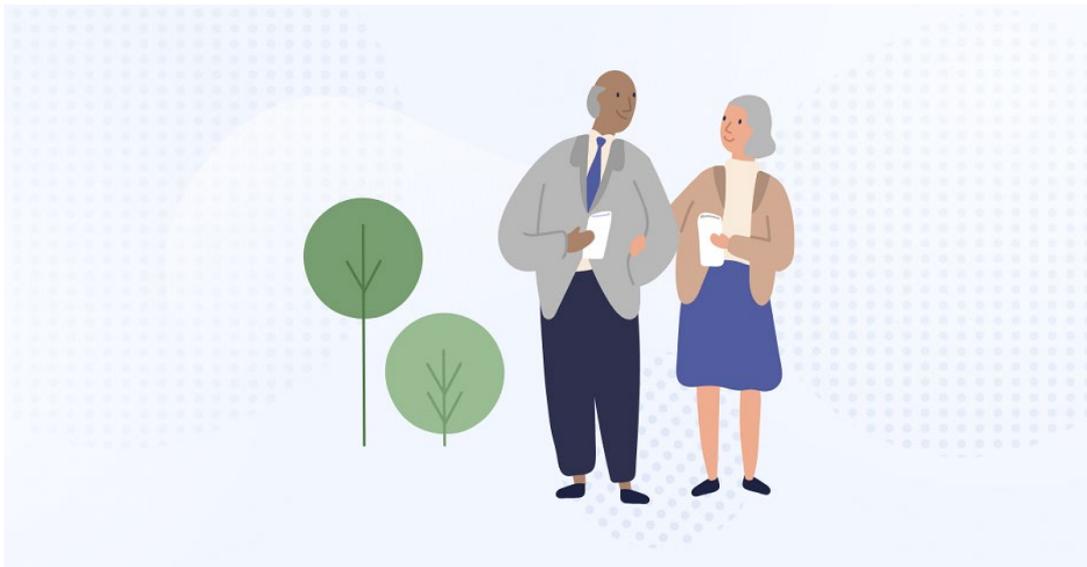
The signs are that it isn't.

Figures from the Australian Bureau of Statistics just out show that wage increases have gone back to pre-pandemic levels. That is, wages had not been keeping up with inflation before COVID, and there is no indication that they will anytime soon.

It means your pension *won't* be indexed using MTAWE anytime soon.

But your pension *will* be indexed in line with inflation, and that's something wage-earners can only dream of at the moment.

### **How much will home care cost you?**



HOW much will home care cost you?

It depends.

If you are wealthy, you may end up paying for all of it. If the pension is the only source of income, you may pay nothing.

Let's start with what used to be called home care and used to be provided by the states and territories. It's now called the Commonwealth Home Support Program (CHSP). It's known as 'entry-level aged care', so generally limited to cleaning, maintenance, meals-on-wheels and shopping.

How much is that going to cost you?

According to the Department of Health, “75 per cent of providers already charge some form of contribution”. So, every CHSP provider is doing their own thing.

But it appears that contribution levels are very reasonable, because there are persistent reports of people eligible for a Home Care Package (different aged care program) deliberately staying in CHSP. Contributions to Home Care Package care can be quite a bit higher, as we shall see.

As mentioned, the cheaper CHSP is going to be merged into the more expensive Home Care Package program in the next year or so.

So, what can you expect if you take a Home Care Package (HCP)?

In HCP, you can expect two types of charges. One is means-tested. If you are on just the pension, you won't have to pay anything. But if you have a full pension plus a couple of thousand dollars in extra income, you are very quickly caught in the mean-testing net.

This may change as the CHSP is merged into HCP, but until then HCP means-testing can lead to some outrageous contributions being demanded.

Apart from the means-tested-contributions, there is also a contribution which technically everybody has to pay. It's called the 'basic daily care fee', and 'daily' means that you pay this fee every day of the week, not every day you receive care.

It's set at 16.5 per cent of the basic rate of the single pension. Per fortnight, that works out at \$145.

For many people this is simply not affordable.

Up until now, many providers have recognised that the basic daily care fee is an unreasonable impost for the majority of their clients. They waive it in whole or in part.

If you are in an HCP, it's worthwhile making sure you find a reasonable provider, who waives this fee.

You can recognise a predatory provider by their attempts to get you to agree at least part of this fee.

As CHSP is merged into HCP, we can only hope that the unfair means-testing provisions are overhauled. There is no guarantee that this will happen, though.

### **Power of attorney changes on the way**



THE VOICE [published an article two weeks ago](#) outlining the mess that is enduring powers of attorney. The article concluded by stating that CPSA among other organisations is seeking a commitment from federal, state and territory governments to reform this area of law. A commitment was established at the latest meeting of Attorneys-General.

Currently, the eight states and territories of Australia all have their own laws that slightly differ in the way they legislate enduring powers of attorney and its difficult for institutions, like banks, to tell if an attorney document has been revoked or is a forgery.

Federal, State and Territory Governments all have an Attorney-General, which is a government minister that is responsible for protecting and promoting the rule of law in each respected Australian jurisdiction.

On 12 November a meeting of Attorneys-General was held. It was agreed that government officials are to develop recommendations for a nationally consistent approach to enduring powers of attorney to more effectively reduce financial elder abuse. Officials are to also consider models for a National Register of Enduring Powers of Attorney. Both actions must be considered and agreed on by the end of 2022.

In 2017, the Australian Law Reform Commission report into elder abuse made recommendations in this regard. Six years of consideration may mean powers of attorney instruments finally receive the amendments they desperately need.

The NSW Ageing and Disability Commission 2020-21 Annual Report pointed out the necessity of improving powers of attorney.

The report found that almost 30 per cent of allegations of abuse of older people that were reported to the Commission were financial abuse. The Commission stated that this abuse included financial exploitation, the misuse of powers of attorney and enduring powers of attorney, and theft.

The Commission also pointed out that if powers of attorney are misused to cause financial harm and these matters are not pursued by police, the NSW Civil and Administrative Tribunal (NCAT) may revoke a power of attorney, but it does not have the ability to order financial restitution.

Meanwhile the Victorian Civil and Administrative Tribunal (VCAT) may order financial compensation even if the principal (the person not able to make decisions in a power of attorney relationship) has died.

The Commission said improving existing laws that surround powers of attorney may also be essential in holding offending attorneys and preventing financial abuse.