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*Fair Play for British Pensions in Australia*

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19<sup>th</sup> January 2023

The Hon Stephen Jones MP  
Australian Treasury  
Canberra ACT

Dear Mr Jones,

**Pre Budget Submissions for 2023/24 Budget**

I refer to your call on 5<sup>th</sup> December 2022 for pre-budget submissions.

British Pensions in Australia Inc. (BPiA) is an incorporated not-for-profit volunteer association that cares for both current and prospective recipients of British pensions living in Australia. BPiA campaigns for many thousands of British pensioners living in Australia, recognising their right to a fair pension in return for the contributions they have made to the UK, both in terms of financial contributions to the National Insurance Scheme and their contribution to the economy of the UK.

It is compulsory for people working in the UK to pay National Insurance contributions. Those contributions entitle the worker to a non-means-tested state pension when they reach pension age.

People with a contributions history can claim their UK pension and have it paid anywhere in the world. It is paid regardless of where they live and regardless of their nationality. At last count, there were over 200,000 people in Australia receiving a UK state pension.

However, whilst the UK government pays state pensions to the majority of people living outside the UK at the same rate as state pensions paid to people living in the UK, it does not pay annual inflation adjustments to people who live in selected countries.

Australia is one of those selected countries.

Recipients of UK state pension living in Australia have their pensions frozen at the rate paid when the recipient first receives their UK state pension in Australia. Over time, inflation devours the buying power of that pension.

Australians are entitled to an Age Pension when they reach pension age. The Australian Age Pension is means tested. If a person's income, including UK state pension falls below the limits set by Centrelink they may be entitled to either a full or partial Age Pension.

Because the UK government has frozen the pensions its pays to residents of Australia, many people receiving a UK state pension also receive an Australian Age Pension. That number will increase as inflation further reduces the value of their UK pension.

In her letter of 5<sup>th</sup> October 2021, Senator Anne Ruston estimated the cost to the Australian taxpayer of the UK government's policy of frozen pensions as \$110 million a year. We believe this to be a gross underestimate, but it is a sufficiently large number to require action by the Australian government.

Australia had a reciprocal social security agreement with the UK but withdrew from that agreement in 2001 when the UK government refused to discuss the ending of its frozen pensions policy. It is now time to press the UK government to re-enter negotiations on this subject.

The Canadian government has been pressing for similar negotiations on ending the freezing of UK pensions paid to Canadians. But they are a lone voice. The Australian government has been silent for too long. Please urge The Minister for Social Services and the Minister for Foreign Affairs to act now.

I hope you appreciate this brief submission. We are not asking you to spend more money on some pet project or worthy cause. All we ask is for you to ensure the Australian government doesn't ignore our plight.

It is not just expat poms who are affected. Many of our members are Australians who have worked in the UK and returned to Australia. ALL Australian taxpayers are affected whilst our social security system is subsidising the UK government.

Regards,

Yours sincerely,



Patrick Edwards  
President BPiA