



THE HIGH COMMISSIONER

AUSTRALIA HOUSE  
LONDON

11 August 2020

Sir Roger Gale MP  
Chairman of the APPG for Frozen British Pensions  
C/- APPG Secretariat for Frozen British Pensions

[appg@frozenbritishpensions.org](mailto:appg@frozenbritishpensions.org)

Dear Sir Roger,

Thank you for reaching out to our High Commission last month requesting that Australia make a submission to your All-Party Parliamentary Group inquiry into UK pensions.

This is a matter of considerable importance to the Australian Government and we appreciate the opportunity to contribute our perspective.

I have been asked to pass you the attached submission which reflects the considered view of relevant Australian Ministers.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'George Brandis', written over a horizontal line.

The Hon George Brandis QC

## **AUSTRALIAN GOVERNMENT SUBMISSION TO ALL-PARTY PARLIAMENTARY GROUP INQUIRY INTO UK PENSIONS PAID ABROAD**

Australia welcomes the inquiry into UK State Pensions paid to UK pensioners who live abroad, which was launched by the All-Party Parliamentary Group for frozen British pensions. The Australian Government's view is that all UK pensioners have paid contributions under the same rules and should be paid their UK pensions under equal conditions, no matter where they live.

Australia indexes the Age Pension for all its pensioners, regardless of where they live. The UK Government does not index pensions paid into Australia, and in most other Commonwealth countries where many UK expatriates reside. Non-indexation erodes the value of the UK pension over time, disadvantaging UK pensioners living in Australia. It also places an additional cost on Australia's taxpayer-funded system, which supplements these pensions through the means-tested Age Pension.

The Australian Government has been working to resolve this issue for some time, given the policy affects many expatriate pensioners living in Australia. The Government has made a series of representations to the UK Government in recent years, including at Ministerial level. We will continue to advocate our position to the UK Government.

Following are Australian Government responses to the inquiry survey questions directed to administrations of countries containing residents with "frozen" UK pensions:

17. *How many people in your country are recipients of a UK state pension?*

As at June 2019, there were over 230,000 UK pensioners residing in Australia.

18. *Does your country offer any additional financial support for residents with a 'frozen' UK state pension?*

Australian residents receiving a UK state pension may also qualify for the Australian Age Pension, subject to meeting the eligibility requirements.

The Australian Age Pension is different to the contributory pension systems that operate in many other countries, including the UK. The Australian Age Pension is a non-contributory residence-based payment. It is funded from general revenue and is targeted to those most in need through means testing.

Where an Age Pensioner receives a UK state pension, this is assessed as income under the income test. Income above a certain level reduces the rate of Age Pension paid.

As the value of a non-indexed UK pension decreases overtime, a person may become eligible for the Age Pension or the amount of Age Pension they are eligible to receive could increase up to the maximum rate payable.

19. *Has your country made any representations to the UK Government on behalf of UK pensioners residing in your country who are in receipt of a 'frozen' UK state pension?*

Australia has raised the non-indexation of UK pensions in Australia with the UK on multiple occasions over many years on behalf of Australian residents receiving a UK pension.

20. *Has your country made any formal or informal requests to the UK Government for a reciprocal agreement that includes social security and uprates the state pensions of UK residents in your country in line with inflation?*

Australia previously had a Social Security Agreement with the UK and made a number of requests to renegotiate this Agreement to include indexation provisions. In 2001, Australia terminated the Agreement due to the UK's ongoing refusal of these requests.

A new Agreement is not required for the UK to index pensions paid to people in Australia.

21. *Please provide any relevant information or examples of the impact of the 'freezing' of the UK state pensions of UK pensioners overseas on:*

- o your country*
- o residents of your country.*

The non-indexation of UK pensions erodes the value of the UK pension over time and disadvantages UK pensioners residing in Australia.

It also places an increased cost on Australia's taxpayer-funded system in relation to pensioners who supplement their UK pension with means-tested Australian pensions.



**Senator the Hon Anne Ruston**

**Minister for Families and Social Services  
Senator for South Australia  
Manager of Government Business in the Senate**

Ref: MB19-001381

Dr Thérèse Coffey MP  
Secretary of State for Work and Pensions  
Member for Suffolk Coastal  
Houses of Parliament, Westminster  
LONDON SW1A 0AA  
UNITED KINGDOM

16 SEP 2019

*Thérèse*  
Dear *Dr Coffey*

I would like to congratulate you on your recent appointment as Secretary of State for Work and Pensions, and introduce myself as Minister for Families and Social Services in Australia.

With the commencement of your new role, I write to raise the issue of the non-indexation of United Kingdom (UK) pensions for UK citizens living in Australia. I am seeking your agreement in making this issue a priority for our bilateral cooperation.

The non-indexation of UK pensions in Australia has been a long-standing issue of concern for the Australian Government. My department receives correspondence from many UK pensioners living in Australia regarding the policy of not indexing pensions into Australia.

The Government considers that all UK pensioners paid their contributions under the same rules and should be paid their pensions under equal conditions no matter where they choose to live. It should be noted that Australia indexes age pensions for all pensioners, regardless of where they live.

Should your departmental officials wish to discuss this matter further, they can contact Mr Andrew Seebach, Branch Manager in the Carer and Disability Payments branch on [s11C\(1\)\(a\)](#)

I wish you well in your new role, and look forward to working with you further on this and other issues of mutual interest to our portfolios.

Yours sincerely

  
Anne Ruston

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