

Frozen British pensions deliver expats into uncharted waters

• JIM TILLEY **THE AUSTRALIAN** APRIL 22, 2014 12:00AM

SOME 4 per cent of the British government's eligible old-age pensioners, a large number of who live in Australia, have been victims of a long-running policy inequity that has left their [pensions](#) frozen at historically low levels.

That doesn't sound significant, but there are no fewer than 250,000 of them in Australia suffering a discrimination that is unfair and thoroughly unequal.

Since 1947, successive British governments have refused to annually update for inflation British pensions paid to its expats in most commonwealth countries, including Australia.

There are more than 11 million recipients of British pensions overall, some 10 per cent of who live outside the country.

The ones who live in non-commonwealth countries, some 640,000 of them, have their British pensions uprated annually as in Britain, but Australia's 250,000 British pensioners are penalised with a partial or full pension that never increases.

That's supposedly because British expats are well looked after in the Australian system, but they aren't — because of the means test.

I believe about 190,000 of the 250,000 get a partial Aussie pension. And expats who finish working in Britain and then retire here cannot apply for the Aussie pension until, following [receipt](#) of a permanent visa, 10 years have passed. But it's the lack of indexation that is the major injustice.

For example, when Annie Carr's husband died she came to Australia in 1974 to join her daughter.

Mrs Carr, now 102, still gets a full British pension, but it is £6. 12 (\$11) a week. Had she moved to the US, her pension would now be £113.10 a week.

The issue has so far been heard through the British and European court processes, with a final, unsuccessful 11-6 decision by the European Court of Human Rights.

But Australian-born London-based barrister Geoffrey Robertson QC has said the issue could be won in the International Court of Justice if the Australian government took this issue to the UN court, at which Australia, along with New Zealand, has just won the Japanese whaling battle.

If British pensions were to be indexed in Australia it would benefit the Australian economy, with an annual [foreign exchange](#) injection of more than \$500 million, a reduction of about \$1 billion in Centrelink payments over the four-year forward estimates period.

When in opposition, Steve Webb, the present British Pensions Minister, said: “The British government is free riding on the welfare states of countries that British citizens are moving to. We are asking other countries’ taxpayers to support our pensioners”. Moreover Britain is the only OECD country with this selective pension practice.

Unlike the Australian means- tested pension, paid for out of general revenue, the British state pension is based on compulsory national insurance contributions.

Almost everyone who has worked in Britain, even for one year now, will have generated a part British pension entitlement and British Pensions in Australia will help those who join the association discover their British pension entitlement.

However, once he came into government Mr Webb changed his tune, saying Britain cannot afford to pay indexed pensions to all its pensioners and it was not legally obliged to do so.

In a 2013 Supreme Court judgment about cost and discrimination, the judge made the clearly stated point that “budgetary considerations (costs) cannot justify discrimination”.

There has been more along those lines, including the Queen signing the Commonwealth Charter, which states: “We (the Commonwealth) are implacably opposed to all forms of discrimination.” When brought to Webb’s attention, his reply was: “The Commonwealth Charter is not a human rights instrument. Rather it is a broad statement of common values, nor does it overrule national legislation.”

This might sound far-fetched, but a personal view is if a British minister treats the commonwealth in this buccaneer manner then there would be logic in suspending British membership of the commonwealth until this frozen pension issue is resolved.

James Tilley is chairman of lobby group British Pensions in Australia.