



## **British Pensions in Australia Inc**

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**From, James Tilley**

**Honorary Chairman**

**British Pensions in Australia Inc**

27th March 2017

### **Inquiry Secretary, Joint Standing Committee on Foreign Affairs, Defence and Trade. Submission to Inquiry into Australia's trade & investment relationship with the United Kingdom.**

This submission is in relation to the terms of reference for the inquiry;

- The nature of Australia's current trade and investment relationship with the UK.
- Possible opportunities for Australia's budget having regard to Australia's potential trade relationship with the UK consequent upon the UK's exit from Europe.

### **Summary**

Australia's trade relationship with the UK has a long established fruitful history, however this has been less significant since the UK entered the European Union. Moreover, the UK has been forced to leave many of its trade negotiations to European Union staff in the past 40 years. Consequently, the UK's trade negotiation skills have been allowed to lapse and as the UK intends to exit Europe there are concerns, in the UK, that the UK's new trade negotiators will be needing considerable help in developing their negotiating skills to build up new trading relationships, not only with Australia, Canada etc., but worldwide. This comment is taken from London's Daily Telegraph, September 4th 2016;- *"there is a dire shortage of these [trade negotiator] specialists in Britain as all [trade] deals affecting the UK have been negotiated by officials in Brussels for decades"*

This need for negotiating skills training has been recognised early in the Brexit process by both British and Australian governments. Australia has demonstrated and successfully practiced these trade negotiating skills in recent years. Moreover, Australia has been approached by UK Ministers to assist with training the UK's new trade negotiating teams to develop their trade negotiating skills.

Early in the Brexit process Australia's Trade Minister Steven Ciobo was approached to help with this training as reported in these two news articles at the time;-

<http://www.telegraph.co.uk/news/2016/09/03/could-australia-be-britains-best-brexit-friend-off-the-pitch-tha/>

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<http://www.smh.com.au/business/australia-paves-way-for-landmark-trade-deal-as-officials-fly-in-for-postbrenxit-talks-20161009-gry3p1.html>

*This latter article reports “Australia also offered to help Britain by lending the UK some trade negotiators and experts, as Britain has not had an independent trade policy since joining the EU 43 years ago. Now it has emerged that the two governments followed through on those offers almost instantly, with training from Australia's experienced negotiators forming the first step”*

Further comments taken from the UK's quality press at the time include;- *“Mrs May's efforts to make Britain a "great trading nation" received a further boost with news that Australia, New Zealand and Canada will lend the [ UK ] government their own trade negotiators. At present, the UK has a desperate shortage of officials who are trained in negotiating trade agreements because all such deals affecting Britain have been drafted centrally in Brussels for decades.*

*These specialist negotiators **will be critical to Britain's hopes of striking a good exit deal from the EU, as well as forging fresh trade pacts around the world.***

### **Australia's approach to Britain's request to provide trade negotiation skills training**

Any training provided by Australia to Britain must come at a price to Britain. It is submitted that having regard to the UK Governments' intransigence and continued refusal for decades to uprate the UK State pensions of 250,000 UK expatriate pensioners resident in Australia, then Australia should advise the UK government, that Australia will only be prepared to negotiate the provision of this negotiating skills training, conditional on the UK Government reversing its unique, immoral, selective, unfair, unequal and discriminatory State pension policy of freezing the pensions of 250,000 recipients of a UK part pension in Australia. There is a moral, legal and economic case for such action.

#### **1. Moral and legal inequality**

The UK indexes annually the UK's contributory State pension for all UK pensioners resident in the UK, as well as about 650,000 of the UK's expat pensioners resident in about 50 countries worldwide. These 50 countries include the USA, The Philippines, Israel and Barbados. However, in most of the Commonwealth nations, including Australia, Canada, India, Trinidad, Nigeria etc., the UK pension, for which these British expats paid the same contributory payments, to the UK Governments' National Insurance pension scheme, as those in which the UK pension is indexed regularly, the UK pension is never increased, once it is first paid. There are many aged pensioners still receiving no more than a few dollars per annum who would otherwise be entitled to a living income were it not for this draconian unfair British pension policy.

#### **2. Calculated and unique discrimination**

Britain is the only OECD country with this appalling pension payment policy, regularly criticised as unacceptable, immoral, unfair, unequal and contrary to the Rule of Law Furthermore the UK is now in breach of the Commonwealth Charter's

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Human Rights section signed by Her Majesty the Queen in March 2013, which States, "We [the Commonwealth] are implacably opposed to all forms of discrimination".

3. **Savings to the Australian social services budget.**

There are about 250,000 "frozen" UK expatriate pensioners in Australia, almost 200,000 of whom also receive some Australian age pension. However, if the UK Government was forced, by the action recommended above, to index these UK pensions in Australia, there would be a reduction in about 200,000 Australian means tested pension payments, made to these UK expat Australian pensioners. Their Australian pensions would be reduced by 40% to 50% of the extra UK pension they'd subsequently receive amounting to about \$200 Million each year, to the benefit of the Australian economy.

4. **Injection of foreign income**

The "multiplier impact" of the estimated \$450 million extra foreign exchange input into Australia's economy, by way of increased GST, more employment and other tax revenue, could add a further \$30-40 million to Australia's economy. So over 4 years, such a conditional increase in UK pension payments could help contribute about \$1 billion to Australia's budget repair process.

**Conclusion**

Australia's Government should demand, as a condition of Australia's assistance to help the UK develop its trade negotiating skills, the UK Government immediately terminates its frozen pension payments policy imposed on British expatriates retired in Australia.

A successful outcome for Australia of these negotiations would benefit Australia's economy by about \$1 billion and delight the 250,000 UK pensions recipients living here, as well as many more British expats approaching pension age, almost all of whom have a vote in Australia!

Sincerely

BA[Hons], ACMA FCPA  
Hon Chairman  
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