

BAPA **British Australian Pensioner Association** **Inc**

From: David Waterhouse, Queensland Co-ordinator,
10 Schwartz Street, Buderim, Queensland 4556. (07)5445 1427
yeoman@australis.aunz.com www.chogm.aunz.org

LATEST NEWS FROM BRITAIN (2nd March 2002) **Britain's Insurance fund surplus rises by another £2.5 Billion** **But expatriate pensions remain frozen**

The URL <http://www.hmsso.gov.uk/si/si2002/draft/20029276.htm> would take you directly to the whole of the internet version of:

Draft Statutory Instrument 2002 No. **The Social Security Benefits Up-rating Order 2002**

This Up-rating Order has been debated and passed through the British House of Commons.

It has the effect of increasing the British Basic Retirement Pension to £75.50 a week, and a number of other benefits to their new levels for the year 2002.

It does not make any mention of the removal of the policy of freezing the pensions of British expatriates at the date at which they first become entitled. So this increase will only apply in Britain, five other Commonwealth Countries, America, the European Union and some 30 other countries such as Turkey and Greece.

This new level of the British Pension will not be available to anyone who has earned their pension by mandatory weekly payments in Britain but has chosen to live in any of 48 of the 54 Commonwealth countries.

96% of all British pensioners will receive the increase, the remaining 4% will be denied it. Of that 4% about 98% live in Commonwealth countries, nearly half of them, about 240,000, in Australia.

Steve Webb, Liberal Democrat MP for Northavon, speaking in the debate said: "I was startled to read ... that when the Government Actuary sat down in November 2000 to forecast national insurance revenue for the current financial year, he estimated that it would total £55.5 billion. (It) is more likely to be £57.9 billion, or £2.5 billion of extra revenue in a year..."

Comment:

Whitakers, well known for Whitakers Almanack, issues certain Government facts and figures from time to time.

The cumulative National Insurance Fund surplus for the year 2000 was published by Whitakers in 2001.

The figure was £12.2 Billion in surplus.

Now there is another £2.5 Billion.

On these extra figures alone Britain could pay the disadvantaged expatriate 4% of their pensioners full upgrading and indexation without impact on the British taxpayer.

Steve Webb again; talking about pensions being suspended when you are in hospital:
“People have paid for their pensions all their lives. If they have paid for a private pension they are allowed to keep it, but if they get a state pension some of it is taken away from them.”

Comment:

British expatriates in selected countries, mainly Commonwealth, are in the same category.

Steve Webb again:

“The gap between the pension proposed in the regulations before us - £75.50 - and the MIG figure, which is more than £90, is not very different from the pension rises that we proposed in our costed (Liberal Democrat) manifesto, which contained a £3 billion package of increases in pensions financed by the proceeds of the 50p rate of income tax on incomes over £100,000 a year. We asked the Treasury what money would be raised by such a rate of income tax, and were told that it would be well in excess of £3 billion. Our political choice would be that those most able to do so should pay for pension rises, which would go predominantly to older pensioners. That would enable us to fill the gap between the basic pension and the means-tested pension.”

Comment:

50p on the income tax for high earners would also be enough to pay for uprating and indexation of frozen pensions.

FURTHER INFORMATION 3.03.02

Official UK statistics show the total cost of upgrading and indexing the pensions of British expatriates currently subjected to frozen pensions is £330,000,000.

Official statistics also show that the total number employed in the UK, and therefore contributing to the pension fund is 28,232,000,

Dividing this 28.232,000 into the UK Government's claimed £330,000,000 shortfall we come to a figure of **22.5pence per week which converts to 4.5 pence per day!!!**

This fact deflates the UK Government's claim, which has been made for years, **that "they cannot afford to pay £330,000,000 pounds for the indexed pensions of the overseas pensioners"**. this was included in a letter received from Rt. Hon Ian McCartney dated 5 Feb 2002 on the Minister of Department of Works and Pensions, DWP, headed paper.

Issued by David Waterhouse for the British Australian Pensioner Association