

PRIVATE MEMBERS' BUSINESS

British Pensions

Mr ROBERT (Fadden) (7.50 p.m.)—I rise to agree with the content of the motion—that is, that the UK pension should be indexed. However, the member for Kingston just could not help herself with respect to the part of the motion which refers to the termination of the social security agreement with the UK in March 2001 and the 'lost opportunity' to negotiate the indexation of UK pensions. If she had just come out and said, 'Let's look at a motion to get indexation of UK pensions,' there would have been widespread support. But she had to put the bipartisan bit in.

Dr Southcott—The partisan.

Mr ROBERT—The partisan. Let us look at the history of this so that we can really see where some of the fault lies, shall we, Member for Kingston? I support the indexation of UK pensions and I certainly call on the UK government to do so. But let us understand history before the member for Kingston tries to rewrite it. This host country agreement, like the agreement with New Zealand, means that the country in which the individual resides has primary responsibility for their income support. Host country agreements are different from the more than 19 reciprocal agreements Australia has signed with other countries since 1973. The major difference is the responsibility for support to be provided by the country in which the person spends the majority of their working life.

The Agreement on Social Security Between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland was signed in October 1990 and was amended in 1992. It replaced an earlier agreement that entered into force in April 1958, with amendments in October 1962, March 1975 and February 1987. The 1990 agreement, as amended in 1992—negotiated by a Labor Prime Minister—does not provide for the indexation of benefits. In fact, report 27 of the Joint Standing Committee on Treaties, on page 6, paragraph 2.11, says, 'Why indexation was not included in the 1990 agreement or the 1992 amendment is not altogether clear.' So, in fact, the treaties committee could not work out why the Labor government did not include indexation of pensions. But apparently, according to the member for Kingston, it is the previous coalition government's fault. Clearly the buck does not stop with the former Labor Prime Minister.

Under its domestic legislation, the UK does not index the cost of living for the benefits it pays to those eligible for pension benefits under its compulsory National Insurance system if they reside outside the UK in Australia. All such indexation benefits are frozen on the date the person leaves the UK for Australia or the date of granting of the pension, whichever comes first. UK pensioners in Australia are required to rely increasingly on Australian income support because the UK's indexation policy means that the value of the UK pension reduces over time. I thoroughly disagree with that. I call on the UK government to change that and index the pension. I think that is clear.

As at December 1999, more than 140,000 UK pension recipients also received the Australian pension, including approximately 2,500 people who relied on the agreement to access Australian pensions. Supplementation for these pensions, which includes pensions paid under the agreement, is estimated to cost Australia about \$100 million per year. Australian pensions paid to former Australian residents residing in the UK gained the benefits of increases to the CPI and MTAW. This reduced the burden on the UK. The UK government did not do the same for the UK pensions paid in Australia. They were not indexed; thus, Australia is effectively subsidising the UK National Insurance system. Furthermore, the agreement allowed former UK residents to lodge claims for UK pensions whilst residing in Australia. But Australian residents living in the UK could not do likewise. This was a major bone of contention for the Australian government.

The UK has acknowledged the inequality of its policy. Former Prime Minister John Howard negotiated with four different UK prime ministers to persuade them to change their position and amend the agreement. The UK has refused, citing cost. One of the great reasons for the current situation is that in 1990 and 1992 the Labor Prime Minister and the Labor government could not negotiate an agreement on the indexation of pensions, yet somehow we are responsible for the inherent failure of the Labor government in 1990 and 1992.

Honourable members interjecting—

The DEPUTY SPEAKER (Ms AE Burke)—The chamber will come to order!

Mr ROBERT—The Australian government terminated the agreement for a range of issues. The hide of the member for Kingston to come out and say it is somehow the coalition's fault is staggering, when the Labor Party negotiated it, when you could not get it right and when the report on the treaty showed the ineptitude of the government.