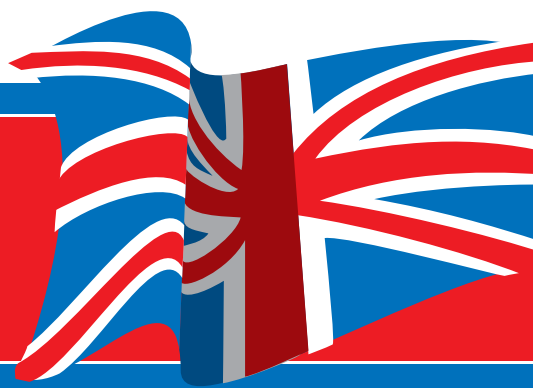


JUSTICE

FOR EXPATRIATE
BRITISH PENSIONERS

Special Issue, October 2006



NI Surplus of Billions Burns Frozen Pensioners

by Tony Bockman, CABP Chairman

With a £33.39 billion surplus sitting in the National Insurance Fund at the end of the 2005-2006 fiscal year, it takes an astronomical amount of nerve for the UK government to keep on claiming that it cannot afford the £400 million needed to end its discrimination against frozen state pensioners.

By the government's own rules, the NI Fund's year-end balance must be, at minimum, 16.67 per cent of the forecast payments for the year. It's simply sound fiscal management to not spend more than you earn and, as well, to save something for a rainy day. However, the Government Actuary's Department (GAD) report presented to Parliament in January 2006 forecasts NI Fund balances for the foreseeable future that so far exceed the requisite balance as to fund the type of rainy day that has not occurred since Noah's time.

Take the 2005-06 forecast, for example. In billions, it read as follows:

- Excess of receipts over payments: £4.344 billion
- Balance in fund at year-end: £33.39 billion
- Balance as a percentage of payments: 50.5%

Yes, that's an excess of 33.39 billion pounds sterling left in the pot as of April 5, 2006. And that figure just keeps on rising dramatically as the balance is projected forward to 2010-2011 when the surplus is forecast to be a staggering £60.647 billion (that's 79.5 per cent of the expected payments for that year).



Sure puts the £400 million cost of what's owed to frozen British pensioners into proper perspective.

That is the amount it would cost per year – increasing over time of course (*Ed: though not at anything like the rate of the NI Fund surplus*) – to bring pensions paid in countries where uprating is not available up to the rate paid to pensioners resident in the UK and 35 other countries. This according to Lord Hunt of Kings Heath during an October 2005 debate in the House of Lords.

So now that we all know about the billions accruing in the very fund created to pay our state pension, how can we frozen pensioners be expected to sit back and accept the government's discriminatory decision to withhold the comparatively little that is owed to us? The government has already collected this money from taxpayers (and obviously plans to keep on doing so), so there would in fact be no additional cost burden imposed upon UK taxpayers.

The Law Giveth and The Law Taketh Away

Pension Freezing an Annual Ritual of Parliament

Every year, both chambers of the UK parliament agree to new rates of social insurance benefits – including *all* state pensions – for the next 12 months. This is always closely followed by further legislation imposing the freezing regime on countries such as Canada, Australia and South Africa. In effect, every year we in Canada are awarded a pension increase, only to have it almost instantly willfully snatched away!

This annual parliamentary “now you see it, now you don't” ritual of uprating followed by removal-of-uprating takes place in three distinct steps:

Step 1: The draft ‘Uprating Order’ is laid before the House in October/November. It proposes a new across-the-board pension rate for the next fiscal year, starting April 6, and is accompanied by cost estimates.

Step 2: The actual ‘Uprating Order’ containing the new across-

the-board pension rates is laid before parliament in early March. With its passage, the new state pension rate is approved for all pension recipients regardless of country of residence.

Step 3: ‘Uprating Regulations’ revoking the new pension rates for recipients living in some 150 selected countries (including Canada) are then laid before the House. The Uprating Regulations are a “negative instrument,” meaning they are automatically approved unless a motion against adoption is moved and passed within 40 days of the regulations being laid.

In spite of attempts to the contrary (e.g., EDM 1851 in the 2005-2006 parliamentary session), such a motion has never yet been passed and so the freezing of our pensions is permitted to be systematically and passively re-imposed each and every year. We need to work towards ensuring that a similar EDM will be introduced in 2007 – and this time, will succeed.

Early Day Motions Pack Power

Members and friends of CABP are urged to lobby UK MPs to introduce, support and secure the passage of unfrozen-pension-friendly Early Day Motions in the 2006-2007 session of parliament starting November 15. Responses to similar lobbying during the 2005-2006 session have revealed that more than 250 MPs of all stripes already support the uprating of our pensions.

Some 560 MPs have email addresses – a convenient vehicle for communicating with them. Some 86 others appear not to want to be reached by so convenient a medium, but the extra effort required to contact them is worthwhile because, besides their essential ability to impact parliamentary decisions, EDMs also generate a great deal of media interest and enjoy special status in legal proceedings.

Many of you – along with members of BPiA¹, BAPA², SAABP³ and BPAWC⁴ – lobbied for support of the following pertinent Early Day Motions during the 2005-2006 parliamentary session:

- EDM 366, signed by 137 MPs, “urge(d) the Government to expand the up-rating of pensions for all British pensioners living abroad.”
- EDM 1001, which garnered 116 signatures, stated “(T)his House believes that British pensioners living in countries where the value of their pensions are frozen and not uprated annually in line with inflation is an injustice that should not be allowed to continue.”
- EDM 1851, supported by 84 MPs, moved “(T)hat the Social Security Benefits Up-rating Regulations 2006...be annulled.” Passage of this time-sensitive EDM in March would have nullified the rote legislation which snatched away our pension uprating for 2006.

As no EDM survives beyond the session in which it is introduced, every effort will be made to lodge similar EDMs in the 2006-2007 session, and we are confident that frozen pensioners worldwide will rise once more to the task of lobbying to secure their pension rights.

¹ British Pensions in Australia

² British Australian Pensioners Association

³ South African Alliance of British Pensioners

⁴ British Pensioners Association of Western Canada

THE ISSUE AT A GLANCE

- The UK has 11 million state pensioners, all of whom contributed to the pension scheme via their mandatory National Insurance contributions.
- Of the 11 million, some one million live outside the UK.
- Of that expatriate one million, almost half are awarded annual upratings, and the remaining 520,000 souls have their upratings systematically rescinded every year by the UK parliament – all based upon where they have chosen to reside in their retirement.
- Commonwealth nations and British overseas territories are home to 98 per cent of “frozen” pensioners, including 240,000 resident in Australia, 150,000 in Canada, 38,000 in South Africa, and 37,000 in New Zealand.
- Cost to the UK government to correct this situation? Less than one per cent (0.62%) of the annual NI budget.



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Canada-UK Shared Values? WE THINK NOT!

PM Tony Blair, speaking to the Canada-UK Chamber of Commerce in London on October 16, said that Canada and Britain were close allies with many shared values as countries and societies, including human rights and individual freedom.

Surely this means he cannot fail to recognize his government’s abuse of these named values every time it imposes the selective pension-freezing policy. Such a policy not only discriminates against certain pensioners – only those living in selected countries – but at the same time restricts the freedom of pensioners resident in the UK as to where they can consider retiring.

Such action certainly runs counter to Canadian values, not to mention those of every other nation in the developed world.



In memory
of those
who died
waiting for
their pensions
to be indexed.