



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

17 September 1986

BT I enclose a copy of a letter to the Prime Minister from Mr. Hawke about the reciprocal agreement on social security between Australia and the United Kingdom. I should be grateful for a draft reply which the Department of Health and Social Security should of course take the lead in preparing.

I am copying this letter and enclosure to Tony Laurance (Department of Health and Social Security), Michael Saunders (Law Officers' Department) and Michael Stark (Cabinet Office).

(C.D. POWELL)

R.N. Culshaw, Esq.,  
Foreign and Commonwealth Office

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AUSTRALIAN HIGH COMMISSION

CCPC  
CSP  
AUSTRALIA HOUSE  
STRAND  
LONDON WC2B 4LA  
01-438 8000

16 September 1986

Dear Mrs Thatcher,

I have been asked to pass to you the attached text of a letter from Mr Hawke concerning the reciprocal agreement on social security between Australia and the United Kingdom.

I understand that the original of the letter is following by bag.

Yours sincerely

A. L. Vincent

A.L. VINCENT  
Acting High Commissioner

The Rt. Hon. Margaret Thatcher M.P.  
Prime Minister of Great Britain  
LONDON SW1



SUBJECT  
MASTER  
OPS.

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL NO. T167186

T-  
message

Message Begins

"Dear Prime Minister,

I am writing to you about the current reciprocal agreement on social security between Australia and the United Kingdom.

My Government has recently decided to conclude a network of reciprocal social security agreements with Australia's major migrant source countries, in accordance with internationally accepted principles of equity and cost-sharing. The Australian Government is keen to see its existing social security agreement with the United Kingdom renegotiated along these lines.

My colleague the Minister for Social Security, the Hon. Brian Howe, MP, has recently raised this matter with his United Kingdom counterpart, and I understand that their predecessors agreed several years ago to renegotiate the agreement to improve its effectiveness. Two negotiating sessions at officer level were held, in May 1982 and September 1983, at which a number of changes were agreed to in principle, and some other areas requiring resolution identified.

One matter of particular concern to the Australian Government is the fact that the agreement does not require the United Kingdom to pass on cost-of-living increases in its domestic pension rates to its pensioners in Australia. British pensions paid in Australia are thus effectively 'frozen' at the rate payable on departure from Britain or on grant overseas.

Subsequent amendments made in 1962 and in 1975 did not address the question of cost-of-living increases and the effect over the years of the absence of any provision in the agreement for indexation of British pensions paid in Australia has been to produce a significant anomaly.

The position now is that over 65,000 ex-residents of the United Kingdom, although most would have contributed in full to the UK pension system, are receiving supplementary pensions from Australia in order to maintain a reasonable standard of living. There are only approximately 5,000 ex-residents of Australia now living in the United Kingdom, to whom Australia in fact pays fully-indexed portable pensions.

Thus the agreement now operates greatly to Australia's disadvantage at a time when the rationale for the terms originally agreed to by the Australian Government has long since diminished in significance.

It is my understanding that the United Kingdom has concluded social security agreements with a significant number of other countries throughout the world, agreements which allow for British domestic cost-of-living pension increases to be passed on to British pensioners living in those countries. In Australia, Canada and New Zealand this does not apply. It would seem discriminatory to continue to single out these three countries for inequitable treatment, particularly in view of the close and harmonious relationship which has always existed between the United Kingdom and her former dominions.

I would welcome an indication from you that your Government is prepared to reopen and extend negotiations with the Australian Government on a revised agreement which would provide for a more equitable sharing of responsibility for social security cover for people who move between our two countries.

Yours sincerely

Bob Hawke

The Rt. Hon. Margaret Thatcher, M.P.  
Prime Minister of Great Britain  
London SW1  
United Kingdom"

Message Ends.





T'd above. *cel*

PRIME MINISTER

CANBERRA

*Dear Prime Minister,*

15 SEP 1986

I am writing to you about the current reciprocal agreement on social security between Australia and the United Kingdom.

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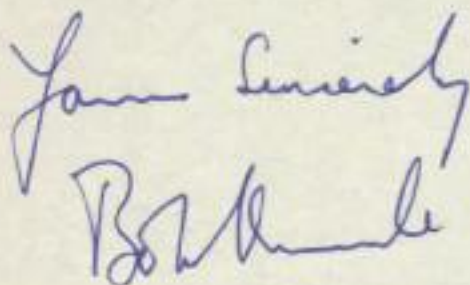
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I would welcome an indication from you that your Government is prepared to reopen and extend negotiations with the Australian Government on a revised agreement which would provide for a more equitable sharing of responsibility for social security cover for people who move between our two countries.

Handwritten signature in blue ink, appearing to read "Joan Linnichy". Below it is another handwritten mark, possibly initials or a second signature, also in blue ink.

The Rt. Hon. Margaret Thatcher, M.P.,  
Prime Minister of Great Britain  
LONDON SW.1.  
UNITED KINGDOM