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THE PRIME MINISTER

22 March 1989

Jean Boh.

Thank you for your letter of 10 March about the indexation of British pensions payable in Australia.

I can understand your disappointment at our decision not to uprate these pensions. However, as I said in my letter of 28 December last, we gave your proposal full and careful consideration but our decision had to be that we should not make such a change.

We have considered in detail all the options your officials have put forward for different approaches to indexation. However, the cost of any realistic change smaller than full indexation would still be considerable. For example, the eventual cost in 15 to 20 years of paying pension increases for pensioners aged 70 and over would be of the order of £55 million a year at current prices.

In these circumstances I have to say that I do not think a meeting of officials would be useful, as it would serve only to raise false expectations.

Warm regards,

Yours ever

R. J. L. Hawke

The Honourable R.J.L. Hawke, A.C., M.P.