

Agreement on social security between the Government of Australia and the Government of Ireland

Introduction

- 2.1 The *Agreement on social security between the Government of Australia and the Government of Ireland*¹ (the Agreement), when entered into force, will replace the existing agreement that entered into force in 1992.²
- 2.2 The Agreement is part of a network of bilateral social security agreements that Australia has with other countries³ and is the last social security agreement to be revised.⁴ The Agreement provides for access to certain Australian and Irish social security benefits and portability of these benefits between the countries.⁵

1 Bilateral social security agreements with the following countries have also been revised to incorporate similar changes: Austria, Canada, Malta, the Netherlands, Portugal and Spain; NIA, para. 15.

2 National Interest Analysis (NIA), para. 2.

3 Australia has similar bilateral social security agreements in place with: Austria, Canada, Chile, Croatia, Cyprus, Denmark, Germany, Ireland, Italy, the Netherlands, New Zealand, Portugal, Slovenia, Spain and the United States of America; NIA, para. 9.

4 Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 2.

5 NIA, para. 7.

- 2.3 Australia's social security partners pay approximately \$540 million per annum in pensions into Australia and Australia pays approximately \$194 million per annum in pensions into other countries.⁶

Features of the Agreement

- 2.4 The proposed Agreement makes a number of changes to the existing agreement. These changes are:
- the Disability Support Pension (DSP) is restricted to people who are considered to be severely disabled, that is people assessed as having no capacity to work or no prospects for rehabilitation within two years of being granted a DSP
 - the rate of benefit will remain the same for the first 26 weeks for temporary visitors to Australia. When a person departs Australia, on a temporary basis, the rate of benefit will remain the same for the first 26 weeks of their absence
 - double coverage provisions have been included to ensure that employers in both countries do not make two superannuation contributions for an employee working in either country temporarily.⁷
- 2.5 The first change brings the Agreement into line with Australia's other revised bilateral social security agreements. Existing DSPs will not be affected by the changed provision. Other changes are intended to reduce the incidence of overpayments to pensioners who undertake temporary visits between Australia and Ireland.⁸
- 2.6 The Agreement provides for shared responsibility in the provision of benefits between the Parties and also allows people to lodge claims from either Australia or Ireland. The Agreement will overcome restrictions on portability of payments between Australia and Ireland and provide for mutual administrative assistance to determine entitlements for recipients.⁹ The Agreement also allows for the

6 Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 2.

7 NIA, paras 13-14.

8 NIA, paras 9 and 12.

9 NIA, para. 7; Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 2.

recognition of periods of working life residence in both countries in determining a claimant's benefits.¹⁰

- 2.7 For Australia, the Agreement will cover the social security legislation relating to the age pension, disability support pension for severely disabled persons, pension payable for widowed persons, and the law relating to the superannuation guarantee.¹¹
- 2.8 For Ireland, the Agreement will include coverage of legislation relating to the old age (contributory) pension, retirement pension, widow and widower (contributory) pensions, invalidity pension, orphan's (contributory) allowance, bereavement grant and the liability for the payment of employment and self employment contributions.¹²
- 2.9 The existing agreement provides for benefits for approximately 588 former Irish residents now residing in Australia and over 200 former Australian residents now residing in Ireland. This equates to approximately \$1.4 million per annum in pensions paid into Australia from Ireland and \$1.1 million in pensions paid into Ireland from Australia.¹³ The majority of people that will benefit from the Agreement are pensioners.¹⁴

Implementation and costs

- 2.10 The Agreement will be implemented, pursuant to sections 8 and 25 of the *Social Security (International Agreements) Act 1999 (Cth)* (the Act). The Act will be amended to include the schedule containing the text of the Agreement.¹⁵

10 NIA, paras 7 and 12.

11 NIA, para. 17; Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 2.

12 NIA, para. 17.

13 Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 2.

14 NIA, para. 8.

15 NIA, para. 39.

- 2.11 The Agreement will provide administrative savings of \$0.24 million. Associated departmental administrative costs will be absorbed.¹⁶ Savings are expected to result from fewer claims for severely disabled pensions over a number of years, once the Agreement enters into force.¹⁷

Consultation

- 2.12 Consultation about the Agreement was conducted throughout Australia with Australian-Irish community groups, relevant community welfare organisations and State and Territory Governments. The Committee understands that no issues were raised by the groups consulted in relation to the Agreement.¹⁸

Entry into force and withdrawal

- 2.13 The date scheduled for entry into force of the Agreement is 1 January 2006.¹⁹ The Agreement may be terminated by either Party with twelve months notice, through the exchange of diplomatic notes. In the case of termination of the Agreement, benefit recipients and approved claimants will preserve their right to receive benefits. The double coverage provisions will also be preserved.²⁰

Future bilateral social security agreements

- 2.14 The Australian Government is currently negotiating a number of bilateral social security agreements with other countries. These countries include Norway, Switzerland, Japan and Korea. Preliminary discussions have also occurred or are taking place with Greece, Hungary, Latvia and Sweden.²¹

16 NIA, para. 40.

17 Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 3.

18 NIA, Consultation Annex.

19 NIA, para. 3; Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 3.

20 NIA, para. 44.

21 Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 5.

2.15 The Committee was informed that there has been no social security agreement with the United Kingdom (UK)²² since the previous agreement was terminated in 2001. Mr Hutchinson from the Department of Family and Community Services informed the Committee that:

We do not have an agreement with the UK, and that is because the UK refuses to renegotiate the agreement to include indexed UK pensions to Australia.²³

Conclusion and recommendation

- 2.16 The Committee acknowledges that the Agreement will bring the bilateral social security agreement with Ireland into line with Australian Government policy on disability support pensions.
- 2.17 The Committee believes that the proposed Agreement will contribute to strengthening bilateral relations with Ireland and continue to provide choice of retirement destination for people from both countries.
- 2.18 The Committee welcomes the Australian Government's discussions and negotiations with other potential social security bilateral partner countries.

Recommendation 1

The Committee supports the *Agreement on social security between the Government of Australia and the Government of Ireland (Dublin, 9 June 2005)* and recommends that binding treaty action be taken.

22 Please note the long title is: United Kingdom of Great Britain and Northern Ireland.

23 Mr Peter Hutchinson, *Transcript of Evidence*, 16 August 2005, p. 5.

