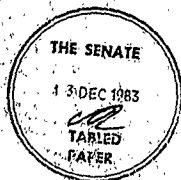


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Report
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Finance Minute on
Report 187—
Reports of the
Auditor-General 1978-79

218

Joint Committee of
Public Accounts



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

218TH REPORT

FINANCE MINUTE ON THE COMMITTEE'S REPORT 187 -
REPORTS OF THE AUDITOR-GENERAL - 1978-79

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

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on Expenditure

DUTIES OF THE COMMITTEE

Section 8.(1) of the Public Accounts Committee Act 1951 reads as follows:

Subject to sub-section (2), the duties of the Committee are:

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the Audit Act 1901;
- (aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
- (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

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PREFACE

Following the creation of the Department of Finance in 1976, it was agreed that the 'Treasury Minute' arrangements for ensuring that appropriate action is taken in response to Committee recommendations should continue. These then became known as the Department of Finance Minute.

Although these arrangements are periodically reviewed, they have been in operation, in more or less their current form, since 1952 when the Public Accounts Committee was re-established.

The Finance Minute procedures as they now stand are:

1. The Report of the Committee is tabled by the Chairman in the Senate and by a Member of the Committee in the House of Representatives. Motions are moved in both Houses of the Parliament that the Report be printed as a Parliamentary Paper.
2. The Chairman of the Committee thereafter forwards a copy of the Report to the responsible Minister and to the Minister for Finance with a request that he give the Report his consideration and inform the Chairman of the action taken to deal with the Committee's conclusions.
3. The reply which is in the form of a Department of Finance Minute, is then examined by the Committee and, together with the conclusions of the Report to which it relates, is submitted as soon as possible as a Report to the Parliament.
4. Should the Committee find during its examination of a Department of Finance Minute that certain recommendations are not fully dealt with or are subject to a further Minute, it holds an exploratory discussion with officers of the Department of Finance prior to the submission of the Minute to the Parliament.
5. In reporting a Minute to the Parliament, the Committee, except in special cases does not usually make any comment other than to note recommendations not fully dealt with or subject to a further Minute.

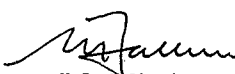
6. When the Committee next examines the department concerned the Department of Finance Minute is considered by the Committee if applicable.
7. The Department of Finance furnishes the Committee with a half-yearly report on outstanding Minutes, indicating the progress made in dealing with the Committee's comments.

In accordance with the procedures outlined above, this Report documents the Department of Finance Minute which was submitted in response to the Committee's 187th Report.

For and on behalf of the Committee.



Senator G. Georges
Chairman



M.J. Falberg
Secretary
Joint Parliamentary Committee of Public Accounts
Parliament House
Canberra
1 December 1983

(x)

CHAPTER 1 INTRODUCTION

1.1 The Committee's 187th Report, which examined the Auditor-General's Report for 1978-79, was tabled on 7 April 1981. A summary of the Committee's report appears in Chapter 2. The recommendations, together with the Department of Finance Minute appear in Chapter 3.

1.2 The Committee notes with displeasure the considerable delay between the tabling of the 187th Report and finalisation of Departments' responses in early October this year. While the Department of Finance Minute was transmitted to the Committee by the Minister for Finance on 19 May 1983, the Committee found it necessary to seek further information on some aspects on 26 July and a reply was not received until 6 October.

1.3 Aside from the matter of timing, the Committee is generally satisfied with the response to the 187th Report. It does, however, impress upon Departments the need to give adequate detail in their responses.

1.4 Complete and timely information would reduce the necessity for follow-up approaches to Departments. At the same time adequate detail is essential for an understanding of developments since the Committee's investigation. In that context the Committee considers that more information should have been provided to support the substantial changes in approach advanced in later information provided by the Department of Social Security. By way of example, the Committee notes the quite contrary, though unexplained, recommendations regarding centralisation of payments made by the Joint Management Review of Consular Services and those of the subsequent Joint Review of the Payment of Pensioners Overseas.

1.5 The Committee realises that the administrative procedures of the Department of Veterans' Affairs in exercising largely central control over the payment of pensions overseas may be facilitated by the Department's relatively small involvement in the area. While the Committee acknowledges this aspect of the Department's brief response, the Committee would have expected that the Department's attention could have been usefully directed to the possibility of using the banking system for transfer of pension payments overseas, as it recommended, for short term visits overseas.

1.6 The main administrative changes effected as a result of the Committee's investigation are as follows:

progressive introduction of a six months 'buffer' stock of spare parts to reduce the incidence of long lead times in item acquisition; (Department of Defence)

development of a replenishment provisioning model and associated financial estimating and budget-tailoring models to improve procedures for estimating the real costs of procuring additional spare parts; (Department of Defence)

amendment of the Manual of Procedures for Recording and Disposal of Fisheries Forfeitures to give added emphasis to the timely disposal of forfeited boats and catch, taking into account anticipated net realisable value. (Department of Primary Industry)

restriction of payments of pensions to overseas addresses to clients whose absence will exceed twelve months. (Department of Social Security).

CHAPTER 2

SUMMARY OF THE COMMITTEE'S 187TH REPORT

2.1 In accordance with its duties the Committee conducted a series of inquiries related specifically to matters raised by the Auditor-General in his Reports for the year ended 30 June 1979. The Auditor-General's Reports were tabled in Parliament on 18 September 1979 and on 13 November 1979.

2.2 Among the twelve departments from which submissions were sought, four were selected for public inquiry, namely the Departments of Defence, Primary Industry, Social Security and Transport. The item at issue within the Department of Transport, the purchase of ultra large fire tenders, was the subject of a separate report - Report 189.

2.3 The Committee's investigation of the Department of Defence was in relation to Repair and Overhaul of Aircraft. It concerned the practice of removing serviceable components from aircraft to remedy defects and supply spares to other aircraft; the effect of current repair, maintenance and stock holding procedures on the availability of aircraft; the organisational arrangements for repair and maintenance of aircraft; and the procurement of spare parts. The Committee made recommendations designed to improve spare parts, maintenance facilities and personnel capacities.

2.4 With regard to the Department of Primary Industry, the Committee considered the matter of the apprehension of foreign fishing vessels. Specifically, the Committee examined the administrative problems associated with the apprehension and disposal of foreign vessels fishing illegally in Australian waters and suggested procedures relating to disposal of apprehended vessels and disposal of catches.

2.5 The Committee also pursued the matter of payment of pensions and benefits overseas, administered by the Department of Social Security. The Auditor-General's Report for 1978-79 had drawn attention to deficiencies in the procedures for payment and review of pensions and benefits overseas. In view of the rapid increase in the number and value of these payments the Committee was concerned that the reported deficiencies might have led to significant payments in excess of entitlement. Accordingly the Committee examined the procedures for payment and review of pensions and other benefits, reciprocal payment arrangements with other governments, staffing of overseas offices and the internal audit procedures applying to overseas payment functions. The Committee made recommendations designed to improve the system of payments, audit and review. Its recommendations related to the regular reconciliation of records of beneficiaries and those eligible, use of banking facilities to transfer payments in respect of short term visits overseas and reciprocal arrangements to localise administrative functions.

CHAPTER 3

DEPARTMENT OF FINANCE MINUTE AND ADDITIONAL INFORMATION

3.1 Set out below are the Conclusions and Recommendations of the 187th Report with the responses from Departments in the form of a Department of Finance Minute of 18 April 1983. This material has been supplemented, where necessary with additional information provided on 6 October 1983. Most of this supplementary information was offered in response to requests by the Committee. Each Conclusion or Recommendation listed below is referenced to the relevant paragraph in the 187th Report.

DEPARTMENT OF DEFENCE - REPAIR AND OVERHAUL OF AIRCRAFT

PARAGRAPH 1.48

From the evidence presented to the Committee it is clear that the practice of removing serviceable components from certain aircraft to remedy defects in others can be justified by the RAAF in terms of increased operational availability of aircraft. It is clear also that under the circumstances outlined by the Department, it is at times a necessary management method to achieve this end. Nevertheless, the Committee is concerned that since the practice involves double handling of spare parts with the consequent additional strain on limited resources, it represents an additional and, to an extent, avoidable cost to the Commonwealth.

Response

3.2 The Department endorses the Committee's concerns on the effects of 'cannibalisation' or transfer of components and the benefits of controlled 'cannibalisation'. For technical equipment of the RAAF the policy and procedures to be followed in considering, authorising and recording 'cannibalisation' are defined in Defence Instruction (Air Force) Technical 17-20. Any 'cannibalisation' does increase usage of consumable parts, (eg seals and locking wire), required to install the component in the next higher assembly and does consume extra manhours. However, it is considered this can in fact be justifiably weighed against the motivating and morale-boosting effect of having the end item of equipment back in service and in operation.

3.3 As implementation of revised supply margins proceeds, this should contribute to better management control of the need to 'cannibalise' in other than emergency situations. Further reductions should occur when a more timely mechanism for assessing future spare parts requirements is developed. Details

of the action taken or to be taken in respect of these two aspects are addressed in the response to paragraphs 1.51 and 1.52. of the Committee's Report.

PARAGRAPH 1.49

The Committee is particularly concerned with the serious shortcomings in the RAAF logistic supply system which have become apparent through this inquiry. In this regard, the Committee, whilst recognising the difficulties and complexities involved in replacing machine accounting systems with computers and updating existing ADP facilities, is disturbed by the substantial delays incurred in bringing up to date systems into operation. The Committee regards it as essential that a supply system must keep pace with the sophistication of the equipment being handled. Accordingly, the Committee recommends that the Department pursue the updating of logistic supply systems as a matter of urgency.

Response

3.4 The Department of Defence has advised that the introduction of the Defence Supply Retail Mini-Computer System (DSRMS) was the first step in updating the Supply System. Implementation of the DSRMS was finalized on 27 November 1980, and it is expected to remain in use for approximately ten years. It will be modified to take advantage of developments in the Central EDP System and other supply ADP systems as they become available.

3.5 To further up-date the Supply System, three projects are in hand.

1. RAAF Supply Depot System (RSDS) - an integrated stock control, stores accounting, provisioning and warehousing system (Target date - March/April 1983).
2. Univac Conversion Project - conversion of current systems on Honeywell to UNIVAC is continuing, with an estimated completion date of January 1984.
3. Supply Systems Redevelopment Project (SSRP) - the development of a common supply system for the three services (Target date - mid to late 1980's).

PARAGRAPH 1.50

Regarding the long lead times being experienced in the acquisition of necessary Maintenance Technical Items and spare parts the Committee recommends the

Department reintroduce a 6 months 'buffer' stock or supply margin of spares, thus minimising the effects of periodic delays in supply.

3.6 The Department of Defence has advised that the recommendation of the Committee has been accepted and partial implementation is underway as a result of action taken in March 1980. Further implementation is a matter of resource allocation levels in the Maintenance Stores element of the annual estimates. The cost of supply support requirements against present activity levels within allocated resources will most likely preclude any further planned allocation of supply margins in the near future.

PARAGRAPH 1.51

Similarly, the Committee recommends that the Department pursue with vigour all options open to it to develop a more accurate and timely mechanism for assessing future spare parts requirements. The Committee further recommends that the Department give priority to the development of more effective procedures for estimating the real costs of procuring additional spares.

Response

3.7 The Department of Defence has advised that, as part of its continuing efforts to develop a more timely mechanism to determine its future spare parts requirements, the RAAF has been examining several suggestions, two of which are:

1. a revised method for determining the number of repairable items required to support a parent item of equipment by considering the availability required of the set of repairable items and relating this to the cost and the required availability of the parent item; and
2. the use of the considerable amount of data generated by the US Services and their contractors for the aircraft for the New Tactical Fighter (NTF) program.

3.8 This is an ongoing program subject to continuing action within the RAAF.

3.9 With regard to the development of more effective procedures for estimating the real costs of procuring additional spare parts, the Department has developed a replenishment provisioning model, which appears to meet all of the requirements of the Committee's recommendations, and a complementary financial estimating and budget-tailoring model. Action is also in hand at Headquarters Support Command (HQSC) to improve spares assessing

procedures. A revised organisation structure for HQSC is being developed with the aim of enhancing the logistic support for the existing force.

PARAGRAPH 1.52

The Committee is disturbed at the apparent long delays being experienced in the development of new repair and maintenance facilities at the Depot level and the consequent delays in the repair and overhaul of certain major items. Whilst the Committee recognises that such instances are relatively rare and when they do occur, they attract detailed management attention from Headquarters Support Command, it recommends that the Department give priority to the development of the required facilities.

Response

3.10 The Department of Defence has advised that the RAAF shares the Committee's concern at delays in establishing new repair and maintenance facilities at Depot level and is giving increasing priority to this area. At times, delays are inevitable, for example when the parent US Service operating and maintaining the aircraft type has not established Depot level facilities itself, preferring to rely on maintenance by the original manufacturers, or when the US Service establishes a Depot level capacity using equipment and facilities already in use and hence not available for the RAAF to purchase. In these cases the RAAF must investigate other approaches, a time consuming exercise involving some expenditure of skilled manpower.

3.11 Establishment of new Depot level maintenance facilities often requires provision of new technical buildings or changes to existing buildings to house the test equipment and workforce. The processes for definition, justification, approval and construction of new buildings are lengthy and can result in situations where the buildings are not available at the required time.

PARAGRAPH 1.53

Regarding the issue of local participation in aircraft maintenance, the Committee supports the conclusions and recommendations of the Joint Parliamentary Committee on Foreign Affairs and Defence relating to freedom from reliance on overseas sources of supply. The Committee recommends that as far as is possible within the current financial limitations, continued priority be given to this issue, particularly in the context of major defence equipment purchases.

Response

3.12 The Department of Defence has advised that Government policy has been and is to ensure the maximum possible self-sufficiency within Australia for the maintenance of defence equipment. This policy is being pursued.

PARAGRAPH 1.54

The Committee is disturbed by the low retention rates in some skilled categories caused by the demand for these skills outside the Service. Excessive wastage of skilled personnel is disruptive and represents the loss of considerable expenditure by the Commonwealth in their training. It is recommended that the Department explore all possible options, including a closer liaison with secondary and tertiary education institutions, to ensure the availability of suitably qualified personnel in these categories. It is further recommended that particular consideration be given to increased remuneration by way of better margins for skills, length of service or other methods; the possibility of recruitment of already qualified personnel overseas; and increased re-enlistment bonuses.

Response

3.13 The Department of Defence shares the Committee's concern at the low retention rates in certain skilled categories and has advised that the following steps have been taken in an effort to offset the drain of skilled members:-

1. Appropriate entry standards and qualifications have been and will continue to be reviewed to ensure that RAAF requirements are realistically based.
2. Recruiting efforts and resources have been increased, including more frequent visits by RAAF careers officers to virtually all secondary and tertiary education institutions.
3. Training capacity is being increased to cope with increased intakes and where possible alternative non-traditional training sources are being sought. For example, arrangements have been made for an additional intake of engineer officer undergraduates to commence studies in 1982 at the West Australian Institute of Technology. Previously such students attended only the Royal Melbourne Institute of Technology.

4. A scheme has been introduced to select suitable technical Warrant Officers for commissioning into the Engineer Branch. For the aircraft technical trades, suitable serving airmen are being encouraged to undertake trade training.

5. Former airmen are being offered re-enlistment within six months of discharge with restoration of rank and seniority.

3.14 The Department of Defence has advised that as a result of the acceptance of a report by the Committee of Reference for Defence Force Pay, Defence Force salaries have been significantly increased. This could have a beneficial effect on retention rates. The question of a financial incentive to induce skilled personnel to re-enlist has been exhaustively examined within the Department and the Minister has requested the Committee of Reference to advise on the general question of incentive payments, after the present reference with the Committee has been completed.

PARAGRAPH 1.55

The Committee believes that all Service establishments should be at a level adequate to discharge all the duties laid upon them and that strenuous efforts should be made to keep morale high. The Committee, therefore, recommends that the Department re-examine the allocation of additional staff to those areas where the 'time-in-lieu' procedure has not proved to be satisfactory.

Response

3.15 The Department of Defence has advised that as with all government agencies the availability of manpower is determined by Government policy. Within that availability it is the responsibility of management (RAAF) to allocate manpower to the various tasks and capabilities that it is required to undertake. Manpower levels are mostly a product of earlier manpower planning, efficient and responsive management, recruitment achievements, levels of wastage, rates of retention, the size of the training commitment, acquisition of new equipments and expanded effort on existing equipments and the imposition of new tasks. Given the interaction of these factors, varying in emphasis of importance and often in degrees of compatibility, there is invariably some manpower shortfall to the ideal situation of having the right man for the right job at the right time.

DEPARTMENT OF PRIMARY INDUSTRY - APPREHENSION OF FOREIGN FISHING VESSELS

PARAGRAPH 2.43

Although it is anticipated that costs associated with the management of (apprehended fishing) vessels will be recouped under the joint venture agreement, the Committee strongly recommends that they be disposed of as quickly as possible after forfeiture for the following reasons:

- . maintenance costs are both significant and unpredictable;
- . they occupy valuable port facilities;
- . they incur hidden costs by way of involvement by fisheries officers as well as local authorities;
- . they are a hazard to navigation if they sink or break up at moorings;
- . in the event they break loose during cyclonic weather they may damage port facilities and other vessels;
- . they are a potential source of disease and vermin;
- . a vessel may be seaworthy and in good condition, but is unable to be sold due to a lack of demand;
- . past experience clearly indicates that clam boats, if and when sold, bring only a nominal amount;
- . clam boats deteriorate rapidly if extensive maintenance is not carried out; and
- . beached or moored clam boats are a potential hazard to shipping and an environmental eyesore.

Response

3.16 The Department of Primary Industry has advised that the Board of Inspection Procedure at paragraph 1.45 of the Manual of Procedures for Recording and Disposal of Fisheries Forfeitures requires the Board of Inspection to report within four working days its recommendation on the future of a vessel considered unsuitable for use as a seagoing vessel. It is difficult to see how this could be expedited further. However, the Manual of Procedures has been amended to include the following paragraphs:

1.24a Forfeited boats should be disposed of as quickly as possible. In particular, disposal decisions should take account of the anticipated net realisable value and where the direct or indirect costs of keeping a forfeited boat until sold seem likely to exceed the amount that the sale might realise, the vessel should be disposed of by destruction, as soon as there is no prospect of the forfeiture order being reversed on appeal. This requirement applies to all classes of forfeited boats, including Taiwanese clam boats (see paragraphs 1.45 to 1.47 of 'Procedures for Recording and Disposal of Fisheries Forfeitures' at Appendix A).

1.24b To implement this requirement, the Co-ordinating Authority should apply, to any case likely to be covered by para 1.24a, the Board of Inspection procedure of para 1.45.

1.24c Where the Board of Inspection recommends that a boat (other than a Taiwanese clam boat - see paras 1.45 to 1.47) be offered for sale, the co-ordinating authority is to estimate the anticipated net realisable value, seeking professional advice as necessary and taking into account all foreseeable costs of keeping the boat until sale. A statement setting out details of the estimate is to be passed by telex to Fisheries Division within 5 working days of receipt of the Board of Inspection report. Fisheries Division will submit the estimate and any associated recommendations to the Secretary for his direction and advise the co-ordinating authority of the action to be taken in the light of that direction. The procedures in this paragraph are to be completed within 15 working days from the date of the forfeiture order.

PARAGRAPH 2.44

The Committee recommends that a further criterion for disposal based on anticipated net realisable value be adopted. That is if the anticipated sale price, after taking into account the cost of disposal, maintenance and other direct and indirect costs, will result in a net loss to the Commonwealth, the vessel should be disposed of forthwith by destruction.

Response

3.17 The Department has advised that the above amendments to the Manual will also cover this recommendation. However, it does not propose to include instructions to the co-ordinating authority on how to estimate the anticipated net realisable value; each case will be assessed on the relevant facts.

PARAGRAPH 2.45

In cases where it has been decided to destroy the vessel the Committee recommends that the Department of Primary Industry investigate the feasibility of establishing period contracts at the various ports. As the sizes of the vessels would be unknown at the time of contracting it is suggested that the disposal pricing be set on a tonnage basis.

Response

3.18 The Department has advised that the following new paragraph 1.24d of the Manual provides for the arrangement of contracts on an 'expected needs' basis rather than as a general principle for all ports.

1.24d Where the Board of Inspection recommends disposal of a boat by destruction, or where the reason in paragraph 1.24a (see response to recommendation at paragraph 2.43 of the Committee's Report), applies, the co-ordinating authority is to set in motion the procedures in paragraph 1.47.¹ A Co-ordinating Authority who believes that there would be administrative or financial advantage in arranging a period contract for such disposals from a particular port, should submit a detailed proposal to Central Office for consideration by Management Services Branch and Fisheries Division.

PARAGRAPH 2.46

The Committee agrees with the Department's assertion that forfeited catches are of little if any commercial value in Australia. Consequently the Committee has concluded that the Department of Primary Industry's first option should be to dump any forfeited catch. Preferably the crew of a forfeited vessel should be compelled to take the vessel to sea under guard and dump the forfeited catch in an area designated by the local authorities.

Response

3.19 The Department regards this paragraph as expressing an advisory view rather than making a firm recommendation. However, the Department considers it desirable that scope be available for it to be flexible in assessing the action to be taken with forfeited catches, especially those which are suitable for sale and/or of high value.

¹ See extract from the Department's 'Procedures For Recording and Disposal of Fisheries Forfeitures' at Appendix A.

PARAGRAPH 2.47

The Committee recommends that the Department's Board of Inspection, comprising a Commonwealth Officer resident in the port concerned, a fisheries officer and another person occupying a responsible position in the State service or in industry as the local Authority be given clear and unequivocal power to order the immediate disposal of any forfeited catch if, in its opinion, the fish is unsuitable for human consumption or could not be sold within Australia or overseas without the Commonwealth incurring a net loss. Evidence given to the Committee by the various authorities involved indicates that in most cases disposal at sea is the only method which will not involve the Commonwealth in heavy financial outlay.

Response

3.20 The Department has advised that it does not consider the Board of Inspection to be competent to determine whether a forfeited catch should be sold. The Board is established for the sole purpose of determining whether the catch is suitable for human consumption. The Department does not consider the Board to be the proper authority for making decisions involving expenditure of Commonwealth moneys. This responsibility rests with the co-ordinating authority or in the Central Office of the Department. However, the following amendments to the Manual will give effect to the spirit of the recommendation.

1. Insert new sub-paragraph 1.32(e) in the Manual:

'(e) the net estimated value (after deduction of selling expenses) at current market prices for the species concerned, appears likely to be less than the estimated cost of storing it while sale arrangements are in train plus the cost of dumping if the outcome is as per (d) above'.

2. Add to para 1.33 of the Manual a requirement for the Board to report within 2 working days of the forfeiture order.
3. Insert new para 1.34a in the Manual:

1.34a The Co-ordinating Authority is to make appropriate enquiries with respect to the matters in para 1.32(e) and consult with Management Services and Fisheries Division as to the decision to be taken in respect of forfeited catch to which that sub-paragraph applies. To ensure that the Commonwealth's costs are kept to a minimum regardless of the outcome, those enquiries should be set in motion as early as possible after the

laying of charges so that the decision can be implemented without delay after the forfeiture of the catch. The decision should not be delayed during the appeal period. The revenue from any sale should be paid into TFOFM (Trust Fund Other Trust Monies) until the outcome of the legal proceedings is finalised, and then disposed of either by payment to Revenue or refund to the successful applicant.

PARAGRAPH 2.48

On those rare occasions where, in the opinion of the Board of Inspection, catches could be sold without a net loss to the Commonwealth, the Committee considers the Department of Primary Industry's procedures will meet the shortcomings raised by the Auditor-General. However, the situation should be closely monitored and the catch disposed of quickly if it appears that the Board of Inspection's original decision is not being borne out by events.

Response

3.21 The Department has advised that an amendment to paragraph 1.27 of the Manual will give effect to the Committee's suggestion. The final wording of the amendment is still the subject of discussions between the Departments of Primary Industry and Administrative Services and the Attorney-General's Department.

PARAGRAPH 2.49

In July 1980 the Department of Primary Industry published a manual of procedures for recording and disposal of fisheries forfeitures. The Committee has examined the manual and is satisfied that it will help to overcome the problems raised with the Committee during the inquiry. However, the Committee considers inclusion of the points raised above will help to streamline disposal procedures and recommends that the Department amend its manual accordingly.

Response

3.22 As advised in the preceding paragraphs, the Manual will be amended to give effect to the recommendations made by the Committee.

DEPARTMENT OF SOCIAL SECURITY - PAYMENT OF PENSIONS AND BENEFITS OVERSEAS

3.23 The overseas operations of the Department of Social Security have been subject to a number of reviews in recent years. The Review of Commonwealth Functions recommended that a further review be conducted, by the Public Service Board and the Department of Social Security, to examine the scope for streamlining the administrative arrangements relating to the payment of pensions overseas. A Joint Review Team was established in June 1981 and presented its report in August 1981. In the conduct of the review, the team had particular regard to the 187th Report of the Joint Committee of Public Accounts, the 1981 Joint Management Review report on Consular Services and the 1977 report of the House of Representatives Standing Committee on Expenditure on Australia's Overseas Representation.

3.24 The following comments on the recommendations of the Joint Committee of Public Accounts are made in the light of the Joint Review Team's conclusions.

PARAGRAPH 3.37

The Committee has noted the action taken by the Department to correct the deficiencies identified in the Auditor-General's Report. It is a matter of concern, however, that although provisions for the general portability of pensions were introduced in 1973 it is only recently that serious efforts have been made to establish an efficient system of payments, audit and review. The substantial growth in both numbers and value of pensions paid overseas has markedly increased the scope for improper or excessive payments. The downward adjustments of \$685,000 which resulted from the special review undertaken by the Geneva Office clearly establishes the need for new and efficient control procedures.

Response

3.25 The Department of Social Security has advised that in its view the review facilities were adequate at the time of their introduction. However, with the rapid growth in the numbers of portability pensions since 1973, resource constraints inhibited the Department in developing new review mechanisms which would stay abreast of the growth in the client populations. In recognition of the need to strengthen control procedures, a system of review has been implemented comprising an initial review contact soon after overseas payment commences, supported by an on-going program which systematically checks the eligibility of all clients at regular intervals. Enhanced payment

control has also been pursued through the promotion of more effective liaison with Australian Consulates and relevant foreign government agencies.

Additional Response following Request by the Committee

3.26 The Department of Social Security (DSS) has advised that the review and control procedures operating for the pensions and benefits paid through London, to which the Committee refers, are ADP based through a system developed by the ADP Section of the Department of Foreign Affairs in London. The system carries out regular automatic assessments of benefits paid and also automatically provides reports for control purposes on aspects such as:

- age pensioners who are about to turn 70 and receive less than the frozen rate;
- pensioners whose youngest child is about to turn 6;
- pensioners who have a child about to turn 16 or a student child about to turn 25; and
- review for other reasons such as return to Australia, overpayment, recovery etc.

3.27 In addition, the London office is kept informed by advice from Australia of those general events which affect pension entitlements of which the DSS Director, London, would not otherwise be aware, eg:

- changes in war pension rates;
- changes in miners' pension rates; and
- changes in superannuation rates (eg Commonwealth, DFRDB, State, Railway and Police).

3.28 In most instances, lists of the pensioners affected by an event are produced by the Department's ADP system in Australia for onforwarding to London.

3.29 Attached at Appendix B is an extract from the Department of Social Security's Portability Manual which provides details of procedures relating to validation and control of payment authorities sent to overseas posts.

3.30 Regarding the section referring to enhanced payment control being pursued through the promotion of more effective liaison with Australian Consulates and relevant foreign Government agencies, DSS has advised that this related only to the activities of that Department's Geneva

office which has since been closed. These Geneva-based reviews consisted of the then Director of the DSS Geneva Office seeking information on an ad hoc basis from Australian missions and/or relevant foreign government agencies in the countries in which Australian pensioners paid from his office resided, to assist in determining their continuing eligibility for Social Security pensions.

3.31 Whilst DSS does not have a 'formalised' system of liaison with Australian missions overseas or foreign government agencies, other than the mechanisms discussed in the extract from the Portability Manual at Appendix B, the Department is currently developing reciprocal agreements with a number of foreign governments. This is discussed more fully at the additional response to paragraph 3.42 of the Committee's Report.

PARAGRAPHS 3.38

The Committee has noted that of the 9,423 benefits paid through the Geneva Office, 3,464 are paid in Greece and 2,492 in Italy. In the Committee's view the large numbers of beneficiaries in these countries warrant the stationing of an officer in Athens and Rome to carry out continuing entitlement reviews. Having regard to the savings achieved by reviews conducted by the Geneva Office, it could be expected that the cost of employing additional staff for this purpose would be more than offset by the additional savings to be gained.

Response

3.32 The Department has advised that it does not appear to be administratively desirable to carry out review activities in Rome or Athens, due in part to deficiencies in the mail and communications services in those locations and the fact that officers in those cities would, in the majority of cases, still have to rely on contact by correspondence rather than on a face-to-face basis in the field. There are also logistical considerations to be taken into account in the timely transmission of review findings to the payments processing centre. The Public Service Board is also unconvinced of the advantages of the Committee's proposal.

Additional Response following Request by the Committee

3.33 DSS has advised that the options of locating staff in Rome and Athens for entitlement review activities were considered within the context of a Joint Review of the Payment of Pensioners Overseas conducted jointly by the Public Service Board and DSS. The Joint Review Team which reported in August 1981 made the following comments in relation to the suitability of Rome and Athens as locations for review activities:

Rome

- Mail and communication difficulties reputedly the worst in Europe, make Rome totally unsuitable for a centre of operations which relies on the postal system for the distribution of pension cheques.

Athens

- Problems with Athens central mail exchange - 400 pension cheques recently went astray;
- telephone service is poor and international calls are difficult;
- technical difficulties are anticipated in any attempt to introduce on-line data transmission Athens - London;
- the number of staff required would be about the same, and as costly, as operating from London;
- due to time zones, telephone contact with the London accounting office would be difficult.

3.34 DSS has also stated that given the geographical, demographical, and infrastructural characteristics of Italy and Greece, it can not be said that all Australian pensioners in those countries would benefit from a Department of Social Security presence in the capital cities.

3.35 In addition Department of Finance costings, based on data produced by DSS in the August 1981 review, estimate that annual additional costs of maintaining another two A-based officers overseas (say at around the Class 8 level - one each in Athens and Rome) would approximate \$300,000. On the benefit side, assuming an overpayment detection rate of 0.2% (as the proportion of overpayments detected to expenditure), likely savings based on 1979/80 expenditure figures would have been about \$82,000. This would not appear to justify the proposal from a cost/benefit viewpoint.

3.36 In addition, in a review system which must rely on the postal system to operate, the problems associated with the Italian and Greek postal systems can not be avoided by locating the reviewing office in either Rome or Athens.

3.37 In the end, the Department of Finance observes that it is very much a matter of judgement on the part of a Permanent Head on where he should locate an office for this type of activity.

PARAGRAPH 3.39

The Committee is particularly disturbed that the annual pensioner entitlement review was suspended from 1974 to 1978 resulting in a significant reduction in the number of overpayments detected in Australia and overseas during this period. While the Committee appreciates that staff ceilings have caused difficulties for the Department, it is not satisfied that, given the level of expenditure on overpayments subsequently detected, the Department made sufficient effort to maintain these essential checks and so limit the level of overpayment and facilitate the prompt adjustment of rates. The Committee also believes that the Public Service Board should be more aware of likely benefits to flow by acceding to such staffing requests.

Response

3.38 The Department has advised that, in presenting staffing proposals to the Public Service Board, it has made a point of emphasising, where relevant, the possibilities of expenditure savings to the Commonwealth resulting from the provision of additional staff. Staffing bids for the continuation of pensions review work have been based on expected workloads and have formed part of the Department's forward staffing estimates proposals. The staff allocated to review work has been the maximum number possible having regard to overall work priorities and the need to keep within staff ceilings.

3.39 The Public Service Board has advised that, in examining a request for staffing, the Board looks to the merits of the case which include the benefits likely to result from accession to the request. However, such requests must be considered in the context of the Government's overall staff ceiling approach and where relevant, against Government decisions limiting the levels of Australia-based and locally engaged staffing overseas.

PARAGRAPH 3.40

The Committee examined the matter raised in the Auditor-General's Report of the need for reconciliation between Australian and overseas records of beneficiaries and the possibility of unauthorised payments occurring in the absence of such reconciliation. The Committee was advised that difficulties are experienced because of the number of pension adjustments in transit between Australia and the overseas offices at any time but that a full reconciliation is made twice a year following pension adjustments following movement in the Consumer Price Index. The Committee does not accept that this situation is satisfactory and wishes to be informed at an early date of the outcome of the

current proposals for centralising control of overseas payments in Canberra and the extent to which the revised procedures will enable regular reconciliation to be achieved. The Committee also wishes to be informed as to why these operations are to be carried out by a regional office instead of central office.

Response

3.40 The Department has advised that a decision was made in 1979 to transfer the portability functions from Departmental State Offices to the ACT Administration where they would be handled on a centralised basis to facilitate reconciliation and control. The proposed transfer was referred for consideration by the Interdepartmental Committee on Location of Australian Government Employment but was opposed by the Administrative and Clerical Officers Association.

3.41 The Review Team has re-examined this matter and has recommended that action to centralise the portability function be discontinued. The Review Team concluded that the major deficiencies in the present system can be overcome without centralisation and its report contains a number of recommendations aimed at streamlining existing administrative arrangements and improving liaison and control mechanisms. These recommendations include the development of a control system for the monitoring of portability cases, the appointment of an overseas communications co-ordinator in the Systems and Operations Division of the Department's Central Office and the re-design of the principal forms associated with portability to incorporate additional necessary information. Action has been taken to implement these recommendations.

PARAGRAPH 3.41

The Committee recommends that payments to most pensioners overseas should be made from the central office of the Department of Social Security. Cheques should be sent in bulk to overseas posts for mailing locally. A simple reporting system for cheques returned undelivered or unclaimed to the consular office would enhance eligibility checks. Further, for short term visits overseas, pensioners should be actively discouraged from having payments made through the overseas system. In these cases we recommend that payments should be made into bank accounts for transfer overseas using the banking facilities.

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Response

3.42 The Department has advised that, after a very detailed analysis of the various costs, and the advantages and disadvantages of operations from alternative locations, the Review Team concluded that Australia would be the most expensive operational centre. It would also involve significant and costly delays in effecting variations to entitlements. In the light of its detailed examination, the Review Team recommended that all payments in UK/Europe should be administered from the Department of Social Security Office in Geneva. However, because of the closure of the Department of Finance Accounting Office in Geneva the Department of Social Security and the Public Service Board have since agreed that all payments in UK/Europe should be administered from Australia House, London.

3.43 Discussions are continuing between the Departments of Social Security and Finance with a view to streamlining the current administrative and processing procedures entailed in the issue of pension cheques overseas.

3.44 On the question of short overseas visits by beneficiaries, the Review Team recommended that payments to an overseas address be restricted to clients whose absence will exceed twelve months. This arrangement was introduced on 1 September 1982 following a broad-based publicity campaign advising of the amended administrative arrangements. Copies of news releases by the Minister for Social Security and an informative brochure for pensioners explaining the new arrangements are attached at Appendices C to E.

PARAGRAPH 3.42

The Committee has noted the reciprocal payment arrangements that exist between Australia, Britain and New Zealand. It has noted also that the Department of Social Security has taken initial steps towards developing agreements with other countries for the performance of administrative tasks such as entitlement review. The Committee recommends that the Department actively pursue the possibility of entering into reciprocal arrangements with overseas Governments under which administrative functions and controls over pension payments would be exercised by the authorities in the countries where payments are being made.

Response

3.45 The Department of Social Security has advised that the former Government recently decided to enter negotiations with interested migrant source countries on the possibility of establishing reciprocal social security arrangements (refer News Release of 3 February 1983 by the Minister for Social Security -

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Appendix F). The object of such negotiations being to establish agreements which would be to the mutual benefit of Australia and the other countries and to ensure equitable treatment of persons who reside and work in Australia for a certain period of time and for whom the Australian pension system has some responsibility.

Additional Departmental Comment

3.46 DSS has advised that further to the former Government's announcement of Australia's preparedness to enter into negotiations towards reciprocal Social Security agreements with interested migrant source countries, on 29 April 1983 the Minister for Social Security announced the commencement of negotiations with Italy (see Appendix G). Other countries have also expressed interest and are pressing for negotiations to begin. DSS hopes that the principles incorporated into an agreement negotiated with Italy can be used as a model for negotiations with other countries. The objects of such agreements are to provide bilateral arrangements to ensure income security coverage of people who move between the countries concerned and to provide administrative support for the payments each country makes in the territory of the agreement partner.

PARAGRAPH 3.43

In relation to internal audit the Committee commends the change advised in the procedures of the Department to give greater emphasis to the examination of efficiency of operations, effectiveness of resource use and suitability of internal controls. The Committee recommends that this change be accelerated and directs the attention of the Department to the Committee's 184th Report on Internal Audit in the Australian Public Service.

Response

3.47 The Department has advised that it has proceeded with the internal auditing approach outlined to the Committee. Subsequent to the Committee's recommendation a detailed national audit was carried out on the function as a whole and action taken on the findings. Lists of pensioners and beneficiaries being paid outside Australia are being tested on a continuing basis to ensure authenticity and correctness of entitlement.

Additional Departmental Comment

3.48 A further audit dealing with both the procedural and authenticity aspects of the payment of pensions and benefits overseas is in course at present.

PARAGRAPH 3.44

The Committee understands that a Joint Management Review of Consular Services was recently completed by the Public Service Board and the Department of Foreign Affairs. It pointed out that many consular practices could be streamlined and made more efficient. In particular it claimed that payment of Social Security benefits from overseas centres causes inefficiencies and, in many cases, poor service to pensioners. The Committee wishes to be informed of the results of implementing the recommendations of that review, particularly in relation to this subject.

Response

3.49 The Department has advised that, as outlined in the responses to earlier paragraphs, the Joint Review Team had regard to the report of the Joint Management Review of Consular Services in its examination of the payment of pensions overseas.

Additional Response following Request by the Committee

3.50 Recommendations by the Joint Management Review of Consular Services relevant to the operation of the DSS were:

- payments to clients overseas should be made from a central DSS operation based in Canberra. Cheques should be sent in bulk to overseas posts for mailing locally;
- for short term visits overseas, clients should be actively discouraged from having payments made through the overseas system. In these cases, payments should continue to be made into bank accounts from the state offices. For absences below a minimum period, payments should not be sent overseas in any circumstances;
- a small staff (including one A-based officer) should be retained in Europe (not necessarily Geneva) to advise on local situations and answer queries by phone from other European posts;
- the social security operation in London should be closed down, retaining one LES (two at most) within the Consular Section to answer queries and check review forms for completeness before forwarding to Canberra;
- the computer programs, other systems and basic data in use in Geneva should be examined to determine their suitability for use in Canberra to make overseas payments.

3.51 DSS has advised that the recommendations as outlined above were largely subsumed by the Joint Review of the Payments of Pensions and Benefits Overseas, mentioned above, which was undertaken as part of the Review of Commonwealth Functions. Recommendations of the review were aimed at improving efficiency, communication with clients and management control. These included:

- . to restrict payments overseas to clients whose absence is expected to exceed twelve months;
- . to administer all payments in UK/Europe from London;
- . to send a medical officer overseas to carry out medical examinations;
- . to reduce the requirement for full duplication of payment records in London and Australia;
- . to provide better information to staff of DSS regional offices and overseas posts;
- . to redesign forms associated with portability;
- . to improve monitoring of cables from overseas posts to State portability units to ensure speedy replies;
- . to provide priority to overseas cables originating in Australia and to ensure all information is included;
- . to encourage telephone contact with main overseas offices to communicate essential and urgent information;
- . to develop a portability control system;
- . to re-examine portability criteria;
- . to introduce better pre-departure interviews in general;
- . to reduce the need for pre-departure medical examinations for some categories; and
- . to reduce staffing in Australia by four.

3.52 As will be seen from the foregoing, the JMR recommendation to restrict overseas payment to long term absences was accepted but the other recommendations which were all related to the payments being made centrally in Australia, were not endorsed. The matter of improved client services as a result of the implementation of the recommendations of the JMR does not, therefore, arise.

3.53 Agreement was reached amongst the departments concerned that DSS operations from London was the preferred option having regard to cost/efficiency and client service considerations. Reasons for not locating in some European centres is also discussed in the additional information provided in response to paragraph 3.38 of the Committee's Report.

DEPARTMENT OF VETERANS' AFFAIRS

PARAGRAPH 3.45

The Committee has noted that the Department of Veterans' Affairs arranges for the payment of repatriation pensions overseas. The Committee recommends that the Department review its procedures having regard to the conclusions and recommendations of this Report.

Response

3.54 The Department of Veterans' Affairs has advised that the procedures followed for the issue of cheques to eligible repatriation pensioners residing overseas are different from those followed by the Department of Social Security. In consequence the Department considers that the conclusions and recommendations made by the Committee in relation to the Department of Social Security are not generally relevant to the Department of Veterans' Affairs.

3.55 The system currently applying for the payment of repatriation pensions overseas is briefly outlined below.

3.56 When a veteran and any dependants take up residence overseas either temporarily or permanently, he may request that his benefits be paid overseas for that period. The State Branch Office ceases payment from its Payment Master File and then takes the appropriate action to arrange for payment overseas. For payments to be made in England or New Zealand the details are sent directly to those countries. Payments to be made in Papua New Guinea are referred to the Queensland Branch Office. All other payments to be made overseas are referred to Benefits Branch, Central Office.

3.57 The administration of the payment of pensions overseas is controlled by the Benefits Branch, Central Office. In order to assist the overseas paying authorities with the local administration of repatriation benefits, a handbook has been produced and is regularly updated. In case of any difficulty in the interpretation of the handbook and in certain other circumstances, the overseas paying authorities are requested to refer the matter to Benefits Branch, Central Office. Special arrangements have been made with the governments of New Zealand and Fiji to administer repatriation benefits in those countries, and claim reimbursement for benefits paid.

3.58 The notification of payment of benefits overseas or variation to existing payments is made on a multipart form (Form D374) which sets out details of the veteran, payee, medical details, pension payable and the date of effect. This form is the authority for payment of a benefit overseas and contains the delegate's approval for the payment of a certain amount from a certain date. Copies of the form are distributed to the overseas office, Statistics Section, Finance Branch and Benefits Branch.

3.59 All payments overseas are made in accordance with the procedures laid down by the Department of Finance. The Accounting Offices in London and Washington process payments for their regions and all other payments are made by the appropriate overseas posts controlled by either the Department of Foreign Affairs or the Department of Trade and Resources and debited to appropriations belonging to the Department of Veterans' Affairs.

3.60 The main review process of the pensions payment system overseas, is the completion by the pensioner of a 'life certificate' on an annual basis. The life certificate is used as evidence of survival of the pensioner and for continuing eligibility. In any case, the local authority may suspend payment of a pension if it is considered necessary. Any detected overpayments are recovered by deduction from subsequent pension payments.

3.61 For comparison purposes, the Department of Social Security paid 15,314 recipients the total amount of \$41.075 million during 1979-80 and for the same period the Department of Veterans' Affairs paid 2,979 recipients a total amount of \$3.868 million. During 1980-81 the Department of Veterans' Affairs paid 3,038 recipients a total amount of \$4.617 million.

EXTRACT FROM THE DEPARTMENT OF PRIMARY INDUSTRY'S 'PROCEDURES FOR RECORDING AND DISPOSAL OF FISHERIES FORFEITURES' - ISSUED JULY 1980

SPECIAL DISPOSAL ARRANGEMENTS FOR FORFEITED TAIWANESE CLAM BOATS

Board of Inspection

1.45 The co-ordinating authority is to nominate and appoint in writing, a Board of Inspection in respect of every forfeited Taiwanese clam boat, composed as per (a) and (b) in para 1.33 with the third member a qualified master mariner resident in or near the port where the boat is lying. The co-ordinating authority is to ensure that the Board of Inspection is made aware of the following options that it may recommend in respect of the boat only (other stores and equipment on board being dealt with as generally provided by these procedures)

- (a) in the case of a vessel in good condition, disposal in accordance with para 1.24;
- (b) in the case of a vessel unsuitable for use as a seagoing vessel, sale for breaking up or some other static purpose;
- (c) in the case of a vessel not falling into either (a) or (b), writing off and destruction.

The Board of Inspection is to carry out its duties within two working days after the forfeiture order is given and submit its report within four working days. The report under para 2.11 in respect of a vessel subject to a recommendation under (a) is to be submitted within seven working days after the inspection.

Sale of Forfeited Taiwanese Clam Boat for Breaking Up, etc.

1.46 On receipt of a Board of Inspection report as per para 1.45(b), the co-ordinating authority is to notify Fisheries Division in order to obtain the Secretary's direction. On receipt of that direction, the co-ordinating authority is to advertise the vessel in newspapers circulating in the region and may dispose of the vessel by sale to the person submitting the highest offer. Payment is to be by cash or bank cheque. The buyer may take delivery after payment and the execution of a deed of sale in accordance with Attachment B. The Superintendent of Stores is to be notified of the sale. Payment is to be credited to Miscellaneous Revenue. A recommendation under para 1.45(b) is to be read as also recommending action under 1.45(c) if no offer is received in response to the advertisement. Preparation of a report under para 2.11 is not necessary in the case of a forfeited clam boat for which the Board of Inspection recommends action under para 1.45(b) or (c).

Writing off and Destruction of Forfeited Taiwanese Clam Boat

1.47 On receipt of a Board of Inspection recommendation in accordance with para 1.45(c), the co-ordinating authority is to obtain quotations for the cost of destruction and notify Fisheries Division in order to obtain the Secretary's direction. Fisheries Division will inform the Superintendent of Stores. On receipt of that direction, the co-ordinating authority is to liaise with the harbour authority on arrangements to dispose of the vessel and settle the associated accounts.

PORTABILITY
PROCEDURES -INTRODUCTION-----
WHO IS ELIGIBLE?-----
WHAT ARE THE RULES?

- Age pensioners
 - Invalid pensioners
 - Wife's pensioners
 - Widow's pensioners
 - Supporting parent beneficiaries
 - Rehabilitation allowees*
- (a) Pension/benefit must be payable from a date prior to departure from Australia;
- AND
- (b) generally, former residents must have lived in Australia for a continuous period of 12 months immediately before departure;
- AND
- (c) pension must not be payable under the provisions of a reciprocal agreement on social security.

* Provided continuation of payment has been approved by the Rehabilitation Branch. Payments in such cases are not made under the general portability provisions.

Legislation

Relevant legislation governing portability of Australian pensions is contained in Part IVAA of the Social Security Act. The legislation applies to people who left Australia on or after 8 May 1973. Pensions paid under these provisions are referred to as "portable pensions".

Temporary Absence

Since September 1982, payment of portable pension to a nominated address overseas (through an Overseas Paying Office) is not arranged if the absence from Australia is not expected to exceed 12 months. In such a case the pension payment may be continued to an Australian Bank, Credit Union or Building Society account; paid to another person in Australia (as nominated by the pensioner) or held by the Department and paid in a lump sum on return.

Permanent/Long-Term Absences

A pensioner leaving Australia permanently or for a long-term absence will have pension payments made to an overseas address through one of the Department's Overseas Paying Offices. A long-term absence is an absence exceeding 12 months.

Role of Regional Offices

Regional Offices will generally be the first point of contact for pensioners wishing to arrange transfer of pension payments outside of Australia. On receipt of a request for transfer the Regional Office will:

- arrange for the completion of the "Application For Payment of Australian Pension During Absence Overseas" (Form AUS21);
- arrange for the pre-departure interview to be conducted and the completion of the "Statement of Pre-Departure Interview" (Form AUS21A) and the Information and Submission pro-forma (Form AUS21B);
- arrange for a pre-departure medical examination as required;
- arrange to obtain specimen signatures from the applicant (Form AUS 20);
- initially determine the applicant's eligibility and advise the applicant, as appropriate -
 - (i) the result of the application;
 - (ii) payment arrangements;
 - (iii) procedure for commencement of payment overseas (Form AUS22).

Role of Portability Units

Portability Units are located in each State Headquarters. The functions of these Units are to:

- arrange permanent/long-term transfer of payments to overseas paying offices as appropriate;
- monitor continuation of pension entitlement in Australia and arrange entitlement reviews for temporary departures;
- arrange review of entitlement for permanent/long-term transfer cases in areas not serviced by London;

- record statistical data for all cases; and
- liaise with Regional Offices, Overseas Paying Offices and pensioners during the portability period and arrange re-instatement of entitlement upon a pensioner's return to Australia.

Role of Overseas Paying Offices

London: The office is an office of the Department of Social Security and is a consular service accredited to the Australian High Commission in London. Both the Director and the Assistant Director are Social Security officers who have been posted from Australia. The remainder of the staff have been locally recruited and are employees of the Department of Foreign Affairs. The office arranges for the Australian Accounting Office (Department of Finance) in London to prepare and despatch four-weekly cheques in pounds sterling to long-term and permanent pensioner-residents of the UK and Eire and the despatch of local currency (or \$US) cheques to residents of those countries previously catered for by Social Security's former office in Geneva. The office arranges Australian pension and benefit payments under general portability arrangements and under the provisions of the reciprocal agreement between Australia and the United Kingdom. The office is autonomous in its pensioner entitlement review programme and appropriate delegations are held to permit re-assessment and/or termination of Australian pension payments during the portability period. The office relies on the Australian ADP system (through the Portability Units) for advices of reviews due for changes in war pension and miners pensions rates and variations to superannuations such as Commonwealth, DFRB, State, Railway and Police. Microfiche of all State pension masterfiles are forwarded to London every three months, with "changes" fiche being forwarded four-weekly, and London forwards copies of its pension masterfile to each State Portability Unit on a four-weekly basis. Because of this exchange it is not necessary for the Australian ADP record to continue to be updated for those pensioners who are paid through the London system. The Australian ADP record is suspended during the currency of the London payment. London will arrange payment to the UK address upon receipt of an authority, Form AUS23 from the Portability Unit and (for initial payments) advice of

arrival from the pensioner. Restoration of entitlement to an Australian address after a pensioner's return from the UK region may only be arranged after the date last paid by the London office has been confirmed. Relevant income details, to reconstitute the Australian record on the Pensions System, should be obtained from the latest London microfiche, modified, as necessary, with later information obtained from the pensioner.

Geneva: The Geneva office of the Department of Social Security was closed in August 1982 and its functions were transferred to London.

Washington: Through the Australian Accounting Office (Department of Finance), Washington provides accounting services for Australian pension payments to North and Central America (with the exception of Mexico) and certain nominated countries in the Caribbean and the Atlantic. On receipt of a payment authority Form AUS23 and advice of arrival from the pensioner, Washington will arrange four-weekly pension payments by \$US cheques to the nominated address. Washington does not schedule or initiate pensioner entitlement reviews but performs a post office function on behalf of the Australian Portability Units. Washington holds no delegations which permit independent re-determination of pension entitlement during the portability period and any such variation can only result from a duly authorised payment authority, Form AUS23, from Australia. Upon a pensioner's return from America, it is necessary for the Portability Unit to obtain confirmation of the date last paid by Washington before restoring payment to the Australian address.

Wellington: The New Zealand Department of Social Welfare arranges payment of Australian portable pensions to Australian pensioners residing in New Zealand, on authority from State Portability Units, through its head office in Wellington. Payments are made fortnightly in \$NZ to bank or building society accounts. The payment for a particular Australian payday will actually be credited on the NZ payday i.e. on the Tuesday prior to the actual Australian payday. Wellington does not schedule or initiate pensioner entitlement reviews but will offer departmental assistance in carrying out reviews on request from Australian Portability Units. Wellington does not hold delegations to permit independent re-determination of pension entitlement during the portability period and

any such variation can only result from a duly authorised payment authority, Form AUS23, from Australia. Upon a pensioner's return from New Zealand, it is necessary for the Portability Unit to obtain confirmation of the date last paid by Wellington before payment can be restored to the Australian address.

Other Posts: Pension payments to clients who have departed for countries not covered by London, Washington or Wellington paying offices are arranged through the Australian Embassy, High Commission or Commission (Department of Foreign Affairs) or the Department of Trade and Resources Post, which services the country concerned. These Foreign Affairs' posts do not schedule or initiate pensioner entitlement or other reviews but act on advice from State Portability Units for all matters concerned with the payment and review of Australian pension entitlements within their respective regions. The posts will arrange four-weekly pension payments by local currency cheques upon receipt of a duly authorised payment authority Form AUS23 from Australia and advice of arrival from the pensioner. Upon a pensioner's return to Australia it is necessary for the Portability Unit to obtain confirmation of the date last paid by the appropriate post before payment can be restored to the Australian address.

CONTROL OF PAYMENTS

Any direction to make pension payments available to an overseas address must be on the authority Form AUS23; "Request for Payment of Australian Pension Overseas". This authority is completed for all cases by the relevant State Portability Unit and must be duly signed by the Determining Officer. Each Overseas Paying Office is provided with specimen signatures of the approved determining officers.

Validation of Payment Authorities

To ensure that Overseas Paying Offices will know that each authority received is legitimate and that all authorities have been received, a sequential authority number is allocated by the State Portability Unit prior to despatch. In any case where the "Request for Payment" is despatched by cable, the cable must be allocated an authority number. Details of the authority numbering system are contained in Chapter 13. It is important for an overseas office to query non-receipt or duplication of any authority number with the relevant State Portability Unit.

Commencement of Payment Overseas

Payment of Australian pension must not commence to an overseas address until the Overseas Paying Office -

- receives an authorised "Request for Payment of Australian Pension Overseas", Form AUS23, or cable containing a valid authority number;
- receives from the pensioner, after his/her arrival overseas, an "Overseas Arrival Advice", Form AUS22 (or suitable written advice) verifying the date of arrival and correct address for cheque delivery; and
- matches the specimen signature (on Form AUS 20 attached to the "Request for Payment of Australian Pension Overseas", Form AUS23), with the signature on the overseas arrival advice. This match can be done as follow-up action if a cable authority is involved.

Return to Australia

In order to avoid dual payment of entitlement, the State Portability Unit is required to obtain confirmation of the date of last payment made by the Overseas Paying Office before restoration of pension payments in Australia.

Grant of Pension Outside Australia

Normally it is not possible for Australian pensions to be granted outside of Australia, as the Social Security Act requires most claimants to be physically present and residing in Australia on the date on which the claim for pension is lodged. However, there are three exceptions to this requirement, viz:

- (1) age, invalid or widows pensions which can be granted, to Australian residents temporarily residing in the UK or NZ under Australia's reciprocal agreements with those countries;
- (2) age, invalid or widows pensions which can be granted under sections 21A, 24A and 61A(1) to former Australian residents who fulfil the conditions specified in those sections; including the requirement of being in SPECIAL NEED OF FINANCIAL ASSISTANCE; and
- (3) wife's pension recipients who (on or after 1.11.1982) can be granted widow's pension when overseas upon the death of a husband without having to meet the requirement that she be physically present and residing in Australia on the date on which the claim for pension is lodged.

13.000 AUTHORITY NUMBERS.

- 13.001 An individual authority number must be shown on all Forms AUS 23, "Requests for Payment of Australian Pension Overseas".
- 13.002 The authority number is used:
- a) to confirm the validity of the authority; and
 - b) to ensure that all authorities issued by the State Portability Unit are eventually received in the Overseas Paying Offices.
- 13.003 Those Forms AUS 23 which are amending authorities (i.e. those issued for cases which previously had initial Forms AUS 23 issued for current payment cycles) must include the old authority number as well as the new number issued for the current action.
- 13.004 The authority number is compiled in the following manner:

- two alphabetical characters which identify the State of origin of the authority. The accepted prefixes are:

SY : NSW (includes ACT);
ME : Victoria;
BR : Queensland;
AD : South Australia (includes NT);
PE : Western Australia;
HO : Tasmania;

- space;

- three digit number which identifies the Overseas Paying Office from which payment is to be made and which is selected from the appropriate entry in the "Overseas Paying Office Directory" included as the final chapter in these procedures;

- space;

- two digit number which represents the calendar year in which the authority is issued (e.g. 1982 = 82);

- space;

- five digit consecutive number (zero filled from the left, if required) representing the consecutive sequence of numbers applicable to the particular Overseas Paying Office (e.g. the first authority to be despatched to Hong Kong from Brisbane in 1982 would read:

BR - 516 - 82 - 00001

NOTE: IN JANUARY 1983 THE CONSECUTIVE NUMBER "1" MAY BE RE-ALLOCATED BUT THE COMPLETE AUTHORITY NUMBER WOULD READ:

BR - 516 - 83 - 00001

13.100 AUTHORITY REGISTERS.

- Each State Portability Unit and each Overseas Paying Office is required to keep a series of loose-leaf binders in which to insert appropriate "Register" copies of Forms AUS 23 and International Message Forms so as to compile Authority Registers.

13.200 STATE PORTABILITY UNIT REGISTERS.

- Individual Authority Registers will need to be maintained in each State Portability Unit for high activity posts (e.g. London, Wellington and Washington). One loose-leaf binder (with suitable dividers to distinguish individual paying offices) should suffice for the remainder of the posts.

13.201 Sequential Numbering .

- As soon as an authority number is allocated for a particular Form AUS 23 or International Message Form and the relevant authority has been signed, the fifth copy of the Form AUS 23 or the duplicate of the International Message Form is to be inserted in the Authority Register. In this way the Register will be compiled and the sequence of authority numbers maintained as each authority is issued.

13.202 Cable Authorities.

- When a cable has been despatched to the Overseas Paying Office subject to a confirming Form AUS 23, the duplicate of the International Message Form is to be retained in the Authority Register. When the confirming Form AUS 23 is signed (bearing the same "new" authority number as the International Message Form) the fifth copy of the Form AUS 23 should be inserted in the Authority Register immediately above the duplicate copy of the International Message Form. (The transmitted copy of the cable and the original of the International Message Form are filed on the portability paper file according to Step 3.310 of Chapter 3).

13.300 OVERSEAS PAYING OFFICE REGISTERS.

- Each Overseas Paying Office will need to maintain six Authority Registers to control receipt of authorities from the six State Portability Units.

13.301 Sequential Numbering.

- Each authority (Form AUS 23 or cable authority) should be checked upon receipt to ensure that the authority number follows consecutively from the last entry in the appropriate register.

13.302 Confirming Form AUS 23 for Cable Authorities.

- When the authority is received by cable suitable provisions should be made to ensure that a confirming Form AUS 23 is received within at least four-weeks of receipt of the cable authority.

13.303 Follow-up of Outstanding Authorities.

- At the end of each month, a request should be forwarded to the appropriate State Portability Unit seeking information about outstanding authority numbers (i.e. numbers for which cable authorities, Forms AUS 23, or confirming Forms AUS 23 have not been received even though such have been received for subsequent numbers in the sequence).

13.304 Authorities without Numbers or with Number Out-of-Sequence.

- Upon receipt of any authority (Form AUS 23 or cable authority) which either does not contain an authority number or contains an authority number which is completely out-of-sequence with the current sequence, no action should be taken to commence payment until the validity of the authority has been checked with the relevant State Portability Unit. This should be arranged by cable.

13.400 SPECIMEN SIGNATURES OF PENSIONERS.

- 13.401 All payment authorities (Forms AUS 23) requesting commencement of payment at an Overseas Paying Office must be accompanied by the specimen signature of the pensioner. The specimen signatures will normally be obtained at the pre-departure interview, on Form AUS 20.

- 13.402 The Overseas Paying Office will refer to the specimen signature for verification of a pensioner's identity by comparing the specimen with the pensioner's actual signature on future correspondence. For example, the comparison will first occur prior to commencement of payment by matching the specimen and the signature on the advice of arrival at the overseas address.

- 13.403 When the initial payment authority is received by cable it is not possible for the overseas office to carry out the signature match prior to commencement of payment (unless the pensioner was previously paid through that office and cancelled papers have not yet been destroyed). Care should be exercised, therefore, that a signature match is carried out subsequent to commencement of payment; i.e. when the Form AUS 23 and Form AUS 20 are received from the State Portability Unit.

13.450 SPECIMEN SIGNATURE OF AUTHORISED OFFICERS.

- 13.451 Each payment action segment of the payment authority Form AUS 23 must be signed by a duly authorised determining officer. Any payment action segment on the Form AUS 23 which is not required for the particular action being requested should be ruled through.

- 13.452 In order that the Overseas Paying Offices will be in a position to verify that each Form AUS 23 has been signed by a duly authorised determining officer, specimen signatures of determining officers from each State Portability Unit will be provided to each Overseas Paying Office.

- 13.453 The responsibility for ensuring that each Overseas Paying Office is provided with specimen signatures of current determining officers rests with the Overseas Communications Co-ordinator in Central Office.

**Minister for
Social Security**



FC 82/28

CHANGES TO ADMINISTRATION OF OVERSEAS PENSIONS PAYMENTS

The Minister for Social Security, Senator Fred Chaney, today announced changes to the administration of the payment of pensions overseas.

He said that from 1 September the Department of Social Security will no longer send pension cheques to the overseas address for pensioners going overseas on short-term visits of less than 12 months.

However, arrangements can be made with the department to have the pension paid direct to the pensioner's account with a bank, building society, or credit union in Australia.

The Department of Social Security will, if asked, hold the pension payment while the recipient is overseas and pay a lump sum on the pensioner's return to Australia.

Senator Chaney said the changes had been made to assist in increasing the efficiency of overseas pensions payments and to reduce excessive administrative costs involved in making short-term arrangements for overseas payment.

He said his department had published a special leaflet explaining what pensioners must do if they want to have their pension paid to them while overseas.

The leaflets will be available in the next few days from all offices of the Department of Social Security. Other language leaflets will be available soon.

The forms for use by pensioners intending to travel overseas have been updated to reflect the new procedures.

Senator Chaney urged all pensioners who intend to travel overseas to contact the department as soon as possible so pre-departure interviews and the method of paying their pensions while overseas can be arranged.

CANBERRA

7 JULY 1982

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APPENDIX D

**Minister for
Social Security**

**NEWS
RELEASE**

FC 82/43

CHANGES TO THE METHOD OF PAYMENT OF OVERSEAS PENSIONS

On 1 September, the arrangements for payment of some pensions overseas changed.

The changes, which were foreshadowed last July by the Minister for Social Security, Senator Fred Chaney, mean that the Department of Social Security will no longer forward pension cheques to overseas addresses for pensioners who leave the country on short-term visits of less than 12 months.

Senator Chaney said today that the new system, which is now in operation, usually does not affect the entitlement of pensioners to receive their regular payments.

He said the changes simply mean that pensioners leaving Australia on visits of less than 12 months must make their own arrangements to have pension payments forwarded to them.

The Minister said arrangements can be made with the Department of Social Security to have the pension paid direct to the pensioner's account with a bank, building society, or credit union in Australia.

Further arrangements can then be made with the institution for the money to be sent to an overseas address.

Senator Chaney urged all pensioners who intend to travel overseas on short-term visits of less than 12 months to contact the Department of Social Security as soon as possible so that they can be sure they have made adequate arrangements to receive their pensions while they are away.

The department has produced a special leaflet entitled "Taking Your Pension Overseas" explaining how pensioners can make these arrangements.

These leaflets are available from all offices of the department.

Canberra

26 September 1982.

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Taking Your Pension Overseas

Your pension or supporting parent's benefit can usually still be paid if you go overseas.

This leaflet is only a general guide. If you want to know more about how payment can be made while you are living overseas, contact Social Security in your country. You will be pleased to help. The addresses and telephone numbers are in the telephone book.

How to Apply

You should tell Social Security at least six weeks before you go overseas. Use the application form which you can get from any Social Security office.

Normally you will be asked to come into the Social Security office before you leave Australia. You should bring your passport and other papers that show your travel plans and details of any income you have.

If you are married, both husband and wife should attend the interview.

If you are told at the interview how payments will be made while you are overseas, you will be paid which he sent to your overseas address; you will be paid which overseas office will be making the payments.

If you see paid an invalid pension you will probably have to have a medical examination before you go.

How You Are Paid

Living overseas occasionally.

If you plan to live overseas permanently, the overseas office will send you cheques to your overseas address every four weeks. Your payments will be in a currency which you can readily use overseas.

If you get to your new overseas address you must give them a notice of your new address. If you do not, we will not be able to arrange payments to you.

Going for a visit or holiday
From 1 September, 1982, if you go overseas for a holiday or short visit (e.g. up to 12 months), your pension or benefit will be --

- paid to an account in Australia

- paid to someone else in Australia on your behalf

- paid for you by Social Security until your return. If you have pension money while you are away, ask your bank or the person looking after your money to send it to you.

Important Points

- You can only be paid a pension overseas if that pension has been granted from a date before you leave Australia.

- While you are overseas your pension or benefit rate will increase every May and November in line with such a pension or benefit is subject to twice yearly increases in the Consumer Price Index.

- Supplementary assistance (rent allowance) cannot be paid to you while you are overseas.

- If you have come back to Australia to live and have been granted a pension, your return, you will not normally be able to take that pension overseas.

- If you are paid a pension in Australia under a reciprocal agreement with another country, you may be paid pension overseas only under the conditions of that agreement. Ask Social Security if you want to know more about this.

- If you are paid a wife's pension while overseas your pension will stop if you stop living with your husband or if his pension stops.

- If one of a married pensioner couple dies when the other is living overseas, the surviving partner may receive additional payments for the deceased. Ask Social Security for information about this.

- If you are paid an invalid, wife's, or widow's pension or supporting parent's benefit overseas and you reach age pension age (65 for a man and 60 for a woman) you can transfer to age pension provided you have the necessary funds for the required number of years. Talk to Social Security about this before you go.

- If you cease to be eligible at all for pension or benefit overseas, you may be able to again be granted pension or benefit while you still live outside Australia.

Let Social Security Know

While you are overseas please let Social Security know if --

- you change your address

- a dependent child or student leaves your care, marries, dies or is no longer supported by you

- a dependent student stops full-time study

- you marry, get divorced or are widowed

- you separate from your husband or wife

- you start living with another person as a de facto husband or wife

- you get a job

- you start to get a social security payment or other payment, from a country other than Australia

- payments you get from another country are increased

- you get any other income

- you are convicted of an offence and are sent to prison.

If you have been getting payment at your overseas address and you decide to come back to Australia, you should let the overseas office about six weeks before you do so. Your overseas payments may be delayed when you come back to Australia.

As soon as you return, you should contact the Social Security office nearest where you will live. If you have overseas assets, payments will not start again in Australia until you contact Social Security.

Minister for Social Security

NEWS
RELEASE

APPENDIX F

3 FEBRUARY 1983

FMG 06/83

EMBARGOED: NOT FOR PUBLICATION, TELECAST OR BROADCAST BEFORE NOON (AEST) ON 3 FEBRUARY 1983

RECIPROCAL SOCIAL SECURITY AGREEMENTS

Australia is willing to enter into negotiations with migrant source countries that have a common interest in establishing reciprocal social security agreements, the Minister for Social Security, Senator Fred Chaney, announced in Canberra today.

2 "Such negotiations would aim to establish where it was possible to conclude agreements of mutual benefit to Australia and these other countries" he said.

3 Australia currently has reciprocal agreements with New Zealand and the United Kingdom concerning social security payments. There have been agreements with these countries since 1943 and 1953 respectively. From time to time, the issue has been raised that Australia should seek to enter into further reciprocal agreements with other countries, especially those that provide us with large numbers of migrants. Some of these countries have expressed strong interest in negotiating such agreements.

4 Reciprocal social security agreements are the usual method countries use to protect the pension rights of people moving from one country to another. They are particularly relevant for countries with large numbers of migrants and provide a method for each country to contribute to the income support of people who were residents of or paid contributions to each. There are many reciprocal social security agreements in operation throughout the world.

5 Some changes in the present arrangements have been sought because the present rules produce some uneven treatment of people migrating to Australia. On the one hand a migrant might spend only the last ten years of working-life in Australia, then retire and obtain a full portable pension and have entitlement to a pension from the home country as well. Another migrant might spend nearly all his working-life in Australia but return to his country of birth just before reaching retiring age, thus not having qualified for an Australian pension and not being entitled to a pension at home either. In broad terms we will be seeing if more satisfactory arrangements can be made for each country involved to contribute proportionally according to the time spent in each country.

6 Australia would be prepared to conclude agreements on a proportional cost sharing basis.

7 Senator Chaney stressed that:

- No changes to the present system would be made unless and until better arrangements could be negotiated giving more complete social security protection for immigrant Australians.
- No changes were contemplated to the provisions relating to pension entitlement for migrant or any other pensioners remaining in Australia.
- No changes are contemplated for those already receiving pensions overseas before the new arrangements were made.
- Australia was at this stage indicating a broad basis for possible agreement. Details would be a matter for careful negotiations with the countries concerned.

8 In some respects Australia's current provisions for the granting of portability of pensions are very generous by world standards. Senator Chaney said that any extension of the terms on which Australian pensions are paid overseas would be on condition that the current provisions would be amended in the future so that income-tested payments made overseas would be proportional to the period of working-life spent in Australia.

9 In other words, any reciprocal agreements which may be negotiated would need to be supported by amendments to Australia's domestic law so that the portable pension available to people leaving Australia would be calculated, on the basis of the period of their working life they had spent here.

10 The Government would also be seeking, from agreement countries, the provision of further financial assistance to current and former residents of Australia who have some connection with those countries, through residence or contributions to pension or social security schemes. Any agreement must also provide adequate and effective administrative arrangements.

11 Senator Chaney stressed that the Government's willingness to proceed with negotiations contains certain inherent guarantees. First, if further agreements are negotiated, the principle of pension portability would not be changed. The amount of pension which could be taken overseas would depend on the time spent in Australia. Those people who had spent a full working-life in Australia, and who leave the country, would be given full pension rights. Some pensioners leaving Australia in future, who had not spent a full working-life here, would receive a proportional pension. However, in those cases, the other country or countries in which they have spent the balance of their working-life would be expected to provide some proportional entitlement, giving these pensioners a total package of full pension rights.

12 Secondly, the grant of full pension entitlement to people in Australia who meet current qualifying criteria would remain unchanged.

13 Thirdly, the entitlement to Australian pension received by people who are already overseas before any introduction of pro rata portability, would not be affected. A savings clause would be inserted into any amending legislation to safeguard grants previously made.

14 Finally, Senator Chaney indicated that the Government would be prepared to enter into negotiations with any interested country and would seek the greatest degree of uniformity possible within any agreements concluded, to make the provisions of Australian social security payments uniform as far as possible to all recipients.

15 Senator Chaney stressed that the decision now taken is simply one to enter into negotiations. Such negotiations could be long and complex and it may be that they cannot produce any mutually acceptable basis for reciprocal agreements.

16 Senator Chaney said "the Government will be seeking the best, fairest and most equitable division of pension responsibility between countries. Australia will not be prepared to sign any agreement that does not significantly improve the position of people both in Australia and overseas for whom the Australian pension system has some responsibility".

17 For further information contact Mr J Schooneveldt, Director Policy (Overseas) Department of Social Security on 893676.

BACKGROUND NOTES ON RECIPROCAL SOCIAL SECURITY AGREEMENTS

- The primary purpose of a reciprocal agreement is to co-ordinate the social security schemes of the involved countries to meet gaps in the pension coverage of people with limited, or no, pension entitlements under the individual laws of those countries. They have the effect of extending eligibility conditions for people who would otherwise be ineligible to receive pensions from either country because they cannot satisfy the minimum residence or contribution conditions of those countries or because one or both countries involved do not pay their pensions abroad except under agreements.
- A secondary purpose of a reciprocal agreement is to provide avenues for mutual administrative assistance facilitating the determination of correct entitlement for pensioners from either country.
- At present Australia has had reciprocal social security agreements with New Zealand and the United Kingdom since 1943 and 1953 respectively. These two agreements operate on the principle that residence or pension contributions in one country counts as residence or pensions contributions in the other.
- As at 30 June 1982 there were over 14,000 people in Australia and a further 14,000 people in the United Kingdom who received their pension by virtue of the Reciprocal Agreement with the United Kingdom. The corresponding figures for the agreement with New Zealand was 471 in Australia and 727 in New Zealand.
- Many migrants from countries with contributory schemes bring some pension rights with them and receive pensions or part-pensions from their country of contribution, e.g. Italy and most other European countries. They have been particularly concerned at the position of returning migrants who have spent substantial periods in Australia and who do not have Australian pension rights.
- Australia's decision to be prepared to commence negotiations with other countries will not effect the entitlement of these people. In the longer term it is anticipated that Australia might seek to re-negotiate these agreements to bring them into line with any new agreements that result from this decision.

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- As at 30 June 1982, there were some 17,642 Australian pensioners paid overseas (other than under reciprocal agreements with NZ and UK) to persons absent from Australia. (Total expenditure on Australian pension paid overseas for the year ending 30 June 1982 was \$58.3 million). These people, along with any others who may be in receipt of an Australian pension prior to any agreement being signed will have their entitlement preserved.
- As an example of payments under existing arrangements, in 1979 an estimated \$6 million was paid by Australia to pensioners in Italy and an estimated \$15 million was paid by Italy to pensioners in Australia.
- The signing of any agreements will depend on the outcome of any negotiation with countries which seek negotiations. Australia would only sign an agreement if it significantly advanced the position of pensioners in Australia or overseas for whom Australia has a responsibility to contribute to their income support.
- In the majority of cases, claimants for pensions must have lived in Australia for 10 years when they claim the pension for them to be eligible.
- Australia stands prepared to sign agreements with any country on mutually acceptable terms.
- Several countries have been pressing for a reciprocal agreement with Australia. These are:
 - Italy
 - Greece
 - Malta
 - Spain
 - West Germany
 - YugoslaviaImmigrants from these countries represent 28% of the overseas-born population of Australia.
- A further six countries representing a further 6% of the overseas-born population, while not pressing, have indicated a willingness to enter into reciprocal arrangements with Australia. These are:
 - Turkey
 - The Netherlands
 - Austria
 - France
 - Israel
 - Sweden
- When the countries with existing agreements (Britain and New Zealand) are added, some 73% of the overseas-born population would be covered.

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- The remaining 27% include people from many countries from which Australia has drawn only small numbers of migrants. Some of these countries have no income security systems and others are the countries of origin of refugees and displaced persons and with which Australia would not expect to be able to negotiate agreements.
- It is likely that negotiations with some countries will not take place or be successful and countries other than those listed may become interested. Successful negotiation with twelve or so countries however, effectively would ensure that the great majority of those who might benefit from a reciprocal agreement would gain that benefit.
- Because of the great differences between the Australian and overseas income security systems it is desirable to seek to negotiate one agreement first and perhaps use this as a model for the others. This should lead to greater uniformity in the provision of any agreements and greatly assist in their administration.
- Some press clippings which illustrate the pressure for reciprocal agreements being applied to Australia to agree to negotiate reciprocal agreements are attached.

Minister for Social Security

DJG 16/83
29 April 1983

**NEWS
RELEASE**

RECIPROCAL SOCIAL SECURITY AGREEMENTS

In a joint statement issued today in both Rome and Canberra, the Minister for Social Security, Senator Don Grimes, and the Italian Deputy Minister for Foreign Affairs, the honourable Mario Fioret, announced that, although a visit to Australia planned for May 1983 by Signor Fioret has had to be postponed, formal negotiations towards a reciprocal agreement between Italy and Australia on Social Security will commence later this year.

A group of Italian and Australian experts on Social Security met in Rome from 5-7 May 1982 to consider technical problems associated with a Social Security agreement between the two countries. As a result of that meeting and further discussions through the Australian Embassy in Rome and the Italian Embassy in Canberra, both governments consider such an agreement would be desirable if appropriate terms and conditions can be negotiated. The Ministers announced that negotiations would proceed, and that Australian officials would visit Rome in the near future.

Senator Grimes and Signor Fioret said that a successful outcome of these negotiations would be highly desirable because of the large number of former Italian residents in Australia and former Australian residents in Italy.

The Ministers indicated that negotiations would canvass -

- the grant and payment of an appropriate level of pension by each country to its former residents living in the other
- the safeguarding of any accrued pension rights under the existing laws of each country
- the cumulation of periods of contributions in Italy and residence in Australia to assist people to meet the minimum requirements under the laws of either country, and
- the establishment of adequate and effective administrative arrangements for the payment and review of pensions in either country.

CANBERRA