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Julia Morris
Inquiry Secretary
Joint Standing Committee on Treaties
Parliament House
Canberra ACT 2600

Joint Standing Committee on Treaties – Public Hearing 16 June 2003

I refer to the above hearing concerning the tabling of treaties for proposed social security agreements with Belgium, Chile and Slovenia.

At that hearing Senator Santoro asked (TR 18), in relation to the reliability of estimates of beneficiaries under these agreements, about “the experience with the figures that have been calculated for the other 13 agreements – like the agreement with Italy or Ireland; have the figures come, with the passing of time, close to the estimates? You may want to take the latter part of my question on notice.”

In responding I should explain that there are many factors that affect estimates of numbers of people affected and costs. We use our census data, for example, to determine the number of people of certain ages from certain countries of birth and immigration data to predict duration of time in Australia and age when they left the other country to predict working life contributions. There are also other circumstances that arise after an agreement has been signed that affect migration flow in either direction.

Therefore, the best answer I can give on the accuracy of estimates of impact are that they are developed in consultation with Centrelink and other agencies on the basis of factual data and likely trends and are accepted by the Department of Finance and Administration as a reasonable basis for budget calculations.

That said, it is obviously desirable that we be able to evaluate the accuracy or otherwise of our estimates. In the case of the major changes to the agreement with New Zealand we have a specific ‘savings monitoring’ exercise agreed with Department of Finance and Administration that will answer the question for that agreement. Similarly, with our most recent agreements (with the United States and Germany) we have active plans to evaluate the results of those agreements. It is too early to make any meaningful comparisons (these agreements having commenced only in October 2002 and January 2003 respectively). We would be happy to provide Senator Santoro and/or the

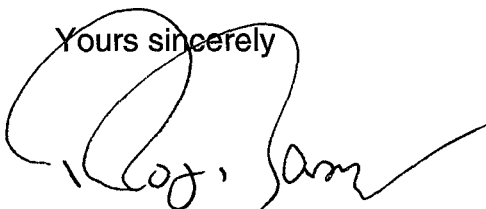
Committee with information about these as it becomes available. I expect that we could provide some preliminary data early next year.

However, after investigation I have concluded that it is not possible to provide a specific comparison of information in relation to the original estimates for most of our 'old' Agreements. This is primarily because all the original source documentation is no longer available. Relevant estimates were made in the mid to late 1980's and some of the files have been culled/destroyed. There are also limitations on how far back Centrelink data goes. The problem is compounded by the fact that circumstances in those countries have also changed since those original estimates were done. Further, some of our partner countries are not able to reliably disaggregate information for us on people using the agreement to qualify – although we continue to seek this information. For those countries, the only point that matters to them is that people do or do not qualify, and they do not maintain electronic records of nature of that qualification. Finally, the effect of an agreement maybe to increase the amount paid, but this is not necessarily recorded as linked to the agreement and the person is not listed as an 'agreement' pensioner

Noting that we can not answer Senator Santoro's question at this stage, the committee may be interested in the attached table which shows the number of pensions paid into Australia by some of our agreement partners, separated into people who do and do not rely on the agreement, and similar figures for Australia. The minimum number of people who benefit from these particular agreements is 54,417. The table also shows the considerable benefit to Australia from these agreements.

I hope this information is useful.

Yours sincerely

A handwritten signature in black ink, appearing to read "Roger Barson", written over the typed name below.

Roger Barson
Assistant Secretary
International Branch

24 July 2003

**PENSIONS PAID INTO AUSTRALIA BY AGREEMENT COUNTRIES
AND INTO AGREEMENT COUNTRIES BY AUSTRALIA**

(as at 29 June 2003)

INTO AUSTRALIA BY AGREEMENT COUNTRY INTO AGREEMENT COUNTRY BY AUSTRALIA

Agreement Country	Total pensions paid	Pensions paid under Agreement		Total pensions paid	Pensions paid under Agreement
Austria	6,866	Not available		958	860
Canada	4,106	1,535		1,136	930
Cyprus	1,039	521		782	255
Denmark	471	Not available		74	56
Germany	18,289	Not available		329	100
Ireland	1,370	400		384	185
Italy	54,580	47,434		19,363	16,762
Malta	2,656	2,095		3,713	2,985
The Netherlands	9,156	Not available		4,331	4,093
New Zealand	575	575		560	560
Portugal	502	Not available		1,077	457
Spain	2,127	1,857		3,652	2,767
USA	4,864	Not available		465	46
TOTAL	106,601	54,417		36,824	30,056