

TT August 2003
Submission No: 8



facs making a difference

Box 7788 Canberra Mail Centre ACT 2610
Telephone 1300 653 227
Facsimile 6244 5980
E-mail international.branch@facs.gov.au
www.facs.gov.au

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

RECEIVED
10 SEP 2003

BY: _____

Joint Standing Committee on Treaties – Public Hearing 18 August 2003

I refer to the above hearing concerning the tabling of treaty action for the proposed social security agreement with Croatia.

At that hearing there was a question as to whether the Multicultural Communities Council of South Australia had been contacted as part of the community consultation process. I can confirm that this organisation was not contacted directly by this Branch as part of those consultations but has now been added to our mailing list for future correspondence.

As mentioned at the hearing, the Federation of Ethnic Communities Council of Australia (FECCA) advised that they had sent a copy of the new agreement to all the Ethnic Communities Councils and Multicultural Councils nationally for their information.

Nevertheless, I have also written to the Chairperson of the Multicultural Communities Council of South Australia, Mr. R Tan, advising him of the situation. A copy of that letter is attached for your information.

I would also like to formally apologise for not being available when the Committee was initially ready to consider the agreement with Croatia at the hearing on 18 August. I can assure you that we will make every endeavour to ensure it does not happen again.

Yours sincerely

Kruno Kukoc
A/g Assistant Secretary
International Branch
2 September 2003



facs making a difference

Box 7788 Canberra Mail Centre
ACT 2610
Telephone 02 6244 5302
Facsimile 02 62445980
E-mail kruno.kukoc@facs.gov.au
www.facs.gov.au

Mr R Tan
Chairperson
Multicultural Communities Council of SA
113 Gilbert Street
Adelaide, SA 5000

Dear Mr Tan

I am writing to advise you that a Social Security Agreement between Australia and the Republic of Croatia has been signed. The Agreement is expected to begin operating on 1 January 2004, after the relevant legislation is passed and other necessary changes have been made in both countries.

The Department recently wrote to a number of community groups about this matter but it appears your organisation was, inadvertently, not included. I would like to apologise for this oversight and can reassure you that your organisation has now been added to our mailing list for any future correspondence.

While, I understand that you may have received information about the Agreement from FECCA I have attached a copy of the original advice issued in May of this year. More information about this and other social security agreements is also available from the International Branch website at <http://www.facs.gov.au/international>.

Once again I apologise for this omission and hope this has not caused any inconvenience to your organisation.

Yours sincerely

Kruno Kukoc
A/g Assistant Secretary
International Branch
1 September 2003

SOCIAL SECURITY AGREEMENT BETWEEN AUSTRALIA AND CROATIA

I am writing to advise you that a Social Security Agreement between Australia and the Republic of Croatia has been signed. The Agreement is expected to begin operating on 1 January 2004, after the relevant legislation is passed and other necessary changes have been made in both countries.

As part of Australia's treaty making process it is usual to consult widely before taking definitive treaty action. I am writing to seek the views of parties who may have an interest in the Agreement before we prepare documentation for the Parliamentary Joint Standing Committee on Treaties and table both the Agreement and a National Interest Analysis in Parliament.

Australia already has similar agreements operating with Austria, Canada, Cyprus, Denmark, Germany, Ireland, Italy, Malta, The Netherlands, New Zealand, Portugal, Spain and the USA. Agreements are beneficial and do not take away existing pension rights.

Under the Agreement, Australia and Croatia will each broadly share the support of those people who have spent part of their working life in both countries. People will be able to move between Australia and Croatia knowing that their pension rights are recognised in both countries

For Australia, the Agreement covers Age Pension and Disability Support Pension for the severely disabled. For Croatia, the Agreement covers old-age, anticipatory, disability and survivor pensions and all other benefits covered under the Pension Insurance legislation.

The Agreement will potentially benefit Australia's population of around 50,000 Croatian-born residents and any other residents who may have worked in Croatia. Many former Australian residents now living in Croatia are also expected to benefit.

An explanation of the Agreement and how it may assist people to access social security benefits from both countries is attached.

The text of the Agreement is available on our Internet site at:

<http://www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/international/croatia-croatia.htm>

If you would like to offer views on the proposed Agreement, we need to receive them by 27 May 2003 to be able to include them in the National Interest Analysis to be tabled in Parliament. Comments received after this date will still be considered. Please send your comments to:

Assistant Secretary
International Branch
Department of Family and Community Services
PO Box 7788
CANBERRA MAIL CENTRE ACT 2610

or email: international.branch@facs.gov.au.

If you would like more information or have any questions please contact:

Name	Phone	Fax	Email
Peta Murray	02 62448623	02 62445980	<u>peta.murray@facs.gov.au</u>
Norm Baker	02 62445214	02 62445980	<u>norm.baker@facs.gov.au</u>

Thank you for your assistance in this matter.

Yours sincerely

Roger Barson
Assistant Secretary
International Branch

14 May 2003

Encl.

SOCIAL SECURITY AGREEMENT

AUSTRALIA & THE REPUBLIC OF CROATIA

A social security agreement with the Republic of Croatia was signed on 13 May 2003. The purpose of this paper is to let interested community groups and individuals in Australia know what social security agreements do, and how this Agreement in particular will affect people.

The views of the Australian community, particularly those who are most likely to benefit from the Agreement, are an important part of the Agreement process.

WHY DO WE HAVE SOCIAL SECURITY AGREEMENTS?

The proposed Social Security Agreement between Australia and Croatia coordinates the two countries' social security schemes to provide better social security coverage for people who have lived and worked in Australia and Croatia.

People who have lived in more than one country often find, when they claim a pension or benefit, that they do not have enough residence or contributions under a social security scheme to qualify for payment.

To help overcome this problem, a network of social security agreements has been set up within the international community.

One of the key elements in these agreements is that the partner countries broadly share the responsibility for social security coverage and related costs. If a person has lived and worked in more than one country, then it is fair that those countries share the responsibility for supporting that person when he/she claims a pension or benefit.

Agreements help many people to receive a part pension from one or both countries, which they would not otherwise get.

It is an important principle that Agreements extend and do not reduce existing pension rights.

Similar agreements are already operating with Austria, Canada, Cyprus, Denmark, Germany, Ireland, Italy, Malta, The Netherlands, New Zealand, Portugal, Spain and the USA.

WHAT WILL AUSTRALIA DO UNDER THE AGREEMENT?

To qualify for an Australian pension people normally have to be Australian residents and in Australia on the day a claim for pension is lodged, and certain periods of residence (eg 10 years for an age pension) are required before an Australian pension can be granted. Also, some payments are not payable outside Australia except during temporary absences.

The Agreement modifies these rules so that:

- Australia will treat someone who is resident in Croatia as being a resident of Australia and present in Australia, so that they can lodge a claim for Australian pension;
- Australia will add the person's periods of insurance in Croatia to his/her Australian residence so that the person can meet the minimum residence qualifications to get an Australian pension (providing the person has at least 12 months Australian working life residence); and
- Australia will pay benefits covered by the Agreement indefinitely in Croatia, as long as the person otherwise remains qualified.

WHAT WILL CROATIA DO UNDER THE AGREEMENT?

In order to qualify for an old-age pension in Croatia, a person must normally have a minimum number of years of insurance. Under the Agreement, providing a person has at least 12 months of insurance, Croatia will treat periods of Australian working life residence [*this is the period between age 16 and Age Pension age*] as Croatian periods of insurance. This means that people who have less than the minimum periods of insurance required to qualify for payment can count the periods they resided in Australia during their working life toward satisfying this minimum requirement. The Agreement will also assist claimants for disability and survivor benefits.

HOW ARE PENSIONS CALCULATED UNDER THE AGREEMENT?

Australian pensions

People who live in Australia but do not have ten years' residence in Australia can count their Croatian periods of insurance to qualify for an Australian pension, subject to the means test. During this time (until they have ten years residence in Australia) they will be paid the normal income-tested pension rate less the amount of any Croatian pension - ie, the Croatian pension would be 'topped-up' to the rate of Australian pension.

Australian pensions in Croatia will be based on the person's period of 'Australian working life residence' [*this is the period between age 16 and Age Pension age*]. A full pension, subject to the means test, is payable to a person with 25 years 'Australian working life residence'. For example, under the Agreement, a man who has lived in Australia from age 30 to age 50 (ie 20 years) may, at age 65, be paid 20/25ths of a means-tested Australian age pension in Croatia.

Croatian pensions

Croatia will add periods of working life residence in Australia to periods of insurance in Croatia in order to reach the minimum qualifying periods. The Croatian benefit actually paid will be based only on the insurance periods the person has in Croatia.

SUPERANNUATION AND DOUBLE COVERAGE

The Agreement between Australia and Croatia also includes provisions that address the problem of double coverage. Double coverage can arise where an employee is sent from one country to another to work and compulsory superannuation (or equivalent) contributions are required under the laws of both countries for the same work. The Agreement provides that, in these situations, the employer/employee will only be subject to the legislation of their home country. For example, where an employer sends an employee from Australia to work temporarily in Croatia, and double coverage would arise, the Agreement provides that the employer will instead only be required to make Australian Superannuation Guarantee contributions and will be exempted from making contributions under Croatian law. Equivalent provisions apply for a Croatian employee seconded to work in Australia.

ADMINISTRATION AND LODGEMENT OF CLAIMS

The Agreement will create administrative links between the social security systems of Croatia and Australia which will help pensioners in one country in their dealings with the social security authorities of the other.

WHEN WILL THE NEW AGREEMENT START?

The Agreement is expected to begin operating on 1 January 2004, after the necessary treaty, legislative and administrative processes are completed in both countries.

WHERE CAN I FIND MORE INFORMATION?

Further information and the text of the Agreement can be found on the Department of Family and Community Services website at:

<http://www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/international/croatia-croatia.htm>

Or you can write to:

Assistant Secretary
International Branch
PO Box 7788
Canberra Mail Centre ACT 2610

*International Branch
Department of Family and Community Services
14 May 2003*