

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

SOCIAL SECURITY LEGISLATION AMENDMENT BILL 1990

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments and New Clauses to be Moved
on Behalf of the Government

(Circulated by authority of the Minister for Social Security
Senator the Hon Graham Richardson)

SOCIAL SECURITY LEGISLATION AMENDMENT BILL 1990

OUTLINE AND FINANCIAL IMPACT STATEMENT

The amendments to the Social Security Legislation Amendment Bill 1990 would impact on the Social Security Act 1947 and the First Home Owners Act 1983.

SOCIAL SECURITY ACT 1947

Special Benefit

An amendment is to be made to remedy a minor drafting error to ensure that a person is qualified for special benefit only if he or she falls within one of the categories listed in clause 55 and is not an illegal entrant within the meaning of the Migration Act 1958.

This measure has negligible financial impact.

Family Payments

An amendment is to be made to reverse the decision to reduce the assets test limit applicable to Family Allowance Supplement to \$200,000.

The Bill as introduced would implement a new assets test on family allowances with a limit of \$300,000. An amendment is to be made to increase this limit to \$500,000.

These amendments would reduce estimated program savings by \$18.1m in 1990-91 and \$37.1m in 1991-92.

Pharmaceutical supplement and allowance

Amendments previously made to the Social Security Act 1947 by the Social Welfare Legislation (Pharmaceutical Benefits) Amendment Act 1990 provided for compensation for pharmaceutical charges from after 19 March 1991 to be included in the rate of pension, benefit or allowance from the indexation payday in March 1991. Amendments are now to be made to ensure that the compensation will not be included in the rate of pension, benefit or allowance but will be paid as a separate pharmaceutical allowance from after 19 March 1991. This will also ensure that the compensation will only be payable to those persons who are in Australia.

Amendments will also be made to correct some minor drafting errors.

Estimated program savings from these measures are \$0.8m in 1990-91 and \$2.9m in 1991-92.

Reciprocal social security agreements with the United Kingdom and Malta

Amendments are to be made to provide for the insertion of reciprocal social security agreements with the United Kingdom and Malta as schedules to the Social Security Act 1947. Section 65 of the Act provides for agreements between Australia and foreign countries relating to reciprocity in social security matters. Such agreements are incorporated into the Act as schedules to bring the Agreements into force so that they may modify the Act as appropriate. Agreements were signed with the United Kingdom and Malta on 1 October 1990 and 15 August 1990 respectively.

In 1990-91 it is estimated that this measure will have net costs of \$0.37m. In 1991-92 it is estimated that this measure will have net savings of \$0.50m.

FIRST HOME OWNERS ACT 1983

An amendment is to be made to provide that a person is not entitled to assistance under the First Home Owners Act 1983 where the Secretary has required an applicant to give the Secretary a tax file number and the person has not complied within 60 days.

This measure has negligible financial impact.

NOTES ON AMENDMENTS AND NEW CLAUSES

Amendment - Clause 4 : Application

The amendment would provide for the application of clauses 22A and 48. The effect of clauses 22A and 48 is referred to in this memorandum.

The amendment would commence on 20 March 1991.

New Clause - Insertion of new clause 22A : Indexation of certain rates

New clause 22A would omit subsections 34(5E), (5F), (5G) and (5H) which provide for an increase in the basic rate of pension from the first pension payday after 19 March 1991 to offset pharmaceutical charges.

The omission of these subsections is consequent upon the insertion of new clauses to provide for the payment of a separate pharmaceutical allowance from the first pension payday after 19 March 1991.

Clause 22A would commence on 20 March 1991.

Amendment - Clause 33 : Assets test

Clause 33 as introduced would amend section 74A of the Social Security Act 1947 to provide for a reduction to \$200,000 in the allowable assets limit applicable to family allowance supplement.

The amendment would reverse the decision to reduce the assets test limit applicable to Family Allowance Supplement to \$200,000.

Amendment - Clause 40 : Insertion of new section 84A - Assets test for family allowances

Clause 40 of the Bill would insert a new section 84A into the Social Security Act 1947 which would introduce an assets test on family allowances. New subsection 84A(1) would provide that family allowance is not payable to a person if the value of the property of the person exceeds \$300,000.

The amendment to clause 40 would omit the reference "\$300,000" and substitute "\$500,000". The assets test limit on family allowances would therefore become \$500,000.

Amendment - Clause 48 : Entitlement to unemployment and sickness benefits etc.

The amendment would omit existing clause 48 and substitute a new clause 48. New clause 48 would omit subsections 119(5E) to 119(5M) inclusive which provide for an increase in the basic rate of sickness and unemployment benefit for certain sickness and unemployment beneficiaries from the first payday after 19 March 1991 to offset pharmaceutical charges.

The omission of these subsections is consequent upon the insertion of new clauses to provide for the payment of a separate pharmaceutical allowance from the first payday after 19 March 1991.

The amendment would commence on 20 March 1991.

Amendment - Clause 55 : Special Benefit

Clause 55 would amend section 129 of the Social Security Act 1947 by omitting paragraph (3)(a) and substituting a new paragraph (3)(a).

The amendment would omit the reference to "or" at the end of new subparagraph 129(3)(a)(vi) and substitute the word "and".

This amendment would ensure that a person is qualified for special benefit if he or she falls within one of the categories specified in new paragraph (3)(a) and the person is not an illegal entrant within the meaning of the Migration Act 1958.

New Clause - Insertion of new clause 61A : Heading to Part XVIA

New clause 61A would amend the heading to Part XVIA of the Social Security Act 1947 to 'Pharmaceutical Supplement and Allowance' and is consequent upon the insertion of new clauses in Part XVIA to provide for the payment of a separate pharmaceutical allowance.

Clause 61A would be taken to have commenced on 1 November 1990.

Amendment - Clause 62 : Interpretation

The amendment is consequent upon another amendment to clause 62, the details of which are outlined next.

Amendment - Clause 62 : Interpretation

The amendment would omit the definition of 'disqualified pensioner' in section 151A as the definition is not required to provide for the intended operation of Part XVIA.

The amendment would also insert some new definitions into section 151A.

An "allowance pensioner" is to mean a person who receives an age, invalid, carer's, class B widow's, wife's, or sole parent's pension, a widowed persons's, sheltered employment, rehabilitation or job search allowance, or sickness benefit and who is not a prescribed person within the meaning of section 251A of the Act. An "allowance pensioner" would also mean a "special allowance pensioner".

"Pharmaceutical allowance" is to mean an allowance payable under new section 151HA.

"Special allowance pensioner" is to mean a person who is in receipt of an unemployment benefit or a special benefit, is over 60 years of age, has been in receipt of any pension or benefit under the Social Security Act 1947 or service pension under the Veterans' Entitlements Act 1986 continuously for at least 6 months (this can include receipt of the one category of pension or benefit or a combination of them) and is not a prescribed person under section 251A of the Act.

Amendment - Clause 63 : Entitlements under Part limited to residents of Australia

The amendment would insert a new subsection 151AB(3) to provide that a person is not qualified to receive a pharmaceutical allowance on a payday when he or she is not an Australian resident or is absent from Australia.

Amendment - Insertion of new clause 63A

New clause 63A would insert new section 151HA - Qualifications for pharmaceutical allowance, section 151HB - Pharmaceutical allowance only payable after supplement period, new section 151HC - Rate of pharmaceutical allowance, and new section 151HD - Payment of pharmaceutical allowance.

New section 151HA - Qualifications for pharmaceutical allowance

New section 151HA would provide that subject to new sections 151HB, 151K and 151L, an allowance pensioner is qualified to receive a pharmaceutical allowance.

New section 151HB - Pharmaceutical allowance only payable after supplement period

New section 151HB would provide that persons are only qualified to receive pharmaceutical allowances after the supplement period. The supplement period ends on 19 March 1991.

New section 151HC - Rate of pharmaceutical allowance

New section 151HC would provide for the rate of pharmaceutical allowance to be paid to an allowance pensioner. For unmarried persons, this would be \$2.50 per week. For married persons, this would be \$1.25 per week, unless they are a person to whom paragraph 33(1)(a), or subsections 33(2) or 118(1B) applies in which case they will receive \$2.50 per week.

New section 151HD - Payment of pharmaceutical allowance

New section 151HD would provide that the pharmaceutical allowance is to be payable on the same day that the person would normally get his or her pension, benefit or allowance paid.

New clause 63A would be taken to have commenced on 1 November 1990.

Amendment - Clause 65 : Rate increases not to apply to advance pensioners A during advance payment period

The amendment would omit existing paragraph 65(a) and substitute a new paragraph 65(a). New paragraph 65(a) would omit existing subsection(1) of section 151K (Pharmaceutical allowance not payable to advance pensioners A during advance payment period) so as to provide that an advance pensioner A who has received at least one pharmaceutical supplement under section 151G is not entitled to receive payment of pharmaceutical allowance during the pensioner's advance period.

Amendment - Clause 65 : Rate increases not to apply to advance pensioners A during advance payment period

The amendment would correct a minor drafting error by ensuring that the reference to the date "8 November 1990" is omitted from subsection 151K(2) and replaced with "20 March 1991".

Amendment - Clause 66 : Rate increases not to apply to pensioners B during advance payment period

The amendment would omit existing clause 66 and substitute a new clause 66. New clause 66 would omit subsection (1) of section 151L (Pharmaceutical allowance not payable to advance pensioners B during advance payment period) so as to provide that an advance pensioner B who has received at least one pharmaceutical supplement under section 151H is not entitled to receive payment of pharmaceutical allowance during the pensioner's advance payment period.

The amendment would be taken to have commenced on 1 November 1990.

Amendment - Clause 67 : Maximum benefit

The amendment would omit existing clause 67 and substitute a new clause 67. New clause 67 would omit references in subsections 151N(1) and (2) to amounts payable under paragraphs 34(5E)(b), 34(5F)(b), 119(5E)(b), 119(5F)(b), 119(5G)(b) and 119 (5H)(b) and replace them with a reference to pharmaceutical allowance. This is consequent upon paying compensation for pharmaceutical charges as a separate pharmaceutical allowance from after 19 March 1991 instead of including the compensation in the rate of pension, benefit or allowance.

The amendment would also make a minor technical amendment to paragraph 151N(2)(e) to omit the reference to '2-1/2' and insert '2.5'.

The amendment would be taken to have commenced on 1 November 1990.

Amendment - Insertion of new clauses 81A and 81B : Schedule 1 and Schedule 6

New clause 81A would repeal the existing Schedule 1 to the Social Security Act 1947 and insert a new Schedule 1. Schedule 1 would be the Reciprocal Agreement on Social Security between Australia and the United Kingdom.

Schedule 1 to this supplementary explanatory memorandum contains the explanatory notes relevant to the reciprocal agreement with the United Kingdom.

Clause 81A would commence on the day of Royal Assent.

New clause 81B would insert a new Schedule 6 to the Social Security Act 1947. Schedule 6 would be the Reciprocal Agreement on Social Security between Australia and Malta.

Schedule 2 to this supplementary explanatory memorandum contains the explanatory notes relevant to the reciprocal agreement with Malta.

Clause 81B would commence on the day of Royal Assent.

Amendment - Clause 86 : Insertion of new section 17B -
Provision of tax file numbers

The amendment would amend paragraph 17B(1)(b) of the First Home Owners Act 1983 to provide that a person would not be entitled to assistance under that Act where the Secretary has required an applicant to give to the Secretary his or her tax file number and the person has not complied with the requirement within 60 days.

Amendment - Insertion of Schedules 1 and 2

The amendment would insert Schedules 1 and 2. Refer to the notes on new clauses 81A and 81B.

SCHEDULE 1

RECIPROCAL AGREEMENT

on

SOCIAL SECURITY

between

AUSTRALIA and the UNITED KINGDOM

EXPLANATORY MEMORANDUM

INTRODUCTION

Since 1953 Australia and the United Kingdom have provided social security coverage to people moving between the countries through successive bilateral Social Security Agreements.

All the Agreements have been "host-country" Agreements. The underlying principle of each Agreement has been that the country where a person resides permanently takes responsibility for social security cover for that person.

Host-country agreements differ from the shared-responsibility Agreements which Australia has concluded with Italy, Canada, Spain and Malta. These later Agreements provide for the cost of social security coverage to be shared between the countries involved. This is Australia's preferred approach to bilateral social security agreements.

The revised Agreement with the United Kingdom, signed on 1 October 1990, remains a host-country Agreement. It updates and simplifies the provisions of the current Agreement and corrects certain imbalances disadvantaging Australia. It is planned to renegotiate a shared-responsibility agreement with the United Kingdom to replace the revised host-country agreement.

The major changes in the revised Agreement are:

- references in the current Agreement to the United Kingdom's unilateral provisions for non-indexation of British pensions paid to residents of Australia do not appear in the revised Agreement;
- Australian invalid pension (included in the current Agreement) for Australian residents, is no longer included as there is no UK equivalent;

- Australian pensions for widows (included in the current Agreement for all categories) for Australian residents, have been restricted to de jure widows to match UK widow's benefit;
- UK residence is longer deemed to be Australian residence for the purpose of qualification for Australian pensions. Only contributions to the UK social security scheme are equated with Australian residence - this coincides with Australia's approach under shared-responsibility agreements;
- obsolete provisions have been removed and drafting of the Agreement has been streamlined along the lines of the model agreement used for negotiating shared-responsibility agreements; and
- the Channel Islands of Jersey and Guernsey are included.

PART I - GENERAL PROVISIONS

ARTICLE 1 - DEFINITIONS

Paragraph 1 defines terms that occur frequently in the Agreement. They have been defined to ensure they are consistently used and to avoid the need to define their meaning each time they are used.

Paragraph 2 provides that the terms used in the Agreement will have their ordinary meaning under the social security legislation of Australia or the United Kingdom except those defined in **paragraph 1** or where the context of the Agreement requires a different meaning.

ARTICLE 2 - LEGISLATION TO WHICH THE AGREEMENT APPLIES

Sub-paragraphs 1(a) and (b) set out the legislation to which the Agreement will apply. The legislation is that which is in force at the date of signing of the Agreement.

Paragraph 2 provides that if the legislation covered by the Agreement is amended in any way then the Agreement will automatically apply to the revised form of the legislation except as specified in paragraphs 3 and 4.

Paragraph 3 provides that the Agreement will only apply to both countries' legislations as specified by the Agreement.

Paragraph 4 prevents the Agreement applying to social security agreements that either country might make with a third country. This will prevent people from attempting to use more than one agreement at a time to claim a benefit. However, either country can, if it wishes, take into account such third party agreements in regard to its own legislation.

PART II -RETIREMENT PENSIONS, AGE PENSIONS AND BENEFITS FOR WIDOWS

ARTICLE 3 - UNITED KINGDOM RETIREMENT PENSIONS

Paragraph 1 provides that former residents of Australia who take up permanent residence in the United Kingdom will have contributions toward United Kingdom retirement pensions credited to them for periods during their working life when they were resident in Australia. Married women or widows can also have contributions credited to them for periods of their husbands' Australian working life residence.

Paragraph 2 allows a formerly married woman to have periods of her former husband's Australian working life residence counted as periods of United Kingdom contributions for the purpose of claiming a United Kingdom retirement benefit.

Paragraph 3 allows a person who was receiving an Australian age pension without regard to this or the previous Agreement when last in Australia to receive a United Kingdom retirement pension at the full basic rate while permanently resident in the United Kingdom.

Paragraph 4 allows a United Kingdom retirement pension payable by virtue of this Article to continue to be paid while the person is a permanent resident of any part of the United Kingdom.

Paragraph 5 restricts payment of United Kingdom retirement pensions granted under this Article to permanent United Kingdom residents.

Paragraph 6 allows for the direct deduction of any Australian pension from any United Kingdom benefit granted under this Article.

ARTICLE 4 - AUSTRALIAN AGE PENSIONS

Paragraph 1 provides that once a person qualifies residentially for an Australian age pension without recourse to the Agreement, the Agreement provisions cease to apply to that person. This means that any United Kingdom benefit will cease to be a direct deduction from the rate of Australian pension payable as provided for in Article 16 and will be taken into account as income under the income test.

Paragraph 2 deems people to have been Australian residents during periods when they paid or had contributions credited to one of the United Kingdom schemes. It also allows a woman to count her husband's or former husband's paid or credited contributions as periods as an Australian resident. This enables people to meet minimum residential requirements for Australian age pension.

Paragraph 3 prevents a woman double-counting United Kingdom contributions where she and her husband both contributed over the same period.

Paragraph 4 prevents double counting where periods of United Kingdom contributions periods as an Australian resident overlap.

Paragraph 5 deems a person who receives a wife's or spouse carer's pension as the wife or carer of an age pensioner paid under this Article to receive that pension under the Agreement. This allows the Agreement provisions to apply to both pensions.

ARTICLE 5 - UNITED KINGDOM BENEFITS FOR WIDOWS

This Article allows widows permanently residing in the United Kingdom access to United Kingdom widow's and retirement benefits. This is achieved by deeming Australian working life residence to be periods of United Kingdom contributions and by equating Australian pensions payable to widows and United Kingdom widow's benefit.

Paragraph 1 allows a widow to count her husband's working life Australian residence as periods of United Kingdom contributions in order to qualify for United Kingdom widow's benefit.

Paragraph 2(a) enables a widow who was receiving an Australian pension payable to a widow otherwise than under this or the previous Agreement when last in Australia to qualify for United Kingdom widow's allowance for up to one year in Jersey or up to 26 weeks in Guernsey.

Paragraph 2(b) enables a widow receiving an Australian pension payable to a widow with dependent children otherwise than under this or the previous Agreement when last in Australia to qualify for a United Kingdom widowed mother's allowance when permanently resident in the United Kingdom.

Paragraph 2(c) enables a widow receiving an Australian pension payable to a widow otherwise than under this or the previous Agreement when last in Australia to qualify for United Kingdom widow's or retirement pension if she was at least 55 (40 for Jersey or Guernsey residents) before she left Australia or when she no longer qualified for United Kingdom widowed mother's allowance.

Paragraph 3 allows a United Kingdom widow's pension payable by virtue of Article 5 to continue to be paid while the person is a permanent resident of any part of the territory of the United Kingdom.

Paragraph 4 restricts payment to permanent United Kingdom residents.

Paragraph 5 provides that any Australian pension will be deducted from any United Kingdom benefit paid under this Article.

Paragraph 6 applies the provisions of this Article to widowed father's allowance payable under the legislation of Jersey.

Paragraph 7 allows contribution credits towards other benefits to be awarded to residents of Jersey who receive widows' benefits under the legislation of Jersey.

Paragraph 8 allows contribution credits towards other pensions to be awarded to residents of Guernsey who receive widows' benefits under the legislation of Guernsey; and provides that where a person has not received such credits, their old age pension shall be paid at the rate at least equal to that of widow's benefit payable immediately before age pension age was attained.

ARTICLE 6 - UNITED KINGDOM WIDOWED MOTHER'S ALLOWANCE - CHILD IN AUSTRALIA

This Article allows payment of United Kingdom widowed mother's allowance in Australia. Under United Kingdom law, a widowed mother's allowance is only payable in respect of a child for whom United Kingdom child benefit is also payable. This would mean that a widow permanently resident in Australia would not be eligible for United Kingdom child benefit and hence not eligible for widowed mother's allowance. This paragraph will overcome this restriction.

ARTICLE 7 - AUSTRALIAN BENEFITS FOR WIDOWS

Paragraph 1 makes the same provision as regards Australian pension payable to widows as does paragraph 1 of Article 4 as regards age pension.

Paragraph 2 allows a widow access to Australian pension payable to widows by deeming periods of her last husband's United Kingdom paid or credited contributions to be periods when she was an Australian resident.

Paragraph 3 prevents double counting when a widow's periods as an Australian resident coincide with periods when her husband paid or had credited United Kingdom contributions.

ARTICLE 8 - CONVERSION OF AUSTRALIAN RESIDENCE

This Article provides the methods for converting periods of Australian residence into contributions towards United Kingdom pensions for the purpose of calculating entitlement to such pensions.

ARTICLE 9 - CONVERSION OF UNITED KINGDOM EARNINGS FACTORS

Since April 1975 employers' contributions to the social security scheme operating in Great Britain, Northern Ireland and the Isle of Man have been related to earnings within specified limits. Contributions paid on earnings (or earnings factors) need to be converted to periods of contributions to establish an equivalent unit for equating with periods as an Australian resident.

This Article provides the methods for converting earnings factors to periods of contributions or credits for the purpose of determining entitlement to Australian age pensions and pensions payable to widows under the Agreement.

PART III - UNITED KINGDOM FAMILY ALLOWANCE AND GUARDIAN'S ALLOWANCE

ARTICLE 10 - FAMILY ALLOWANCE

Under United Kingdom domestic law, Australian claimants arriving in the United Kingdom qualify for United Kingdom child benefit immediately if they start work and become insured for United Kingdom social security purposes. Otherwise, they qualify after 6 months residence.

Paragraph 1 enables people formerly resident in Australia to qualify immediately for United Kingdom child benefit by deeming Australian residence to be residence in the United Kingdom.

Paragraph 2 enables people formerly resident in Australia to qualify for Guernsey's family allowance by deeming birth in Australia to be birth in Guernsey.

Paragraph 3 restricts the payment of family allowance by Jersey to payments in respect of children who are ordinarily resident in Jersey.

ARTICLE 11 - GUARDIAN'S ALLOWANCE

United Kingdom guardian's allowance is paid to a person taking care of an orphan. For the allowance to be paid one of the child's parents must have been born in the United Kingdom and have had a minimum of 12 months United Kingdom residence. In the case of Guernsey the parent must be an insured person under that legislation. This Article enables people who were formerly resident in Australia to qualify for the allowance by deeming birth and residence in Australia to be birth and residence in the United Kingdom and insurance for purposes of Guernsey's legislation.

PART IV - SICKNESS BENEFITS AND INVALIDITY BENEFITS

ARTICLE 12 - AUSTRALIAN SICKNESS BENEFIT

Australian sickness benefit is restricted to Australian residents. This Article allows temporary visitors from the United Kingdom who are legally in Australia to overcome this restriction.

This protects the entitlement to United Kingdom invalidity benefit of United Kingdom visitors to Australia on their return to the United Kingdom. Periods of Australian sickness benefit are counted as qualifying periods for the United Kingdom benefit.

ARTICLE 13 - UNITED KINGDOM SICKNESS BENEFIT AND INVALIDITY BENEFIT

Under this Article periods of employment (and some periods of unemployment or incapacity for work) in Australia are deemed to be periods of contributions for the purposes of calculating entitlement of United Kingdom permanent residents to United Kingdom sickness benefit and invalidity benefit.

Paragraph 10 allows for the direct deduction of any Australian pension from any United Kingdom benefit granted under this Article.

PART V - UNITED KINGDOM UNEMPLOYMENT BENEFIT

ARTICLE 14 - UNITED KINGDOM UNEMPLOYMENT BENEFIT

Under this Article periods of employment (and some periods of unemployment or incapacity for work) in Australia are deemed to be periods of contributions for the purposes of calculating entitlement of United Kingdom permanent residents to United Kingdom unemployment benefit. (Note: Jersey does not have an unemployment benefit.)

PART VI - MISCELLANEOUS PROVISIONS

ARTICLE 15 - TEMPORARY ABSENCES

Paragraph 1 provides that Australian age pensions and pensions payable to widows which are granted under the Agreement will continue to be paid during the recipient's temporary absence from Australia. Where a person has been absent from Australia for a continuous period of 12 months that person will be deemed to have departed permanently from Australia.

Paragraph 2 some United Kingdom benefits carry an entitlement to payment of additional amounts in respect of dependants present in the United Kingdom. This Article extends qualification for such additional amounts where the dependant is temporarily in Australia.

ARTICLE 16 - CALCULATION OF AUSTRALIAN BENEFITS

Paragraph 1 sets out the benefits covered by the Article.

Paragraph 2 provides that Australian pension payable under the Agreement will be reduced by the amount of United Kingdom benefit received. United Kingdom benefit is deducted from the maximum rate of Australian pension then the income test is applied with the United Kingdom

benefit excluded as income. This formula ensures that a United Kingdom beneficiary whose sole or main source of income support is United Kingdom benefit is placed on an equal footing as a residentially qualified Australian pensioner with little or no other income. Where the United Kingdom benefit is less than the rate of Australian pension, the United Kingdom benefit will be topped up to that level.

Paragraph 3 deems United Kingdom benefit received by either or both of a married couple to be divided equally between them when assessing the rate of Australian pension payable. Previously, a United Kingdom pensioner couple would receive different rates of Australian pension where their United Kingdom pension rates differed.

Paragraph 4 removes an anomaly in relation to payment of Australian pension and benefit to a United Kingdom pensioner couple. Previously, where one spouse was precluded from Australian pension because of the level of United Kingdom pension received or did not claim Australian pension, the other spouse became eligible for a single rate Australian pension.

Paragraph 5 specifies the Australian benefits applicable under the previous paragraph.

Paragraph 6 defines what additional United Kingdom payments are included in the term 'benefit'.

ARTICLE 17 - DUAL ENTITLEMENT IN AUSTRALIA

As the cost of a person's Australian social security cover is generally reduced by any foreign benefit entitlement,

an Australian Agreement benefit will not be paid where a person does not lodge a claim for and pursue payment of any United Kingdom benefit for which they have a likely entitlement.

ARTICLE 18 - DUAL ENTITLEMENT IN THE UNITED KINGDOM

The rate of United Kingdom benefit granted under the Agreement to people resident in the United Kingdom is reduced by the amount of any Australian benefit received. If the Australian income test were to apply to the United Kingdom benefit paid, both the United Kingdom and Australia would have to continually reassess their rates of benefit. Eventually, the Australian rate would reduce to nil while the United Kingdom rate would rise progressively. This would be inequitable as well as administratively expensive. By ignoring (for income test purposes) the United Kingdom benefit paid, these problems are overcome.

ARTICLE 19 - RECOVERY OF BENEFIT

Where both the United Kingdom and Australia have paid benefit for the same period because of a retrospective grant by one party, the amount of benefit paid by the other party in excess of entitlement becomes a debt due to that party. Recovery can be made from future benefit payments by the Party deemed to be owed the debt, or from arrears of retrospective entitlement if not yet paid to the beneficiary.

ARTICLE 20 - MEANING OF PERMANENTLY RESIDENT

This is a unilateral article which defines for the United Kingdom what is meant by the term 'permanently resident' in the United Kingdom.

ARTICLE 21 - GAINFUL OCCUPATION IN AUSTRALIA

This article allows the Australian Defence Force and Australian absent residents who are residents for taxation purposes to be included under the term 'gainfully occupied under a contract of service in Australia' for eligibility for United Kingdom benefits specified in Articles 13 and 14.

PART VII - ADMINISTRATION

ARTICLE 22 - ADMINISTRATIVE ARRANGEMENTS

This article provides the authority for the making of administrative arrangements necessary to implement the Agreement.

ARTICLE 23 - DISCLOSURE OF INFORMATION

Paragraphs 1, 4 and 5 contain the provisions for exchange of information between the parties to enable the Agreement to operate.

Both Australia and the United Kingdom have strict laws governing the confidentiality of information provided by clients. Paragraph 2 ensures that each party extends such confidentiality to information obtained from the other party and from or about clients of the other party.

Paragraph 3 provides that the information exchanged under the agreement will be limited to that obtainable under each country's domestic law and normal administrative practices.

PART VIII - TRANSITIONAL AND FINAL PROVISIONS

ARTICLE 24 - TRANSITIONAL PROVISIONS

Paragraph 1 provides that no benefit will be payable for any period prior to the entry into force of the Agreement.

Paragraph 2 provides that contributions to the United Kingdom scheme and residence in Australia before the date of entry into force of the agreement will be taken into account in determining eligibility for benefit under the Agreement.

Paragraph 3 protects the entitlement of beneficiaries and claimants under the former Agreement between Australia and the United Kingdom.

Paragraph 4 provides that the rate of benefit paid to people who qualify under the former Agreement will be determined under the provisions of this agreement.

ARTICLE 25 - ENTRY INTO FORCE

Paragraph 1 provides that the Agreement will enter into force by an exchange of notes. The notes will be exchanged when both countries have passed the necessary enabling legislation and all administrative arrangements have been made. The notes will specify the date the Agreement will commence to operate.

Paragraph 2. The former Agreement will terminate on the date of entry into force of this agreement.

ARTICLE 26 - TERMINATION PROVISIONS

Paragraph 1 is the standard termination provision for this type of treaty.

Paragraph 2 protects the rights of persons who are receiving benefits or have lodged claims for and would be entitled to receive benefits under the Agreement at the time of termination.

SCHEDULE 2

RECIPROCAL AGREEMENT

on

SOCIAL SECURITY

between

AUSTRALIA and MALTA

EXPLANATORY MEMORANDUM

INTRODUCTION

The Agreement between Australia and Malta on Social Security ("the Agreement") co-ordinates the countries' social security schemes to provide enhanced social security coverage for people who move between them.

Many people who have lived in a number of countries find that they may not meet the statutory social security residence or contribution requirements when claiming pensions or benefits from the countries in which they have lived and worked and their eventual social security coverage is sometimes inadequate.

To counter this problem, many countries enter into bilateral and multilateral agreements on social security. The agreements are usually documents of treaty status.

These agreements embody the principle of shared responsibility. This means that the partners agree to share coverage and related costs for individuals who move between the countries. A person covered by an agreement may receive pensions or benefits from both countries to obtain total social security coverage.

As a country with a large foreign-born population, it is in Australia's interest to develop a network of social security agreements. On this basis, Australia is pursuing bilateral agreements with its migrant-source countries, seeking shared responsibility for social security coverage.

The Agreement with Malta is Australia's fourth Agreement of this type - similar Agreements have already been concluded with Italy, Canada and Spain.

PART 1 - GENERAL PROVISIONS

ARTICLE 1 - INTERPRETATION

Paragraph 1 - defines key terms which are used frequently or consistently in the Agreement. These terms are defined because they have specific intent in applying the Agreement or their technical meaning may be different in Australia and Malta.

The effect of the Agreement for Australia is to extend application of the Social Security Act 1947 to classes of persons not previously covered.

Most definitions are self explanatory. The following are given additional clarification to assist in reading the Agreement text:

"legislation" means the laws specified at Article 2 of the Agreement which, for Australia, mean those parts of the Social Security Act 1947 which cover the benefits to be paid by Australia under the Agreement and, in respect of Malta, the Social Security Act 1987 as it relates to the contributory and non-contributory pensions specified. Whenever reference is made to the entire social security legislation of either country in the Agreement text, the words Social Security Act 1947 of Australia or Social Security Act 1987 of Malta are used as appropriate.

"period of residence in Australia" means the period, or aggregate of the periods, during which a person has been a resident of Australia during working life which, for men, is between the ages of 16 years and 65 years, and for women, between the ages of 16 years and 60 years (defined in subsection 59(1) of the Act). The term matches the Maltese term, "period of insurance". These periods are used for totalisation and rate calculation and differ from the "periods

as an Australian resident" which are periods accruable at any time (ie including before age 16 and after age pension age) to meet residence conditions for grant of Australian pensions without the help of the Agreement.

"widow" has a restricted meaning for Australia under the Agreement to reciprocate with the extent of Maltese coverage. For Australia it means a woman whose legal husband has died (de jure widow) and does not include a woman who is the de facto spouse of a man. Under Australia's Social Security Act, on the other hand, a widow includes a dependent female (a woman who was a partner in a de facto marriage), a deserted wife, a divorcee and a woman whose husband has been imprisoned. Maltese social security law already confines the meaning of "widow" to women whose legal husbands have died.

Paragraph 2 defers to the legislations of both countries for the interpretation of terms not defined in the Agreement.

ARTICLE 2 - LEGISLATIVE SCOPE

The legislation in respect of both Australia and Malta are the laws in force at the date of signing of the Agreement and extends to all subsequent amendments and replacement laws.

Paragraph 1 sets out the legislation of both countries to which the Agreement applies.

For Australia, subparagraph 1(a) cites the Social Security Act 1947 insofar as it applies to the following benefits:

- . age pensions,
- . invalid pensions,
- . wives' pensions, and
- . pensions payable to widows.

"Pensions payable to widows" includes sole parent's and widows' Class B pensions and widowed person's allowance for widows, as defined in Article 1.

For Malta, subparagraph 1(b) cites the Social Security Act 1987 insofar as it applies to the following benefits:

- . contributory pensions in respect of retirement,
- . contributory pensions in respect of invalidity,
- . contributory pensions in respect of widowhood, and,
- . non-contributory assistance and pensions.

The Maltese contributory pensions include all pensions under the Maltese flat-rate contributory schemes and the earnings-related "Two-Thirds Pension" contributory scheme.

Maltese non-contributory pensions and assistance are means-tested welfare payments for non-insured citizens or residents of Malta.

Coverage for unemployment and sickness benefit has not been included in the Agreement on the understanding that it is already available to permanent residents of Australia and Malta under the countries' domestic laws.

Paragraph 2 excludes the application of any laws made prior to or after signing of the Agreement which give effect to any reciprocal agreement including that between Australia and Malta.

In Australia, Social Security Agreements are incorporated into the Act as Schedules. In some instances, Agreements convert residence or contributions in the other country to periods of residence in Australia to allow Agreement claimants to meet minimum residence qualifications for Australian benefits. Paragraph 2 prevents these converted periods being used as actual periods as an Australian resident under this Agreement.

The purpose of specifically excluding the Agreement is to avoid the circularity that may result should the laws giving effect to the Agreement operate on themselves.

Paragraph 3 provides that new categories of beneficiaries can only be included in the scope of the Agreement through a mutual Protocol.

Paragraph 4 ensures that Australian citizens shall be given the same rights as Maltese citizens in regard to non-contributory assistance and pensions. These are only paid to citizens or residents of Malta.

ARTICLE 3 - PERSONAL SCOPE

Article 3 describes the broad group of people to whom the Agreement applies.

These are people who have been or are Australian residents and people who have been or are insured under Maltese legislation. By virtue of the provisions of Article 3 the spouse, dependant or survivor of such persons may also be considered persons to whom the Agreement applies.

Article 3 does not confer any entitlement to a benefit. Its purpose is to describe the class of people to be considered for payment of a benefit within the terms of the Agreement.

ARTICLE 4 - EQUALITY OF TREATMENT

The effect of Article 4 is to ensure that persons to whom the Agreement applies are not treated in a discriminatory way by either Australia or Malta under their legislations or under the Agreement.

The Article seeks to ensure that legislative changes subsequent to the Agreement's implementation, in the areas of citizenship and residence in particular, would not restrict entitlement of persons who fall within the scope of the Agreement.

Article 4 is largely declaratory in this Agreement and simply underwrites each country's adoption of the widely accepted concept of non-discrimination.

PART II - PROVISIONS RELATING TO AUSTRALIAN BENEFITS

ARTICLE 5 - RESIDENCE OR PRESENCE IN MALTA OR A THIRD STATE

This is a unilateral provision for Australia to overcome the lodgement provisions of the Act.

Normally, only people who live in Australia can lodge a claim for an Australian pension. People who leave Australia before being granted a pension cannot lodge claims for pensions.

Under the Agreement people in Malta and some other countries will, for claim lodgement, be treated as if they were Australian residents in Australia.

Apart from Malta, other countries in which claims can be validly lodged are those with which Australia has agreements providing for mutual administrative assistance. At present, Italy, Canada and Spain fall into this category but the number of countries will grow as Australia's agreement network extends.

Paragraph 1 deems people residing in Malta or a third country to be residing in Australia for the purpose of lodging a claim.

Paragraph 2 is a limiting provision. It prevents lodgement of a claim for a wife's pension by someone who has never been an Australian resident. This limitation becomes necessary because a wife's pension can be paid, after a claim is validly lodged, even when a claimant does not have any Australian residence other than the residence required by the lodgement provisions. Calculation of an overseas rate for these cases depends on the pensioner-husband's residence.

ARTICLE 6 - SPOUSE RELATED AUSTRALIAN BENEFITS

Entitlement to wives' and carers' pensions under the Act arises solely from the claimant being the spouse of an age or invalid pensioner.

To ensure that a wife's or a carer's pension granted as a consequence of a spouse's agreement entitlement are subject to the agreement's payment rules, Article 6 deems them to receive their pensions by virtue of the Agreement. Carer's pension needs to be included here because a grant could flow to an Australian resident who is caring for an agreement age or invalid pensioner in Australia.

ARTICLE 7 - TOTALISATION FOR AUSTRALIA

Qualification for most Australian benefits depends on a claimant having certain minimum periods as an Australian resident, eg 10 years for age pension.

People who have lived in another country during the course of their working life may find that their period as an Australian resident is too short for them to qualify for a pension.

Article 7 assists claimants to qualify by allowing them to count periods of insurance under the other country's social security scheme as periods as an Australian resident. These periods may be combined to meet the Australian minimum requirement. Article 9 sets out Malta's reciprocal arrangements.

This principle is typical of social security agreements and is known as "totalisation".

Totalisation does not determine the rate of payment. The process simply allows people to be considered for payment and can be used only by people who meet independently a separate minimum period of residence in Australia set by the Agreement.

Paragraph 1 describes the mechanics of totalisation and confines its use to meeting minimum qualifying periods.

Paragraph 2 enables discontinuous periods of insurance in Malta to be deemed continuous.

While the Act requires claimants for some Australian pensions to have minimum periods as Australian residents an additional requirement may be that part of those periods be **continuous**. For example, a claimant for age pension must have had a period of 5 **continuous** years as an Australian resident included in the general minimum of 10 years' residence.

The requirement can pose problems for people who are using **paragraph 1** to count periods of insurance in the other country as periods as an Australian resident. Insurance contributions in Malta are usually only made during periods of employment. Absences from the workforce can cause a disruption to the insurance record. The deeming provisions of **paragraph 2** overcome the problem.

Paragraph 3 concerns periods of residence in Australia and insurance periods in Malta occurring at the same time, for example, when a person who becomes an Australian resident continues to pay contributions to a Maltese social security scheme. This problem of overlapping periods is not uncommon when people move between countries.

The classic solution which is adopted here is to allow the period of overlap to be counted once only by the country applying its legislation - in this Article, by Australia. Malta's matching provision is in Article 9(2).

Subparagraph 4(a) sets the minimum period of residence in Australia which people outside Australia need before they can use the totalisation provisions of the Agreement. The minimum is needed so that people overseas will not gain entitlement to very small amounts of benefit, not normally available under domestic law, which would not be cost-effective to deliver. The minimum residence for this requirement must occur during working life.

Subparagraph 4(b) states that no minimum period of residence is needed by Australian residents who wish to use the totalisation provisions of the Agreement. This means that a new settler with sufficient Maltese contributions may use those periods exclusively to meet Australia's minimum residence qualifications. The agreement minimum is waived for these cases so that, if necessary, they can be incorporated into Australia's social security system immediately, avoiding the need for alternative welfare support.

Paragraph 5 enables a claimant for an Australian pension payable to a widow to use her husband's insurance periods in the totalisation process. The widow may only do this if she first meets the minimums in subparagraph 4(a) and 4(b) in her own right. The provision has been incorporated to enhance coverage for women as many women who have spent most of their working lives in the home do not have insurance records. This is a prime example of how special arrangements may be necessary under agreements to coordinate social security schemes. Under contributory schemes, like Malta's, survivor's entitlements rest on the late contributor's insurance record while the survivor relies on her own residence record under Australia's scheme.

Paragraph 6 also enhances the totalisation provisions. Australia will equate periods until age 65, where Maltese pension is being received under early retirement options, with periods of Australian residence.

ARTICLE 8 - CALCULATION OF AUSTRALIAN BENEFITS

Article 8 contains provisions which, when read with the Act, fix the rate of pensions paid by Australia under the Agreement, both inside and outside Australia.

Paragraph 1 provides that an Australian pension for persons living abroad is paid "according to the legislation of Australia" ie means tested and on a proportional basis. This means that any pension received is in direct proportion to the length of time spent in Australia during a person's working-life (between ages of 16 and 60 for women and 16 and 65 for men) up to a maximum of 25 years. A person with 10 years' residence, for example, would receive 10/25th of a means-tested pension from Australia.

Unlike autonomous proportional portability provisions, agreement proportionality applies immediately the pension is granted outside Australia.

Paragraph 1 also states the proportion of Maltese pension to be taken into account under Australia's income test when the Australian pension is proportionalised for payment overseas. The income test is modified for these cases, ameliorating the combined effect of income testing and proportionality, in keeping with the underlying principle of shared responsibility.

Paragraph 2 ensures that agreement and autonomous cases will only receive concessional assessment of Maltese pension under Australia's income test when Australian pension is proportionalised. The concessional treatment is not to be awarded when full pension is paid for the first 12 month's of an autonomous pensioner's absence from Australia or to those with 25 years working-life residence or to those exempted from the proportional portability legislation.

Paragraph 3 provides for any Maltese welfare payments paid in Malta to be disregarded under Australia's income test. In reality these payments are strictly means tested and it is unlikely that they will be paid if Australian pension is paid. In any event, the provision will avoid administrative complications and inconvenience to clients which might be caused by the interaction of two income-tested systems.

Paragraph 4 fixes the pension rate for a person who is in Australia and whose pension is payable only by virtue of the Agreement. This would be a person, who without the totalization provided for in Article 7, cannot meet the residence requirements for Australian pension.

The rate calculation involves deducting the person's Maltese pension from the maximum rate of Australian pension and using the result as the new Australian pension rate to which the income test is applied (excluding the Maltese pension rate deducted in (a)) or the assets test as applicable.

Effectively, the Agreement guarantees the claimant in Australia a total rate of payment by way of Australian and Maltese entitlement equal to the amount other Australian residents could expect from Australian entitlement alone. This method of assessment applies only until the pensioner accrues enough Australian residence to get pension without the help of the Agreement.

Paragraph 5 ensures that when married couples are each receiving Maltese pensions, the partners will each be deemed to receive half each of their combined Maltese pensions to produce a uniform rate of Australian pension for the couple.

Paragraph 6 ensures that a married couple cannot get an artificially high rate of pension (by one being reassessed as a single claimant) simply because one party has not claimed or one party would be paid a zero rate by applying the direct deduction provisions.

Paragraph 7 defines the payments to a spouse in paragraph 5 as all payments under the Act, whether payable by virtue of the Act or under the Agreement, and ensures that married couples will not be overcompensated by way of total social security coverage when a person's agreement pension and the spouse's autonomous entitlements are involved.

PART III - PROVISIONS RELATING TO MALTESE BENEFITS

ARTICLE 9 - TOTALISATION FOR MALTA

To qualify for benefits under Maltese law, claimants must have certain minimum periods of insurance, depending upon the benefit claimed.

Claimants who do not have enough insurance periods to qualify for payment, can use the totalisation provisions of Article 9 to count periods of residence in Australia during their working lives as insurance periods.

Paragraph 1 sets out the basic principle of totalisation for Malta's benefits ie Maltese creditable periods and periods of residence in Australia.

Paragraph 2 provides that when Maltese creditable periods and periods of Australian residence overlap, the period of overlap can be used only once by the person when claiming a benefit from Malta. This matches Article 7(3).

Paragraph 3 sets a minimum of 52 paid contributions (distinguishing those from credited contributions) to allow a claimant to use the totalisation provisions to gain entitlement to a Maltese benefit.

Paragraph 4 sets a minimum of 156 paid contributions for Maltese Two-Thirds pension and Survivor's pension - the earnings-related pension schemes covered by the Agreement.

Paragraph 5 reciprocates with Article 7(5), to allow a claimant for a Maltese contributory widow's pension to use her husband's residence in order to qualify for a pension.

ARTICLE 10 - CALCULATION OF MALTESE BENEFITS

Article 10 sets out the method of calculation for Maltese agreement benefits.

Paragraph 1 stipulates that Maltese non-contributory pensions will be calculated according to Maltese law ie means tested.

Paragraph 2 sets out the rate calculation for contributory pensions under the flat rate and Two-Thirds schemes. All calculations are based on pro-rata calculations.

Paragraph 3 provides that Maltese domestic law relating to statutory additional pension rates shall apply to agreement pensions on a pro-rata basis.

Paragraph 4 affirms that Malta will apply its domestic law on statutory deductions but Australian service pension will not be deducted from Maltese social security benefits in the same way as Maltese service pension.

Paragraphs 5 and 6 are interpretative provisions to ensure that Maltese benefits under the Agreement are calculated in the same way benefits are calculated under domestic provisions.

PART IV - MISCELLANEOUS AND ADMINISTRATIVE PROVISIONS

ARTICLE 11 - LODGEMENT OF DOCUMENTS

The Social Security Act provides for the method and place of lodgement of claims.

Paragraph 1 provides for the lodgement of one Party's social security documentation with the authority of the other Party once the Agreement comes into force.

Paragraph 2 ensures that when a person living in Malta or Australia lodges a document with either of the social security authorities and that document is to be sent to the other, the date of lodgement will be accepted as the date it was lodged with the first.

Paragraph 3 clarifies paragraph 2, by stating that the appeals referred to in that paragraph are only appeals to authorities set up under the Social Security Act 1947. The Administrative Appeals Tribunal is governed by its own Act and its powers or actions cannot be modified by this Agreement.

Paragraph 4 is Malta's version of paragraph 3.

ARTICLE 12 - DETERMINATION OF CLAIMS

Eligibility for most of the benefits payable by Australia and Malta under this Agreement depends on certain events in the life of the claimant or upon the claimant having had certain periods of residence in Australia and/or contributions in Malta.

Paragraph 1 provides that those events or periods can be used by a claimant in claiming a benefit, whether or not they occurred before or after the Agreement begins to operate.

Paragraph 2 stipulates that payments under the Agreement will commence in accordance with the relevant Party's legislation but that payments will not start from a date before the Agreement enters into force.

Paragraph 3 ensures that a claimant under the Agreement will pursue all possible entitlement. If a claimant does not do so, an Agreement partner may withhold entitlement until entitlement from the other partner has been followed up by the claimant.

Paragraph 4 ensures that each country will be able to calculate and record an overpayment for any excess payment caused by concurrent payment of the other country's benefits. This is in keeping with the principle of shared-responsibility.

Paragraph 5 provides for cooperation between the partners in recovering any overpayments which occur because of concurrent payments (including calculations in arrears).

Paragraph 6 refers to the Administrative Arrangement for recovery action.

Paragraph 7 extends the meaning of benefit in relation to overpayments to include all benefits paid under the partners' legislations.

ARTICLE 13 - PAYMENT OF BENEFITS

Article 13 addresses portability of benefits.

Paragraph 1 requires each country to make its Agreement payments, as listed, portable anywhere in the world.

Paragraph 2 ensures that any benefits with portability restrictions, whether paid by virtue of domestic legislation or the Agreement, are portable between the territories of the Agreement partners only. Some benefits are only payable internally and others may only be portable for restricted periods - eg Australian sole parents' pensions (apart from pension paid to de jure widows who were widowed in Australia) and Widows Class B pensions are portable for only up to 12 months.

Paragraphs 3 and 4 serve to overcome any currency controls either country may impose on the export of benefits.

Paragraph 5 is a standard rule to ensure that neither country will deduct administrative costs from the pensions it pays.

Paragraph 6 removes Australia's portability restrictions for former residents. This is needed to overcome unnecessary administrative work associated with further claim lodgements.

ARTICLE 14 - EXCHANGE OF INFORMATION AND MUTUAL ASSISTANCE

To operate effectively, the Agreement requires mutual assistance in claim processing, information exchange and general assistance to clients.

Paragraph 1 details the extent of administrative cooperation between the agreement partners.

Subparagraph 1(c) requires both countries to notify the other of any changes to the relevant legislation.

Paragraph 2 stipulates that assistance shall be provided free of charge unless special arrangements are made in the Administrative Arrangement.

Paragraph 3 protects the confidentiality of any information exchanged and limits its use to implementing the Agreement and the legislation of both Parties.

Paragraph 4 ensures that neither country will use the Agreement to ask for administrative assistance or to supply information contrary to laws or normal practices.

Paragraph 5 stipulates that the Parties may communicate with each other in English or Maltese.

ARTICLE 15 - ADMINISTRATIVE ARRANGEMENTS

It is usual for countries to make operational arrangements for the Agreement in a separate document, the Administrative Arrangement. The document is not part of the main Agreement. The working rules for agreements usually need fine-tuning once an agreement has started and also need changing when either or both parties changes their administrative practices. It is much easier to change the working rules if they are kept apart from the main treaty.

Article 15 simply states that both Malta and Australia may draw up whatever administrative rules are necessary to make the Agreement operate effectively.

ARTICLE 16 - RESOLUTION OF DIFFICULTIES

Article 16 provides for the resolution of any difficulties in the interpretation or application of the Agreement through a cooperative approach but, in the event that resolution is not achieved, the Article provides for disputes to be submitted to an arbitral tribunal established by the Parties.

ARTICLE 17 - REVIEW OF AGREEMENT

Article 17 sets out the procedure for one country to initiate discussions for the purpose of reviewing the Agreement.

PART V - FINAL PROVISIONS

ARTICLE 18 - ENTRY INTO FORCE AND TERMINATION

Once the Agreement has been signed, the necessary laws passed and the two countries have all the forms and other details ready to apply the Agreement, the Foreign Ministries of each country will advise one another that the Agreement is ready to start. The Agreement may enter into force a month after the advices have been exchanged.

Paragraph 1 sets out the process for bringing the Agreement into force.

Paragraph 2 provides for the termination of the Agreement 12 months after the date on which one country announces in writing to the other its intention to terminate it.

Paragraph 3 protects people who are receiving benefits under the Agreement, or who are in the process of being granted benefits, when the Agreement is terminated.



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