



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

18 MAY 2021

Tēnā koe

On 16 April 2021, you emailed the Ministry of Social Development (the Ministry), under the Official Information Act 1982 (the Act), the following information regarding the Social Welfare (Reciprocity with Australia) Order 2002, following a response to your previous request under the Act on the same topic:

- *Policy advice given by the Ministry leading to the commencement of payments in 1999 and further advice relating to the decisions made in 2002 as confirmed by legislation at that time.*

On 20 April 2021, you sent a further email to the Ministry, asking for the following information:

- *Can you confirm that the payments started in the 1999/00 year or were there earlier payments. I had specified that year because I thought they had started in 2001 and going back a couple of years would cover off earlier payments. My error or false assumption?*
- *Can you also confirm that the payments made exclude superannuation, which my memory says was covered by a separate reciprocal agreement and was unaffected by this matter?*
- *Is there a breakdown of the types of payment? – disability, unemployment, etc, If not or too hard just say.*

The Ministry treated this as a refinement of your request, of which you were advised.

As previously advised, the New Zealand Government had an arrangement with the Australian Federal Government under the Social Welfare (Reciprocity with Australia) Order 2002 (the 2002 Order) in which the New Zealand Government would reimburse the Australian Federal Government by payment of agreed amounts for social welfare payments made by the Australian Federal Government to New Zealand citizens and residents.

For clarity, I will respond to your questions in turn.

- *Policy advice given by the Ministry leading to the commencement of payments in 1999 and further advice relating to the decisions made in 2002 as confirmed by legislation at that time.*

The Ministry has conducted a search in historic files, however, is unable to locate any specific policy advice given by the Ministry regarding payments in 1999 and decisions in 2002. The Ministry understands that the policy advice from the time was likely led by the Ministry of Foreign Affairs and Trade (MFAT) and the Department of the Prime Minister and Cabinet (DPMC).

As such, this aspect of your request is refused under section 18(g) of the Act on the basis that the information is not held by the Ministry.

The Ministry was able to locate the following document which was written by MFAT and kept on file regarding the Australia-New Zealand social security notification:

- *'Australia-New Zealand Social Security Negotiations: External Seminar'*, dated 8 December 2000.

Please note, this document was previously released under the Act by MFAT. As the Ministry cannot locate a copy online, a copy of this document is attached to this response.

- *Can you confirm that the payments started in the 1999/00 year or were there earlier payments? I had specified that year because I thought they had started in 2001 and going back a couple of years would cover off earlier payments. My error or false assumption?*

The Ministry is unable to confirm that payments under the 2002 Order started before the 1999/2000 financial year. For the financial year ending 30 June 1999, the Ministry paid \$124.983 million, however, this is the only record the Ministry has on payments prior to the 2002 Order. The Ministry has conducted a search for earlier payments, but does not hold, or despite reasonable effort, cannot locate, records of payments prior to the financial year ending 30 June 1999.

As such, this aspect of your request is partially refused under section 18(g) of the Act, as the information requested is not held by the Ministry and I have no grounds to believe that the information is held by another department or Minister of the Crown or organisation.

- *Can you also confirm that the payments made exclude superannuation, which my memory says was covered by a separate reciprocal agreement and was unaffected by this matter?*

New Zealand Superannuation (NZS) is included in the amounts paid to the Australian Federal Government set out in the 2002 Order for people who continued to be entitled under the 1994 Agreement. The 1994 social security agreement between New Zealand and Australia covered NZS, Veteran's Pension (VP), Invalid's Benefit, Widows Benefit and Domestic Purposes Benefit for Sole Parents. The 1994 Agreement, and previous agreements, shared costs between the two countries on a government-to-government payment arrangement, and individuals received the rate that was payable in the country that they were resident in.

From 2002, the Social Security Agreement between Australia and New Zealand covered NZS, VP and Invalid's Benefit. The 2002 Order covers cost sharing of benefits and pensions on an individual basis, whereby entitlements for people are apportioned based on the period of residence in each country.

- *Is there a breakdown of the types of payment? – disability, unemployment, etc.*

The Ministry is unable to break down the figures by any specific benefit type as the amounts were agreed to as per Article 27 of the 2002 Order and paid in lump sum. As such this aspect of your request is refused under section 18(g) of the Act, as the

information is not held by the Ministry and I have no grounds to believe that the information is held by another department or Minister of the Crown or organisation.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter available to the wider public. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response to your request regarding the Social Welfare (Reciprocity with Australia) Order 2002, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui



Lynne Cousins
Policy Manager
International Policy



AUS/NZ/2/5/1

8 December 2000

The Minister of Foreign Affairs and Trade

AUSTRALIA-NEW ZEALAND SOCIAL SECURITY NEGOTIATIONS: EXTERNAL SEMINAR

Purpose

To inform you of views expressed by outside experts who were briefed, confidentially, on the proposed new social security arrangements with Australia.

Communications Implications

2 The opinions of these experts might be borne in mind in developing the Government's communication strategy.

Background

3 The Ministry has twice now held a closed seminar for outside experts in order to test officials' assumptions about the proposed new social security arrangements with Australia. The second of these seminars took place on 6 December and involved economists Dr Arthur Grimes and Dr Jacques Poot from Victoria University, and Dr John Yeabsley from the New Zealand Institute of Economic Research. In a lively debate, we had a preview of some of the reactions that might be expected from commentators and the public when the new arrangements are announced by Prime Ministers next year.

Key assessments

4 On the basis of a concise briefing on the proposed new social security agreement and associated Australian immigration measures, the experts' key observations included:

The new arrangements are unlikely to affect migration patterns of young people and the retired, but New Zealanders with families might be deterred from moving to Australia by the uncertainty of access to the welfare system. New Zealanders obliged to return home from Australia might have some small impact on wage rates and unemployment volatility.

Noted
14/12/00

- It was judged likely that Australian State Governments would eventually exercise their prerogative to begin charging SCV holders (New Zealanders without Australian Permanent Residence) for **school fees** on the same basis as temporary residents.
- One expert considered that civil liberties groups would react adversely to the **requirement that data would be kept on the overseas movements** of individuals during their working lives. This data would underpin the new superannuation cost-sharing agreement with Australia.
- The same expert was also strongly of the view that it would be a mistake to assert that the **Trans-Tasman Travel Arrangement** was unchanged by the new Australian measures. Regardless of the literal truth of this proposition, New Zealanders tended to think of the TTFA as a guarantee of the right to enter Australia *and to be treated just like Australians, enjoying the same rights and entitlements as them in Australia*. Limitations on access to benefits and citizenship meant this would no longer be the case.
- Experts suggested that New Zealanders might come to be seen as "**guest workers**" in Australia because of their limited entitlements. The parallel with guest workers in Europe would be a powerful emotional argument not easily rebutted.
- One expert took issue with the suggestion that the new social security arrangements would be **more equitable between the two Governments**. He felt that New Zealand would continue to be subsidising Australia by providing a flow of young workers educated and trained at the expense of our taxpayers.
- Another expected critics to focus on the **asymmetry** of the new arrangements and the perception of unilateral Australian immigration measures.
- Experts suggested that a reciprocal **student loans** recovery agreement with Australia would go some way towards redressing this imbalance (due to its value to New Zealand). Tax officials from the two Governments will be meeting in Canberra on 13-14 December but substantive progress prior to the social security announcement is not expected.

Recommendation

We recommend you note the observations above, in the lead-up to Policy Committee's discussion of the new social security arrangements on 13 December.

Geoff Randal
for Secretary of Foreign Affairs and Trade

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A/NZ2/8/7

14 December 2000

The Minister of Foreign Affairs and Trade

AUSTRALIA/NEW ZEALAND: SOCIAL SECURITY NEGOTIATIONS

Purpose

An update for Cabinet on 18 December 2000.

Report

Australian decisions

The Australian Cabinet on 12 December approved the negotiated social security package, including the negotiated reimbursement amount for 2001/02, and also the set of Australian migration measures to be put in place, intended to be from the date of announcement.

2 Responding to concerns expressed here, they will introduce new measures of financial conditionality to protect all New Zealanders in Australia from knock-on effects on health or education at State level and Prime Minister Howard will write to Premiers and Chief Ministers to explain the limited purpose of the new immigration approach. New Zealanders in work, whether permanent residents or temporary residents, will continue to have access to income-related benefits. Long-term temporary residents, after some 10 years, will also have one-off access to assistance if they become unemployed so that they will have time to adjust, find a new job in Australia or return to New Zealand. But there would be no "short-cut to citizenship" for long term SCV holders.

3 These steps should mitigate some of the risks to Australia from the imposition of the migration measures; they might also reduce pressures affecting the labour market and social security in New Zealand.

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Early announcement

4 With the policy process almost complete and in light of the unplanned public debate, we have taken up with PM+C in Canberra the possibility of an early joint announcement by the two Prime Ministers, perhaps on Monday afternoon. Without yet a decision from Mr Howard Australian officials have given us a "rough cut" of a draft which you have seen and which the Prime Minister will review later today. This draft (attached) looks acceptable to officials. It would provide some comfort by its clear statement of principles, a sketch of the package and reference to grandparenting. There would be a further announcement in the New Year, when Australia was ready to implement its migration measures, and when officials on both sides of the Tasman were able to respond accurately to detailed enquiries from the public about entitlements under the new scheme.

Implementation

5 You were asked at the Cabinet Policy Committee to investigate early implementation. Australia cannot put its migration measures into place at short notice, so is unable to agree to the announcement of details of the package before Christmas. Early February 2001 seems the first feasible date for these. Officials are still negotiating final details of the package itself (there is an Australian team in Wellington right now). Much of the formal Agreement has been discussed between us, but it will need checking from the legal perspective, then approval by Cabinets and normal Parliamentary processes. Administrative arrangements must be negotiated as well. Implementation of the full new social security scheme is scheduled for July 2002 and it seems impossible at this stage to bring this forward.

6 I recommend that you:

a note this report

Noted *[initials]*

b refer it for information to the group of Ministers with power to act, should you agree

Yes / No *[initials]*

[Signature]
L J Wood
Deputy Secretary

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AUS/NZ/2/5/1

19 January 2001

The Minister of Foreign Affairs and Trade

AUSTRALIA-NEW ZEALAND SOCIAL SECURITY NEGOTIATIONS

Purpose

To update you on progress in the final stage of negotiations and seek instructions on Australia's proposal to add a provision on temporary unemployment benefits to our agreement on cost-sharing of benefits for superannuants and the severely disabled.

Background

2 Officials met with the Australians in Canberra from 10 to 12 January to resolve outstanding details of the new bilateral social security agreement. They achieved a good outcome on the continuing reimbursement to be paid by New Zealand to Australia for grandparenting the existing agreement. New Zealand payments will be well below the figures endorsed by Cabinet on 18 December.

3 There is one key outstanding issue. You will recall that New Zealand officials, in accordance with our mandate, were not negotiating on Australia's policy changes over access for New Zealanders to the wider range of social security benefits (ie beyond those for superannuants and the severely disabled covered in the new cost-sharing agreement). But we did point out to the Australians the potential threat to the future stability and durability of the new arrangements if they did not address the situation of New Zealanders who resided long-term in Australia without social security cover. It would seem anomalous to deny benefits to those who, having arrived under the new regime without securing Permanent Residence, lived in Australia for many years, most likely working and paying taxes.

4 The Australians have now proposed to give such people up to six months' access to unemployment or "Newstart" benefits, once only, after they have lived in Australia for 10 years. This would acknowledge something of a contribution to Australia and allow people in hardship to re-order their affairs. There is a question as to how this commitment should be recorded. Australian officials informed us that, for presentational reasons, their Government wished the provision to appear in the bilateral agreement.

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NEW AUSTRALIA/NEW ZEALAND SOCIAL SECURITY ARRANGEMENTS

Australia and New Zealand have been working towards new bilateral social security arrangements since the establishment of the joint prime ministerial task force at the Australia/New Zealand prime ministerial meeting in February 1999.

We have agreed that Australians and New Zealanders will continue to be able to move freely between our two countries under the Trans-Tasman Travel Arrangements, to study, to work, to live, to settle, and thereby to benefit from a common trans-Tasman labour market.

Australia and New Zealand also agree that the integration of our economies under the Closer Economic Relations (CER) agreement and the broadening of our bilateral relationship has been sustained and enriched by the free movement of people. This has enabled us to better develop our human and financial capital, to share knowledge and skills and to enhance the mutual benefits of a common market. Our new social security arrangements will help underpin that free flow of people.

Trans-Tasman people flows have varied over time in size and direction. The current social security arrangements have had to be continuously updated and revised to reflect these changes, but the results of renegotiation have been to neither government's complete satisfaction. The new package will remove the need to continually update our old social security arrangements which have been a long-standing irritant to our broader trans-Tasman relations.

The new social security arrangements we are developing will provide a more equitable, stable, durable and affordable underpinning for the free trans-Tasman flow of people. They will be a better strategic fit for our evolving CER relationship. They will resolve the current complex administrative arrangements and help contain future trans-Tasman social security costs.

Those Australian and New Zealanders reliant on Australian age pensions, New Zealand superannuation and veteran's pension can rest secure in the knowledge that their entitlements will be paid regardless of where in Australia or New Zealand they choose to live. Where people have spent part of their working lives in both countries, both governments will contribute to their retirement incomes, reflecting the shared responsibility we will bear for the costs involved and our desire for a more transparent accountability. Some categories of disability payment will also be covered under the new agreement. Australia will also preserve the social security entitlements of those currently benefiting under the existing bilateral agreement.

Our new arrangements will recognise the right of each country to determine access to social security benefits not covered by the agreement, and to set any related residence and citizenship rules according to their respective national legislative and policy frameworks. We take the view that each of us is primarily responsible for our own citizens' welfare.

In developing these new social security arrangements – details of which will be announced early in the new year – we will be seeking to achieve what has previously eluded us, namely a simpler and significantly more durable bilateral agreement which recognises properly the contributions we make to each other's communities. This reflects and reinforces our long-standing enjoyment of trans-Tasman travel freedoms and of levels of social and economic integration which are enjoyed by few if any other countries.

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5 New Zealand officials' assessment is that it would be illogical to graft a provision dealing with one side's unemployment benefit policy on to a bilateral agreement setting out cost-sharing of benefits for superannuants and the severely disabled. Just as there are perceived optical advantages for the Australians, there may be downsides for New Zealand. There is a risk, for example, of conveying a false impression that the modest provision for recognising the contribution of New Zealand long-time residents of Australia by granting them temporary unemployment benefits is the only vestige of the old entitlements that the New Zealand Government has succeeded in negotiating retention of. This would obscure the fundamental fact that both sides agreed a fresh approach in which access to the wider range of social security benefits were a matter for each Government to decide for itself, and not for negotiation.

6 Officials consider that while New Zealand should welcome the Australian proposal to recognise the contribution of New Zealanders who reside long-term in Australia by granting temporary access to unemployment benefits, we should resist the inclusion of such a clause in the cost-sharing agreement on benefits for superannuants and the severely disabled. Instead we should seek to have the Australian commitment recorded in another form such as the joint Prime Ministerial communiqué in which the new social security arrangements will be presented. This document will include a description of Australia's intended new policy on New Zealanders' access to the wider range of social security benefits, and would seem the logical place to record the special unemployment provision for long-term residents.

Withheld
under s.
6 (a) +
6 (b) (i)

Timetable for remaining steps

8 The process of securing formal Cabinet (and, most likely, Parliamentary) approval for the text of the new cost-sharing agreement will begin shortly, with scrutiny by Cabinet Policy Committee, probably on 14 February, being the first step. The intention is that the agreement will be signed by the two Governments by about April. In addition, two Memorandums of Understanding covering administrative arrangements and payment for the final year of the present interim agreement will be necessary.

9 The joint communiqué is expected to be more or less finalised during the visit to Canberra by the head of our Department of the Prime Minister and Cabinet, Dr Mark Frebble, from 6 to 7 February. The announcement by the two Prime Ministers is likely to take place in Wellington on 26 February, subject to final confirmation of dates for Mr Howard's visit.

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Communications Implications

10 The Department of Work and Income's preparations for the public information campaign following the formal announcement are proceeding on schedule. The campaign will include a brochure on behalf of relevant Departments, with contact and website details for further information, a call centre and a low-level nation-wide print and media advertising effort. The Department of the Prime Minister and Cabinet is continuing work on the overall communications strategy.

11 You may wish to refer this submission to the group of Ministers with Power to Act (the Prime Minister, Deputy Prime Minister, and the Ministers of Finance, Social Services and Employment, and Immigration), with an invitation to offer any comments by **noon on Friday 26 January**, prior to Australian Ministers' reconsideration of the matter.

Recommendation

12 We recommend that:

(a) New Zealand negotiators should welcome the Australian intention of providing temporary unemployment benefit access for New Zealanders who in future live in Australia for over 10 years


9(2)(g)(i)

(b) but endeavour to have this commitment noted in the description of Australian measures in the joint Prime Ministerial communiqué rather than in the cost-sharing agreement.

No ~~Yes~~

9(2)(g)(i)

Yes/No


Geoff Randal
for Secretary of Foreign Affairs and Trade

9(2)(g)(i)

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AUS/NZ/2/8/1

26 January 2001

The Minister of Foreign Affairs and Trade

**AUSTRALIA-NEW ZEALAND SOCIAL SECURITY AGREEMENT:
CONSIDERATION BY HOUSE**

Purpose

To seek confirmation that the new social security agreement with Australia should be considered by the House under the International Treaty Examination process.

Background

2 The text of the new agreement with Australia on sharing the cost of payments to superannuants and the severely disabled with working life residence in both countries will shortly be ready to begin formal approval procedures, starting with consideration by Cabinet Policy Committee on 21 February. In preparing for this process, a determination is necessary whether the agreement constitutes a "major bilateral treaty of particular significance" such as to warrant consideration by Parliament under the International Treaty Examination process before final treaty action.

3 All multilateral treaties must be taken through this process but Ministers have a discretion concerning which bilateral treaties they consider of particular significance such that they also should be submitted to Parliament. The Closer Economic Partnership Agreement with Singapore was considered in this way. The decision on bilateral treaties is made by you in consultation with the relevant portfolio Minister, in this case the Minister of Social Services.

4 In light of the importance of the social security issue in the trans-Tasman relationship and the likely level of public interest, we consider that the agreement should be referred to the House.

Agreed with recommendations
& referred to PM
1/2/01
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Communications Implications

5 Comments in the media and in correspondence from the public have claimed that the social security negotiation with Australia has lacked transparency. As usual, the negotiation has been conducted in confidence. Consideration of the agreement by the House might help re-balance perceptions.

Recommendation

6 We recommend that the new social security agreement with Australia should be presented to the House for consideration under the International Treaty Examination process prior to approval for treaty action.

Yes/No ☒ No

and refer this submission to the Minister of Social Services with a recommendation for his concurrence.

Yes/No ☒ No

L J Wood
L J Wood
for Secretary of Foreign Affairs and Trade

Refer also to the PM.



AUSNZ/2/5/1

14 February 2001

The Minister of Foreign Affairs and Trade

AUSTRALIA-NEW ZEALAND SOCIAL SECURITY AGREEMENT

Purpose

To present for your consideration the finalised paper for Policy Committee and Cabinet seeking approval for signature of the new social security Agreement with Australia.

Background

2 Last week you received a draft version of this paper which had a number of outstanding issues that have now been resolved. The Crown Law Office has advised that the proposed Agreement does give rise to some issues under the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990, but is unlikely that in the ultimate analysis there is any inconsistency between the agreement and those two Acts. The Crown Law Office has also confirmed that legislative action will be required to give full effect to the Agreement, in particular to allow full data exchange. On advice from your office we have indicated your preference that the Agreement should be signed before submission to Parliament but have left open the possibility that Policy Committee may decide that signature should follow Parliamentary consideration.

Timing

3 The finalised paper is required:
in Cabinet Office on Thursday 15 February
for the POL meeting on Wednesday 21 February
and final approval by Cabinet on Monday 26 February

Communications Implications

4 The Department of the Prime Minister and Cabinet is coordinating an overall communications strategy, including liaison with Ministerial offices in the lead-up to the announcement of the new social security arrangements with Australia during Mr Howard's visit to Wellington on 26 February. A key element will be the release of a public information booklet coordinated by the Department of Work and Income.

Recommendation

5 It is recommended that you sign and submit the attached paper to Cabinet Office.



L J Wood
for Secretary of Foreign Affairs and Trade

Encl

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

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Office of the Minister of Foreign Affairs and Trade

Chair,
Cabinet Policy Committee

AUSTRALIA-NEW ZEALAND SOCIAL SECURITY AGREEMENT

Executive Summary

This paper seeks Cabinet approval for the signing of a new bilateral Agreement forming part of revised social security arrangements with Australia. The new Agreement provides, from 1 July 2002, for cost-sharing of payments to superannuitants, veterans and people with severe disabilities who have spent parts of their working lives in both Australia and New Zealand. It differs from the current Agreement in having a slightly narrower scope (omitting single parents and some disabled people) and moves from the present system of reimbursement between Governments to one where individuals will receive separate part-payments direct from each Government. The new Agreement will result in savings of about NZ\$100 million over its first three years. Australia will also be introducing restrictions on New Zealanders' access to social security benefits not covered by the Agreement.

Proposal

2 This paper seeks Cabinet approval for the signing of a new bilateral Agreement forming part of revised social security arrangements with Australia.

Background

3 Social security negotiations with Australia that commenced in October 2000 are nearing completion. A central element of the revised arrangements will be a new bilateral cost-sharing Agreement covering payments to superannuitants, veterans and people with severe disabilities who have spent parts of their working lives in both Australia and New Zealand. The Agreement is consistent with the decisions made by Cabinet at its meeting on 18 December 2000 (SAB (00) M 42/4E (1)). It follows the standard international cost-sharing approach which is adopted by Australia and New Zealand in their bilateral social security agreements.

4 The remainder of the new arrangements relate to changes Australia plans to make to its own policies on access for New Zealanders to the broader range of Australian social security benefits and citizenship. These fall outside the bilateral Agreement. The total package is to be announced by the two Prime Ministers in Wellington on Monday, 26 February during Prime Minister Howard's visit to New Zealand for annual talks.

The new bilateral social security Agreement with Australia

5 The new Agreement (latest draft at Annex D) will differ from its predecessor in two key respects: *scope* and *payment system*. The new Agreement includes superannuation, and veterans' and disability pensions but, unlike its predecessor, will not cover single parents or the unqualified spouses of superannuitants, and will only cover disabled people

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with severe disabilities. The current Agreement involves lump sum payments between the Governments to reimburse benefits paid to the other's nationals, whereas the new Agreement envisages individual beneficiaries receiving dual payments, one from each Government according to the proportion of the individual's working life spent in each country. The new Agreement will modify and replace the 1994 Agreement and subsequent amendments to it, though those receiving benefits under the current 1994 Agreement will be grandparented.

Age Pensions/Superannuation

6 From July 2002, residents of Australia and New Zealand who are over 65 or have a severe disability, and who have previously lived in the other country for at least a year after age 20, will receive their Age Pension/Superannuation in two separate payments, one from each Government, reflecting the proportion of each individual's working life spent in each country. The country of residence will pay its normal rates reduced by the amount paid by the other country.

7 Australian residents will receive 1/45 of the maximum net rate of New Zealand superannuation that a New Zealand resident would receive, for every year of working age residence (ie between 20 and 65 years of age) in New Zealand, but they will not receive more than they would have if they had been entitled to an Australian age pension only. Where the person is not a permanent resident of Australia, periods of working age residence in a third country will count as New Zealand residence. Australian age pensions paid to New Zealand residents will be calculated on the same basis as New Zealand superannuation paid in Australia but periods of residence in third countries will be treated as periods of Australian residence only if the person has less than 10 years of New Zealand residence over age 20.

Benefits for people with severe disabilities

8 To obtain an invalids benefit or a disability support pension under the Agreement, a person must be unable to work for more than 8 hours (more stringent than the usual criteria for invalids benefit which is 15 hours a week), have been in either Australia or New Zealand at the date of severe disablement and have been resident in both countries before the date he or she is assessed as having had a severe disability. Portable invalids benefit will be paid in proportion to the period of working age residence the person with a severe disability spent in New Zealand before suffering the disability in relation to his or her combined Australian and New Zealand working age residence up to that date; disability support pensions and carer payments will be calculated on the same basis.

Third Country Pensions

9 In calculating the rates of New Zealand benefits paid to New Zealand residents in Australia with permanent residence status, social security pensions from third countries will be disregarded. Australia will disregard third country pensions when calculating the rates of Australian benefits paid to New Zealand residents who have lived in New Zealand for more than 10 years over age 20.

Residence Issues

10 During temporary absences Australian benefits will be paid to Australian and New Zealand residents for 26 weeks. New Zealand benefits paid to Australian residents

will also be paid for 26 weeks but domestic law relating to temporary absences will apply to New Zealand residents. Trans-Tasman migrants who have not formed an intention to remain in the destination country indefinitely and therefore do not come within the definition of 'ordinarily resident' or 'resident' in the country will be deemed to be resident there if they intend to remain there for more than 1 year or have been in the country for more than 26 weeks. Where it is difficult to decide in which country a person is resident, the Department of Work and Income and its Australian counterpart, Centrelink, will consult and the person will be deemed resident on the basis of their decision.

Information Exchange

11 The Agreement requires the Parties to establish by means of an administrative arrangement the measures necessary for the implementation of the Agreement. While full details of the information exchange requirements to support the Agreement have yet to be determined, it is envisaged that New Zealand will obtain information from New Zealand Customs on dates of immigration and emigration that is requested by Centrelink, and for the Australian Department of Immigration and Multicultural Affairs to provide the Department of Work and Income with similar information. The Agreement will require a number of other on-going information matching programmes to be instigated. Administrative Arrangements prescribed by the Agreement will include provisions equivalent to information matching agreements allowed for under the Privacy Act.

Treaty Procedures

12 The International Treaty Examination process finalised in February 2000 (CAB(00)M5/1E(1)) provides that major bilateral treaties of particular significance may be presented to the House for consideration. The Agreement concluded with the Netherlands early last year was not submitted for consideration in this way. However, as this present Agreement is associated with a significant change in the arrangements governing social security payments between Australia and New Zealand and affects substantial numbers of New Zealanders, this is considered an appropriate bilateral treaty for Parliamentary consideration.

I would welcome views from Ministers. A National Interest Analysis is attached at Annex A for submission to Parliament in accordance with that process. Subject to completion of domestic approval and legislative processes and the administrative measures to implement the Agreement having been set in place, the Agreement is intended to enter into force on 1 July 2002.

Consultation

13 The Ministry of Social Policy, Department of Work and Income, Treasury, New Zealand Customs Service, and Department of Labour, including the New Zealand Immigration Service, were consulted in the preparation of this paper and agree with its recommendations. The Department of the Prime Minister and Cabinet, Ministry of Justice and the Privacy Commissioner were also consulted.

Financial Implications

14 Officials have negotiated parameters to the Agreement that will result in the least possible cost to New Zealand in a cost-sharing agreement with similar coverage. Since consideration by Cabinet of the last paper on 18 December, officials have negotiated more favourable terms of reimbursement for grandparented payments.

15 The estimated cost of the formula under consideration was reported in the previous paper as NZ\$142.04 million in 2002/3, decreasing to NZ\$131.4 million 2004/05. The new negotiated formula results in an estimated cost (adjusted for CPI) in 2002/3 of NZ\$130.10 million, decreasing to NZ\$102.26 million in 2004/5. This represents additional savings of approximately NZ\$64 million over the three years 2002/3 to 2004/5. Therefore the total savings figure for the three years 2002/3 to 2004/5 measured against the status quo reimbursement cost amounts to NZ\$100.356 million. The future cost of reimbursing the grandparented payments will be reduced also in accordance with the formula, and will be treated as forecasting changes. Fiscal projections are re-summarised at Annex B. The requisite adjustments have been made to appropriations, as set out in the table in the recommendations section below.

16 Additional operational costs for the Department of Work and Income may range from NZ\$1.5 to NZ\$5 million per annum, plus one-off capital costs for Information System changes. The Ministry of Social Policy will also require additional resources from 2001/02 onwards, and Customs, too, may face additional costs related to information exchange requirements. Such costs will be the subject of a business case for consideration in the 2001 Budget.

Legislative implications

17 Officials have determined, in consultation with the Crown Law Office, that legislative action will be required to give full effect to the Agreement, in particular to allow full data exchange. Changes will for example be required to the Customs and Excise Act 1996 and the Social Welfare (Transitional Provisions) Act 2000. After the Agreement has been signed, under section 17 of the Social Welfare (Transitional Provisions) Act 1990, an Order in Council will be needed to incorporate it into domestic law and bring it into force.

Regulatory Impact Statement

18 A Regulatory Impact Statement is attached at Annex C.

Human Rights implications

19 The proposed draft agreement does give rise to some issues under the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990. According to the Crown Law Office, however, it is unlikely that in the ultimate analysis there is any inconsistency between the agreement and those two Acts.

Publicity

20 The Department of Work and Income is coordinating public information arrangements to follow the announcement. A brochure obtainable through a special 0800 service will provide general information on the Agreement, advice on where to obtain further details, and reassurance that access to Australia for New Zealanders who wish to live and work there is not affected. The 0800 service will be advertised on radio and in the print media. The information brochure will also be mailed to key audiences, such as immigration consultants, superannuation consultants, New Zealand Government posts overseas, travel agents and transport operators. Funding for publicity has been approved by Cabinet (CAB (00) M42/4E(1)).

Recommendations

I recommend that the Committee:

- a **note** the report of the outcome of the negotiations and the draft text of the proposed Agreement on Social Security between New Zealand and Australia as attached;
- b **authorise** New Zealand's signature of the draft Agreement;
- c **note** that the Agreement will modify and replace the 1994 Agreement and subsequent amendments to it;
- d **note** that the Agreement will be tabled in Parliament for consideration by the Foreign Affairs and Defence Select Committee under the International Treaty Examination process;
- e **EITHER**
 - (i) **agree** that the Agreement will be signed before submission to Parliament
 - OR**
 - (ii) **agree** that the Agreement will be signed after submission to Parliament;
- f **approve** the submission of the attached National Interest Analysis to Parliament in accordance with that process;
- g **note** that amendments to certain domestic legislation will be required prior to entry into force of the Agreement;
- h **agree** that high priority be given to the passage of this amending legislation in this year's Legislative Programme;
- i **note** that an Order-in-Council will be required to incorporate the Agreement into our domestic law and bring the Agreement into force;
- j **invite** the Minister of Social Services and Employment to instruct the Parliamentary Counsel Office to draft an Order in Council to give effect to the Agreement after its signature and following completion of the International Treaty Examination process;
- k **note** that an exchange of notes will be required on completion by both New Zealand and Australia of their domestic processes so as to bring the Agreement into force;
- l **note** that the final agreement will result in a higher level of savings than previously approved by Cabinet;
- m **agree** to rescind the changes to appropriations, *excluding capital contributions*, approved by Cabinet on 18 December 2000 [CAB(00)M42/4E(1) recommendation (k) refers];

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- n **approve** the following changes to appropriations to replace those rescinded in recommendation (m) above to reflect the increased savings from the final agreement:

	\$(m - increase/(decrease))					
	2000/01	2001/02	2002/03	2003/04	Outyears	GST
Vote Work and Income						
Benefits:						
Benefits Paid in Australia	-	(7.051)	(41.775)	(58.425)	(69.613)	n/a
New Zealand Superannuation ¹	-	-	10.445	20.875	31.167	n/a
Invalids Benefit ¹	-	-	1.100	2.309	3.561	n/a
Departmental Output Class:						
Services to Seniors (funded from revenue Crown)	2.485	-	-	-	-	Incl.
Vote Social Services						
Departmental Output Class:						
Policy and Purchase Advice (funded from revenue Crown)	0.120	-	-	-	-	Incl.
Vote Immigration						
Departmental Output Class:						
Visa and Permit Management (funded from revenue Crown)	0.169	0.091	-	-	-	Incl.
Total	2.774	(6.960)	(30.230)	(35.141)	(34.885)	

- o **agree** that the increase in appropriations in 2000/01 above be included in the 2000/01 supplementary estimates and that, in the interim, these expenses be met from Imprest Supply;
- o **note** that the appropriations referred to in recommendation (n) above do not include estimated operating costs of \$1.5-\$5 million per annum, plus one-off capital costs for Information System changes, for the Department of Work and Income to administer the new agreement in 2001/02 and outyears, and that these increased costs, and possible additional operating costs for the Ministry of Social Policy and Customs, will be the subject of a business case for consideration in the 2001 Budget.

Hon Phil Goff
Minister of Foreign Affairs and Trade

¹ The increase in New Zealand Superannuation and Invalids Benefit appropriation associated with the new social security Agreement are net of income tax, and therefore the entire amount impacts on the operating provisions.

REVISED NEW ZEALAND-AUSTRALIA SOCIAL SECURITY AGREEMENT

NATIONAL INTEREST ANALYSIS

Date of Proposed Binding Treaty Action

The proposed new Agreement on Social Security between the Government of New Zealand and the Government of Australia (referred to as "the new Agreement") will enter into force on 1 July 2002 provided that both parties have before then notified each other by notes exchanged through the diplomatic channel that all matters necessary to give effect to the new Agreement have been completed. Otherwise, it will come into force on the first day of the second month following the date of the last such notification. The intention is that, following consideration of the new Agreement by the House, passage of the necessary amendments to certain domestic legislation, and promulgation of an Order in Council to incorporate and bring into force the new Agreement under domestic law, New Zealand's letter to notify completion of its domestic processes would be dispatched. It is likely that the notes would be exchanged at roughly the same time so as to enable the entry into force of the Agreement to coincide with or follow closely the date of effect being given under the domestic law of each country to the Agreement.

Reasons for New Zealand to Become a Party to the Treaty

2 New Zealand has had a bilateral social security agreement with Australia since 1948. By 1969, this had become a full "host country" agreement under which New Zealanders enjoyed immediate access to all Australian benefits and Australians enjoyed similar privileges in New Zealand. However, Australia became dissatisfied with the arrangement when in the 1980s migration flows from New Zealand to Australia increased markedly. Adjustments in 1986 and 1994 included the introduction of stand-down periods (now two years) prior to new arrivals being eligible for benefits in the other country, and an annual reimbursement system between the Governments. New Zealand paid Australia NZ\$160 million in 2000/01 to cover old age, veterans, invalid and single parent benefits received by New Zealanders in Australia.

3 Australia remained concerned at the social security burden of migrant New Zealanders and the issue became a serious irritant in the trans-Tasman relationship. In August 1999 the two Prime Ministers agreed to a thorough review of bilateral social security arrangements. Australia claimed its social security costs for migrant New Zealanders were close to A\$1 billion per year, while New Zealand pointed to the very strong contribution its citizens made to the Australian economy, including tax payments of around A\$2.5 billion per year. In October 2000 negotiations commenced with a view to devising more durable and stable arrangements for the future. As a way forward, it was acknowledged that the scope of the cost-sharing agreement should be confined to a few key benefits and that policy on access to the broader range of benefits remained a policy matter for each Government.

4 Present social security arrangements are covered by an Agreement concluded in Wellington on 4 July 1994 and subsequently amended on 7 September 1995 and 2 July 1998 (together referred to as "the existing Agreement"). The new trans-Tasman social security arrangements will comprise the updated bilateral cost-sharing Agreement and a

series of new Australian policy measures restricting the access of New Zealanders to other social security benefits not covered by either the existing or new Agreement.

Advantages and Disadvantages to New Zealand of the Treaty Entering into Force

5 The new Agreement provides for the New Zealand and Australian Governments to share the costs of benefits paid to superannuitants, veterans and people with severe disabilities who have lived parts of their working lives in both countries. It differs from the existing Agreement, which it would replace, in that each Government would pay a portion of the benefit direct to the individual rather than reimbursing the other Government. There would be virtually no change to the total amount individual beneficiaries would receive or to the health and other services to which they would be entitled. The new Agreement is somewhat narrower in its scope than its predecessor, which also covered single parent allowances and was slightly broader in its coverage of the disabled.

6 The advantages of the new Agreement to New Zealand are that it will resolve a long-standing difficulty in our most important bilateral relationship; it will result in fiscal savings relative to obligations under the existing Agreement (NZ\$94 million over the first three years); and avoid the alternative of providing the substantial additional reimbursement that Australia would have required in order to preserve New Zealanders' access to the broader range of social security benefits not covered by the existing Agreement. At the same time, the two Governments are reaffirming their commitment to the traditional freedom of movement across the Tasman that has underpinned the development of Closer Economic Relations and the continuing close ties between Australia and New Zealand. A disadvantage is that, in the absence of additional reimbursement from the New Zealand Government, Australia is introducing restrictions on access to benefits and citizenship for New Zealanders who move across the Tasman from early 2001. The large community of New Zealanders already in Australia will not be affected.

Obligations

Age Pensions/Superannuation

7 From July 2002, residents of Australia and New Zealand who are over 65 or have a severe disability and who have previously lived in the other country for at least a year after age 20 will receive their Age Pension/Superannuation in two separate payments, one from each Government, reflecting the proportion of each individual's working life spent in each country. The country of residence will pay its normal rates reduced by the amount paid by the other country.

8 Australian residents will receive 1/45 of the maximum net rate of New Zealand superannuation that a New Zealand resident would receive, for every year of working age residence (ie between 20 and 65 years of age) in New Zealand, but they will not receive more than they would have if they had been entitled to an Australian age pension only. Where the person is not a permanent resident of Australia, periods of working age residence in a third country will count as New Zealand residence. Australian age pensions paid to New Zealand residents will be calculated on the same basis as New Zealand superannuation paid in Australia but periods of residence in third countries will be treated as periods of Australian residence only if the person has less than 10 years of New Zealand residence over age 20.

Benefits for people with a severe disability

9 To obtain an invalids benefit or a disability support pension under the Agreement, a person must be unable to work for more than 8 hours (more stringent than the usual criteria for invalids benefit which is 15 hours a week), have been in either Australia or New Zealand at the date of severe disablement and have been resident in both countries before the date he or she is assessed as having had a severe disability. Portable invalids benefit will be paid in proportion to the period of working age residence the person with a severe disability spent in New Zealand before suffering the disability in relation to his or her combined Australian and New Zealand working age residence up to that date; disability support pensions and carer payments will be calculated on the same basis.

Third Country Pensions

10 In calculating the rates of New Zealand benefits paid to New Zealand residents in Australia with permanent residence status, social security pensions from third countries will be disregarded. Australia will disregard third country pensions when calculating the rates of Australian benefits paid to New Zealand residents who have lived in New Zealand for more than 10 years over age 20.

Supplementary Payments

11 Supplementary payments such as accommodation allowances will be paid by the country where the person is living.

Residence Issues

12 During temporary absences Australian benefits will be paid to Australian and New Zealand residents for 26 weeks. New Zealand benefits paid to Australian residents will also be paid for 26 weeks but domestic law relating to temporary absences will apply to New Zealand residents. Trans-Tasman migrants who have not formed an intention to remain in the destination country indefinitely and therefore do not come within the definition of 'ordinarily resident' or 'resident' in the country will be deemed to be resident there if they intend to remain there for more than 1 year or have been in the country for more than 26 weeks. Where it is difficult to decide in which country a person is resident, the Department of Work and Income and its Australian counterpart, Centrelink, will consult and the person will be deemed resident on the basis of their decision.

Information Exchange

13 The Agreement requires New Zealand to obtain information from New Zealand Customs on dates of immigration and emigration that is requested by Centrelink and for the Australian Department of Immigration and Multicultural Affairs to provide the Department of Work and Income with similar information. The Agreement will require a number of other on-going information matching programmes to be instigated. Administrative Arrangements prescribed by the Agreement will include provisions equivalent to information matching agreements allowed for under the Privacy Act.

Economic, Social, Cultural and Environmental Effects

14 The bilateral Agreement itself is unlikely to have a significant economic or social effect, since the changes to the mechanism for payments are not intended to alter the total

amount received by individuals. Neither will the Agreement alter people's freedom of movement between countries under the Trans-Tasman Travel Arrangement. The slightly more restricted coverage of the new Agreement, which omits single parents and some disabled persons, may have a modest effect on migration patterns of such categories of people. No direct cultural and environmental effects are anticipated.

15 The measures taken by Australia (outside the bilateral Agreement) to restrict future access to benefits and citizenship to those New Zealanders who obtain formal Permanent Resident status in Australia may affect migration patterns and, by extension, the domestic labour market and benefit take-up rates within New Zealand. The extent of these effects is very difficult to predict since other factors such as economic growth rates on either side of the Tasman at any given time have a major influence on such patterns. The fact that since 1 February 2000 new arrivals in Australia have already been facing a two-year waiting period before becoming eligible for benefits suggests that the further restrictions being introduced by Australia may not have a substantial effect on migration choices.

Costs

16 Officials have negotiated parameters to the new Agreement that will result in the least possible cost to New Zealand in a cost-sharing agreement with similar coverage. The new negotiated formula results in an estimated cost (adjusted for CPI) in 2002/3 of NZ\$130.10 million, decreasing to NZ\$102.26 million in 2004/5. This represents savings for the three years 2002/3 to 2004/5 of NZ\$100.356 million measured against the status quo reimbursement. The future cost of reimbursing the grandparented payments will be reduced also in accordance with the formula.

17 In assessing the costs of the new Agreement it should also be borne in mind that to maintain access to the full range of social security benefits currently enjoyed by New Zealanders in Australia would have required incorporation of additional benefits within the scope of the bilateral cost-sharing Agreement. A substantially larger burden on New Zealand, perhaps in the region of several hundred million dollars would have resulted, if this course had been adopted. The Government did not consider that New Zealand taxpayers should be expected to take up this extra burden in order to guarantee the full range of social security benefits for their compatriots who in future choose to live, work and pay taxes in Australia.

Future Protocols

18 There is no present intention to negotiate a future Protocol to the new Agreement but such a Protocol could be negotiated should the need arise.

Implementation

19 Certain legislative changes will be required to enable effect to be given to the Agreement, in particular to allow full data exchange. Changes will for example be required to the Customs and Excise Act 1996 and the Social Welfare (Transitional Provisions) Act 2000 to confer on the Department of Work and Income and New Zealand Customs the legislative authority to meet their information exchange obligations under the Agreement.

20 After the new Agreement has been signed, an Order in Council will be needed under section 17 of the Social Welfare (Transitional Provisions) Act 1990 to incorporate and bring it into force under New Zealand domestic law.

Consultation

21 The Ministry of Foreign Affairs and Trade, Ministry of Social Policy, Department of Work and Income, Treasury, Department of the Prime Minister and Cabinet, Department of Labour, New Zealand Immigration Service, Department of Internal Affairs, New Zealand Customs Service, Ministry of Justice, Ministry of Maori Development and the Privacy Commissioner have been involved and/or consulted in the course of the negotiation of the new Agreement. Consultation with the wider community has been precluded by the confidential nature of the negotiations.

Withdrawal or Denunciation

22 Either Party may give written notice through the diplomatic channel of its intention to terminate the new Agreement, and the termination will come into effect 12 months later. Any person in receipt of a benefit under the existing Agreement at the time of its termination, or who has lodged a claim for and would be entitled to receive a benefit under it, will continue to be entitled to receive that benefit under the relevant provisions of the existing Agreement as if it remained in force, for so long as that person remains continuously in receipt of a benefit under that Agreement.

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ANNEX B

FISCAL PROJECTION

SOCIAL SECURITY ARRANGEMENTS WITH AUSTRALIA

January 30 2001	NZ\$/A\$ exchange rate =				0.78	0.8	0.8	0.8
	2001/02 (A\$m)	2002/03 (A\$m)	2003/04 (A\$m)	2004/05 (A\$m)	2001/02 (NZ\$m)	2002/03 (NZ\$m)	2003/04 (NZ\$m)	2004/05 (NZ\$m)
Status Quo Reimbursement Cost								
Status Quo Reimbursement Cost for New Zealand	118.46	127.36	136.87	146.78	151.88	159.20	171.09	183.48
Less: Status Quo Reimbursement Cost for Australia	1.18	1.20	1.17	1.16	1.52	1.50	1.47	1.45
Add-on as per [CAB(99) M18/6]	15	0	0	0	19.23	0	0	0
NZ's Reimbursement to Australia - Base Comparison	132.28	126.16	135.70	145.63	169.59	157.70	169.62	182.03
Initial Estimated Grandparenting Cost of Agreement								
Cost of reimbursement cases to Australia					143.49	138.00	132.73	
		114.79	110.40	106.18				
Cost of reimbursement cases to New Zealand		1.18	1.17	1.06		1.45	1.38	1.33
Add-on as per [CAB(99) M18/6]		0	0	0		0	0	0
Grandparenting Payment to Australia	132.00	113.63	109.99	105.12	169.23	142.04	136.62	131.40
Agreed Grandparenting Cost of Agreement								
Cost of reimbursement cases to Australia (without CPI)	132.00	101.74	86.55	76.11	169.23	127.18	108.19	95.14
Cost of reimbursement cases to Australia (with CPI)	132.00	104.08	90.76	81.81	169.23	130.10	113.45	102.26
(same CPIs as used in initial estimate)								
Savings (compared to new grandparenting cost with CPI)		9.55	18.53	23.31		11.94	23.17	29.14
Cost of New Cost Sharing Agreement								
Payment for new Age Pension cases in Australia		13.26	26.61	40.09		16.57	33.27	50.12
Payment for new Disability Support Pension cases in Aust		1.89	3.83	5.76		2.36	4.78	7.20
Less: receipts for new NZS cases in NZ with Aust WLR		4.90	9.91	15.16		6.13	12.39	18.95
Less: receipts for IB cases in NZ with Aust WLR		1.01	1.98	2.91		1.26	2.48	3.64
Total Cost to NZ of Cost Sharing Agreement		9.24	18.55	27.78		11.55	23.18	34.73
Total Cost of Initial Grandparenting and new Cost Sharing	132.00	122.87	127.84	132.90	169.23	153.58	159.80	166.13
Initial Change from Base Comparison	(\$0.28)	(\$3.30)	(\$7.86)	(\$12.72)	(\$0.36)	(\$4.12)	(\$9.82)	(\$15.90)
Agreed Grandparenting & New Cost Sharing (without CPI) Total	132.00	110.98	105.10	103.89	169.23	138.72	131.37	129.87
Agreed Grandparenting & New Cost Sharing (with CPI) Total	132.00	113.32	109.31	109.59	169.23	141.65	136.63	136.99
(same CPIs as used in initial estimate)								
Final Change from Base Comparison	(\$0.28)	(\$12.85)	(\$26.39)	(\$36.03)	(\$0.36)	(\$16.06)	(\$32.99)	(\$45.04)
Labour Market								
Estimated (preliminary) additional cost in NZ due to people not migrating to Australia or returning from Australia (see caveats in the main report) due to new Australian policy								
Gross benefit payments (UB, IB, SB & DPB)					5.64	10.62	15.72	20.36
Supplementary assistance payments (AS, SNG & DA)					1.00	1.86	2.74	3.57
Total additional payments in NZ					6.64	12.48	18.47	23.93

NB: NZ\$/A\$ exchange rate is subject to movement

Three point forecast for AGE and six point forecast - others

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REGULATORY IMPACT STATEMENT

Statement of Public Policy Objective

New Zealand has negotiated a new Social Security Agreement with Australia, which covers New Zealand superannuation, invalids' benefits for people with severe disabilities and equivalent Australian benefits. The Social Welfare (Australian Agreement Implementation) Bill is required to ensure the successful implementation of the new Agreement, in particular the provisions that permit the exchange of information between Australia and New Zealand to determine the eligibility and rates of benefits for their mutual clients.

Statement of the Problem and the Need for Action

2 Implementation of the information exchange provisions of the new Agreement requires that the Department of Work and Income obtain personal information from New Zealand Customs (and to supply it, where appropriate, to Australia) on movements in and out of New Zealand of:

- applicants for New Zealand benefits covered by the Agreement, to assist in verifying periods of residence in New Zealand, Australia and Third Countries; and
- applicants for Australian benefits covered by the Agreement, to assist in verifying periods of residence in New Zealand, on behalf of Australia and Third Countries.

3 The Department of Work and Income will also need to obtain personal information from Australia on movements in and out of Australia. The majority of the exchanges of information will be information matching programmes within the scope of Part X of the Privacy Act, 1993. Neither the Department of Work and Income nor Customs have the legislative authority to carry out the data exchanges required under the new Social Security Agreement with Australia.

Statement of Options for Achieving the Desired Objective

4 The policy that it is intended to be implemented by the Social Welfare (Australian Agreement Implementation) Bill will require modification of existing statutory powers. It is essential that legislation be introduced in the period under consideration to enable the new Social Security Agreement with Australia to come into force on 1 July 2002.

Statement of the Net Benefit of this Proposal

5 The information exchange will buttress individuals' claims to benefits under the new Social Security Agreement between Australia and New Zealand by providing the necessary factual data. General revenue also stands to benefit in that the proposal will permit the implementation of the new Agreement, which will result in net savings of approximately NZ\$94 million for the three years 2002/3 to 2004/5 measured against the status quo reimbursement cost incurred under the existing social security arrangements.