

*Department of the
Parliamentary Library*



INFORMATION AND RESEARCH SERVICES

Bills Digest

No. 96 2001–02

Family and Community Services Legislation
Amendment (Further Simplification of International
Payments) Bill 2002

ISSN 1328-8091

© Copyright Commonwealth of Australia 2002

Except to the extent of the uses permitted under the *Copyright Act 1968*, no part of this publication may be reproduced or transmitted in any form or by any means including information storage and retrieval systems, without the prior written consent of the Department of the Parliamentary Library, other than by Senators and Members of the Australian Parliament in the course of their official duties.

This paper has been prepared for general distribution to Senators and Members of the Australian Parliament. While great care is taken to ensure that the paper is accurate and balanced, the paper is written using information publicly available at the time of production. The views expressed are those of the author and should not be attributed to the Information and Research Services (IRS). Advice on legislation or legal policy issues contained in this paper is provided for use in parliamentary debate and for related parliamentary purposes. This paper is not professional legal opinion. Readers are reminded that the paper is not an official parliamentary or Australian government document. IRS staff are available to discuss the paper's contents with Senators and Members and their staff but not with members of the public.

Inquiries

Members, Senators and Parliamentary staff can obtain further information from the Information and Research Services on (02) 6277 2646.

Information and Research Services publications are available on the ParlInfo database. On the Internet the Department of the Parliamentary Library can be found at:
<http://www.aph.gov.au/library/>

Published by the Department of the Parliamentary Library, 2002

INFORMATION AND RESEARCH SERVICES

Bills Digest
No. 96 2001-02

Family and Community Services Legislation Amendment
(Further Simplification of International Payments) Bill 2002

Dale Daniels
Social Policy Group
11 March 2002

Contents

Purpose	1
Background	1
Main Provisions	3
Endnotes.	3

Family and Community Services Legislation Amendment (Further Simplification of International Payments) Bill 2002

Date Introduced: 13 February 2002

House: House of Representatives

Portfolio: Family and Community Services

Commencement: Sections 1,2 and 3 commence on Royal Assent. Schedule 1 commences on 1 April 2002 unless Royal Assent is not received by then, in which case it will commence on 1 July 2002.

Purpose

The Bill proposes changes in two areas:

- Australian working life residence (AWRL) requirements for pensions paid overseas on a long-term basis will be extended from 25 to 30 years. People participating in the Pension Bonus Scheme will be able to accrue AWRL after reaching age pension age, and
- Standardised rules for the recovery of overpayments from people receiving foreign pensions will be introduced.

Background

Australian working life residence (AWRL)

A system of proportional portability applies to the rate of pension to be paid after a pensioner has been absent from Australia for a continuous period of 26 weeks. The pension rate paid overseas is a proportion of the full rate, based on the person's AWLR up to a maximum period of 25 years or 300 months. This bill proposes to increase that period to 30 years or 360 months. It also proposes to allow people participating in the Pension Bonus Scheme to add bonus periods (accrued after age pension age) to their AWRL that applied at age pension age.

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

Proportional portability applies to:

- Age Pension
- Wife Pension
- Widow B Pension
- Parenting Payment (Single)
- Disability Support Pension, and
- Carer Payment.

AWLR consists of all periods between the ages of 16 and age pension age when a person was an Australian resident. The person need not have been working or paid taxes during those periods.

A fuller treatment of portability is provided in the digest for the *Social Security and Veterans' Entitlements Legislation Amendment (Miscellaneous Matters) Bill 2000*. That bill included measures that modified the proportional portability system.

Comparable Foreign Payments (CFP)

Recipients of the following payments, are required to take reasonable action to obtain CFPs:

- Age Pension
- Widow Allowance
- Wife Pension
- Widow B Pension
- Parenting Payment
- Disability Support Pension
- Carer Payment, and
- Bereavement Allowance

A CFP is a payment from a foreign country similar to a social security pension. Payments included are those paid periodically to provide income support for:

- Retirement or old age
- Invalidity or disability, and

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

- Widowhood or survivorship.

Payments made to a wife or carer and company pensions and superannuation are also included. However payments such as war, military service, restitution or compensation payments are not included.

The initial CFP provisions were introduced in March 1994. From September 2000 the requirement to seek a CFP was extended from those with entitlement in countries that Australia had a social security agreement with to those with entitlement in any country.¹ As a transitional measure an amnesty applied from 20 September 2000 to 19 January 2001 preventing the recovery of overpayments caused by the receipt of undeclared or under declared CFPs.

This Bill proposes to correct an anomaly that prevents the recovery of overpayments caused by the receipt of a lump sum of arrears of a CFP where the pension comes from a country which does not have a social security agreement with Australia.

Main Provisions

Part 1 of Schedule 1 increases the AWLR from 25 years to 30 years.

Part 2 of Schedule 1 provides for bonus periods for the purposes of the Pension Bonus Scheme to be added to a person's AWLR.

Part 3 of Schedule 1 deals with comparable foreign payment debt recovery. Proposed **section 1228A** sets out a standardised approach to the treatment of lump sum arrears of comparable foreign payments.

Endnotes

1 See the Digest for the Social Security and Veterans' Entitlements Legislation Amendment (Miscellaneous Matters) Bill 2000, [Bills Digest No. 145 1999–200](#).

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.