

SOCIAL SECURITY AGREEMENT BETWEEN AUSTRALIA AND THE REPUBLIC OF SLOVENIA

A social security agreement with the Republic of Slovenia was signed on 19 December 2002. The purpose of this paper is to let the community in Australia know what social security agreements do, and how this Agreement in particular will affect people.

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

WHY DO WE HAVE SOCIAL SECURITY AGREEMENTS?

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

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

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

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

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

It is an important principle that Agreements do not take away existing entitlements.

The proposed Agreement with Slovenia is Australia's latest agreement of this type - similar agreements are already operating with Austria, Canada, Cyprus, Denmark, Germany, Ireland, Italy, Malta, The Netherlands, New Zealand, Portugal, Spain and the USA.

WHAT WILL AUSTRALIA DO UNDER THE AGREEMENT?

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

The Agreement modifies these rules so that:

- Australia will treat someone who is resident in Slovenia as being a resident of Australia and present in Australia, so that the person can lodge a claim for Australian pension;

- Australia will add the person's periods of insurance in Slovenia to his or her Australian residence so that the person can meet the minimum residence qualifications to get an Australian pension; and
- Australia will pay benefits covered by the Agreement indefinitely in Slovenia, as long as the person otherwise remains qualified.

WHAT WILL SLOVENIA DO UNDER THE AGREEMENT?

In order to qualify for an old-age pension in Slovenia, a person must normally have a minimum number of years of insurance, for example a 63 year old man or 58 year old woman must have 20 years of insurance to qualify for pension.

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

HOW ARE PENSIONS CALCULATED UNDER THE AGREEMENT?

Australian pensions

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

Australian pensions in Slovenia will be based on the person's period of 'Australian Working Life Residence' [*this is the period between age 16 and Age Pension age*]. A full pension, subject to the means test, is payable to a person with 25 years 'Australian Working Life Residence'. For example, under the Agreement, a man who has lived in Australia from age 30 to age 50 (ie 20 years) may, at age 65, be paid 20/25ths of a means-tested Australian age pension in Slovenia. No pension is paid overseas if a person has less than 12 months Australian Working Life Residence.

Slovenian pensions

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

ADMINISTRATION AND LODGEMENT OF CLAIMS

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

WHEN WILL THE NEW AGREEMENT START?

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

WHERE CAN I FIND MORE INFORMATION?

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

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

Or you can write to:

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

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

Name	Phone	Fax	Email
Dennis Roche	02 62448666	02 62445980	dennis.roche@facs.gov.au
Jocelyn Carter	02 62445528	02 62445980	jocelyn.carter@facs.gov.au

*International Branch
Department of Family and Community Services
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