ADMINISTRATIVE ARRANGEMENT

FOR THE IMPLEMENTATION OF THE AGREEMENT BETWEEN

THE GOVERNMENT OF NEW ZEALAND AND

THE GOVERNMENT OF AUSTRALIA

ON

SOCIAL SECURITY

IN ACCORDANCE with Article 17 of the Agreement on Social Security between

The Government of New Zealand

and

The Government of Australia

SIGNED at Wellington on 19 July 1994,

THE COMPETENT AUTHORITIES hereby make the administrative arrangements set out in the following sections in order to implement and administer that Agreement.

Part I

General Provisions

Section 1

Definitions

1. In this Arrangement:

(a) **"Agreement"** means the bilateral Agreement on Social Security signed by the Governments of Australia and New Zealand on 19 July 1994;

(b) **"arriving"** or **"entry into"** Australia or New Zealand for the purposes of Article 11(1)(b) and 11(2)(b) means date of last arrival for permanent residence in either country and does not include the date of last arrival for subsequent temporary absences.

(c) **"assets"** means assets as defined in the legislation of Australia;

(d) **"dependent children"** in relation to a person in receipt of a benefit in the territory of one Party means, in relation to the calculation of the hypothetical rate, dependent children determined in accordance with the social security laws and administrative practices of the first Party.

(e) **"granted"** means in relation to New Zealand the entitlement date and in relation to Australia means the date of grant;

(f) **"historical reimbursable benefit"** means a benefit granted to a person who last became resident in the country paying the benefit on or after 1 January 1983 and before 1 January 1995;

(g) **"hypothetical benefit rate"** means the rate that would have been paid to a person had they continued to reside in the reimbursing country. The Australian hypothetical benefit rate provided to New Zealand will be calculated in accordance with Article 12(2)(c)(ii) or (d)(ii). The New Zealand hypothetical benefit rate provided to Australia will be calculated in accordance with Article 12(2)(a)(ii) or (b)(ii);

(h) **"income"** in relation to a person in receipt of a benefit in the territory of a Party means, in relation to the calculation of the hypothetical benefit rate, income determined in accordance with the social security laws and administrative practices of that Party;

(i) **"liaison body"** means, in relation to Australia, the International Operations Branch of the Department of Social Security in Hobart and in relation to New Zealand, the International Affairs Office of the New Zealand Income Support Service of the Department of Social Welfare;

(j) **"nominal benefit rate"** means the lesser rate of the hypothetical benefit rate and the pseudo benefit rate, and is calculated in accordance with Article 12(2);

(k) **"pseudo benefit rate"** means for Australia, the actual amount of Australian benefit paid as referred to in Article 12(2)(a)(i) and (2)(b)(i) and in relation to New Zealand, the rate referred to in Article 12(2)(c)(i) or (2)(d)(i);

(l) **"quotation"** means the provision by a competent institution of the hypothetical benefit rate for a reimbursable benefit;

(m) **"reimbursable benefit"** means a benefit which is reimbursable according to Article 11 of the Agreement;

(n) **"reimbursable rate"** means the nominal benefit rate multiplied by the working life residence in the reimbursing country, as described in Article 12(1); and

(o) **"reimbursement population"** means persons receiving benefits from one Party which the other Party is required to reimburse under the Agreement.

2. A term defined in the Agreement when used in this Arrangement, will have the same meaning as it has in the Agreement.

3. In the application of this Arrangement any term not defined in the Agreement or in this Arrangement, unless the context requires otherwise, will have the meaning which it has under the social security laws of either country or, in the event of a conflict of meanings, by whichever of those laws is more applicable in the circumstances.

Section 2

Notification of Changes in Legislation

Where a competent institution of a Party has a duty under Article 16(1)(b) of the Agreement to notify the other competent institution of legislation that amends, supplements or replaces the social security laws that are within the scope of the Agreement, the notification will take place as soon as reasonably possible. The first mentioned competent institution will also provide the competent institution and the liaison body of the other Party with copies of the legislation, related explanatory material and any further amplification or clarification that the competent institution or liaison body of the other Party requests.

Section 3

Communications Between the Parties

All communications between the Parties concerning the operation of the Agreement and this Administrative Arrangement in relation to individual cases will be carried out through the liaison bodies. All other communication will be carried out through the competent institution.

Section 4

Preparation of Forms and Documents

The forms and other standard documents that are required for the implementation and operation of the Agreement and this Administrative Arrangement will be prepared in consultations between the competent institutions.

Part II

Section 5

Reimbursement Procedures Overview

1. Each competent institution will, on an annual basis, provide the other with a written estimate of the amount of the reimbursement for that financial year. The written estimate will be provided at least two months before the commencement of the financial year.

2. Each competent institution will, on an annual basis, request a quotation of the hypothetical benefit rate for each individual in the reimbursement population. Each request for a quotation will contain all jointly determined critical data items. Upon receipt of the quotation the competent institution will calculate the hypothetical benefit rate and will return that quotation to the originating competent institution.

3. Each competent institution will, on return of the quotation, calculate the reimbursable amount by comparing the hypothetical benefit rates and the pseudo benefit rates throughout the reimbursement period and using the lesser amount, the nominal benefit rate, on a pay-day by pay-day basis.

4. The nominal benefit rate for Wife pension paid to the spouse of an Age pensioner will be calculated in accordance with Article 12(2)(a) of the Agreement and in accordance with Article 12(2)(b) for Wife pension paid to the spouse of a Disability Support pensioner.

5. Each competent institution will then, in accordance with Article 14(5) of the Agreement, provide the other with a written statement reconciling the amounts estimated as payable with the amounts actually reimbursable in that financial year.

Section 6

Estimate and Payment of Estimate

1. The Australian competent institution will calculate and provide the New Zealand competent institution with a written estimate of the amount to be reimbursed by New Zealand in Australian currency. The written estimate will, for the first financial year, be provided by 31 October 1994 and, in respect of the second and subsequent financial years, by 30 April.

2. The New Zealand competent institution will calculate and provide the Australian competent institution with a written estimate of the amount to be reimbursed by Australia in New Zealand currency. The written estimate will, for the first financial year, be provided by 1 October 1994 and, in respect of the second and subsequent financial years, by 30 April.

3. The New Zealand competent institution will, 5 working days before 31 March 1995 in the first financial year, convert the Australian reimbursable amount to Australian currency in accordance with the provisions of Article 14(12) of the Agreement. The New Zealand competent institution will, in the second and subsequent financial years, convert the Australian reimbursable amount to Australian currency 5 working days before 1 July.

4. The New Zealand competent institution will, by 1 October of each year in accordance with Article 14(11) of the Agreement, determine the net liability in Australian currency by deducting the Australian reimbursable amount from the amount reimbursable by New Zealand and will inform the Australian competent institution of this amount. The New Zealand competent institution will then divide the estimated total reimbursable amount into equal quarterly instalments and will pay those instalments in accordance with Article 14(3).

5. A competent institution will, on request, provide the other competent institution with a written explanation of their methodology for determining their estimate.

Section 7
Critical Data and Quotation

Quotation

1. The competent institutions will, before 15 August each year, exchange the critical data identified in this Section by an electronic or magnetic medium. The critical data exchanged will relate to benefit transactions over the previous financial year.

2. On receipt of the critical data, the Australian competent institution will assess the Australian hypothetical benefit rate and add it to the New Zealand critical data and will return that critical data, before 1 September, to the competent institution of New Zealand by electronic or magnetic medium.

3. On receipt of the critical data, the New Zealand competent institution will assess the New Zealand hypothetical benefit rate and add it to the Australian critical data and will return that critical data, before 1 September, to the competent institution of Australia by electronic or magnetic medium.

4. The New Zealand competent institution will obtain from each person written consent for the exchange between competent institutions of critical data.

Critical Data

5. The competent institution of New Zealand will provide to the competent institution of Australia the following critical data relating to benefits reimbursable by Australia for each individual reimbursable benefit (ie two records will be provided where both members of a couple are reimbursable and each record will contain all details below):

(a) **date of birth** *(date of birth of the pensioner)*

(b) **Social Welfare Number** *(New Zealand Social Welfare Number of the pensioner)*

(c) **start date** *(this is the start date of the period for which the particular set of critical data is used to calculate the hypothetical benefit rate. It may be the start date of the current financial year, the grant date of the New Zealand payment, or the effective date of change in the pensioners circumstances)*

(d) **end date** *(this is the end date of the period for which the particular set of critical data is used to calculate the hypothetical benefit rate. This date may also be the end of the period for which the pensioner is covered by the reimbursement provisions or the end of the financial year.)*

(e) **pension/benefit type** *(the type of payment received in New Zealand)*

(f) **sex**

(g) **pensioner income by type** *(total income for the pensioner for each type defined below and reported separately. This is the income in New Zealand dollars of the pensioner.)*

- **maintenance** (annual) *(all maintenance payments made in respect of children and pensioner by the non-custodial parent or ex-partner)*
- **compensation** (annual) *(money paid in respect of injury for which New Zealand benefit is received)*
- **total foreign pension income** (annual) *(income paid by a corresponding Government body overseas but does not include income from non-Government sources)*
- **all other income** (annual) *(all other income)*

(i) **pensioner assets** *(the total value of all assets (excluding home) held by the pensioner. This is the total assets held by the pensioner in New Zealand dollars)*

(k) **home owner or interest in home** *(indicator to show if the pensioner owns or has a life interest in their home)*

(l) **dates of birth of dependant children** *(the date of birth of dependent children. The date of birth for each child under the age of 18 year)*

(m) **partnered** *(indicator to show if the pensioner is considered to be partnered)*

(n) **payability indicator** *(for the pensioner this must always be Yes. This indicates that it is necessary to calculate a hypothetical rate)*

(o) **living at home** *(indicator to show if the pensioner lives at home with their parents)*

(p) **blind person** *(indicator to show if the partner is blind.)*

(q) **reimbursement status** *(indicator to show if the pensioner's benefit is reimbursable under the Agreement.)*

(r) **working life residence** *(working life residence in Australia in months up to a maximum of 480 for New Zealand Superannuation and Veteran's Pension and 300 for other benefits.)*

(s) **date of grant of benefit** *(the date of grant of the pensioner's benefit)*

(t) **New Zealand pseudo benefit rate** *(the annual rate in New Zealand dollars)*

(u) **partner date of birth** *(date of birth of the partner)*

(v) **partner Social Welfare Number** *(New Zealand Social Welfare Number for the partner)*

(w) **partner start date** *(this is the start date of the period for which the particular set of critical data is used to calculate the hypothetical benefit rate. It may be the start date of the current financial year, the grant date of the New Zealand payment, or the effective date of change in the partner's circumstances)*

(x) **partner end date** *(this is the end date of the period for which the particular set of critical data is used to calculate the hypothetical benefit rate. This date may also be the end of the period for which the partner is covered by the reimbursement provisions or the end of the financial year.)*

(y) **partner pension/benefit type** *(the type of payment received in New Zealand)*

(z) **partner sex**

(aa) **partner income by type** *(total income for the partner for each type defined below and reported separately in New Zealand dollars)*

- **maintenance** (annual) *(all maintenance payments made in respect of children and partner by the non-custodial parent or ex-partner)*
- **compensation** (annual) *(money paid in respect of injury for which New Zealand benefit is received)*
- **total foreign pension income** (annual) *(income paid by a corresponding Government body overseas but does not include income from non-Government sources)*
- **all other income** (annual) *(all other income)*

(ab) **partner assets** *(the total value of all assets (excluding home) held by the partner in New Zealand dollars)*

(ac) **partner home owner or interest in home** *(indicator to show if the partner owns or has a life interest in their home)*

(ad) **partner payability indicator** *(The payability indicator is used to determine whether it is necessary to calculate the hypothetical rate of the partner)*

(ae) **partner living at home** *(indicator to show if the partner lives at home with their parents)*

(af) **partner blind person** *(indicator to show if the partner is blind.)*

(ag) **partner reimbursement status** *(indicator to show if the partner's benefit is reimbursable under the Agreement.)*

(ah) **partner working life residence** *(working life residence in Australia in months up to a maximum of 480 for New Zealand Superannuation and Veteran's Pension and 300 for other benefits.)*

(ai) **partner date of grant of benefit** *(the date of grant of the partner's benefit)*

(aj) **partner New Zealand pseudo benefit rate** *(the annual rate in New Zealand dollars)*

6. The competent institution of Australia will provide to the competent institution of New Zealand the following critical data relating to benefits reimbursable by New Zealand (ie two records will be provided where both members of a couple are reimbursable and each record will contain all details below):

(a) **customer's date of birth**

(b) **social security reference** *(Australian Social Security Reference number)*

(c) **date of entitlement** *(the date the customer becomes entitled to receive a payment for a benefit)*

(d) **current pension** *(the type of pension received in Australia)*

(e) **sex**

(f) **income** *(annual - AUS$)*

- income derived from employment
- any war disablement pension
- other income

(g) **foreign pensions** *(annual - AUS$)*

- customer
- partner

(h) **partner's income** *(annual - AUS$)*

- income derived from employment
- any war disablement pension
- other income

(i) **effective date of change**

(j) **child care costs** *(annual AUS$ costs for child care incurred by a sole parent who is working)*

(k) **number of dependent children**

(l) **dates of birth of children**

(m) **living alone indicator** *(customer living in a self-contained dwelling not occupied by another person)*

(n) **marital status**

(o) **non qualified spouse indicator** *(partner of customer not qualified in own right to receive payment)*

(p) **disability support pension paid to a blind person**

(q) **reimbursement status of partner**

(r) **New Zealand working life residence** *(working life residence in New Zealand in months up to a maximum of 480 for Australian Age Pension and 300 for other benefits)*

(s) **pseudo benefit rate** *(annual AUS$)*

7. The competent institutions may, by an exchange of letters, amend, delete or add critical data items.

Exchange Rate

8. For the purposes of providing a quotation, the applicable exchange rate will be the average exchange rate for the first and subsequent financial years. The average exchange rate will be determined by each competent institution which will have regard to the annual average of the daily mid rates as quoted by Reuters.

9. The competent institutions will inform each other of the applicable exchange rate prior to the quotation.

Assessment of Hypothetical Benefit Rates

10. For the purposes of determining the Australian hypothetical benefit rate in relation to a person applying for, or receiving, a New Zealand benefit reimbursable by Australia:
    (a) where the partner of the person is not in receipt of a New Zealand benefit, the Australian hypothetical benefit rate will be assessed as if the partner was a non pensioner; and
    (b) where a foreign pension is paid to a person, or that person's partner, the amount of the foreign pension will be regarded by the Australian competent institution as income.

11. For the purposes of determining the New Zealand hypothetical benefit rate in relation to a person applying for, or receiving, an Australian benefit reimbursable by New Zealand where a foreign pension is paid to a person, or that person's partner, the amount of the foreign pension will be regarded by the New Zealand competent institution as a direct deduction from the applicable maximum rate of benefit.

12. In calculating the hypothetical benefit rate, the Australian competent institution will use the rate of benefit payable on the Australian pension pay-day immediately following the pay-day of the New Zealand pseudo benefit rate and the New Zealand competent institution will use the rate of benefit payable on the New Zealand pension pay-day immediately preceding the pay-day of the Australian pseudo benefit rate.

Calculating the Reimbursable Amount

13. The hypothetical benefit rate and the pseudo benefit rate will be compared and the lesser of the two rates will be referred to as the nominal benefit rate. The reimbursable rate will be determined in accordance with Article 12 of the Agreement by dividing the number of the person's whole months of working life residence in the reimbursing country by 480 in the case of age pension or New Zealand Superannuation or veteran's pension, or by 300 in the case of any other benefit and multiplying the result by the nominal benefit rate. If a person's working life residence is greater than 480 in the case of age pension, New Zealand Superannuation or veteran's pension, or 300 in the case of any other benefit, then the working life residence will be reduced to 480 or 300 respectively.

Section 8

Reconciliation Statements

1. Reconciliation statements made in accordance with Article 14(5) will contain the following information in respect of reimbursable benefits paid within the financial year to which the reconciliation statement relates:

   (a) the total number of historical reimbursable benefits by benefit type;

   (b) for the phase in period provided for in Article 13, the percentage (by dollar value) of the historical reimbursable benefits by benefit type;

   (c) the value of the total of historical reimbursable benefits by benefit type;

   (d) the total number of reimbursable benefits granted on or after 1 January 1995 by benefit type;

   (e) the value of reimbursable benefits granted on or after 1 January 1995 by benefit type;

   (f) the quarterly payments made over the reimbursement period and the reconciliation of those payments against the reimbursement estimate;

   (g) the interest payable in accordance with Article 14(7) of the Agreement; and

   (h) the relevant interest rates in accordance with Article 14(9) of the Agreement.

2. The reconciliation statements will be provided by each competent institution before 15 September.

Reconciliation Settlement

3. Interest payments, quality assurance adjustments and amounts payable to reconcile the written estimate and reconciliation will be calculated in accordance with Article 14(6) of the Agreement and will be adjusted from the October quarterly payment.

Section 9

Quality Assurance

1. Each competent institution will be entitled to conduct two quality assurance checks in respect of each financial year.

2. A competent institution will give the other competent institution at least 4 weeks notice before the date that it intends to carry out a quality assurance check. The notification will include the total number of cases, which will be no more than 10% of the reimbursable population, and the proportion by benefit type. The quality assurance check may be carried out in a central location or at district or regional office of the competent institution paying the benefits.

3. The quality assurance checks will relate to the criteria for reimbursement under Article 11 of the Agreement and to the rate of reimbursement under Article 12 of the Agreement including:

   (a) the calculation of a person's working life residence;
   (b) the person's last place of residence;
   (c) whether the person entered the territory of the Party paying the benefit as the holder of a passport of the other Party;
   (d) whether the person has completed a period of 10 years residence in the territory of the Party making the reimbursement;
   (e) whether the person meets the age criteria for a corresponding benefit;
   (f) whether the person meets the Agreement criteria relating to residence or presence in the territory paying the benefit;
   (g) in the case of a person, other than a widow or widower, receiving a sole parent pension or a domestic purposes benefit, whether the person has been in receipt of that benefit for more than 12 consecutive months;

(h) whether the person last became resident in Australia after 1 January 1983 in the case of a person receiving an Australian benefit, or ordinarily resident in New Zealand after 1 January 1983 in the case of a person receiving a New Zealand benefit; and

(i) whether a person is, or has been, absent for longer than temporary periods of absence permitted under the Agreement.

4. Quality assurance checks will not cover the verification of data relating to income or assets. Residence details in the reimbursing country provided by the beneficiary will be accepted as stated for reimbursement purposes unless there is some cause for doubt.

5. The host country's medical eligibility criteria will be accepted for the purposes of determining medical entitlement to the other country's corresponding benefit. New Zealand will accept Australian medical eligibility criteria for disability support pensions as meeting the medical eligibility criteria for invalids benefit and Australia will accept the New Zealand medical eligibility criteria for invalids benefit as meeting the medical eligibility criteria for disability support pensions.

6. The competent institution paying the benefits on which a quality assurance check is to be carried out will supply the other Party with the documentation required to support the quality assurance check. Original documents will not be required if photocopies certified as true and correct are available.

7. A competent institution that has carried out a quality assurance check will notify the other competent institution in writing, of any discrepancies or errors detected in the data which has been checked, within 30 days of the quality assurance check having been carried out. Unless the competent institution receiving the written notification of the discrepancies or errors queries the correctness of the findings in the written notification, it will correct its records. In the case of a quality assurance check based on the reconciliation statement for the previous financial year, the competent institution will adjust the reconciliation statement accordingly. Any adjustments will be separately identified on the reconciliation statement.

8. If the competent institution receiving the written notification of discrepancies or errors queries the correctness of the findings in the written notification, the competent institutions will further investigate the data in dispute until both competent institutions are satisfied that the correct data has been identified. The competent institution receiving the written notification will then correct its records or adjust the reconciliation statement.

9. Amounts identified as a result of errors or discrepancies will not be subject to interest according to Article 14(7) of the Agreement.

Section 10
Overpayments

Establishment of Overpayments

1. Where a person resides in a country and receives a benefit, either reimbursable or not, from that country and receives in addition, a benefit from the other Party, the benefit paid by the country in which the person is living will be regarded as that person's entitlement and the benefit paid by the other Party will be the benefit overpaid.

2. The New Zealand competent institution will use their best endeavours to identify and inform the Australian competent institution of any cases where persons receiving Australian pensions, portable or otherwise, make application for a New Zealand benefit.

Recovery of Overpayments

3. A competent institution will not request the other competent institution to recover an overpayment pursuant to Article 18 of the Agreement unless there is evidence or cause to believe that the person is resident in the territory of the other Party and unless the overpayment exceeds an amount of $A350.

4. If a competent institution requests the other competent institution to recover an overpayment, the amount recovered will be the amount specified in the request, converted into the currency of the other competent institution, at the exchange rates determined by using the listed sell rate on the date of processing. The listed sell rate will be obtained from the official banker of the competent institution making the request.

5. A request from a competent institution to the other competent institution to recover an overpayment will include the following information:

(a) full name and date of birth of the person;

(b) reason for believing the person is resident in the territory of the party;

(c) the balance of the overpayment;

(d) the type of benefit overpaid;

(e) the Department of Social Security debit number;

(f) the Department of Social Security reference number in the case of an Australian request and the Department of Social Welfare number in the case of a New Zealand request; and

(g) a copy of the letter advising the person of the debt.

6. If a competent institution requests the other competent institution to recover an overpayment from a person, the competent institution receiving the request will recover that overpayment subject to its normal administrative practice. The competent institution recovering the overpayment will determine the rate of recovery of the overpayment. Such overpayments will be treated equally with overpayments of the recovering competent institution in regard to the priority of recovery but may be recovered concurrently with existing debts.

7. Every 2 months each liaison body will forward to the liaison body of the other Party, any amounts recovered, on the request of the competent institution of the other Party, in full or in part repayment of the overpayment in the currency of the Party that recovered the overpayment, together with a schedule containing the following details in respect of each overpayment:

(a) full name and date of birth of the person;

(b) the Department of Social Security registration number;

(c) the Department of Social Welfare number;

(c) the Department of Social Security debit number;

(d) the current amount outstanding;

(e) the amount being withheld from each instalment of benefit towards the recovery of the overpayment; and

(f) the amount recovered from the person during the period covered by the schedule.

8. If a person disputes an overpayment recovery action may be suspended, at the discretion of the competent institution, pending the outcome of a formal application for review or appeal lodged in either territory.

Section 11

Mutual Assistance in the Implementation of the Agreement

Each competent institution agrees to provide assistance to the other competent institution for the purposes of implementing the Agreement provided that the request is reasonable and the competent institution to whom the request was made, using its best endeavours, can reasonably be expected to supply that assistance.

Section 12

Review of the Arrangement

1. This Arrangement will be reviewed concurrently with the review of the implementation of the Agreement as provided for in Article 20(2) or (3) of the Agreement or may be reviewed at the request of a competent institution.

2. Where a competent institution requests the other to meet to review this Arrangement the competent institutions will meet no later than 6 months after that request was made.

Section 13

Transitional Provisions

The New Zealand competent institution will provide the Australian liaison body until the expiry of the financial year ended 30 June 1995, with a monthly report listing clients who have moved from New Zealand to Australia and either had lodged a claim for, and would have been entitled to receive, or was receiving New Zealand Superannuation, an invalids benefit or a widow's benefit. The report will include the following information for each client:

(a) name;

(b) date of birth;

(c) type of benefit;

(d) benefit status;

(e) date last paid;

(f) date paid to; and

(g) whether the benefits were paid under the Agreement.

This report will be provided within two weeks of the end of each month.

Section 14

Entry into Effect

This Arrangement will take effect on the same day as the Agreement, and will operate for the duration of the Agreement.

SIGNED in duplicate at Canberra this first day of December 1994.

A. S. Blunn
for the Competent Authority
of Australia

J. P. Wilson
for the Competent Authority
of New Zealand

Witness.
L. M. Blackland