

Memorandum to Cabinet on Social Security Reciprocal  
Agreement between Malta and Australia

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The possibility of a Social Security Reciprocal Agreement with Australia has to be considered in the light of the following circumstances.

A. Entitlement of Maltese Migrants to Australian Social Security Benefits

At present Maltese migrants are entitled to benefits in Australia as follows:-

a) Short Term Benefits

Unemployment Benefit - on arrival in Australia;

Sickness Benefit - on arrival in Australia;

Maternity Allowance - in respect of the first child  
born in Australia or on the way there;

Child Endowment - on arrival in Australia.

Maternity Allowance is a lump sum paid to a woman on the birth of her child in Australia or on board the ship proceeding to that country. Child Endowment is the equivalent of the system commonly known as 'family allowances'. In the case of aliens, entitlement to maternity allowance and child endowment is subject to certain residence conditions; but these do not apply to Maltese migrants who, according to the Australian High Commission in Malta, are regarded in Australia as British subjects, and not as aliens.

The payment of sickness and unemployment benefit is subject to a means test which applies to all persons in Australia.

b) Long Term Benefits

Age Pension - after completing ten years residence in  
Australia;

Invalid Pension - after completing five years residence  
in Australia

Widow's Pension/.....

Widow's Pension - it would appear from information just obtained verbally from the Australian High Commission in Malta, that the one year's residence condition stipulated up to 1968 has been removed.

Entitlement to all these three pensions is subject to a means test. Pension age is 65 years for men, and 60 years for women. In regard to the possibility of permanent incapacity through natural causes in Australia, it is recalled that migrants are medically examined before leaving Malta for Australia.

**B. Possible advantages from a Reciprocal Agreement for Maltese Migrants in Australia**

2. In the event of a Reciprocal Agreement between Malta and Australia, a Maltese migrant would become entitled to an age pension on reaching pension age, (a man 65 years, a woman 60 years) in Australia, without having to complete ten years residence in Australia, provided he was previously residing in Malta. A Maltese migrant who became permanently incapable of work in Australia would not have to complete five years residence in order to earn entitlement to an 'invalid pension'. This invalidity pension should not be confused with any pension which may be payable to a person who becomes permanently incapacitated or disabled as a result of an occupational injury.

**C. Implications of a Reciprocal Agreement with Australia effecting the National Insurance Scheme in Malta**

3. The basic concept of a Social Security Reciprocal Agreement with Australia would be that residence in Malta would be reckoned as residence in Australia, and inversely, residence in Australia would be reckoned as contributions under the Malta National Insurance Act. This means that any person, whether of Maltese or Australian origin, who comes to Malta after completing say twenty years residence in Australia, will be credited in Malta with twenty years contributions under the National Insurance Scheme.

4. At the moment the possibility of persons of Australian origin retiring in Malta is very remote. In

these/.....

these circumstances, such an agreement may not create any adverse implications in Malta, in so far as it applies to persons of Australian origin.

5. On the strength of the same principle of exchanging residence in Australia for contributions in Malta, a Maltese migrant who returns to Malta would be able to claim sickness benefit, unemployment benefit or an invalidity pension under the National Insurance Act as soon as he arrives in Malta. Such person would also be entitled to an old age pension under that Act on arrival in Malta, or as soon as he or she would reach pension age. A widow returning from Australia would be entitled to a widow's pension on arrival in Malta.

6. Australian social security benefits are not payable outside that country. This applies as well to United Kingdom citizens returning to that country from Australia. A person who returns to Malta after earning a pension in Australia, an old age, invalidity or widow's pension, would forfeit that pension and acquire one on arrival in Malta. Incidentally, National Insurance Old Age and Widow's pensions are payable outside Malta. In fact, we are paying a number of such pensions in Australia.

7. In Australia all three pensions are subject to a means test. This is not the case in Malta for pensions under the National Insurance Act. Here a person receiving an old age pension or a widow's pension may be gainfully occupied without prejudicing such pension.

8. In international agreements for reciprocity in social security, it is the normal practice for the contracting parties to share the cost of pensions in proportion to periods of residence or contributions completed by a beneficiary in the territory of any of the contracting parties. This is the principle applied in the Social Security Reciprocal Agreement in force between Malta and the United Kingdom. The principle is also being adopted in the draft European Convention on Social Security of the Council of

Europe, which at the moment is before the Committee of Ministers' Deputies. This principle has not been adopted in the reciprocal agreement in force between Australia and the United Kingdom.

D. Australian Social Security Benefits  
Not affected by Reciprocity

9. Under the Australian Social Security Act, where a person is not in receipt of a pension or allowance, is not entitled to receive sickness or unemployment benefit, the Director-General of Social Services is empowered, in his discretion, to grant a special benefit if he is satisfied that such person, by reason of age, physical or mental disability or domestic circumstances, or for any other reason, is unable to earn a sufficient livelihood for himself and his dependants.

E. Recommendation to Cabinet

10. Hon. Ministers are invited to consider whether in the light of the above a reciprocal agreement with Australia on Social Security should be proceeded with. Alternatively whether the law should be amended to allow Maltese overseas to benefit from National Insurance on reaching pension age or widowhood in the case of married women even if they remain overseas by continuing to contribute towards the Malta Scheme while abroad. The option will have to be exercised by the emigrants before they leave.

