



## TPI PAYMENT (SPECIAL RATE DISABILITY PENSION)

# Submission to the Foreign Affairs Defence and Trade Reference Committee



**RSL**  
Queensland

RSL Queensland submission to the Foreign Affairs, Defence and Trade  
Reference Committee re Special Rate payments – April 2021

## Table of Contents

1	RSL Queensland submission to the Foreign Affairs, Defence and Trade Reference Committee .....	2
2	Background.....	2
2.1	TPI payment (Special Rate of Disability Pension) .....	2
2.2	Terms of Reference .....	2
3	Productivity Commission – A Better Way to Support Veterans.....	3
	<b>RSL Queensland submission re: the Productivity Commission finding 14.3.....</b>	<b>3</b>
4	Independent Review into the TPI Payment by Mr David Tune AO PSM.....	4
	<b>RSL recommendation re: 4.1 Rent assistance calculations .....</b>	<b>5</b>
	Rent Assistance calculations to exclude Disability Compensation payments recommendation by RSL Queensland.....	5
5	KPMG Review of TPI Benefits November 2019 .....	5
	<b>RSL recommendation re: 5.1 Veterans disabled at a young age. ....</b>	<b>6</b>
	Consider increasing the TPI benefit for veterans who were disabled at a young age. ....	6
	<b>RSL recommendation re: 5.1 TPI and Service Pension in payment prior to 11 November 1982</b>	<b>7</b>
	Grant of TPI payments and Service Pension prior to 1983.....	7
	<b>Veterans who receive compensation under two or more Acts .....</b>	<b>8</b>

RSL Queensland submission to the Foreign Affairs, Defence and Trade  
Reference Committee re Special Rate payments – April 2021

## 1 RSL Queensland submission to the Foreign Affairs, Defence and Trade Reference Committee

RSL Queensland is responding to the Foreign Affairs, Defence and Trade References Committee regarding the inquiry underway into the Special Rate Disability Payments (hereafter 'TPI').

TPI is paid by the Department of Veterans Affairs to compensate severely disabled veterans unable to have a normal working life due to permanent incapacity arising from injuries or conditions attributable to their service in the Australian Defence Force (ADF).

RSL Queensland has noted the existing observations and recommendations of the Productivity Commission, KPMG Review of TPI Benefits, Independent Review into the TPI Payment by David Tune AO PSM and our own internal research and evaluation.

A summary of the details of the Inquiry are as follows:

## 2 Background

### 2.1 TPI payment (Special Rate of Disability Pension)

On 18 March 2021, the Senate referred the issue of TPI payment to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by **Thursday 24 June 2021**.

The closing date for Submissions is **30 April 2021**.

### 2.2 Terms of Reference

The TPI payment (Special Rate of Disability Pension), with particular reference to:

- a. the purpose, adequacy, structure and indexation arrangements of the TPI pension
- b. the case made, and analysis provided, by the TPI Federation, including the extent to which the TPI pension value has changed over time and the support available to TPI veterans
- c. all relevant existing information and previous reviews in relation to the TPI pension, including the recommendations of the Tune review
- d. recommendations on any potential changes to the payment and any other issues
- e. advice on costs associated with any recommendations
- f. any related issues.

Comments in relation to the various reports follow.

RSL Queensland submission to the Foreign Affairs, Defence and Trade  
Reference Committee re Special Rate payments – April 2021

### 3 Productivity Commission – A Better Way to Support Veterans

At page 654 of its report “*A Better Way to Support Veterans*”, the Productivity Commission noted the submissions made by the Australian Federation of Totally and Permanently Incapacitated Ex-Servicemen and Women (The Federation).

The Federation’s submissions drew comparisons with the minimum wage and average weekly earnings to demonstrate that the level of the TPI has decreased over time.

The Federation recommended as follows:

*‘ALL of the Veterans compensation’s needs are to be considered in isolation and not linked to any other Government, or Non-Government, compensation scheme’<sup>1</sup>*

The Productivity Commission noted that their submission did not consider the value of other benefits that veterans on TPI can receive, such as:

- extensive health care via the DVA Veteran Gold Card
- Service Pension or Centrelink payments
- Superannuation payments
- additional allowances paid by DVA and various State and Local Government concessions.

The Productivity Commission made a finding to the following effect:

*‘Changes to eligibility for the service pension and other welfare payments mean that the package of compensation received by veterans on the special rate of disability pension is reasonable. Despite strong veterans’ representation on this issue, there is no compelling case for increasing the rate of the pension’.<sup>2</sup>*

#### **RSL Queensland submission re: the Productivity Commission finding 14.3**

RSL Queensland agrees with the Productivity Commission Finding 14.3.

When looking at the support package provided to our veterans – and, in this particular instance, to veterans in receipt of TPI payments – a holistic view should be adopted and, furthermore, the whole range of support services available through Government agencies must be identified and taken into consideration.

Following from the above, there appears to be no compelling case for an increase in the rate of payment; however, specific types of situations are considered below.

---

<sup>1</sup> Recommendation 7 – TPI Federation of Australia submission to the Productivity Commission 2018

<sup>2</sup> A Better Way to Support Veterans - Finding 14.3 at page 654

RSL Queensland submission to the Foreign Affairs, Defence and Trade  
Reference Committee re Special Rate payments – April 2021

## 4 Independent Review into the TPI Payment by Mr David Tune AO PSM

Following the Productivity Commission findings, an Independent Review into TPI payment was conducted by Mr David Tune AO PSM. This review found:

*'[that] Given the analysis, the review recommends no increase in the rate of the TPI payment, other than through ongoing indexation increases'<sup>3</sup>.*

The high level of research that went into making this finding is noted and RSL Queensland supports the finding.

In his Report, Mr Tune went on to state that:

*'However, analysis shows some TPI veterans within the broader TPI veteran cohort may have less financial resources because of their individual circumstances, and that other changes to the TPI payment would be beneficial. The review recommends targeted changes as follows:*

- Defence Force Income Support Allowance (DFISA) be abolished and Disability Pension – including the TPI payment – and permanent impairment payment under the MRCA be defined as **exempt income** under the social security law. In addition, the disability income rent test should be abolished. This would **simplify payment arrangements** and **allow TPI veterans who are renting to receive Commonwealth Rent Assistance**.*
- Indexation of TPI payment be changed to index whole payment at once, rather than in two components. This could also apply to the Intermediate and Extreme Disablement Adjustment rates of Disability Pension. The split indexation mechanism was introduced in 2004 due to the different indexation mechanisms in place for the General Rate and Above General Rate (AGR) components but is now redundant as the indexation mechanisms were aligned in 2008.*
- Change terminology and language in legislation, guidelines and policy documents to **no longer refer to the TPI pension as a 'pension' – but as a 'payment'**. Some stakeholders are concerned that the term 'pension' implies welfare instead of compensation.*
- **Conduct a data linkage project across agencies with the aim of examining the long-term wellbeing and overall outcomes for TPI veterans and links with mainstream services**. Existing data on financial resources and Government payments provided to TPI veterans does not provide a complete picture of the needs of TPI veterans, or their overall wellbeing.'*

RSL Queensland supports each of the recommendations and is heartened that the Government has moved quickly to address them by announcing the following measures in the 2020-21 Budget:

---

<sup>3</sup> Independent Review into the TPI Payment Executive Summary page 5



## RSL Queensland submission to the Foreign Affairs, Defence and Trade Reference Committee re Special Rate payments – April 2021

- that DFISA is to be abolished
- that disability pension will not be held as income when assessing Service Pension rent assistance payments
- that disability pensions would be renamed Disability Compensation Payments.

RSL Queensland notes that the changes to DFISA and Rent Assistance are to be effective from 20 September 2022.

### **RSL recommendation re: 4.1      Rent assistance calculations**

#### **Rent Assistance calculations to exclude Disability Compensation payments recommendation by RSL Queensland**

Although we are cognisant that legislative changes are required, RSL Queensland recommends consideration be given to bringing the effective date forward from 20 September 2022.

Alternatively, if regular payments of rent assistance at a higher rate cannot be achieved prior to 20 September 2022, an effective date should be identified (suggest 1 July 2021) and calculations of arrears be retrospective to that date.

## **5 KPMG Review of TPI Benefits November 2019**

KPMG developed a framework to review the Federation's recommendations.<sup>4</sup>

The key conclusions from this framework were:

*Based on benchmarking analysis undertaken within this report of the Income Replacement (i.e. Above General Rate plus Service Pension) (as outlined in the framework), there was not strong evidence for increasing the TPI pension benefit of all TPI pension recipients.*

*However, the targeting analysis undertaken within this report suggests that some TPI veterans may be relatively worse off when compared to the average TPI veteran:*

- *There may be a case to consider increasing the TPI benefit for veterans that were disabled at young ages*
- *There may be a case to consider increasing the TPI benefit for veterans that were first granted a TPI pension before 1983*
- *There may be a case to consider increasing TPI benefit for Veterans that are renting.*

In addressing these three suggestions, RSL Queensland notes the points raised and makes the following observations:

- The recommendation regarding veterans who were disabled at a young age offers no solution except in relation to the current 'younger' veterans who are already in receipt

---

<sup>4</sup> Review of TPI benefits, Executive Summary, Scope page ii

## RSL Queensland submission to the Foreign Affairs, Defence and Trade Reference Committee re Special Rate payments – April 2021

of TPI payments. Consideration is lacking in regards to young[er] veterans  
unfortunate enough to become TPI in the future (see below at 5.1)

- It is agreed that consideration for veterans granted TPI and Service Pension prior to 1983 warrants further consideration in view of which RSL Queensland makes a recommendation below at 5.1 Veterans Disabled at a young age.
- The issue in relation to renting is being dealt with by DVA and RSL Queensland has made a recommendation regarding an earlier date of effect. (See 4.1 Rent Assistance).

### **RSL recommendation re: 5.1      Veterans disabled at a young age.**

#### **Consider increasing the TPI benefit for veterans who were disabled at a young age.**

The findings by KPMG at page 50 are noted.

It is also noted that 25 per cent of current TPI veterans were below 50 years when their TPI pension grant commenced.

RSL Queensland is of the view that identifying these clients ( $\approx 7,000$ ) and then considering their individual circumstances to establish a fair and equitable solution would be nominally impossible.

As an alternative, RSL Queensland recommends paying further attention to the **current younger veterans** who are in receipt of AGR payments.

The Tune Report has observed that limited data is available to allow a comprehensive analysis of the long-term wellbeing and overall outcomes for TPI veterans.<sup>5</sup>

RSL Queensland's own analysis of available data has established that there are still some categories of TPI veterans who will be disadvantaged, and we strongly recommend that DVA make every effort to conduct research on the overall wellbeing of this class of veteran and hence understand and address issues concerning their quality of life.

It is also suggested that each of these veterans be contacted to ensure they have a full understanding of their entitlements and are provided with a comprehensive suite of information on the range of benefits available to them.

This information should specifically address the voluntary rehabilitation scheme (Veterans Vocational Rehabilitation Scheme). An observation from this ESO is that DVA makes limited effort to link younger TPI veterans into this valuable scheme.

We contend that the DVA should encourage vocational opportunities, wellbeing activities and adjunct therapies to potentially improve the quality of life of these veterans.

There are statistics readily available from DVA identifying the number of TPI veterans under 50; however, 3,000 individuals would be a close approximation for present purposes.

In summary, RSL Queensland strongly recommends better communication, analysis of data and provision of services to these younger veterans be regarded as a priority.

---

<sup>5</sup> Independent Review into the TPI payment, page 25

RSL Queensland submission to the Foreign Affairs, Defence and Trade  
Reference Committee re Special Rate payments – April 2021

**RSL recommendation re: 5.1 TPI and Service Pension in  
payment prior to 11 November 1982**

**Grant of TPI payments and Service Pension prior to 1983**

Prior to 11 November 1982, Disability Pension payments were regarded as income when assessing Service Pensions. As a consequence, veterans who were on the higher rates of pension – particularly those on Above General Rate (AGR) – had their Service Pension payments reduced due to this aspect of the Income Test.

From 1973 onwards, the Disability Pension was progressively discounted from the assessment of Service Pension until 11 November 1982 by which time it was fully discounted from the calculation. The following chronology sets out the salient changes:

1973	Payments of Disability Pension were reduced by 25% <sup>6</sup> when assessing Service Pension.
8 May 1975	Payments reduced by 50% when assessing Service Pension rate.
1 January 1981	Calculation of 'fringe benefits' associated with Service Pension had 50% of Disability Pension discounted.
1 January 1982	Calculations for Service Pension and fringe benefits had 60% of Disability Pension discounted.
11 November 1982	Repatriation Disability Pensions became totally exempt from the income test applied to Service Pensions.

The eventual effect of the changes set out above was that all veterans receiving both Disability Pension and Service Pension prior to 11 November 1982 were disadvantaged when compared to the current assessment methodology, where disability pension is not regarded as income.

At page 47 of their report, KPMG have estimated that approximately one per cent of current veterans were receiving both a Service Pension and a TPI pension prior to 1984.

**RSL Queensland recommends that all veterans who received both a Service Pension and Above General Rate Disability Pension prior to 11 November 1982 should have their Service Pension rate and that of their partner, in applicable, reassessed for that period.**

Specifically, Service Pension/s should be reassessed to reflect a total discounting of Disability Pension. This reassessment should cover the period from the date of grant up to and including 10 November 1982. Arrears for that period should be paid to the veteran and partner, if applicable.

If all AGR recipients are considered, this will amount to ≈2000 clients<sup>7</sup> and potentially some partners.

---

<sup>6</sup> Repatriation Act (no3) 1973 No 104 of 1973

<sup>7</sup> DVA Ad hoc Information System



RSL Queensland submission to the Foreign Affairs, Defence and Trade  
Reference Committee re Special Rate payments – April 2021

## **Veterans who receive compensation under two or more Acts**

It has not been specifically raised as an issue in the various reviews, but RSL Queensland raises the issue of the anomalies which arise in some instances where veterans have liability entitlements under two or more Acts and are being considered for TPI payments.

To meet the requirements for payment of a TPI pension under the Veterans Entitlements Act 1986 a veteran is required to satisfy s24(1)(c), which is commonly referred to as the 'alone' test. In some instances, the existence of conditions that have been accepted under either DRCA or MRCA can preclude the veteran from satisfying that VEA 'alone' test, despite the conditions all being accepted as causally related to service. If these veterans do not meet the requirements for income replacement payments under DRCA or MRCA (Incapacity or SRDP payments) and also do not satisfy s24 of the VEA, they may be significantly disadvantaged.

RSL Queensland requests that some consideration be given to identifying and addressing these anomalies.