



TPI FEDERATION AUSTRALIA

“Disabled in our Service, United in our Cause”

SENATE FOREIGN AFFAIRS, DEFENCE & TRADE REFERENCES COMMITTEE

Inquiry into TPI Payment (Special Rate of Disability Pension)

“Prime Minister, The Hon Scott Morrison MP – 2 April 2019

*“The TPI Federation makes a **compelling case** in relation to the relative value of the
Above the General Rate (AGR) component of the SRDP.”¹*

(Letter from the Hon Scott Morrison MP to the TPI Federation dated 2 April 2019)

INTRODUCTION

1. The TPI Compensation Payment (Special Rate Disability Pension(SRDP)) has an enduring history, originating after the First World War with the Australian Soldiers’ Repatriation Act 1920. Since then, it has undergone a series of transitions, however, Governments’ fundamental intent for this payment has remained consistent for Veterans who are unable to work due to wounds, injuries or illness suffered as a result of their Defence Service.
2. Contrary to the false assertions made by the Prime Minister’s – ‘Tune Review’ (August 2019), The Australian Federation of Totally and Permanently Incapacitated Ex-Servicemen & Women Ltd (TPI Federation) has only ever sought a structural increase to the overall payment. In doing so, it has offered an analysis of the component breakdown, and a comparison of the economic loss component to the lowest community wage standard, as a means of doing so in presenting a defensible claim.
3. The TPI Federation has for the past approximately eight years held the contention that the Department of Veterans’ Affairs (DVA) Totally & Permanently Incapacitated (TPI) compensation payment has been in decline for the past seven decades. The main basis for the TPI Federation’s contention is clearly shown, at *Figure 1*, in the representation of the full TPI compensation payment as a percentage of the Average Weekly Earnings (AWE).

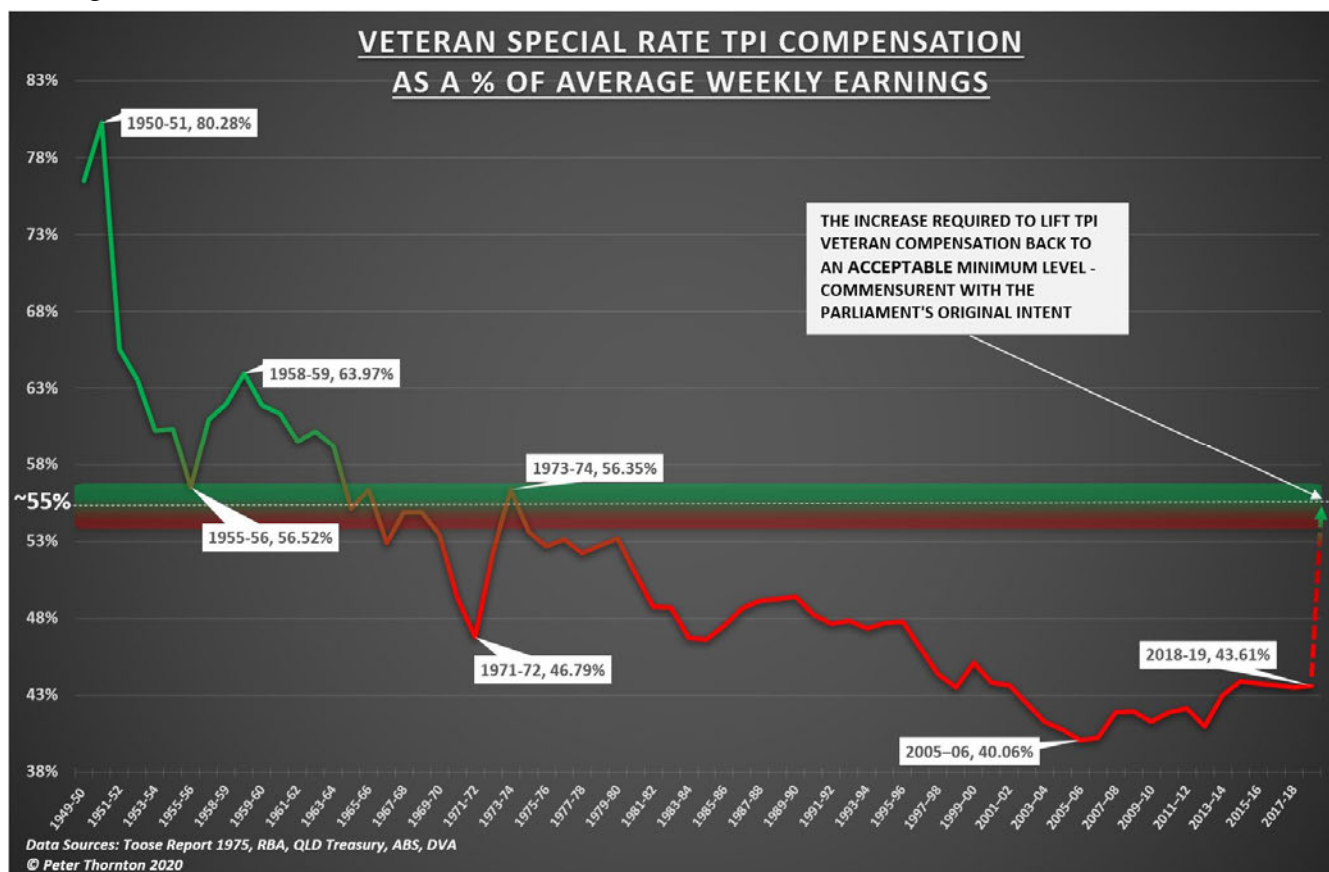


Figure 1

¹ Prime Minister’s Letter – 2 Apr 2019 - <https://bit.ly/3mMsNba>

The TPI Federation proposal is that the TPI Compensation payment is made up of two components – pain and suffering and economic loss compensation (*Attachment A*). The current economic loss compensation is currently a mere **61.9%** of the tax-adjusted Minimum Wage as shown in *Figure 2*. If the total TPI Compensation payment is to be considered the full ‘economic loss’ compensation, then the consequence is that the most disabled Veterans do not receive any ‘pain and suffering’ compensation. The TPI Federation’s claim is logical and defensible, because the Minimum Wage is the lowest officially arbitrated wage standard that a TPI Veteran could have reasonably expected to have received over their working lifetime, had they not been TPI. Therefore, it is not unreasonable to expect the ‘economic loss’ compensation, for never being able to be employed, should be, at least, the tax-adjusted Minimum Wage! The TPI Federation asked that it be noted that:

The General Rate Disability Compensation is only compensation for ‘pain and suffering’ while the full 100% of the General Rate can be received by a Veteran even while in full employment.

The Above General Rate Disability Compensation is only for those who can no longer gain full employment and it is this Above General Rate that is considered by many (see attachment A) to be ‘economic loss’ compensation.

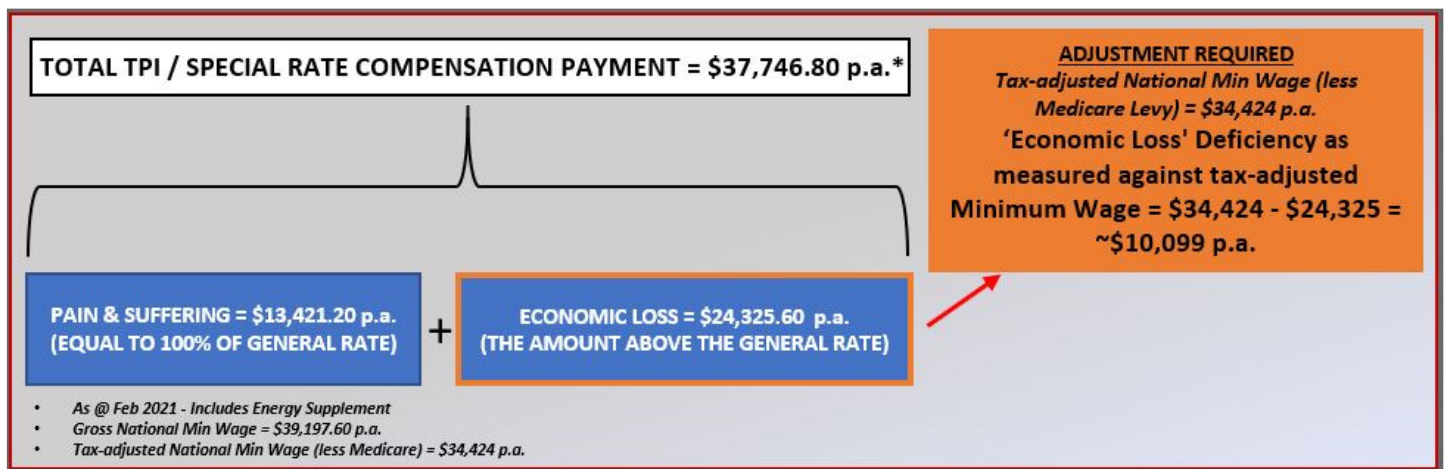


Figure 2

4. Should this Senate Inquiry, again, assert that the full TPI Compensation payment is designated as ‘economic loss’ compensation, then the loss of the ‘pain and suffering’ compensation needs to be restored and recompensed.

BACKGROUND

5. The TPI Federation’s proposal, as stated above, has not altered in the eight years of advocacy and campaigning on this issue. The TPI Federation’s contention has never been disputed in the last three major reviews. The previous Government reviews by KPMG – ‘A Better Way to Support Veterans’ (March 2019), the Productivity Commission Inquiry Report – ‘A Better Way to Support Veterans’ (June 2019) and the Prime Minister’s – ‘Tune Review’ (August 2019) all deliberately conflated and confused the main contention of the TPI Federation with other Veterans’ benefits compiled into, what the Reviewers called, a ‘Compensation Package’ (‘package’), which have been aggregated to a supposed notional value, again, assuming incorrectly, that all TPIs receive the full extent of all benefits, including, but not limited to –
 - i. the Gold Card’s ‘value’ being ~\$24,000 p.a,
 - ii. welfare Income Support Payment of the Service Pension or Defence Force Income Support Allowance (DFISA)
 - iii. Superannuation income.
 - iv. a ‘value’ on the Veterans’ Home Care,
 - v. the War Widows pension
 - vi. Allowances such as attendant, clothing, decoration (a total of \$2.10 p/fn), vehicle assistance and others
 - vii. Energy supplement

6. In all the reviews all these benefits were calculated as if ALL TPI/SRs were receiving the full 100% of whichever income support payment, or benefit, they were eligible for, based entirely on invalid assumptions, calculations and subsequent recommendations within each review.
7. The TPI Federation contends that such a 'package' is an improper artifice and unfair rationalisation due to the inclusion of so many welfare benefits that are available to the general population by way of welfare assistance. These items should not be listed as compensation benefits and not included within the 'package' concept which then leads to a false premise and characterisation of the 'value' of such compensation.
8. The general population welfare recipients do not have to justify utilising other welfare benefits in order that they receive their income support payments. Yet, all the Government TPI Compensation reviews make the incorrect assumption that welfare benefits are part of the Veterans' compensation 'package'. This supports the incorrect notion that income support payments, such as the Service Pension, DFISA and other benefits, as listed above, are subsidising Veteran's compensation benefits. A prime example of this, is the Centrelink blue Healthcare card which is similar to the Veteran's White or Gold Healthcare card. A notional value of the Centrelink Healthcare card is not added to discussions when decisions are made on any changes to the Social Services welfare income support payments.
9. The TPI Federation has never denied the entitlement for Operational Veterans to have a lower Standard of Proof for their War related wounds or injuries when considering their required level of compensation. This has never been disputed. The TPI Federation has always maintained, and will continue to do so, that Active Service is a most important contribution by those who have served in any Operational area. This also remains a constant in all the Veteran's Legislations Acts where financial compensation requires a lesser Standard of Proof than for non-Operational service. This is how it should be – now and always. It is the health compensation that the TPI Federation maintains must remain equal for all Totally & Permanently Incapacitated/Special Rates (TPI/SR) – 'Operational' and 'non-Operational' Veterans. The TPI Federation has always maintained that while allowing claims criteria to have a distinction of Operational or non-Operational Service, as per each piece of the legislation, it should be stressed that for ALL TPIs they must ALL be entitled to the same health treatment and support and remuneration benefits that they are eligible for.
10. The TPI Federation respectfully requests that this Senate Inquiry investigate the TPI Federation's contention on its own merit, and in isolation of other benefits, that some Veterans receive.

TERMS OF REFERENCE (ToR) ABOUT THE TPI PAYMENT (SPECIAL RATE OF DISABILITY PENSION) - DETAILED RESPONSES – Attachment B

ToR A – The TPI Pension

10. *The purpose of the TPI compensation payment -*

- i. as stated in the existing Veterans Legislation the Veterans' Entitlement Act (1986) – *Attachment C* – for the definition of 'Veteran' and those Defence personnel who served after 7 December 1972

- ii. as proclaimed in the

- DVA Clik Library – “4.1.6 Special Rate (T&PI or TTI) Eligibility² **17 August 2017**

What is a Special Rate (T&PI or TTI) disability pension?

The Special Rate of disability pension is the highest level of disability pension available to an injured veteran, member of the Forces, member of a Peacekeeping Force or Australian mariner under the Veterans' Entitlements Act 1986 (VEA).

The Special Rate of disability pension is designed to compensate for a person's inability to engage in remunerative work, where that person's inability to work is solely as a result of their VEA accepted conditions. For this reason, in every potential Special Rate case, delegates must check to make sure that a client is not receiving compensation for their inability to work through some other channel (for example, through incapacity payments under the DRCA or MRCA).

² <https://clik.dva.gov.au/compensation-and-support-policy-library/part-4-disability-compensation-eligibility/41-disability-pension-eligibility/416-special-rate-tpi-or-tti-eligibility>

The Special Rate pension is not income or asset tested, nor is it taxable income.

The Special Rate of disability pension is colloquially known as the Totally and Permanently Incapacitated pension (T&PI or TPI)."

- Additionally, the Special Rate Disability Pension on the DVA website states –

"What is the Special Rate Disability Pension?

*The SRDP provides an alternative form of periodic compensation (instead of incapacity payments) for people whose capacity for work has been severely restricted because of conditions due to military service on or after 1 July 2004. SRDP is not automatically granted. If you are assessed as being eligible for the SRDP, you will be offered the choice between commencing SRDP or continuing to receive incapacity payments"*³ and;

"What are the Special Rate, Temporary Special Rate and Intermediate Rate of disability pension?

A disability pension is paid to compensate veterans for conditions (i.e. injuries or diseases) caused or aggravated by war service or certain defence service on behalf of Australia.

Higher rates of pension, such as Special and Intermediate Rates, are known as Above General Rate (AGR) pensions and are payable if you are severely incapacitated and unable to earn a normal wage because of the effects of your accepted condition/s on your capacity to work. In order for you to be considered for an AGR pension, your degree of incapacity must be determined to be at least 70%.

Special Rate

*The Special Rate is also commonly known as totally and permanently incapacitated (T&PI) pension. The purpose of the Special Rate of pension is to provide for severely disabled veterans who are unable to have a normal working life because of a permanent incapacity resulting from their war or defence service."*⁴

- iii. As stated in the KPMG Review Report – Nov 2019 – page 7, *"the TPI payment compensates severely disabled veterans who are unable to have a normal working life because of permanent incapacity from conditions arising from their service in the Australian Defence Force (ADF)".*

ToR B – The Federation’s Case

- i. *The adequacy of the TPI Compensation payment* is discussed in depth on pages one and two of this submission along with *Figure 1*. Examples of the diminishing adequacy of the TPI Compensation which has diminished over time is demonstrated in *Attachment D*, which has ultimately added an undue financial burden upon the TPI/SR Veterans and their families.
- ii. *The structure of the TPI Compensation payment*, as seen in *Figure 2*, has remained for many decades and must be maintained so that the most disabled Veterans do not have their ‘pain and suffering’ compensation negated by conflating it with other payments, including the ‘economic loss’ compensation.
- iii. *Indexation of the TPI Compensation payment* was made against the Consumer Price Index (CPI) which was introduced in 1976. The KPMG TPI Compensation Review 2019 noted that *"the TPI payment increased by \$50 per fortnight in 2007, and a further \$16 per fortnight from 20 March 2008 flowing on from a 5 per cent increase in the General Rate component of all Disability Pension rates. Also in March 2008, the indexation of the General Rate component for all Disability Pension rates commenced using the pension MBR factor. This change brought indexation methodology of the General Rate and AGR components back into alignment, although still indexed separately"*.
- iv. *Figure 1* shows clearly, that the correct indexation has caused the steep decline prior to 2007 to be arrested, and the payment has been maintained for 14-years at the 2007 level.
- v. *The extent to which the TPI pension value has changed over time* and the diminished support available to TPI veterans is clearly shown in *Figure 1* along with the diminishing benefits as shown in *Attachment D*. The value of the TPI Compensation payment has diminished over seven decades and many benefits have either disappeared or are no longer provided to the extent that they were. The additional costs to Veterans, especially TPI/SRs, on the combined effect of this cannot be recovered by Medicare or Private

³ <https://www.dva.gov.au/financial-support/income-support/support-when-you-cannot-work/pensions/disability-pensions-and-3>

⁴ <https://www.dva.gov.au/financial-support/income-support/support-when-you-cannot-work/pensions/disability-pensions-and-0>

Health Funds but must be provided by the compensation payments that are meant to provide a sustainable standard of living.

DETAILS OF THE FEDERATION'S CASE

11. The TPI Compensation 'economic loss' payment that has been proposed, by the TPI Federation, for eight years, in order to assist each and every TPI/SR (except current MRCA clients), and has not changed in all that time and, equally, has never been disputed, on its own merit, by any Government review. The decline of the TPI Compensation over seven decades is a blight and an indication of the disrespect that has been shown to the Nation's most disabled Veterans.
12. Negotiations with Governments over ten years – 1997-2007 – to correct the dire indexation method that was imposed on the TPI Compensation should never have taken so long for the Government to acknowledge. And yet, it is happening again. The current eight-year battle for the restoration of the 'economic loss' compensation is again showing a great deal of disrespect to all TPI/Special Rate (TPI/SR) Veteran recipients. The current DVA Disability Compensation payments are shown in *Figure 3* –

DVA Disability Compensation		
	General Rate	Above General Rate
TPI	520.80	943.90
	1,464.70	
Intermediate	520.80	476.80
	997.60	
EDA	520.80	288.70
	809.50	
100%	520.80	0.00

Figure 3

DVA Budget Outcomes

Outcome 1: Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation, and other support services, including advice and information about entitlements.

Outcome 2: Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.

Figure 5

The DVA compensation payments are non-means tested and non-taxable compensation. This is the same as all general personal injury compensation payments and is not unique to the Veteran community.

The average wage, inflation and minimum wage has continued to grow – *Figure 4* – as opposed to *Figure 1* with the TPI Compensation payments.

Minimum wage, average wage and inflation

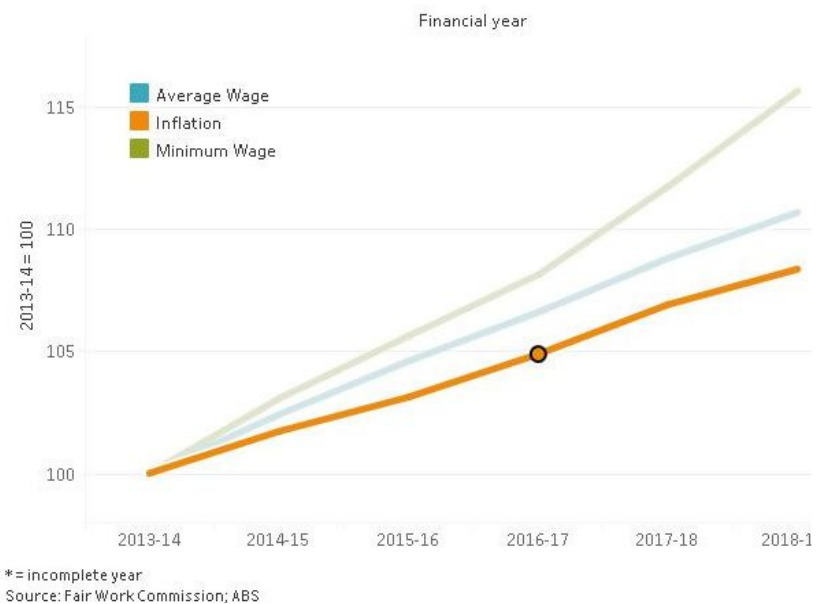


Figure 4

The DVA Budget Outcome 1 and 2 – *Figure 5* – responsibilities stress that each Outcome must '*Maintain and enhance the*'

- 1- '*financial wellbeing and self-sufficiency*'; and
- 2- '*physical wellbeing and quality of life*'.

The Government has failed with both DVA Budget Outcomes.

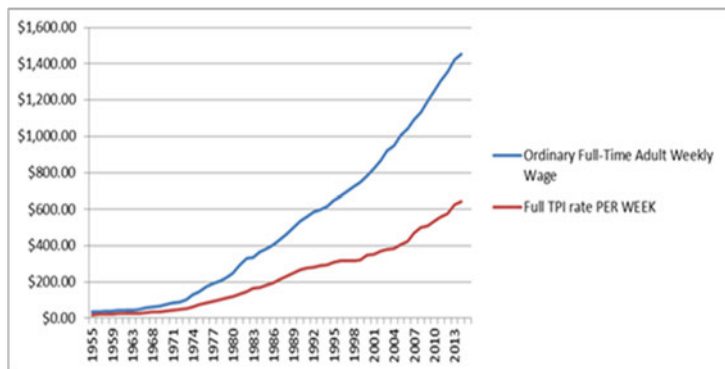
13. "Between 1955 and 2015, the major problem for Veterans Entitlements Act (1986) TPI's, was that their economic loss component of compensation has suffered neglect.

During the past 60 years Veterans Entitlements Act 1986 TPI's have only had one base rate increase against their economic loss component, this being \$25.00 a week in 2007. A once in 60 year event. Like putting a Band-Aid on a bullet wound.

Up until 1955, only a part-Service pension was payable with TPI compensation due to ceiling rate restrictions. From 1955 onwards, ceiling rates were lifted making the full Service pension payable with TPI compensation.

For Veterans Entitlements Act TPI clients, their economic loss component is only 61.9% of the Australian Minimum Wage because of decades long neglect in addressing this stealth like compensation loss – Raymond Evans 17 May 2015.

The economic loss component of their compensation makes a mockery of governments past and present, in pretending to care for injured war veterans and their families.”



Raymond Evans 17 May 2015

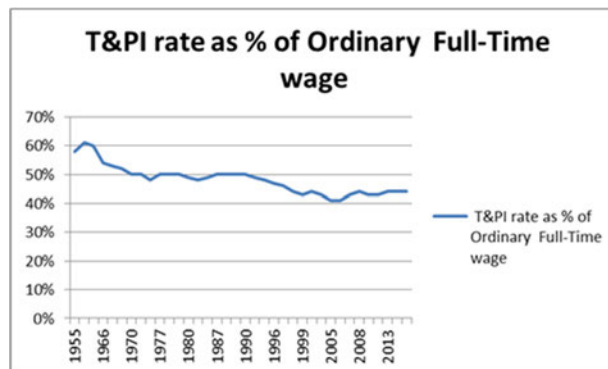


Figure 6

The Adelaide Advertiser of 12 November 1954 on page 4 had a letter to the Editor from a TPI who stated. *“Sir, Australia has nothing to be proud of in the amount of compensation paid to our totally and permanently incapacitated ex-service personnel.*

The Repatriation Commission is doing everything possible under the capable administration of Dr Anderson, the Medical Superintendent of the RGH Springbank, to alleviate their physical suffering. Unfortunately, similar consideration has not been given to the economic position. Through inadequate income, these men are denied the normal opportunities of acquiring a freehold home, consolidating their position, and planning for retirement at the age of 65.

A home has to be provided and maintained out of a meagre pension of £9 5/- a week plus £1 15/6 for a wife. Unlike normally healthy people, they cannot economise by home vegetable growing or attending to the maintenance of their homes.

Surely their suffering is handicap enough without the added burden of financial worries and a reduced standard of living forced on them.

When the late Mr W. M Hughes was Minister for Repatriation, TPIs were compensation to the extent of £1 a week above the cost of living. Today we compensate these severely handicapped veterans by given them nearly £4 a week below the cost-of-living figures.

‘Fiat Justitia’ – Norwood”

And, yes, 67 years later the same debate continues.

Why do Veterans have to ‘battle’ so hard, and for so long, for a fair, equitable and just compensation?

A number of DVA benefits have diminished over time – *Attachment D*– that has added a financial burden upon the TPI/SR and their families.

14. Income Support payments were recommended by all three recent Government reviews as a means to ‘subsidise’ the TPI compensation payments. Is this the intent of the Government, in an effort to harmonise the Government payments methodology to the Whole of Government process, to normalise all Government payments into welfare payments. This, again, abrogates the Government’s legislated responsibilities toward the Veterans that they train and put into harm’s way, either in Australia or overseas.

15. The TPI Federation provided a ‘Welfare Rebuttal’ to the Tune Review 2019⁵

16. The TPI Federation is asking that all benefits available to TPI recipients need to be applied to all and not divided into Operational/non-Operational criteria. Such benefits as the DVA Heart Health Program, the Veteran Pharmaceutical Reimbursement scheme and TPI compensation not being counted as income in MyAgedCare are some of the benefits that are only available to Operational Veterans. As stated previously,

⁵ Welfare Rebuttal Research - <https://bit.ly/32r5Y3u>

TPIs receive a Gold Card for ‘All Health Conditions’ but this is only being provided for some Veterans. When did Compensation become Welfare for some and not others?

17. The two-pathway options that are a provision under the Military Rehabilitation Compensation Act 2004 (MRCA) is detrimental to the many Veterans, who became eligible for compensation under this Act. The legal, but immoral, offsetting of superannuation invalidity insurance payments, which are paid for by the Veteran, ultimately reduces the Veterans Option 2 of the Special Rate Disability Pension (SRDP) to zero which in most cases is of no value to them. To reduce a compensation payment to zero and give the Veteran no choice at all, and also denies the Veteran the rightful intent that the TPI Federation fought hard to have included into the MRCA legislation in 2003/4. This is a way for the SRDP / TPI regular payments to decline to such a point as to be non-existent by ~2050 thus alleviating, again, the Government’s responsibility to their most disabled Veterans.
18. The current MRCA SRDP eligible recipients would not receive any additional payment with either of the two proposals from the TPI Federation or DVAN. The current once-only choice of their compensation options, Pathway 1 or 2, denies any past recipient any future benefits adjustments. The only effect would be for future option Pathway 1 and 2 recipients.

ToR C – Previous reviews in relation to the TPI compensation payments, including recommendations from the Tune review include –

Toose Review, 1975, Independent Inquiry into the Repatriation System

The primary recommendations for the TPI payment were around a new structure for payments. The new structure involved an amount for non-economic loss, described as a ‘disablement pension’ and a second amount for economic loss, described as an ‘income supplement’. It described the TPI payment as being a non-economic loss payment.

Benchmarking the total of the disablement pension and the income supplement against an appropriate community wage standard would have ensured that the total payment continued to maintain its value over time; however, the relative values of the disablement pension and the income supplement may have changed over time under the proposal. The review also recommended that the term ‘pension’ not be used in relation to the TPI payment and that ‘compensation’ should be used instead. The Government did not implement any of these recommendations.

Baume Review, 1994, A Fair Go, Report on Compensation for Veterans and War Widows

The review made no recommendation around setting the ongoing rate of the compensation component, so the relative values of the disablement pension and the income supplement ...

The review also recommended that the term ‘pension’ not be applied to compensation payments due to perceptions about it being a welfare related term. It is recommended use of the word ‘payment’ in lieu of ‘pension’.

Tanzer Review, 1999, The Review of the Military Compensation Scheme

The review made no recommendations on the adequacy and structure of the TPI payment.

Clarke Review, 2003, Report on the Review of Veterans’ Entitlements

The review found that MTAWWE was the most appropriate wage benchmark to use in setting its proposed TPI payment rate.

The review also recommended that Disability Pension, including the TPI payment, be regarded under the social security law as exempt income and that the disability income rent test under the VEA be abolished. The Government did not agree to the abolition of the disability income rent test. This remains in the VEA for the calculation of VEA income support payments and for the calculation of the DFISA amount. The review considered whether there should be an adjustment of the TPI payment back to its 1941 value against MTAWWE. It found that arguments for such an adjustment did not consider changes since 1941 in the total support now available.

KPMG Work on the TPI Federation Proposal, 2019

The Review does not consider there is a convincing rationale for increasing the AGR of the TPI payment, other than through ongoing indexation increases each six months.

To provide this additional support, the review recommends DFISA be abolished and Disability Pension (including the TPI payment) and MRCA permanent impairment payment be exempt income under social security law. The disability income rent test should also be abolished.

The review recommends the TPI payment be indexed as a whole payment at once, rather than in two

Review of Military Compensation Arrangements, 2011

The review was undertaken internally by the Department of Veterans' Affairs.

The new structure of the TPI payment proposed by the 2003 Clarke Review was re-examined in the

Productivity Commission report – A Better Way to Support Veterans, released on 4 July 2019. The Productivity Commission was given broad terms of reference to “undertake an enquiry into the system of compensation and rehabilitation for veterans”. It found that there was no compelling case for an increase in the TPI payment and that the overall package of compensation for TPI veterans is reasonable. Earlier reviews, such as Clarke, Baume and Toose, proposed new payment structures for the TPI payment with different payment rates and characteristics depending on the age of the veteran, none of which were agreed to by the governments of the day.

ToR D – Recommendations on any Potential Changes to the Payment

19. TPI Federation recommendations on any potential changes to the payment and other issues include –

A simple structural adjustment in order to restore eroded TPI Compensation back to a level commensurate with the Parliament's original intent, and which would only entail a single figure to be placed within the current VEA 1986 S24(4) legislation which states –

*(4) Subject to subsections (5), (5A) and (6), the rate at which pension is payable to a veteran to whom this section applies is **\$919.40** per fortnight.*

This would then automatically be reflected in the MRCA 2004 S198(2) as this only refers to VEA 1986 S24.

(2) The maximum weekly amount of a Special Rate Disability Pension is one half of the fortnightly rate at which a pension is payable from time to time under section 24 of the Veterans' Entitlements Act 1986.

Another major change that is needed urgently is the full re-instatement of the DVA Health Card for All Health Conditions. The current ad-hoc method of medical provision is confusing for the Veterans, their families and the medical profession especially Allied Health providers. When is ‘for All Health Conditions’ only ‘for some Health Conditions’ and when is compensation actually welfare and not compensation? When this benefit is reinstated the current additional costs will be alleviated on the Veterans.

This along with equal entitlements for all VEA 1986 and MRCA 2004 medical and personal benefits would assist DVA to, in accordance with their Budget Outcomes,

‘Maintain and enhance the’

- i. ‘financial wellbeing and self-sufficiency’; and
- ii. ‘physical wellbeing and quality of life’

ToR E – Costs Associated with Recommendation

20. In April 2017, with the assistance of Senator Lambie, the TPI Federation was able to obtain a costing of the TPI Federation's Compensation restoration proposal from the Parliamentary Budget Office. The Office ascertained that the cost would be approximately \$240m per annum with an estimate of \$1bn over four years. The TPI Federation contested this four-year estimate based on the age and health of the then 29,000 TPI/SRs. Today that figure stands at approximately 28,000 TPI/SRs. The Government has ‘banked’ the costs involved

with the provision of benefits and compensation for approximately 1,000 TPI/SRs but still the Government stands firm on the lack of adequate provision for a decent standard of living for those remaining TPI/SR families.

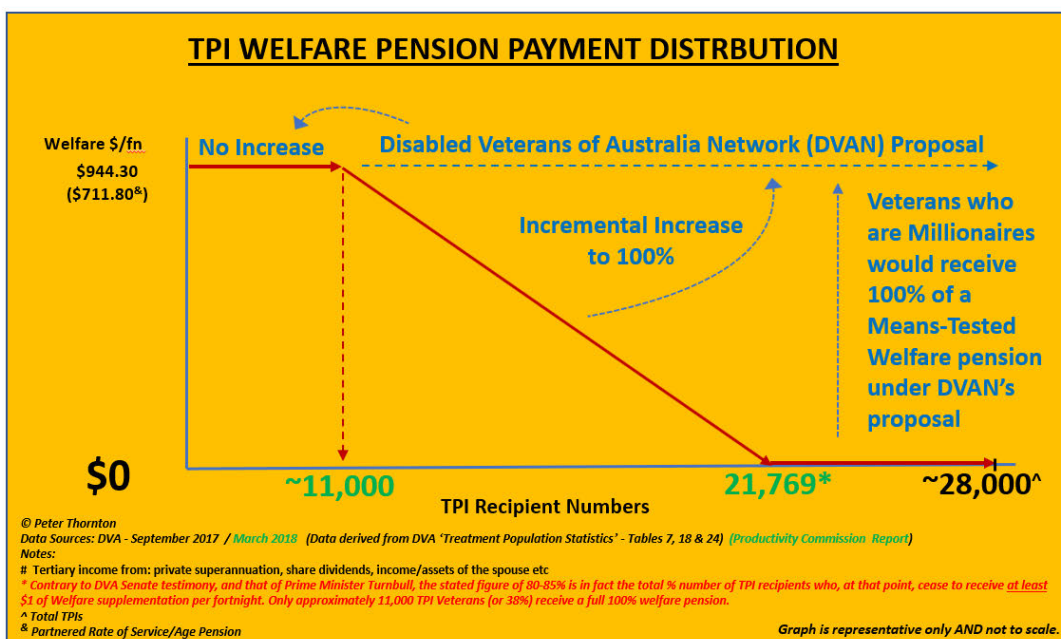
21. The provision of full DVA health care card provisions, including the major inadequacy of suitable availability of hearing aids, has not been costed by the TPI Federation as it is difficult to estimate the individual needs of Veterans – some have the base-level hearing aid as being suitable and yet others need a higher level of hearing aids. The same applies for the provision of medical services. Some TPI/SRs require a high level of medical attention and others need less and therefore it would be most difficult for the TPI Federation to estimate a costing for this.

ToR E – Related Issues

22. The provision of services that are divided between VEA 1986 and MRCA 2004. For example, a younger Veteran under MRCA 2004 can receive full Household Services but an aged VEA 1986 Veteran – even World War 2 Veterans – cannot even get their lawns mowed. This is just one of many differences. Why is it that a Veteran with Operational Service can obtain access to the DVA Heart Health Program but a Veteran without Operational Service with the same heart condition/s cannot participate. Why is the Veteran only entitled to a lesser quality of service even though they have the same condition? When is compensation not compensation – at what stage are the benefits and entitlements are different for Veterans?

THE TPI FEDERATION'S REBUTTAL OF THE 'WELFARE' CONCEPT

23. The Disabled Veterans of Australia Network (DVAN) Contention that has been proposed, holds the belief that the three TPI Compensation Reviews have endorsed the concept that the Service Pension should be available to all TPI/SRs with Operational Service. This contention has asked that there be no income and assets test applied to the Service Pension.
24. As displayed in *Figure 7* the main advantage of this contention is for the third of TPI/SRs who currently receive no Service Pension due to the income and assets test being applied in accordance with the Social Services Act (1991), and is a result of third-party income from superannuation/investments etc (including a few millionaires), who would then receive a full 100% of the Service Pension. Then, another one third of TPI/SRs would receive some increase as they currently receive a part Service Pension due to the receipt of a smaller amount of third-party income.
25. The remaining one third of TPI/SRs who are currently receiving 100% of the Service Pension because they have no third-party income would not receive any increase.



Approximately 22,000 TPI/SRDP Veterans receive either full welfare or at least \$1 of welfare in the form of Income Support (i.e. Service Pension /Age Pension /Disability Support Pension)*

Under the DVAN proposal, ~11,000 TPIs of the lowest means would receive no increase, but millionaires would receive 100% of a means-tested welfare pension.

The TPI Federation's long-running campaign to benchmark the notional 'economic loss' component to the tax-adjusted Minimum Wage is equitable and defensible in fixing decades of erosion for all TPIs, because the Minimum Wage would have been the bare minimum any Veteran could have received had they not been TPI.

Figure 7

"...veterans are a special group of people. They are people who made a unique and extraordinary contribution to this nation, its people, security and values. They should **not be treated as welfare recipients** but rather as the special group of Australians that they are."

Dr Brendan Nelson – Hansard – 24 June 1998

26. In brief, and for your consideration, a quick synopsis of both the TPI Federation contention and the DVAN contention is –

- a. TPI Federation contention = ~\$10,000 p.a. for each and every TPI/SR.
 - One legislation adjustment to the compensation figure in VEA (1986) S24(4).
- b. Alternate contention = ~\$22,000 for a single person or
 - = ~\$18,500 at the couple rate
 - = ~\$37,000 for the household (includes Partner Service Pension)

for a total of ~36% of the TPI/SR population, and only those with Operational Service.

- Many legislation changes would be required to the VEA (1986), MRCA (2004) and Social Services Act (1991) and possibly others.
- What of the non-Operational TPI/SRs in this contention? Does their welfare income support also need to be adjusted? Can it be adjusted as it is classified as a welfare payment too? They do not seem to be considered in this alternate contention.

27. Government income support payments current rates - *Figure 8* – include

DVA – the Service Pension, Partner Service Pension, Aged Service Pension, DFISA, DFISA Aged Pension and the Centrelink – Aged Pension, Disability Support Pension

	Service Pension (Maximum)	DSS Aged Pension (Maximum)	DSS Disability Pension (Maximum)
Single Person	952.70	952.70	952.70
Couples (each)	718.10	718.10	718.10

Figure 8

28. *Figure 9* (below) shows the incremental increase in Income and Assets test limits, and *Figure 10* shows the Deeming Rate Threshold Rates along with the decline of the Deeming Rate Threshold Amounts.

29. These charts show how the Government, sometimes slowly, have attempted to keep pace with the cost-of-living stresses and made adjustments as required to welfare payments for the general population.

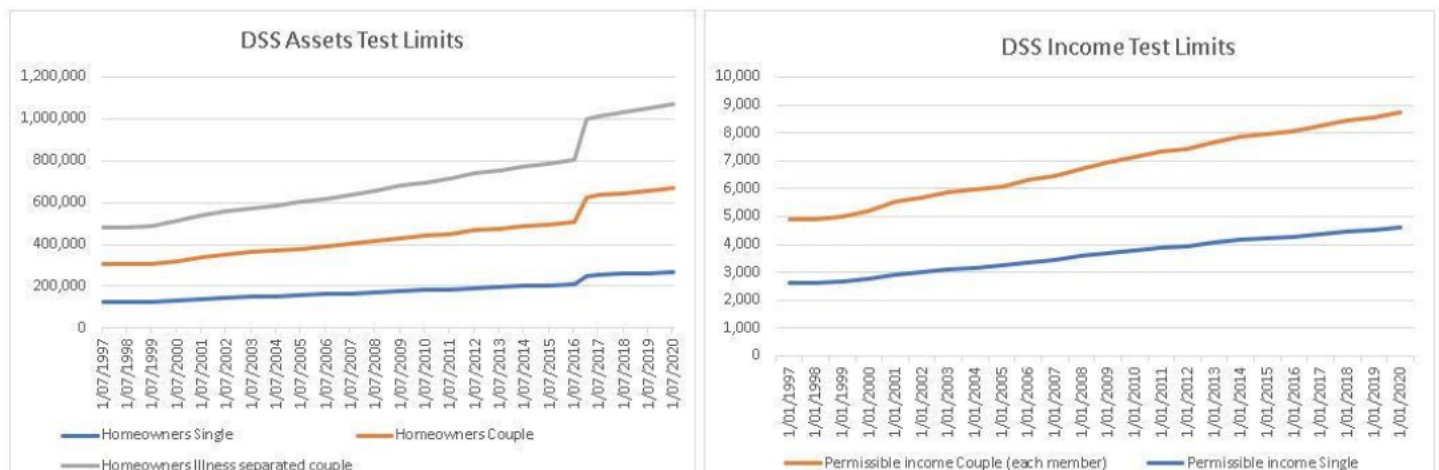


Figure 9

30. The Department of Social Services states that ‘an income support payment is a regular payment that helps you with living costs’.⁶ Such payments include the Age Pension, Austudy, Carer Payment, Disability Support Pension, JobSeeker Payment, Parenting Payment and Special Benefit.
31. DVA states that eligibility to the Income Support Supplement – Invalidity (ISS) may be granted on the basis of invalidity if you are permanently incapacitated for work. Invalidity ISS paid to a person who is under age pension age is non-taxable income..... The amount of ISS you receive depends on your financial circumstances. The pension is calculated under two separate tests - the income test and the assets test⁷.
32. The words “Service Pension” are of such importance that the mentions within the Acts are –
- a. VEA 1986 – 350 times Vol 1, 195 times Vol 4 = 545 times
 - b. Social Security Act 1991 = 108 times
 - c. MRCA 2004 – 4 times Vol 1, 4 times Vol 2 = 8 times
- and the mentions in the 3 reviews are –
- d. KPMG Review of TPI Benefits (2019) = 158 times
 - e. Productivity Commission – 22 times Vol 1, 47 times Vol 2 = 69 times
 - f. Tune Review = 64 times
- which all indicate the importance of the payment as ‘income support’ and not ‘compensation’.



Figure 10

33. KPMG – A Better Way to Support Veterans Review (March 2019) Report was the first of the recent reports that suggested that an income support payment was actually part of the ‘compensation package’. This ideology continued into the other two recent Government reports.
34. The TPI Federation finds it difficult to reconcile the concept of income support payments being compensation. Income support is means tested, taxable and only received by a portion of Veterans.
35. The KPMG report implied that all TPI/SRs received the full 100% of the income support payment and therefore part of the Veteran’s compensation – which is wrong. The Productivity Commission Inquiry Report A Better Way to Support Veterans (June 2019) and the Prime Minister’s Tune Review (August 2019) continued this contrived thought process.
36. It is the opinion of the TPI Federation that if all the Review reports and income support payments are compensation then
- a. Why has the Government not rectified this known supposed aspect as not all TPI/SRs currently receive the full Service Pension?
 - b. Does this thought process also include the non-Operational TPI/SRs DFISA income support?
 - c. Does this also apply to the Partner Service Pension, Aged Service Pension, Aged Partner Service Pension, War Widows Pension, Centrelink Aged Pension and Disability Support Pension?
 - d. Does this infer that as compensation is non-means tested and non-taxable that these income support pensions are also to be non-means tested and non-taxable?
 - e. Where does the income support compensation subsidy stop?
 - f. When did welfare become compensation?

⁶ <https://www.servicesaustralia.gov.au/individuals/subjects/income-support-payment>

⁷ <https://www.dva.gov.au/financial-support/income-support/supplements/income-support-supplement>

37. As shown in *Figure 7*, the current welfare TPI recipients include ~11,000 who receive the full income support payments as they do not have any other third-party income from Superannuation, investments etc, a further ~11,769 receive from 5%-95% of the full income support payments as they have some other third-party income, while the remaining ~6,231 receive no income support payments as they have third-party income over and above the current income and assets test limits.
38. It is also important to note, as shown in *Figure 11*, that over the last 24 years the welfare pensions, Aged and Service Pensions have continued to rise. When *Figure 11* is compared with *Figure 1*, the difference is obvious and dramatic. The decline of the TPI Compensation, as opposed to the continual steady rise of the welfare payments, does not measure up to being 'fair and equitable'.

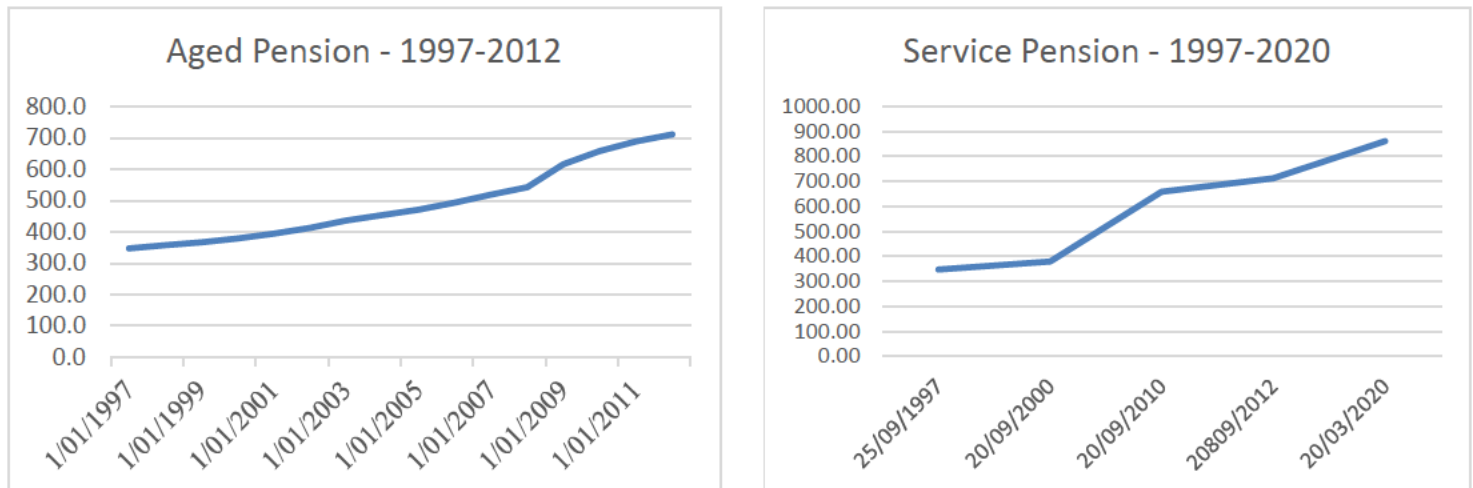


Figure 11

39. The alternative contention from the DVAN proposes that those on part, or no income support pensions, should be entitled to the full 100% of the income support pension. It is correct insofar as when a TPI/SR becomes legally spoused/partnered then that spouse/partner's income from employment or investments become part of the Veteran's assessable income for the purposes of the income and assets means test and any entitlement to income support welfare benefits.

This alternative contention would then deny those TPI/SRs who have no third-party income any added benefit.

40. The Government, and the TPI Compensation Reviewers of the three major recent Reviews, have continued to state that welfare subsidisation of Veteran compensation is part of a 'Compensation Package'. The TPI Federation asks the Senate to remember that 'Compensation is Compensation' and 'Welfare is Welfare' and the conflation of the two only confuses the intent of compensation.
41. The addition of welfare type benefits and allowances into consideration of this Inquiry would be detrimental and contrary to the Parliamentary intent of the original authors of the War Act 1920, the Veterans' Entitlement Act 1986 (VEA) and the recent 'Australian Veterans' Recognition (Putting Veterans and their Families First) Bill 2019' – *Figure 12* – on the full responsibility of the Government and how it should care for their Veterans.

CONCLUSION

42. The TPI Federation thanks the Senate Committee Members for the opportunity to address this most important and much maligned obfuscation of the Government's responsibility to the Veteran community, especially TPI/SRs and their families.
43. Given the significant erosion in the overall TPI Payment (*Figure 1*), over time, for various reasons, and given the improvements noted in other welfare payments over the same periods, the TPI Federation asks that the notional 'economic loss' component, as embedded within the overall TPI Compensation payment, be structurally adjusted and benchmarked to the tax-adjusted minimum wage in order to restore the eroded compensation back to a level commensurate with the Parliament's original intent.
44. Such a calculation utilising the current tax-adjusted Minimum Wage, would only entail a single adjustment to a replacement figure within the VEA (1986) S24(4) legislation which currently states –

(4) Subject to subsections (5), (5A) and (6), the rate at which pension is payable to a veteran to whom this section applies is **\$919.40** per fortnight.

This would then automatically be reflected in the MRCA 198(2) as this merely refers to VEA 24.

(2) The maximum weekly amount of a Special Rate Disability Pension is one half of the fortnightly rate at which a pension is payable from time to time under section 24 of the Veterans' Entitlements Act 1986.

45. Once this is achieved, then the correct indexation method that was introduced by the then Prime Minister, John Howard, in 2007 (and assuming that this does not change), would ensure that the payment kept pace with any ongoing improvement to the Nation's standard-of-living so that it can fulfil the Nation's forefather's original intent of the TPI Compensation payment and enable the full fair and equitable compensation for all TPI/SR Veterans.
46. It is most important that the TPI/SR compensation **MUST** stand as legislated, while at the same time it requires urgent adjustment and restoration of the base 'economic loss' compensation level.
47. The TPI Federation's various submissions to the recent TPI Compensation Reviews have remained constant and have not varied in their intent.⁸ The TPI Federation has not wavered from its well-trodden and rightful path.
48. The Federation has only ever sought a structural increase to the overall payment, as is reflected in *Figure 1*. In order to analyse and present a defensible case, the Federation has only used the notional components of the total payment (as described officially by others) to reasonably determine the quantum in deficiency that exists in order to restore the overall payment to a level commensurate with the Parliament's original intent.

'Australian Veterans' Recognition (Putting Veterans and their Families First) Bill 2019'

7 Beneficial interpretation of legislation

(1) The Commonwealth is committed to decision-makers interpreting a provision of the following legislation in a way that benefits veterans, or their families, where that interpretation is consistent with the purpose of that provision:

- (a) the *Veterans' Entitlements Act 1986*;
- (b) the *Military Rehabilitation and Compensation Act 2004*;
- (c) the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*;
- (d) instruments under those Acts.

(2) The Commonwealth is committed to decision-makers deciding claims under that legislation:

- (a) in a manner that is fair, just and consistent; and
- (b) within a time that is proportionate to the complexity of the matter; and
- (c) in a manner that promotes public trust and confidence; and
- (d) on the basis of only requiring evidence sufficient to meet the relevant standard of proof for the claims.

Figure 12

Does the Government really stand by its most recent Bill of Recognition and Respect?

Productivity Commission Report Vol 1 S4.1

They go out to fight our battles. We say to them: 'When you come back, we will look after you'

(Hughes 1917, cited in Lloyd and Rees 1994, p. 69)

Ms Pat McCabe OAM
President

Mr John Reeves
Vice President

⁸ TPI Federation Submissions – Senate Suicide Inquiry – 2016 – <https://bit.ly/2QogRR7>
Productivity Commission - <https://bit.ly/3dZ47Za> and supplementary - <https://bit.ly/3sgb8do>
KPMG Review – utilised the TPI Federation's Productivity Commission submissions.
Prime Minister's Tune Review (including the Welfare rebuttal contention - <https://bit.ly/3wMSux0>,
<https://bit.ly/3tnhDfs> and <https://bit.ly/3g6mP3F>

RECOMMENDATIONS

1. That the Senate investigate only the TPI Compensation payment and not ancillary welfare benefits in ascertaining the veracity and validity of the TPI Federation contention.
2. That the Senate consider the much-needed restoration of the TPI Compensation payment, so that the 'economic loss' compensation can be restored from the eroded compensation back to a level commensurate with the Parliament's original intent, and be equal to a reaffirmed benchmark of the tax-adjusted Minimum Wage.
3. That the Senate consider the need to have the much-needed Rent Assistance benefit announced in the Federal 2020-21 Budget instituted earlier than September 2022.
4. That DVA's Veterans' medical and financial benefits be aligned so that the Operational or non-Operational Service status of a Veteran is not a criterion for those medical and financial benefits.
5. That DVA be utilised as a 'front-door' for all Government Veterans' services and that DVA staff liaise with other Departments/Agencies on behalf of Veterans as required.

Attachments

- A. Citations of the two-component aspect of the TPI Compensation payment.
- B. Consolidated Terms of Reference Responses
- C. Legislation Extracts
- D. Diminished TPI Benefits
- E. Hansard extract second readings - *1997-98 Veterans' Entitlements Amendment (Gold Card) Bill 1998*

Figures Legend –

1. TPI Erosion graph
2. TPI Compensation component diagram
3. Current TPI Compensation payment
4. Historical data – Minimum Wage, Average Wage, Inflation
5. DVA Budget Outcome Statements
6. FTAWW/TPI & TPI/Ordinary FT Wage
7. TPI Welfare Payment Distribution
8. Current Income Support Maximum Payments
9. Historical Income and Assets Limits
10. Historical Deeming Rate Thresholds
11. Historical data – Age Pension and Service Pension
12. Australian Veterans' Recognition (Putting Veterans and their Families First) Bill 2019
13. Hearing Aids Lifestyle Chart
14. Some ESO topics to Government timeline

Footnotes:

1. Prime Minister's Letter – 2 Apr 2019 - <https://bit.ly/3mMsNba>
2. <https://clik.dva.gov.au/compensation-and-support-policy-library/part-4-disability-compensation-eligibility/41-disability-pension-eligibility/416-special-rate-tpi-or-tti-eligibility>
3. <https://www.dva.gov.au/financial-support/income-support/support-when-you-cannot-work/pensions/disability-pensions-and-3>
4. <https://www.dva.gov.au/financial-support/income-support/support-when-you-cannot-work/pensions/disability-pensions-and-0>
5. Welfare Rebuttal Research - <https://bit.ly/32r5Y3u>
6. <https://www.servicesaustralia.gov.au/individuals/subjects/income-support-payment>
7. <https://www.dva.gov.au/financial-support/income-support/supplements/income-support-supplement>

8. TPI Federation Submissions –
Senate Suicide Inquiry – 2016 – <https://bit.ly/2QogRR7>
Productivity Commission – <https://bit.ly/3dZ47Za> and supplementary – <https://bit.ly/3sgb8do>
KPMG Review – utilised the TPI Federation’s Productivity Commission submissions.
Prime Minister’s Tune Review (including the Welfare rebuttal contention
– <https://bit.ly/3wMSux0>, <https://bit.ly/3tnhDfS> and <https://bit.ly/3g6mP3F>
9. [https://www.aph.gov.au/About Parliament/Parliamentary Departments/Parliamentary Library/Publications Archive/archive/pbs](https://www.aph.gov.au/About%20Parliament/Parliamentary%20Departments/Parliamentary%20Library/Publications%20Archive/archive/pbs)
10. https://parlinfo.aph.gov.au/parlInfo/genpdf/chamber/hansards/1998-06-25/0038/hansard_frag.pdf;fileType=application%2Fpdf
11. https://parlinfo.aph.gov.au/parlInfo/genpdf/chamber/hansardr/1998-06-23/0086/hansard_frag.pdf;fileType=application%2Fpdf
12. https://www.dva.gov.au/sites/default/files/files/publications/datastatistical/statsataglace/saag_sep2020.pdf
13. <https://www.dva.gov.au/sites/default/files/files/publications/datastatistical/top20accepted/top20-sep2020.pdf>
14. Hear Us: Inquiry into Hearing Health – DVA *Submission 135* - <https://bit.ly/2RJGJaJ>
15. ACCC Media Release – 1 Nov 2018 - <https://bit.ly/3uZjkR0>
16. <https://clik.dva.gov.au/compensation-and-support-policy-library/part-4-disability-compensation-eligibility/41-disability-pension-eligibility/416-special-rate-tpi-or-tti-eligibility>
17. <https://www.dva.gov.au/financial-support/income-support/support-when-you-cannot-work/pensions/disability-pensions-and-3>
18. <https://www.dva.gov.au/financial-support/income-support/support-when-you-cannot-work/pensions/disability-pensions-and-0>

Attachment A

SPECIAL RATE TPI COMPENSATION IS MADE UP OF TWO NOTIONAL COMPONENTS - NAMELY: 'PAIN & SUFFERING' AND 'ECONOMIC LOSS'

Justice Toose, 'The Toose Report', 1975 - Conclusions and Recommendations, page 305-6

'The present war pension structure should be replaced by a new structure incorporating two separately identifiable components, namely: (a) disablement pension; and (b) income supplement' ... AND ... the assessment should take account of the following other possible effects: (a) pain and suffering; (b) loss of amenities and expectation of life; and (c) economic loss.'

Mr Campbell – Acting secretary DVA (Tuesday, 1 June 2004 Senate Estimates — Foreign Affairs, Defence and Trade):

"..... The special rate is broken into two components: pain and suffering compensation, which is up to 100 per cent of the general rate; and economic loss, which is Above the General Rate."

Mr Billson (Dunkley—Minister for Veterans' Affairs and Minister Assisting the Minister for Defence) - First Reading (Thursday, 20th September 2007):

".....Currently there are two components in the calculations for special rate and intermediate rate disability pensions. The general rate provides compensation for non-economic loss or pain and suffering, while the Above General Rate provides compensation for economic loss."

Senator Ellison (Minister for Human Services) Second Reading Speech (20th September 2007):

"... Currently there are two components in the calculations for Special Rate and Intermediate Rate disability pensions. The General Rate provides compensation for non-economic loss or pain and suffering, while the Above General Rate provides compensation for economic loss."

Bruce Billson MP – Hansard – 20 Sep 2007

This method of adjustment currently applies to service pensions and the above general rate disability pension. It does apply and it has applied to those elements of veterans' payments because they take account of income support and the economic loss of missed opportunity; therefore, the connection between an economic loss and the wage related index is absolutely right and correct. But, in keeping with our ambition to have a best practice injury compensation system, we are extending that new methodology to the general rate—that is, the non-economic loss element for pain and suffering.

.....

But we have recognised that there are some jurisdictions where, even for the non-economic loss payment and the compensation for pain and suffering and loss of function, there are to be found some examples where a wage related index is used. It is always our ambition to have a best practice system, the most beneficial system, for those that have served our country. It is right, proper and principled to embrace that method of indexation for all of the payments, the economic loss payment and the non-economic loss payment, to take account of not only the maintenance of purchasing power—that is, the inflationary impact on those payments—but also the present economic environment of strong wages growth and low inflation and to help maintain the relative value of all disability pensions as they relate to the broader good fortune within the Australian community. So those economic and non-economic loss components will now be indexed through that more beneficial arrangement.

Productivity Commission Inquiry Report A Better Way to Support Veterans (June 2019)

The VEA blends compensation payments for **both loss of income and pain and suffering** in its 'disability pensions'. This pension is payable at four different base rates depending on the level of impairment, age and the ability of the veteran to work: the 'general rate', the 'intermediate rate', the 'extreme disablement adjustment rate' and the 'special rate' of disability pension (previously referred to as TPI, totally and permanently incapacitated).

NB – the TPI Disability compensation is still know as 'TPI' under VEA but is also known as 'Special Rate' under MRCA.

Independent Review into the TPI Payment Mr David Tune AO PSM – August 2019

The review found the TPI payment **has two components for indexation purposes in legislation**, but **does not have a component that operates like other 'economic loss' compensation payments**. This provides a benefit to most TPI veterans, as economic loss compensation ceases at age pension age, affects the rate of any income support payment, and is taxable – in contrast, the TPI payment is payable for life, is excluded from the income test for Service Pension (but may impact Commonwealth Rent Assistance payable) and is non-taxable.

NB – the two components, for indexation purposes, in legislation, ceased to differ since 2007 when the indexation methods were unified into one – the better of CPI or MTAW for both components.

Dr Brendan Nelson – Hansard – 24 June 1998

Veterans are a special group of people. They are people who made a unique and extraordinary contribution to this nation, its people, security and values. They should **not be treated as welfare recipients** but rather as the special group of Australians that they are.

Attachment B

Consolidated Terms of Reference Responses

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

a. Response

1. the purpose of the TPI compensation payment -

- iv. as stated in existing Veterans Legislation the Veterans' Entitlement Act (1986) – *Attachment D* – for the definition of 'Veteran' and those Defence personnel who served after 7 December 1972

v. as proclaimed in the

– DVA Klik Library – “4.1.6 Special Rate (T&PI or TTI) Eligibility⁹ 17 August 2017

What is a Special Rate (T&PI or TTI) disability pension?

The Special Rate of disability pension is the highest level of disability pension available to an injured veteran, member of the Forces, member of a Peacekeeping Force or Australian mariner under the Veterans' Entitlements Act 1986 (VEA).

The Special Rate of disability pension is designed to compensate for a person's inability to engage in remunerative work, where that person's inability to work is solely as a result of their VEA accepted conditions. For this reason, in every potential Special Rate case, delegates must check to make sure that a client is not receiving compensation for their inability to work through some other channel (for example, through incapacity payments under the DRCA or MRCA).

The Special Rate pension is not income or asset tested, nor is it taxable income.

The Special Rate of disability pension is colloquially known as the Totally and Permanently Incapacitated pension (T&PI or TPI)."

– Additionally, the Special Rate Disability Pension DVA website states –

"What is the Special Rate Disability Pension?

*The SRDP provides an alternative form of periodic compensation (instead of incapacity payments) for people whose capacity for work has been severely restricted because of conditions due to military service on or after 1 July 2004. SRDP is not automatically granted. If you are assessed as being eligible for the SRDP, you will be offered the choice between commencing SRDP or continuing to receive incapacity payments"*¹⁰ and;

"What are the Special Rate, Temporary Special Rate and Intermediate Rate of disability pension? A disability pension is paid to compensate veterans for conditions (i.e. injuries or diseases) caused or aggravated by war service or certain defence service on behalf of Australia.

Higher rates of pension, such as Special and Intermediate Rates, are known as Above General Rate (AGR) pensions and are payable if you are severely incapacitated and unable to earn a normal wage because of the effects of your accepted condition/s on your capacity to work. In order for you to be considered for an AGR pension, your degree of incapacity must be determined to be at least 70%.

Special Rate

*The Special Rate is also commonly known as totally and permanently incapacitated (T&PI) pension. The purpose of the Special Rate of pension is to provide for severely disabled veterans who are unable to have a normal working life because of a permanent incapacity resulting from their war or defence service."*¹¹

- vi. As stated in the KPMG Review Report – Nov 2019 – page 7, “the TPI payment compensates severely disabled veterans who are unable to have a normal working life because of permanent incapacity from conditions arising from their service in the Australian Defence Force (ADF)”.

⁹ <https://klik.dva.gov.au/compensation-and-support-policy-library/part-4-disability-compensation-eligibility/41-disability-pension-eligibility/416-special-rate-tpi-or-tti-eligibility>

¹⁰ <https://www.dva.gov.au/financial-support/income-support/support-when-you-cannot-work/pensions/disability-pensions-and-3>

¹¹ <https://www.dva.gov.au/financial-support/income-support/support-when-you-cannot-work/pensions/disability-pensions-and-0>

2. *The adequacy of the TPI Compensation payment* is discussed in depth on page one of this submission along with *Figure 1*. Examples of the diminishing adequacy of the TPI Compensation which has diminished over time is discussed in *Attachment A* which has ultimately added an undue financial burden upon the TPI/SR population.
3. *The structure of the TPI Compensation payment*, as seen in *Figure 2*, has remained or many decades and must be maintained so that the most disabled Veterans do not have their ‘pain and suffering’ compensation negated by conflating it with other payments including the ‘economic loss’ compensation.
4. *Indexation of the TPI Compensation payment* was made against the Consumer Price Index (CPI) which was introduced in 1976. The KPMG TPI Compensation Review 2019 noted that “*the TPI payment increased by \$50 per fortnight in 2007, and a further \$16 per fortnight from 20 March 2008 flowing on from a 5 per cent increase in the General Rate component of all Disability Pension rates. Also in March 2008, the indexation of the General Rate component for all Disability Pension rates commenced using the pension MBR factor. This change brought indexation methodology of the General Rate and AGR components back into alignment, although still indexed separately*”.

Figure 1 shows clearly, that the correct indexation has enabled the steep decline prior to 2007 to be arrested and the payment has been maintained at the 14-year 2007 level.

- b. *The extent to which the TPI pension value has changed over time and the diminished support available to TPI veterans is clearly shown in *Figure 1* along with the diminishing benefits as shown in *Attachment A*. The value of the TPI Compensation payment has diminished over seven decades and many benefits have either disappeared or are no longer provided to the extent that they were. The additional costs to Veterans, especially TPI/SRs, on the combined effect of this cannot be recovered by Medicare, Private Health Funds but must be provided by the compensation payments that are meant to provide a sustainable standard of living.*
- c. *Previous reviews in relation to the TPI pension, including recommendations from the Tune review;*

Toose Review, 1975, Independent Inquiry into the Repatriation System

The primary recommendations for the TPI payment were around a new structure for payments. The new structure involved an amount for non-economic loss, described as a ‘disablement pension’ and a second amount for economic loss, described as an ‘income supplement’. It described the TPI payment as being a non-economic loss payment.

Benchmarking the total of the disablement pension and the income supplement against an appropriate community wage standard would have ensured that the total payment continued to maintain its value over time; however, the relative values of the disablement pension and the income supplement may have changed over time under the proposal. The review also recommended that the term ‘pension’ not be used in relation to the TPI payment and that ‘compensation’ should be used instead. The Government did not implement any of these recommendations.

Baume Review, 1994, A Fair Go, Report on Compensation for Veterans and War Widows

The review made no recommendation around setting the ongoing rate of the compensation component, so the relative values of the disablement pension and the income supplement ...

The review also recommended that the term ‘pension’ not be applied to compensation payments due to perceptions about it being a welfare related term. It is recommended use of the word ‘payment’ in lieu of ‘pension’.

Tanzer Review, 1999, The Review of the Military Compensation Scheme

The review made no recommendations on the adequacy and structure of the TPI payment.

Clarke Review, 2003, Report on the Review of Veterans' Entitlements

The review found that MTAWÉ was the most appropriate wage benchmark to use in setting its proposed TPI payment rate.

The review also recommended that Disability Pension, including the TPI payment, be regarded under the social security law as exempt income and that the disability income rent test under the VEA be abolished. The Government did not agree to the abolition of the disability income rent test. This remains in the VEA for the calculation of VEA income support payments and for the calculation of the DFISA amount. The review considered whether there should be an adjustment of the TPI payment back to its 1941 value against MTAWÉ. It found that arguments for such an adjustment did not consider changes since 1941 in the total support now available.

KPMG Work on the TPI Federation Proposal, 2019

The Review does not consider there is a convincing rationale for increasing the AGR of the TPI payment, other than through ongoing indexation increases each six months.

To provide this additional support, the review recommends DFISA be abolished and Disability Pension (including the TPI payment) and MRCA permanent impairment payment be exempt income under social security law. The disability income rent test should also be abolished.

The review recommends the TPI payment be indexed as a whole payment at once, rather than in two

Review of Military Compensation Arrangements, 2011

The review was undertaken internally by the Department of Veterans' Affairs.

The new structure of the TPI payment proposed by the 2003 Clarke Review was re-examined in the

Productivity Commission report – A Better Way to Support Veterans, released on 4 July 2019. The Productivity Commission was given broad terms of reference to “undertake an enquiry into the system of compensation and rehabilitation for veterans”. It found that there was no compelling case for an increase in the TPI payment and that the overall package of compensation for TPI veterans is reasonable. Earlier reviews, such as Clarke, Baume and Toose, proposed new payment structures for the TPI payment with different payment rates and characteristics depending on the age of the veteran, none of which were agreed to by the governments of the day.

- d. TPI Federation recommendations on any potential changes to the payment and other issues include –

A simple adjustment structural adjustment in order to restore eroded TPI Compensation back to a level commensurate with the Parliament's original intent, and which would only entail a single replacement figure to be placed within the current VEA 1986 S24(4) legislation which states –

(4) Subject to subsections (5), (5A) and (6), the rate at which pension is payable to a veteran to whom this section applies is \$919.40 per fortnight.

This would then automatically be reflected in the MRCA 2004 S198(2) as this only refers to VEA 1986 S24.

(2) The maximum weekly amount of a Special Rate Disability Pension is one half of the fortnightly rate at which a pension is payable from time to time under section 24 of the Veterans' Entitlements Act 1986.

Other major changes that are needed urgently are the full re-instatement of the DVA Health Card for All Health Conditions. The current ad-hoc method of medical provision is confusing for the Veterans, their families and the medical profession especially Allied Health providers. When is ‘for All Health Conditions’ only ‘for some Health Conditions’ and when is compensation actually welfare and not compensation?

This along with equal entitlements for all VEA 1986 and MRCA 2004 medical and personal benefits would assist DVA to, in accordance with their Budget Outcomes –

‘Maintain and enhance the’

iii. *‘financial wellbeing and self-sufficiency’*; and

iv. *‘physical wellbeing and quality of life’*

Costs associated with any recommendations

In April 2017, with the assistance of Senator Lambie, the TPI Federation was able to obtain a costing of the TPI Federation’s Compensation restoration proposal from the Parliamentary Budget Office. The Office ascertained that the cost would be approximately \$240m per annum with an estimate of \$1bn over four years. The TPI Federation contested this four-year estimate based on the age and health of the then 29,000 TPI/SRs. Today that figure stands at approximately 28,000 TPI/SRs. The Government has ‘banked’ the costs involved with the provision of benefits and compensation for approximately 1,000 TPI/SRs but still the Government stands firm on the lack of adequate provision for a decent standard of living for those remaining TPI/SR families.

The provision of full DVA health care card provisions, including the major inadequacy of suitable availability of hearing aids, has not been costed by the TPI Federation as it is difficult to estimate the individual needs of Veterans – some have the base-level hearing aid as being suitable and yet others need a higher level of hearing aids. The same applies for the provision of medical services. Some TPI/SRs require a high level of medical attention and others need less.

Related issues – the provision of services that are divided between VEA 1986 and MRCA 2004. For example, a younger Veteran under MRCA 2004 can receive full Household Services but an aged VEA 1986 Veteran – even World War 2 Veterans – cannot even get their lawns mowed. This is just one of many differences. Why is it that a Veteran with Operational Service can obtain access to the DVA Heart Health Program but a Veteran without Operational Service with the same heart condition/s cannot participate. Why is the Veteran only entitled to a lesser quality of service even though they have the same condition? When is compensation not compensation – when the benefits and entitlements are different?

Attachment C

VEA S5 (c)(I)

veteran means:

- (a) a person (including a deceased person):
 - (i) who is, because of section 7, taken to have rendered eligible war service; or
 - (ii) in respect of whom a pension is, or pensions are, payable under subsection 13(6); and
- (b) in Parts III and VIIC also includes a person who is:
 - (i) a Commonwealth veteran; or
 - (ii) an allied veteran; or
 - (iv) an allied mariner.

Commonwealth veteran means a person who rendered continuous full-time service as a member of:

- (a) the naval, military or air forces; or
- (b) the nursing or auxiliary services of the naval, military or air forces; or
- (c) the women's branch of the naval, military or air forces;

of a Commonwealth country during a period of hostilities.

VEA S68(1)

defence service means service, except peacekeeping service, of any of the following kinds:

- (a) continuous full-time service rendered as a member of the Defence Force on or after 7 December 1972 and before the terminating date;
- (b) continuous full-time service that was rendered by a person who:
 - (i) was rendering continuous full-time service as a member of the Defence Force immediately before the commencement of this Act; and
 - (ii) continued to render continuous full-time service as such a member until and including the day immediately before the terminating date; and
 - (iii) was, immediately before the terminating date, bound to render continuous full-time service as such a member for a term expiring on or after the terminating date; and that was rendered by the person as a member of the Defence Force on and after the terminating date and before the earlier of the following:
 - (iv) the expiration of that term or, if that term is deemed to have been extended by subsection (4), (5) or (6), the expiration of the extension of that term;
 - (v) the lawful termination of the person's service as a member of the Defence Force otherwise than by reason of the expiration of the term for which the person is bound to serve;
- (c) hazardous service rendered before or after the terminating date;
- (d) British nuclear test defence service.

member of the Forces means a person to whom this Part applies by virtue of section 69, 69A or 69B.

VEA S69 Part IV - Pensions for members of Defence Force or Peacekeeping Force and their dependants

69 Application of Part to members of the Forces

- (1) Subject to this section, where a person:
 - (a) has served in the Defence Force for a continuous period that commenced *on or after 7 December 1972* and before the terminating date; or
 - (b) is serving in the Defence Force on or after the terminating date and has so served continuously since a date before that date;this Part applies to the person:
- (c) if the person:
 - (i) has served on continuous full-time service as a member of the Defence Force after 6 December 1972; and
 - (ii) has, whether before or after that date, completed 3 years' effective full-time service as such a member; or
- (d) if:
 - (i) the person has served as a member of the Defence Force under an engagement to serve for a period of continuous full-time service of not less than 3 years; and

- (ii) the person's service as such a member was terminated before the person had completed 3 years' effective full-time service as a member of the Defence Force, but after 6 December 1972, by reason of the person's death or the person's discharge on the ground of invalidity or physical or mental incapacity to perform duties; or
- (e) if:
 - (i) the person has served as an officer of the Defence Force otherwise than under an appointment to serve for a period of continuous full-time service of less than 3 years; and
 - (ii) the person's service as such an officer was terminated before the person had completed 3 years' effective full-time service as a member of the Defence Force, but after 6 December 1972, by reason of the person's death or the termination of the person's appointment on the ground of invalidity or physical or mental incapacity to perform duties; or
- (f) if the person:
 - (i) was, immediately before 7 December 1972, a national serviceman or a national service officer, for the purposes of the *National Service Act 1951*, serving in the Regular Army Supplement; and
 - (ii) on or after that date:
 - (A) completed the period of service in the Regular Army Supplement for which the person was to be deemed to have been engaged to serve or for which the person was appointed, as the case may be; or
 - (B) the person's service in the Regular Army Supplement was terminated by reason of the person's death, or of the person's discharge or the termination of the person's appointment, on the ground of invalidity or physical or mental incapacity to perform duties.
- (2) Where:
 - (a) a person has served in the Defence Force as set out in subsection (1); and

Part V—Medical and other treatment

80 Interpretation

- (1) In this Part, unless the contrary intention appears, **treatment** means treatment provided, or action taken, with a view to:
 - (a) restoring a person to, or maintaining a person in, physical or mental health;
 - (b) alleviating a person's suffering; or
 - (c) ensuring a person's social well-being;and, without limiting the generality of the foregoing, includes:
 - (d) the provision of accommodation, medical procedures, nursing care, social or domestic assistance or transport;
 - (e) the supply, renewal, maintenance and repair of artificial replacements, and surgical and other aids and appliances; and
 - (f) the provision of diagnostic and counselling services;for the purposes of, or in connection with, any such treatment or action.

81 Application of Part V

- (1) Without prejudice to its effect apart from this subsection, this Part has effect in relation to a person who is, or has been:
 - (a) a member of the Forces as defined by subsection 68(1); or
 - (b) a member of a Peacekeeping Force as defined by subsection 68(1);and in relation to a dependant of such a person who has died, in like manner as it has effect in relation to a veteran and a dependant of a deceased veteran, respectively.
- (2) For the purpose of the application of this Part in accordance with subsection (1):
 - (a) a reference in this Part to a veteran shall be read as a reference to a member of the Forces, or a member of a Peacekeeping Force, as defined by subsection 68(1);
 - (b) a reference in this Part to a pension (other than a service pension), or to a pension under Part II shall be read as a reference to a pension under Part IV;
 - (c) a reference in this Part to a war-caused injury shall be read as a reference to a defence-caused injury;
 - (d) a reference in this Part to a war-caused disease shall be read as a reference to a defence-caused disease; and

- (e) a reference in this Part to the death of a veteran that was war-caused shall be read as a reference to the death of a member of the Forces, or member of a Peacekeeping Force, as defined by subsection 68(1), that was defence-caused.

84 Provision of treatment

- (1A) If treatment could be provided for a person consistently with this Part, the Commission must take reasonable steps to ensure that the treatment is provided for the person consistently with this Part.

Attachment D

The Repatriation Pharmaceutical Benefits Scheme (RPBS) was established in 1919 to ‘provide free pharmaceuticals to ex-service men and women’¹². The pharmaceutical allowance ‘helps to defray their out-of-pocket pharmaceutical expenses’¹. On the 1st January 1991, the Government introduced the need for a pharmaceutical co-payment for all DVA Gold Card pharmaceuticals compensation needs. Initially this required a co-payment of \$2.60 per script while at the same time receiving a \$2.60 pharmaceutical allowance. This figure today is \$6.60 per script and \$6.60 for the pharmaceutical allowance. In fact, the pharmaceutical allowance only provides for one script per fortnight. This is extraordinarily insufficient for most TPIs. A TPI, generally, must have more than one script per fortnight!

In 2007, as part of its election commitments, the Government gave an undertaking to review out-of-pocket expenses relating to the purchase of pharmaceuticals for the treatment of service-related disabilities under DVA’s pharmaceutical benefits scheme.

In 2009 the review commenced (the *Review of War Caused Disabilities and Pharmaceutical Costs*) and in 2010 the then DVA Minister, the Hon Alan Griffin MP, released the Review’s Consultation Paper. During the 2010 Election the Government agreed to introduce a Pharmaceutical Reimbursement Scheme.

Upon introduction, this reimbursement scheme was only available to those Veterans who had Operational Service. This denied many TPIs who did not have Operational Service their full compensation entitlements – and still does.

Most TPIs are unable to obtain private health insurance as, technically, they are entitled to full health care via the use of the Gold Card and the private health care funds have an inability to allow for claims for any pre-existing condition. The list of many medical and appliance items, where access has been denied to TPIs, is growing every day. This leaves TPIs with the inability to claim for compensation pharmaceuticals via the Government methods through Medicare or privately. There are many medical provisions that are being declined because of the Department’s inability to pay their accounts in a timely manner, or because the medical professionals no longer wish to deal with the Department or because of decisions made that deny Compensation recipients of the ‘clinically’ required medical needs, or any combination of these reasons. It is now up to the Veteran to try and locate a provider, in many instances, who will help them within the bounds of the Departmental requirements. This can be an extremely onerous task for many ill Veterans.

1. Gold Card Extension was introduced in 1969 for all World War 1 Veterans and Nurses. The ‘1997-98 Veterans’ Entitlements Amendment (Gold Card) Bill 1998’ enabled all World War 2 Veterans and Nurses, 70-years of age, and with Operational Service, to obtain a Gold Card for All Health Conditions. This was referenced, and with particular relevance to other sections of this submission, in the second reading speech (*Attachment E*) on 25 June 1998 by Senator Ian Campbell stated¹³ in part –

“Full health care benefits were extended to World War I veterans fifty-five years after the end of that conflict. In providing this further extension of the Gold Card, Australian World War II veterans aged 70 years and over with World War II qualifying service, will receive the same benefit fifty-four years after the end of that war.

This initiative extends to an estimated additional 50,000 veterans a comprehensive range of health care services, including private patient hospital care.

They will join an estimated 260,000 veterans who already have a Gold Card. Of the 50,000 additional veterans expected to become newly eligible for a Gold Card, approximately 17,000 are current holders of a White Card—that is they are only eligible for health treatment for their war-caused disabilities and conditions.

This initiative, costing around \$500 million over four years

Extension of the Gold Card has been a top priority of the Government and also of the Returned & Services League and other ex-service organisations.

¹²

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/archive/pbs

¹³ https://parlinfo.aph.gov.au/parlInfo/genpdf/chamber/hansards/1998-06-25/0038/hansard_frag.pdf;fileType=application%2Fpdf

In Hansard of 23 June 1998, Mr Laurie Ferguson stated¹⁴, in part –

“...the benefits attached to the Gold Card provide them with a degree of security
...average annual cost to DVA is approximately \$4,000 per veteran.
Nor does a gold card protect veterans from the coalition’s series of cuts to pharmaceutical
benefits for older Australians....
....Australian governments have traditionally taken the view that responsibility for the
provision of war disability pensions and associated health treatment benefits broadly rests
with the country in whose forces the veteran served. This is because such assistance is a form
of repatriation compensation”

and yet, regardless of whether a Veteran has a War or Defence caused medical condition and regardless of the Veteran’s financial position, the benefits for our most disabled Veterans are constantly being diminished. This is obvious with the DVA’s statistics showing, as at September 2020¹⁵, that the total number of TPIs are still ~35% of the DVA Disability Compensation recipients. Of the remaining ~65% of the DVA Disability Compensation recipients only a further 17% are DVA Disability Compensation recipients with a Gold Card. DVA Disability Compensation recipients, with a Gold card, are only~38% of the total Gold Card holders.

2. Hearing Aids compensation entitlements have been decimated since the Whole of Government process enabled the Government to dispose of their responsibilities to the Veteran population by allocating another Department, the Department of Health’s Hearing Services Program (HSP), to care for Veterans as well as the general population. This care only enabled the Department of Health to provide base-level hearing aids equal to those provided to the community’s eligible clients.

		PARTIALLY SUBSIDISED / TOP-UP				
		Fully Subsidised	Level 1	Level 3	Level 5	Level 7
BASIC	Large Hall				○○○	○○○○
	Car				○○○	○○○○
	Music			○○○	○○○	○○○○
	Outdoor Conversations		○○	○○	○○○	○○○○
	Restaurant / Social		○	○○	○○○	○○○○
	Meetings / Conferences		○	○○	○○○	○○○○
	Phone calls	○○	○○○○	○○○○	○○○○	○○○○
	TV	○○○	○○○○	○○○○	○○○○	○○○○
	1:1 Quiet Conversations	○○○○	○○○○	○○○○	○○○○	○○○○

As shown in *Figure 13* the base-level hearing aids are suitable for phone calls, TV and 1-on-1 conversations.

DVA has recognised that ‘hearing loss’ and ‘tinnitus’ are the top two claimed for conditions by Veterans¹⁶. The employment conditions for all Veterans (Operational and non-Operational) require Veterans to be in situations whereby their hearing is greatly affected.

Figure 13

This is not taken into consideration when ‘compensation’ for hearing issues is decided. DVA have constantly advised Senate Estimates of the ‘suitability’ of the ‘fully subsidised’ hearing aids that are available to all eligible Australians. At a recent Senate Estimates of 26 October 2020 DVA confirmed that

¹⁴ https://parlinfo.aph.gov.au/parlInfo/genpdf/chamber/hansardr/1998-06-23/0086/hansard_frag.pdf;fileType=application%2Fpdf

¹⁵ https://www.dva.gov.au/sites/default/files/files/publications/datastatistical/statsataglance/saag_sep2020.pdf

¹⁶ <https://www.dva.gov.au/sites/default/files/files/publications/datastatistical/top20accepted/top20-sep2020.pdf>

from 1 July 2019 to 1 February 2020 there was a '87% rejection rate' for those Veterans who requested prior approval for a hearing aid over and above the base-level hearing aid.

CHAIR: So, when I am told that there is an 87 per cent rejection rate, that was from the original request that was made.

Ms Cosson: Correct. But they'll still get a hearing aid.

Why is it that DVA cannot comply with their own Budget outcome 2 (*Figure 5*) – '*Maintain and Enhance the physical wellbeing and quality of life.*' Why is it that the Veteran has to accept the very limited base-level hearing aids and bulky and inconvenient Audio Listening Devices (ALDs) in an effort to gain a hearing aid that is supposed to, but doesn't

- a. improve their mental health situation,
- b. improve their health and wellbeing,
- c. improve their communication with family and friends.
- d. improve their ability to socialise
- e. improve their general lifestyle enjoyment
- f. and much more

One of the 87% of claims which were rejected last year was a Vietnam Veteran who has severe hearing loss due to his Operational Service. This Veteran has tried for five years to obtain an above the 'Fully Subsidised' quality hearing aid and even after all he did, he failed in this mission¹⁷. He was asked to do so much in order that the prior approval might be given and still he was denied. Some of the things he was asked to do are –

- a. to trial the base-level hearing aids (which he did and they were the same as he had previously)
- b. to sign an authority to release his mental health condition to Department of Health in an effort, he was told, to be approved for the HSP Community Service Obligation (CSO). This program is supposed to be available to all DVA Gold or White card holder and, yet, he was denied
- c. to trial the higher-level aid to prove that they weren't any better. He did and eventually his family paid for him to 'buy' the 'partially-subsidised' hearing aid that, after five years, actually worked for him.

The TPI Federation has advocated on behalf of many TPIs who just cannot get suitable hearing aids. Many thousands of dollars are wasted as most of the unusable base-level hearing aids are either trashed or just left to lie in a bedroom drawer. Many excuses have been used over the years, including that the Audiologists tend to upsell to the higher level of hearing aid without regard to 'need'. This is not an issue that a Veteran can, or should have to, resolve and still the Government does not investigate how this vital issue can be addressed on a Departmental level.

DVA provided a submission¹⁸ to the recent '*HSP Review of 2020*' on the issue of Veterans being sold unnecessary top-ups and did not represent the Veteran and their urgent needs:

It was also noted that the Government's own agency, the Hearing Services Program, which lays within the Department of Health, was mentioned by the ACCC in March 2017¹⁹ for unnecessary top-ups to their clients and still nothing has been rectified.

DVA's legislated Treatment Principles under VEA states that DVA has not utilised the facility to assist their Veterans –

11.5.4 Subject to prior approval, the *Commission* may accept financial responsibility for the supply of a hearing aid from an audiology provider if the hearing aid is unable to be supplied to the eligible person under the *Hearing Services Administration Act 1997* or the *Hearing Services Act*

¹⁷ Prime7 Hearing Aid Story - <https://bit.ly/3geAbeq>

¹⁸ Hear Us: Inquiry into Hearing Health – DVA Submission 135 - <https://bit.ly/2RJGJaI>

¹⁹ ACCC Media Release – 1 Nov 2018 - <https://bit.ly/3uZjkR0>

DVA have been advised of just too many TPIs who are in dire need for the appropriate hearing aid to suit their 'clinical need'

"DVA receives numerous queries or complaints from the veteran community regarding the purchase of top-up hearing aids, that is aids which have additional features that are not essential to meet clinical needs...it appears that top-up devices are sometimes provided unnecessarily...DVA is concerned about the unnecessary up-selling of

3. MyAgedCare has financial implications and considerations for TPI Compensation recipients. Since its inception in 2015, the Operational TPI Compensation recipient has had their compensation payments disregarded as income for the purposes of the required income-and-assets test. Those TPIs without Operational Service must declare, and have included in their assessment, the TPI Compensation payment.

As stated in the 'Background' introductory paragraph above, the two tiers of TPI Compensation recipients' concept under the MyAgedCare legislation is discriminatory and detrimental to the physical and financial health and wellbeing of non-Operational TPIs.

4. Rent Assistance for TPIs was approved in the recent Federal 2020-2021 Budget the Government finally approved the access to Rent Assistance for eligible TPIs following a 15-year battle by the TPI Federation with the Government. This was a very small concession as a result of the Prime Minister's Tune Review Report into the TPI Compensation of August 2019. The greater shame of this is that it will now take until, at least, September 2022 before the first TPI will actually receive any Rent Assistance. The reason for this is the need to write and introduce legislation, enable IT changes, create an application form, send those forms to TPIs, assess those forms and then finally produce the Rent Assistance.

DVA has advised that they anticipate that approximately 2,500 TPI/SRs may be eligible for this assistance. This is actually only 9% of the TPI/SR population and does not assist the entire TPI/SR population.

Considering the swiftness of the Jobseeker payments in March 2020 reaching those who needed the payment and the Rent Assistance application forms already available from Centrelink, the TPI Federation fails to see why such a delay is warranted for this much needed assistance.

Why did it take 1997-2007 for the correct indexation method to be applied to the DVA compensation?

Why did it take from 2003-2019 for the Veteran Covenant to be introduced?

Why did it take 2004-2019 for Rent Assistance to be granted to TPIs?

Why are we still having to fight for the correct pharmaceutical compensation?

Why are we still fighting to have the health benefits and entitlements given to all TPI/SRs?

**Why do Veterans have to ‘battle’ so hard (*Figure 14*),
and for so long, for a fair, equitable and just compensation
from those who put them in harm’s way and said that “we will look after you”?**

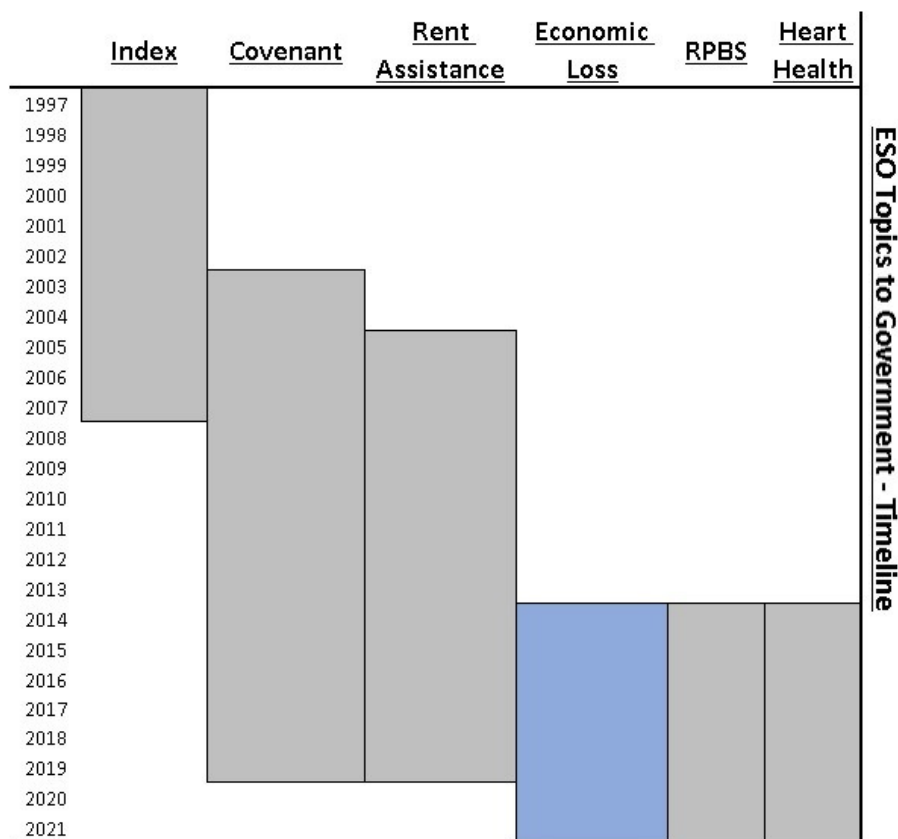


Figure 14

Attachment E

In '1997-98 Veterans' Entitlements Amendment (Gold Card) Bill 1998' enabled all World War 2 Veterans and Nurses, 70-years of age and with Operational Service to obtain a Gold Card for All Health Conditions. In the second reading speech on 25 June 1998 Senator Ian Campbell stated –

“Senator IAN CAMPBELL (10:27 AM) —I move:

It is almost eighty years since an armistice restored peace after the war that the entire world thought would end all wars. Sadly, peace did not last. However, the Australian repatriation system, born at the same time, to care for those who returned from the Great War, has not only endured but evolved to meet the ever-changing needs of the veteran community.

Today, we remain true to the goals of repatriation. More importantly, after eighty years we continue to improve the benefits provided to those Australians whose service deserves our ongoing recognition and practical assistance.

This bill contains the most significant expansion of veterans' benefits for many years.

From 1 January 1999, eligibility for a Repatriation Health Card—For All Conditions, better known as a Gold Card, will be extended to Australian veterans aged 70 or over, who faced danger from hostile forces of the enemy during World War 2. This will provide these veterans with the certainty and comfort that comes with knowing that their health needs will always be met.

Full health care benefits were extended to World War I veterans fifty-five years after the end of that conflict. In providing this further extension of the Gold Card, Australian World War II veterans aged 70 years and over with World War II qualifying service, will receive the same benefit fifty-four years after the end of that war.

The criterion on which this extension of eligibility is based, is the "incurred danger" test, formally known as 'qualifying service'. This qualifying service must have occurred during the 'period of hostilities' as defined in the Veterans' Entitlements Act 1986. This covers the period from 3 September 1939 to 29 October 1945, inclusive.

Qualifying service is also a criterion for Service Pension. Service pension was introduced in 1936 for those veterans who served in a theatre of war. It was intended to recognise that these veterans faced danger from hostile forces of the enemy, and endured the deprivations, the horror and the hardship of battle.

World War 2 veterans with qualifying service are now an average age of 76. Their health care is a very high priority for this Government.

This initiative extends to an estimated additional 50,000 veterans a comprehensive range of health care services, including private patient hospital care.

Other health services provided through the Gold Card include:

- . choice of doctor;
- . pharmaceuticals at the concessional rate;
- . optical care;
- . physiotherapy;
- . dental care;
- . podiatry care and products; and
- . chiropractic services.

Eligible veterans, that is those aged 70 or over, with World War 2 qualifying service, will be eligible for these benefits regardless of their level of income or assets and irrespective of whether they have war-caused disabilities or conditions.

They will join an estimated 260,000 veterans who already have a Gold Card. Of the 50,000 additional veterans expected to become newly eligible for a Gold Card, approximately 17,000 are current holders of a White Card—that is they are only eligible for health treatment for their war-caused disabilities and conditions.

This initiative, costing around \$500 million over four years, is an important means of recognising the willing sacrifice made by veterans in Australia's time of need and of expressing our profound gratitude for their courage and dedication.

Extension of the Gold Card has been a top priority of the Government and also of the Returned & Services League and other ex-service organisations. I am pleased that this initiative fulfils yet another Coalition election commitment and further demonstrates the Government's commitment to providing older Australians with greater security and stability.

I commend the bill to the Senate.”