

Submission to the Foreign Affairs, Defence and Trade References Committee Inquiry into TPI payment (Special Rate of Disability Pension)

This submission addresses three of the terms of reference (a, b and e).

The purpose, adequacy, structure and indexation arrangements of the TPI pension

DVA states: *“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.”*

If this purpose is accepted, then its adequacy can be calculated or established by determining what *a normal working life* produces. Quantifying in dollar terms the product of a normal working life can be guided by national wage cases and indicators such as the average weekly earnings.

The structure of the pension has been described as having two components – one for compensation for pain and the other for suffering and economic loss. If this is accepted, then the ability to objectively calculate the adequacy is enhanced.

Indexation of the pension by the Bureau of Statistics Consumer Price Index (CPI) can only undermine its purpose and adequacy. The CPI is a flawed index removed from reality.

The quarter ending 30 June 2020 produced the following CPI statistics:

- The Consumer Price Index (CPI) fell 1.9% this quarter.
- Over the twelve months to the June 2020 quarter the CPI fell 0.3%.
- Most significant price fall was Child care at -95.0%.
- Most significant price rise was tobacco at +2.7%.

What the yearly data, in this report, tells us is that food (4.1%), alcohol (8.4%) and insurance (1.7%) have increased.

Due to COVID19 childcare (95%), transport (7.5%), communications (3.6%) and household furnishings (9.8%) declined.

The result is a CPI decline of 0.3%. This is the figure, declared as 0% used to leave pensions unadjusted.

The factors used in determining each group in the CPI process has been manipulated over many years. There can be little faith that the CPI serves Australians in any way. Faith in the figures lasts only until you reach the checkout counter.

Transport is a clear example. In the financial year 2020 transport costs declined by 7.5%.

- The main contributor was a 19.3% fall in automotive fuel due to low global demand resulting from COVID-19 restrictions. Automotive fuel fell in April (-15.9%) and rose in May (+0.9%) and June (+9.2%).

- Over the past twelve months the group fell 7.5%. The main contributor was automotive fuel (-22.4%).
- In seasonally adjusted terms, the group fell 6.8% this quarter. The main contributor was automotive fuel (-19.3%).

Indexing pensions on this CPI figure that includes transport means the pension remains unchanged, but the floating nature of fuel prices results in significant increases paid for from a stagnant pension. The pension will never be corrected because the base has been reduced.

Similarly, the Housing group indicates that rents reduced by 1.3%. This can only apply to new leases. Existing/continuing leases are generally reviewed annually and increased by CPI – All groups or by a set % or by market rate. Rents do not come down.

The Housing group makes no mention of local government rates and charges.

Pension indexation based on the CPI which is determined by price movements within groups and based on eight capital cities has a high potential to disadvantage veterans in non – capital city areas.

The case made, and analysis provided, by the TPI Federation, including the extent to which the TPI pension value has changed over time and the support available to TPI veterans

I have read Submission 134 and its attachment and Submission 145 (to the Productivity Commission inquiry).

The first thing that concerns me is the parlous state of the relationship between the Department of Veterans Affairs and the TPI Federation. Clearly it is a confrontational relationship which is unlikely to be productive – particularly for veterans. If DVA do not accept or respect the TPI Federation as an advocate for its members that should be openly stated with reasons.

In the TPI Federation's papers there is a heavy reliance on the Peter Thornton 2016 graph. If the Standing Committee can establish the veracity of the data, then many questions and claims are answered.

Recommendation 3 (relating to Whole of Government) of the TPI Federation submission is supported. Dealing directly with several Federal Government departments to establish support/entitlements derived from service in the Defence Forces is an unfair imposition. Using DVA as a conduit has merit but is dependent of the department being proactive and positive about the services it provides for veterans.

Recommendations 6 and 7. The TPI Federation contention that all TPIs should be treated equally is supported. Having different categories will lead to inequities and creates discrimination.

Recommendation 12 identifies the important aspect of advocacy. Veterans need advocacy. Failure to provide an acceptable mechanism to train advocates will invariably lead to the use of lawyers/solicitors. ESOs are now very aware that without viable advocacy they and the veteran community are abandoned.

Recommendation 14. I am unaware of the ADF's current medical reporting system. My experience was that medical records were basic and inadequate for making decisions on such things and compensation claims many years later. Much of this problem was due to service personnel 'hiding' medical conditions fearing that they might reduce their medical classification. A reduced medical classification below FE (Fit for Service Everywhere) could limit training, promotion and posting locations. Many did not want their careers curtailed and so did not report medical conditions. If this is still occurring the ADF needs to educate its personnel to the potential problems that might arise later in life.

Advice on costs associated with any recommendations

The Standing Committee, through this inquiry, will identify problems that need to be fixed. That will cost.

It seems obvious that this TPI pensions problem has been festering for long time. Inaction will not solve it. Subsuming it into other departments will exacerbate the problem. Ultimately the backlash will be felt by the ADF if potential service personnel believe there is inadequate support/recognition/appreciation for service in defence of the nation. The Afghan and Iraq veterans tell us they experience that now.

If the Standing Committee recommendations come with a cost, and all will, then Government must decide if it will make that expenditure. If the Government decides it cannot afford the cost then it should openly state that due to its cost a recommendation will not be implemented.

For too long we have had parliaments adopting recommendations but departments not implementing them. We have had any number of politicians claiming great philosophical/ideological support for an issue but not enacting recommendations/legislation to materialise that support.

General Comment

In approximately 33 years of dealing with DVA I have always been treated negatively and confrontationally. Determinations of claims have been unreasonably prolonged. Recourse to the AAT has been needed. This is a highly stressful experience.

Like most veterans I thought the DVA's role was to represent and protect the veteran. Many new veterans believe the same. Like me they are wrong and naïve.

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