



TPI FEDERATION AUSTRALIA

“Disabled in our Service, United in our Cause”

AN INCONVENIENT TRUTH IN THE AFFAIRS OF

TOTALLY & PERMANENTLY INCAPACITATED / SPECIAL RATE DISABILITY RATE (TPI/SR)

VETERANS

(Abridged and Updated – Oct 2019)

Introduction

After six years of campaigning, which included a meeting with the Prime Minister in March 2019, the Prime Minister wrote to the Federation on Budget night, 2nd April 2019, and finally conceded that the Federation had a ‘compelling case’ in its rightful claim to restore the eroded compensation of 28,000 of Australia’s most disabled Veterans. As a consequence, the Prime Minister commissioned yet another review, which was undertaken, completed and finally tabled (sight unseen by the Federation) by Mr. David Tune AO PSM, on the 31 August 2019.

This research paper is an abridged and updated version of the detailed submission made by the TPI Federation of Australia¹ to that review. This paper builds significantly upon the defensible argument that an ‘economic loss’ component in compensation afforded to Australia’s most disabled Veterans, that only measures at approximately 62% of Australia’s gross Minimum Wage, is unacceptable.

The research underpinning this paper opens a Pandora’s Box to a history of hidden and inconvenient truths and helps to clear the smokescreen laid down by a bureaucracy that has for decades failed to ‘maintain and enhance’ the legislative provisions for which it is responsible.

The paper not only explores the history, but also draws for comparison the international experience of our closest ally - the United States - where in relative compensation terms Australian Veterans are shown to have been poorly treated, no matter the fact that for over 100 years Australian Veterans have shouldered an equal burden on many battle fields.

General

Up until the Tune Review it was never the intention of the TPI Federation, or Independent Researcher – Mr Peter Thornton - to study the entrails of Repatriation history. The merits of restoring TPI/SR compensation, where benchmarking the embedded ‘economic loss’ component to the tax-adjusted Minimum Wage remains defensible in its own right, without having to falsely conflate compensation provisions with that of means-tested welfare or the like, where the latter is generally and equitably available to the rest of the community.

To this day, the Federation maintains strict adherence to this fundamental principle, where it remains unconvinced that a means-tested welfare entitlement forms any explicit basis for the proper consideration of any other compensation scheme across Australia². Given the nature and operation of such welfare entitlements, such application should have no bearing in assessing the adequacy or otherwise of proper compensation for veterans, and particularly so where the majority of TPI Veterans are not in receipt of full welfare entitlements in the first place.

Indeed, even the flawed KPMG draft report, commissioned by the DVA, suggests that only 50% of TPIs are in receipt of full welfare, which in itself, is a far cry from the 80-85% that DVA Executives had advised at Senate Estimates several times, the latter of which, to the Federation’s knowledge, has never been corrected for the public record.

But a cursory skim through the Productivity Commission’s final report (another flawed and misleading bureaucratic exercise) appears to reveal a figure of around 11,000 or so³. So, in the absence of DVA providing a rock-solid answer to this burning question, which has been asked many times, then the latter figure seems to hold true, because it accords with Mr. Thornton’s original ~30% guesstimate, as marked by the question mark on his ‘Welfare Distribution’ graph.⁴

¹ The TPI/SR Federation comprises all State and Territory member Associations, which singularly and collectively for 100yrs, have represented the interests of Australia’s most disabled Totally & Permanently Incapacitated (TPI) / Special Rate Disability (SR) Veteran recipients, now accounting for approximately 28,000 TPI/SR Veterans in total.

² Mr Tune suggested there may be others but at the time was unable to provide examples.

³ Productivity Commission Report – ‘A Better Way to Support Veterans’ – Vol 1, Box 4, pg. 20.

⁴ Please see the chart at Annex D.

The Federation believes that the application of means-tested welfare is a poor substitute and totally inappropriate for a compensation scheme that was originally instituted by Parliament to provide disabled Veterans and their families with a 'living wage' equivalent, no matter their means or station in life.

Indeed, no matter if the TPI Veteran was a candle-stick maker or the CEO of a large corporation, the Repatriation Act of 1920 was built on the principle of national solidarity, where the State gave a clear and solemn undertaking to provide lifelong care to the Veteran and his family, both immediate and extended where applicable.

A Brief History of TPI Compensation and Social Security Provisions

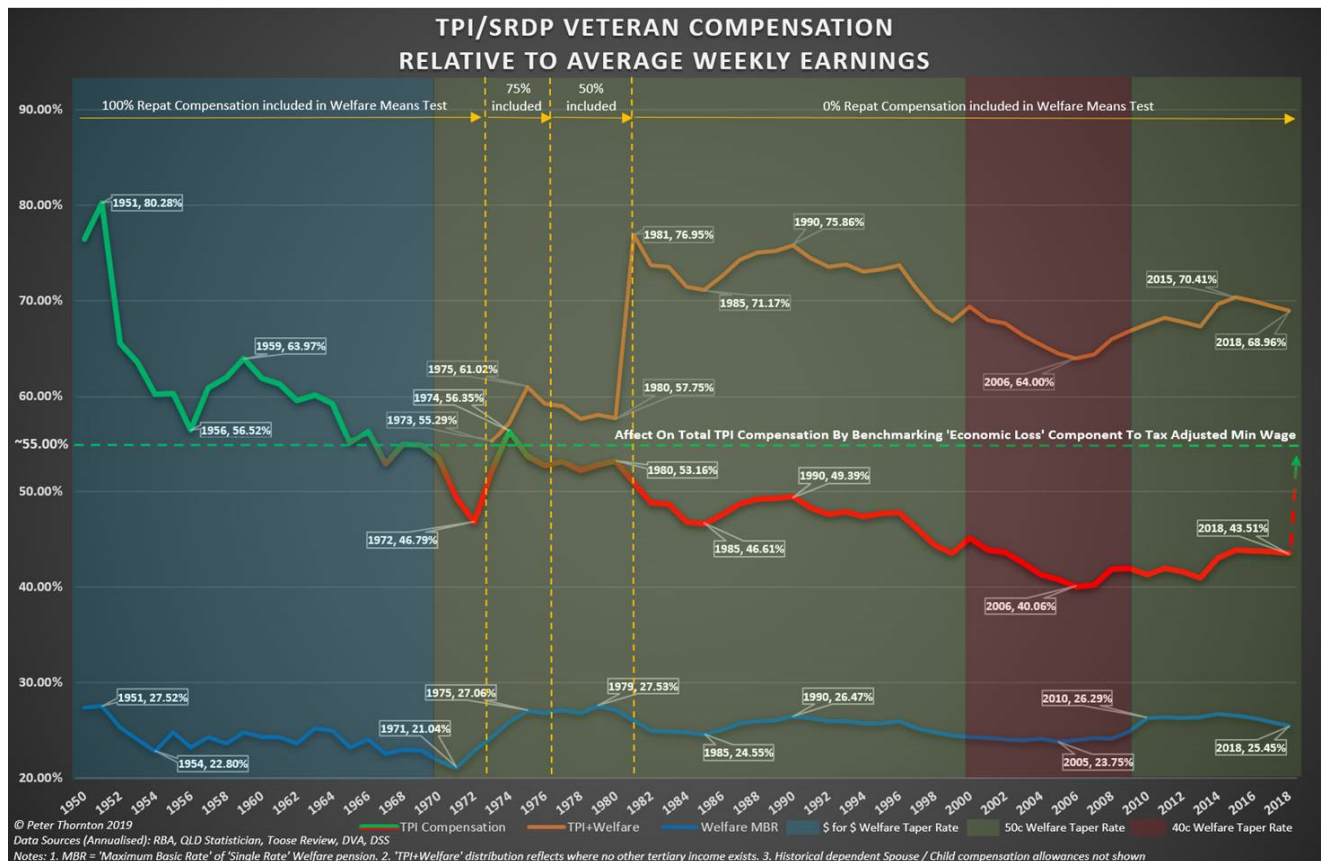


Figure 1 – Australian TPI/SRDP Veteran Compensation and Provisions⁵

As advised by Mr. Thornton, the precipitous decline of the TPI/SRDP payment from 1950 to the early 1970s, as shown in Figure 1, was not only due, in part, to wage inflation at the time, but also due to the cessation of quarterly updating of the Basic Wage by the Court of Arbitration, along with the ad-hoc nature of updating of Social Security welfare and Repatriation compensation provisions – the latter of which were described in various ways within Hansard as either a 'War Pension', 'Special Rate War Pension', 'T&PI War Pension' and 'Female/Child Dependent War Pension'.

RBA data clearly show that large percentage increases in Average Weekly Earnings (AWE) occurred in 1950 and 1951, where average wages increased by 19% and 22.7% respectively. This observation is reflective of and consistent with the review undertaken by Justice Toose, where his data confirmed the negative bias in trend regarding TPI Compensation, where in 1950, TPI compensation measured 104% of his unspecified 'wage index', where thereafter, it decreased to 81% by 1952.

Whilst Toose may not have stated what wage index he used, Mr. Thornton was unable to properly establish and/or replicate Toose's reference in the original construction of his research. However, upon revisiting and looking at the RBA's data more closely, Mr. Thornton has advised that he can now reasonably conclude that Toose was indeed referencing the Basic Wage.

In any case, other than Toose's decimal conversion, the 'wage index' is of no consequence, because as a retired Economist, Mr Thornton firmly maintains that AWE provides a far better and more solid foundation for analysis upon

⁵ Please see Annex A for a large format graph.

which evidence-based policy should now rest. Indeed, attempts by other highly paid consultants who have tried to use the Basic/Minimum Wage as a basis for analytical comparison have failed to understand the economic history that has now been at play for over 70 years.

All in all, Toose's data, together with Department of Social Security's (DSS) historical data, clearly reveals added pressure on Repatriation provisions (i.e. no DSS welfare updates in 1954, 1956, 1958, 1962, 1965, 1967 and/or no Repat compensation updates (as is apparent in Toose's data) in 1954, 1961, 1962, 1965, 1971). All these factors clearly impacted not least upon the proper maintenance of Veterans' compensation and their associated 'fringe benefits' over time.

Whilst the 1970s heralded great change in social policy for the Australian community at large (e.g. the graduated cessation of Welfare pension means-testing for those aged 70 years and over, with further explicit intent to extinguish such means-testing from age 65), a decade or so of Hansards leading up to the 1980s still show that all was not well in the Veteran community, where representations not least by the Australian Services Council and the TPI Federation and its member Associations gave clear account of the continued impact upon Veterans and their families.

In 1972, the rapid and upward shift in Repatriation benefits had real and immediate unintended (negative) consequences. Indeed, the Hansard reveals that an estimated 3,250 TPI families had been exposed to the ravages of the new tapered-rate means test, which in turn, circumvented the free healthcare that many TPI Veteran's families had been entitled to previously.

Whilst it may have always been the Whitlam Government's and the 28th Parliament's intention, this very matter may have been the catalyst that set-in-train the systematic removal of means-testing of Repatriation benefits for the entire Veteran community (i.e. as graphically illustrated and notated at the top of Figures 1 & 2).

No matter the Fraser Government and 30th Parliament's intent and commitment in the unfettered application to abolish means-testing of Social Welfare provisions for the betterment of Veterans and their families in the early '80s, it is clear that after that policy application and the sugar hit stemming from it, that the erosion in TPI/SRDP compensation, either in combination with welfare or as a standalone provision, continued to have a demonstrable impact upon a TPI's relative standing with the rest of the community, as measured not least by comparison to Average Weekly Earnings (AWE) over time.

The decline in TPI compensation and welfare provisions from 1981, only punctuated by the introduction of the VEA in 1986, can largely be explained by the vagaries of the 1980s Wages Accords and the continued updating of these separate provisions by an increasingly manipulated CPI, where the introduction and application of 'quality offsets' and 'product substitutions' had and continues to effectively white-ant the very purchasing power fabric that a once historical CPI had protected. Most long-term Military and Commonwealth retirees in receipt of retirement pay can readily attest to this disturbing fact.

This was clearly due to TPI compensation not being properly benchmarked or indexed against a community based average wage standard, as is the case today. Indeed, and as can be seen in Figure 1., outside of some small structural increases in 2007 and again in 2009, the erosion in TPI compensation was only arrested when the MTAW index was added to the updating mechanism from 2007.

Whilst it is not explicitly shown here, the Partnered Rate of welfare exhibits a similar downward trend as shown by the 'TPI+MBR' projection, but it concludes with a more subdued tail corresponding in similar fashion to the 'TPI Compensation' only projection from 2007 onwards, as illustrated in Figure 1.

Specific advocacy in the late 1970s, especially by the TPI Association of Victoria, provides clear insight into the continued and parlous situation faced by TPI Veterans and their families at that time; an advocacy that no doubt had a significant influence in the policy shift to totally exclude all Repatriation compensation and other "fringe benefits" from the Welfare means-test (i.e. as announced in Parliament on the [20 Aug 1980](#)). The result of this policy shift can be seen by the significant upward shift from 1980 to 1981 of the brown projections in Figures 1 & 2.⁶

⁶ To garner further understanding, the reader is encouraged to access this [Hansard fragment](#), which in part, provides a reflection of TPI Victoria's representations, as presented to Parliament by Mr. Jenkins MP in the early 1980s.

The Decline in TPI Veteran Dependent Compensation

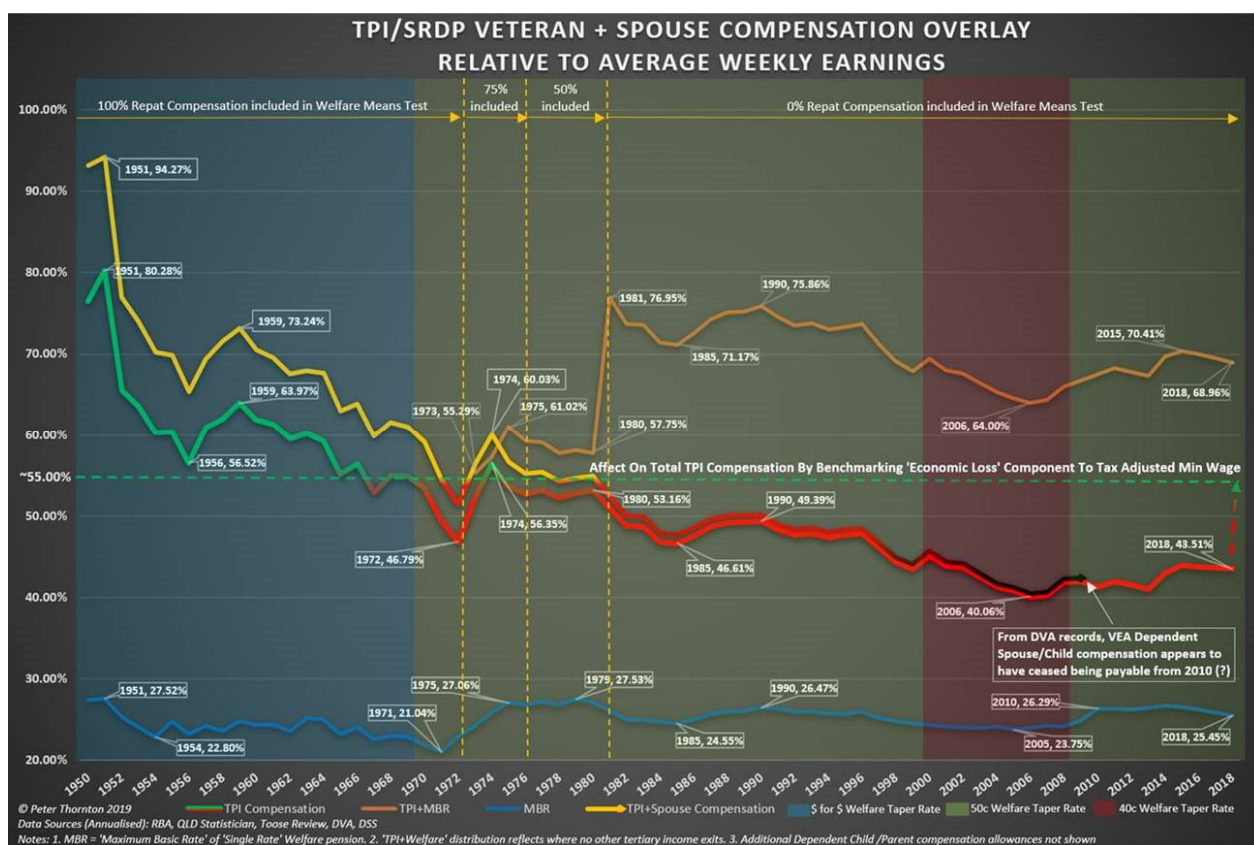


Figure 2– Australian Veteran Spouse Compensation Allowance Overlay⁷

By happenstance, the Victorian TPI Association's 1980s representations corroborate Mr. Thornton's research, where it also cited a significant degradation in TPI and Dependent compensation over a period from 1949 through to 1978. Whilst Mr Thornton's projections don't not quite marry up to the Association's ground truthing, the representation nevertheless cites very serious concerns about the erosion in Spouse and Child compensation allowances and even petitioned to have those allowances re-established at levels commensurate with the enactment of the 1920 Repatriation Act, utilising rather surprisingly, AWE as the very means for doing so.

On this note, Pages 20-21 of the [1920 Repatriation Act](#), clearly reveals the Parliament's original intent, where proper compensation was not only to be afforded to the Special Rate TPI Veteran, but proportional compensation provisions were to be made equally to a TPI Veteran's dependents also (e.g. Spouse, up to 10 dependent children, dependent parents, dependent in-laws etc).

This was not solely in recognition of ensuring TPI families had adequate means that equated to a 'Living Wage', but also a clear and unequivocal intent to ensure that compensation was also provided to a Veteran's family, for their respective loss of amenity and enjoyment in not having a fully functioning spouse and/or parent.

TPI Victoria's ground truthing representations are instructive when looking back in time, because the history captured in Figure 2 not only reveals a significant decline in the TPI compensation afforded to the Veteran, but the overlay of the Spouse's eroded compensation allowance over the same period also clearly shows a demonstrable decline in the compensation afforded to them also.

The Hansard at the time confirms the TPI Association's claim that the Spouse and Child compensation allowances had not been updated since 1964 and 1952 respectively. Sadly, the data that underpins the latter period in Figure 2, show that those allowances were never updated, and that a TPI Spouse's compensation was still just a paltry \$4.05/wk. in 2010, when it appears to have ceased being payable by DVA at that time.

In addition, Mr. Thornton advises that if just one child had been added to the TPI family unit back in 1950, then the total compensation afforded to that TPI family would have been approximately 102% of AWE at that time. This, together with

⁷ Please see Annex B for a larger format graph

free healthcare that was available to Dependents under the Pensioner Medical Service, would have no doubt made a huge difference to a TPI family's overall standard of living.

Medicare Levy and Dependent Gold Card Eligibility

The issue of healthcare and the diminution of Dependent compensation as seen above leads the TPI Federation to refute the oft-stated and erroneous comment by some, that "TPI Veterans do not pay the Medicare Levy".

This statement is a furphy, because TPI Veterans with dependents and with financial means either through tertiary income and/or assets, are required under a penalty of additional taxation, to pay for either Private Health Insurance (PHI) and/or pay the half rate Medicare Levy that would be applicable.

Mr Thornton who is a TPI himself, advises that he is a case in point, because he is required to pay for PHI and incurs the balance of half the Medicare levy surcharge for his dependent spouse (his full-time Carer) and three dependent children.⁸

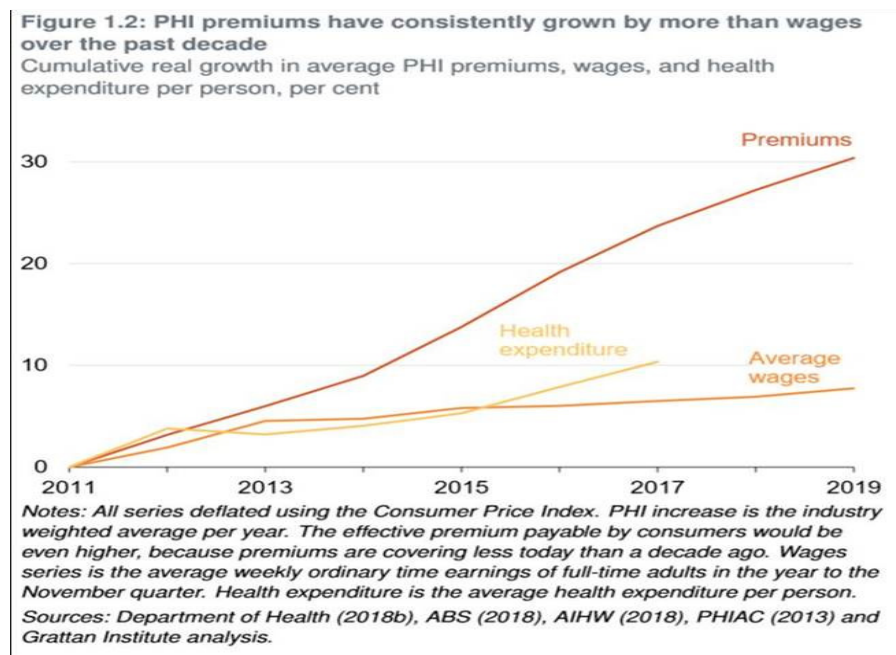


Figure 3⁹

When one considers the significant increases that have ensued not just PHI, but the significant increases in many other cost-of-living items for more than a decade now, then the continued erosion and/or the outright loss in compensation afforded to TPI Veterans and their families is palpable.

With this in mind, and in addition to the claim for the proper restoration of TPI Compensation that is now under consideration, it is strongly recommended that the Commonwealth also extend Gold Card eligibility to all TPI Veteran's partners and children under age 21. This measure would in some small way reconcile the loss of Dependent compensation that is so patently obvious from Figure 2, whilst at the same time provide a meaningful and tangible benefit to the family unit, no matter its composition or financial means.

The TPI Federation must stress that this recommendation does not offset or abrogate the rightful claim for the proper restoration of TPI compensation that is before the Government at this time. This recommendation is strictly in addition.

The Relative Nature of TPI Compensation to Australia's Tax System

The TPI compensation comprises two notional components viz 'Pain & Suffering' and 'Economic Loss', which both in isolation and in total, are tax-free.

⁸ This ATO link provides clarity <https://www.ato.gov.au/individuals/medicare-levy/medicare-levy-exemption/dependants-for-medicare-levy-exemption/>

⁹ Source: <https://grattan.edu.au/wp-content/uploads/2019/07/918-The-history-and-purposes-of-private-health-insurance.pdf>

However, the tax-free nature of this arrangement is not unique, as members of the Australian community who receive compensation for 'pain and suffering' / 'permanent impairment', generally receive such elements of compensation tax free also.

In addition, Australians generally receive additional compensation in the form of 'incapacity payments' as a percentage of their normal weekly earnings. These payments are generally tied to a percentage of the taxable income that was lost and are therefore subject to tax.

Quite distinct from the compensation offered to TPI/SR Veterans, one of the compensation pathways under the more contemporaneous Military Rehabilitation & Compensation Act (MRCA) scheme fits this more contemporary compensation model.¹⁰

Indeed, 'Permanent Impairment' lump sums of several hundreds of thousands of dollars can be paid on top of 'Incapacity Payments' for Private soldiers and equivalents, where those members could receive fortnightly payments of anywhere from approximately \$62,000 to \$101,000 for the first 45 weeks, reducing to 75% thereafter¹¹.

Once isolated and analysed, the relative value of the resultant 'Economic Loss' component for TPI/SRDP measures rather poorly, when one considers also, that every Australian is entitled to a Tax-Free Threshold of \$18,200, not discounting of course an 'Effective Tax Rate' of \$21,595 which applies from the outset for all low-income earners. Indeed, as can be seen in Figure 4 below, these thresholds represent approximately 79% and 93% of a TPI's 'economic loss' respectively.

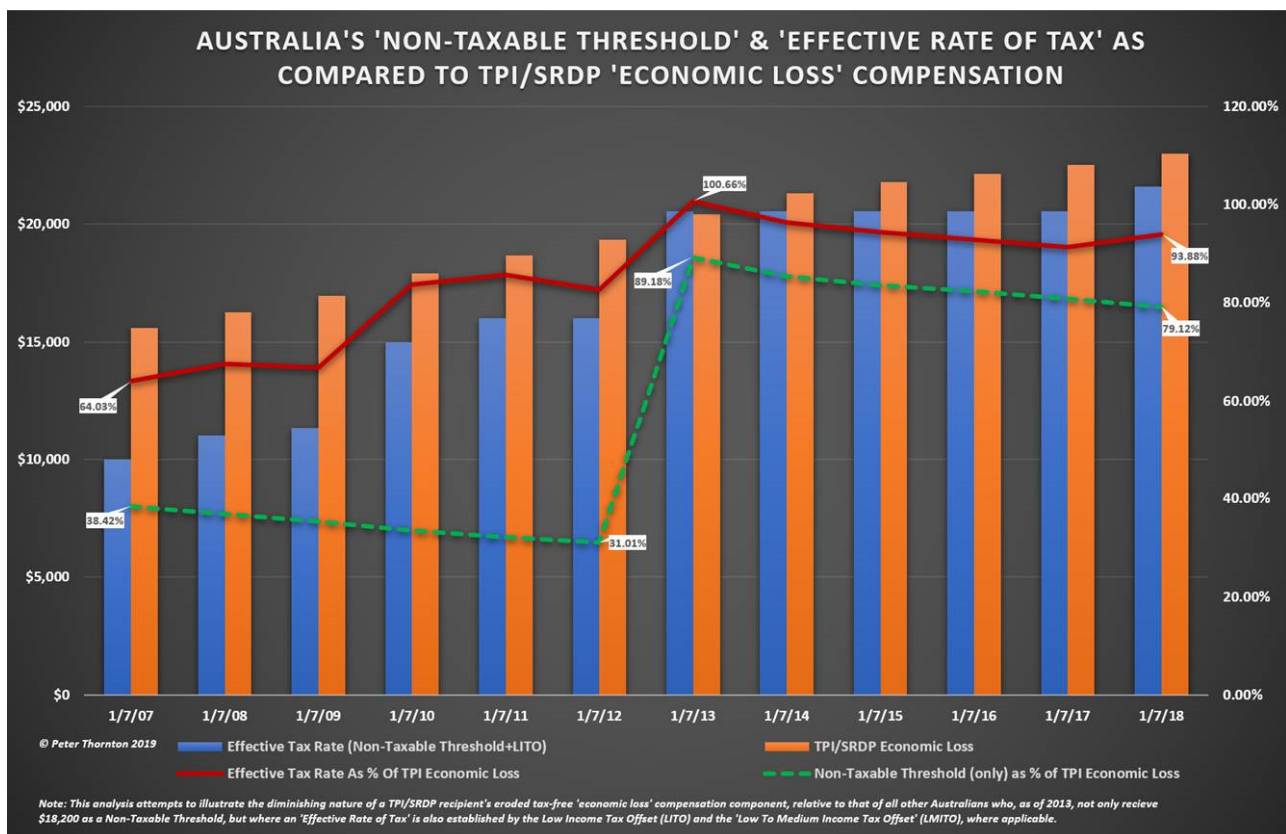


Figure 4¹²

In other words, every adult Australian is eligible to receive the tax-free threshold and/or a higher 'Effective Rate of Tax' depending upon applicable Low Income / Medium Income offsets. Ongoing tax reforms, which will once again become evident in 2022, will continue to marginalise the purchasing power of a TPI's 'Economic Loss' compensation, relative to every other Australian.

This very fact further strengthens the TPI Federation's rightful claim, that the 'Economic Loss' compensation afforded to TPI/SRDP Veterans should be benchmarked at an absolute minimum to a wage-based standard that ensures that component's maintenance and relative standing over time.

¹⁰ The other pathway under the MRCA is the 'Special Rate Disability Payment' (SRDP).

¹¹ Incapacity Payments derived from 2019 ADF pay scales for Pay Groups 1 -> 10, plus Service Allowance

¹² Please see Annex C for a large format graph

This objective surely rings true with the public and political discourse leading up to the last election, where calls to abandon the Minimum Wage in favour of a “Living Wage” were heavily prosecuted and debated. Whilst the TPI Federation will not attempt to delve into the merits or otherwise of such notions, the very concept of maintaining the total of TPI/SRDP compensation in line with a ‘Living Wage’, finds its very origins in none other than the Parliament’s original intent, the [Repatriation Act - 1920](#).

The fact remains that as a measure of compensation, the ‘Economic Loss’ component afforded to TPI / SRDPs is a paltry sum and needs to be benchmarked. The tax-adjusted Minimum Wage is surely the most appropriate measure available today, because as the community’s lowest independently arbitrated wage standard, it represents the absolute bare minimum that a TPI/SRDP Veteran could have reasonably expected to have received, had they not been TPI’d / SRDP’d.

MRCA and the Plight of SRDP Recipients

The foregoing section leads to another key issue being prosecuted by the TPI/SR Federation. That is, the serious issue of egregious offsetting parameters levelled against the SRDP compensation provision.

In 2004, the Military Rehabilitation and Compensation Act (MRCA) was introduced and heralded with great fanfare as being beneficial legislation. However, the scheme was so poorly devised and implemented that it had to be reviewed just 4 short years later.

One of the key features of the scheme was that it was supposed to provide two viable pathways to compensation, once rehabilitation had established a final permanent and stable condition in a Veteran’s health and wellbeing. These two paths can be generally categorised as follows:

1. A Permanent Impairment facility (Lump Sum) with taxable Incapacity Payments payable from 100->75% of Normal Weekly Earnings (NWE) until Age Pension age, or
2. A Special Rate Disability Payment (SRDP) paid tax-free for life, but only available to a Veteran classified as having a permanent impairment of greater than 50+ impairment points.

In the lead up to the introduction of the MRCA, the Ex-Service community, and particularly that of the TPI Federation, insisted on the inclusion of the SRDP provision, so that a viable pathway would provide an element of continuity between the VEA and the MRCA in order to protect the most vulnerable Veterans – typically those on the lowest Final Average Salary. However, the construct of the payment has been so badly engineered from the outset, that it has effectively neutered the supposed intended beneficial purpose.

How is the SRDP payment calculated?

The SRDP rate is based on the Special Rate of disability pension provided under the VEA.

However, it is offset dollar-for-dollar by the weekly value of any permanent impairment compensation that has or is being paid. This includes any MRCA permanent impairment payments, lump sum compensation paid under the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) and disability pension paid under the VEA.

If you are receiving Commonwealth superannuation, such as under the Defence Force Retirement and Death Benefits Scheme or the Military Superannuation Benefits Scheme, then SRDP is also offset by 60 cents in the dollar for each dollar of the Commonwealth-funded component of superannuation. Where part or all of that superannuation is taken as a lump sum, tables from the Australian Government Actuary are used to convert this amount to a weekly equivalent for SRDP offsetting calculation purposes.

Your claims assessor can provide you with information on how your payments will be calculated or you can view DVA's webpage link below for general details: <http://clik.dva.gov.au/military-compensation-mrca-manuals-and-resources-library/actuary-tables-used-age-adjusting-lump-sum-payments>

It should be noted that the amount of superannuation that is used to reduce the SRDP is not counted as income for the purposes of VEA service pension or Centrelink income support payments

Because the SRDP is compensation for both "economic" and "non-economic" loss, these offsetting arrangements are necessary to prevent a person being compensated twice for the same incapacity.

Figure 5 – Source: <https://www.dva.gov.au/factsheet-mrc09-special-rate-disability-pension-srdp>

As can be seen from the last paragraph of Figure 5, it clearly states, as the TPI Federation has always maintained, that TPI and SRDP comprises two compensation components i.e. ‘for both “economic” and “non-economic” loss’. But as stated in the Second paragraph, the Commonwealth then offsets any ‘permanent impairment’ derived from another source (e.g. DRCA) ‘dollar-for-dollar’. It then states in the 3rd paragraph, that the Commonwealth offsets the net balance remaining by yet another 60 cents for every dollar of Commonwealth Superannuation that is payable.

This supposed 'beneficial' policy subjects our most financially vulnerable Veterans to a regressive and punitive reduction in the amount of compensation payable, reducing the SRDP payment to zero in many cases.

The Contract - Commonwealth / Military Superannuation and Income Insurance

3. The aim of the Scheme is to provide a form of comprehensive insurance for members of the Defence Force against the risks of invalidity and death during service as well as to provide benefits on retirement. The Scheme provides cover for the family, paying benefits to eligible dependants in the event of the death of a contributing or recipient member.

Figure 6 – Source: DFRDB Authority Circular – 1973/7, dated 2 Aug 1973, pg. 3

DFRDB Scheme

2. The Defence Force Retirement and Death Benefits Scheme is a benefit promise occupational superannuation scheme for members of the Defence Force.
3. To purchase benefits, which are paid from the Consolidated Revenue Fund, a flat rate of contribution of 5.5 per cent of pay is paid to the Commonwealth by all members serving on continuous full-time service for a period of not less than one year.
4. There is no qualifying period for eligibility for 'in service' benefits and the cause of death or invalidity need not arise out of or in the course of employment. A benefit to which a person becomes entitled is payable irrespective of any separate entitlement to Employee Compensation or Repatriation benefits.

Figure 7 – Source: Annual Report to Parliament – DFRDB Authority - 1 July 1976 to 30 June 1977, pg.1

But the policy setting and premise applying such offsetting is totally flawed, because as can be seen in Figures 6 & 7, Veterans clearly 'purchased' a benefit that included 'comprehensive (income) insurance' - in the form of a superannuation invalidity pension or death benefit where payable.

Given that the Military Superannuation Benefits Scheme (MSBS) was introduced as beneficial legislation and included the same beneficial elements and contribution requirements as that of Defence Force Retirements Benefits Scheme (DFRDB), then it also conveys an explicit commercial contract in the provision of income insurance between the Commonwealth and the Veteran, for which it was intended.

In essence therefore, the Commonwealth maybe on shaky legal ground in offsetting compensation against an income insurance policy that the Veteran paid for!

With the foregoing in mind, the TPI Federation recommends that the Commonwealth immediately Repeal all 'offsetting' parameters that have been applied specifically to SRDP recipients and recipient estates, making the Repeal retrospective to 2004. Upon rightful Repeal, the TPI Federation recommends that the Government task DVA to make reparations for all those affected and to contact all MRCA recipients, so as to make recipients aware of the changes and to facilitate financial counselling at Commonwealth expense where necessary.

Whilst uncertain, the Federation believes that the cost impact of this rightful policy change would be relatively small, because there are only currently 400 or so SRDP recipients, and that an SRDP payment only remains a viable compensation pathway for those Veterans who may have been in receipt of lower than average NWE.

TPI/SR Veterans and Tax-Free Cars

Whilst most TPIs would be hard pressed to find the means in which to purchase a new motor vehicle every two years or 40,000km, which is the entitlement, they are nevertheless entitled to purchase a motor vehicle and repair parts (only), free of GST up to the 'car limit', as set periodically by the ATO.

Contrary to some of the assertions made, there's nothing "special" about this arrangement, because other TPI/TPD disability recipients within the community are afforded a similar tax-free entitlement. In addition, all working Australians are entitled to concessionally taxed motor vehicles, either through the mechanism of salary packaging and/or other business arrangements, which effectively offsets taxable incomes and respective Medicare levy liabilities also.

Australians utilising such facilities can generally achieve far greater utility than a TPI/SR Veteran, because the tax-effective arrangement for the community not only allows them to purchase the motor vehicle, generally at more favourable price

through the financier, but their salary package arrangement assumes all operating expenses of the motor vehicle; including not least registration, insurance, fuel, repair parts & labour, car washes, depreciation, and fluffy dice etc.

Rent Assistance

The TPI Federation has briefly skimmed the now 18th version of the very expensive KPMG Draft Report, 8 months after it was supposed to be finalised and tabled.¹³ In rather dazed bewildered, the Federation remains unimpressed at the range of unfounded notions and flawed analysis, much of which was just copied from the equally flawed analysis of the Productivity Commission Review.

One such element was KPMG's analysis of 'Rent Assistance', where in Section 6.4.4, they provide an analysis that implies that TPI Veterans receive rent assistance. The fact is that no TPI Veteran, either single or as a couple, receives rent assistance, because his/her compensation is treated as income for the purposes of means-testing of rent assistance, and therefore the quantum of the compensation payment alone, breaches the various thresholds. Why KPMG would imply that a TPI Veteran or TPI Family would be eligible for rent assistance is beyond the TPI Federation. Even DVA provides worked examples (basis 2009), where a Veteran or Veteran couple on 100% of the General Rate, just barely qualifies for a few of dollars per fortnight.¹⁴

The fact remains that the TPI Federation has continually been inundated with calls from TPIs and/or their families advising of severe rent stress. Mr Thornton himself cited, during the meeting with Mr. Tune, the example of his own TPI Veteran uncle who suffers severe PTSD from his Vietnam War service, where for the last 20 years or so his Uncle's family have had to move as many times around Western Sydney, just so that his Uncle could remain in close proximity to treating professionals that have remain instrumental in his health and wellbeing. This case is certainly not unique.

It is therefore recommended that TPI veterans be eligible to receive full rent assistance where the Veteran is in receipt of at least one dollar of welfare and not a homeowner.

¹³ In February 2019, the Secretary of DVA, Ms Liz Cosson, advised the FADT Senate Committee that KPMG's draft report would be finalised within "a week or so". Eight months later and the can is still being kicked down the road. As advised at an earlier Estimates session, the draft report had supposedly cost the Commonwealth in excess of \$120,000 at that time.

¹⁴ Please see here: <http://clik.dva.gov.au/compensation-and-support-policy-library/part-5-income-support-allowances-and-benefits/51-rent-assistance/513-payment-rent-assistance/disability-income-rent-test>

An Inconvenient Truth - A Comparison with Australia's Closest Ally – The United States

It is often proclaimed by Australian politicians and bureaucrats that Australia's Veterans' Affairs system offers "world's best practice", or words to this effect. Most veterans who have served any considerable time with Australia's closest ally – the United States - will intuitively know that such claims are generally unfounded.

On the back of tax-free goods and services provisioned through US military Post Exchanges and Commissaries, free continental and international Space-Available flights and non-contributory retirement schemes, the quantum in compensation afforded to US Veterans provides a stark contrast the inadequacy of compensation afforded to Australia's most disabled Veterans – namely TPI/SR Veterans.

In a very similar way to Australia's old repatriation systems, the US system of VA compensation provides a graduated scale from 10-100%, where 100% is roughly equivalent to that of Australian TPIs/SRs. Table 1 (compiled and modified from source¹⁵) provides further clarity of the Average Wage relativity of the various elements comprising 'VA Compensation', particularly that at 100% - to that of Australian TPI/SR Veterans (i.e. 71.48% of US AWE as opposed to approx. 43% of the Australian AWE).

Dependent Status	100% Disability (Mthly USD)	100% Disability (Annualised USD)	% of US AWE
Veteran Alone	\$2,973.86	\$35,686.32	71.48%
Veteran with Spouse Only	\$3,139.67	\$37,676.04	75.47%
Veteran with Spouse and One Parent	\$3,272.73	\$39,272.76	78.67%
Veteran with Spouse and Two Parents	\$3,405.79	\$40,869.48	81.86%
Veteran with One Parent	\$3,106.92	\$37,283.04	74.68%
Veteran with Two Parents	\$3,239.98	\$38,879.76	77.88%
Veteran with Spouse and Child	\$3,261.10	\$39,133.20	78.39%
Veteran with Child Only	\$3,084.75	\$37,017.00	74.15%
Veteran with Spouse, One Parent and Child	\$3,394.16	\$40,729.92	81.59%
Veteran with Spouse, Two Parents and Child	\$3,527.22	\$42,326.64	84.78%
Veteran with One Parent and Child	\$3,217.81	\$38,613.72	77.35%
Veteran with Two Parents and Child	\$3,350.87	\$40,210.44	80.54%

Table 1

As can be seen, and as commented earlier, Table 1 reflects in part the long-held intent by US authorities to not only compensate and look after the US Veteran themselves, but to provide financial compensation for a Veteran's family/dependents also. By comparison, and contrary to the Australian Parliament's original post-WW1 intent, Australia has progressively allowed such compensation provisions to wither on the vine, both for the Veteran and their families.

In addition, the US DoD and VA not only provide free medical and dental treatment for the Veteran themselves, but extend such services to the Veteran's dependents also.

Various sources also suggest that US Veterans and retired Military personnel can access Social Security Disability (SSD) and/or Supplemental Security Income (SSI) provisions in order to supplement financial means. As one source states:

*'Veterans that cannot work may be able to receive not only their VA Disability and Social Security Disability, but also their military retirement and other retirement benefits they may have accrued throughout their post-military career.'*¹⁶

In addition, US military personnel are not required to contribute to retirement benefits. Since 2004, when VA compensation is awarded, taxable retirement pay is replaced dollar-for-dollar with non-taxable VA compensation. Whilst offsetting is applied, the clear intent here is not to outwardly disadvantage the veteran or his/her family.¹⁷

Sadly, since 2004 the intent and application of egregious offsetting in the Australian context has in effect only served to make Australian Veterans worse off. This is because properly indexed compensation, as provisioned through DVA, is not only offset to the possible point of extinguishment, but the clear intent is to only provide compensation as a bridging payment or supplement between a Veteran's Normal Weekly Earnings for rank on separation and the Veteran's poorly indexed military superannuation benefit, either invalidity and/or retirement, where applicable. In other words, the

¹⁵ Data Source: A comprehensive summary of USA VA compensation rates for 2019 (basis 1 Dec 2018), which informed the compilation of Table 1, can be found here: <https://www.veteransunited.com/network/military-disability-compensation-rate-tables/>

¹⁶ <https://www.woodslawyers.com/can-get-100-va-disability-social-security-disability/>

¹⁷ <https://www.militarydisabilitymadeeasy.com/crdp.html>

Commonwealth has moved the goal posts by abrogating responsibility to pay fair compensation by effectively drawing down on Commonwealth superannuation benefit that the Veteran had purchased.

Conclusion

In conclusion, TPI Federation's intention was never to study the entrails of history to any great extent, because the merits of the Federation's claim to restore TPI compensation is not only fair, but defensible. The Federation's claim is equally strengthened when comparisons are made with our closest Ally.

Whilst not overly extensive, this research nevertheless reveals many hidden and inconvenient truths that expose considerable flaws in DVA's previous representations; representations that have in turn clearly influenced the flawed underpinnings of the KPMG and Productivity Commission reviews.

The foregoing research not only strengthens the TPI Federation's primary claim for a structural increase in compensation, so that the economic loss of TPI/SR Veterans is benchmarked to the tax-adjusted Minimum Wage, it also now raises for serious concern the Federation's other recommendations stemming from this additional research. Those recommendations are:

1. Extend Gold Card healthcare eligibility for TPI / SRDP dependent spouses and children (up to the age of 21), no matter their means;
2. Immediately Repeal and provide reparation (retrospectively from 2004) for all egregious offsetting parameters made applicable to SRDP recipients;
3. Remove all VEA compensation payments from the means-test regime for Rent Assistance; and
4. To reinstate the full pharmaceutical compensation provisions that a Gold Card is supposed to provide.

Finally, this paper should serve as a gentle reminder to all politicians not to drink the Kool-Aid®, because as the Federation has often found, it is invariably laced with an extra dollop of Bureaucratic Sugar (BS).

TPI FEDERATION

Notes and Acknowledgement:

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