

Committee Secretary,
Senate Foreign Affairs, Defence and Trade References Committee
Inquiry into TPI Payment (Special Rate of Disability Pension)
Submitted: 27th March 2021

Dear Committee Secretary,

In 1920 the T&PI Special rate payment was formulated on the relative costs of a family of four living in Sydney. A study by Reuters.com in June 2010 showed that more than one third of Sydney's residents say they need more than \$100,000 a year income to live comfortably.

There are VEA T&PI Special rate clients compensated under the Veteran's Entitlements Act, via the T&PI Special rate workers compensation "Base Rate" payment of \$37,523.20 per annum (Energy Supplement not included) that have no entitlement for the means tested Service pension. Not because they have superannuation, not because they have investments, not because they have too many assets, but simply because their partner is in or has re-entered the workforce due to their own financial limitations.

Why should a partner alter the total amount of VEA T&PI Special rate compensation? After all, Justice John Clarke stated in his Review into Veterans Entitlements that the T&PI Special rate "Base Rate" workers compensation payment, only appears adequate after the inclusion of the Service pension. This would also mean, that removing the Service pension from the T&PI Special rate payment, the T&PI Special rate payment is no longer adequate. (Clarke Review Volume 3, 29.126)

This is where the partnered DVA client becomes a victim a second time; the second time being the antiquated out-dated Veteran's Entitlements Act compensation that commenced life in 1920 as it should be up to government to provide adequate financial compensation to an injured war victim, not their partner.

It is nothing short than gross mismanagement of government to consider that the T&PI Special rate compensation payment “Base Rate” of \$37,523.20 per annum (minus the Energy Supplement) is an adequate financial compensation for Loss of Income compensation, thus leaving the injured victim’s partner to pick up the everyday financial shortfall.

- In 1986 the Repatriation Act (1920) T&PI Special rate workers compensation payment value was recycled within the establishment of the Veterans Entitlements Act (1986), resulting in a continued economic battering where today’s VEA TPI's in need, have lost out regardless of any welfare add-on.
- The Special Rate TPI base rate payment today is 42% of the ordinary wage (AWOTE).
- In 1955 ceiling limits were lifted on the total amount a DVA client could receive from war injury and the Service pension together.
- Then there was that generous one-off T&PI Special rate, “Base Rate” increase of a sobering \$25 a week in 2007, that government from both sides of parliament trumpet loudly in approving. That one off “Base Rate” increase stands as a sobering forty-nine cents (0.49 cents) a year “Base Rate” increase over forty-nine years (1972-2021) because the T&PI Special “Base Rate” payment has no benchmark!

A compendium of legislative changes in social security 1908 – 1982 (Abridged).

“1955: The ceiling limit on the amount which persons could receive by way of age or invalid pension plus war pension was removed and war pension ranked only as income under the means test, thus allowing war pensioners to receive a civil pension at a higher rate than previously; but in the case of blind war pensioners ceiling limits were retained for single and married veterans. Any other income received by blind war pensioners did not affect age or invalid pension.

The maximum rates of pension and institutional pension were also increased.

Social Services Act (No 2) 1955 (No 38 of 1955)

Assent: 19 October

1955

Commenced: 19 October 1955”.

In 1955 the Special Rate TPI base rate payment was 58% of the Ordinary Adult Wage.

I must point out that the Ordinary Adult Wage quoted above is just that, the Ordinary Adult Wage!

Justice John Clarke in his review of veteran's entitlements ending in 2003, quoted Male Total Average Weekly Earnings (MTAWE) when dealing with the T&PI Special rate workers compensation payment “Base Rate” payment. This Index includes child workers, casual workers, and part-time workers, thus making DVA compensation figures really look good, but in saying that; it still took government up until 2008 to compensate T&PI Special rate workers compensation recipients the full indexation of THE MTAWE INDEX; but hang on - only “**Ordinary Adult Wage Earners**” have been on active service. So, you can see that the use of the “Ordinary Adult Wage” would have made the Clarke Review figures look really, really, bad!

Justice Clarke took a snapshot of year 2002 and adding the Service pension for good measure, stating no loss has incurred toward the VEA T&PI Special rate workers compensation payment – this when the payment was indexed to CPI.

It is my contention that it was mean and deceptive in its presentation, unjust and clearly way beyond the bounds of workers compensation decency and grossly unfair and has left many VEA TPI's in need, on an endless cycle of poverty against community prosperity. Unfortunately, all the Clarke Review did was to further stagnate Veteran's Entitlements Act workers compensation.

The stagnation of veteran's compensation was set long before Justice Clarke came on the scene. The VEA T&PI Special rate value was already in free-fall against community prosperity. This is most evident when the TPI pension increased a staggering \$1.80 (One Dollar & Eighty cents) between the years 1996, 1997 and 1998. But Justice Clarke reported back to government, stating that his Committee agreed with a previous review undertaken by the Honourable Professor Peter Baume in 1994, **"...that fairness requires a balance between fairness to veterans in the form of adequate compensation"**. (Clarke Review Vol. 1. 2.27).

It may well have been an oversight failing by governments past, in not benchmarking DVA compensation payments relative to community prosperity; but it is no longer a benchmark oversight after so many Ex-Service Organisations and individuals throughout Australia voiced their concerns via written submissions to the Clarke Review about the VEA T&PI Special rate workers compensation payment erosion, after the fact.

Today, the VEA T&PI Special rate workers compensation payment is known as the VEA TPI pension and afforded all the twice-yearly adjustments as any other government pension. Please do not forget that this payment is not a pension, but a workers compensation payment. Even Centrelink clients have not had to suffer such humiliation as DVA's VEA TPI clients have endured with so-called compensation "add-ons".

- Justice Clarke in his Review knocked it out of the park with the Service pension inclusion and included the use of MTAW to show there was no loss towards VEA TPI's even though the payment was only ever increased by CPI at that time.
- Most recently, a Mr. David Tune AO PSM was appointed to lead an "Independent Review" that was instigated by Department of the Prime Minister and Cabinet (April 2019) to commission and oversee an evaluation of the TPI Federation position that an increase in the TPI payment is needed to remedy a downward trend in its value relative to wages since the 1950's.

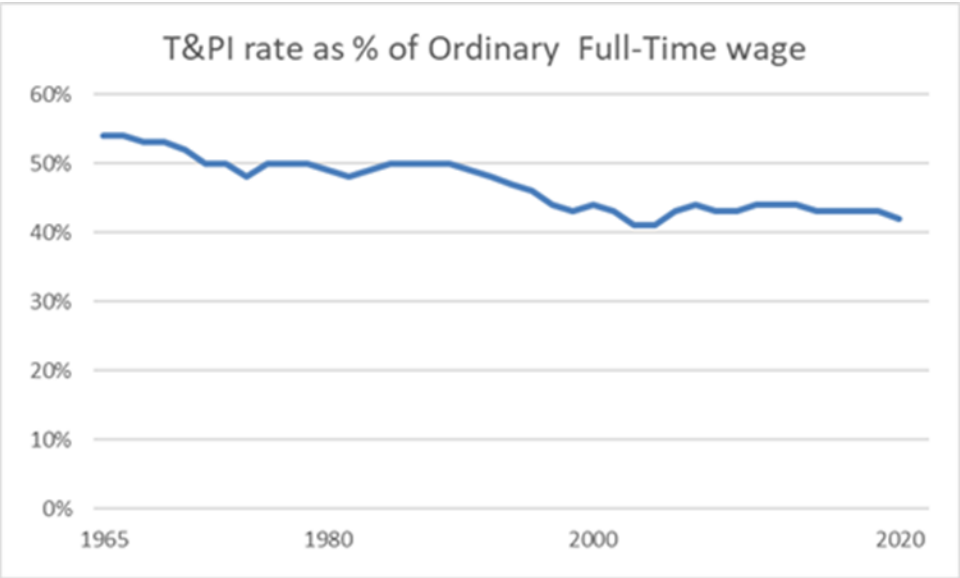
Mr. Tune AO PSM went one better than Justice Clarke.

Mr. Tune stated that as of 1 July 2019, the VEA TPI payment rate is \$1,401.90 per fortnight, plus Energy Supplement of \$21.50 per fortnight for a total payment of \$1,423.40 per fortnight. The National Minimum Wage from 1 July 2019 is \$740.80 per week, or \$1,481.60 per fortnight, meaning that the VEA TPI payment rate is around 96 per cent of the National Minimum Wage. Wow, the National Minimum Wage is now a workers compensation Index whereby, the National Minimum Wage applies to an “award/agreement free” employee other than:

- (a) a junior employee.
- (b) an employee to whom a training arrangement applies; or
- (c) an employee with a disability.

Average Weekly Ordinary Times Earnings (AWOTE)

- From 1971 up until 1990, the VEA TPI payment was 50% of AWOTE. (AWOTE commenced life in 1971) Today that same VEA TPI Special rate loss of Income compensation payment is now, 42% of AWOTE.
- For many years to date, all VEA compensation clients have missed out, not just VEA TPI's with their Loss of Income losses, yes today, all have not missed out on the 8% per fortnight drop in compensation; compensation DVA say it is not devalued at all!
- The AWOTE index as of June 2020, was \$1713.90 per week meaning that each VEA TPI is suffering a \$137.11 a week or \$274.22 a fortnight compensation loss by the 8% drop whereby, Loss of Income compensation was paid at 50% of AWOTE up until 1990 and no amount of Service pension add-ons or Gold Card add-ons can alter this!



Cordially.

Mr. Raymond Evans