



Patron-In-Chief: His Excellency General the Honourable David Hurley AC DSC (Retd)

TPI FEDERATION AUSTRALIA

"Disabled in our Service United in our Cause"

PO Box 450, ERINDALE, ACT 2903

27th October 2020

The Hon Scott Morrison MP
Prime Minister
Parliament House
CANBERRA, ACT 2600

Dear Prime Minister,

Dear Prime Minister,
The TPI Federation (the Federation) feels obliged to respond to you over serious concerns regarding your 'Independent Review into the TPI Payment Report by Mr David Tune AO PSM' (Tune Review).

Whilst the Federation acknowledges your 2019 promise to hold such a review, based on your own recognition of the Federation's '**compelling case**'¹ in for a fair and equitable 'economic loss' compensation for approximately 28,000 Veterans who have been medically retired and classed Totally & Permanently Incapacitated (TPI), as a result of their Service to this Nation.

The Federation is grateful that, finally, its 15-year campaign to have 'rent assistance' extended to TPI Veterans has now been fulfilled, in-part, for just ~2,600 TPIs. However, the Federation nevertheless feels that the Tune Review has failed dismally in regards to a proper analysis of the TPI compensation payment issue, because, just like the flawed Productivity Commission and DVA/KPMG exercises before it, it appears that the Tune Review is nothing more than yet another distorted reverberation emanating out of that echo chamber known as DVA.

Contrary to Mr Tune's assertion, the Federation has only ever sought to affect a structural increase to the overall total payment in TPI compensation, as a means of restoring the 'Living Wage' legislative provision for which the Parliament had intended almost 100 years ago now, but for which DVA has allowed to erode.

The Federation's 7-year campaign to have the total payment structurally adjusted remains ever persistent in the unquestionable image that is seen at Figure 1, where the dialogue box alone remains a testament to this fact.

As you are aware, the total payment has been described as being broken into 'notional' 'non-economic' and 'economic loss' components, descriptors not that of the Federation, but instead that of past Ministers and senior bureaucrats.

Unfortunately, Mr Tune has attempted to re-engineer the language by dismissing these components. Should this be allowed to happen, this would negate the 'pain and suffering' component of the TPI compensation. This must never be allowed to occur.

¹ Your letter to TPI Federation of 2nd April 2019

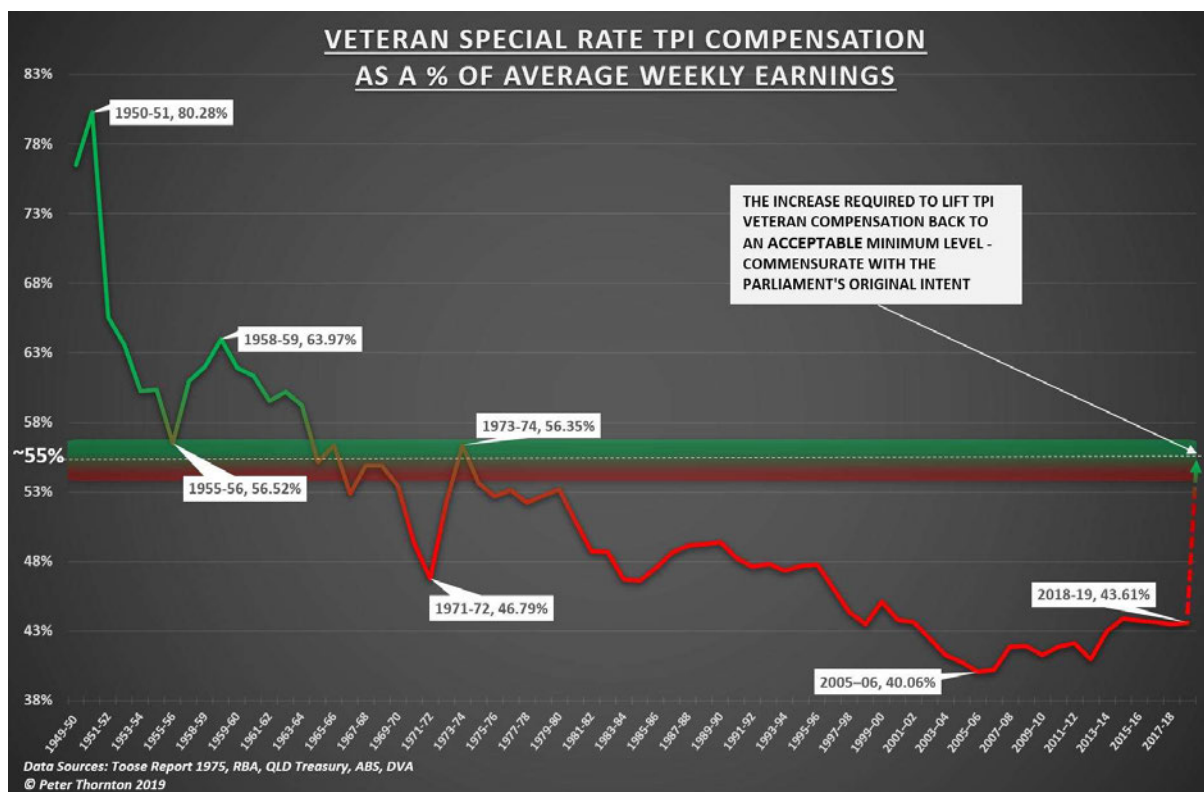


Figure 1

In line with this, the Federation has only ever petitioned you and a succession of LNP Governments since 2013 to affect a single line amendment to VEA legislation (i.e. s24(4)²), using only the differential between the tax-adjusted minimum wage (less Medicare levy) and the ‘notional economic loss’ component (as described by others) as a legitimate means for doing so.³

The Federation takes great exception to the continuous and scurrilous suggestion by bureaucratic forces that in order to affect a rightful and justified modest restoration of the total tax-free TPI compensation payment, that such restoration would require them to fundamentally change a notional component that makes up the total fabric of a 100-year compensation entitlement.

This is not the first time that such disgraceful and reprehensible language has been used, presumably in an attempt to adversely influence Veterans and policy makers who may not be well acquainted with the issue. The Federation believes that such nefarious ideas and communication, if left unchecked, reflects rather poorly upon the Government; a Government that claims to put ‘Veterans first’.

When the Federation met with Mr Tune on the 18th of July, he went to great lengths to suggest that he was “independent”, presumably on the back of our 7th July 2019 communique to PM&C expressing considerable concern and disquiet about his appointment. Whilst we accepted assurances of independence at face value, it became quite evident to TPI Federation Executives and our independent adviser, that Mr Tune had already been captured and was heavily influenced by the flawed thinking and misconceptions of DVA and its KPMG/Productivity Commission enablers.

So evident and palpable was this feeling that the Federation felt it necessary to provide yet another detailed research paper, together with the offer of Federation data⁴, which was dispatched to Mr Tune on the 7th August 2019.⁵ Disappointingly, Mr Tune offered no further correspondence, no follow-up consultation, and no right of reply to any draft.

² Which by direct legislative association extends to MRCA Special Rate Disability Payment (SRDP) recipients also.

³ One such request, as sent by email directly to you on the 31st of March 2020, is copied at Attachment B.

⁴ Mr. Thornton graciously offered to relinquish 7 years of intellectual property and data to Tune providing Tune made a modest charitable donation to the Federation.

⁵ As per our correspondence to you of 22nd Oct 2019, an abridged copy of that research is once again attached at Attachment C for your quick reference.

The Federation is at a loss as to understand how Mr Tune, appointed on the 5th July 2019, could have reasonably availed himself to such an important review (i.e. TPI), when over the same period he was consumed by the National Archives Review and then appointed to the NDIS Review shortly thereafter on the 12th of August as well.

In the report, Mr Tune summarily dismisses the Federation's sound AWE analysis, in favour of its own questionable Basic/Minimum wage and MTAW distributions, presumably acquired from DVA/KPMG; distributions seemingly concocted and stitched together from multiple ABS source files, and that of DVA's 'unpublished data'.

Outrageously, the Tune Review misrepresents the Federation by stating that the Federation was unable to construct an index from reliable sources, thereby permitting Mr Tune to then favour and build upon DVA/KPMG's flawed modelling and narrative, presumably as a means to continue to deflect attention away from the ineptitude of a Department that for decades has failed to 'maintain and enhance' the very legislative provisions for which it is responsible for.

The Federation's 'Data Sources', as can be seen in the legend of Figure 1, have remained front and centre and ever persistent for over 7-years, and is not in dispute.

With the Federation's AWE analysis as a firm backdrop, the Federation treats Mr Tune's Fig. 4 distributions with great caution and scepticism, because as can be seen at Attachment A, Justice Toose provided official tabulated data where in 1950 the TPI Payment was \$14/week, measuring at 104% of the then (Basic) 'Wage Index', and where visual observation between 1974 to 1980, shows unbelievably that the total TPI payment declined against the Minimum Wage, from 100% to 60%. As per Fig.1, such anomalies are not well reflected or supported against TPI payment rates as per Toose/DVA and/or the RBA's published AWE data.

Contrary to the Tune Review's assertion, the fact remains that any modicum of research will reveal that AWE is a mature statistic used widely in compensation literature and application, both locally and internationally. Indeed, AWE better reflects the long-term and relative nature of wages/compensation across the whole community.

Unwittingly, the Tune Review reveals firsthand how an implied 'economic loss' under TPI Compensation (i.e. \$935.60/wk or \$24,325.60 p.a.⁶) reflects rather poorly against a SRCA/DRCA Incapacity Payment of anywhere up to \$125,181.20 p.a., and where an uncapped payment reflecting Normal Weekly Earnings of 100%/75% can exist for any MRCA recipient⁷.

No matter whether one was a Private soldier or a Major General, at a fundamental level, the compensation afforded under the Veterans' Entitlements Act is no comparison to contemporary compensation schemes.

Indeed, the Federation provided the Tune Review with a specific example of how a modern day Private soldier who may be medically discharged on Pay Group 10, earning a current NWE of \$104,304p.a.⁸, could receive Incapacity Payments at 100% for first 45 weeks, rate adapting down thereafter to 75% until Age Pension age. This example, when compared to a Private soldier at the other end of the pay spectrum, only reinforces the Federation's advocacy about the deleterious nature of the MRCA SRDP, as explained on pages 7 & 8 of the attached research paper.

Even when explained in great detail, each and every one of these reviews has elected to ignore the fact that the TPI Federation has only ever sought to obtain a structural increase to the whole payment, using only the notional economic loss component (as described officially by others) as a defensible means to determine a quantifiable deficiency, as measured against Australia's National Minimum Wage, in doing so.

⁶ Including energy supplement.

⁷ Page 26. By way of an extreme example, if the CDF was to be medically retired under MRCA, he would receive 100% of his current salary for 45 weeks and then 75% of that figure until he reaches Age Pension age.

⁸ Annual Salary plus Service Allowance.

By any measure, **62% of the gross minimum wage** for a TPI's notional economic loss compensation remains a disgrace and a blight on a succession of LNP Governments, that for over the last 7 years, have allowed themselves to be "hoodwinked" by a cabal of bureaucrats who continue to perpetuate financial harm against Australia's most disabled TPI Veterans.

Notwithstanding some minor adjustments to some welfare provisioning in the last Budget (i.e. rent assistance), it seems rather churlish to have not acquiesced to the Federation's main contention, when for 7 years, the Commonwealth has knowingly continued to equivocate on doing 'The Right Thing' whilst banking the quantifiable deficiency.

More galling, without any follow-up consultation, and with the Tune Review Report purposely buried under 'Cabinet-In-Confidence' until after the Budget, your Government has proceeded to deliver tax cuts to the general community that has in effect, only marginalised the relative purchasing power of the TPI compensation payment even further.

Prime Minister, if you think this is the last hurrah, then Sir, you have not fully grasped a true meaning of the ANZAC spirit, because like Teddy Sheehan VC, every constituent member of this Federation will continue to 'keep firing their collective guns' for the benefit of 28,000 of Australia's most disabled Veterans until we 'sink below the water line'.

Given all the misrepresentations and the dubious analysis presented by DVA/KPMG/PC and now the Tune Review, the Federation now calls upon you, and your Government, to unequivocally and forcefully repudiate these toxic reviews in favour of the TPI Federation's rightful claim, by immediately facilitating a corrective action to that '**compelling case**' that you, and so many others, have identified "as the most deserving issue in the Veteran community"^{9 & 10}.

Yours sincerely

Ms Pat McCabe OAM
President

⁹ Senator Jim Molan – Senate Estimates, Feb 2019 <https://bit.ly/322Cee6>

¹⁰ Senator Michael Ronaldson – 4BC Radio Aug 2013 <https://bit.ly/3gNbpPc>