

**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE
LEGISLATION COMMITTEE**

SUBMISSION

**Inquiry into aspects of the Veterans' Entitlement Act and
the Military Compensation Scheme (MCRS)**

Submission no	16
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Incapacitated Ex Servicemen and Women Ltd.*

(Incorporated in the A.C.T.)

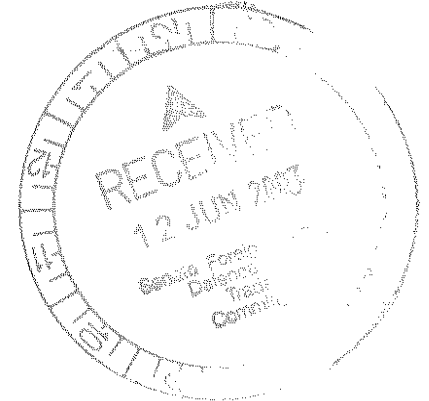
DIFFERENT CONFLICTS – SAME SACRIFICE

Patron-in-Chief:

His Excellency the Governor General of the Commonwealth of Australia

8 June 2003

Mr Brenton Holmes
Secretary,
Senate Foreign Affairs, Defence and Trade Committee,
Suite S1.57
Parliament House
CANBERRA ACT 2600



Dear Mr. Holmes

Inquiry into aspects of the *Veterans' Entitlement Act 1986* and the Military Compensation Scheme (MCRS)

I write on behalf of the members of the Federation to offer our thoughts on the subject of the above named Enquiry. The Federation has nearly 20,000 members who are all severely disabled former service men and women from all of Australia's Defence Forces and from across all aspects of service, conflicts and peace-keeping roles. The Federation is the only organisation with the numbers, background, experience and mandate to speak on behalf of Totally and Permanently Incapacitated veterans (TPIs) and their families.

I have had the opportunity to examine the submissions which have already been placed on the internet and the Federation endorses and supports the basic propositions they contain. I do not propose to reiterate the material contained in those submissions but would like to comment on the issue common and central to all of the submissions.

At the outset let me say that the issue covered by the Enquiry's Terms of Reference namely "*the offsetting calculations applied to veterans and ex-service personnel who opt to receive a pension in lieu of a previously paid lump sum*" is very important and has a profound impact on many of our members. A significant numbers of our members, in particular younger veterans from the Vietnam conflict, former members of the SAS and those with dual eligibility because of service between 1972 and 1994, are caught by the offsetting provisions.

The problem is a rather simple one and is well described in a number of the submissions. A member or former member of the Defence Forces is injured, makes a claim under the MCRS and receives a lump sum amount of compensation. The member at some time also exercises their entitlement under the VEA and receives a fortnightly pension payment based on the level of incapacity of the injury.

Because it is unreasonable to receive compensation twice for the same injury (and no one argues that it should be otherwise) the fortnightly VEA payments are offset or limited to recover the amount of the overpayment. The philosophy is simple but the application has become unreasonable, unfair and unjust.

In most instances the amounts recovered are far larger than the original lump sums that were granted. The examples cited in the submissions and the personal cases which have been detailed show that quite clearly. The reason for the difference is that the Government treat the lump sum as though it had been invested to produce an income stream and then use the capital and the income as the basis for the offset amount. They also continue the offsetting for the lifetime of the recipient.

This process and philosophy has generated considerable ill-will in the ex-service community against the Government and the Department of Veterans' Affairs. There is a widespread perception that the Government is out to make a profit from the veterans and on the face of the figures it is difficult to argue otherwise. The Government clearly seeks to recover more than the lump sums it has paid as compensation. It gets its money back with a healthy interest.

Even worse, the process can impact on TPIs – the most significantly and severely disabled ex-servicemen and women – at a time when they most need support. For example, a 35 year old serviceman who received a lump sum of say \$20,000 in 1985 and then received a TPI in 2000 at age 50 would have his TPI pension limited to such an extent that it becomes almost impossible for him to support his family.

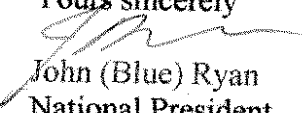
The frustration and emotion that surrounds this issue is generated by the simple and obvious unfairness of the policy and process. If the Government wants to go into the money lending business to make a profit from veterans then why not be honest and say that – and how else can one look at a system that gives a lump sum and recovers that amount plus a considerable additional amount over a long period of time.

The system needs to be scrapped and replaced by something that allows the veteran to repay the lump sum – and only the lump sum – over a period of time and in such a way as to not place a strain on the veteran's capacity to support themselves and their families. It is ridiculous to think that a limitation could be such as to cover the whole of a TPIs Special Rate payment and leave them with only what they can receive from either Centerlink or the Department of Veterans' Affairs as income support payments.

This Federation joins with the other organisations and individuals who have provided submissions to the Enquiry in asking the Committee to recommend that the Government immediately remove the limitation arrangements. The Committee should make it clear that only the actual amount of the lump sum paid should be recovered and at a rate that the veteran is able to afford.

I will be in Canberra during the week commencing 16 June 2003 and would be pleased to have the opportunity to address the Committee if they think that would assist their deliberations.

Yours sincerely


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National President

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