

# Chapter 1

## Introduction

### Referral of inquiry

1.1 On 21 March 2013, the Senate referred the provisions of the Veterans' Affairs Legislation Amendment (Military Compensation Review and Other Measures) Bill 2013 (bill) to the Foreign Affairs, Defence and Trade Legislation Committee (committee) for inquiry and report by 14 May 2013.<sup>1</sup> On 14 May 2013, the Senate extended the time for reporting to 17 June 2013.<sup>2</sup>

### Background

#### *Military compensation schemes*

1.2 There are several pieces of legislation which form the military compensation arrangements in Australia. These include:

- the *Military Rehabilitation and Compensation Act 2004* (MRCA);
- the *Veterans' Entitlements Act 1986* (VEA);
- the *Safety, Rehabilitation and Compensation Act 1988* (SRCA); and
- the *Defence Act 1903*.<sup>3</sup>

1.3 The benefits a person may be entitled to when claiming for compensation will vary depending on: the date on which the injury or illness occurred, the period of service to which an injury or disease can be related, the type of service, and the period of time served.<sup>4</sup>

1.4 In particular, the MRCA was enacted to bring together the rehabilitation and compensation provisions for all members of the Australian Defence Force (ADF), cadets, cadet instructors and members of the Reserve Forces. It incorporated the rehabilitation focus and many of the benefit structures of the SRCA and, according to the Government's response, includes some desirable features of the VEA. The MRCA is the rehabilitation and compensation scheme that covers ADF members currently serving, including those deployed overseas.<sup>5</sup>

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1 *Journals of the Senate*, 21 March 2013, p. 3866.

2 *Journals of the Senate*, 14 May 2013, p. 3884.

3 Luke Buckmaster and Paula Pyburne, 'Veterans' Affairs Legislation Amendment Bill 2012', *Bill Digest*, 17 August 2012, pp. 2–3.

4 'About DVA Compensation Payments', *Guide to Social Security Law*, section 4.3.5, [http://guidesacts.fahcsia.gov.au/guides\\_acts/ssg/ssguide-4/ssguide-4.3/ssguide-4.3.5/ssguide-4.3.5.60.html](http://guidesacts.fahcsia.gov.au/guides_acts/ssg/ssguide-4/ssguide-4.3/ssguide-4.3.5/ssguide-4.3.5.60.html) (accessed 13 May 2013).

5 *Government Response to the Review of Military Compensation Arrangements* (Government response), p. 3.

### ***Review of Military Compensation Arrangements***

1.5 On 8 April 2009, the then Minister for Veterans' Affairs, the Hon Alan Griffin MP, announced a Review of Military Compensation Arrangements (Review). The Review was intended to 'examine the operation of the current military compensation schemes with specific reference to the [MRCA]'.<sup>6</sup> The Review was conducted by a Steering Committee, consisting mainly of senior public servants, chaired by Mr Ian Campbell PSM, Secretary of the Department of Veterans' Affairs (DVA).<sup>7</sup>

1.6 On 18 March 2011, the Review's report was released. The Hon Warren Snowdon MP, Minister for Veterans' Affairs (Minister) stated that the Review report found that 'there are no fundamental flaws in what is a complex and relatively new scheme' but that 'some improvements could be made'.<sup>8</sup> The Review report made 108 recommendations covering a wide range of issues, including 28 recommendations calling for legislative change. Feedback on the report was invited from defence and veteran communities.<sup>9</sup>

### ***Government response***

1.7 The Government responded to the report of the Review on 8 May 2012 and announced it would commit \$17.4 million over the next four years to implementing the recommendations accepted from the Review. As part of its response the government decided to implement 96 of the Review's recommendations—accepting 94 recommendations, either in full or with modification, and replacing two recommendations with 'favourable outcomes'.<sup>10</sup> In particular, the Minister highlighted a number of initiatives, including:

- A new method for calculating permanent impairment compensation across multiple Acts (or transitional claims) under the [MRCA]. All those who have claimed permanent impairment compensation under MRCA and been subject to the method for permanent impairment across multiple Acts, since the Act commenced on 1 July 2004, to be reassessed with many receiving increased compensation;
- Around 6000 former Australian Defence Force members with chronic health conditions accepted under the [SRCA], subject to a needs assessment showing long-term treatment needs, to receive a White Repatriation Health Card for specific conditions and the supplementary payment for pharmaceuticals;

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6 The Hon Alan Griffin MP, Minister for Veterans' Affairs, 'Government moves to review military compensation', *Media Release*, 8 April 2009, p. 1.

7 Department of Veterans' Affairs (DVA), *Review of Military Compensation Arrangements*, Volume 1, February 2011, pp. 61–62.

8 The Hon Warren Snowdon MP, Minister for Veterans' Affairs, 'Military Compensation Review Report Released', *Media Release*, 18 March 2011, p. 1.

9 The Hon Warren Snowdon MP, Minister for Veterans' Affairs, 'Military Compensation Review Report Released', *Media Release*, 18 March 2011, p. 1.

10 DVA, *Submission 5*, p. 1.

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- Earlier access to compensation with claims under permanent impairment compensation under the MRCA for multiple conditions receiving compensation as each condition stabilises, rather than having to wait for all conditions to stabilise;
  - The Eligible Young Person periodic payment, under MRCA, to be increased to match the SRCA equivalent. (Current weekly rates are \$84.94 under the MRCA and \$126.22 under the SRCA);
  - Compensation payable for financial advice under MRCA, for certain beneficiaries who have made a choice about how they want to receive their benefits, to increase to \$2400 (currently \$1544); and
  - Greater flexibility for future wholly dependent partners in the way they receive compensation with the option to convert part of their compensation to a lump sum payment.<sup>11</sup>

1.8 DVA indicated that consultation on the contents of the draft bill was conducted with representatives of the Ex-Service Organisation Round Table in Canberra on 7 March 2013:

Attendees were guided through marked up legislation for changes to implement 19 recommendations and one observation. They were also provided with draft instruments implementing three recommendations and briefed on the outcomes of work on three other recommendations.

The representatives were invited to provide feedback on the draft Bill and instruments during the session, and also invited to provide further feedback once they had time to consider the proposed changes.<sup>12</sup>

### **Conduct of inquiry**

1.9 The committee advertised its inquiry on its webpage, and in *The Australian*, calling for submissions to be lodged by 18 April 2013. The committee also wrote directly to a range of people and organisations likely to have an interest in matters covered in the bill, drawing their attention to the inquiry and inviting them to make written submissions. Details of the inquiry, the bill and associated documents were placed on the committee's website [www.aph.gov.au/senate/fadt](http://www.aph.gov.au/senate/fadt).

1.10 The committee received 11 submissions which are listed at Appendix 1. The committee also wrote to DVA to seek its response to concerns raised in submissions. The committee received answers from DVA to its written questions on notice on 4 June 2013. All public submissions and the DVA answers were published on the committee's website.

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11 The Hon Warren Snowdon MP, Minister for Veterans' Affairs, 'Improving our military rehabilitation and compensation', *Media Release*, 8 May 2012, pp. 1–2.

12 DVA, 'Review of Military Compensation Arrangements', [http://www.dva.gov.au/pensions\\_and\\_compensation/Military%20Compensation%20Review/Pages/index.aspx](http://www.dva.gov.au/pensions_and_compensation/Military%20Compensation%20Review/Pages/index.aspx) (accessed 13 May 2013).

**Structure of report**

1.11 Chapter 2 contains descriptions of amendments to be made by the bill and outlines the issues raised by submitters. Chapter 3 contains the committee's view and recommendation.

**Acknowledgement**

1.12 The committee thanks those organisations and individuals who made submissions and provided evidence to the committee's inquiry.