

Chapter 1

Introduction

Background

1.1 On 1 June 2011, the Veterans' Entitlements Amendment Bill 2011 (the bill) was introduced into the House of Representatives. By resolution of the Senate, the provisions of the bill were referred to the Foreign Affairs, Defence and Trade Legislation Committee on 15 June 2011 for inquiry and report by 16 August 2011.

Purpose of the bill

1.2 The bill has three schedules which amend the *Veterans' Entitlement Act 1986* (VEA).

- Schedule 1—creates a prisoner of war recognition supplement. It defines who is eligible for this supplement and sets down the rate of payment and the procedures for claiming and determining eligibility for the supplement.
- Schedule 2—clarifies and affirms the original intention of the compensation offsetting policy in relation to disability pensions, it is intended to prevent double payments of compensation for the same incapacity.¹
- Schedule 3—rationalises temporary incapacity allowance and loss of earnings allowance through the abolition of temporary incapacity allowance with effect from 20 September 2011. Thereafter, veterans will be entitled to seek access to the loss-of-earnings allowance.

1.3 The committee notes that, when recommending an inquiry into the provisions of the bill, the Selection of Bills Committee focused on Schedule 2. It stated that the purpose for the inquiry would be 'to seek further information about the changes proposed by Schedule 2 and to enable feedback from the veteran and ex-service community about the changes'.² This approach is consistent with that of the opposition which flagged its intention to refer the bill for inquiry in order to afford the ex-service community 'the opportunity to have a say and provide input into the proposed changes'.³

1 The Hon Warren Snowdon, Minister for Veterans' Affairs, Minister for Defence Science and Personnel, Minister for Indigenous Health, *House of Representatives Hansard*, 20 June 2011, p. 6479.

2 *Selection of Bills Committee, Report No. 7 of 2011*, 15 June 2011, Appendix 3.

3 See second reading speeches: Mr Stuart Robert, *House of Representatives Hansard*, 16 June 2011, p. 6342; Mrs Karen Andrews, *House of Representatives Hansard*, 16 June 2011, p. 6352; Mrs Natasha Griggs, *House of Representatives Hansard*, 20 June 2011, p. 6469; Mr Michael McCormack, *House of Representatives Hansard*, 20 June 2011, p. 6474.

Conduct of the inquiry

1.4 The committee advertised the inquiry on its website and in the *Australian* on 22 June 2011 and 6 July 2011. It wrote to relevant ministers and departments calling for written submissions and also contacted numerous ex-service organisations. The committee received five submissions which are listed at Appendix 1.

1.5 The committee considered the submissions and decided to hold a public hearing on 11 August 2011 in order to further examine the concerns raised by the Returned and Services League (RSL) in regards to Schedule 2. The witnesses who appeared are listed in Appendix 2. Prior to the public hearing, the committee lodged a series of written questions with the Department of Veterans' Affairs on 27 July 2011, intended to clarify some aspects of the bill. Answers were provided to the committee on 5 August 2011 and are included in Appendix 3.

1.6 The report is divided into two sections. The first is a brief section on Schedules 1 and 3. Neither measure attracted substantial criticism. Indeed, Schedule 1 had overwhelming support from both sides in the House of Representatives and by the ex-service community. With regard to Schedule 3, most of those who commented on the proposal to remove the temporary incapacity allowance understood and supported the logic behind this measure. Compensation offsetting, however, has for some years been a contentious issue for veterans. In light of this history and the main reason for establishing the inquiry, the committee considers carefully the evidence before it on this matter.

Previous reviews

1.7 A number of significant studies of veterans' entitlements have been undertaken over recent years. In this report the committee draws on the findings of two such comprehensive reviews:

- *Report of the Review of Veterans' Entitlements* (Clarke Review), January 2003; and
- *Review of Military Compensation Arrangements Report*, released 18 March 2011.

1.8 In 2003, the Senate Foreign Affairs, Defence and Trade Legislation Committee also inquired into aspects of the VEA and the Military Compensation Scheme. This inquiry focused on the dual eligibility arrangements and the offsetting calculations applied to veterans and ex-service personnel who receive a pension and a benefit by way of lump sum under the VEA and SRCA.

Acknowledgements

1.9 The committee thanks all those who assisted with the inquiry.