



THE RETURNED & SERVICES LEAGUE OF AUSTRALIA
WA BRANCH INCORPORATED

Issue Special
Sub-Branch Signal

THE SUB-BRANCH SIGNAL

DOING BUSINESS
WITH RSL
8:30 AM – 4:30 PM

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Fund applications. Overseas pen-
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ADVOCACY

Monday to Friday - S31 reviews,
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Admin Appeals Tribunal
Email: advocate@rslwahq.org.au
Tel: 9287 3708

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Sub-Branch Insurance, information,
claims, grant application assistance,
DVA, Lotterywest (ABN, tax)
Email: helenb@rslwahq.org.au
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PENSIONS

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Email: pensions1@rslwahq.org.au
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SPECIAL ISSUE

Budget 2009 Pension Issues

In early June 09, the National President of the TPI Federation, (Mr Ryan), wrote to the Prime Minister expressing concern that Budget 2009/2010, which provided for increases in Aged and Service Pensions, and the War Widows' Pension, did not include any consequent adjustments for DVA Disability Pensioners.

Mr Ryan subsequently sought the RSL view on his submission.

I advised:

- * No one in the RSL had brought forward any concerns on this matter, and if they did, the League membership is unlikely to be supportive.
- * Adjustments had been made in 2007 and 2008 to the base figures and indexation arrangements for all DVA Disability Pensions.
- * Some 80% of Special Rate Recipients (TPI) presently receive a part or full Service Pension and would gain some benefit from these changes in any event.

That response, addressed only to Mr Ryan, was subsequently widely distributed.

On 16 June, the Minister for Veterans' Affairs responded to Mr Ryan, on behalf of the Prime Minister, in quite some detail. A copy of that response was also widely distributed. Mr Ryan wrote again on 30 June challenging some of the issues in the Minister's letter. Subsequent to these exchanges, there have been a number of emails from the usual sources criticising the RSL and me in particular for failing to support Mr Ryan's request. It would be fair to say that most of those emails show the most appalling lack of objectivity and recognition of the facts that I have seen in my six years in this role.

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I am immune to the carping criticisms of a small element of the veteran community; those whose only stock in trade is abuse. But I resent greatly that the RSL, which has done so much for veterans over 93 years, has also been the subject (again) of much of this ill-informed vitriol. I have great concern also that there are many veterans, whose email addresses have been harvested by this small group, who may come to believe much of the rubbish they have been receiving. For the benefit of RSL members in particular, I wish to explain the key issues.

Commentary

The Minister's detailed response of 16 June 09 is in two parts:

- The letter itself traces the history of the present Government's response to veteran requests on the Special Rate Pension
- The attachment deals specifically with the Impact of the Government Pension Changes on Special Rate Pensioners.

In essence, this ministerial response articulates why any support which the RSL may have given the claim would be unproductive.

The key elements are these:

- The Harmer Review of Income Support Pensions responded to the demonstrable need to enhance means tested income support pensions, in particular, the Aged Pension and Disability Support Pension (for the wider community) and the Service Pension, Invalidity Service Pension and Partner Service Pension (for the Veteran Community). Adjustments had already been made in 2007 by the previous Government, with the strong support of the present Government, to DVA Disability Pensions and, importantly, to move them to a more favourable indexation regime.
- There has not previously been an argument to link DVA Disability Pensions to Income Support Pensions – the argument was to use a methodology which adjusted Disability Pensions in line with movements in Male Total Average Weekly Earnings (MTAWE), and to retain relativity to MTAWE.
- In any event, a large number of ex-servicemen and women, those on Income Support Pensions (including 80% of TPIs) will benefit from the Budget measures, and appropriately so as they have the greatest need for further financial support.
- While not asserting in any way that a TPI recipient is 'well off', it was pointed out that single TPI receiving the maximum level of Income Support Pension will be receiving 96.5% of the income of a MTAWE recipient after the latter has paid tax.

The RSL consistently acts responsibly in its representations to Government, and in view of some of the claims made in the 'debate',

I spoke at length with Minister Griffin and his advisers on 28 July to seek clarification on three particular issues.

These were:

- The impact, if any, of the change from 25% to 27.7% of MTAWE as the baseline for the Service Pension.
- The retention of allowances for entitled veterans who do not also receive any Income Support Payments.
- Whether there were likely to be any veterans who lose cash income due to the imposition of the 50 cents in the dollar separate income offset, presently 40 cents.





I will deal with each in turn.

27.7% of MTAWÉ Baseline

The impact of increasing the Single Rate Pension by up to \$32.49 per week lifts the baseline for the pension from 25% of MTAWÉ to 27.7% of MTAWÉ. In future, the Service Pension will not fall below this amount.

The formula which applies to pension adjustments every six months is to initially apply the CPI percentage change for the preceding six month period. The dollar amount of 27.7% of MTAWÉ is then established. If the CPI adjustment results in a pension of less than 27.7% of MTAWÉ, the pension is brought up to this level.

Without wishing to confuse, it needs to be mentioned that a further index – the Pensioner and Beneficiaries Living Cost Index (PBLCI) is also taken into account, but if applied, would lead only to a further upward adjustment.

For DVA Disability Pensions, the CPI will be initially applied. However, if there is an upward shift in MTAWÉ by a factor greater than the CPI, then this is the factor used for adjustment of the pension. In this case, the baseline percentage figure is irrelevant. The factor used could be derived from a comparison between 25% and 25% at six monthly intervals, or 27.7% and 27.7%, or indeed any other percentage. The MTAWÉ ‘factor’ is going to be the same. This factor becomes the one used for assessing changes to Disability Pensions. It can be concluded that DVA Disability Pensions are not impacted by the change in the Service Pension baseline figure.

Bundling of Allowances

The Budget provided for the present range of allowances – GST supplement, Pharmaceutical Allowances, Telephone Allowance and Utilities Allowance to be ‘bundled’ into a Pension Supplement to be paid every fortnight. Those receiving only Disability Pensions are generally eligible for the Pharmaceutical Allowance and Telephone Allowance and will in future receive these as a ‘Veteran Supplement’. Further, the Telephone Allowance will now be paid at the higher rate for all recipients.

Recipients of Part Pensions

The Budget has raised the offset amount from 40 cents in the dollar to 50 cents in the dollar loss of pension for each additional dollar earned for those receiving a part pension.

Concern has been expressed that veterans will consequently be disadvantaged. However, taking into account the increase in the base pension amount, and the indexation effect, it is not anticipated that any veteran will experience a reduction in total income from that now being received. In making this claim, it is acknowledged that there is a rather complex transition arrangement being put in place to ensure that this doesn’t happen. The transition arrangement will allow some to retain the 40 cent in the dollar offset for a period, but there is a trade-off in the ongoing level of indexation applied.

Minister Griffin has advised me that he has sought confirmation of the full impact of this change and, if there are identified situations of negative effect, he would move to ensure that a no-detriment provision is in place. The undertaking at the time of budget release was that no veteran would be worse off.





Summary

In a press release in June 2003, the RSL expressed support for the TPI Federation in seeking a better deal for totally and permanently incapacitated veterans. This included recognition of the need for a base adjustment of at least \$60 per fortnight, and more appropriate indexation.

I personally discussed these issues with then Prime Minister Howard in the lead up to the then Government's announcement of its decisions on the Clarke Review. Subsequently, in the RSL Budget Submission of 2006, the need was reinforced, particularly the need for more appropriate indexation. Throughout this period we have discussed all of these issues extensively with Ministers and Shadow Ministers, leading to the September 2007 announcement by Prime Minister Howard at the RSL National Congress, endorsed immediately by the Opposition Leader Kevin Rudd.

It is trite nonsense to suggest that the RSL has not played a fundamental and constructive role in seeking a better deal for our most disadvantaged veterans.

These outcomes have been achieved through effective negotiation, patient argument, and the League's inherent credibility with successive Governments. I am not disputing the role of others, in particular the determination of Blue Ryan in pursuing this issue - they have already claimed their credit – but the wider membership of the RSL should be accorded its due for its measured approach.

I believe that Minister Griffin is most alert to any emerging anomalies in the measures recently put in place. He would move swiftly to address those through legislative or administrative action. He retains our strongest support in doing so.

Clarke Review Issues

I sought the Minister's advice about how the Clarke Review recommendation reconsideration was progressing. Clearly this focussed on two issues – BCOF and the Atomic Veterans' issues.

In respect of BCOF there appeared to be some disagreement with the Department over the interpretation of the Cabinet decision providing for "full repatriation benefits" for those who served in Japan until June 1947. We had advocated in our submission that 'full repatriation benefits' meant those benefits that applied during the Second World War to all returning Servicemen and Women. The Department of Veterans' Affairs apparently interprets it to mean repatriation benefits relevant to the nature of service in Japan which they regarded as less than qualifying service. This is where the dispute continues and I trust that some rational debate can take place.

In respect of the Atomic Veterans' issue, the Minister pointed out that there is a difference here between exposure, which is the subject of much intense debate and aggravation, and the outcomes of the mortality study. While the exposure levels measured and recorded appeared to be higher than what might be regarded as acceptable in present standards terms, the results of mortality studies indicate there has not necessarily been a higher rate of attrition among Atomic Veterans than the wider community of that age group.

Notwithstanding, you will be aware that the recent scientific study which reported in 2006 resulted in the Government's agreement to provide treatment of all forms of cancer irrespective of the source of that cancer. Indeed, while there was a higher rate of cancer amongst the veterans, the forms of cancer reported were not cancers that wouldn't necessarily originate from exposure to Atomic radiation. You will recall further that the scientific outcomes were largely inconclusive and it was for that reason the Government took the step of providing a coverall cancer treatment regime. However, this did not necessary lead to specific compensation payment or disability pensions.

Some claims had been made against the Safety, Rehabilitation and Compensation Act but there were few. That is the method currently available. We have of course argued that this be deemed to be hazardous to bring atomic veterans under the beneficial legislation of the Veterans' Entitlement Act. That might facilitate some other claims but we do not expect to be overwhelmed by them. The Minister further indicated that people should be aware that the British High Court decision was only to suspend the statute of limitations in respect of claims. It did not necessarily open the way for a more favourable outcome in respect of any claims. That point seems to have been overlooked in much of the media reporting and certainly the understanding of the atomic veterans themselves.