

**SUBMISSION RELATING TO THE  
PRODUCTIVITY COMMISSION DRAFT REPORT  
PUBLISHED 14 DECEMBER 2018 ENTITLED  
" A BETTER WAY TO SUPPORT VETERANS".**

**BY  
BARBARA WHEATLEY  
AND  
ERIC WHEATLEY**

## **Introduction**

After reading the entire Productivity Commission Draft Report " A Better Way to Support Veterans," (the Report) it is apparent that the Report is based on a number of assumptions that have not been demonstrated by any empirical evidence as being correct or based on best practice principles. Further there is no demonstrated cost analysis given of the cost of abolishing the Department of Veterans' Affairs (DVA) and moving the management of claims, compensation, rehabilitation and payments to the Department of Defence with a new Commission. This is a critical factor for the Government to be aware of as it is essential to consider the costs of the proposed reforms as opposed to maintaining the current DVA system with some targeted reforms to better service Veterans and stream line processes.

In these submissions I have specifically chosen to focus on three areas only, as the Report covers a wide range of Recommendations and suggested reforms. I am unable to adequately comment upon the majority of the Recommendations, due to the extremely limited time constraints. The Report was published on 14 December 2018. Obtaining a copy, reading it and then be expected to make submissions by Monday 11 February 2019 was not possible. I have requested an extension of time until the last week of February 2019 and hopefully this submission will be read by the Commission. The overall impression of the Report is concerning for the future of Veterans' payments and benefits as it is obvious that there has in some areas been inadequate research, costing and transparency in some of the Recommendations.

I consider that a fundamental problem with the Report is the Recommendation that " The Australian Government should amend the Military Rehabilitation and Compensation Act 2004 to remove the requirement that veterans with impairments relating to warlike and non-warlike service receive different rates of permanent impairment compensation from those with peacetime service. The Department of Veterans' Affairs should amend tables 23.1 and 23.2 of the Guide to Determining Impairment and Compensation to specify one rate of compensation to apply to veterans with warlike, non war-like and peacetime service".

### **Meaning of the word 'Veteran'**

To classify all defence service personnel as 'Veterans' to become one homogenous group fails to give any recognition to defence service personnel who have served in war zones. This lack of differentiation places a deployed soldier who has served in a war zone for the purposes of impairment compensation on the same level as a storeman on a base who trips over a box and injures himself, causing an impairment. I acknowledge that it is 'convenient' to define all defence service personnel as Veterans, but it is not correct to do so. The Acts can be amended to differentiate between Veterans who undertake operational duties in various zones including a defined war zone and non-operational duties and as such there should be a recognition in the type of compensation made payable to each group if an injury or long term impairment occurs .

The word 'Veteran' derives its meaning from the derivation of the Latin 'vetus' or old . In all the meanings given in the Oxford and Cambridge Dictionaries in Australia, Britain and America they define Veteran as someone who has been in the armed forces during a war. Age is immaterial as you can have a Vietnam Veteran who is 75 years old and an Afghanistan Veteran who is 30 years old.

To use the term 'Veteran' to describe all defence service personnel who have served more than one day in the defence services and to then fail to differentiate their rate of compensation and benefits due to their service history is offensive to those defence service personnel who either were or are deployed overseas to serve in war zones and completely fails to comprehend the different stressors between war service and non- war service.

### **Focus of the Submission**

The three areas I have focused on are as follows;

- 1) That the Department for Veterans Affairs (DVA) is not 'fit for purpose' and requires fundamental reform. That is that the DVA as an institution is not well equipped or well suited for its designated purpose. The only remedy that the Commission proposes in the Report is the abolition of the DVA and the implementation of a Defence Personnel and Veterans' Ministry within the Department of Defence with an Independent Veterans' Service Commission.
  
- 2) That the Gold Card should be not be expanded to any new criteria as it is too generous and the dependants card abolished with the possible outcome of the abolition of the Gold Card or the introduction of a new card system based upon differing levels of impairment and;
  
- 3) That the current educational payments administered by DVA to those dependant students over 16 are too generous and should be abolished , because students between 16-24 years old can claim Youth Allowance through Centrelink which is a scheme that "mirrors" DVA's Education scheme.

### **Inherent Bias**

It is an obvious conclusion that the Commission has been tasked by the then Treasurer, now the current Prime Minister, to reduce the financial costs associated with supporting Veterans. This Report is substantially biased and as such is compromised, as it displays a limited understanding of the Defence Service in Australia and was tasked to reduce the cost to Government of supporting Veterans and their families. The Report is attempting to portray a caring and holistic approach to the future needs of Veterans , their families, their rehabilitation and welfare by introducing the notion of wellness, but upon close reading the constant use of the words "generous", "overly generous", "relatively beneficial" and "too beneficial" throughout the report clearly indicates that the

Commission already views the payments made to existing Veterans , their families and dependants as costing 'too much' or as repetitively stated throughout the report "generous". This word or similar words are used repetitively throughout the Report and I stopped counting at forty the times that the word "generous" was used.

If some of the recommendations are accepted in part or in total, the Report should be renamed "A Better Way to Destroy Veterans and their Families".

### **Abolishing DVA**

The view of the Productivity Commission is that the DVA is an out of date, obsolete department, unable to service Veterans or function within the 21 Century. This is the rationale given for the Recommendation to abolish DVA and to replace DVA with A Ministry for Defence Personnel and Veterans with a new Veterans Service Commission and DVA's policy responsibility transferred to the Department of Defence within a new Veterans Policy Group.

The question of the unique nature of the military is an important one, and was well expressed in the 'Cross Report', the Joint Committee report in 1988:

'Defence Force members are required to serve when, where and as required, often in the most hazardous circumstances. They must follow without question the directions of government, while at the same time demonstrating initiative and originality of thought in the execution of their duties. Hours can be long and irregular. There is no recourse to industrial action, and compensation for overtime is limited to a small, fixed-sum 'disability' allowance. Family moves are regular, sometimes seemingly random and frequently stressful. Demands made on members of the ADF are not limited to the contribution the Force makes to regional stability, the law and order of the nation and the maintenance of national prosperity and trade. During emergencies such as bushfires, cyclones and similar national disasters, it is the ADF to whom the community turns for a vital proportion of the support effort. The ethos of service remains paramount'.

As stated at page 3 of the Report...".... Military service is a unique occupation" and that is why the recommendation of the Commission to implement a redesigned system based on the workers' compensation and contemporary social insurance schemes is fundamentally flawed in its analysis that such a 'type of system' would work. The cost of designing and implementing such a scheme would significantly outweigh implementing new procedures within DVA and amalgamating the three Acts. In fact, the three Acts do not need to be amalgamated into one Act but could be amended and revised to remove any duplicity of payment schemes, but by leaving the most favourable payments in place and then streamlining the application process. This would require DVA to be properly funded so that there are more case coordinators to provide a more controlled and stream lined application process.

To completely abolish the current DVA system and then to replace it with what is proposed would cost in my opinion conservatively hundreds of millions of dollars and it may not be a more efficient and a superior system to the current DVA system. It would be far less costly and more productive to highlight the issues within the current DVA system that requires modernization and better procedures and then implement any appropriate new or revised procedures with the necessary staff training and financial support to make the current system workable to the required standard. To abolish DVA and move the implementation of new procedures, claims, rehabilitation and

payments to the Defence Department with a new Ministry of Defence Personnel and Veterans and a new Veterans Service Commission fails to recognize that the rehabilitation, compensation and payments of benefits are not functions of the Defence Department nor should they be. If this occurs there would be justifiably the perception that the rehabilitation and compensation system could be severely compromised because the funds for its existence come from the defence budget and there would be a perception that claims will be denied to reduce the budget spent on Veterans' claims and payments. It is both necessary and advantageous to have a transparent and independent body, such as DVA, with its own Ministerial Department so that representations can be made about Veterans' concerns by the various interested organizations to the Minister of Veterans Affairs.

### **Workers Compensation**

Workers compensation is a compulsory statutory form of insurance for employers to provide protection to workers if they suffer a work related injury or disease. If a worker suffers a workplace injury or disease, the Workers compensation scheme may provide the injured worker with weekly benefits, medical and hospital expenses, rehabilitation services or a lump sum payment for permanent impairment on the basis set by the particular scheme. Australia has eleven Workers Compensation Systems. There are three Commonwealth Workers Compensation Schemes , notably two of those schemes deal with Australian Defence Force personnel.

In Western Australia the 'Workers Compensation and Injury Management Act 1981' (the Act) governs the amount an injured or deceased person may claim through Workcover W.A. This is the Government agency responsible for overseeing and regulating the Workers Compensation and Injury Management Scheme in W.A.

At section 3 of that Act it states;

### **3. Purposes**

The purposes of this Act are —

- (a) to establish a workers' compensation scheme for Western Australia dealing with —
  - (i) compensation payable to or in respect of workers who suffer an injury; and
  - (ii) the management of workers' injuries in a manner directed at enabling injured workers to return to work; and
  - (iii) specialised retraining programs for injured workers; and
  - (iv) ancillary and related matters;and
- (b) to establish WorkCoverWA to oversee the operation of the workers' compensation scheme; and
- (c) to provide for the resolution of disputes under this Act; and
- (d) to make provision for the hearing and determination by the dispute resolution authorities of disputes between parties involved in workers' compensation matters in a manner that is fair, just, economical, informal and quick.

*[Section 3 amended: No. 72 of 1992 s. 4; No. 48 of 1993 s. 28(1); No. 42 of 2004 s. 6, 146 and 148(1); No. 31 of 2011 s. 79.]*

The amount of the premiums payable by the employer are regulated by each state in the State based schemes. It is calculated upon the amount of wages paid, the type of industry and the claims history.

The \$100 levy proposed in the Report has not been explained at all, nor where that figure originated from or how it was calculated. As acknowledged in the Report some overseas operations of the defence services are extremely high risk occupations, but there are also more low risk occupations within the defence services. It is also nonsensical to propose a levy of \$100 on the Department of Defence because they would need an increased budget from the Commonwealth to pay that levy which then is repaid to the Commonwealth who then repays it to the Department of Defence to partially cover any future claims for compensation or to pay for rehabilitation and the running costs of the new Commission.

The Defence services is not an 'industry' and what is proposed is not in reality an industry based insurance scheme, but a levy which is legally different. A levy in law means a tax, fee or fine. It is not an insurance based scheme, but a tax. Therefore what is proposed is that a tax be imposed upon uniformed defence personnel in the Department of Defence of \$100 to be paid back to the Commonwealth to be paid back to the Department of Defence to pay for and administer the new proposed Defence Personnel and Veterans Ministry.

The State insurance based schemes are focused on rehabilitation and compensation for the particular injury, illness or death. There are schedules in the Act setting out the amounts an injured person or their family can claim and each injury or death has a maximum amount that can be claimed. It is a limited monetary scheme and treats all injuries, illnesses and deaths as having a monetary value, because it is an insurance scheme underwritten by major insurance companies. Also once a payout is made and some years later the injury may return or worsen, there is no reopening of the original claim or any further payment.

As stated the levy proposed of \$100 is a tax, not an insurance scheme, but the Reports' clear indication is to limit, reduce or abolish the payments by way of the card system (Gold or White) and to adopt a purely monetary approach to defence personnel or Veterans, either through the rehabilitation process or a pay-out system(compensation) so there is either no future or ongoing responsibility for Veterans' health care needs or in some cases a limited or reduced responsibility for their health care needs. Presently under the legislation that DVA administers even once a payout is made and the initial condition worsens or there are new conditions that arise, the claimant/Veteran can reopen their claim or commence a new claim.

### **The Gold Card**

In the Report there are examples given where the Veterans' current medical entitlements either through the Gold Card or White Card are contrasted with the current entitlements in the public health system. This is a misleading comparison used to demonstrate the "overly generous" nature of the Veteran's entitlements. Medicare is a universal Government funded health insurance scheme to

cover basic health care for all citizens in Australia. Australians are taxed by the Medicare Levy to help pay for universal health care on a limited range of health issues. There is also a private health insurance system that allows greater access to private hospitals and specialists where there is either an allowable Medicare rate or the private insurance rate, but there is usually a gap between the Medicare rate and what is charged by the health professional and payable by the individual.

For the purposes of this submission I have focused on an examination of the West Australian public health system in the Metropolitan area. It should be noted that in some cases DVA Gold and White card holders are by legislation specifically precluded from using these services. This means that there will have to be substantial amendments made to the Commonwealth and States' legislation in all jurisdictions in Australia if all or a range of Gold or White Card services were to be removed or reduced and Veterans are forced to rely upon the public health system. It should also be noted that if a Veteran receives a service pension or TPI pension they cannot receive a Centrelink pension. However I agree that the 'cost of living supplements' should be rolled into their underlying payments and appropriately indexed, but not to remove the energy supplement from impairment compensation payments. (See Draft Recommendation 14.3)

In the public health system there is a pharmaceutical rate for a pensioner or health card holder on a wide range of pharmaceutical products. The scheme is a Commonwealth Scheme. See <http://www.health.gov.au/pbs>

For the DVA pharmaceutical scheme is located at fact sheet. [See DVA fact sheet HSV92](#). The DVA scheme provides a much wider range of pharmaceutical products than available under the PBS scheme. Also doctors after receiving permission from DVA can prescribe outside the listed pharmaceutical products if in their opinion it is warranted to do so.

There is no doubt that Veterans are entitled to a wide range of medical, dental and associated health care professional services that are not readily available through the public health system by the use of the Gold Card. DVA Gold Card holders can choose their medical and dental practitioners and associated services, however if Veterans were to be denied the use of the Gold Card or the services it provides are reduced or removed and replaced with a non liability White Card or Veterans were forced to rely on the public health system, the holistic and beneficial system that the report stated that it would implement would not occur. What would realistically happen is a reduction in services with an increase in stress and mental health issues and then an increase in suicide rates. [See the list of fact sheets by number](#). DVA Gold Card holders are also entitled to a range of reductions on many other services located at [DVA fact sheet CON05](#). These range from health concessions to vehicle concessions.

At page 574 of the report it states that, " many services that veterans need are already provided through the public health system". This highlights that Gold Card holders can access private hospitals, private specialists, dental treatment, aged care services and travel for treatment. I have not discussed aged care in this submission, but focused mainly on medical, dental and allied health treatment.

I have researched the availability of some relevant medical, dental and allied services in the public health system in Western Australia.

There is a limited range of dental services and limited access to dental services available in the public health system. As an adult you must either have a health care card or a pensioner concession card to use these services. A fee is still charged per service which is either 25% or 50% of the cost of the service which is based upon the DVA schedule of dental charges. For non-urgent dental care your name is placed on a list and you are then sent an appointment to attend however the current wait period is up to 2 years. The level of dental subsidy you are entitled to receive is based upon the income you receive from Centrelink. [See dental schemes.](#)

The DVA dental scheme is located at fact sheet. [See fact sheet HSV17.](#)

There is limited provision for a wide range of optical services other than under the Department of Health Spectacle Subsidy Scheme which pays \$53.85 every two years towards spectacles for eligible people. The major hospitals have eye clinics with wait periods of 12 months or more. Medicare will subsidize an eye test by an optometrist, but there is still an out of pocket fee to be paid if spectacles are prescribed. [See Eye Health Schemes.](#)

DVA optometry scheme is located at fact sheet. [See fact sheet HSV18.](#)

There is limited access to dermatologists in the public health system with a clinic run at Royal Perth Hospital . The outpatients clinic take referrals from the hospital and medical practitioners. Clinics are by appointment only and the wait period for an appointment is 12 months. The clinic operates four days a week for 2-3 hours only a day. [See dermatology services](#) at Royal Perth Hospital

DVA dermatology scheme is located at fact sheet. [See fact sheet HSV80.](#)

Podiatry in the public health system is an in-hospital service with a very limited out-patient services to high risk patients only. [See podiatry services](#)

DVA podiatry scheme is located at fact sheet. [See fact sheet HSV20.](#)

In the public health system there is a limited physiotherapy scheme mainly located at the respective metropolitan health campuses and major public hospitals usually as an out- patient service only. At Sir Charles Gairdner Hospital and Bentley Campus there is a physiotherapy clinic where you are treated by final year physiotherapy students from Curtin University, under supervision, for a reduced fee . [See physiotherapy services at a major Health Campus.](#) The wait time is variable and for a public patient it could be up to 6 months , but DVA Gold card holders are able to access the private services "without delay."

DVA physiotherapy scheme is located at fact sheet. [See fact sheet HSV19.](#)

Ambulance services are available for either no out of pocket cost or in some cases 50% of the cost from the St Johns' Ambulance Service in Western Australia. There are however residential, age and income requirements . If you are over 65 years old and in receipt of a full Centrelink pension or DVA pension you can use this service with no cost payable by you. However if you are under 65 years old or not on a full Centrelink pension there is [a fee to be paid for the ambulance use.](#)

The [public health system](#) have state wide facilities or places to treat people with mental health conditions. There are in- patient wards in public hospitals and a secure facility at Graylands Hospital Campus. However at the public hospitals and Graylands there are restricted in-patient beds for acute



cases only either on a voluntary or in voluntary basis with the main mental health care given in the community by an appointment system. Once discharged from a public hospital you are allocated an office to attend and wait for the appointment which could be 3-6 months and then attend as allocated.

DVA mental health scheme is located at fact sheet. [See fact sheet HSV99](#).

There is provision in the West Australian public health system for transport for treatment. There is a [Department of Health Patient Transport Strategy 2015-2018](#) that states what is available. Within the metropolitan area some services are run on a volunteer basis.

DVA transport for treatment scheme is located at fact sheet. [See fact sheet HSV03](#).

Gold Card holders are also exempt from paying the Medicare levy.

Because of the lack of comparable services already provided by the public health system, I have chosen two types of medical problems that could occur to Veterans in the future to compare the use of the Gold Card and the public health system in Western Australia. These are knee replacements and type 2 diabetes. I have personally made enquiries with the major public hospitals in the Perth region in these two areas only.

With respect knee replacements I was informed that after receiving a referral from a doctor, it takes three months or more to get an appointment at a public hospital clinic where the patient is triaged. Once the patient is assessed at the clinic it then takes another three months or more to see a doctor and up to twelve months for an operation, but only if initially assessed to be an essential or urgent operation, but if deemed non-urgent or non-essential, then it takes up to two years on the wait list for an operation in a public hospital.

Through the private health system using the Gold Card, a knee replacement can be assessed by the surgeon and the operation completed within 4-6 weeks after seeing the surgeon, depending on the surgeons' operating list. The Veteran would be entitled to a taxi to the hospital and home and to physiotherapy sessions, either at home or at a clinic. The Veteran would also be entitled to reduced cost of medication and to be supplied with crutches or other aides.

The second medical issue that I have researched is Type 2 Diabetes, because it is one of the fastest growing conditions in Australia. From my personal inquiries at the major public hospitals, once a GP refers the patient to the diabetes clinic at a public hospital, it takes three months to get an appointment to be triaged. Depending on the urgency to see a specialist doctor it still takes another three months for an appointment. Therefore it could take up to 6 - 12 months to see a specialist doctor, but usually takes between 9 - 12 months in most cases. There are urgent appointments available but these are reserved for critical cases only and still take two weeks to be seen by the doctor.

If using the Gold Card as a private patient with diabetes to obtain an appointment after receiving a GP referral it can sometimes take up to 2-4 weeks to get an appointment with a specialist compared to 12 months in the public health system.

I have not contacted public hospitals outside of the Perth region, but it would be realistic to assume that regional hospitals also have limited access for various medical conditions with some patients being referred to the larger city hospitals to receive specialist medical care.

Another consideration is that the public health system is barely coping at present with the number of patients that it deals with and no doubt the States would be requesting that the money saved by the Commonwealth when it either cancels or reduces the services available on the Gold Card ( and the dependant card) and Veterans are forced to use the public health system be allocated to the public health systems within each State to compensate for the increased patient numbers.

The fundamental and crucial issue that the Commission has not considered, is the difference between **availability** and **accessibility**. Some of the same services that the Gold Card allows may also be **available** in the public health system in a limited capacity, but it is clearly not readily **accessible** in Western Australia. The Gold Card provides **accessibility** to health care and by removing or reducing that **accessibility** there will be a substantially increased level of stress and pain amongst Veterans which could lead to depression or a higher suicide rate. This is not the wellness model the Commission wants to implement.

The Commissions' view is that the Gold Card should not be expanded to any other services or recipients and should be further restricted as it is "too generous" and effectively Veterans misuse it or providers over service them. Also that once a Veteran receives the Gold Card they are not interested in rehabilitation . The Commissions' view is that the Gold Card does not complement the notion of wellness and runs contrary to rehabilitation . **This is not an accurate view** and is highly offensive to Veterans, nor is there any evidence to suggest that Veterans do not want to improve their quality of life. It also needs to be understood by the Commission that Veterans range in age and disability and that not all Veterans can be rehabilitated to return to any meaningful work. The comments made in the report by Veterans' groups that Veterans see the Gold Card as the "prize" and in some cases can exaggerate their claims or illness to receive the benefits of the Gold Card or White Card is completely false. There is no evidence that Veterans have exaggerated their claims to obtain the Gold Card either now or in the past or view the Gold Card as a "prize". There is no evidence that Veterans are exaggerating their claims to make a "cash grab" from the Government.

There is also the view of the Commission that the Gold Card is exploited by service providers by over servicing and by Veterans who obtain services when not required. However if the Commission is concerned about this issue , quality control measures could be implemented within DVA and special audits can take place with a compliance team monitoring service providers and removing any who do not meet the required service standards.

The view of the Commission is that dependants should not be entitled to the Gold Card once the primary holder dies. The dependant card recognizes that the dependants of Veterans support their partners through rehabilitation and afterwards. They provide a valuable support system and service and often cannot work themselves as they care for the Veteran.

As stated previously there is no actual proof, only opinion, that Veterans exaggerate their claims or medical conditions to receive the Gold Card or even the White Card. The receipt of those cards gives Veterans a 'peace of mind' and an acknowledgment of their medical or mental conditions due to their military service. This is especially important for the Vietnam Veterans (and their dependants)

who as a group were not accepted within the Australian community upon their return to Australia and have waited years to receive any support for their medical and psychological conditions due to their service. The dependants of those Veterans have endured years of stress dealing with the unresolved issues of the Veterans' military service. Many of those dependants require psychological services as there is intergenerational trauma which if left untreated can cause drug and alcohol dependency or suicide in the partners and the children of those Veterans.

Even though at this stage the Report does not recommend the removal of the Gold Card from existing card holders or their dependants, there are numerous statements in the Report that the services the Gold card provides are "too generous" or "relatively beneficial" and it is clear that the Commissions' view is that some payments, benefits or services should be removed entirely and that some of the benefits should be consolidated by the amalgamation of the Acts. There were no particulars given as to what services or benefits would be recommended to be removed from the Gold Card.

It is completely negligent of the Commission to recommend that the services now provided by the Gold Card should not be expanded to any new services for existing Veterans. Health care and allied treatments are dynamic and as such should be reviewed and expanded as Veterans' age and their needs change. That also means that some services and benefits may be removed if not suitable or necessary any more. To 'freeze' the benefits and services clearly highlight that the Commission does not understand the best practice principles and the dynamic nature of healthcare and allied services. To not expand the Gold Card services and not use the best practices from international research or new innovations in treatment denies Veterans the best possible care outcomes.

The comparisons of payments and benefits that Veterans receive in other countries is also misleading and counterproductive. The comparisons assume that Australia is out of step with other countries rather than other countries being out of step with Australia. The comparison concludes that Australia is "overly generous" with its benefits and payments and that other countries who pay less to their veterans or provide less support systems have the right approach. It should be noted that Great Britain, America and New Zealand all have some form of dependant benefits even after the Veteran dies and all have an amount payable towards a funeral.

To extrapolate, just by monetary figures, is an entirely incorrect analysis to make or to rely upon as a rationale for change to the current DVA payment and benefit system in Australia. Australia, Great Britain, America and New Zealand all have their own political and historical reasons for their Veterans' payments and benefits, just as every benefit and payment granted in Australia to date has passed through our parliamentary system into legislation. The whole rationale throughout the report is that Australia is "overly generous" in its payment and benefit system to Veterans and completely ignores the fact that every benefit and payment has already been debated and financially scrutinized by the estimates committee prior to its implementation through our parliamentary process. The Commission is therefore stating that previous Governments **were wrong** by allowing such "generous" benefits and payments to Veterans and by their numerous Recommendations now seeks to remove or reduce the benefits previously approved by Governments.

It is impossible to compare the Australian Veterans benefits and payments with the benefits and payments made to the [Veterans in the United Kingdom](#) because of the political and historical

reasons behind their veterans payment and benefit system. It should be noted that dependants are entitled to benefits once the Veteran dies.

In America most Veterans who served on active duty are eligible for a Veterans Administration ( VA) health care. The Veterans Health Administration (VHA) provide health care for Veterans at VA hospitals and clinics throughout the country. [There are numerous other benefits](#) but it is impossible to compare benefits and payments made to Veterans in America because of the historical and political reasons behind their Veterans payments and benefits system.

In America the definition of a Veterans' eligibility for VA health care benefits is that you must have had active duty in the military and were discharged under conditions other than dishonourable. If you enlisted after September 7, 1980 or entered active duty after October 16, 1981 , you must have served for 24 uninterrupted months to be eligible for health care. The minimum service time may not apply if you were discharged due to a service connected disability or for hardship. Veterans who served prior to September 7, 1980 do not have to meet a minimum service requirement to be eligible for VA health care. There are also members of the National Guard or Reservists who may be eligible. [The veterans health system](#) and the services that it provides is complicated. There are 1243 VA hospitals , 170 medical centres and 1063 outpatient sites across America. In 2016 there were 20.4 million veterans and 377,805 staff in VHS.

In 2014 it was exposed that the purpose built VA hospitals and clinics were misleading the Government who were paying a bonus to VA hospitals if they reduced their waiting lists and had a 14 day appointment system. There were numerous direct deaths attributed to the long wait lists notably at the Phoenix Hospital, but also at many other VA hospitals throughout America.

On June 11 2014 the Senate passed 'The Veterans Access to Care through Choice, Accountability and Transparency' Bill. This was approved as an Act in August 2014 and on August 7 President Obama signed the VA funding and reform legislation. This is now known as the 'Veterans Choice Program.' President Trump pledged more money to the 'Veterans Choice Program' in 2017. This program acknowledged that some veterans could get care faster and more easily if they used a private provider in the community which was paid for by VHA. Washington put initially \$10US billion into the program, but when the program was due to finish Congress without a single dissenting vote in the Senate or the House moved to extend it and added an additional \$2.1US billion. President Trump approved the money in August 2017 and the resolution passed in December and included another \$2.1US billion.

The health care system in America is completely different to the health care system in Australia and is just not comparable so any direct comparison would be flawed and misleading. Also the benefits Veterans and their families receive are different because of the different political and historical factors. One example is that if a Veteran dies without a partner or children in America, his or her parents are entitled to a payment of approximately \$3000 US per month. Australia no longer has purpose built rehabilitation hospitals for the exclusive use of Veterans. Those hospitals were sold to private operators and Veterans eventually had the choice to use DVA approved private medical practitioners and allied health services through the use of the Gold Card or the White card. In the United States the VA hospitals and associated health clinics are still dramatically failing to meet the needs of Veterans and their families and the 'Veterans Choice Program' is a direct result of that failure highlighted by the scandal of 2014.

In New Zealand [the Veterans payment system](#) is completely different to Australia because of their historical and political system of payments and benefits. Pre 1 April 1974 or Vietnam Veterans do not have to qualify for Qualifying Operational Service as their service is designated as Qualifying Routine Service, however after that date it is only if your deployment qualifies for Operational Service that you can claim benefits and support for yourself and your family. The Chief of the Defence Force must give a report to the Minister for Veterans Affairs assessing the operational and environmental threats to deployed personnel before any deployment can be classified as a Qualifying Operational Service. Qualifying Routine Service stopped on 1 April 1974 with the introduction of [the ACC](#) which includes cover for Defence Personnel. There is a pay-out system depending on the percentage of disability and benefits similar to Australia but in a limited form.

If Australia was to abolish the DVA Gold Card, reduce or diminish its benefits and Veterans were forced to use the public health system they would face extremely long delays before being treated and many conditions may worsen or the Veteran may die before receiving treatment.

The United States still financially supports the VA hospitals and other health clinics, but by introducing the 'Veterans Choice Program' or Choice Card they have recognized the failure of that system to adequately cope with the timely medical treatment of Veterans. Neither in Great Britain, America nor New Zealand are the Veterans payments and benefits schemes comparable with Australia. It is misleading to try to compare them by monetary amounts only, without fully understanding the historical, social or political reasons behind their Veterans' payment and benefits schemes.

### **DVA Education Schemes v Youth Allowance**

Another major reform proposed is to remove the current Education Allowance and ancillary payments known as the DVA Education Schemes paid to children of veterans who are over 16 years of age.

At page 547 of the report in draft Recommendation 14.2 it is recommended " To align education payments across the veteran support system, the Australian Government should amend the Veterans' Entitlement Act and the Military Rehabilitation Act 2004 to remove educational payments for those older than 16 years of age. Those who pass a means test will still be eligible for the same payment rates under the Youth Allowance...."

In Western Australia most students do not leave Secondary School until they are 17 or 18 years of age. The report states that the payment to over 16 year olds is almost identical to Youth Allowance, especially when the Family Tax Benefit is also available . **That statement is not entirely correct.**

I have researched The Department of Human Services payments system and their requirements for students to receive Youth Allowance, the Family Tax Benefit (FTB) Parts A and B and DVA's Education Schemes. There are significant and crucial differences between the two schemes and the rate of payment for Youth Allowance and FTB depends entirely upon the parental means test which includes non taxable DVA payments.

The Department of Veterans' Affairs Education Schemes are established under the Veterans' Entitlement Act (1986) (VEA) being the Veterans' Children Education Scheme (VCES). The Military Rehabilitation and Compensation Act Education and Training Scheme is established under the Military Rehabilitation and Compensation Act 2004 (MRCA). The benefits provided under each scheme are mostly the same however the eligibility rules differ slightly under the different legislation.

For the purposes of the VCES, an eligible child is someone who is;

Under 16 years; or between 16-25 and undertaking full-time education including an apprenticeship, traineeship or cadetship; and the child of a former member of the ADF who is receiving or who was receiving prior to their death a disability pension at a special rate due to injury. Also a child of a current or former ADF member whose death was war or defence related or the child of a veteran who was an Australian prisoner of war and is now deceased. Also eligible are students whose veteran parents had operational service whose death was not war or defence caused where the student has lost their other parent. That loss may be through death (orphan) or where the other parent is not maintaining them.

There is a similar but not identical criteria under the MRCAETS.

Under the MRCAETS an eligible young person is someone who is;

Under 16 years of age or between 16-25 years old, undertaking full-time education and not ordinarily engaged in full time work on his or her own account and a dependant of a member or former member who is eligible, or was at some point eligible for the special rate disability pension or who suffers an impairment that constitutes 80 or more impairment points or whose death was related to service.

Further a student who is a child or dependant of a Vietnam Veteran who does not qualify under either scheme may be eligible in certain circumstances.

A student may be eligible for the following benefits;

- education allowance
- special assistance
- fares allowance
- rent assistance
- additional tuition
- guidance and counselling
- tertiary start up and relocation scholarships
- energy supplement; and
- Income support bonus

The education allowances paid to secondary students under 16 years are usually paid to the parent or guardian. Over 16 years old the benefit can either be paid to the parent or directly to the student.

DVA special assistance is meant for times when there are exceptional circumstances hindering a child's academic progress. It is generally paid to a service provider or a supplier of equipment

required to assist the child. There is no equivalent Centrelink payment in the Youth Allowance Scheme.

DVA rent assistance is a payment to help meet the costs of rents for students living away from home or boarding. Rent assistance paid under the Education schemes is not means tested. Rent assistance is determined depending on how much rent is paid up to a maximum limit. The maximum rate of rent assistance for single people who are sharing a house, unit or flat is two-thirds the maximum rate for singles living independently.

DVA have an additional tuition scheme where if it is established that there is a discrepancy between the student's intellectual potential and the student's actual academic achievement. This need must be certified by a responsible person at the institution where the student is studying.

DVA have a guidance and counselling scheme that may be arranged for students in relation to matters affecting the student's continuing progress in a course of study.

DVA have student start- up and relocation scholarships which are given to eligible students who are studying a higher education course or a recognized preparatory course at an accredited higher education institution. It is intended to assist students to cover the up- front costs of higher education such as textbooks and equipment. Students can receive a maximum of two scholarship payments per calendar year. The Relocation Scholarship assists students with the costs of establishing accommodation in their new place of study. This is paid once yearly for each year of the course. Both scholarships are non-taxable.

Neither these scholarships or benefits are available under Centrelink's Youth Allowance Education Scheme.

The energy supplement is paid fortnightly or quarterly to eligible recipients. This supplement is no longer paid to students receiving Youth Allowance.

The DVA Education Allowance is not subject to a parental income means test or an assets test, however education allowance paid to students over 16 are considered as taxable income of the student.

The DVA income support bonus is paid twice yearly to Education Allowance recipients who are 16 years and older (or under 16 if an orphan, living away from home or homeless). These payments are tax free and do not count for income purposes. Centrelink ceased payment of the Income Support bonus for those receiving FTB in December 2016.

With the DVA Education Schemes they are administered by two Boards, both of which the members are in honorary positions. These members oversees each students' progress and provide educational guidance .

For secondary and tertiary students the following are the rates under the DVA Education Schemes;

Primary Students (per year)	\$276.00
<b>Secondary and tertiary students (per fortnight)</b>	

Age	At Home	Living away from home	Homeless
Under 16	\$57.20	\$388.10	\$462.20
16 - 17	\$253.10	\$462.20	\$462.20
18 & over	\$304.40	\$462.20	\$462.20
<b>Secondary and tertiary double orphans (per fortnight) Applies to VCES Students only.</b>			
Age	Amount		
Under 16	\$257.00		
16 - 20	\$462.20		
21 & over	\$561.70		

The Youth Allowance payable by the Department of Human Services to students and Australian apprentices is means tested and the formula they use is based on an income and assets test.

To get Youth Allowance as a student or an Australian Apprentice you must be one of the following:

- 18 to 24 and studying full time, or
- 16 to 24 and doing a full time Australian Apprenticeship, or
- 16 to 17 and independent or needing to live away from home to study.

You may stay on Youth Allowance after you turn 25 until you finish your course or apprenticeship. You must also:

- meet Australian residence rules.
- satisfy income and assets tests, and
- be doing an approved course or full time Australian Apprenticeship.

In the Youth Allowance scheme there is no rate of payment for 16-18 year olds studying at secondary school and living at home. DVA have a rate for 16-18 year olds who are studying at a secondary school or some form of tertiary education and living at home. The Department of Human Services(Centrelink) only pay for students at secondary school between 16-18 years of age and only if they are independent or need to live away from home to study. They will pay for an apprentice below 18 and living at home.

If younger than 18 and studying full time as an apprentice and living at home, the rate for DHS is \$249.20. The DVA rate is \$253.10 for a student living at home.

At 18 and over and living at home the rate for DHS is \$299.80. The DVA rate is \$304.40.

Between 18-24 and living away from home, the rate for DHS is \$455.20. The DVA rate is \$462.20.

DVA also provides a comprehensive range of supports some of which are also available in a limited form through the Department of Human Services Youth Allowance scheme. DVA's range of supports includes; fares assistance, special assistance, rent assistance, additional tuition, guidance and counselling, tertiary student start-up, relocation scholarships, energy supplement and income support bonus.



Youth Allowance student payments have the following related payments and services;

### **Related payments and services**

- [Centrelink online accounts](#)
- [Centrepay](#)
- [Energy Supplement](#)
- [Fares Allowance](#)
- [Income Bank](#)
- [Low Income Health Care Card](#)
- [Pharmaceutical Allowance](#)
- [Relocation Scholarship](#)
- [Remote Area Allowance](#)
- [Rent Assistance](#)
- [Rent Deduction Scheme](#)
- [Skills for Education and Employment](#)
- [Telephone Allowance](#)
- [Youth Disability Supplement](#)

Centrelink online accounts must be linked to a myGov account . Once linked you can claim a payment, apply for an advance payment, track you claim or request a transfer of carer payment for a child to an adult. This is not an education support as it is available to people claiming a range of Centrelink benefits. Advance payments can take months to be processed and Centrelink claims can be processed elsewhere on line without a myGov account.

Centrepay is a bill paying service than can pay your bills from your Centrelink payments. This is not an education support because it is available to people claiming a range of Centrelink benefits and all banks have this service for automatic deductions and it can be organized so bills can be paid by bpay or internet banking.

The energy supplement ceased on 20 March 2017.

To be eligible to receive Fares Allowance you must meet three criteria, however for this submission I have only looked at the criteria for Youth Allowance -student because Secondary students and Australian Apprentices cannot receive fares allowance.

The following applies;

- 1) You are a tertiary student living away from home to study.
- 2) You get Youth Allowance as a full time student.....
- 3) You are dependent and get a higher rate of Youth Allowance when living away from home.....

If you receive Youth Allowance as a tertiary student for more than 6 months of the year you can apply for 1 trip to your place of study per year, 1 return trip between your place of study and home usually after 1 July and 1 trip home after finishing or ending your study.

Fares Allowance in the Youth Allowance scheme covers the cost of the least expensive and most available form of public transport in Australia including air, ferry, coach, train, bus or a combination of these. The travel can either be booked by Centrelink or reimbursed after the travel has been completed, however reimbursement is slow to be paid and may not be approved. There is a review and appeal process but the decisions take a long time to be given and the student may not be reimbursed the cost of travel.

Fares Allowance under the DVA Education Schemes is paid to eligible tertiary students to reimburse costs of travel within Australia associated with their study. They are entitled one trip from their permanent home to the educational institution at the beginning of the academic year, return travel at the completion of study for the year and one return trip during the academic year.

Centrelink has an Income Bank scheme for a student receiving Youth Allowance. This Income Bank allows the student to earn credits if their income is less than \$437 per fortnight. These credits offset income above the amount of \$437 per fortnight. This is not an education scheme .

DVA do not have this equivalent scheme.

The Low Income Health Care Card commenced 1 January 2019. For a student in receipt of Youth Allowance their weekly income must not exceed \$556 gross per fortnight and their income must not exceed \$4,448 gross in an 8 week period. There are different income tests for couples with or without children.

However DVA payments are considered income as does Centrelink pensions, benefits and supplementary payments. This means that if you are receiving the maximum Youth Allowance at a single rate which is \$455.20, if living away from home and working part time and receiving \$437 gross or less a fortnight, then you could be eligible for the low income health card if you do not receive any of the other "income" streams that are assessed. However most students who work would receive more than \$218 per week gross, thus making them ineligible for the low income health card.

The Pharmaceutical Allowance is not payable to Youth Allowance recipients unless they have a temporary illness or disability and is only payable during the period of illness.

The Relocation Scholarship is only payable if you are assessed as living in a regional or remote area or need to move from a city area to a regional area for study. The payment is \$4553 for the first year, \$2278 for second and third year and \$1138 thereafter. If moving to a regional area then the payment is \$4553 for the first year then \$1138 per year after that. However if over 22 years of age then this scholarship is not available.

DVA have [a tertiary start-up and relocation scholarship](#). These are not taxable and are not only for remote or regional students.

Remote Area Allowance is payable for Youth Allowance, but needs to be assessed depending on the zone the student permanently resides in. The single payment amount is \$18.20 per fortnight.

The Rent Assistance Scheme is payable only in some circumstances if you receive Youth Allowance and live away from home. If single and paying over \$302.27 per fortnight in rent then you can receive the maximum rate of \$135.80 per fortnight in rent assistance . However if you are in shared accommodation the maximum rate that you can receive is \$90.53 per fortnight.

The rent deduction scheme is not applicable to Youth Allowance and is not applicable to an Education Scheme.

Skills for Education and Employment is only applicable to people over 22 years old on Youth Allowance and looking for full time work. This is not a benefit for a student as it is not an Education Scheme.

The telephone allowance may be payable if you are not employed full time because of a disability and get Youth Allowance. This is not applicable to the Education Scheme.

Youth Disability Supplement may be payable if you are under 22 and get Youth Allowance as ...a full time student or Australian Apprentice. However you need a current Employment Services Assessment showing that you have an illness, injury or disability that..... will last more than 2 years. The maximum Youth Disability Supplement is \$129.80 per fortnight. If you are on Youth Allowance you may be required to pay tax on the supplement.

All of the Centrelink benefits attached to the Youth Allowance are of marginal value and it is only where the parental income is below \$53,728 gross and the student is not earning more than \$437 gross per fortnight and living away from home that a student can receive some of these benefits. However if the parents earn more than \$53,728 gross per annum and the student earns more than \$437 gross per fortnight the amount of Youth Allowance is reduced, but the student can still apply for some of the benefits and receive reduced amounts if eligible.

The Commission seems to be completely out of touch with the cost of University education and the cost of living away from home for students as the view is that the income received from Centrelink is sufficient to live on and study. Most Universities are situated in the capital cities in Australia where rents are high and student accommodation is costly and in high demand. Most students who live away from home need to work in part time jobs and cash in hand jobs to survive paying rent, university books/supplies, computer, fares, maintaining a motor vehicle, food, electricity, clothing , personal hygiene items and the numerous other costs of living. Students who live at home also need to pay for educational items and general living expenses which will vary with each families financial situation.

To receive Youth Allowance there is a parental means test. Taken from the Human Services' web site is the following information;

"We look at the income of the parents or guardians you normally live with, or last lived with. We do this even if you don't live with either parent or guardian now. This includes step parents if you normally live with them.

Parental income includes:

- combined parental taxable income
- tax free pensions and benefits
- fringe benefits
- income from outside Australia
- reportable superannuation contributions, and
- total net investment losses such as negative gearing losses.

If your parent or guardian pays child support, we remove it from their parental income.

*How your parents' or guardians' income for tax year 2017–18 affects your payment*

Parental income	Effect on payment
\$53,728 or less	No change, however the maintenance income test may still affect it.
More than \$53,728	Reduced by 20 cents for every dollar over. This depends on the number of children in your family pool."

To receive the full amount of Youth Allowance your parents/guardians income must be below \$53,728 gross. There are many different types of DVA payments and pensions, some taxable ,some non-taxable, but if any of the payments, pension and superannuation payments combined are greater than \$53,728 and if a partner or guardian also has an income then Youth allowance for the student is reduced by 20 cents in the dollar earned over the limit. Further if the student in receipt of Youth Allowance earns more than \$437 per fortnight gross, their payments are also reduced by 20 cents in the dollar.

At page 546 of the Report it states "Because after the recipient reaches 16 years of age, the education schemes **mirror** (my emphasis) youth allowance with the exception of income testing, the additional support would be going to those families that are relatively better off. Youth allowance also offers additional support for those under 22 and looking for work that the DVA education schemes do not. Given the complexities involved, it is not clear that these schemes are well targeted, or have net benefits".

Further on the same page of the Report it states "Providing an over-16 years education payment that is almost identical to youth allowance is needlessly complex, especially when the FTB is also available. Removing payments for over 16 year old students in favour of youth allowance would better target those in need of educational assistance and simplify the process".

The Family Tax Benefit is paid to parents of children studying between 16-19 years old. It is under the ' A New Tax System ( Family Assistance)(Administration) Act 1999'. FTB Part A ceases to be paid at the end of the year the child turns 19 . FTB Part B is available depending on the families particular circumstances, however the child/children must be in full time secondary study or have an exemption, not get an income support payment in their own right and not get a payment from DVA. At the present time DVA parents can choose between the DVA Education Scheme payments and FTB for students between 16-19 years of age. FTB Part A is paid per child whereas FTB part B is paid per family usually to single parents or some couples with one main income. The maximum rate per fortnight under FTB Part A is \$237.86 for a full time student between 16-19 years old living at home. This is only if the combined income of the family is below \$53,728 gross. The yearly maximum rate for FTB Part B if the child is a student and living at home is \$737.30.

The fortnightly rate under the DVA Educational scheme For 16-18 year olds students living at home is \$253.10 and for students over 18 years old and living at home is \$304.40 per fortnight.

The 'system' is not confusing, however some families may find it difficult dealing with Centrelink and obtaining the correct advice from them. Waiting at a Centrelink office is time consuming and the usual advice, from personal experience, is being told to go on line to obtain any information. There are computers set up in the reception area for you to view information on line or to make an application. Centrelink's lack of a reasonably accessible phone service has received substantial complaints over the years and still has not improved and their on line information and application options are difficult to follow and are sometimes misleading and confusing. The time period after making an application and getting a response is usually 12 weeks or sometimes longer.

If there is any alleged confusion for some families about what is better for their family situation the information provided on the DVA website at [Factsheet MRC47- Education Schemes](#) sets out whether the Education Allowance affects eligibility for FTB and other relevant information. In that Fact Sheet at page 6 there is all the information given by links to related forms and factsheets or you can phone and make enquiries with DVA.

The real issue is that each family's financial situation will be different and to fully understand the various options an individual family has to consider requires information that is readily available on the DVA website or through making enquiries by phone with DVA so that the families are able to make an informed choice. The Department of Human Services web site is not easy to navigate and some of the information given is contradictory and misleading. Attending at a Centrelink office is a time consuming process and the staff often are unable to answer the appropriate questions, especially as they are unaware of DVA's Education Schemes. There are however volunteer welfare staff through the various RSL's, TPI organisations and other defence related organisations that could be specifically trained to provide this type of advice to families so that they can choose what is best for their own family's financial situation.

However, there is no doubt that the Education Schemes administered by DVA are far superior to the Department for Human Services Youth Allowance (student) schemes and offers more additional services of value specifically tailored to give valuable educational support to the student and families of veterans for students over the age of 16 years. DVA's Educational Schemes are far more supportive of the student and their families and provides a holistic service through the additional support services that it provides to students. These schemes are also administered through the two Boards by honorary members which is a service not available through Centrelink.

At page 546 of the Report at paragraph three it states inter alia....."Currently, dependants of veterans covered under DRCA do not get access to educational payments. There are reasons-such as equity and harmonisation across the Acts-to allow education payments for these students (if they are under 16 years of age)".

It is an entirely misleading proposition to state that if all education payments to over 16 year olds are abolished then more students under 16 year old could receive an increased education allowance, including the children of veterans covered under DRCA. There is no reason given why the children of veterans covered under DRCA cannot be covered under the DVA Education Schemes to make it equitable. Also there is no data of the age of those children because once they turn 16 years old they also will not be eligible to receive any payments from the DVA Education Scheme if this Recommendation is enacted. Further there are no figures given as to what would be the increased amount paid to students under 16 which is currently \$57.20 per fortnight if living at home. The above statement also assumes that the "better off" or "higher income families" only have children over 16 years of age who are students.

The rationale behind Recommendation 14.2 is completely flawed as it states that Youth Allowance to 16-24 year olds **mirrors** the DVA Education Schemes. An analysis of both schemes clearly shows that the two schemes are similar in two areas only. Further there is no payment at all for 16-18 year old students living at home under the Youth Allowance scheme. That is when families have to apply for FTB Part A or B.

The obvious rationale behind this Recommendation is **money**, that is, **if money** is taken away from the DVA Education Scheme for the 16-24 year olds it can supposedly be then given to the under 16 year olds on that Scheme.

The statement made at page 546 "Because after the recipient reaches 16 years of age, the education schemes mirror youth allowance with the exception of income testing, the additional support would be going to those families who are relatively better off."

**This statement is factually incorrect and should be analysed.**

To '**mirror**' means to resemble or something that gives a true representation.

Firstly, the DVA Education Schemes do not "**mirror**" Youth Allowance education scheme or payments, nor are there the same benefits of value attached to the Youth Allowance scheme that are attached to the DVA Education Schemes. Students at secondary school are not covered by the Youth Allowance scheme if they live at home. Their parents must apply for FTB Part A . There is only a resemblance in two of the benefits in the Youth Allowance scheme for 18-24 year olds, but it is overall not a true representation of the DVA education scheme. The additional payments and supports in the DVA scheme are crucial to that scheme and offer real support contrary to what is offered under the Youth Allowance education scheme, which is effectively very little by way of extra benefits or support. Also because of the parental and work means tests applicable if families earn more than \$53,728 some of the payments are reduced or not payable at all.

Secondly, income or means testing is not the only difference between the two schemes, but it is a significant matter because if a Veterans' family earns more than \$53,728 per annum gross then there is a 20% loss of money per dollar by way of Youth Allowance to their child over the deemed income.

Thirdly, the recipient of Youth Allowance also has an income threshold test before their income is further reduced. Therefore realistically only Veterans' children who are students that can apply for Youth Allowance and receive some of the benefits are those families living in remote or regional areas where the 16-24 year old attends university in the city, does not work part time or receive any other type of support and the combined parental income of the parent is below \$53,728 gross per annum.

Even as the Commission states **the means test** can be removed from Veterans families under the Youth Allowance scheme for 16-24 year olds the ancillary benefits offer little value or support, except Rent assistance and Fares Allowance. The Relocation Scholarships are specifically targeted to students from remote or regional areas, but is not a general scholarship and has strict eligibility criteria. The other so called supports offer little or no assistance to students as they are not specifically tailored to educational support. If the **means test** is removed for Veterans children then the 'A New Tax System( Family Assistance)(Administration) Act 1999 has to be amended to remove

the **means test** from FTB Part A and B and from the Human Services(Centrelink) Act 1997 for Youth Allowance for the children of Veterans who are students so that all that would occur is that Veterans' children move to the Youth Allowance Scheme which is an inferior education scheme with little or no benefits of real value or support tailored to education.

**The whole rationale for this Recommendation was to better target those in need of educational assistance and remove benefits from those better off.** This would not occur if the DVA Education scheme for 16-24 year olds was abolished. Further this recommendation is based on the premise that the families of 16-24 year olds "are relatively better off " or "reducing access to higher income families" and therefore their children do not need the DVA educational assistance or benefits. This is so flawed in its analysis and is entirely based on the belief that DVA families with children over 16 - 24 years old are "higher income families" or are "relatively better off" without explaining those terms or where that belief originated from. Also there is no statement by the Commission as to what they consider to be a "higher income family" or a "relatively better off" family actually means.

However, under the DVA Education Scheme if the student is over 16 years old and in receipt of an education payment they can earn up to the taxable threshold of \$18,000 by way of the educational allowance and part time work before they have to start paying tax. Many university students earn over \$18,000 as the educational allowance is taxable over this threshold so are contributing to the consolidated revenue of Australia.

The fact that Youth Allowance offers limited support to those under 22 years old and looking for work is totally irrelevant because Recommendation 14.2 is based upon the DVA Education Scheme comparison with the Youth Allowance scheme for students over 16 years of age . If under 22 years old and not studying or meeting the Youth Allowance criteria then a person would not be eligible for DVA's Education Scheme and would be entitled in their own right to apply for some form of income support from Centrelink any way. So it is not an additional benefit of Youth Allowance for students.

From the report the justification stated for the removal of benefits for over 16 year olds is, "The trade-off between reducing access to higher income families after 16 years of age and introducing payments for DRCA families under 16 years of age would remove complexities, harmonize benefits between Acts, and better target those in need". There is no justification given as to why families under the DRCA scheme could not be included in the DVA Education Scheme, even at a reduced rate.

The Commissioners' clearly do not understand that a family who earns over \$53,728 gross per annum is not a wealthy family or a higher income family in Australia, especially if there are a number of children to support, a mortgage or rent to pay, school expenses, car repayments, medical expenses, food and general household charges. It is clear that the Commissioners' are out of touch with families and the costs associated with raising children and have based their recommendation on monetary figures only, with a paucity of research.

What is being proposed in the Report is to remove all the educational benefits from secondary and tertiary students between 16-18 years old and University/TAFE students between 18-24 years old.

- I have already shown that Recommendation 14.2 is based on a false analysis of the "**mirroring**" of the DVA administered Education Scheme and Youth Allowance for students, as such this Recommendation must not be implemented. To do so would put in jeopardy all

the current and future students who heavily rely upon these payments to continue their education, but also the extra support either financially or emotionally that the DVA administered scheme offers. None of this is available under the Youth Allowance scheme except in a limited way in two areas and only if the means test is removed for children of Veterans. As there is no payment for students between 16-18 years old and living at home under the Youth Allowance Scheme then the 'A New Tax System(Family Assistance)(Administration) Act 1999 and the Human Services(Centrelink) Act 1997' would both need to be amended to remove the means test from FTB Part A and B for the children of Veterans and also the Youth Allowance Scheme.

- As stated, this Recommendation is not about "harmonisation and equity", it is all about **money** and shifting students from the DVA budget to the Human Services budget which reduces the education budget for the DVA Education Scheme to only pay for children under 16 years of age. There is no amount given for the increase in payments to be made to students under 16 years of age or any research as to what their financial educational needs cost.

The DVA Education schemes are well targeted and have a discernible net benefit to the children of Veterans and the payment scheme to those over 16 years of age in secondary and tertiary education should remain . If the DVA education scheme is abolished and tertiary students are forced to claim Youth Allowance then they would lose the benefit of special assistance, additional tuition, guidance and counselling, energy supplement, income support bonus and the tertiary start up and relocation bonus.

The rationale the Commission uses for Recommendation 14.2 is fundamentally flawed in two ways.

The first reasoning is that The DVA Education Scheme **mirrors** the Youth Allowance Education Scheme. **They do not.**

The second reasoning is that the DVA higher income families would not receive the same benefits as the lower income families, if the 16-24 year olds were not part of the scheme and then more money could be given to lower income families with students under 16 years old and children of DRCA. If, as the Commission recommends that Youth Allowance is not means tested and FTB is not means tested, then this outcome would not occur anyway. What would occur is that all families with students over 16 years of age currently under the DVA schemes would apply for Youth Allowance and FTB, but their children would receive inferior supports for their education especially if they are living at home, but once they leave home the supports are minimal and not all parents have the financial capacity to support their children through tertiary education. However if Youth allowance was means tested it would mean that the income of most Veteran families would be over the \$53,728 limit and their children would receive less in Youth Allowance and less benefits of value.

Therefore it is submitted that the DVA Education Schemes should remain for students over 16 years of age as they are currently operated by DVA, but to include the children of DRCA families.

## **Recommendations**

- The retention of DVA in its current form, but to implement a working party to improve some of the services and make recommendations directly to the Minister for Veteran Affairs as to how improvements in services can be made.



- The retention of the Gold Card as it presently exists, including the dependants card, but to implement a working party with medical professionals, interest groups such as TPI Associations, RSL, Australian SAS Association and any other interested stake holders, who then report directly to the Minister for Veteran Affairs to make recommendations about the benefits associated with the Gold Card .
- The retention of the 86 entitlements recommended for removal as stated in the Report. The working party (above) to make recommendations directly to the Minister with respect to these entitlements.
- The retention of the Open Arms as a counselling network for veterans.
- The retention of the current DVA Education schemes for 16-24 year olds, but to include the children of Veterans under the DRCA .
- To retain the Veterans' Review Board in its present form.
- To retain the commemorative services within DVA.
- To retain the definition currently of Veteran as defined in the DVA Acts but to differentiate between Veterans who have served in warlike and non warlike service.
- The various pension supplements should be consolidated with the underlying payments to increase those pensions that already attract the energy supplement, but that the energy supplement should not be removed from impairment compensation payments.