

Issues within the Veteran Compensation Schemes.

My name is Bradley Campbell and I would like to thank the Commissioner for the opportunity to provide comments on issues #Veteranclawback has met along their journey.

The work we have done has primarily been in the Superannuation side of compensation paid through The Commonwealth Superannuation Corporation (CSC). We are also involved in the DVA space via the Young Veterans Forum (YVF) as a member of the Australian Veterans Alliance.

The main focus of our work is covered in our second attachment. Below I will provide comment on other areas of concern.

DRCA.

- Veterans with service that falls under DRCA are treated like second class Veterans. The forgotten few (Some 50,000+).
- Incapacity payments have a notional 5% reduction applied to their benefits. This means they receive 5% less than their MRCA counterparts, even though they may have MRCA service.
- This 5% reduction was supposed to have been removed in 2007 as the Director of Comcare stated in the senate hearings into the review of SRCA.
- DVA know the details of this, it was raised at the YVF.
- DVA wants to change the policy, however as per the 'Alignment' requirements from Government, savings will have to be found elsewhere within the DVA budget. Why? This amounts to theft.
- A Veteran under DRCA cannot get a gold card. Are their injuries not as substantial as any other Veterans? Now that DRCA is under the Veteran Affairs portfolio, this can be achieved.
- They can only have Permanent Impairment payments paid in a lump sum. MRCA recipients have the option to receive lifetime payments.

DVA

- As you will see in the submission attached, Veterans regularly have their compensation paid through CSC split in the family court.
- DVA offset Superannuation payments received by the Veteran, dollar for dollar, with the Veterans entitlement to Incapacity payments. This is so the Government does not compensate twice for the one injury. That is not in dispute. At a bare minimum the Veteran should receive 75% of their retiring wage. (Unless you are a DRCA recipient)
- DVA policy used to include the Superannuation amount that was split in the Family Courts and was being paid to the Non Veteran Spouse.
- E.g. Veteran receives \$50k pa from CSC. (This is their 75%). DVA pays no incapacity payments.
- Veteran has a splitting order from the Family Court. Non Veteran Spouse is to receive \$20k pa. Veteran is now receiving \$30k pa. Veteran is no longer receiving the legislated minimum of 75% of their wage.
- To their credit, DVA changed the policy in December 2016. However they would not backdate, nor, actively seek out affected Veterans.

- This was raised as an issue at the YVF. Another member successfully challenged this and with pressure from the Defence Force Welfare Association (DFWA), DVA changed its policy to back pay affected Veterans.
- DVA need to actively seek out those affected. They have the capacity to talk to the CSC, as they know who has had a splitting order applied to their superannuation. Actively looking would align with their 'Veteran Centric' reform.
- Often through no fault of their own, overpayments occur between the offsetting between CSC payments and DVA payments.
- This often results from back pay of entitlements etc. The Veteran pays tax on this overpayment.
- E.g. \$10k back pay from CSC. DVA should have taken what they are owed out of it, but didn't.
- Veteran pays tax on the \$10k.
- DVA asks for the \$10k to be paid back.
- Veteran pays it back on a fortnightly basis over several years with post tax money. This means paying the debt at \$100 a fn, means the Veteran also pays \$54 tax on top. So they have \$154 less for the fortnight.
- Payback period occurs over several years.
- When the debt is repaid, DVA do not provide updated payment summaries for the relevant years. VETERANS HAVE TO ASK FOR IT.
- If you don't ask, you don't get one.
- They send an email that the Veteran has to take to their accountant. No chance of understanding how it all works.
- The Veteran is left having paid tax twice on the initial \$10k until they can get their tax done.
- Extra cost is involved with accountant fees.
- If you didn't ask or realise you had paid tax twice, you would be left at a significant financial disadvantage on top of having to survive on \$154 less a fortnight for several years.
- DVA are aware, not sure what is happening on this issue.

Generally speaking, there has been a massive injustice thrust upon injured veterans who are unfortunate enough to have a marriage breakdown after being Medically retired from the ADF. Their compensation is being given to a person without injury or service. That payment is made for life, while the Veterans payment, who has the injury, is reviewable and can cease. Something is fundamentally wrong here.

Superannuation compensation currently does not attract a tax-free component. There are currently 3 Veterans before the Administrative Appeals Tribunal (another lodged) challenging the taxation of invalidity benefits paid by the CSC. Compensation paid to a civilian following a work place injury, ordinarily attracts a tax-free component. Why are ADF members different?

The secondary document attached to this submission highlights another let down in the compensation space. The CSC is the only super fund left out of the Banking Royal commission. It was actually explicitly excluded.

I am willing to be contacted by the Commission for further explanation.

Kind regards,

Brad Campbell
Member of Veteranclawback

Australian Veterans Alliance.