

WAR WIDOWS' GUILD OF AUSTRALIA INC.

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NATIONAL OFFICE

PRODUCTIVITY COMMISSION INQUIRY INTO COMPENSATION AND REHABILITATION FOR VETERANS

WAR WIDOWS' GUILD OF AUSTRALIA INC. SUBMISSION

The National War Widows' Guild represents the interests of 61 500 recognised war widows throughout Australia¹. The War Widows' Craft Guild was founded by Mrs Jessie Mary Vasey in OBE, CBE (1897 – 1966) in 1946. Mrs. Jessie Vasey was the widow of Major General George Vasey CB, CBE, DSO (1895 – 1945). The organisation was founded in response to a lack of government support and recognition for widows and families following WW2. The organisation has continued to support and give a voice to war widows' since, at both State and National level.

Military Service is unique within the community and does come with significant risks, not only for the member but for the entire family.

The Defence Family is expected to move frequently, meaning spouses (or significant others) are uprooted from their place of employment, neighbourhood, friends and families. Often there is no prospect of being re-employed in the new location. Family support may be unavailable in a new environment and friends may be non-existent. All these factors together ensure that the family suffers just as significantly as the member. Children are moved within educational institutions which is disruptive and unsettling for the child. Children are resilient in some respects however, constantly moving schools, loss of friendships and changing curriculum may cause significant emotional distress.

Add to the above issues the members' deployment into a war zone and there is an ideal ground for instability of the entire family. Current policies seek to compensate and support individual family members'; however we believe there is an opportunity to craft a more effective future framework through recognising, supporting and celebrating the Defence Family as a unit.

The member who joins the military commits to perform a service which will maintain the security of our country. They are obliged to serve this country at the behest of this country's political leaders with little or no ability to refuse.

We join the Alliance of Defence Service Organisation's (ADSO) call to ensure that all levels of government honour the social contract with the veteran and their family. This country must commit to ensure that the veteran and his/her family are well supported following service with compensation or pensions that ensure that the standard of living is not below the poverty line.

In our Submission we seek to:

1. Inform the development of a more effective future framework
2. Address current issues with the treatment of war widows' compensation
3. Request the extension of medical care for vulnerable war and service widows'

¹ See DVA 'Population Statistics at a Glance' Sept 2017

4. Influence a more user-centric Department of Veterans' Affairs

Future Framework

1.1 Incentives and control to improve performance in the Ex-Service Organisation Sector (ESO)

There is significant duplication and fragmentation of services offered to veterans' and their partners/families in this sector, leading to increased administration costs, duplicated effort & expense, and unnecessary competition for government/donor funds.

There are low barriers to entry into the ESO sector by new organisations. There is no requirement to prove unmet need required prior to ACNC registration (assuming all other regulatory requirements are met). There is no requirement or need to register the services provided to the ESO market with the Department of Veterans' Affairs (DVA). The current barriers to entry may also be insufficient in identifying ESO operating below community standards, with the recent and widely reported failure of the Camp Gallipoli Foundation (SMH, 2018) impacting community confidence and potentially future donations to the sector.

This interplay of factors has created a landscape with an estimated 520 ESO's² for a DVA population of 218 397³ - one organisation for every 420 people, with the Committee for Inquiry Into the Care of ADF Personnel Injured and Wounded on Operations expressing concern that, *"there is potentially a need for a representative council, peak body or an advisory board to increase visibility of effort and coordination between the various support agencies"* (CIIC, 2016).

Further, with many ESOs being developed at the end of major conflicts decades ago in response to the needs of WW11 and Vietnam veterans and their families, there is significant generational change and innovation required to understand and meet the unique needs of Contemporary Veterans, Contemporary Widows and their families, as the Issues Paper acknowledges. It is however essential that older ESOs are not dismissed as irrelevant in the current climate of supporting the current veteran and his/her family.

Mobilising the resources to effect this organisational change and meet the needs of Contemporary Widows' presents a challenge for the War Widows' Guilds across Australia, with the defined object of the Guild being the welfare of war widows, we are constrained in our ability to fund operational upgrades and innovations that enable new programs to support and drive positive outcomes with this group.

We advocate three key actions:

- **That the Productivity Commission recommends ACNC implement a 'unique service' test prior to granting charitable status to reduce duplication of effort and promote partnerships as a means of servicing new geographic areas.**
- **That the Productivity Commission recommends that DVA implement a register and accreditation standard for all veterans'/ veterans' services supplied and only consider these registered organisations for funding. We support ADSO's call for registration and accreditation of ESO's.**
- **That the Productivity Commission recommend the creation of an Innovation/Transformation fund and talent pool for ESO's to enable capability to be built for Contemporary Veterans/Widows with best practise outcome standards and systems.**

²See Aspen Foundation (2016) *Report into ESO's*

³See DVA *Population at a Glance September 2017*

1.2 Understanding, supporting and celebrating 'the Defence Family'

The current legislative framework and orthodoxy is not 'fit for purpose' as it does not place adequate emphasis on understanding the partners' and families' of those in military service. In addition, the current arrangements seek to support, foster and measure outcomes for eligible individuals in isolation, without consideration for the defining role of family dynamics and interconnectedness that are required in determining an individual's outcomes. (Sameroff, 1994).

We note that war widows comprise 22% of the total DVA client base⁴. In contrast, the Issues Paper *'Inquiry into the Compensation and Rehabilitation for Veterans'* that seeks to inform and improve the overall framework and the resulting Acts mentions the term 'war widow' or 'family' twice each, and 'veteran' 236 times. The Paper acknowledges past commentary about the unique nature of military service, and the resulting impact on the family:

'Hours can be long and irregular ... Family moves are regular, sometimes seemingly random and frequently stressful'. (JCFADT 1988, p. 5)

Our members have told us about the practical impacts of these elements of military service while their husband was alive, sharing stories of children attending numerous primary schools and the resulting educational and social impacts and the difficulty for the non-enlisted partner to find and pursue suitable employment and social connections, particularly in regional areas.

When the husband dies for reasons associated with the military service the widow must start again, as in the general community, but against a unique backdrop of social dislocation and economic non-participation directly related to military service.

This narrative, shared across generations of wives and partners, depicts a unique family life, that of the 'Defence Family'. We join ADSO⁵ in encouraging the Commission to recognise, support and celebrate the Defence Family in the future arrangements for Compensation and Rehabilitation.

Family systems theory (Sameroff 1994; Cox and Paley 1997) views the outcomes of each individual within the family as interconnected, and impacted by mutual influences within it, including marital and parent child relationships and mental health. The validity of this theory is accepted and used by the Government's Australian Institute of Family Studies. Family systems theory warns against the intervention and attribution of outcomes to individuals within the family, noting the degree of interconnectedness is such that there are:

"... a) properties that cannot be understood simply from the combined characteristics of each part, b) a hierarchical structure (i.e., a family is composed of subsystems that are systems in and of themselves), and c) adaptive self-organization." Cox and Paley 1997, pg. 1-2.

Our members' have told us of numerous support mechanisms that would have assisted them in building a better future for their family including: educational support and programs for the partner, enabling them to pursue remote working roles and be the main earner while the veteran was transitioning from military service and after his death, children's enrichment programs that build bonds with the local community, and communication with their husband's unit and chain of command. We recognise an Individual's needs will vary and note the risk of reproducing the current complexity through 'laundry list' style legislation.

We believe a Compensation and Rehabilitation system that builds the capability of families through appropriate and timely support will fundamentally change client mindset interaction with DVA from 'what can I get' to 'what support do I need to achieve our goals?'. A system that fosters self efficacy and goal achievement will enable productive behaviour & societal participation, driving better outcomes and more efficient use of taxpayer funds.

⁵ See ADSO Submission,(2018), *"Scoping the Issues"*

We ask the Commission to consider the underlying principle of this request – that Defence families are able to access services and support that recognises their unique lifestyle and builds their economic and social capital to thrive in this environment and to craft the future framework towards family based support structures and outcomes.

1.0 Current issues with war widows' compensation

2.1 Treatment of the War Widows' Pension as assessable income under the Aged Care Act 1997/DVA Assessment

Currently a war widows' compensation payment (pension) is treated as assessable income for the purposes of accessing aged care or home care services and a veterans' pension, where the veteran has qualifying service and depending on the type of pension, is exempt. This means a war widow, on less income but the same assets as a veteran may need to pay in excess of \$500 more per fortnight in an aged care facility.

The stated intention of the Government is to adequately compensate the veteran for injuries received⁶, and on their death from an accepted condition, to compensate their partner⁷, with the applicable pension/lump sum.

However, the current arrangements under the Aged Care Act 1997 and DVA undermine the intent of these provisions by increasing the aged care/home care fees payable by the widow, at the same income level.

The below case study uses aged care entry, however the same issue, to a lesser financial burden, exists when a war widow seeks to access home care services via My Aged Care and should be considered when reviewing this area.

Consider the case of John and Mary Smith.

John worked as a steelworker and was made redundant many years ago, wisely investing these funds in a defined annuity that will transfer 100% to Mary on his death. John has considerable disabilities from his military service and is on a Special Rate pensioner under VEA. Mary is on the Aged Pension and has no other income.

If John predeceases Mary for reasons related to service, and Mary is classified as a war widow **she will pay \$13 172 more per year in aged care fees, with the same financial resources.**

Assuming Mary dies at age 86, she will have paid \$65,000 more in aged care fees than if she had predeceased John.

With these additional fees at \$504.98 per fortnight this more than halves her effective war widows' pension, negating the Government's stated intent to adequately 'compensate' her for John's death.

It does not appear equitable or logical that the veteran's compensation for his injury/loss is exempt, and the widow's compensation for her loss is not.

We request that the Commission recommend that the Aged Care Act 1997/DVA Assessment be urgently reviewed and amended to exclude the war widow's pension as assessable income.

⁶ DVA Special Rate Pension 2018

⁷ DVA War Widows' Pension 2018

Case Study – John and Mary Smith

Scenario 1 – Mary Smith is deceased, John Smith enters aged care			Scenario 2 – John Smith is deceased, Mary Smith granted war widows pension and enters aged care		
John Smith, aged 89, VEA	Fortnightly	Annual	Mary Smith, aged 81, VEA	Fortnightly	Annual
Income			Income		
Special Rate pension ⁸	\$1,394.20	\$36,388.62	War Widow pension	\$922.50	\$24,077.25
Defined period annuity	\$1,000.00	\$26,100.00	Income Support Supplement ⁹	\$102.00	\$2,662.20
			Defined period annuity	\$1,000.00	\$26,100.00
Total Income	\$2,394.20	\$62,488.62	Total Income	\$2,024.50	\$52,839.45
Assets			Assets		
Personal contents	\$10,000.00		Personal contents	\$10,000.00	
Cash	\$5,000.00		Cash	\$5,000.00	
Aged Care Fees estimated¹⁰			Aged Care Fees estimated		
Assessable Income	\$1,000.00	\$26,100.00	Assessable Income	\$2,024.50	\$52,839.45
Daily Care Fee	\$702.24	\$18,328.46	Daily Care Fee	\$702.24	\$18,328.46
Means Tested Care Fee	\$0.00	\$0.00	Means Tested Care Fee	\$0.00	\$0.00
Accommodation Contribution	\$0.00	\$0.00	Accommodation Contribution	\$504.98	\$13,179.98
Annual Aged Care fees		\$18,328.46	Annual Aged Care fees		\$31,508.44

⁸ See 2018 DVA *New Pension Rates*

⁹ Estimated effective ISS payment from current ceiling rates at <https://www.dva.gov.au/factsheet-is30-pension-rates-limits-and-allowances-summary>

¹⁰ Calculated from My Aged Care <https://www.myagedcare.gov.au/fee-estimator/residential-care/form>

2.2 Treatment of war widows' compensation payments in Family Law proceedings

As previously discussed the stated intent of the Australian Government through the various Acts is to adequately care for deceased veterans' widows/partners and their dependants.

We have been notified by our members that the current treatment of lump sum compensation payments received under MRCA/DRCA in Family Court proceedings undermines this stated intent, where these funds or assets purchased with them, are considered part of the 'property pool' in a subsequent relationship.

The Guild has reviewed various landmark cases and precedent in Family Law in the area of both general compensation and military compensation and acknowledges the complexity in deciding these matters.

We ask you to consider the case of Amanda Jones.

Amanda's husband was killed in active service 8 years ago and she was widowed, with 3 young children. She chose to receive a lump sum payment, rather than a fortnightly payment for life, and invested it in a term deposit while she was recovering and planning her next steps.

Two years later, Amanda purchased a house outright, with her entire lump sum payment, and the lump sum payments paid to each of the children, for her and her children to live in.

Amanda then commences a relationship with a new partner and as a result of that relationship the new partner resides in her family home. This relationship results in a new baby.

Unfortunately the relationship did not work out, and the new partner is claiming 50% of the home in Family Court proceedings, and Amanda has received legal advice that he is likely to succeed in his claim.

Amanda is not in the workforce, and will have no way, other than selling the home, to realise this payment.

The remaining 50% will not be enough to purchase a home or even a unit within 100km of Sydney – where her children have special support services in place.

We ask that the Commission recommend the Chief Justice of the Family Court investigate and implement sufficient protections that the intent of the granted compensation – to adequately care for the war widows and children, is preserved and consistently observed in subsequent cases.

2.2 Motor Vehicle Exemptions – GST and Stamp Duty

GST Exemption

GST exemptions are available to veterans' in receipt of a Special Rate Pension (and other selected Disabilities) meaning they are able to purchase an eligible passenger vehicle for their own use without GST either every two years or 40,000 kms¹¹. War widows are not eligible to receive this exemption.

Stamp Duty exemption

Stamp Duty is levied and collected at State level throughout Australia, and exemptions for VEA/DRCA/MRCA recipients vary¹². In NSW, an exemption for Stamp Duty is only available to 'eligible war veterans', meaning veterans with qualifying service.

The difference between State policies and taxes is a source of confusion for Guild members, as due to the nature of military service, as likely to move throughout Australia.

In regard to current policies, NSW levies full vehicle stamp duty on war widows under any Act, eroding their means to provide for them and their families' essential needs from compensation payments under VEA/DRCA/MRCA.

Case Study

Consider the case of Annie Raby, a war widow living in NSW, looking to purchase a new family car for her use to replace her 10 year old vehicle.

For the purchase of a \$32,000 standard passenger vehicle an additional \$3200 is payable in GST, and NSW Stamp Duty levied is \$960¹³, meaning \$4160, roughly 16 weeks' war widows pension under VEA will be levied in Federal and State taxes payable.

As the majority of war widows under VEA are aged over 85 years we see these exemptions as key to a relatively small population of the DVA client population. Removal of the requirement for widows to pay these taxes would be beneficial to enable the purchase of safer and more efficient vehicles.

Our members have told us this additional tax represents a barrier in purchasing a new vehicle and the use of 'eligible war veterans' as a qualifier to this benefit is hurtful, as it does not recognise their service in supporting their serving/ex-serving partner and nor does it recognise their loss.

We ask that the Commission include in their recommendation to the Federal Government and to the States and Territories that war widows' service as a member of a Defence Family be included as 'eligible service' thus making them exempt when veterans are for GST and Stamp Duty.

¹¹ See DVA Fact sheet 49

¹² See DVA *Exemptions from Duty under State and Territory Law*

¹³ Calculations as at 20/6/2018 from <https://www.apps08.osr.nsw.gov.au/erevenue/calculators/motorsimple.php>

2.3 Inequity of the Funeral Benefit available under VEA and DRCA/MRCA

We draw your attention a 500% discrepancy in the Funeral Benefits available to those under VEA and DRCA/MRCA¹⁴.

The maximum benefit payable under VEA is \$2000 whereas under DRCA & MRCA the maximum is \$11,828. We have put this forward on behalf of our members with numerous MP's and it has been identified by DVA as perceived anomaly¹⁵.

The cost of the veterans' funeral to their family is not related to their compensation arrangements, and the requirements for death related to service are equivalent. It is unclear why this disparity has been continued, to the disadvantage of WW2, Korea and Vietnam veterans and their families.

We ask that this significant disparity be reviewed, to reduce the undue burden placed on VEA dependants through this anomaly.

2.0 Extension of care for vulnerable war and service widows

Through our discussions across Australia with designated war widows and elderly widows of Veterans, we have identified unmet need for the below services in this population, and request the Commission considers making additional provisions for this vulnerable population.

3.1 Transport for medical appointments

Under the Booked Car with Driver Scheme war widows over 80 years are eligible to receive transport to and from defined specialist¹⁶. Widows under the age of 79 years of age are also eligible for transport under certain circumstances and if they meet certain medical conditions. Due to historical attitudes towards driving for this age group these war widows are far more likely to be reliant on public transport to attend specialists' appointment. Only 50% of women in aged 75-80 hold a Drivers' Licence, compared to 80% of men aged 75-80¹⁷.

We have been told numerous stories by our members of the stress incurred travelling via public transport, in some cases up to three connections, to attend appointments booked 6 months' in advance, and of occasions where these long-scheduled appointments were missed due to public transport delays and cancellations. Further, the crowded environment of major transport stations is a key risk to our members' and has been the location of a number of trips and falls.

We ask the Commission to review the unique transportation needs of war widows aged 75-80, and recommend the extension of the Booked Car with Driver service for this group.

3.2 Extension of the Gold Card

Under the current arrangements veterans are eligible for the Gold Card when they attain the age of 70 years¹⁸ and have qualifying service. We understand the intent of this provision as part of the social contract between the Veteran and the Australian Government, providing care in exchange for their life of service.

The widows of veterans have advised us that they feel that their lifetime of support to their family and country through the veteran's service ought to be recognised in the same manner, and request the extension of the Gold Card to assist them in managing their health in later life.

We request the Commission review the health needs and arrangements for this vulnerable population, with a view to providing greater support via the extension of Gold Cards to widows of veterans aged 80 or older.

¹⁴ See DVA (2018) Factsheet 39 from website

¹⁵ See DVA *Consultation and Grants Review* on website

¹⁶ See DVA Factsheet HIP80

¹⁷ See Transport Trends Report by Age and Gender on website

¹⁸ See DVA Factsheet HSV59

4.0 Developing a more veteran-centric Department of Veterans Affairs'

4.1 Improvement of website and user tools

We have received feedback from numerous members about the difficulty in navigating and understanding the DVA website, to research entitlements, lodge claims and ask questions.

We join the calls of a number of other Submissions to the Productivity Committee that investment be made in re-developing the website and other forms of DVA communication and note that though war widows are 22% of the population, there is no dedicated 'war widows' section or site.

The current website is written from a legislative/entitlement lens, i.e. one can search 'Factsheets' either by topic or by number. Both these options presume the veteran/war widow knows a) what DVA classifies their particular entitlement as, and b) the terminology DVA uses to describe the particular support the veteran/war widow needs.

We suggest developing a more interactive approach, where a potential applicant can run a simulation on their particular circumstance and be shown, with a minimum of jargon, the areas of their life/needs that DVA can offer support/payments on, and how to apply.

We recognised that sophisticated software infrastructure would be required to build such a simulation, and we recommend that user testing and iteration be used at every stage of development, following lean methodology.

We ask that the Commission recommends that DVA consult user groups representing a diverse cross section of the DVA population, including war widows of each generation, and that the development of a user-centric site be prioritised for development and rollout.

4.2 Feedback on the Service Coordinator function

We have received feedback from our Contemporary Widows on the Service Coordinator function, provided by DVA through the Coordinated Client Support program, for those with complex needs.

The Service is aimed at providing proactive support to Contemporary Widows' as they re-build their families, and Service Coordinators approach the widow with the support DVA offers at different life-stages, i.e. children starting school.

The feedback on the widows' actual interaction was overwhelmingly positive, with one widow telling us she was able to have much needed and complex medical treatment for her child with a minimum of bureaucratic paperwork, and she had confidence in her understanding of amounts and treatment DVA covers.

The proactive nature of this Service appears to have declined for four (4) of our Contemporary Widows. They have confirmed their continued enrolment in this Program, but have had difficulty making contact with their Coordinator, report a lack of proactive contact and have had issues submitting some recent claims.

The National Guild recognises the significant investment DVA has undertaken in establishing a proactive support program for eligible persons, and acknowledges the positive interactions our members have had with this Service.

We ask the Committee to recognise our support and belief in the value of the Coordinated Client Support Program and that sufficient resources be allocated within DVA to enable that proactive contact and support with Contemporary War Widows' continues.

**Mrs Meg Green
National President
War Widows' Guild of Australia.**

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