

Supplement to Commissions DVA Inquiry

A proposal to remove the discrimination from the current conditions of the Department of Veterans' Affairs, Special Rate/Totally and Permanently Incapacitated (SR/TPI) Pension as applied to the permanently disabled members and former members of the Australian Defence Force as it effects the encumbrance placed on the female partners of these disabled pensioners retaining or seeking engagement in the workforce.

Proposal .

“That where the partner of a SR/TPI rate disabled chooses to remain, return or otherwise participate in the paid workforce that the SR/TPI retains that part of his compensation package named the single rate Service Pension”.

This proposal aims to:

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Discourage dependency upon welfare by the families of our Defence Force Veteran disabled.

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Improve income and social inclusiveness of those family on low DVA TPI Incapacitated Pensions replacement income.

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Intelligently employ the nation's social, human, and educational capital to the benefit of the family and society.

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Contribute to their own health costs via the Medicare levy.

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Promote self-funded retirement via industry or private compulsory Superannuation schemes.

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Provide a positive role model for children witnessing an adult family member being engaged with the waged workforce.

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Bring respect; dignity and worth to the home by having a member of the family contributing to the wealth of the home and for the good of society through waged work.

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Empower women to move from welfare dependency to workplace participation.

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Return agency to the disabled serviceman as a human being the right to seek an affirming, loving and fulfilling relationship with another person without placing a financial burden upon the other person of that relationship.

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Engender good mental health and wellness by encouraging financially security.

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Reduce stress, domestic violence, suicide and self harm by being included in a caring watchful relationship.

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A woman entering a marriage or marriage type relationship with a SR/TPI disabled serviceman has matters to consider that her equals do not. She has to consider what impact her prospective partner's disability will have on the relationship this is self evident however she also has to consider the financial position she is placing herself in with regard to her prospective partners loss of part of his war service disability compensation.

A single TPI/SR disabled veterans replacement income is made up of two components the TPI rate **\$33,569 pa** plus the Service Pension **\$23,159 pa**. A total of **\$56,724 net** This compared to the Australian average wage of **\$64,322** after income tax deducted.

(Using DVA pension rates Mar 2017, the ABS Mar 2017 Average Wage and ATO on line income tax calculator for 2016)

The TPI rate is described in the Veterans Entitlement Act 1986 legislation as **'Replacement Income'** for those unable to work due to war or war like service wounding or injury.

Today it is necessary to have an income source from both the husband and the wife to maintain the family group and ensure its social inclusion. However for a married TPI Disabled with a wife engaged with the

workforce the disabled partner is expected to forfeit up to **\$23,159 pa** (\$444 pw) by having his Service Pension (SP) withdrawn.

The **\$23,159 pa** forfeited is equivalent to 40% of the single disabled SR/TPIs compensation package i.e. the replacement income for the foregone ability to sustain waged employment due to his DVA assessed disabilities.

The SP income component of the replacement income is subject to a means test based on assets and income of the disabled serviceman. On partnering this means test is extended to the assets and income that the partnering wife brings to the family group. The means test on the wife's income starts to reduce the disabled serviceman's SP payment from the point where the wife earns **\$9,777 pa** gross and continues to reduce the SP to zero at the point where the wife earnings reach **\$77,443 pa** gross.

At present on partnering a SR/TPI couple where the wife is not engaged in the paid workforce the single rate SP of **\$23,195** is replaced by two partner payments of the SP combined amounting to **\$34,915 pa**.

Offsetting Costs:

Offsetting any additional costs to the department when the wife engages in waged employment with the disabled retaining the single SP is the difference between the joint couple rate and the single rate' **\$11,720 pa** in addition to this the national exchequer benefits from the waged spouse paying income tax, Medicare levy, employees and employers superannuation contributions. Additionally the waged spouse would be a part or full self funded retiree, saving the cost of an Age Pension.

The whole of government revenue is therefore in a stronger fiscal position for every wife of a SR/TPI

recipient who remains or re engages in the waged workplace. Plus the obvious family benefit of improved income.

Financial benefits to the family and community are only part of the equation as stated elsewhere the human and social improvement in health and wellbeing to the individual disabled, the partner and the children of the family group are invaluable as are the savings these improvements make in other areas of social costs.

The wife partner had no say in the SR/TPI serviceman's participation in war. Many TPIs had no say either due to being conscripted. However the wife and the children or step children of the TPI are being unfairly penalised by government who shift the responsibility of daily upkeep of the nation's war disabled from the community coffers to that of the individual working wife.

There is also the question of gender discrimination to be considered in this matter. Of the nation's 29,000 SR/TPIs only 360 are female. It can be confidently inferred from this ratio that the partners of SR/TPIs are predominantly female. It is therefore to the women of our society that government transfers the community's financial responsibility for looking after the disabled of the nation's wars by designing a system that by financial disincentive restricts her

authority to move from a life of welfare dependency to workplace fulfilment.

The system as designed may have made sense in the 1950 when a one income family was normal however society has moved on and today such practices discriminate on grounds of gender, is bereft of financial intelligence to either the nation's coffers or the family finances and restricts the human rights of the disabled of our defence force and those around them to determine their own economic position in society.

Of the 30,000 TPI disabled in the nation all but a few are male. It is therefore reasonable to assume that their partners will be female. It is therefore the female who bears the gender discrimination ingrained in the current system . This proposal of encouraging workplace engagement removes the gender discrimination.

The proposal restated:

“That where the partner of a SR/TPI rate disabled chooses to remain, return or otherwise participate in the paid workforce that the SR/TPI retains that part of his compensation package named the single rate Invalidity Service Pension”.

First proposed to DVA Minister Warren Snowdon in November 2012 with the request to allow his department to cost this proposition with effect upon whole of government finance.

Yours truly

Mr Frank (Jock) O'Neill