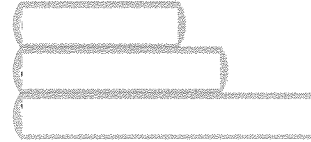


**Australian Productivity Commission**  
Compensation and  
Rehabilitation for Veterans

**R.K. Wombold**



Commissioner,

I have discovered a number of practices occurring within the Department of Veteran's Affairs that I feel compelled to draw to your attention, as I find they lack common sense and are grossly disadvantageous to many veterans.

Firstly, I must state that I am not complaining about any individual within the department as they are simply applying practices and procedures as documented, it is the actual practice/regulation or process that is deeply flawed.

I will find it easier to describe my concern by using my personal example; however, I am in no way unique in my situation and it must apply to thousands of veterans. The following table lists the medical conditions for which I have accepted conditions by DVA and when they were recognised.

<b>Medical Condition</b>	<b>Decision</b>	<b>Legislation Act</b>	<b>Decision date</b>
<b>Tinnitus</b>	Accepted	Veterans' Entitlements Act 1986 (VEA)	Mar 3, 2016
<b>QUADRICEP TENDONITIS OF THE RIGHT KNEE</b>	Accepted	Veterans' Entitlements Act 1986 (VEA)	Dec 8, 2015
<b>QUADRICEP TENDONITIS OF THE LEFT KNEE</b>	Accepted	Veterans' Entitlements Act 1986 (VEA)	Nov 4, 2015
<b>OSTEOARTHRITIS OF THE LEFT KNEE</b>	Accepted	Veterans' Entitlements Act 1986 (VEA)	Nov 4, 2015
<b>LOCALISED OSTEOARTHROSIS OF THE RIGHT KNEE</b>	Accepted	Veterans' Entitlements Act 1986 (VEA)	May 12, 2000
<b>Bilateral Osteoarthritic Degeneration</b>	Liability accepted	Safety Rehabilitation and Compensation Act 1988 (SRCA)	Jan 29, 1996
<b>CHONDROMALACIA LEFT PATELLA (WITH OPERATION)</b>	Accepted	Veterans' Entitlements Act 1986 (VEA)	May 1, 1984

As can be seen I first experienced issues with my knees back in the mid 1980s. I was a serving soldier ( ) from March 1978 to March 1998.

It appears that I applied for, was approved and accepted a Lump Sum Payment (\$32,252.56) under SRCA in 1996; for a condition not recognised and compensated for by the DVA.

Prior to accepting the payment it appears that I was sent a letter from [redacted] [redacted] Involved Disability Pension Examiner, dated 12th March 1996, that advises that my DVA Pension would be limited by \$25.42 per fortnight, this letter clearly states "This limitation will remain in effect as long as the pension is payable but will not increase unless further compensation payments are received."

Although the conditions covered by the DVA and SRCA were different, I did not recognise this at the time so I assumed that this appeared to be a reasonable situation, on the surface as it would certainly be not in the interest of the Australian people if a person was able to accept a pension and lump sum payment for the same condition and at \$25.42/fortnight the amount repaid over my life time (to age 80) would amount to approximately \$25,570.

However this is where my concern commences. I am now advised:

*Section 30C to 30P and section 74 to 79 of the VEA requires that the department determine the dollar amount a person has been or otherwise be, twice compensated in order for that amount to be offset against ongoing payments.*

Again I was not being compensated twice for the same condition, but I had not realised this at the time, on the surface this appeared reasonable; however, I am advised that the reduction in pension is not a direct repayment of the lump sum and will vary (increase) as a veterans condition worsen and the DVA pension increases.

In my case the withheld amount has gradually increased over the years from the original \$25.42 a fortnight to \$80.28 a fortnight and will continue to increase and remain in place for the duration of my life, although I have received only the one, original lump sum payment. I am advised that this is the case because: *The fortnightly equivalent amount includes a factor for interest that is deemed to accrue on a lump sum by investing that lump sum in a pension scheme.* I would hope that you are able to see the basic flaw in this methodology. If a veteran elects a lump sum payment it is used to purchase equipment, make home renovations, purchase or amend a motor-vehicle, or a myriad of other costs to help offset the restrictions posed by the medical condition; to assume that it would be invested is a ludicrous assumption as if the veteran wanted a periodic payment that a pension scheme provided he/she would simply remain with the full DVA pension.

The facts, as I am now aware of them, in my circumstances are, should my condition not decline (which is improbable):

- Lump Sum Awarded - \* \$32,252.56
- Sum immediately recovered for DVA overpayment (?) - \* \$8,679.11
- Resulting actual payment - \* \$24,573.45

Offset amounts applied to my DVA payments:

From	To	Recovery \$	Amount Recovered
1996	2000	* \$25.42	\$2,643.68
2000	2004	* \$88.92	\$9,247.68
2004	2010	* \$71.62	\$11,172.72
2010	2015	* \$80.28	\$10,436.40
2015	2034	* \$80.28	\$39,658.32
Total paid assuming aged 80			\$73,158.80

(\* Figures supplied by DVA)

This equates to me having a total of \$81,837.91 recovered by DVA for an actual payment of \$24,573.45 by SCRA (this includes the \$8,679.11 withheld at the time of payment). Even using DVA's assumption that the payment would have been invested that requires me to achieve a simple interest of 39% on my investment. However, the fact is that I will repay 254% of my original lump sum. Should my condition continue to decline for my estimated 17 years until I turn 80 this amount will increase accordingly.

This rises yet another anomaly of the current system. If a veteran has an increase in his/her DVA pension due to a condition not being the condition for which the lump sum payment was made the subsequent increase in the withheld amount from the DVA pension still occurs.

I would like to suggest that lump sum payments are made to allow veterans to amend physical aspects of their life that require amending due to their medical condition, where as pension payments are made to offset the actual loss of potential earning ability experienced by the veteran due to their life time restrictions imposed by their service related condition. This may not fit the textbook definitions of the two payment schemes but there must be recognition that the two schemes serve different purposes and the lump sum is not a simple 'win fall' but money required to be expended to help maintain the veteran as a result of their service related injury.

I am somewhat bemused that this situation has not been taken up by any of the veteran's support groups, however, as it appears not to have been, I would ask that you consider the fairness of the current situation as it applies to thousands of veterans who are currently having large sums of money withheld from the DVA pensions every fortnight. I would ask that you revisit the provisions of *Section 30C to 30P and section 74 to 79 of the VEA and any other provisions* as they

appear to apply and amend them accordingly. Veterans do not mind having their DVA pensions reduced by the actual amount of any lump sum paid under SCRA, as that is only reasonable but to increase the withheld amount from the original calculations, for no apparent reason and then to maintain the withholding of payments for life, regardless of how much money is actually recovered, is an intolerable situation that disadvantages veterans, particularly, in their latter years when they rely so heavily on their DVA payments.

In short I believe that 3 separate injustices have occurred;

1. THE CONDITION FOR WHICH THE DVA COMPENSATES ME FOR IS DIFFERENT TO THE CONDITION COMPENSATED FOR BY THE SRCA PAYMENT YET THE DVA HAS APPLIED A RESTRICTION TO MY PENSION BECAUSE OF THIS SRCA PAYMENT.
2. AN ASSUMPTION IS BEING MADE THAT PAYMENTS UNDER SRCA ARE BEING INVESTED AND EARNING INTEREST, THIS IS A LUDICROUS ASSUMPTION AS IT IS OBVIOUSLY USED TO ASSIST IN THE PURCHASE OF EQUIPMENT REQUIRED TO PARTIALLY OFFSET THE EFFECTS OF THE DISABILITY.
3. I WAS AWARDED \$32,252.56 UNDER SRCA BUT ONLY ACTUALLY RECEIVED \$24,573.45; HOWEVER, THE HIGHER AMOUNT IS BEING USED TO ASSESS THE WITHHELD AMOUNT INCLUDING THE ASSUMPTION THAT THE HIGHER AMOUNT WAS INVESTED, WHEN OBVIOUSLY, IT COULD NOT HAVE BEEN.
4. ALTHOUGH THE LUMPSUM PAYMENT WAS ACCEPTED UNDER THE CONDITION THAT THE OFFSET AMOUNT WOULD NOT INCREASE; THE CONDITIONS CHANGED WITHOUT ADVICE OR THE OPPORTUNITY TO REASSESS THE DECISION TO ACCEPT THE LUMPSUM.

Yours sincerely,  
Raymond K. Wombold,

A rectangular box with a dashed border, used to redact the signature of Raymond K. Wombold.