

31 March 2019

Productivity Commission  
Compensation and Rehabilitation for Veterans  
Draft Report - A Better Way to Support Veterans

### **“A Pattern of Government Behaviour”**

Reference: A. Draft Recommendation 14.4 – Reduction/Removal of Existing Veterans Benefits

Governments since WW 1 have deemed to benefit Veterans in different ways. Quite often change has come about because of investigations and Parliamentary enquiries but generally because of obvious need, disasters and/or significant events. Modern examples include societal and even ESO rejection of Vietnam Veterans and their collective health problems, the 1997 Blackhawk Crash which saw a number of benefit changes and the most recent Government enquiry into contemporary Veterans’ suicides that has seen considerable Government expenditure to try and solve the problem even to the point of arbitrarily changing the definition of “Veteran” itself.

However, as memory of each of these causal changes fade, there becomes a process of whittling away of these new “fixes” and benefits. Draft Recommendation 14.4 proposing, amongst others, the removal of VC and Decoration Allowance is a prime example and perhaps a warning to ESO and the families of Veterans to put a line in the sand. Efficiency, as often espoused by the Productivity Commission (PC) is good; but it is not everything.

Most often change is for the good. An example would be the change in policy from just “buying off” Vietnam Veterans with a TPI Pension that has segued into a Rehabilitation ethos and programs aimed at getting Veterans back into productive and fulfilling work/life balance. Something that DVA should be very proud of. But even in the early TPI process, “claw back” is achieved through indexing the TPI to CPI rather than MWATE thereby gradually eroding the economic value of the original Government decision<sup>1</sup>.

Decoration Allowance is another such example. Given by a grateful Government and the People of Australia following WW I in two parts it is made up of a “VC Allowance” and a “Decoration Allowance.” This second part of the allowance is paid to Veterans who have been awarded a combat Decoration and are in receipt of a Disability Pension. As stated, It was enacted after WW I, reaching \$0.70/fn (equivalent) in 1943 during WW II, which at that time was not an insignificant amount given the pay rates at the time.

It was “adjusted” to \$2.00 in 1966<sup>2</sup> and to \$2.10 in 2001 by an automatic GST supplement, where it has remained ever since. The GST adjustment probably slipped through the bureaucracy’s grip or the GST Adjustment Legislation was an automatic process that couldn’t be stopped. The PC’s “*only a few clients*” (recipients) of Decoration Allowance is because they have been “falling off the perch” at a rate of 7.7% p.a. over the last decade, meaning they are a “celebrated” but rapidly diminishing cost to taxpayers<sup>3</sup>.

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<sup>1</sup> If one was a US Veteran, then one may be inclined to say; “the Swamp wins again!”

<sup>2</sup> 1966 “adjustment” was for some unknown reason with perhaps the South Vietnam deployment being a catalyst.

<sup>3</sup> There are 4 VC and approximately 290 Decoration Allowance recipients. See Annex A to PAB dated 6 Feb 2014.

Attached is a copy of a letter to, and a reply from one of our many Veterans Affairs Ministers. Detail of the gradual erosion of the Allowance and the apparent disdain of the Allowance and the research put into the letter is evident in the reply that is all part of the pattern of: Government decision and provision to Veterans followed by gradual erosion to the point of excision. The PCs purported justification for elimination while being technically incorrect states<sup>4</sup>:

*"...To streamline and simplify outdated payments made to only a few clients, they should be paid out and removed. The Australian Government should amend the Veterans' Entitlements Act 1986 to remove the recreation transport allowance, the clothing allowance and the decoration allowance and pay out those currently on the allowances with an age-adjusted lump sum. ..."*

- a. "streamline and simplify outdated payments" So VC winners are outdated? Veterans with both a Decoration and a Disability payment are old hat, Australia's not going into combat ever again; really?
- b. "made to only a few clients" Is the PC saying if we had thousands or even just a plain old surfeit of VCs and Decorated and compensated Veterans it would be OK to keep paying it?
- c. "pay out those currently on the allowances with an age-adjusted lump sum." What age? What adjustment? Does the PC mean to imply that each individual lifespan at their current age will be applied to each individual recipient? Will prior indexation be applied back to when it meant something to recipients at the initial introduction? Or will it be a method that both just "streamlines" and "simplifies"?
- a. "As RSL Queensland said: Consideration should be given to making lump sum payments available if requested by the veteran for allowances such as Decoration Allowance..." Oops, I guess the PC forgot to include the bit about asking the Veterans if they want to be "bought out?"

This is where the system gets its way in eventually eroding benefits to Veterans. Don't like something? Too generous? Need to save money in the Budget? Then just hold back on indexation and, if forced to index; make sure it's at the lowest legally possible method of Government indexation. Then voila; "streamline", "simplify," "only a few clients." It's a pattern of (natural) bureaucratic behaviour; one that really annoys the troops!

"Decoration Allowance" and probably the other "minor" allowances are a symbol or an example of what happens to Veterans benefits over time.

It is recommended that the PC reverse their Recommendation 14.4 for the two elements of Decoration Allowance, apply the missing indexation going back to at least WW II if not WW I, keep paying it and allow the recipients to die peacefully on the vine.

Yours in Service

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<sup>4</sup> There was a form of indexation between WW I & II but DVAs unarchived files only go back to post WW II.