

# **THE PLIGHT OF DVA DISABILITY PENSIONERS -** **THE RESTORATION OF PARITY AND THE MISNOMER OF COST**

*(This is an abridged copy of an email that was sent to the Minister for Veteran's Affairs, the Shadow Minister and the Veteran's Network in general, dated 26 March 2013)*

## **INTRODUCTION**

Unfortunately, most Veterans know only too well the entrenched thinking of the current Government regarding the restoration of parity as it should apply to DVA Disability Pensions: a relative increase which the Government surreptitiously denied and stripped away through specific legislation in the dark of night back in September of 2009.

Whilst the Government remains condemned for this dastardly act, the Coalition remains equally complicit in this grievous matter because it continues to cite "cost" as a barrier to doing the right thing. The downside of all of this is that our most disabled and at risk Veterans (i.e. the TPIs) are short changed to the tune of approximately \$3,300 p.a.

I hope that the information presented below will empower Veterans to know the truth of the matter, and that it gives both the Government and Opposition reason to reflect upon their respective policy positions because at risk veterans and their families are at even greater risk if they are subjected to financial deprivation. Indeed, the issue of at risk individuals could not have been more amply exposed than in a recent Daily Telegraph article, citing 15 suicides since Christmas 2012. The full article can be [accessed here](#).

Finally, I would like to apologise in advance for any anxiety that I may cause to members in the deliverance of the statistics below .... unfortunately any treatise on life expectancy or death will always be an uneasy topic to navigate.

## **GENERAL**

### **A Quick Overview of DVA Demographics**

Before I provide some detailed analysis about disability pensioner demographics and the perceived 'additional cost' to restore pension parity, let me first provide readers with a pictorial overview of the current state of play regarding some of the demographics of DVA clientele; graphs which have been provided courtesy of the DVA.

As can be seen by the orange column overlays in Fig 1 below, approximately 50% or more of all recipients (including that of War Widows) are well over the age of 80 years of age; indeed on visual inspection I am sure most would agree that the average would be pretty close to about 90 years. Unfortunately, given the double hump projections as seen, it is counter intuitive to not expect a continued precipitous decline in DVA population numbers into the foreseeable future.

# THE PLIGHT OF DVA DISABILITY PENSIONERSTHE RESTORATION OF PARITY AND THE MISNOMER OF COST

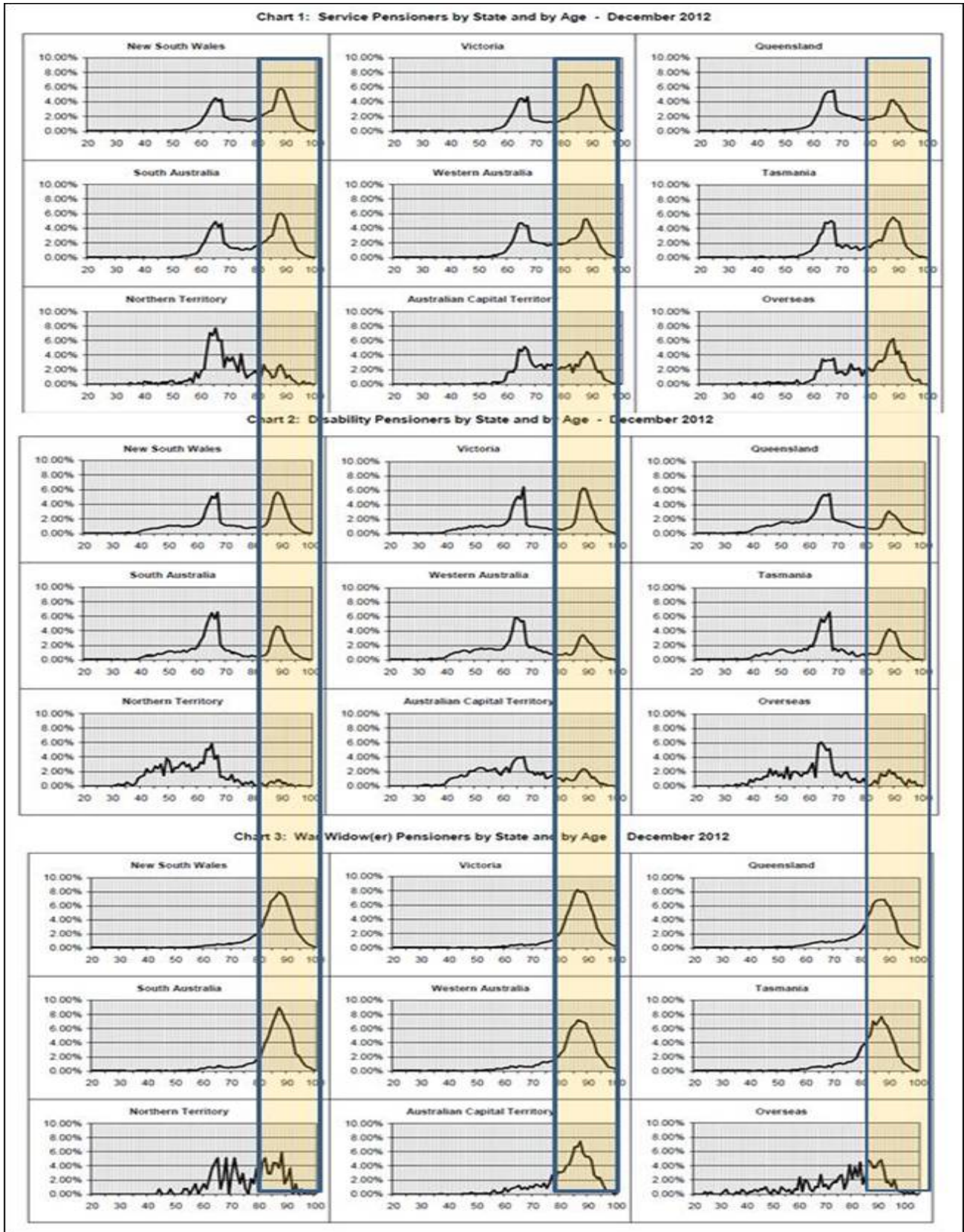


Figure 1: (Modified from Source: [DVA Pensioner Summary - December 2012, pg 7-9](#))

# THE PLIGHT OF DVA DISABILITY PENSIONERS THE RESTORATION OF PARITY AND THE MISNOMER OF COST

## Will The Restoration Of Disability Pension Parity Really Be An “additional cost” As Claimed?

Figure 2 below has been provided by the DVA through various TPI Federation channels and has also been used by the Government and Coalition in formulating their own policy decisions; decisions which have been well communicated to many Veterans already. Unfortunately, I have seen little dialogue from Government sources in this regard except for a letter sent to Mr. Jock O’Neil from the Minister, dated 26 July 2012, where he states and I quote:

*‘For your information, the cost of increasing around 110,000 DVA disability pensions to reflect the one-off increase from the Harmer Review for income support payments would be significant with an estimated additional cost of approximately \$700 million over the next four years.’ (underlined emphasis added)*

Clearly, the tabulations and calculations contained in Figure 2 below form the substantial basis upon which policy decisions have been made across the board. The calculations help to qualify the stated \$700-800M “additional cost” over the forward estimates that would likely be needed if full restoration of pension parity was applied for all affected disability recipients, regardless of classification.

		Increase DP by		Populations					Fortnights					TOTAL
		Current Rate	Increase	2011/12	2012/13	2013/14	2014/15	2015/16	13	26	26	26	26	
General	010	\$ 40.64	\$ 4.63	7763	7365	7000	6672	6381	\$ 467,554	\$ 922,652	\$ 912,004	\$ 904,041	\$ 899,195	\$ 4,105,445
Rate	015	\$ 60.96	\$ 6.95	151	143	136	130	124	\$ 13,642	\$ 26,872	\$ 26,578	\$ 26,422	\$ 26,211	\$ 119,724
	020	\$ 81.28	\$ 9.27	7299	6925	6582	6273	6000	\$ 879,215	\$ 1,735,062	\$ 1,715,088	\$ 1,699,954	\$ 1,691,011	\$ 7,720,331
	025	\$ 101.60	\$ 11.58	80	76	72	69	66	\$ 12,046	\$ 23,802	\$ 23,452	\$ 23,373	\$ 23,251	\$ 105,924
	030	\$ 121.92	\$ 13.90	8893	8437	8019	7643	7310	\$ 1,606,836	\$ 3,170,842	\$ 3,134,296	\$ 3,106,827	\$ 3,090,323	\$ 14,109,123
	035	\$ 142.24	\$ 16.22	15	14	13	13	12	\$ 3,162	\$ 6,138	\$ 5,928	\$ 6,165	\$ 5,919	\$ 27,312
	040	\$ 162.56	\$ 18.53	8936	8477	8057	7679	7345	\$ 2,152,807	\$ 4,247,833	\$ 4,198,865	\$ 4,161,947	\$ 4,140,159	\$ 18,901,611
	045	\$ 182.88	\$ 20.85	4	4	4	3	3	\$ 1,084	\$ 2,255	\$ 2,345	\$ 1,829	\$ 1,902	\$ 9,416
	050	\$ 203.20	\$ 23.16	6494	6161	5856	5581	5338	\$ 1,955,619	\$ 3,859,104	\$ 3,814,781	\$ 3,781,063	\$ 3,761,091	\$ 17,171,658
	055	\$ 223.52	\$ 25.48	6	6	5	5	5	\$ 1,988	\$ 4,134	\$ 3,583	\$ 3,726	\$ 3,875	\$ 17,306
	060	\$ 243.84	\$ 27.80	6097	5785	5498	5240	5012	\$ 2,203,278	\$ 4,348,304	\$ 4,297,883	\$ 4,260,048	\$ 4,237,674	\$ 19,347,186
	065	\$ 264.16	\$ 30.11	1	1	1	1	1	\$ 391	\$ 814	\$ 847	\$ 881	\$ 916	\$ 3,849
	070	\$ 284.48	\$ 32.43	4051	3843	3653	3481	3330	\$ 1,707,899	\$ 3,370,029	\$ 3,331,550	\$ 3,301,672	\$ 3,284,789	\$ 14,995,940
	075	\$ 304.80	\$ 34.75	11	10	10	9	9	\$ 4,969	\$ 9,396	\$ 9,771	\$ 9,146	\$ 9,512	\$ 42,794
	080	\$ 325.12	\$ 37.06	4883	4632	4403	4196	4013	\$ 2,352,765	\$ 4,642,199	\$ 4,589,203	\$ 4,548,387	\$ 4,524,019	\$ 20,656,573
	085	\$ 345.44	\$ 39.38	3	3	3	3	2	\$ 1,536	\$ 3,195	\$ 3,322	\$ 3,455	\$ 3,296	\$ 13,903
	090	\$ 365.76	\$ 41.70	4800	4554	4328	4125	3945	\$ 2,601,870	\$ 5,134,531	\$ 5,074,910	\$ 5,030,352	\$ 5,003,280	\$ 22,844,943
	095	\$ 386.08	\$ 44.01	0	0	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	100	\$ 406.40	\$ 46.33	14,554	13,510	12,552	11,696	10,951	\$ 8,765,726	\$ 16,924,554	\$ 16,353,862	\$ 15,848,236	\$ 15,431,443	\$ 73,323,820
EDA		\$ 631.50	\$ 71.99	9634	8497	7437	6477	5631	\$ 9,016,756	\$ 16,541,084	\$ 15,056,907	\$ 13,637,440	\$ 12,330,125	\$ 66,582,313
Intermediate		\$ 776.30	\$ 88.50	791	783	777	771	766	\$ 910,236	\$ 1,873,612	\$ 1,933,088	\$ 1,996,290	\$ 2,062,488	\$ 8,775,714
Special Rate		\$ 1,143.80	\$ 130.39	29205	28947	28625	28249	27834	\$ 49,504,919	\$ 102,063,957	\$ 104,962,463	\$ 107,728,524	\$ 110,391,292	\$ 474,651,155
TOTAL				113671	108174	103031	98317	94078	\$ 84,164,297	\$ 168,910,368	\$ 169,450,727	\$ 170,079,779	\$ 170,920,871	\$ 763,526,042
				Decline in recipients										
				5497	5143	4714	4239		Total Decline = 19,593					

Figure 2: (Modified from Source- DVA via TPI Federation Channels)

The additional calculations provided in red at the bottom of Figure 2 have been directly derived from the table by this author. These calculations represent the projected difference from year to year in the decline of DVA recipient numbers into the future, with an expected total decline in the projected population amounting to **19,593**.

On face value these figures originally appeared valid to me and I am sure to many others also. However, based upon the demographics contained within the latest [DVA Pensioner Summary](#), and given probability statistics of likely deaths for each year at particular ages within the DVA population, the calculations contained within Figure 3 below tell a slightly different story with respect to the expected decline in disability pensioners.

As can be seen, my projections suggest an expected decline of **23,993** disability pensioners as opposed to **19,593**.

# THE PLIGHT OF DVA DISABILITY PENSIONERS THE RESTORATION OF PARITY AND THE MISNOMER OF COST

TABLE 12 (TOTAL): DISABILITY PENSIONERS BY AGE GROUP AND CONFLICT, DECEMBER 2012																
AGE	WWII	Korea, Malaya & FESR	Vietnam	Gulf War	East Timor	Afghanistan	War in Iraq (2003)	Other Operations	Peace Keeping	Serving Mbr	Note Stated	All War / Service	Probable number that will die in 1st year	Probable number that will die in 2nd year	Probable number that will die in 3rd year	Probable number that will die in 4th year
Under 55	0	0	28	400	2 178	201	85	618	444	13 307	32	17293	40	43	46	57
55 to 59	0	0	282	64	178	17	17	118	115	6 278	10	7079	65	69	74	78
60 to 64	0	92	10 562	16	81	8	2	51	116	5 046	11	15985	213	226	241	256
65 to 69	0	1 838	16 795	5	26	0	1	13	67	2 276	10	21031	414	443	472	504
70 to 74	0	2 645	2 935	2	2	0	0	1	42	1 033	13	6673	205	217	228	241
75 to 79	0	2 580	1 230	0	0	0	0	1	15	518	26	4370	212	221	230	239
80 to 84	827	2 418	489	0	0	0	0	0	6	257	53	4050	319	324	327	326
85 to 89	17717	359	109	0	0	0	0	0	2	49	47	18283	2366	2276	2154	1999
90 or over	13232	27	5	0	0	0	0	0	0	8	24	13296	2791	2411	2025	1643
Unknown	0	0	0	0	0	0	0	0	0	0	0	0				
<b>Total</b>	<b>31 776</b>	<b>9 959</b>	<b>32 435</b>	<b>487</b>	<b>2 465</b>	<b>226</b>	<b>105</b>	<b>802</b>	<b>807</b>	<b>28 772</b>	<b>226</b>	<b>108 060</b>	<b>6624</b>	<b>6230</b>	<b>5797</b>	<b>5343</b>
<b>Average Age</b>	<b>89</b>	<b>75.3</b>	<b>66.3</b>	<b>48.3</b>	<b>44.3</b>	<b>44.6</b>	<b>45.7</b>	<b>49.1</b>	<b>53.7</b>	<b>55.8</b>	<b>75</b>	<b>70.2</b>				
													<b>Total projected deaths over the forward estimates = 23,993</b>			

Figure 3: (Modified from Data Source: [DVA Pensioner Summary - December 2012, Table 10, pg 23](#))

### So why is there a difference in the projected numbers? Well there could be several explanations.

As would be expected, DVA has access to the exact ages of all recipients upon which their calculations are presumably based. My calculations on the other hand required an average age to be used between the age breaks that were given in the publically available data (i.e. I used a starting age of 40 for all those under age 55, and I used the middle age between the subsequent age ranges for the start of subsequent calculations (e.g. In year one, I used a starting age of 57 for the age range of 55-59; age 62 for age range 60-64 etc. In the second year I used the probability of death for age 58 for the age range 55-59 and so on).

The DVA may have also included some notional take up rate for pensions likely to occur with future recipients from our most recent conflicts. Whilst this is certainly a valid approach, historical trends from these conflicts only suggest a number ranging in the low hundreds ... not thousands. Also, the DVA would have undoubtedly used Australian based life expectancy statistics and perhaps even more exacting statistics based upon actual DVA client mortality trends. I on the other hand, have used US based statistical probabilities as derived from [www.lifespan.com](http://www.lifespan.com), statistics that are underpinned directly by data obtained from the US Social Security Administration Department. Whilst I may be condemned by a purist demographer/actuary in the projections presented, I believe the numbers are still reasonably accurate for the purposes of broad analysis.

Why? Well because whilst there could be any number of reasons for the differences, the calculations derived in Figure 3 by this author seem to accord with the broader decline in the Disability Pensioner statistics as provided by DVA in Table 2 of the [Pensioner Summary](#), as depicted in Figure 4 below. Therefore, I can only conclude that my calculations are close to observed trends as suggested by the DVA's own numbers on page 12 of the [Pensioner Summary](#) (i.e. 23,993 is a lot closer to the trend of 23,667 as per table 2 at Fig 4, than that of 19,593 as suggested in the cost tables at Fig 2).

# THE PLIGHT OF DVA DISABILITY PENSIONERS THE RESTORATION OF PARITY AND THE MISNOMER OF COST

**Table 02: Disability Pensioners by Broad Rate Group - Yearly and Quarterly Time Series**

	Special Rate	Intermediate Rate	EDA	100% General Rate	10-95% General Rate	Total
2002	26 423	984	12 510	25 225	94 283	159 425
2003	27 772	965	14 256	24 154	90 718	157 865
2004	28 449	973	14 603	23 337	87 240	154 602
2005	28 786	967	14 723	22 211	83 928	150 615
2006	28 955	933	14 259	21 188	80 211	145 546
2007	29 054	917	13 582	19 908	76 266	139 727
2008	29 428	880	12 946	18 716	72 341	134 311
2009	29 537	842	12 137	17 298	68 332	128 146
2010	29 478	825	11 315	16 170	64 567	122 355
2011	29 315	796	10 219	15 096	61 072	116 498
2012	29 107	773	9 167	13 829	57 768	110 644

Difference = 23,667

**Figure 4: (Modified from Source: [DVA Pensioner Summary - December 2012, Table 2, pg 12](#))**

Whilst it is not my intention here to provide any cost projections as a discrete item (primarily because I lack the detailed data), I believe the difference of 4,400 recipients as a broad measure intuitively suggests that there would be a lower cost to restore parity.

The foregoing is by no means a criticism of the DVA, as there may be other plausible reasons for the differences that I have not considered. In fact, I believe the DVA needs to be congratulated for the data that is publically available ... it made my analysis extremely easy to compile and it equally demonstrates an openness and transparency that in my opinion is not readily matched by other Departments / Agencies.

### **The Multiplier Effect and Other Related and Non-Related Population Statistics**

With the foregoing in mind, and irrespective of the numbers generated above, there will naturally be other multiplier effects that come into play. The calculations contained and derived in Figures 5 and 6, unfortunately amplify the likely precipitous declines that will occur in other related and non-related client numbers (i.e. a directly related and proportional decline in Service pensions is expected for those on Disability Pensions as depicted in Figure 5, and a non-related but expected decline in War Widows is evident in the data as is depicted in the calculations at Figure 6).

# THE PLIGHT OF DVA DISABILITY PENSIONERS THE RESTORATION OF PARITY AND THE MISNOMER OF COST

TABLE 21 (TOTAL): DISABILITY PENSIONERS ON SERVICE PENSION BY AGE GROUP AND CONFLICT, DECEMBER 2012																
Total	WWII	Korea, Malaya & FESR	Vietnam	Gulf War	East Timor	Afghanistan	War in Iraq (2003)	Other Operations	Peace Keeping	Serving Mbr	Note Stated	All War / Service	Probable number that will die in 1st year	Probable number that will die in 2nd year	Probable number that will die in 3rd year	Probable number that will die in 4th year
Under 55	0	0	2	40	224	5	3	142	38	41	0	495	1	1	1	2
55 to 59	0	0	105	11	23	5	1	41	4	55	0	245	2	2	3	3
60 to 64	0	69	7784	6	21	2	1	17	6	166	2	8074	107	114	122	129
65 to 69	0	1469	13146	2	9	0	0	6	2	201	5	14840	292	313	333	356
70 to 74	0	2160	2365	1	1	0	0	1	1	143	0	4672	143	152	160	169
75 to 79	0	2135	948	0	0	0	0	1	0	102	3	3189	154	161	168	175
80 to 84	300	2042	375	0	0	0	0	0	0	42	17	2776	218	222	224	224
85 to 89	9938	281	76	0	0	0	0	0	0	15	27	10337	1338	1287	1218	1130
90 or over	8701	21	4	0	0	0	0	0	0	5	17	8748	1836	1586	1332	1081
Total	18939	8177	24805	60	278	12	5	208	51	770	71	53376				
Average Age	89.6	75.4	66.5	50.8	45.7	48.4	51.6	50	50	67.9	84.6	75.9	4093	3839	3560	3267
Projected Deaths over the forward estimates is =															14,759	

Figure 5: (Modified from Data Source: [DVA Pensioner Summary - December 2012, Table 21 \(Total\), pg 49](#))

TABLE 13: WAR WIDOW PENSIONERS BY AGE GROUP AND STATE, DECEMBER 2012														
AGE	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	O/S	TOTAL	Probable number that will die 1st year	Probable number that will die 2nd year	Probable number that will die 3rd year	Probable number that will die 4th year
Under 55	162	99	214	40	57	13	4	14	30	633	1	1	1	1
55 to 59	259	125	258	69	85	27	4	17	7	851	5	5	5	6
60 to 64	564	320	609	167	166	68	17	47	21	1979	16	18	19	21
65 to 69	822	457	805	200	204	84	18	57	18	2665	34	37	40	44
70 to 74	1125	619	974	208	304	140	21	74	20	3485	73	78	84	90
75 to 79	2326	1279	1574	416	479	238	11	122	34	6479	220	233	248	263
80 to 84	6882	4585	4076	1361	1346	665	23	240	41	19219	1086	1142	1194	1240
85 to 89	11776	8299	6322	2810	2187	949	27	388	56	32814	3219	3244	3223	3150
90 or over	7585	5426	4026	1793	1509	569	11	256	63	21238	3559	3272	2935	2552
Unknown	0	0	0	0	0	0	0	0	0	0				
Total	31501	21209	18858	7064	6337	2753	136	1215	290	89363	8213	8031	7749	7368
Average Age	84.7	85.2	83	84.8	83.9	83.7	75.7	82.5	77.2	84.3				
Projected Deaths over the forward estimates is =														31,360

Figure 6: (Modified from Data Source: [DVA Pensioner Summary - December 2012, Table 13, pg 36](#))

Whilst I could have applied the probability calculations to other related and non-related benefits received by the DVA client population (e.g. disability pensioners in receipt of age pension), I think my point about the likely declines has already been amply made.

### Other Considerations Regarding Pension Parity

As some readers may have heard or read, I together with Peter Criss raised considerable concerns recently on 4BC radio that our most disabled TPI veterans were receiving a compensation benefit that equated to approximately \$2,500 below that of a person receiving the minimum wage in Australia at the time (i.e. Minister Shorten commented only the day before the radio interview that the minimum wage is \$15.96/hr).

When you consider that a portion of that TPI compensation is for “pain and suffering” (i.e. \$420/fn as at 1 March 2012); then the magnitude of the disparity between the economic loss of the disability pension and that of the minimum wage is even starker (i.e. when you consider that the balance of the compensation for “economic loss” is only \$762/fn, as compared to the fortnightly minimum wage of approximately \$1,276).

# THE PLIGHT OF DVA DISABILITY PENSIONERS THE RESTORATION OF PARITY AND THE MISNOMER OF COST

---

Clearly our most disabled and at risk veterans are our most disadvantaged because as Minister Snowdon clearly stated in his 26 July letter to Mr. O'Neil:

*“around 80 per cent would be in receipt of income support payments through the age or service pension.”*

In other words, our most disabled Veterans and their families have been reduced to a life of means tested welfare level income that ultimately supplements the inadequacy of compensation payments. Unfortunately, the effective loss of pension parity together with cost of living pressures will undoubtedly force many younger Veteran's carers/spouses out into the workforce, potentially placing at risk individuals and possibly unsupervised veteran children at even greater risk, all because Governments are looking to sure up their bottom line.

Citing “additional cost” as a barrier to fixing the problem is just a shallow response when in the same breath the Government of today crows about Australia being one of the lowest tax to GDP ratio(ed) countries in the western world. It is a doubly shallow response from any politician or their advisors when they presumably know that any “additional cost” will be substantially if not completely offset by the decline in pensioner numbers as shown above. In fact, the original and complete DVA projection of the pension parity cost has a footnote below the table that states, and I quote:

*‘The net impact will be nil on a whole of government basis.’*

Finally, and as Peter Criss so aptly stated on 4BC, and I quote:

*“if Government's don't want to pay the bills to run the business then get out of the business ... get rid of the Military”.*

Yes indeed, and as history repeatedly shows, there is a long term cost to prosecute any extant or prospective foreign policy objective ... and so if you don't want to be in the foreign policy business then don't enter it.

## CONCLUSION

I hope this research will help empower Veterans and their families to know and reject any notion or comment) that there will be an outright “additional cost” to restore the rightful parity of disability pensions. As the evidence shows, any additional cost will be systematically reduced and offset by the totality of declining recipient numbers. Such comments now about a supposed “additional cost” will be considered disingenuous by the many Veterans who are struggling on welfare level income.

Irrespective of the numbers presented above, the issue of pension parity should be a matter of principled policy stemming from the 2007 agreement with Veterans and not one of cost! As such, I hope that the Government and Opposition will reconsider their policy positions on this matter as a priority and I would in turn now ask the Minister and Shadow Minister to provide a considered response to the matters raised here, not only to myself, but to all those copied and to the broader Veteran community at large.

**Peter Thornton**

**TPled Military Veteran**

**Independent Researcher and Commentator**

# **ADDENDUM TO RESEARCH PAPER – ‘THE PLIGHT OF DVA DISABILITY PENSIONERS - THE RESTORATION OF PARITY AND THE MISNOMER OF COST’**

*(This is an abridged version of an email that was dispatched on the 16 June 2013, and sent via the Veteran’s Email Network. It was sent to supplement my original research paper – ‘The Plight of DVA Disability Pensioners – The Restoration of Parity and the Misnomer of Cost’, dated 26 March 2013)*

## **INTRODUCTION**

The broad distribution of my recent correspondence and research paper as it pertains to the ongoing issue of the DVA Disability Pension parity via the Veteran’s email network has resulted in many favourable email responses and telephoned calls. It is gratifying to see that my research in some small way is now empowering many veterans, their dependents and Representative Organisations to know the truth of the matter and to allow them to cut through the political spin in an effort to have their rightful claims for pension parity of their DVA disability pensions rectified.

Of particular note, I did receive one call from a Government representative (whose identity will remain confidential) who through the course of the conversation stated to me that the Government had never used “cost” as a reason to reject pension parity. Again, and for those of you who may have missed it in my initial [research paper](#), this is what Minister Snowden explicitly stated in his letter to Mr. Jock O’Neil on the 26 July 2012:

*‘For your information, the cost of increasing around 110,000 DVA disability pensions to reflect the one-off increase from the Harmer Review for income support payments would be significant with an estimated additional cost of approximately \$700 million over the next four years.’ (underlined emphasis added)*

The Government representative also stated to me that the expected decline in DVA recipient numbers is captured and reflected in the DVA Budget, and as a side note also advised me that the Gold Card has an annual cost of approximately \$20,000 per recipient on average.

At the time I accepted this advice at face value, but it is perhaps important here to take the reader on a quick exploratory tour of some of the budget line items to test if in fact the stated budget reductions truly reflect the expected declines in recipient numbers ([as per my research](#)), and to determine whether there is still some affordability left within current and projected budgets to introduce pension parity without any additional cost.

## **GENERAL**

For those members who are not well acquainted with the DVA Budget, well it is essentially broken up into a number of budget ‘Outcomes’. Each Outcome is then provided a ‘Program’ of expenditure, which is in itself broken down into sub-programs for intended resource allocations that satisfy legislative and Ministerial requirements. Outcome 1 of the DVA Budget is the one I would like to focus on here but members need to appreciate that any reduction in recipient numbers will have consequential effects on other ‘Outcomes’ of the budget also.



# ADDENDUM TO RESEARCH PAPER – ‘THE PLIGHT OF DVA DISABILITY PENSIONERS - THE RESTORATION OF PARITY AND THE MISNOMER OF COST’

With this in mind, and for ease, I have reproduced several of the major sub-program budgetary line items from Outcome 1 ... with some annotations as at Figure 1 below. In short and to explain, Program 1.1 is for income support payments such as the service pension; Program 1.2 is for things like compensation payments (e.g. VEA disability pensions) and Program 1.3 is for War Widow’s pensions. The full budget papers can be [downloaded here](#) for those who have an interest.

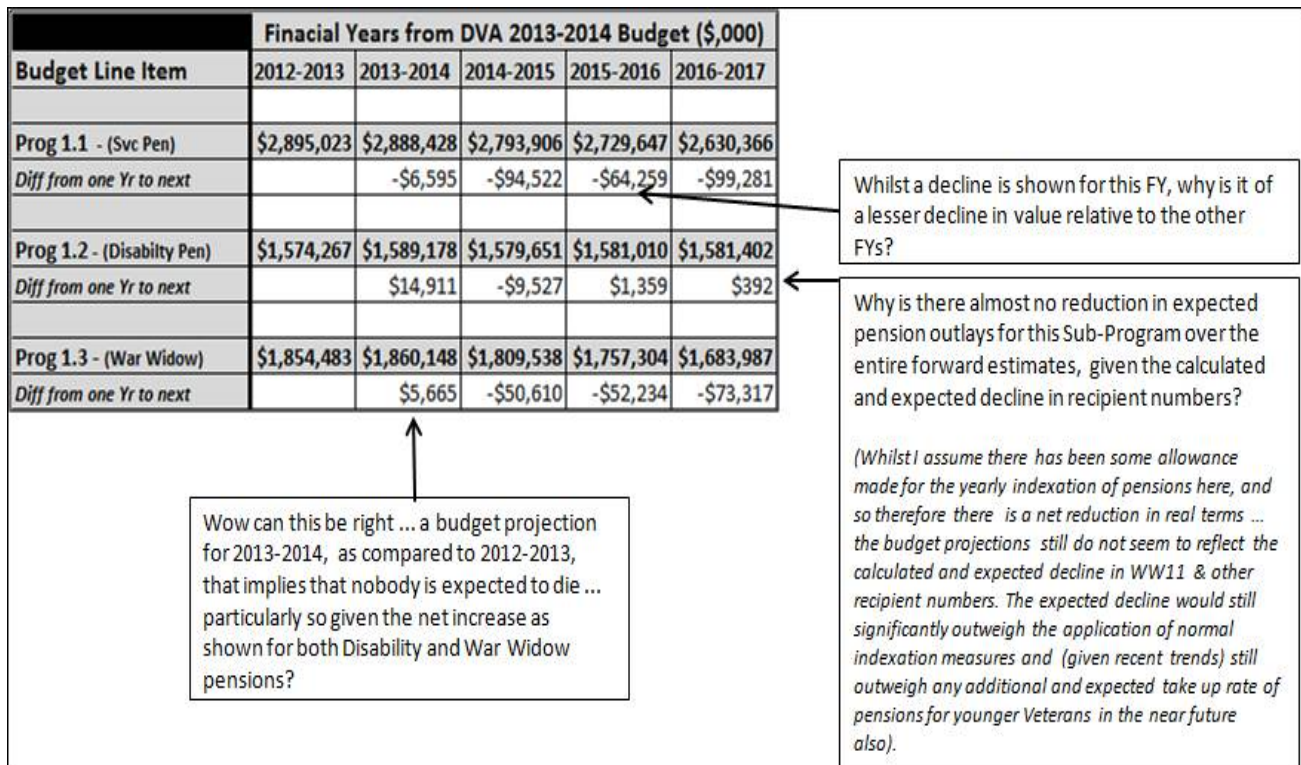


Figure 1. Source: - [DVA Budget 2013-2014, \(Program line items above were derived directly from information contained in the Budget tables on pgs 31, 33 & 35\)](#)

As can be seen in Figure 1 above, whilst there are some visible reductions in some budget line items in the outer years, these budget reductions do not seem to accord well with the calculated and expected decline in recipient numbers, and in some cases (e.g. Program 1.2) there appears to be no real reduction in pension outlays at all over the forward estimates ... contrary to the verbal advice I received.

I am certainly not being critical here because naturally the DVA will need some margin for uncertainties, but irrespective of this consideration, I believe the budget figures reinforce my argument that given the magnitude and expected decline in DVA recipient numbers there appears indeed to be excess capacity within the current and projected budgets over the forward estimates to cover the additional cost to fix the pension parity issue.

Perhaps to amplify this point just a little more, let me provide readers with just one quick example as it pertains to Program 1.3 ... i.e. the War Widows Pension.

As you may remember from Figure 6 of my March Research Paper (again found [here](#)), it was calculated that for calendar year 2013 there would be (unfortunately) an expected decline of approximately 8,200 War

# **ADDENDUM TO RESEARCH PAPER – ‘THE PLIGHT OF DVA DISABILITY PENSIONERS - THE RESTORATION OF PARITY AND THE MISNOMER OF COST’**

---

Widows. Given that the War Widow’s pension is \$820.70/fn including the clean energy supplement, then the expected decline would render a budgetary offset of approximately \$175M in the first year and that is without taking into account other consequential offsets such as the yearly cost of the Gold Card, possible income support payments and other allowances and facilities. In all probability, the \$175M is probably closer to \$350M when you consider the totality of the situation.

With the foregoing in mind and with my previous research as a backdrop, any suggestion now that to fix pension parity is too costly or unaffordable would be considered rather disingenuous by the many DVA recipients who are trying to survive of welfare level income. Indeed, when you consider that the “economic loss” component of the TPI pension is only \$798/fn as compared to the minimum wage of \$1244/fn (i.e. from 1 July 2013), requiring many DVA Disability Pensioners to draw upon additional income support / welfare supplementation, then such a situation only highlights just how inadequate the compensation really is.

The 2009 Harmer Review findings that underpin a Veteran’s rightful claim for a pension parity structural adjustment of \$3,300pa (i.e. to the base of the TPI pension and other income related disability pensions on a pro-rata basis) would certainly help to bridge this gap!

With the Veteran’s plight in mind, the Parliament as a whole has it within its power (in last two weeks before rising) to initiate and pass legislation to fix the pension parity issue once and for all ..... thereby de-politicising the situation and providing a goodwill gesture in recognition of the sacrifice that our disabled war and military Veterans have endured over time for the continued freedoms and democracy that Australia enjoys.

## **CONCLUSION**

In conclusion, I hope that this additional information together with my original research will continue to empower Veterans and their Representative Organisations in their respective quests to seek pension parity. I also hope that it helps calibrate the anticipated preparation and release of the Government and Opposition’s detailed and well considered responses (and that of minor parties also) .... particularly their explicit pre-election policies if the goodwill gesture that I have called for above fails to materialise.

***Peter Thornton***

***TPIed Military Veteran***

***Independent Researcher and Commentator***