Chapter summary

A reconsideration of unimplemented recommendations from the Clarke Review of Veterans’ Entitlements referred 22 recommendations on compensation issues to the current Review. These relate to the disability compensation structure, the private health insurance allowance, Extreme Disablement Adjustment (EDA), one-time election for the Safety, Rehabilitation and Compensation Act 1988 (SRCA) or the Veterans’ Entitlements Act 1986 (VEA), and rehabilitation.

The Clarke Review proposed a new disability compensation structure with different levels of compensation up to and after retirement age that varied according to family composition. Several elements of this disability structure have been included in the Military Rehabilitation and Compensation Act 2004 (MRCA). The introduction of the MRCA and increases to VEA disability and war widow(er)’s pension rates have substantially improved the situation for former ADF members and families compared to the benefits available at the time of the Clarke Review. There is, therefore, no need to reconsider the revised disability structure arising from recommendations 76–79 of the Clarke Review.

Submissions to the Clarke Review advocated extending Repatriation Health Card — For All Conditions (Gold Card) eligibility to families of veterans. The Clarke Review rejected this concept, but recommended a private health insurance allowance for Special Rate of pension and EDA veterans. The Department of Veterans’ Affairs (DVA) does not provide this allowance for any client group; families have access to health care through Medicare and the Australian Government’s private health insurance premium subsidy. The needs identified in the Clarke Review have been addressed through higher Special Rate and EDA pensions, the introduction of the Defence Force Income Support Allowance and increases in income support pensions. The Committee does not recommend introducing a tax-free allowance to assist Special Rate and EDA pension families with children who decide to take out private health insurance cover (Clarke recommendations 72 and 89).

Clarke recommendations 88 and 90 outline revised benefits for EDA veterans, including a Goods and Services Tax (GST) rebate for motor vehicle parts and services, and a ‘more targeted’ range of benefits for persons over 65 who have 70 impairment points and six lifestyle factors. Considering the full range of benefits currently available to EDA veterans and increases in the rates of disability and income support pensions since 2003, Clarke’s recommendations would actually reduce family income for this group. GST exemption for motor vehicle parts is available to all members of the general community who have lost the use of one or more limbs, so some EDA veterans may already be covered. For those who do not qualify for the general exemption, the VEA and MRCA provide motor vehicle compensation and assistance schemes. The Committee, therefore, does not recommend adjusting the benefits structure or seeking GST exemptions for EDA recipients or former members suffering the equivalent levels of impairment and lifestyle under the MRCA (Clarke recommendations 88–90).

Recommendation 92 of the Clarke Review called for veterans with dual entitlements under the VEA and SRCA to be allowed a one-time election, which would restrict them to receiving benefits under one Act of their choice. The Committee considers that this could prove disadvantageous to an individual if their circumstances change. Dual entitlements to the VEA and SRCA for injuries or disease arising from service after 1 July 2004 have
been discontinued through the MRCA and the *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Act 2004* (CTPA).

The Clarke Review made a number of recommendations relating to rehabilitation. The place of rehabilitation in military compensation administration is now firmly based and well entrenched in practice, and a number of recommendations for improvement in this area are made in the current Review. DVA’s main effort on rehabilitation is through the MRCA service delivery stream, but there is a risk that people with VEA eligibility may not have the opportunity to participate in the programs relevant to their age and quality of life expectations. The Committee recommends that DVA, the Repatriation Commission and Military Rehabilitation and Compensation Commission (MRCC) review the Veterans’ Vocational Rehabilitation Service (VVRS) to improve rehabilitation options for those who have VEA eligibility and are younger than 50 years.

The MRCA contains many of the interlocking disability benefits and rehabilitation programs proposed by the Clarke Review. They are also evident in the principles and protocols for rehabilitation established by DVA in consultation with the Ex-Service Organisation Working Group (ESOWG) for implementing the MRCA. The gaps identified mainly relate to younger veterans who may still benefit from rehabilitation. The Committee recommends that no further action be taken on the recommendations of the Clarke Review that were referred to this Review.

**Introduction**

29.1 In 2002, The Honourable John Clarke QC chaired the Review of Veterans’ Entitlements (the Clarke Review) to consider perceived anomalies in access to veterans’ entitlements and the levels of benefits available to disability pensioners. The Clarke Review consultations took place in the same time period as the Ex-Service Organisation Working Group (ESOWG) consultations in the development of the *Military Rehabilitation and Compensation Act 2004* (MRCA). The report was released on 13 February 2003 — four months before the release of the exposure draft for the Military Rehabilitation and Compensation Bill (MRCB). The Australian Government response to Clarke was announced on 2 March 2004, some three months after the tabling of the MRCB.

29.2 The Clarke Review made 109 recommendations. Of those, 56 were accepted, 24 rejected, 27 noted and two deferred. In 2007, the incoming government decided to reconsider the unimplemented recommendations and called for submissions from stakeholders on 9 September 2008. Some 472 submissions were received. The outcome was announced in May 2010 in the Budget context. The reconsideration identified 22 of Clarke’s recommendations as compensation issues suited to examination by this Review and these are addressed in this chapter.

29.3 As indicated below there are many compensation issues from the Clarke Review that have already been introduced or have influenced the MRCA and the operations of DVA.

**Background**

29.4 Clarke proposed a new disability compensation structure with different levels of compensation up to and after retirement age and varying in accord with family composition. As part of this structure, Clarke recommended private health insurance allowances for dependants, including those of the EDA group under the VEA, and expanded Goods and Services Tax (GST) exemptions for the same group. Clarke deliberated on the issue of dual entitlements under the VEA and SRCA and
recommended that members be given a one-time election for coverage under one Act only. Clarke recommendations on rehabilitation provided a framework for the development of the MRCA and extension to veterans already receiving disability compensation.

**Revised disability compensation structure**

29.5 In regard to current and future VEA beneficiaries, Clarke proposed a new disability compensation structure aimed at providing:

- appropriate levels of economic and non-economic loss compensation, with clear distinction between these elements;
- benefit levels appropriate to a veteran’s changing needs over his or her lifetime;
- obligation for a veteran to undertake medical, social and vocational rehabilitation, if such rehabilitation is possible; and
- a wider range of benefits for a veteran’s family.¹

29.6 The basic components proposed were as follows:

- a non-taxable, non-economic loss component that is equivalent to the VEA General Rate of Pension (or appropriate proportion of the rate);
- compensation for economic loss for those who cannot work, in the form of a taxable income substitute during the normal working life and a ‘superannuation substitute’ after that time. This would be taxable, offset by any income for similar purposes such as invalidity superannuation, and subject to income testing to a limit equal to the single rate of service pension. Pre-tax, this would be paid at 75 per cent of Male Total Average Weekly Earnings (MTAWE) for those who cannot work more than eight hours per week (for those receiving the Special Rate of pension under the VEA), or 37.5 per cent of the MTAWE for those unable to work more than 20 hours per week (for those receiving the Intermediate Rate of Pension). Provision of this level of income would depend on the veteran’s willingness to participate in a rehabilitation program;
- after retirement age, the compensation for economic loss reduces to 10 per cent of the MTAWE, taxable and with service or age pension;
- other pensions would not be available until after retirement age;²
- income earned by the partner would be disregarded in the assessment of these benefits;
- there is a lifetime non-taxed VEA carer’s allowance of $150 (2003) per week, indexed to Consumer Price Index (CPI), where the partner is unable to work;
- the partner of a veteran Special Rate pensioner would receive a non-economic loss payment of 75 per cent of the veterans’ payment, and 37.5 per cent for those on the Intermediate Rate of Pension. This payment would reduce to 25 per cent and 12.5 per cent, respectively, after retirement age;
- the income and assets test for the service pension would not be affected by the partner’s earnings, up to the level of 20 per cent of the MTAWE; and
- for each child, families would receive an amount of non-economic loss of 20 per cent (for those receiving the Special Rate of pension) and 10 per cent (for those

² Clarke (2003), para 30.39.
receiving the Intermediate Rate of Pension) while under 16 years, or 25 years of age if studying full-time, in addition to current veterans’ children education scheme payments.

29.7 Clarke envisaged that the new arrangements should apply to all existing Special Rate and Intermediate Rate of Pension veterans younger than 50 years and that those who were older should be able to elect to come under the new arrangements.³

Clarke Review recommendations

76. The Government accept that the principles of disability compensation on which the Committee’s proposed disability compensation structure is based are sound and appropriate for Australia’s disabled veterans.

77. Following this acceptance, the Government adopt and implement the proposed structure as soon as practicable, given its beneficial nature for veterans and their families.

78. The Government adopt the proposed transitional arrangements.

Government responses to date

29.8 In March 2004, the then Government noted the Clarke Review finding that current benefits were broadly adequate over a veteran’s lifetime, but rejected the proposals to fundamentally restructure disability pension benefits.⁴ This decision took into account the considerable public questioning of the merits of the Clarke Review’s recommendations by ex-service organisations (ESOs), including the Australian Federation of Totally and Permanently Incapacitated Ex Servicemen and Women.⁵

29.9 The major structural issues in disability pensions that were of concern to the ESO community in 2002–03 have been addressed in subsequent years, as follows:

• the VEA disability pension is no longer regarded as income for Centrelink purposes, meaning that former members without warlike (qualifying) service are in the same position as those who have served in overseas conflicts. This is achieved through the mechanism of a Defence Force Income Support Allowance (DFISA) discussed later in this chapter;

• there were one-off increases to the Special Rate of pension of $50 per fortnight and the Intermediate Rate of Pension of $25 per fortnight from 1 July 2007;

• VEA disability pensions increased by 5 per cent (100 per cent disability pensioners received an additional $22 per fortnight), and EDA pensioners received an additional $15 per fortnight from March 2008;

• disability pensions were indexed in the same manner as the service pension; that is, with reference to both the CPI and the MTAWE, from March 2008; and

• the previously non-indexed portion of the war widow(er)’s pension, formerly the domestic allowance, increased by $10 to $35 per fortnight and was indexed from March 2008.

³ Detailed scenarios are outlined in Appendix 16 (volume 3) of the Clarke Review.
⁴ The Hon Dana Vale MP, Minister for Veterans’ Affairs, Media Release, 2 March 2004.
⁵ The Hon Dana Vale MP, Minister for Veterans’ Affairs, speech to the Australian Federation of Totally and Permanently Incapacitated Ex Servicemen and Women, 12 March 2004.
Impact on the development of the Military Rehabilitation and Compensation Act

29.10 Several elements of Clarke’s revised disability structure have been included in the MRCA. There is a clear distinction between compensation for economic (incapacity payments) and non-economic loss (permanent impairment). There is no age limit on the ability to claim permanent impairment compensation under the MRCA, which continue for life and are non-taxable. Clarke supported the offset of superannuation benefits funded by the Commonwealth and the taxation of economic loss compensation such as incapacity payments.

29.11 Clarke’s recommendation to fix economic loss compensation against a standard amount based on MTAWE has been overtaken by events. A safety net has been built into the MRCA in the form of the Special Rate Disability Pension (SRDP), linked to the Special Rate of pension instead of MTAWE. As advised to the Senate Inquiry into the MRCB in February 2004, DVA estimated that the lifetime benefits of 75 per cent of MTAWE would exceed the Special Rate of pension only where the payment continued for life, as opposed to the Clarke Review proposal for this payment to be reduced to 10 per cent of MTAWE from retirement age.

29.12 For economic loss compensation, the MRCA provides the calculated difference between normal earnings, before the disability, and actual earnings. After 12 months at this level, the value of normal earnings is reduced by 25 per cent. Vocational and non-vocational rehabilitation incentives are built in to encourage return to work with a greater percentage of normal earnings. This is a sound, well-accepted approach for Australian Defence Force (ADF) members (including Reservists) who are unable to pursue a career in the ADF or civilian life, due to service injuries.

29.13 No submissions to this Review advocated a higher payment for Special Rate pensioners before retirement age at the expense of post-retirement age income, nor did they seek to link the VEA or MRCA levels to MTAWE.

Carers and children

29.14 Clarke’s recommendations for payments to carers and dependent children as part of the revised structure recognise the higher expenses of families. The MRCA/SRCA approach of paying incapacity payments based on previous salary up until retirement age provides families with greater income while the person is ‘working age’ than the VEA scheme. This is discussed further in Chapter 10. Where the person suffers 80 impairment points (equivalent to the Severe Injury Adjustment introduced by the Defence Determination in 1997), there is also a lump sum payment of $75,191.88 for each dependent child under 16 years, or from 16 to 24 inclusive in full-time education. Special Rate pensioners, MRCA SRDP and MRCA SRDP-eligible persons have access to non-means-tested education benefits for their children.

Defence Force Income Support Allowance

29.15 The DFISA was introduced in 2004 in response to the Clarke Review’s recommendation to no longer regard disability pension paid under the VEA as income in the calculation of social security income support payments. This move brought former members without warlike (qualifying) service to the same financial outcome as those who have served in overseas conflicts. The Australian Peacekeeper and Peacemaker Veterans’ Association (APPVA) submission to this Review seeks the
responsibility for the calculation of DFISA to be transferred from Centrelink to DVA. The Committee believes this issue is outside the Review’s terms of reference, as it relates to social security income support matters and not compensation arrangements. However, the Committee supports any further work that can be done to improve the administration of DFISA.

Summary

29.16 The MRCA and increases to VEA disability and widow(er)’s pension rates have substantially improved the situation for former members and families compared to the benefits available under the VEA at the time of the Clarke Review. There is, therefore, no apparent need to consider further the revised disability structure arising from recommendations 76–79 of the Clarke Review.

Private health insurance allowance

Clarke Review recommendations

72. The VEA should be amended to enable assistance with private health insurance to be provided for the dependent children of veterans entitled to the special rate disability pension who transfer to the proposed new disability pension structure, or of veterans entitled to the extreme disablement adjustment, through the provision of a tax-free health care allowance, indexed to the Consumer Price Index, if the family takes out private health insurance.

89. EDA veterans receive a private health insurance subsidy if they have dependent children and choose to take out private health insurance.

29.17 These recommendations are from Chapter 22 of the Clarke Review in the context of submissions concerning Repatriation Health Card — For All Conditions (Gold Card) eligibility. Private health insurance is also discussed in Chapter 30 of the Clarke Review in the context of its proposed new disability pension structure. Some 176 submissions received by Clarke sought extension of the Gold Card to the partners and dependent children of veterans on the basis of the level of care provided by the families of veterans and the high cost of private health insurance.

29.18 Clarke did not recommend extension of the Gold Card to any further groups of veterans. He recommended the imposition of a means test for future grants of the Gold Card for veterans with qualifying service at age 70, but this was rejected by governments in 2004 and 2010.

29.19 Clarke recommended against the extension of the Gold Card to partners and families on the basis that the Gold Card was provided as compensation for veterans and for survivors of veterans, and any extension of the benefit to veterans’ families should be on the basis of need.

29.20 Clarke reported that Special Rate and EDA pensioners with families were the most in need of assistance with the cost of health care. Where they sought private health insurance, they were required to pay the full family rate to gain coverage for dependent children, even though unused by the veteran, as opposed to those with no children where only a single rate would be payable to cover the spouse. This consideration led to Clarke’s proposal to provide a non-taxable allowance to families who transferred to the proposed new disability pension structure and to EDA families who choose to take out private health insurance.
Considerations and responses to date

29.21 Private health insurance subsidies are currently not available through DVA for any client group, including Special Rate and EDA veterans. Families have access to the same health benefits available to all Australians through Medicare. The Australian Government also provides a 30 per cent subsidy on private health premiums.

29.22 The needs identified in 2003 have been addressed through higher Special Rate and EDA pensions, the introduction of the DFISA, and increases in income support pensions following the Harmer Review in September 2009. Additional allowances for items such as private health insurance premiums for family members is not considered necessary for those covered by the VEA or the MRCA.

Conclusion

29.23 The Committee does not recommend introducing a tax-free allowance to assist Special Rate and EDA families with children who decide to take out private health insurance cover (Clarke Review recommendations 72 and 89).

Extreme Disablement Adjustment

Clarke Review recommendations

88. All veterans in receipt of EDA now and in the future have access to a Goods and Services Tax (GST) rebate on motor vehicles and parts.

89. EDA veterans receive a private health insurance subsidy if they have dependent children and choose to take out private health insurance.

90. A veteran who is aged under 65 years at the date of introduction of the new structure and who, after reaching that age, is assessed under the Guide to the Assessment of Rates of Veterans’ Pensions as having 70 disability points and a lifestyle rating of six, not be granted EDA but instead receive a benefit package including:

- disability pension at 100 per cent of the general rate;
- access to a GST rebate on motor vehicles and parts;
- a fortnightly means tested home care allowance of $150 while living in his own home;
- a private health insurance subsidy if he has dependent children and chooses to take out private health insurance; and
- the Gold Card (for all conditions).

29.24 The Clarke Review recommendations 88–90 outline revised benefits for EDA veterans. Eligibility criteria and the concerns expressed in some submissions to this Review about the lack of an EDA category in the MRCA are discussed in Chapter 23 of this report.

29.25 Clarke’s alternative ‘more targeted’ range of benefits for future persons over 65 years who have 70 impairment points and six lifestyle factors would reduce the current EDA rate of $603.30 per fortnight to $388.30, the level of the 100 per cent disability pension. The proposal is to then add a means-tested home care allowance of $150 per fortnight plus a private health insurance subsidy if the EDA recipient has...

6 In 2003 figures.
dependent children. Like other parts of Clarke’s revised disability pension structure, the Committee is not aware of any ESO support for such changes to be made to either the VEA or MRCA, for current or future recipients.

29.26 These recommendations would have the overall effect of reducing family income for EDA pensioners. Considering the full range of benefits already available to this group, and increases in the rates of disability and income support pensions since 2003 as discussed earlier, the Clarke Review recommendations should be regarded as overtaken by events.

**Goods and Services Tax exemption**

29.27 The Clarke Review recommendation 88 would extend the GST exemption\(^7\) that currently applies for the supply of a motor vehicle or parts to an individual who has served in the ADF or in any other armed force of Her Majesty and has lost or permanently lost the use of a leg or both arms; or is receiving the VEA Special Rate of pension or the MRCA SRDP, or is eligible for the SRDP.

29.28 Exemption is also currently available to all members of the general community who have lost the use of one or more limbs to such an extent that he or she is unable to use public transport. Therefore, EDAs who are amputees may be already covered under these arrangements.

29.29 Five submissions concerning GST exemptions for EDA veterans were received following the call for submissions on the unimplemented Clarke Review recommendations in 2008. Two were from the Extremely Disabled War Veterans’ Association. The submission from the Returned & Services League of Australia mentioned in passing that that organisation supported Clarke recommendation 88. Submissions tended to emphasise the advanced age, poor health and high degree of disability afflicting most EDA recipients.

29.30 GST exemptions are extremely limited and the case to extend these to EDA recipients was considered at the time of the introduction of GST legislation in 1999. It is believed that the difference between the Special Rate of pension as a benefit for veterans who are unable to work and EDA veterans who are older than 65 years and retired from the workforce ruled out the introduction of a new exemption for the EDA category.

29.31 While not all EDA recipients and equivalents under the MRCA qualify for the GST exemption, motor vehicle compensation or assistance schemes are available under both the VEA and MRCA. A person who has an accepted liability — and, because of the impairment so suffered, has a requirement to purchase, modify or maintain a motor vehicle — may be entitled to benefits for this purpose, subject to certain conditions. The obligation of the Australian Government under compensation principles is addressed by this means. Additionally, disabled veterans have access to benefits for travel for treatment purposes.

**Conclusions**

29.32 The Committee does not recommend adjusting the benefits structure or seeking GST exemptions for future EDA recipients or former members suffering the equivalent

\(^7\) Section 38–505 of *A New Tax System (Goods and Services Tax) Act 1999.*

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levels of impairment and lifestyle under the MRCA (Clarke Review recommendations 88–90).

**One-time election for Safety, Rehabilitation and Compensation Act or Veterans’ Entitlements Act**

**Clarke Review recommendation**

92. The Government require of the veteran with a dual entitlement under the VEA and the Safety, Rehabilitation and Compensation Act 1988 (SRCA) a one-time election, which would restrict the veteran to receiving benefits under either the VEA or the SRCA, at that time or in the future if he has not already made a claim under either Act.

29.33 The APPVA submission to the reconsideration of the Clarke Review, referred to this Review for consideration, has noted that it strongly opposes this recommendation.

29.34 Through the MRCA and the Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Act 2004, action has been taken to abolish dual entitlements to the VEA and SRCA for injuries or disease arising from service after 1 July 2004. Compensation for conditions arising from prior service is unaffected, except that there is now a limit placed on future claims so that the level of the Special Rate of pension is the maximum payable and cannot be exceeded by any subsequent SRCA compensation.

29.35 The Committee considers that a one-off election in the manner recommended by Clarke could prove disadvantageous to an individual should their circumstances change. A further issue in regard to dual entitlements, the possible transitioning of SRCA or VEA claims into the MRCA, is covered in Chapter 20.

**Rehabilitation**

**Clarke Review recommendations**

93. The major principles of repatriation rehabilitation should be:

− Veterans’ participation in rehabilitation assessments and, where appropriate, rehabilitation programs, is an integral, obligatory part of the disability compensation provided under the repatriation system.

− DVA has a responsibility to provide suitable and comprehensive rehabilitation to veterans for their service-caused disabilities.

− The aim of rehabilitation is to restore veterans to their optimal level of function commensurate with their service-related disabilities to provide them with better quality of life, maximised vocational outcomes and reduced dependency on financial disability compensation.

94. DVA, as a matter of priority, provide the resources to establish a suitable program of rehabilitation within a policy framework for the assessment of rehabilitation needs and the coordinated delivery of medical, social and vocational rehabilitation to veterans with service-related disabilities.

95. DVA pursue its efforts to provide rehabilitation services to veterans and promote them to veterans and DVA staff with the same vigour that it applies to educating the veteran community and DVA staff about the other elements of disability compensation.
96. The development of a policy framework should follow an investigation of best practice in rehabilitation. Experts in rehabilitation medicine (e.g. Fellows of the Australasian Faculty of Rehabilitation Medicine) should be used in this process.

97. The rehabilitation policy framework should focus on:
- the principles of repatriation rehabilitation articulated above;
- factors within the Department of Defence that affect veterans’ rehabilitation;
- early rehabilitation in conjunction with the disability payment assessment process;
- the role of experts in rehabilitation in the compensation assessment and rehabilitation processes;
- addressing the range of younger and older veterans’ service-related mental and physical disabilities likely to require rehabilitation;
- coordination among providers of rehabilitation services, particularly for veterans with complex and chronic conditions;
- incentives for rehabilitation;
- evaluation strategies for rehabilitation programs;
- the obligations of veterans to participate in rehabilitation;
- the appeal rights of veterans in the assessment and rehabilitation process;
- the frequency of reviews of individual veterans’ rehabilitation programs; and the promotion of rehabilitation.

98. The recommendations in Chapter 31 relating to the major principles of rehabilitation should be implemented in concert with the Committee’s recommendations for a new disability compensation structure.

99. The recommendations, with the exception of those in the following section, ‘Arrangements for Rehabilitation — Proposed Disability Compensation Structure’, should apply to all veterans whether or not they transfer to the new disability compensation structure.

100. Should the Government implement the disability pensions structure recommended by the Committee in Chapter 30, the following complementary rehabilitation arrangements should be implemented at the same time for the veterans who will receive payments under that system. These arrangements, described below, should be consistent with the other recommendations in Chapter 31.

101. Continued payment of the economic loss component of disability compensation payments should be subject to participation in rehabilitation. This requirement is based on the assumption that suitable rehabilitation assessments and services will be available.

102. Safety-net arrangements should provide full payment of benefits during periods of rehabilitation. The desirability of specifying a period for which safety net arrangements should be provided should be investigated by DVA.

103. Veterans undertaking rehabilitation under the proposed disability payments structure should continue to receive payment for non-economic loss, together with a rehabilitation allowance to meet their economic needs. The rehabilitation allowance should be the same as, and in lieu of, the economic loss compensation.

104. While the rehabilitation allowance is paid, rehabilitation needs should be professionally assessed. Further, a rehabilitation plan should be developed that would help the veteran to recover from, improve, minimise or cope with the accepted disabilities. This action should not be required before the assessment of the veteran’s eligibility for disability compensation. However, the assessment and rehabilitation should occur quickly, to be of greatest benefit to the veteran.
105. The rehabilitation program, agreed with the veteran, should be reviewed as necessary. DVA should use experts in rehabilitation medicine to establish appropriate guidelines. To best manage the introduction of a rehabilitation regime, priority should be given to veterans who are identified by appropriate experts as having service-related disabilities causing the greatest need for rehabilitation and who are also the most likely to derive significant benefits from rehabilitation. It appears to the Committee that veterans already receiving disability compensation for accepted mental health conditions would be a priority group.

106. To best manage the introduction of a rehabilitation regime, priority should be given to veterans who are identified by appropriate experts as having service-related disabilities causing the greatest need for rehabilitation and who are also the most likely to derive significant benefits from rehabilitation. It appears to the Committee that veterans already receiving disability compensation for accepted mental health conditions would be a priority group.

Considerations and responses to date

29.36 Rehabilitation issues for serving members and members discharged since 1 July 2004 are covered in Chapter 6. Rehabilitation principles and protocols in the MRCA were developed in 2004–05 in cognisance of the principles, frameworks and recommendations of the Clarke Review. These documents were developed in consultation with ex-service representatives. The place of rehabilitation in the administration of military compensation is now firmly based and well entrenched in practice, and a number of recommendations for improvement in the area of rehabilitation and transition to discharge practices are made in Chapter 7 of this report.

Veterans’ Entitlements Act eligible clients

29.37 The Clarke Review was concerned that young former members (including some in their 20s) were being granted the Special of Pension without the need to complete rehabilitation programs. The service gap remaining today is that rehabilitation to improve the lives of members is not an integral part of the compensation regime for former members who are covered only under the VEA. This is particularly the case for those younger than 50 years, who were the group Clarke recommended should be brought under the proposed new arrangements.

29.38 As at 30 June 2010, there were 30,000 survivors from the post-1999 period who may have VEA entitlements. As at 30 September 2010, there were 2,103 East Timor veterans in receipt of disability pensions (351 on the Special Rate of pension, an increase of 47 in the previous 12 months); 191 Afghanistan veterans in receipt of disability pensions (19 Special Rate pensions, an increase of five in the previous 12 months), and 90 Iraq veterans in receipt of disability pensions (five Special Rate pensions, unchanged in the previous 12 months).

29.39 The bulk of the DVA population is older than 50 years and the reported statistics do not usually expand on the make-up of the younger groups. Table 29.1 shows the number of VEA Special Rate pensioners younger than 50 years by age group, as at 30 September 2010.

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8 DVA Annual Report 2009-10.
Table 29.1 Veterans’ Entitlements Act Special rate pensioners younger than 50 years

<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>Totally and permanently incapacitated</th>
<th>Totally and temporarily incapacitated</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>30 to 34</td>
<td>49</td>
<td>8</td>
</tr>
<tr>
<td>35 to 39</td>
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<td>15</td>
</tr>
<tr>
<td>44 to 49</td>
<td>527</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>1,166</td>
<td>43</td>
</tr>
</tbody>
</table>

29.40 As at 30 September 2010, 1,209 Special Rate pensioners were younger than 50 years (of the total 29,459 Special Rate pensioners). This small group of the VEA population has the greatest opportunity for improved quality of life through intervention and rehabilitation assessments and programs.

Vocational rehabilitation

29.41 For veterans who are not covered by the MRCA, the VEA has a voluntary Veterans’ Vocational Rehabilitation Scheme (VVRS). This scheme is designed to assist veterans to find or continue in suitable employment. It helps eligible veterans, with or without a disability, who need special assistance to obtain or hold suitable paid employment. There are no penalties for veterans who fail or who are unable to complete a program. The scheme also assists those in receipt of the Special Rate pension to phase out of benefits while their work earnings increase over some years and then to return to prior benefit levels if they are forced to again leave the workforce. The VVRS managed 1,637 cases from 1998 to 2010, and in 2009–10 completed 106 assessments, compared to 479 assessments under the MRCA and 944 assessments under the SRCA. The Department has conducted VVRS marketing campaigns to encourage greater uptake of the VVRS, particularly in regional areas with a high concentration of veterans, without major impact at this stage.

29.42 DVA’s main effort on rehabilitation is through the MRCA and the SRCA service delivery stream. There is a risk that former members with VEA eligibility for their condition may not have the opportunity to participate in the programs relevant to their age and expectations of quality of life.

29.43 In the light of the Clarke Review recommendations, and the recent experience highlighted by the review of the Gregg case, some consideration should be given to addressing the gaps for VEA beneficiaries. A review of the VVRS could be undertaken with a view to improving services particularly for the younger VEA beneficiaries. Some options in that respect could include:

- offering needs and rehabilitation assessments as if they were covered under the MRCA;
- expanding the VVRS to include non-vocational programs; and
- undertaking a concerted campaign to encourage younger VEA beneficiaries to consider using the VVRS.

29.44 The responsibility for this younger group of clients primarily rests with the Repatriation Commission. Most will also have entitlements under the SRCA and,

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9 Reviews of the Gregg case are discussed in Chapter 25.
therefore, the MRCC also has an interest. The matter should be considered further by the responsible bodies.

Conclusions

29.45 The MRCA contains many of the interlocking disability benefits and rehabilitation programs proposed by Clarke. They are also evident in the principles and protocols for rehabilitation established by DVA in 2004 in consultation with the ESOWG, for the implementation of the MRCA. The gaps identified mainly relate to younger veterans who may still benefit from rehabilitation.

Recommendations

29.1 No further action is required on the unimplemented recommendations of the Review of Veterans’ Entitlements (Clarke Review) referred to this Committee.

29.2 The Committee recommends that the Department of Veterans’ Affairs, the Repatriation Commission and the Military Rehabilitation and Compensation Commission review the Veterans’ Vocational Rehabilitation Service with the aim of improving rehabilitation options for those who have eligibility under the Veterans’ Entitlements Act 1986 and are younger than 50 years.