



The Hon Dan Tehan MP

Minister for Veterans' Affairs
Minister for Defence Personnel
Minister Assisting the Prime Minister for Cyber Security
Minister Assisting the Prime Minister for the Centenary of ANZAC

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Mr Trevor Bewnneworth
24 Whittaker Street
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Dear Mr Bewnneworth

Thank you for your email of 18 July 2016 on behalf of the Royal Australian Air Force (RAAF) Radschool Association Magazine about the Special Rate Disability Pension (TPI). I apologise for the delay in responding.

Please be assured I share your concern about ensuring Australia's veterans are appropriately supported. Each year, the Australian Government provides around \$12 billion in pensions and services to support veterans and their families.

Legislation provides for veterans' compensation pensions, such as TPI to be increased 20 March and 20 September each year taking into account changes in the Consumer Price Index (CPI), Pensioner Beneficiary Living Cost Index (PBLCI) and Male Total Average Weekly Earnings (MTAWE). This ensures the pension is increased in line with changes in the cost of living and wage benchmarks.

Indexation arrangements for the TPI have improved significantly over the last 12 years. Prior to March 2004, it was indexed using the CPI only. Since then, it has benefited from indexation using both CPI and MTAWE, with PBLCI being included from September 2009. In addition to improved indexation, it has also benefited from a \$50 per fortnight increase in 2007 and a \$16 per fortnight increase in 2008 in addition to the usual indexation increases.

Arguments about the perceived erosion of TPI were addressed in the 2003 *Report of the Review of Veterans' Entitlements* (Clarke Review). It found that those arguments did not take into consideration the total package of support available to TPI recipients, including the Gold Card and its associated benefits, and the Service Pension for those with levels of private income and assets that enable them to meet the eligibility requirements for the pension.

While I acknowledge that the Gold Card and associated benefits are not income, they do reduce the financial demands on the cardholder and leave more disposable income for other needs.

Other benefits available to those on the TPI include reimbursement of out of pocket expenses on pharmaceuticals (for those with war-like or qualifying service), and GST concessions on the purchase of motor vehicles and parts. Dependent children may also be eligible for payments under the Veterans' Children Education Scheme and/or Family Tax Benefit paid by the Department of Human Services (DHS).

In addition, TPI recipients who receive age pension or other income support payments from the DHS may also be eligible for the Defence Force Income Support Allowance.

In contrast, a person in receipt of the minimum wage is required to fund their own health care and treatment (including the cost of any private health insurance).

Finally, I would note that the TPI has never been linked to the rate of the minimum wage and is also paid for life. In contrast, wages cease to be paid on retirement and are replaced by an income drawn from a combination of savings, superannuation and/or age pension.

The Australian Government is spending nearly \$6.5 billion in the 2016-17 financial year on income support and compensation pensions for veterans and their dependants, and more than \$5 billion on treatment and rehabilitation.

I trust this information is of assistance.

Yours sincerely



DAN TEHAN