



Parliament of Australia
House of Representatives

Cameron
Thompson^{MP}
FEDERAL MEMBER FOR BLAIR

16th June 2004

Mr Ian Fraser
8 Claremont Parade
FOREST LAKE QLD 4078

Dear Ian

I refer to representations made on your behalf to The Hon Danna Vale, Minister for Veterans' Affairs, regarding the Deseal/Reseal program.

I have received a response from the Minister and have enclosed a copy for your information.

I will keep you advised as further correspondence is received.

Yours sincerely

Cameron Thompson
Federal Member for Blair
DK (encl)

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07 JUN 2004



MINISTER FOR VETERANS' AFFAIRS

Mr Cameron Thompson MP
Member for Blair
PO Box 5115
BRASSALL QLD 4305

Dear Mr Thompson *Cameron,*

Thank you for your letter of 26 March 2004 on behalf of Mr Ian Fraser President of the F-111 Deseal/Reseal Contact Group.

Firstly, let me confirm that my Department is doing everything possible to assist the F-111 Deseal/Reseal staff and their families, within the structure of existing legislation and compensation schemes currently available. Mr Fraser's acknowledgment of that is appreciated.

Since instituting the Study of Health Outcomes in Aircraft Maintenance Personnel (SHOAMP) on behalf of the Department of Defence, my Department has been in regular contact with Mr Fraser through his participation in the SHOAMP health study consultative forum. This forum provides a means of formal communication between the Departments and the various stakeholders who have an interest in the outcomes of the health study. Mr Fraser has always provided the Departments with useful insight into the feelings and anxieties of the Group's members, and feedback on the various services offered by my Department specific to the F-111 Deseal/Reseal workers.

The central issue that you have raised on behalf of Mr Fraser relates to what is appropriate compensation for members of the Australian Defence Force (ADF) who suffer injury, illness or death.

Under the *Veterans' Entitlements Act 1986*, compensation is provided by way of fortnightly pension at a percentage of the General Rate commensurate with the degree of medical impairment and lifestyle effects from accepted conditions. An Intermediate or Special Rate disability pension may be paid where a person's capacity to work is significantly affected. All pensions are indexed according to movements in the Consumer Price Index (CPI).

I have recently announced that effective from 20 March 2004 once legislation is passed, the Above General Rate component of the higher rates of disability pension will be indexed with reference to both the CPI and Male Total Average Weekly Earnings.

I have also announced the introduction, from 20 September 2004, of a Defence Force Income Support Allowance which will provide disability pensioners with income support consistent with veterans who are eligible for a service pension.

Under the *Safety, Rehabilitation and Compensation Act 1988*, also administered by my Department, incapacity payments are based on the person's income at time of injury and/or discharge from the ADF, not at time of incapacity. This ties the employer liability to the income the person was receiving while in Commonwealth employment. For ADF members, the payments are calculated on their income at the time they were discharged from the Service and indexed to movements in pay rates. This principle has also been adopted in the new Military Rehabilitation and Compensation Scheme (MRCS), as detailed in the *Military Rehabilitation and Compensation Act 2004*, which will take effect on 1 July 2004.

There is an argument to say that incapacity payments should be based on date of incapacity, which could occur much later after date of injury (as is the case in point). I have some sympathy for this approach, but we know that there are 'unders and overs' in whatever approach is taken. That is, some people achieve higher incomes after they leave the service and some do not. This matter was recently considered by the Senate Foreign Affairs Defence and Trade (FAD&T) Committee's Review of the new Military Rehabilitation and Compensation Bill (MRCB), since enacted. At paragraph 7.8 of its report the FAD&T Committee stated, inter alia, that:

"...it would be quite unrealistic to expect the ADF, as the employer, to guarantee the incomes of its members after they leave its employ. No civilian employer is required to do so, nor should they be. The new Bill is intended to establish a compensation scheme for military service, not an insurance policy against loss of future earnings."

The basis for this position is simply that there is no legislated workers' compensation scheme in Australia that provides for such an approach. Indeed, after the HIH collapse and the current reviews in each of the States of insurance payouts, there is legislation that limits the amounts claimed under these schemes to a percentage of the average weekly earnings of all males or some other cap.

Even in relation to common law proceedings (where the person must prove fault as well as the levels of damage) the States are now introducing legislation that limits the amount of economic loss payable.

In short, given the recent passage of the MRCB and the resultant decisions made in relation to income protection, I must be frank in saying that there is little realistic possibility of any such legislative scheme being introduced which has the effect of increasing payouts, as suggested by Mr Fraser.

In the absence of income protection insurance, those who enter into financial commitments post service have themselves accepted the risk that, for whatever reason, their income may cease and that they will have to accept the consequences. If they cannot obtain suitable income protection insurance, it is a clear indication of the risk they are accepting if they enter into financial commitments which will cause difficulty if, for whatever reason, their income stream fails.

Notwithstanding the above, my Department and the Department of Defence are examining options to address the longer term health needs of F-111 Deseal/Reseal staff. The views of the consultative forum are being considered in developing these options.

Thank you for bringing Mr Fraser's concerns to my attention.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Danna', with a long, sweeping horizontal line extending to the right.

DANNA VALE MP

4 JUN 2004