

## Topic: Veterans' Entitlements Amendment Bill 2018

- The Veterans' Entitlements Amendment Bill 2018 was introduced into the House of Representatives on 22 August 2018.
- The Bill relates to *how* the Department of Veterans' Affairs (DVA) administers Bereavement Payments. There are no changes to current entitlements to Bereavement Payment – they will remain exactly the same.
- DVA already has legal authority to provide Bereavement Payment and to recover any overpayment of income support pensions paid to veterans after their death. The Bill will confirm DVA's authority to streamline these two transactions into one administrative transaction.
- This is a compassionate, sympathetic and unobtrusive response which avoids disturbing the family with additional interactions with DVA while they are grieving.
- When a veteran receiving a DVA income support payment dies, the surviving partner is entitled to a Bereavement Payment equivalent to 14 weeks of the veteran's income support payment.
- The Bereavement Payment is designed to assist the surviving partner with the costs following the death of their partner and provide a period to adjust their finances following the end of the deceased partner's payments. It is paid automatically once the family notifies DVA.
- Often the veteran will continue to receive payments after their death, as these payments continue until DVA has been notified. This results in an overpayment.
- DVA, consistent with the Department of Social Services, adjusts these overpayments from the surviving partner's Bereavement Payment in one transaction where the surviving partner has access to / or the benefit of the overpayment. This practice commenced in the 1980s under the *Veterans' Entitlements Act 1986* (VEA).
- However, DVA has discovered that this legislative provision was inadvertently removed in the *Veterans' Entitlements Amendment (Budget Measures 1995-1996) (No.2) Bill 1995* and this Bill will reinsert it.

### How would this work for a veteran and their family in practice?

- A veteran and their spouse both receive service pension into their own separate bank accounts.
- The service pension is paid fortnightly in arrears.
- The veteran dies on 7 June 2017.

- The veteran's pension for the fortnight ending 19 June 2017 is paid into his bank account on 22 June 2017. The amount paid \$622.80, is for the period from 6 June 2017 to 19 June 2017.
- DVA is advised of the veteran's death on the 30 June 2017.
- The veteran was not entitled to \$578.31 (13 days) of the final payment.
- A Bereavement Payment is payable to the spouse—totalling \$2,935.80 minus the amount (\$578.31) paid into the veteran's bank account which he was not entitled to receive.
- DVA makes a payment of \$2,357.49 into the spouse's bank account.

## Bereavement Payment

### Calculation of Bereavement Payment

The example provided in paragraph 5 of the Minister's Second Reading Speech assumes that:

*Prior to his death, the deceased and his partner were receiving service pension at the couples rate<sup>1</sup> of \$622.80 each (\$1245.60 combined rate<sup>2</sup>). After the veteran's death, the surviving partner goes onto the pension at the single rate<sup>3</sup> of \$826.20.*

The total Bereavement Payment (BP) amount is 98 days of the difference between the combined rate and the single rate. To get that figure:

*(combined rate) - (single rate) = (fortnightly difference).*

$$\$1245.60 - \$826.20 = \$419.40$$

*(fortnightly difference) divided by (fortnight (14 days)) = (daily rate)*

$$\$419.40 / 14 = \$29.95^*$$

*(daily rate) x (bereavement period) = (total BP)*

$$\$29.95 \times 98 \text{ days} = \$2935.80^*$$

### Adjustment of Bereavement Payment for Overpayment of Service Pension

The BP is then reduced by the amount that was overpaid to the veteran. To get that figure:

*(couples rate) divided by (fortnight (14 days)) = (daily rate)*

$$\$622.80 / 14 = \$44.49^*$$

*(daily rate) x (days not eligible for payment) = (overpaid amount)*

$$\$44.49 \times 13 = \$578.31^*$$

The BP owing to the surviving partner is:

*(total BP) - (pension overpaid to veteran) = (BP Owing)*

$$\$2935.80 - \$578.31 = \$2357.49^*$$

\*numbers rounded for ease of calculation.

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<sup>1</sup> Couples rate refers to the amount that each member of the couple receives per fortnight.

<sup>2</sup> Combined rate refers to the total amount received by BOTH members of the couple per fortnight.

<sup>3</sup> Single rate refers to the amount a single pensioner receives per fortnight. Single pensioners are paid at a higher rate than each member of a couple. This is in recognition that couples benefit from the economies of pooling resources and sharing expenses with another person.