

Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Regulations 2004 2004 No. 157

EXPLANATORY STATEMENT

STATUTORY RULES 2004 NO. 157

Issued by the Minister for Veterans' Affairs

*Military Rehabilitation and Compensation
(Consequential and Transitional Provisions) Act 2004*

*Military Rehabilitation and Compensation
(Consequential and Transitional Provisions) Regulations 2004*

The *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Act 2004* (the Act) received Royal Assent on 27 April 2004. The Act amends laws and deals with transitional matters in connection with the *Military Rehabilitation and Compensation Act 2004* (the MRCA), the principal provisions of which are scheduled to commence on 1 July 2004.

Subsection 24(1) of the Act provides that the Governor-General may make regulations prescribing matters of a transitional nature (including prescribing any saving or application provisions) arising out of the enactment of the MRCA or the Act.

Subsection 24(3) provides that without limiting subsection (1), the regulations may provide:

- (a) that persons who are entitled to compensation under the MRCA cease to be entitled to a similar benefit under the *Veterans' Entitlements Act 1986* (VEA) or the *Safety, Rehabilitation and Compensation Act 1988* (SRCA); and
- (b) a method of converting a lump sum amount into weekly amounts for the purpose of working out an amount of compensation payable for a service injury or disease under Parts 2 and 6 of Chapter 4 of the MRCA.

The purpose of the regulations is to deal with the offsetting of Special Rate Disability Pension (SRDP) payments made under the MRCA by lump sum compensation payments made under sections 24, 25 and 27 of the *Safety, Rehabilitation and Compensation Act 1988*. Regulation 4 describes the method of converting from a lump sum to a weekly payment, which can be offset against the weekly SRDP payment. The SRDP payment is based on the VEA special rate pension that incorporates elements of permanent impairment and economic loss compensation leading to the need to offset these SRCA payments.

Details of the regulations are set out in the [attachment](#).

The Act specifies no conditions that need to be met before the power to make the regulations may be exercised.

The regulations commence on 1 July 2004.

ATTACHMENT

Details of the proposed *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Regulations 2004*

Regulation 1 This regulation provides that these regulations are to be cited as the *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Regulations*.

Regulation 2 This regulation provides for the regulations to commence on 1 July 2004, the date of commencement of the major parts of the *Military Rehabilitation and Compensation Act 2004*.

Regulation 3 This regulation contains a definition of *Act* to mean the *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Act 2004*.

Regulation 4 This regulation applies to the method of converting lump sum amounts paid under sections 24, 25 and 27 of the *Safety, Rehabilitation and Compensation Act 1988* into weekly amounts.

Subregulation 4(1) describes the purpose of the regulation.

Subregulation (2) describes the method of converting from a current lump sum amount to a weekly amount, by dividing the current lump sum amount by an age-based number advised by the Australian Government Actuary. The age-based number will refer to the age of the person at the date the lump sum was paid and the gender of the person.

Subregulation (3) describes the method of converting the lump sum to its current value, by multiplying the lump sum by the ratio of the maximum value for a lump sum paid under section 24 of the SRCA to the maximum value when the lump sum was paid. This method applies to all lump sums, irrespective of whether they were paid under section 24, 25 or 27 of the SRCA, and give consistent results. Lump sums paid under section 25 of the SRCA are calculated by reference to the section 24 maximum value and those paid under section 27 of the SRCA are indexed using the same method as the maximum value paid under section 24.

Regulation 5 This regulation provides for the indexation of the weekly amount using the Consumer Price Index (CPI) method of indexation as set out in section 404 of the MRCA.