



Guide to Determining Impairment and Compensation Amendment Instrument 2025

The Military Rehabilitation and Compensation Commission makes the following instrument.

Dated 19 February 2025

The Seal of the
Military Rehabilitation and
Compensation Commission
was affixed to this instrument
in the presence of:

Alison Frame

Chair

Mark Brewer
AM CSC and Bar
Member

Gwen Cherne

Member

Kahlil Fegan
DSC AM
Member

Greg Vines

Member

Rear Admiral Sonya Bennett
AM RAN
Member

Contents

1 Name	3
2 Commencement.....	3
3 Authority	3
4 Schedules.....	3
Schedule 1—Amendments	4
<i>Guide to Determining Impairment and Compensation 2016 (Instrument 2016</i> <i>No. MRCC37)</i>	4

1 Name

This instrument is the *Guide to Determining Impairment and Compensation Amendment Instrument 2025*.

2 Commencement

This instrument commences on the day after the day it is registered.

3 Authority

This instrument is made under subsection 67(3) of the *Military Rehabilitation and Compensation Act 2004*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

Guide to Determining Impairment and Compensation 2016 (Instrument 2016 No. MRCC37)

1 Chapter 23, section entitled ‘Determining the factor for compensation payment’

substitute

Determining the factor for compensation payment

The combined impairment rating, which is obtained by applying Chapter 18 (Combined Values Chart), is to be combined with the lifestyle rating on either the Warlike and Non-warlike Factors Table (Table 23.1) or the Peacetime Factors Table (Table 23.2). This is to determine the factor to be multiplied by the maximum weekly payment available under the Act, which is prescribed in section 74 of the MRCA and indexed by section 404 of the MRCA.

A veteran’s lifestyle rating is expected to be broadly consistent with the degree of medical impairment from accepted conditions as measured by the Combined Impairment Rating. In most cases a lifestyle rating that falls within the shaded area of Tables 23.1 and 23.2 will satisfy the requirement of broad consistency. There may be exceptional cases and, in accordance with Chapter 22 of this Guide, a lifestyle rating outside the shaded area may be allocated.

Where a member or former member has two or more types of service (either under MRCA or under both MRCA and DRCA/VEA) and has different conditions under each, then the instructions in “**Combined ratings**” apply.

2 Chapter 23, section entitled ‘Combined ratings’

substitute

Combined ratings

If the service-caused conditions lead to impairment ratings of *A* for warlike (or non-warlike) service and *B* for peacetime service, then the compensation payable will be a weighted average. This is determined by:

- the amount that would be paid if the conditions had both been caused by warlike (or non-warlike) service; and
- the amount that would be paid if the conditions had both been caused by peacetime service.

The weights used are the impairment ratings *A* and *B*.

If the combined impairment is **C** (see Chapter 18) and the lifestyle effect is **L**, this can be expressed as:

$$CF^{final}(C,L) = \frac{A * CF^{wl}(C,L) + B * CF^{pt}(C,L)}{(A + B)}$$

The CF value for warlike (or non-warlike) service (CF^{wl}) is taken from Table 23.1.

The CF value for peacetime service (CF^{pt}) is taken from Table 23.2.

The final value worked out using the above formula (CF^{final}) is then multiplied by the maximum weekly compensation payable to determine the final level of compensation.

The following example illustrates this, where a veteran has a condition from warlike (or non-warlike) service and another condition from peacetime service.

Example 1: Two conditions resulting from different service types

Captain Brown has 2 conditions:

- a gastro-intestinal condition (**A**) resulting from warlike service assessed as 20 impairment points; and
- a spinal injury (**B**) resulting from peacetime service assessed as 30 impairment points.

The lifestyle rating (**L**) from these conditions is 4.

The combined impairment rating (**C**) is 44.

Under Table 23.1, the compensation factor that would be applied if both conditions had resulted from warlike service would be 0.478.

If both conditions had resulted from peacetime service instead, the compensation factor would be 0.268 (see Table 23.2).

The weighted average compensation factor, using the above formula, is:

$$(20 * 0.478 + 30 * 0.268) / (20 + 30) = 0.352$$

The maximum compensation payable as at 1 July 2024 of \$421.72 is multiplied by this factor to give a periodic payment of \$148.45 per week.

If the gastro-intestinal condition had arisen from peacetime service (**B**) and the spinal condition from warlike service (**A**), with the same impairment and lifestyle ratings, the compensation factor would be:

$$(30 * 0.478 + 20 * 0.268) / (30 + 20) = 0.394$$

with a periodic payment of \$166.16 per week.

If a veteran has 2 or more conditions resulting from warlike (or non-warlike) service, the impairment rating **A** is the sum of the impairment points for each of those conditions.

If a veteran has 2 or more conditions resulting from peacetime service, the impairment rating **B** is the sum of the impairment points for each of those conditions.

The following example illustrates this.

Example 2: Three or more conditions resulting from different service types

Warrant Officer Smith has 4 conditions:

- a mental health condition (**A**) resulting from warlike service assessed as 20 impairment points;
- a lumbar spine condition (**A**) resulting from warlike service assessed as 10 impairment points;
- a tinnitus condition (**B**) resulting from peacetime service assessed as 10 impairment points;
- a knee condition (**B**) resulting from peacetime service assessed as 10 impairment points.

The lumbar spine condition does not cause any resulting impairment to the officer's knees, thus does not affect the impairment rating assigned for the knee condition.

The total impairment at (**A**) is 30 (20+10 impairment points).

The total impairment at (**B**) is 20 (10+10 impairment points).

The lifestyle rating (**L**) from these conditions is 4.

The combined impairment rating (**C**) is 42.

Under Table 23.1, the compensation factor that would be applied if all 4 conditions had resulted from warlike service would be 0.461.

If all conditions had resulted from peacetime service instead, the compensation factor would be 0.258 (see Table 23.2).

The weighted average compensation factor, using the formula, is:

$$(30 * 0.461 + 20 * 0.258) / (30 + 20) = 0.380.$$

The maximum compensation payable as at 1 July 2024 of \$421.72 is multiplied by this factor to give a periodic payment of \$160.25 per week.

3 Chapter 25

substitute

METHOD OF WORKING OUT THE AMOUNT OF COMPENSATION PAYABLE UNDER THE MRCA FOR A PERSON WITH A VEA OR DRCA INJURY OR DISEASE

Introduction

This Chapter deals with situations where an injury or disease (the condition) has been accepted under the VEA, or the DRCA, or both the VEA and DRCA, before a claim is made under the MRCA.

Definitions

In this Chapter:

DRCA means the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*.

DRCA accepted condition, in relation to a person, means the person's injury for which the Commonwealth is liable to pay compensation under DRCA.

Note Under DRCA, an **injury** includes a disease (see DRCA, sections 5A and 5B).

MRCA means the *Military and Rehabilitation Compensation Act 2004*.

MRCA determination, in relation to a person, means the determination by the Commission of the degree of impairment suffered by the person as a result of a compensable condition under the MRCA.

MRCA accepted condition means the injury or disease for which the Commission has accepted liability under section 23 of the MRCA.

MRCA compensation payment means the payment worked out under this Chapter for a person with a **MRCA accepted condition** and a **DRCA accepted condition** and/or a **VEA accepted condition**.

MRCA PI—see the definition of MRCA Permanent Impairment.

MRCA Permanent Impairment or **MRCA PI**, in relation to a person, means the person's impairment for which compensation is payable under Chapter 4 of Part 2 of the MRCA.

VEA accepted condition, in relation to a person, means the person's incapacity from an injury or disease that the Repatriation Commission has determined under section 19 of the *Veterans' Entitlements Act 1986* (including as applied under section 71 of that Act) entitles the person to be granted a pension under Part II or IV of that Act (other than a pension payable to a person as a dependant of a deceased veteran), ie a pension under subsection 13(1) or subsection 70(1) of that Act.

VEA percentage means the amount payable under the VEA for the conditions referred to in **Step (1)** below, as at the date of the MRCA claim, expressed as a percentage of the General Rate at that date.

Assessing total MRCA PI compensation

The method to assess the total amount of MRCA PI compensation payable under the MRCA is as follows.

In determining the relevant compensation factor where a DRCA accepted condition or a VEA accepted condition is involved:

- a DRCA accepted condition is treated as peacetime;
- a VEA accepted condition is treated as warlike/non-warlike; and
- a condition accepted under both the VEA and DRCA is treated as warlike/non-warlike.

Step (1) Use this Guide to assess, as at the date of the MRCA determination, the combined effect of:

- (a) each MRCA accepted condition; and
- (b) any VEA accepted conditions, and any DRCA accepted conditions, which were accepted conditions on the date the person claimed MRCA PI:

to work out the resulting compensation that would notionally be payable under MRCA.

Step (2) Assess whether, under this Guide, the MRCA accepted condition under Step (1)(a) contributes at least 5 impairment points to the overall impairment rating:

- (a) if the MRCA accepted condition contributes at least 5 impairment points to the overall impairment rating, compensation for that condition may be payable—continue to **Step (3)**; or
- (b) if the MRCA accepted condition contributes less than 5 impairment points—reject the claim.

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- Step (3)** If compensation may be payable, work out the amount of compensation that would be payable under MRCA for the VEA and/or DRCA accepted conditions referred to in **Step (1)**, as at the date of the MRCA determination, using this Guide, as if those conditions were compensable under the MRCA.
- Step (4)** Reduce the amount worked out under **Step (1)** by the amount worked out under **Step (3)**.
- Step (5)** The amount worked out at **Step (4)** is the amount payable under the MRCA, subject to the **MRCA PI Cap** (see **Step (6)**).
- Step (6)** If the total sum of:
- (a) the amount worked out under **Step (4)**; and
 - (b) the amount worked out by using the VEA percentage to calculate the notional equivalent amount of pension under Part II or IV of the VEA payable, using the General Rate payable at the date of the determination; and
 - (c) DRCA section 24, 25 and 27 lump sum amounts paid for the DRCA conditions referred to in **Step (1)** (the DRCA payments being converted as set out below):
- exceeds the maximum weekly payment of MRCA PI at the date of the determination (the **MRCA PI Max**), go to **Step (7)**.
- Step (7)** If the amount worked out in **Step (6)** exceeds the **MRCA PI Max**, the MRCA compensation payment is worked out as follows:
- (a) **[excess MRCA PI]**
 - equals* [amount worked out in **Step 6(b)**]
 - plus* [DRCA section 24, 25 and 27 lump sums converted to periodic payments]
 - plus* [**Step (4)** amount]
 - minus* [**MRCA PI Max**]
 - (b) **[amount of weekly MRCA PI payable]**
 - equals* [**Step (4)** amount]
 - minus* [**excess MRCA PI** worked out in **Step (7)(a)**]

Conversion of DRCA lump sums

To work out the net MRCA periodic payment for **Step (7)**, convert the lump sums paid to the person under DRCA sections 24, 25 and 27 to a periodic payment using the formula set out in section 6 of the *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Regulations 2020*.

For information only, below is a broad outline of the way that formula applies.

Step (1) Convert the DRCA amounts to a current lump sum value by multiplying the ratio of the current value for maximum DRCA section 24 payment by the value when the lump sum payment was made.

Step (2) Convert each lump sum to a periodic payment by dividing by an age-based number provided by the Australian Government Actuary for this purpose.

Use the age-based number for the age the person would have been on their next birthday when the DRCA lump sum was paid.

The periodic payment amount is indexed annually on 1 July by the indexation factor calculated under section 404 of the MRCA.