



Liability Changes

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Compensation claims from 1 July 2026



The *Veterans' Entitlements, Treatment and Support (Simplification and Harmonisation) Act* (VETS Act) comes into effect on 1 July 2026.

This means the *Veterans' Entitlements Act 1986* (VEA) and the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) will close to new compensation claims.

Compensation claims received prior to 1 July 2026 will continue to be processed under the legislation under which the claim was submitted.

All compensation claims received from 1 July 2026, regardless of period of service, will be assessed under MRCA.

No need to claim liability for conditions already accepted under the VEA or DRCA

The improved MRCA will recognise medical conditions previously accepted under the DRCA or VEA, so there will be no need to re-establish liability for conditions that have been already accepted under the old Acts.

All claims received from 1 July 2026 for additional compensation (for either a new service-related condition or for a deterioration of a DRCA or VEA condition) will be assessed and compensated under the MRCA.

If a claim for liability has previously been rejected under the MRCA, DRCA or VEA, a veteran can make a new claim under MRCA, but the claim must be supported with further new or additional evidence.

Hierarchy of liability tests from 1 July 2026

1

Presumptive Liability will be considered as the first liability investigation, where the claimed condition and service allow.

2

Medical Event on Duty, a second new head of liability, will be applied as the second liability test (if applicable).

3

If neither presumptive or medical event on duty applies, the standard liability processes will be considered (i.e. SoPs).

New Head of Liability - Medical Event on Duty

From 1 July 2026 the definition of *service injury* and *service death* is being amended to allow for an injury or death to be accepted on the basis that it occurred while the person was 'on duty' as a defence member (such as heart attacks and strokes), regardless of whether or not the injury or death was caused by the member's duties.

This replicates the DRCA 'in the course of employment'. Standards of proof apply, but Statements of Principles do not. This head of liability applies to injuries or deaths, but not to diseases or causal exposures.

Previously, such conditions would have required a 'causal' connection to be established to a veteran's service via the Statements of Principles. 'On Duty' will, effectively, mean the injury or death occurred during the conduct of ADF work as an ADF member.

This will allow conditions such as heart attacks, strokes and other acute occurrences to be accepted as service related under the MRCA, without needing to link the causation to service through the SOPs

'Standard' liability rules will apply if not on duty, including doing something can meet the broader, 'rendering defence service' test. This test means that a member can be found to have been rendering defence service when formally 'off duty', but still doing something that was *required, authorised, encouraged etc.*

Scenario - Louise



Louise is currently a permanent serving RAAF Officer.



She suffered a myocardial infarction (heart attack) while on duty on the 20 June 2025. Louise subsequently submits an initial liability claim for this medical event on 2 July 2026.



If Louise had lodged a claim in 2025, shortly after the medical event, the pre-VETS Act arrangements would apply and for the condition to be accepted as service-related she would be required to meet a factor under the SoP.



Myocardial infarction is not a listed condition for Presumptive arrangements for a claim after 1 July 2026.



However, the claim may come under the Medical Event on Duty provisions that will apply from 1 July 2026, regardless of the date of injury or event, and the claim may be accepted.

Scenario - Simon



Simon is a full-time serving member in the Navy.



HMAS Canberra was in port while on exercise; Simon was on watch and suffered a fall down a ladder way, suffering a dislocated knee and broken arm.



On 1 July 2026, he submits an initial liability claim for both the broken arm and the knee dislocation



Diagnosis of condition and duty status was confirmed by his Defence Medical Record and the incident report.



As part of the Legislation simplification, and new Head of Liability – Medical Event on Duty provision, Simon's claim would be assessed under this head of liability.

Scenario - Jason



Jason is a full-time serving member in the Navy.



HMAS Canberra was in port while on a regional engagement activity; Jason was off the ship on shore leave doing some sightseeing and was involved in a scooter accident.



On 1 July 2026, he submits an initial liability claim for both the head laceration and the knee dislocation that occurred due to the accident



Diagnosis of condition was confirmed by his Defence Medical Record and subsequent medical reports.



As these injuries did not occur while Jason was 'on duty', he would not meet eligibility under Medical Event on Duty. Other heads of liability may be assessed to determine if liability can be accepted.

Conditions relating to Tobacco Use

Prior to 1 July 2026 under the MRCA liability could not be accepted at all where the injury, disease or death, aggravation or material contribution is related to defence service only because of the person's use of tobacco products.

The tobacco-use exclusion in the MRCA will be amended so that it will only apply if the claimed condition or death is solely related to tobacco use that began or increased after 31 December 1997. If the tobacco use began or increased after that date the claim will not be able to be accepted.

This change reflects that in some circumstances commencement or increase in tobacco use may be able to be found to be related to service if it occurred before 1998. This replicates arrangements which existed under the VEA.

Scenario - Mark



Mark served as a full-time member in the RAAF who commenced smoking on or about 1 January 1999.



On 1 July 2026, he submits an initial liability claim for lung cancer



Diagnosis of condition was confirmed by his treating Oncologist.



As Mark commenced smoking **after** 1 January 1998 the exclusion applies.

Scenario - John



John served as a full-time member in the Army who served in Vietnam and commenced smoking when he joined Defence. An increase in John's smoking has been linked to his Operational Service in Vietnam.



On 1 July 2026, he submits an initial liability claim for adenocarcinoma (Lung Cancer)



Diagnosis of condition was confirmed by his treating Oncologist.



As John's smoking commenced or increased prior to 1 January 1998, the delegate should consider whether John's smoking relates to his Defence service and whether a factor in the relevant SOP has been met and is related to service.

Injuries or deaths arising from treatment

From 1 July 2026, serving members will be covered for unintended consequences of any treatment provided under Defence health arrangements, including for pre-existing conditions or preventative treatment.

Unintended consequences do not include likely or probable side effects or known outcomes of a medical procedure (e.g. scarring from surgery). There are also separate provisions to cover consequences of treatment provided by the Commonwealth (Defence or DVA) for service injuries or diseases.

Scenario - Jane



Jane served as a full-time member in the Navy, enlisting on 3 September 2004 and discharging on 30 June 2026



On 1 July 2026, she submitted an initial liability claim for vision loss



Under Defence arrangements while a serving member Jane was admitted to hospital for an investigative biopsy in relation to a possible non-service related medical issue. She suffered an extremely rare reaction to the anaesthetic administered which led to damage to her optic nerves



As the injury arose from treatment provided by Defence to a serving member, the vision loss condition can be accepted.

Scenario - Mindy



Mindy served as a full-time member in the RAAF who enlisted on 2 March 1978 and discharged on 8 September 2018.



On 1 July 2026, a claim for death liability by her Legal Personal Representative was received.



After her service Mindy was admitted to hospital for a tonsillectomy. This condition is not something that had been accepted by DVA and was scheduled by her GP and ENT. During the procedure complications arose that resulted in her death



As Mindy's procedure was not conducted under Defence regulations as a serving member nor due to any compensable condition, death liability can not be accepted in this instance

Accrued SOP Rights at Review

From 1 July 2026, where the RMA amends or updates a SoP during a review after a veteran's primary decision, the version of the SoP which is most beneficial to the veteran's circumstances can be applied for the review decision (either the version in force at the time of original determination or the amended SOP).

Example: if the earlier of the two SoPs includes a factor (such as a timeframe or exposure threshold) that will assist the veteran's contention rather than an amended factor, then the *old* factor can be used in the determination of the review.

For the original determination, the SOP in force at the time of the decision must be applied - it is only upon review that another SOP can be considered and then only if the SOP changes while the review is underway. This also applies if a matter is being considered at the VRB or ART.

Death Liability from 1 July 2026

There are new pathways for acceptance of death under MRCA. These include death from a medical event on duty and death arising from treatment provided by Defence (including treatment for preventative or pre-existing conditions)

MRCA death liability provisions are otherwise unchanged (where death is found to be due to service or from an accepted condition – including a condition under VEA or DRCA, where the veteran dies and was SRDP eligible or where the veteran had 80 or more impairment points).

Automatic grants of War Widow(er)'s pension and Gold Cards to dependants of certain deceased VEA veterans will continue from 1 July 2026 (e.g. where the veteran was in receipt of TPI payment).

Further information is included in the module: *VETS Act - Compensation following the death of a veteran.*

Benefits of reform



Faster claims processing times

Reduced complexity of claims for both veterans, representatives and delegates

Earlier access to treatment and compensation

Equity – ensuring that Veterans whenever they have served are not disadvantaged

Easier pathways to Liability

Single set of Liability provisions

Time to test your learning



Quiz

Question 1

After 1 July 2026, will the new heads of liability apply to current undetermined claims as well as new claims?

(a) Yes

(b) No

Quiz

Question 2

Will a Veteran with service only from 1 July 2004 have liability accepted for a tobacco related illness?

(a) Yes

(b) No

Quiz

Question 3

During a heart bypass procedure provided by Defence to a serving member, the member sustains a stroke leading to brain damage. Would liability be accepted?

(a) Yes

(b) No

Quiz

Question 4

While working on a defence vehicle in the workshop the mechanic was overcome by fumes resulting in unconsciousness and hitting their head. Would the head injury and a later neurological condition be accepted under the On Duty head of liability?

(a) Yes

(b) No