

Annual Reports

2020–21

Repatriation Commission

Military Rehabilitation and
Compensation Commission

Department of Veterans' Affairs



Australian Government
Department of Veterans' Affairs



AUSTRALIAN DEFENCE VETERANS' COVENANT

*We, the people of Australia, respect and give thanks
to all who have served in our defence force and their families.*

*We acknowledge the unique nature of military service and the sacrifice
demanded of all who commit to defend our nation.*

*We undertake to preserve the memory and deeds of all
who have served and promise to welcome, embrace, and support
all military veterans as respected and valued members of our community.*

For what they have done, this we will do.

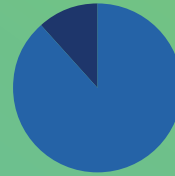
DVA fast facts 2020–21

'For what they have done, this we will do.'

DVA supported

240,231
veterans

97,245
dependants



210,639
male veterans
29,592
female veterans

ENHANCE WELLBEING



287,543

Open Arms services provided

38,073

veterans and their family members accessed Open Arms services

332,525

visits to the Open Arms website



263,165

DVA health cards

112,146

Gold Cards

151,019

White Cards



130,000+

people provided health services



1,047,297

instances of travel to treatment

\$3.9b

spend on health and wellbeing



50,492

homes protected under DSH Insurance

\$6.6b

spend on compensation and support



187,315

MyService users ¹

36,376

initial liability claims lodged through MyService ²



133,682

eligible veterans or dependants received income support



88,735

primary compensation determinations

158,967*

compensation clients supported

RECOGNITION AND RESPECT



350,918

official commemorations maintained ¹



17,000+

community stakeholders received educational resources



118,159

veterans received a Veterans' Recognition Package ³

2,866

organisations providing discounts to veterans ³



\$30.9m

spend on commemorations



1,778
employees

\$10.9
billion
2020–21
actual

Figures provided are as at 30 June 2021

¹ Overall total, not limited to 2020–21 financial year.

² Other types of claims are also able to be lodged through MyService.

³ Completed claims, since inception date of 31 October 2019.

About this report

Enquiries about the annual report

Enquiries and comments about this report should be directed to:

Assistant Secretary
Parliamentary and Governance
GPO Box 9998, Brisbane, Qld 4001

Email: CMBART@dva.gov.au

This annual report is available online at:
www.dva.gov.au/about-us/documents-and-publications/annual-reports.

Contact details

Telephone: 1800 838 372

The telephone enquiries service is available between 8 am and 5 pm, Monday to Friday. A call back can be requested through the Department of Veterans' Affairs (DVA) website or through MyService.

Mail: Department of Veterans' Affairs, GPO Box 9998, Brisbane Qld 4001

Website: dva.gov.au

Social media:

- facebook.com/DVAAus
- twitter.com/DVAAus
- youtube.com/DVAAus
- au.linkedin.com/company/australian-government-department-of-veterans%27-affairs

Information on other ways to contact DVA, including media and provider enquiries, is available at www.dva.gov.au/contact

Open Arms – Veterans & Families Counselling

Open Arms – Veterans & Families Counselling (Open Arms) is a nationally accredited mental health service that provides 24-hour free and confidential counselling, group programs, peer support and suicide prevention training for current and ex-serving Australian Defence Force personnel and their families.

Open Arms is available 24/7 on 1800 011 046.
www.OpenArms.gov.au

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Front cover photo: (Top to bottom)

1. © Department of Veterans' Affairs
2. Australian Army officer Chaplain Matthew Stuart with his son, Michael and wife, Kristen, during the 1st Combat Service Support Battalion's Family Day event held on 24 March 2017 at Robertson Barracks.
© Department of Defence.
3. Royal Australian Air Force member Corporal David Sealey with his wife Nadia, and children Lochlan, and Isabelle, enjoying the No. 37 Squadron Family Day.
© Department of Defence.

Acknowledgement of country

DVA acknowledges the traditional owners of the land throughout Australia and their continuing connection to country, sea and community. We pay our respects to all Aboriginal and Torres Strait Islander peoples, to their cultures and to their elders past, present and emerging. DVA also acknowledges the services of Aboriginal and Torres Strait Islander veterans who have contributed to serving Australia.

Department of Veterans' Affairs

letter of transmittal



Australian Government
Department of Veterans' Affairs
OFFICE OF THE SECRETARY
PRESIDENT REPATRIATION COMMISSION

The Hon Andrew Gee MP
Minister for Veterans' Affairs
Minister for Defence Personnel
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present the annual report of the Department of Veterans' Affairs for the 2020–21 financial year. This report has been prepared in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* including section 46, which requires that you table the report in Parliament.

As required by section 10 of the Public Governance, Performance and Accountability Rule 2014, I certify that:

- fraud risk assessments and fraud control plans have been prepared for the department
- appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and reporting and recording fraud are in place for the department
- all reasonable measures have been taken to appropriately deal with fraud relating to the department.

The report also contains material on the operations of the Defence Service Homes Insurance Scheme, as required under section 50B of the *Defence Service Homes Act 1918*, and the Office of Australian War Graves, as required under section 13(1) of the *War Graves Act 1980*.

The report also includes information on the data-matching program in the department, in accordance with section 12 of the Data-matching Program (Assistance and Tax) Act 1990. The department works closely with the Office of the Australian Information Commissioner to ensure that the program strictly adheres to privacy safeguards and principles.

Yours sincerely,

Liz Cosson AM CSC
Secretary

8 October 2021

GNABRA BUILDING
21 GENGIE STREET
CANBERRA CITY ACT 2601

GPO BOX 9998
BRISBANE QLD 4001
AUSTRALIA

TELEPHONE (02) 6289 6736
FACSIMILE (02) 6289 6257
INTERNET www.dva.gov.au

Saluting Their Service

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Secretary's review



Australia is one of the few countries in the world with a government department dedicated to meeting the needs of veterans and their families. It began with the passing of legislation in 1917 that paved the way for the inception of the Repatriation Commission and the Repatriation Department, which continues today in the form of the Department of Veterans' Affairs (DVA).

At DVA we are continually striving to deliver a world-class system of support and to find new and improved ways of assisting the veteran community.

Over the past 18 months, Australia has faced unprecedented challenges with catastrophic bushfires, devastating floods and the COVID-19 pandemic. However, throughout it all, our commitment to putting veterans and their families first has never wavered.

I am proud of the way DVA has supported veterans and their families through these crises and how the department has constantly adapted to deliver continuity of services despite the COVID-19 pandemic and its impact on our way of life.

As I present to you the *Department of Veterans' Affairs annual report 2020–21*, it is important that we take stock and consider what we have been able to achieve for veterans and their families.

I am pleased that this annual report reflects the many and varied achievements of the department over the reporting period.

DVA's transformation

Although COVID-19 has required us to work differently, DVA has continued its Veteran Centric Reform – Putting Veterans and their Families First Program (Veteran Centric Reform) over the 2020–21 year. For the past 4 years, Veteran Centric Reform has been transforming DVA to better **know, connect, support** and **respect** all veterans and their families.

The program is delivering real and lasting improvements to the way we meet the needs of veterans and their loved ones.

Initiatives such as the online claiming platform MyService, the digitisation of files, intuitive phone technology and a new website are resulting in simpler, faster and better experiences with DVA. MyService has streamlined the claims process for many commonly claimed conditions and made it easier for veterans and their families to **connect** with us. As at 30 June 2021, 36,376 initial liability claims have been lodged through MyService since 1 July 2020.

Through our Early Engagement Model, DVA is also partnering with the Department of Defence (Defence) to **know** veterans well before they leave the Australian Defence Force (ADF) so we can better serve their needs.

DVA has also introduced a new internal system display called 'Single View of Person'. It brings all relevant client information together in one place to show the veteran's broader circumstances, not just an individual's condition or a claim.

Knowing the 'whole veteran' enables DVA to provide faster and superior **support**.

All of these improvements have made accessing and **connecting** with DVA easier for veterans and their families. This has been one of the primary reasons for the large increase in claims in recent years and has successfully linked veterans and families to their entitlements and other supports that are important for health and wellbeing.

However, the increased volume has unfortunately resulted in longer than expected time frames to finalise.

In the May 2021–22 Budget, the government invested \$98.5 million to address the backlog of claims and manage the increased workload.

In addition, the government provided a further 440 extra Australian Public Service (APS) staff to bolster DVA's capability from July 2021 onwards, including more staff for claims processing.

DVA is committed to improving the claims processing, including implementing initiatives to streamline and make it easier for veterans and families.

Royal Commission into Defence and Veteran Suicide

In April 2021 the government announced that it would establish a Royal Commission into Defence and Veteran Suicide.

To ensure the Royal Commission covered as many of the issues facing serving members, veterans and their families as possible, in 2020–21 the government ran a public consultation process on the terms of reference. This consultation process ended on 21 May 2021 and DVA received around 1,400 responses. These were forwarded to the Attorney-General's Department for consideration in the development of the terms of reference.

I would like to thank all those who contributed to the consultation process and assure you that while the Royal Commission progresses DVA will remain committed to **supporting** the mental health and wellbeing of veterans and their families.

Mental health initiatives

In 2020–21 a range of initiatives to reduce the risk of suicide among veterans and to better **support** their mental health and wellbeing have been instigated and strengthened.

DVA introduced Australia's first-ever Psychiatric Assistance Dog Program to **support** veterans living with posttraumatic stress disorder (PTSD) in September 2019, with the first dogs going to veterans in May 2020.

I am proud that, as at 30 June 2021, 34 psychiatric assistance dogs have now passed their intensive training program and are making a difference to the lives of veterans every day. In addition, 130 dogs were in training across Australia.

DVA is also delivering on the government's election commitment to establish Veteran Wellbeing Centres in Townsville, Perth, Darwin, Nowra, Adelaide and Wodonga in partnership with ex-service organisations and state and territory governments. The centres are **connecting** local veterans and their families with a range of services and providing them with **support** that is tailored to their individual needs.

Each centre is at a different stage of development. I am pleased to report that ANZAC House Veteran Central in Perth, the Repat Veteran Wellbeing Centre in Adelaide and The Oasis in Townsville were officially opened during the reporting period. In addition, the lead organisation in Nowra, RSL LifeCare, opened a temporary location for the Nowra Centre in May 2021.

It is important to emphasise that these centres are for families as much as they are for veterans themselves. While families play a vital role in the health and wellbeing of our veterans, it is also important to understand that families themselves often need **support**. Service in the ADF affects partners and children as well as those who serve.

The May 2021–22 Budget also saw further funding announced to expand the network to Tasmania and south-east Queensland.

Over the reporting period, the government further bolstered mental health support, providing \$101.7 million over 4 years in the October 2020–21 Budget for initiatives such as:

- a one-off increase to fees paid to psychiatrists and allied mental health, social work and community nursing providers
- expanding eligibility for the Coordinated Veterans' Care Program

- expanding Open Arms – Veterans & Families Counselling (Open Arms), especially in regional and remote areas, and extending the Community and Peer Program to Maryborough, Queensland, and Nowra, New South Wales.

In addition, the May 2021–22 Budget also provided funding for these initiatives:

- continuing the successful Wellbeing and Support Program
- extending the Provisional Access to Medical Treatment (PAMT) program
- providing veterans with streamlined access to vocational and psychological rehabilitation through a new non-liability rehabilitation pilot program
- expanding the eligibility and flexibility of the Family Support Package.

During the reporting period, we also worked closely with Open Arms and Defence to ensure veterans and families impacted by the Inspector-General of the ADF Afghanistan Inquiry Report were **supported**.

DVA continued to support survivors of family and domestic violence through our Family and Domestic Violence Strategy 2020–25, which encourages survivors to seek help and to support those who use violence to stop.

Transition and employment

Making the transition from military to civilian life as smooth as possible has long been an area of focus for DVA.

In recent years, DVA and Defence have been working more closely than ever before to **connect** and **support** veterans from enlistment

through transition, and into civilian life, helping them to live, serve and age well.

In the October 2020–21 Budget the government provided \$23.7 million to increase transition and employment **support** including \$17.7 million over 4 years to establish a Joint Transition Authority in Defence and \$6 million to broaden and enhance the highly successful Prime Minister's Veterans' Employment Program, which raises awareness of the benefits of employing veterans and encourages organisations to hire and support veterans. The program has now been expanded to **support** veterans and their families who are exploring starting their own business.

During the reporting period, we also launched the 'Support for Employment' program, which assists recently transitioned veterans who identify the need for some additional employment assistance. It provides up to 10 hours of pre- and post-employment support – such as job-seeking skills and interview preparation.

Commemorations

DVA takes very seriously its responsibility to ensure that the service and sacrifice of those who have served our nation is appropriately **respected** and commemorated.

On 15 August 2020 a COVID-safe commemoration was held at the Australian War Memorial to mark the 75th anniversary of the end of the Second World War.

Although attendees stood apart because of COVID-19 restrictions, as a nation we stood together to remember the one million Australians who served during the war, including more than 39,000 who died. DVA also produced a Commemorative Medallion and Certificate of

Commemoration, available to every living veteran of the Second World War.

Regrettably, again this year because of COVID-19 Australian Government led public overseas Anzac Day commemorative services did not proceed.

A COVID-safe national service was held at the Australian War Memorial and broadcast nationally, with all Australians encouraged to tune in and watch on the day.

A nationally televised commemorative service was also held to mark the 50th Anniversary of Operation Overlord, including the Battle of Long Khanh, on 7 June 2021 at the Australian Vietnam Forces National Memorial.

Performance

DVA successfully delivered all 3 outcomes across our purpose and key activities. As discussed above, our initiatives in 2020–21 enhanced the physical and financial wellbeing of veterans and their families. We connected veterans to the services and support they needed when they needed them. However, this also resulted in significant increases in the number of claims we received, which affected our ability to meet timeliness targets for a number of our claim types.

DVA's performance against its outcomes and programs during 2020–21 is reported in further detail in 'Overview of performance'. DVA's financial performance is reported in further detail in 'Report on Financial Performance'.

The future

Looking ahead, DVA will continue to improve its ability to **know, connect, support** and **respect** our veterans and their families so we can better meet their needs, now and into the future. We are shaping our veteran support system to ensure we are well placed to support our current veteran community as well as veterans and their families for generations to come. We are improving our data and analytics capability. The 2021–22 Budget provided \$62.1 million to further develop the collection and sharing of data between DVA and Defence. Not only will this help us to **know** current and former ADF members and their families better, over time, it will also allow both departments to develop improved policies to **support** whole-of-life health, wellbeing and safety.

In addition, the 2021 Australian Census will become the first Census to ask a question about service in the ADF. It will help us **know** our veteran community better and, ultimately, enable us to improve how we target services and **support**.

We recognise the importance of ensuring that all veterans, especially those who are most vulnerable, and their families, have timely access to appropriate support. The work of the Royal Commission will be critical and DVA is committed to engaging with the Royal Commission in a timely, accurate, comprehensive and transparent manner.

During the reporting period, the government addressed many of the recommendations of the Productivity Commission's report, *A better way to support veterans*, either in part or in full. The government has advised that it will finalise any

outstanding matters from the Productivity Commission report at the completion of the Royal Commission.

Over the coming year, DVA will continue to work with veterans, their families and ex-service organisations to enhance our service offering.

We will also continue to place a greater focus on veterans' families. In August 2020, Gwen Cherne was appointed to the inaugural role of Veteran Family Advocate, as a Commissioner of the Repatriation Commission. The establishment of the Veteran Family Advocate Commissioner has helped ensure that the perspective of families is at the heart of policy and decision-making. It is critical that we develop a detailed picture of all the factors connected to the wellbeing of veterans and their families. We are committed to building a better, more integrated system of support to ensure that serving and ex-serving personnel, and their families, have the help they need, when and where they need it.

As Secretary during the 2020–21 period, I have seen DVA demonstrate real flexibility and innovation. I am very proud of the way we have been able to meet the new and unforeseen challenges that have been thrust upon us, while also improving the services and **support** we provide to veterans and their families.

The staff of DVA, the Repatriation Commission and the Military Rehabilitation and Compensation Commission have made this possible and I thank them for their tireless efforts to support those who serve or have served in defence of our nation, and their families.

Liz Cosson AM CSC

Secretary, Department of Veterans' Affairs

01

Overview

About us

Purpose

The purpose of DVA is to support the wellbeing of those who serve or have served in the defence of our nation, and their families, by:

- partnering with organisations and individuals to help design, implement and deliver effective programs and benefits, which enhance wellbeing of veterans and their families
- providing and maintaining war graves and delivering meaningful commemorative activities to promote community recognition and understanding of the service and sacrifice of veterans.

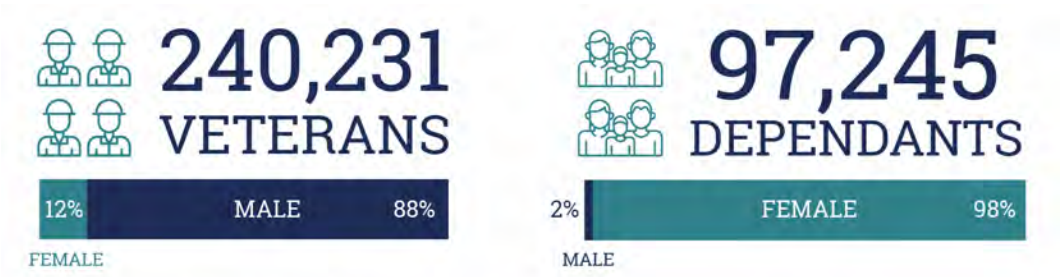
Outcomes and programs

In 2020–21, DVA administered the following outcomes and programs.

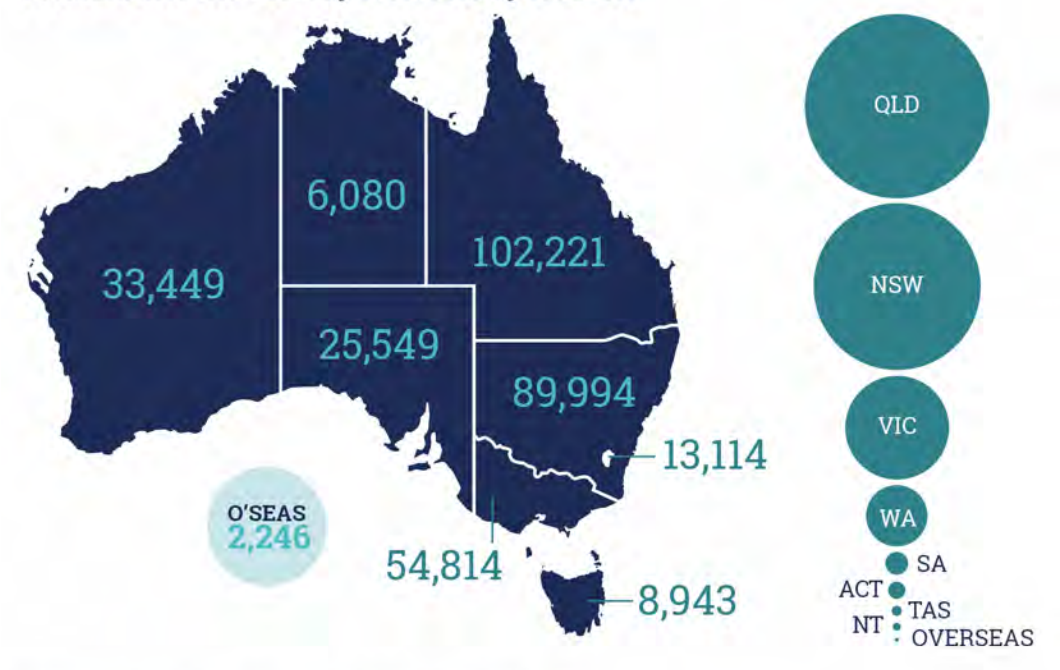
Outcome	Program
1. Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation and other support services, including advice and information about entitlements.	1.1 Deliver veterans' income support and allowances
	1.2 Deliver veterans' disability support
	1.3 Deliver assistance to Defence widow/ers and dependants
	1.4 Deliver assistance and other compensation for veterans and dependants
	1.5 Deliver the Veterans' Children Education Scheme
	1.6 Deliver income support and compensation under DRCA and MRCA
2. Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.	2.1 Provide access to general medical consultations and services
	2.2 Provide access to veterans' hospital services
	2.3 Provide access to veterans' pharmaceutical benefits
	2.4 Provide access to veterans' community care and support
	2.5 Provide veterans' counselling and other health services
	2.6 Provide access to health, rehabilitation and other care services under DRCA and MRCA
3. Acknowledgement and commemoration of those who served Australia and its allies in wars, conflicts and peace operations through promoting recognition of service and sacrifice, preservation of Australia's wartime heritage, and official commemorations.	3.1 Provide and maintain war graves
	3.2 Deliver commemorative activities

The relationship between our outcomes, programs and purposes is shown at 'How we measure performance'.

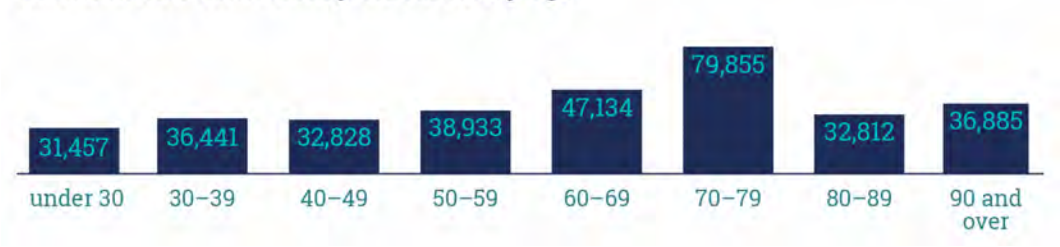
Who we support



Veterans and their family members by location



Veterans and their family members by age



See Appendix A: ‘Veteran and claims statistics’ for more information about our veteran community.

Approach to service delivery

What wellbeing means to DVA

Wellbeing is one of the central elements of DVA's purpose.

The concept of wellbeing underpins the delivery of DVA's services and programs. The DVA wellbeing model, based on the Australian Institute of Health and Welfare approach, comprises 7 domains: health, recognition and respect, income and finance, education and skills, social connection, housing, and employment.

While DVA is not primarily responsible for the delivery of services for all aspects of veterans' wellbeing, it does have a responsibility to collaborate with other agencies and organisations to ensure their particular needs are considered. DVA works closely across the Australian Government; service providers; state and territory governments; and other organisations.

We work to enhance the wellbeing of veterans and their families by supporting their transition back to civilian life, providing treatment, enabling rehabilitation for service-related conditions, and assisting them to engage in programs with a wellbeing focus.

The model in Figure 1 focuses on the experiences and outcomes for the individual, rather than on specific services or the broader health and welfare system.

FIGURE 1: WELLBEING MODEL



Service Charter

The DVA Service Charter:

- describes the service that people can expect from DVA, including service delivery commitments
- provides guidance about our engagement with veterans and families including expectations and rights in dealing with us
- outlines how people can provide feedback about their experiences with DVA to assist us to continuously improve service delivery.

The charter is available from the department's website at www.dva.gov.au/documents-and-publications/dva-service-charter.

Engaging with the veteran community

Overview

DVA provides services to the veteran community, their nominated representatives, ex-service organisations and service providers through a number of channels, including online, telephone and face to face.

Online

MyService, DVA's primary online platform, has been evolving as DVA's transformation journey has continued. MyService gives veterans and their families access to DVA compensation and support services when and where they need them.

Veterans and their families are now able to carry out more of their DVA business online as new services are added to MyService. MyService already allows veterans and their families to submit claims for initial liability, incapacity, education assistance, Non-Liability Health Care (NLHC), veteran recognition and more. In 2020–21, additional services were made available to veterans and their families through MyService including claiming and managing income support and health transport needs, advising DVA of overseas travel and changes to circumstances, self-service official DVA letters, and requesting a replacement card or a review of a decision.

The DVA website is another key online channel for veterans and their families. During the year, 2.1 million users visited www.dva.gov.au, and 'Pat' the chatbot answered over 41,000 questions. Key areas of interest included MyService, information about veteran cards, and summary pension rates. A feature over the past year and a half has been the use of the website

to help keep veterans, their families and service providers updated on the latest COVID-19 information.

The Open Arms website provides self-help support resources, including specific COVID-19 pages providing guidance on maintaining wellbeing and staying connected, as well as tips to remain calm and cope with the uncertainty associated with the pandemic.

Telephone

1800 VETERAN (1800 838 372), DVA's primary contact number for veterans and their families, makes it faster and easier for callers to speak to the right person at their first point of contact with DVA. We have removed unnecessary telephone numbers and call queues, reducing the complexity of DVA's telephony system. We have also continued to refine our speech recognition service. Veterans and their families no longer need to select from multi-level menu options; rather they simply ask for the service they need and are automatically directed to the right person or place with a success rate of over 90%. The introduction of new routing strategies via 1800 VETERAN (1800 838 372) is enabling clients to be connected automatically to their assigned delegate or case coordinator.

DVA continues to provide our staff with the ability to work remotely (including from home) to ensure that all of our veterans and their families are supported during the COVID-19 pandemic. The inclusion of common COVID-19 enquiries within the speech recognition service is ensuring veterans and their families efficiently and effectively receive the assistance they need during the pandemic.

Open Arms continues to provide 24-hour free and confidential counselling support services to our veterans and families, through 1800 011 046. The Open Arms phone line is managed through a national call centre model, and all calls are answered centrally by military aware clinicians who can provide clients with an initial intake assessment upon their initial contact, streamlining the triage and allocation process. Immediate counselling and support, including assertive reach-out for vulnerable clients, is also available.

Additionally, Safe Zone Support is a 24-hour free and anonymous counselling line for veterans and their families available on 1800 142 072. The service offers care without the need for individuals to identify themselves or be concerned that their call will be recorded.

Face to face

DVA's Veterans' Access Network (VAN) and Veteran Support Officers (VSOs) provide face-to-face access points to DVA for our veteran community. VANs provide the direct interface and support for members of the veteran community at departmental premises, at select Services Australia locations, and through outreach to local communities.

VSOs are employed by DVA and are located on more than 56 ADF bases around Australia, either at the Joint Health Command Facility or near the Transition Cell. They provide expert advice and information about the programs and support available from DVA and advice about how to lodge claims for DVA benefits and services.

In March 2020 face-to-face services delivered via VAN and VSOs were temporarily suspended to limit the spread of COVID-19. Members of the veteran community were encouraged to conduct their business over the phone or via MyService. DVA recognised that this was not always possible, and clients with complex needs and those who were unable to conduct their business over the phone were provided with a booked interview service. This arrangement remained in place until May 2021.

DVA has offices in every state and territory of Australia, including a presence in some regional areas. Each state or territory is led by a Deputy Commissioner, who is the most senior officer in that location.

During 2020–21 DVA also supported the Mobile Services Centre Pilot Program in partnership with Services Australia and looked at expanding the number of services being delivered in more Services Australia locations so that those in rural and regional areas will have direct access to DVA services. The 2021–22 financial year will see an expansion of DVA services offered through the 318 Services Australia service locations as well as through their mobile bus services.

Ex-service consultation

We are committed to understanding the circumstances, needs and service delivery preferences of veterans and their families so that we can place them at the centre of everything we do. The National Consultation Framework (NCF) facilitates this by providing a formal consultative structure designed to facilitate effective communication between the veteran and ex-service community, the Repatriation Commission and Military Rehabilitation and Compensation Commission, and DVA.

The NCF comprises 5 forums:

- Ex-Service Organisation Round Table
- Operational Working Party
- Younger Veterans – Contemporary Needs Forum
- National Aged and Community Care Forum
- Female Veterans and Veterans’ Families Policy Forum.

Each forum has a different focus: the Ex-Service Organisation Round Table is concerned with strategic issues for DVA and veterans and their families; the Operational Working Party focuses on systemic issues and ways to maintain operational policy and service delivery improvements; the Younger Veterans Contemporary Needs Forum looks at the needs of younger veterans and their families, with a focus on mental health support; the National Aged and Community Care Forum examines ways to assist veterans to access aged care services; and the Female Veterans and Veterans’ Families Policy Forum focuses on the unique needs of female veterans.

As part of DVA’s focus on being connected and responsive to veterans and their families, we use feedback received through multiple channels and forums to guide improvements to the delivery of services by DVA and contracted service providers.

The NCF is reviewed every 3 years to ensure its ongoing effectiveness and relevance. The review provides recommendations about the future structure of the NCF to improve consultation and facilitate a more open and consultative environment within the contemporary ex-service veteran landscape. The current review is underway.

Provider engagement

DVA recognises the vital role of providers and health professionals in supporting lifelong wellness for those who have served the nation, and their families. We work closely with providers, building strong and productive partnerships to ensure they understand the unique nature of military service.

We are working strategically to improve the experience of contracted practitioners and health peak bodies who engage with veterans and their families. We are clarifying what providers can expect of DVA, and creating opportunities for them to give feedback about their experience supporting the veteran community. Through our transformation, we are ensuring that providers are consistently and meaningfully informed, involved and consulted, and know what to expect when engaging with DVA.

State and territory partnerships

DVA engages with state and territory government veterans’ ministers through the National Federation Reform Council Veterans’ Wellbeing Taskforce and with their respective public service departments through the Commonwealth, State and Territory Committee. Both groups provide an opportunity to coordinate and integrate support for veterans and their families across Australia.

Transformation

DVA has continued to transform how we engage with and deliver services and support to our veterans and their families. We recognise the unique nature of military service and remain committed to making sure that the wellbeing of veterans and their families is at the centre of our transformation program.

In year 4 of the Veteran Centric Reform we have delivered significant improvements, including:

- improvements and streamlining of DVA's claims processing systems, particularly in income support and client management
- enhancements to digital channels, including expansion of MyService to enable claims and online transactions, updates to the website content and improved telephony functionality, to provide a modern service delivery experience for veterans and their families
- implementation of a Standardised Service Offer for face-to-face services via the Mobile Services Centres and Agents network, servicing DVA clients in rural and remote Australia
- progression of enhanced data sharing arrangements with Defence.

We continue to work with Services Australia in the reuse and delivery of modern ICT system solutions and continuing to enhance the veteran experience through digital, phone and face-to-face improvements.

Portfolio

Overview

The Veterans' Affairs portfolio is responsible for providing a range of wellbeing, compensation, income support and commemoration programs for the veteran and defence communities and their families.

On 6 February 2020 the Veterans' Affairs portfolio was elevated to a Cabinet portfolio, reflecting the Australian Government's commitment to putting veterans and their families first.

Portfolio minister

The portfolio is administered by the Minister for Veterans' Affairs.

The Hon Darren Chester MP was appointed to the position of Minister for Veterans' Affairs and Minister for Defence Personnel on 5 March 2018. Minister Chester was reappointed as Minister for Veterans' Affairs and Minister for Defence Personnel on 6 February 2020.

Accountable authority

Ms Liz Cosson AM CSC, Secretary of the Department of Veterans' Affairs, was the department's accountable authority throughout 2020–21.

Department and statutory commissions

This annual report covers the work of 3 key bodies in the Veterans' Affairs portfolio:

- Department of Veterans' Affairs – the primary agency responsible for providing support, services and information for veterans and their families. Notably, the agency conducts commemorative programs to acknowledge the service and sacrifice of Australian servicemen and women. Programs are developed and delivered in accordance with the *Veterans' Entitlements Act 1986* (VEA), the *Military Rehabilitation and Compensation Act 2004* (MRCA), the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA), the *Defence Service Homes Act 1918* and the *War Graves Act 1980*.
- Repatriation Commission – responsible for the administration of the VEA and its range of compensation and income support pensions, allowances and other health care services.
- Military Rehabilitation and Compensation Commission (MRCC) – responsible for the administration of the MRCA and the DRCA (as they relate to current and future ADF members and their families). The assistance provided under these Acts includes permanent impairment payments, incapacity payments, and health care and rehabilitation programs.

Other portfolio bodies

Several independent bodies provide specialist oversight to assist in administering veterans' entitlements, while the Australian War Memorial plays a unique role in assisting Australians to remember, interpret and understand the Australian experience of war and its enduring impact on Australian society. More information on these separate bodies, including annual reports on performance, is available from their websites.

Australian War Memorial

The Australian War Memorial combines a shrine, a world-class museum, and an extensive archive. The Australian War Memorial's purpose is to commemorate the sacrifice of those Australians who have died in war or on operational service and those who have served our nation in times of conflict. Its mission is leading remembrance and understanding of Australia's wartime experience. More information on the Australian War Memorial is available at www.awm.gov.au.

Veterans' Review Board

The Veterans' Review Board (VRB) is an independent body that reviews certain decisions made by the Repatriation Commission under the VEA and determinations under the MRCA. More information on the VRB is available at www.vrb.gov.au.

Repatriation Medical Authority

The Repatriation Medical Authority (RMA) is an independent statutory authority. Its role is to determine Statements of Principles (SOPs) for any disease, injury or death that could be related to military service, based on sound medical–scientific evidence. SOPs are binding on decision-makers or review bodies determining liability for compensation under the VEA or MRCA. More information about the RMA and the SOPs is available at www.rma.gov.au.

Specialist Medical Review Council

The Specialist Medical Review Council is an independent statutory body that reviews the RMA's decisions on SOPs and directs or recommends that the RMA amend the SOPs. The council consists of eminent medical practitioners and medical scientists appointed as councillors by the Minister for Veterans' Affairs. The convenor of the council selects these specialists based on their expertise in the injury or disease relevant to the SOPs being reviewed. More information about current and past reviews is available at www.smrc.gov.au.

Legislation

Most of DVA's work in 2020–21 related to the administration of the following Acts and their related instruments:

- *Anzac Day Act 1995*
- *Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006*
- *Australian Veterans' Recognition (Putting Veterans and their Families First) Act 2019*
- *Australian War Memorial Act 1980*
- *Compensation (Japanese Internment) Act 2001*
- *Defence Act 1903* in relation to paragraph 124(1)(qba), relating to service graves
- *Defence Service Homes Act 1918*
- *Military Memorials of National Significance Act 2008*
- MRCA, except to the extent administered by the Minister for Defence
- *Papua New Guinea (Members of the Forces Benefits) Act 1957*
- *Protection of the word 'Anzac' Act 1920*
- DRCA
- *Treatment Benefits (Special Access) Act 2019*
- VEA
- *Veterans' Entitlements (Clarke Review) Act 2004*
- *Veterans' Affairs Legislation Amendment (Supporting the Wellbeing of Veterans and Their Families) Act 2020*
- *War Graves Act 1980*.

Organisation

DVA's executive leadership group consists of the statutory office holders, all members of the Senior Executive Service (SES) and Deputy Commissioners.



DVA's leadership team at 30 June 2021. From top left: Liz Cosson AM CSC, Secretary; Vicki Rundle PSM, Deputy Secretary. From bottom left: Kate Pope PSM, Deputy President; Prof Jenny Firman, Chief Health Officer.

02

Repatriation Commission Annual Report

Repatriation Commission

letter of transmittal



Australian Government
The Repatriation Commission

6 August 2021

The Hon Andrew Gee MP
Minister for Veterans' Affairs
Minister for Defence Personnel
Parliament House
CANBERRA ACT 2600

Dear Minister

The Repatriation Commission submits its report for the year ended 30 June 2021, as required under section 215 of the *Veterans' Entitlements Act 1986*.

Handwritten signature of Liz Cosson in black ink.

Liz Cosson AM CSC
President

Handwritten signature of Kate Pope in black ink.

Kate Pope PSM
Deputy President

Handwritten signature of Don Spinks in black ink.

Don Spinks AM
Commissioner

Handwritten signature of Gwen Cherne in black ink.

Gwen Cherne
Commissioner

Handwritten signature of Stuart Smith in blue ink.

Stuart Smith AO DSC
Acting Commissioner

Overview

Functions and powers

The Repatriation Commission provides benefits and services under the *Veterans' Entitlements Act 1986* (VEA) to veterans and members of the Australian Defence Force (ADF) as well as their partners, widows, widowers, children and other eligible persons.

The general functions of the Repatriation Commission are to:

- grant pensions and other benefits and provide treatment for veterans, their dependants and other eligible persons
- advise the Minister for Veterans' Affairs on the operation of the VEA
- administer the VEA, subject to the control of the Minister.

The Repatriation Commission was initially established on 1 July 1920 by proclamation of the *Australian Soldiers' Repatriation Act 1920*. When the Australian Soldiers' Repatriation Act and several other related Acts were replaced in 1986 by the VEA, the Repatriation Commission was retained.

Under section 179 of the VEA, the Repatriation Commission is a body corporate charged with responsibility for the general administration of the VEA and associated legislation within section 180 of the VEA. It has the power to take necessary actions in connection with the performance of its functions, duties and powers (VEA, section 181).

Structure

The Repatriation Commission has 5 full-time members appointed by the Governor-General: the President, the Deputy President, a person nominated by organisations representing veterans (the Services Member or Repatriation Commissioner), a person who the Minister is satisfied will represent families (the Veteran Family Advocate Commissioner) and a further Commissioner (the Defence Engagement Commissioner).

The President is also Secretary of the Department of Veterans' Affairs (DVA). The Deputy President and other Commissioners also assist the Secretary in the management of the department.

The President of the Repatriation Commission also serves as Chair of the Military Rehabilitation and Compensation Commission (MRCC), ensuring consistency between the 2 commissions and the department. The commission members, other than the Defence Engagement Commissioner, are also part-time members of the MRCC.

Relationship with DVA

The Repatriation Commission is responsible for the general administration of the VEA. It receives administrative support from DVA. The Repatriation Commission has no staff of its own, but it is able to delegate its powers under section 213(1) of the VEA to DVA staff.

DVA provides the machinery through which the Repatriation Commission operates. Therefore, responsibilities of DVA and the Repatriation Commission are inextricably linked. The Repatriation Commission has a vital interest in overseeing DVA activities that occur under the VEA and in the assessment of the appropriateness, effectiveness and efficiency of relevant departmental programs.

The importance of the interdependent relationship between the Repatriation Commission and DVA, as well as its historical significance, was highlighted by Justice Logan in the Federal Court decision of *Shafran v Repatriation Commission* [2019] FCA 1833. In this decision, Justice Logan explained that:

a feature of Australian legislative provision for veterans' pensions and other entitlements ever since 1920 has been that Parliament has always intended that, subject to Ministerial responsibility, the general administration of the relevant legislation be by a statutory corporation, not directly by a department of State.

Given the primacy of the Repatriation Commission's role, DVA reports to the Repatriation Commission on the administration of major programs as well as the progress and outcomes of all major reviews, including Australian National Audit Office performance audits which relate to the VEA and relevant subordinate legislation.

Activity in 2020–21

In 2020–21 the Repatriation Commission held 14 formal meetings to consider 77 submissions, compared with 14 formal meetings and 46 submissions in 2019–20. As DVA continues to embrace significant change, the Repatriation Commission considered a range of policy and legislative improvements.

Matters that the Repatriation Commission considered in 2020–21 included:

- amendments to treatment principles and delegation of commission powers
- high-level policy and procedures relating to the VEA
- contracting and tendering for the supply of a range of health and support services
- possible amendments to the VEA and advice on new policy proposals
- the DVA Strategic Research Framework and associated research proposals.

The Repatriation Commission's activities under the VEA are focused on meeting the needs of eligible veterans and their families. Activity under the VEA is reported in the annual performance statements of DVA's annual report.

Membership

Liz Cosson AM CSC, President



Liz Cosson was appointed as Secretary of DVA in May 2018. She is also President of the Repatriation Commission and Chair of the MRCC. Liz is a passionate advocate for improving services to support and enable all veterans and their families to transition from military service to civilian life.

Before joining the Australian Public Service in 2010, Liz had 31 years of distinguished military service in the Australian Army, including becoming the first woman promoted to the senior rank of Major General in the Australian Army.

In 2010 Liz became First Assistant Secretary, Client and Commemorations Division, at DVA. In that role she implemented the Anzac Centenary Board, which was responsible for laying the foundations of the Anzac Centenary National Program. Between 2012 and 2016 she held the positions of Deputy Secretary at the Department of Immigration and Citizenship and Deputy

Secretary / Chief Operating Officer at the Department of Health, leading the implementation of major cultural and behavioural reform activities.

In 2016 Liz returned to DVA to take on the role of Deputy Secretary before being appointed Secretary of the department.

Liz was awarded a Conspicuous Service Cross in 2001 and was appointed a Member in the Military Division of the Order of Australia in 2012 for her contributions to the Army and the delivery of profound organisational reform. In 2014 Liz was awarded the ACT Award for Excellence in Women's Leadership. In 2019 Liz was inducted into the Women in Defence Hall of Fame. Liz has a Master of Arts (Strategic Studies), a Bachelor of Social Science (Human Resource Development) and a Diploma in Management.

Kate Pope PSM, Deputy President



Kate Pope was appointed as the Deputy President of the Repatriation Commission and as a member of the MRCC on 6 August 2020. Kate joined DVA in 2016 to lead the Transformation and Organisational Performance Division and currently manages the Veteran and Family Policy Group.

Kate is a career public servant with over 30 years' experience. She spent most of her public service career in the Department of Immigration, serving overseas in Indonesia, Vietnam and Poland and holding senior appointments in the areas of citizenship, settlement and multicultural affairs; children's policy; and community detention (for which she received the Public Service Medal in 2012).

Kate has an honours degree in Asian Studies from the Australian National University and a Master of International Development Policy from Duke University in the United States.

Don Spinks AM, Commissioner



Don Spinks commenced his initial appointment as a Commissioner of the Repatriation Commission on 1 February 2019. On 1 July 2019 he was appointed a member of the MRCC and a Commissioner of the Repatriation Commission for a period of 5 years.

Don enlisted in the Australian Regular Army in January 1979. On completion of basic recruit training, he was assigned to the Royal Australian Armoured Corps. He was promoted to Warrant Officer Class One in 1999.

In 2000 Don was selected to attend the United States Army Sergeants Major Academy, Fort Bliss, Texas, where he completed the US Army Sergeants Major Course and the Command Sergeants Major Course. For his service with the Sergeants Major Academy he was awarded the United States Army Meritorious Service Medal.

Don's Regimental Sergeant Major appointments include 2nd Cavalry Regiment 2003–2004; Multi-National Force and Observers – Sinai, Egypt 2004; Royal Australian Armoured Corps 2005–2007; 1st Brigade 2008–2009; Joint Task Force 633 on Operation Slipper 2010; and Forces Command – Army 2011–2014.

In July 2015 Don assumed the appointment of 10th Regimental Sergeant Major of the Australian Army. He completed this role in July 2018 and transitioned from Army in September 2018. In 2010 he completed the Army Single Service component of the Australian Command and Staff College Course at the Australian War College. In 2015 he completed the Company Directors Course (Not-for-Profit) at the Australian Institute of Company Directors.

In January 2007 Don was awarded the Medal of the Order of Australia for meritorious service to the Royal Australian Armoured Corps and to the Multi-National Force and Observers – Sinai. In June 2018 he was appointed as a Member of the Order of Australia for exceptional service to soldiering within the ADF in senior Regimental Sergeant Major appointments, culminating in the position of Regimental Sergeant Major of the Army.

Gwen Cherne, Commissioner



Gwen Cherne was appointed as the inaugural Veteran Family Advocate Commissioner of the Repatriation Commission on 6 August 2020. On 2 March 2021 she was appointed a member of the MRCC.

Gwen spent 3 years in and out of Afghanistan doing stabilisation and reconstruction work. She is an Australian war widow from suicide, the mother of a currently serving member of the ADF and a daughter of a Vietnam veteran who suffered posttraumatic stress disorder and moral injury. She has lived experience of military family life, mental health issues and recovery, family and domestic violence and intimate partner violence. She is dedicated to promoting hope and healing through co-designed and co-implemented solutions.

Since the death of her husband to suicide in 2017 she has dedicated herself to advocacy for Australian war widows, defence and veterans' families, suicide prevention and mental health awareness. Gwen served on the Council of the Australian War Memorial from 2019 to 2020; was an inaugural Member of the Council for Women and Families United by Defence Service; served on the board of the Australian War Widows NSW chapter; was an Ambassador for the Commando Welfare Trust and Gotcha4Life; and was a 2018 Invictus Games Ambassador for ClubsNSW.

Born in the United States, her career has taken her all around the world, including the US, Australia, Afghanistan, Africa, Central and South America, and the Caribbean, with a focus on stability, relief, and development for youth, women, and families living in crisis and extreme poverty.

Gwen has a Bachelor of Psychology with a minor in Women's Studies and a Master of Public Administration with a focus on International Policy from the NYU Robert F Wagner School of Public Service.

Stuart Smith AO DSC, Acting Commissioner



Stuart Smith commenced his acting appointment as the inaugural Defence Engagement Commissioner with the Repatriation Commission on 31 August 2020. Stuart followed 4 generations of family service to nation when he gained scholarship entry to the Royal Military College Duntroon in 1981. His early military career included command at battalion and brigade level. Stuart experienced operational service in Syria, Lebanon, East Timor, the Gulf and Afghanistan. He also participated in several humanitarian operations, including the earthquake/tsunami assistance in Sumatra, Indonesia, in 2003–2004; and leading the ADF disaster response to Cyclone Yasi in North Queensland during February 2011.

Stuart was promoted to Major General in 2012 and appointed Commander Joint Task Force 633 with responsibility for ADF operations in the Middle East. On his return to home soil, Stuart assumed command of the Headquarters 1st Division / Deployable Joint Force Headquarters in Brisbane for 3 years and in 2015 was appointed Deputy Chief of Joint Operations until his retirement from the Australian Army in 2017.

After leaving the ADF he became a Nationally Accredited Mediator and adviser to the Queensland Premier on community solutions to youth crime. From 2018 until mid-2019 he was State Disaster Recovery Coordinator for the Central Queensland Bushfires and the North Queensland Monsoon Floods, where he led social, infrastructure, economic and environmental recovery activities across Queensland. Prior to his appointment to the Repatriation Commission, he served as the Chair of the Queensland Reconstruction Board in 2020.

03

Military Rehabilitation and Compensation Commission Annual Report

Military Rehabilitation and Compensation Commission letter of transmittal



Australian Government
Military Rehabilitation and
Compensation Commission

6 August 2021

The Hon Andrew Gee MP
Minister for Veterans' Affairs
Minister for Defence Personnel
Parliament House
CANBERRA ACT 2600

Dear Minister

The Military Rehabilitation and Compensation Commission submits its report for the year ended 30 June 2021, as required under section 385 of the *Military Rehabilitation and Compensation Act 2004* and section 161 of the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*.

Liz Cosson AM CSC
Chair

Kate Pope PSM
Member

Don Spinks AM
Member

Gwen Cherne
Member

Susan Weston PSM
Member

Sarah Sharkey AM CSC RAN
Rear Admiral
Member

Natasha Fox AM CSC
Major General
Member

Overview

Functions and powers

The Military Rehabilitation and Compensation Commission (MRCC) provides rehabilitation, compensation and other benefits for current and former members of the Australian Defence Force (ADF), including Reservists and cadets, who have an injury or disease due to service on or after 1 July 2004. It also includes dependants of members whose deaths were the result of an injury or disease due to service on or after 1 July 2004.

The MRCC was established under section 361 of the *Military Rehabilitation and Compensation Act 2004* (MRCA) in 2004. The specific functions of the MRCC, set out in section 362(1) of the MRCA, are to:

- make determinations on the acceptance of liability for service-related conditions, the payment of compensation and the provision of treatment and rehabilitation
- minimise the duration and severity of service-related conditions and promote the return to suitable civilian work
- promote research on the health of members and former members, the prevention of injury and disease, and rehabilitation
- provide advice and information on the operation of the MRCA to ministers and departmental secretaries of the Department of Veterans' Affairs (DVA) and the Department of Defence (Defence), the Chief of the Defence Force and the Services chiefs, either on request or on its own initiative
- undertake other functions that may be conferred on it.

Schedule 2 to the *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Act 2004* gives the MRCC similar functions and powers to determine and manage claims under the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) that relate to relevant defence service before 1 July 2004.

Structure

The MRCC has 7 members:

- the President of the Repatriation Commission
- the Deputy President of the Repatriation Commission
- 2 commissioners of the Repatriation Commission (other than the President or Deputy President), nominated by the Minister for Veterans' Affairs
- a person who is nominated by the Safety, Rehabilitation and Compensation (SRC) Minister and is the Chief Executive Officer of Comcare, a person described in subsection 89E(1) of the *Safety, Rehabilitation and Compensation Act 1988* or a person engaged under the *Public Service Act 1999* and performing duties in the Department of State administered by the SRC Minister

- 2 persons, nominated by the Minister for Defence, who are either permanent members of the ADF or public servants working in Defence.

The MRCC subcommittee, comprising 4 members of the Repatriation Commission, considers routine administrative matters, but its decisions must be ratified by the full MRCC.

Relationship with DVA

The MRCC is vested with broad powers to enable it to carry out its functions. Like the Repatriation Commission, the MRCC has an interdependent relationship with DVA. DVA provides the machinery through which the MRCC operates under the relevant legislation. The MRCC has no staff of its own – the Secretary of DVA allocates employees to support the MRCC under the *Public Service Act 1999*; and the MRCC also uses the services of other specified persons, including consultants. Under section 384 of the MRCA, the MRCC is able to delegate its powers to DVA staff.

The Chair of the MRCC is also President of the Repatriation Commission and Secretary of DVA. Three other members of the MRCC are also full-time members of the Repatriation Commission. This close working relationship between the 2 commissions enables them to work collaboratively.

To maintain appropriate levels of oversight and direction, DVA reports to the MRCC on the administration of major programs and on the progress and outcomes of all major reviews that are relevant to the MRCA, DRCA and relevant subordinate legislation.

Activity in 2020–21

In 2020–21 the MRCC held 11 formal meetings and considered 58 submissions. The MRCC subcommittee held 3 meetings and considered 8 submissions.

Matters considered during 2020–21 included:

- high-level policy and procedures relating to the MRCA
- amendment to treatment principles and delegation of commission powers
- contracting and tendering for the supply of a range of health and support services
- possible amendments to the MRCA and advice on new policy proposals
- administration of the legislation and performance monitoring against key indicators and targets.

Over the past 4 years, the number of matters considered by the MRCC had declined substantially, with an increase in the past year. Much of the increase has been due to the department approaching the full MRCC on strategic direction for policies and guidelines.

Membership

Liz Cosson AM CSC, Chair



Liz Cosson is President of the Repatriation Commission. Her biographical information is provided in the Repatriation Commission annual report.

Kate Pope PSM



Kate Pope is Deputy President of the Repatriation Commission. Her biographical information is provided in the Repatriation Commission annual report.

Don Spinks AM



Don Spinks is a Commissioner of the Repatriation Commission. His biographical information is provided in the Repatriation Commission annual report.

Gwen Cherne



Gwen Cherne is a Commissioner of the Repatriation Commission. Her biographical information is provided in the Repatriation Commission annual report.

Major General Natasha Fox AM CSC



Major General Natasha Fox commenced a 5-year term on 24 February 2019.

Major General Fox entered the Australian Defence Force Academy in 1988 and graduated from the Royal Military College in 1991. Her early foundation appointments were in logistics, specialising in combat supplies and logistics planning; and in training positions, culminating in her service as the Commanding Officer / Chief Instructor at the Australian Defence Force Academy, for which she received a Conspicuous Service Cross.

Major General Fox has been employed across the ADF in Forces Command, Joint Logistics Command, Special Operations Command, Training Command – Army, and Defence People Group. She has deployed to Lebanon, Syria, and Israel. She was the Chief of Staff for Joint Task Force 633 in the Middle East, and she was appointed a Member of the Order of Australia (AM) for her service in that role.

Major General Fox is a graduate of the Australian Command and Staff College and the Defence and Strategic Studies Course. She has completed numerous degrees, including Master of Business Administration, Master of Politics and Policy, and Master of Management in Defence Studies. She is a graduate of the Australian Institute of Company Directors, the Lee Kwan Yew School of Public Policy (Singapore), the Wharton School (University of Pennsylvania) and the Said Business School (University of Oxford).

Major General Fox commenced in the role of Head of People Capability in November 2018. In this role she is responsible for workforce planning, workforce intelligence, recruiting, family support programs, strategic welfare support and transition from the ADF.

Major General Fox is married to Captain Andrew Willis MVO RAN and has 2 teenage boys, who keep her busy.

Susan Weston PSM



Susan Weston commenced a 5-year term on 17 October 2019. Susan is the Chief Executive Officer of Comcare, the national work health and safety and workers compensation authority. Before her appointment to Comcare, she held senior positions in the Australian Government across a number of portfolios.

Rear Admiral Sarah Sharkey AM CSC RAN



Rear Admiral Sarah Sharkey commenced a 5-year term on 12 December 2019.

As Commander Joint Health, Sarah is responsible for the provision of health care to ADF members and the health preparedness of the ADF for operations. As Surgeon General Australian Defence Force, she is responsible for providing strategic health advice to the ADF and technical oversight of the Defence Health system.

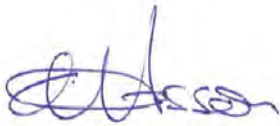
04

Annual performance statements

Statement by the accountable authority

I, as the accountable authority of the Department of Veterans' Affairs, present the 2020–21 annual performance statements of the department, as required under paragraph 39(1)(a) and 39(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the department, and comply with subsection 39(2) of the PGPA Act.

A handwritten signature in blue ink, appearing to read 'Liz Cosson', is positioned above the printed name.

Liz Cosson AM CSC
Secretary

6 October 2021

Overview of our purpose, outcomes, programs and activities

The annual performance statements present our achievements against the outcomes, key activities, programs, performance measures and targets set out in the DVA Portfolio Budget Statements 2020–21 (PBS) and the Corporate Plan 2020–21.

We regularly review the design and implementation of our performance measures and reporting framework to ensure they can better support decision-making and drive continual improvement of our services. As part of our ongoing systematic review of performance measures, and in developing the corporate plan, we have revised and updated some of the performance measures information that appears in the PBS.

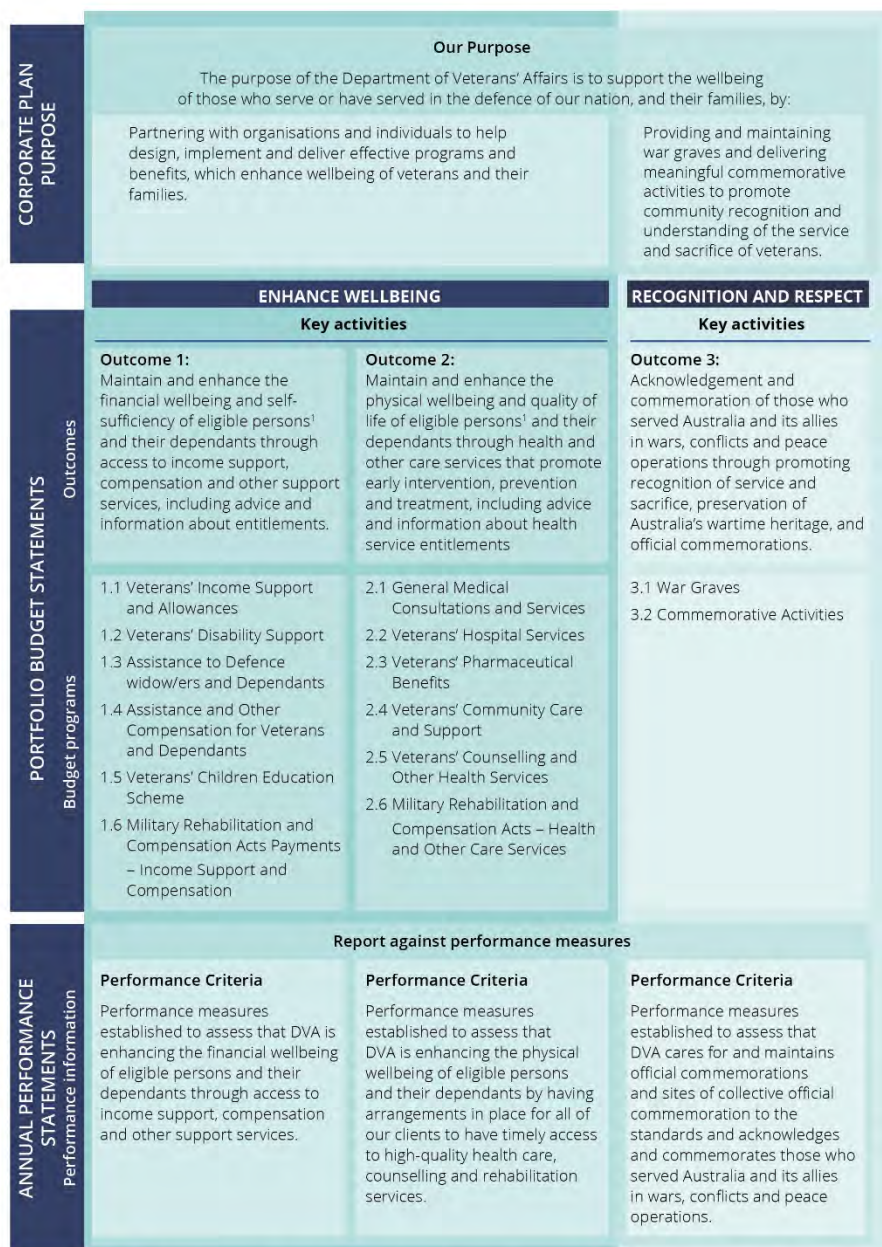
In 2020–21 DVA pursued its purpose and key activities by implementing appropriate budget programs that deliver our 3 outcomes on behalf of the Australian Government.

Changes to DVA's performance measures

During 2020–21 DVA undertook a review of its Corporate Plan 2020–21 and performance measures. Areas of improvement were identified for DVA's purpose, key activities and performance measures. As a result, DVA reissued the corporate plan in June 2021, which included a number of minor changes to the measures and an additional table to help explain the relationship between DVA's purpose and performance measures.

These changes were important to provide a clear link between purposes and the measures that will be used to assess performance. The relationship between performance information in the PBS, corporate plan and annual performance statements is outlined in Figure 3.

FIGURE 3: RELATIONSHIP BETWEEN PERFORMANCE INFORMATION IN THE PORTFOLIO BUDGET STATEMENTS, CORPORATE PLAN AND ANNUAL PERFORMANCE STATEMENTS



* The figure is modified to show the alignment between purposes, key activities, outcomes and programs.

¹ An eligible person as defined by the relevant legislation

Our key activities as identified in our corporate plan (pages 17 and 25) are listed below. Further details on how the key activities were performed can be found under ‘Key performance results’ for each outcome by referring to the relevant budget programs:

- Work with Defence to provide a seamless and positive transition for veterans and their families to civilian life with a focus on training, employment, physical health and mental wellbeing. (PBS budget programs 2.5 and 2.6)
- Administer the Strategic Research Framework and drive a program of applied research focusing on the health and wellbeing of veterans and their families, supporting a data-driven approach to policy development, service delivery and decision-making. (PBS budget program 2.5)
- Make arrangements with medical, dental and allied health providers throughout Australia to ensure veterans and their families have access to a comprehensive range of services. (PBS budget programs 2.1 and 2.2)
- Make it easier for veterans and their families to access the right information, services and support by continuing to improve and enhance systems and processes delivered by the Veteran Centric Reform – Putting Veterans and their Families First Program. (PBS budget programs 1.1 to 2.6)
- Establish a national network of Veteran Wellbeing Centres by 2022 which deliver integrated support to veterans and their families from government, business and community partnerships. (PBS budget program 2.4)
- Provide grants to support a variety of wellbeing initiatives, including those that support veterans’ social support and connection to the wider community. (PBS budget program 2.5)
- Provide income and financial support and compensation payments to eligible veterans and their families. (PBS budget programs 1.1 to 1.6)
- Provide veterans and their families with access to mental health care services, including primary prevention through counselling and care coordination for people with complex needs. (PBS budget program 2.5)
- Enable veterans and their families to access support for housing assistance via Defence Service Homes Insurance. (PBS budget program 1.4)
- Implement a Provider Engagement Framework to improve our engagement and communication activities with DVA’s health providers, enabling them to deliver effective programs that enhance the wellbeing of veterans and their families. (PBS budget program 2.6)
- Provide veterans and their families with access to education and skills development. (PBS budget program 1.5)
- Provide and maintain war cemeteries, war plots, gardens of remembrance, memorials to the missing and other individual official commemorations for those eligible veterans who have died as a result of their service to Australia in wars, conflicts and peace operations. (PBS budget program 3.1)

- Maintain official national memorials overseas and operate interpretive centres in France, Thailand and Malaysia. (PBS budget program 3.1)
- Continue to recognise and acknowledge the contribution of veterans and their families through the distribution of the Veterans' Covenant: oath, lapel pin and discount card (promoting access to a range of benefits from participating businesses). (PBS budget program 3.2)
- Deliver commemorative events to enable the community to better understand, acknowledge and commemorate the service and sacrifice of those who have served Australia in wars, conflicts and peace operations. (PBS budget program 3.2)
- Develop and distribute educational resources and information to promote an increased understanding of Australia's wartime history. (PBS budget program 3.2)

How we measure performance

DVA's performance measures assess all aspects of the department's performance. The annual performance statements show what the department has achieved under its performance measures and against the purpose set out in the Corporate Plan 2020–21, noting the changes to DVA's performance measures discussed above. The DVA annual performance statements were developed in accordance with the PGPA Act and Department of Finance guidelines and structured to mirror the layout of the performance measures in the corporate plan.

The majority of our performance is measured through:

- timeliness
- quality correctness rate
- client satisfaction
- quality of service
- efficiency.

Timeliness

Our timeliness measures assess the time taken to process claims. They ensure that DVA is promptly responding to requests for benefits. So that DVA is continually improving, we set our targets as improvements on the previous year's results.

Quality correctness rate

Every month DVA conducts quality assurance assessments on a random sample of claims. Quality assurance officers use assessment criteria relevant to the function – initial liability, permanent impairment, incapacity and so on. All aspects of the claim, including eligibility, entitlements received, decision-making and processing – are assessed for correctness.

To ensure independence, quality assurance officers are separate from delegates who process claims. All findings, recommendations or comments are recorded in the quality assurance system and incorporated in the staff training and development schedule. All results are reported quarterly. Errors are deviations from the entitlements an eligible veteran or family member should have received; they may involve both financial and non-financial impacts, including, for example, failure to formally notify a decision.

Client satisfaction

Client satisfaction is measured through a quarterly independent survey by ORIMA Research. This is either a survey of clients selected at random or a census of all clients within a program. The survey has a confidence interval of 95%. Over 12,000 clients were surveyed in 2020–21 through an online survey.²

Quality of service

The quality of service measure compares the number of clients who access services with the number of complaints about being unable to access services or about the quality of the service. This data is obtained from Services Australia. A report from a database of all client feedback identifies the number of complaints for the program. This is assessed annually.

Efficiency

Efficiency measures are key to demonstrating we are improving our processes and systems, and becoming more efficient over time while maintaining quality standards. This is a key part of our transformation journey through our Veteran Centric Reform work. While we continue to investigate ways to measure efficiency and develop formal efficiency measures, DVA will continue to use timeliness measures as proxies to measure efficiency. These timeliness measures can give an indication of efficiency over time.

² This is a specific survey for clients receiving benefits. DVA also undertakes an annual Client Satisfaction Survey on a broad range of topics. The results of the Client Satisfaction Survey are available on the DVA website.

Overview of performance

In 2020–21, DVA initiatives enhanced the physical and financial wellbeing of veterans and their families. We connected veterans to quality and responsive services and support when they needed them most.

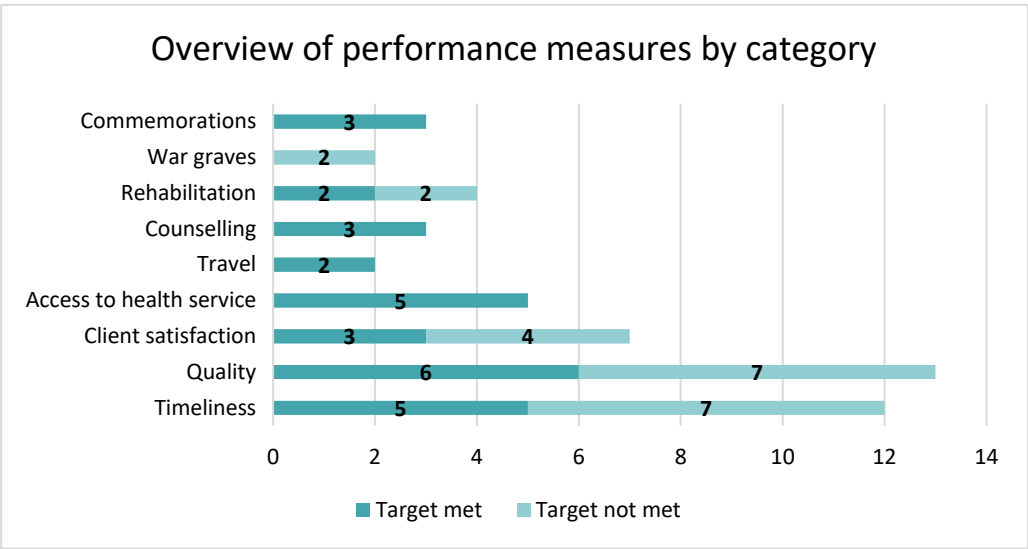
DVA successfully delivered all 3 outcomes across our purpose and key activities. We achieved 29 of our performance measures reported in these statements, while 22 measures were not achieved.

Of the 22 performance measures that did not meet their target, 18 related to Outcome 1, 2 related to Outcome 2, and 2 related to Outcome 3. However, it should be noted there were 8 measures, all relating to Outcome 1, which were within 5 percentage points of reaching their target. The majority of targets not met related to timeliness measures (7) and quality measures (7). While we did make progress in improving claims processing and, subsequently, improved outcomes for veterans and their families, significant increases in the number of claims received impacted on our ability to meet timeliness targets for many of these claim types. We are committed to reducing these time frames, and the increase in the department's budget for the 2021–22 financial year coupled with an increase to the department's average staffing level will provide more capacity to do this.

We continue to focus on increased training, procedural support and policy advice so that we can make quality decisions in accordance with our Acts: the DRCA, the MRCA and the VEA. Our continued focus on quality improvement will ensure that veterans and their family members are receiving all of the benefits and support to which they are entitled.

Figure 4 provides a snapshot of our overall performance. The achievement ratings reflect the percentage of yearly measures achieved and not achieved across our purposes of 'Enhance wellbeing' and 'Recognition and respect'.

FIGURE 4: PERFORMANCE SNAPSHOT, 2020–21



Enhance wellbeing

Support the wellbeing of those who serve or have served in the defence of our nation, and their families by partnering with organisations and individuals to help design, implement and deliver effective programs and benefits, which enhance wellbeing of veterans and their families.

Outcome 1

Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation and other support services, including advice and information about entitlements.

Key performance results

The success of our work under Outcome 1 is measured by our achievements in 3 categories: timeliness, quality and client satisfaction.

Our PBS and the Corporate Plan 2020–21 set out performance measures and targets for each program under Outcome 1. Table 1 shows our results against our targets for each criterion in 2020–21.

TABLE 1: OUTCOME 1 PERFORMANCE MEASURES AND RESULTS

No	Performance criterion	Target	2019–20 Actual result	2020–21 Actual result	Achieved
Program 1.1: Deliver veterans' income support and allowances				PBS p 33, CP p 18	
1.1.1.1	Timeliness: The percentage of new claims processed within 30 days ¹	Percentage increase over previous year	80%	76%	No
1.1.1.2	Timeliness: The percentage of pensioner-initiated reviews (PIRs) processed within 10 days ^{1, 2}	Percentage increase over previous year	49%	59%	Yes
1.1.2	Quality: Correctness rate	New claims: >95%	98%	99%	Yes
		PIRs: >95%	99%	98%	Yes
1.1.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements ³	80%	66%	67%	No
Program 1.2: Deliver veterans' disability support				PBS p 34, CP p 18	
1.2.1	Timeliness: The percentage of claims processed within 100 days ¹	Percentage increase over previous year	34%	24%	No
1.2.2	Quality: Correctness rate	>95%	91%	94%	No

1.2.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements ³	80%	67%	61%	No
Program 1.3: Deliver assistance to Defence widow/ers and dependants				PBS p 35, CP p 18	
1.3.1	Timeliness: The percentage of claims processed within 30 days ¹	Percentage increase over previous year	51%	51%	No
1.3.2	Quality: Correctness rate	>95%	93%	92%	No
1.3.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements ³	80%	88%	82%	Yes
Program 1.4: Deliver assistance and other compensation for veterans and dependants				PBS p 36, CP p 19	
Funeral benefits					
1.4.1.1	Timeliness: The percentage of claims processed within 10 days ¹	Percentage increase over previous year	84%	79%	No
1.4.1.2	Quality: Correctness rate	>95%	98%	100%	Yes
1.4.1.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements ³	80%	91% ⁴	89%	Yes
Defence Service Homes Insurance					
1.4.2	Policyholder satisfaction: The percentage of policyholders satisfied with the service provided when their claim for damage to their home has been finalised ^{5, 6}	>90%	n/a	90% ⁷	No
Program 1.5: Deliver the Veterans’ Children Education Scheme				PBS p 37, CP p 19	
1.5.1	Timeliness: The percentage of claims processed within 28 days ¹	Percentage increase over previous year	54%	49%	No
1.5.2	Quality: Correctness rate	>95%	96%	100%	Yes

1.5.3	Client satisfaction: Percentage of responses to the annual Education Schemes Satisfaction Survey indicating that clients thought the support provided helped the student reach their academic potential ⁸	>75%	88%	83%	Yes
1.5.4	Quality (achieving the Schemes' outcomes): Percentage of students progressing through each level of their education or career training ⁹	>85%	99%	99%	Yes
Program 1.6: Deliver income support and compensation under MRCA and DRCA				PBS pp 38–39, CP p 20	
1.6.1.1	Timeliness: The percentage of DRCA liability claims processed (determined) within 100 days ¹	Percentage increase over previous year	28%	17%	No
1.6.1.2	Timeliness: The percentage of DRCA permanent impairment (PI) claims processed (determined) within 100 days ¹	Percentage increase over previous year	24%	32%	Yes
1.6.1.3	Timeliness: The percentage of DRCA incapacity claims processed (determined) within 50 days ¹	Percentage increase over previous year	63%	68%	Yes
1.6.2	Quality: Correctness rate of DRCA claims				
	- DRCA liability claims	>95%	93%	89%	No
	- DRCA permanent impairment claims	>95%	90%	93%	No
	- DRCA incapacity claims	>95%	90%	88%	No
1.6.3.1	Timeliness: The percentage of MRCA liability claims processed (determined) within 90 days ¹	Percentage increase over previous year	31% ¹⁰	23%	No
1.6.3.2	Timeliness: The percentage of MRCA permanent impairment claims processed (determined) within 90 days ¹	Percentage increase over previous year	24% ¹⁰	31%	Yes
1.6.3.3	Timeliness: The percentage of MRCA incapacity claims processed (determined) within 50 days ¹	Percentage increase over previous year	68%	69%	Yes

1.6.4	Quality: Correctness rate of MRCA claims				
	- MRCA liability claims	>95%	90%	86%	No
	- MRCA permanent impairment claims	>95%	83%	84%	No
	- MRCA incapacity claims	>95%	86%	97%	Yes
1.6.5	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements ³	80%	66%	54%	No

CP = Corporate Plan 2020–21; DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*; PBS = Portfolio Budget Statements 2020–21

¹ We use timeliness measures as proxy tools to assess our efficiency. These timeliness measures can give an indication of efficiency over time.

² Reviews of a pensioner's entitlements as a result of the client updating their personal or financial circumstances.

³ Client satisfaction measures are established to assess the client experience in attempting to access their legal entitlements.

⁴ The survey results in relation to 1.4.1.3 were not available for inclusion in the 2019–20 annual report. The results became available later in the 2020 calendar year and have now been included in the 2020–21 annual report.

⁵ New measure for 2020–2024.

⁶ Policyholder satisfaction is measured through a monthly survey sent to 100 randomly selected policyholders who have recently had a claim finalised.

⁷ This figure is based on July 2020 to May 2021 surveys. Therefore any variation in results cannot be interpreted as a trend in changes to overall client satisfaction with Defence Service Homes Insurance.

⁸ All clients are sent an online survey to complete each year. The survey asks clients to rate the support provided to them by DVA staff on a scale of: 'made no difference to academic outcomes'; 'effective'; or 'very effective'.

⁹ Students' level of education is collected and compared in November and March to identify whether a student has progressed in their education – that is, advanced from one year level to the next. Progression indicates the scheme is supporting clients to achieve their education goals.

¹⁰ Under the *Australian Veterans' Recognition (Putting Veterans and their Families First) Act 2019*, the government made a commitment to process MRCA liability and permanent impairment claims within 90 days. This came into effect on 1 November 2019. The timeliness achieved for those claims lodged on or after 1 November 2019 was 31% for MRCA initial liability claims and 24% for MRCA permanent impairment claims.

TABLE 2: OUTCOME 1 PERFORMANCE CRITERION CATEGORIES

Performance criterion category	Performance criterion number
Timeliness	1.1.1.1, 1.1.1.2, 1.2.1, 1.3.1, 1.4.1.1, 1.5.1, 1.6.1.1, 1.6.1.2, 1.6.1.3, 1.6.3.1, 1.6.3.2, 1.6.3.3
Quality	1.1.2, 1.2.2, 1.3.2, 1.4.1.2, 1.5.2, 1.5.4, 1.6.2, 1.6.4
Client satisfaction	1.1.3, 1.2.3, 1.3.3, 1.4.1.3, 1.4.2, 1.5.3, 1.6.5

Analysis of performance against Outcome 1

Timeliness

In 2020–21, DVA exceeded the timeliness targets in 5 programs, with continued improvements on timeliness in the DRCA incapacity claims (program 1.6.1.3) and MRCA incapacity claims (program 1.6.2.3) over the past 2 years. Timeliness targets were also met for pensioner-initiated reviews (PIRs) (program 1.1.1.2), DRCA permanent impairment claims (program 1.6.1.2) and MRCA permanent impairment claims (program 1.6.3.2).

While the timeliness targets for income support claims (program 1.1.1) and funeral benefits (program 1.4.1) were not met, more than three-quarters of decisions were made within 30 and 10 days, respectively. The slight reduction in performance was due to the introduction of a new ICT processing system that initially slowed the processing of work, as the change required additional training and adjustment to processes. In the long term, it is envisioned that the introduction of this new system and related business process changes will enable efficiencies, which in turn will contribute to improvements in timeliness.

DVA has continued to experience an increase in claim numbers primarily influenced by the success of the Veteran Centric Reform – Putting Veterans and their Families First Program (Veteran Centric Reform) and the Veteran Recognition Program; as well as the changing nature of our veteran population. In 2020–21 there was an increase of 21,396 claims (20.2%) across the 4 major contemporary compensation streams. Over a 4-year period (2017–18 to 2020–21) there has been a 151.8% increase for these claims. This unprecedented growth has resulted in the number of new claims lodged exceeding the number of claims able to be decided, leading to longer wait times for veterans. The continued increase in the number of claims means we were unable to meet the timeliness targets set for DRCA liability claims (program 1.6.1.1) and MRCA liability claims (program 1.6.3.1) along with VEA disability claims (program 1.2.1).

The additional supplementary funding received from the 2020 Budget helped us to improve our results. For example, there was a 27.2% increase in the number of DRCA permanent impairment claims decided in 2020–21 compared with 2019–20, along with a 1.8% increase in MRCA liability conditions decided in the same period.

In the May 2021 Budget, the government invested an additional \$98.5 million over 2 years to provide DVA with a significant increase to its budget and staffing to address the backlog of claims and manage increased workload.

In addition to significantly more staff to address the increased claims volume, other improvements to processing times and the veteran experience include (but are not limited to):

- identifying further strategies to simplify the claims pathway for veterans and reduce red tape
- expanding Combined Benefits Processing, where the one delegate decides the liability and permanent impairment claims
- investing in learning and development to build capabilities of more delegates to assess claims where the veteran has eligibility under 2 or more Acts

- working closely with the Defence to identify members who are transitioning – in particular, those being medically discharged, to prioritise their claims to support continuity of health services.

We expect that the combination of additional resources and investment in training will result in improvements to the number of decisions made and active cases under investigation. However, the number of ageing claims on hand will continue to impact the time taken to process initially.

Quality

In 2020–21 we exceeded our quality targets for claims, PIRs (program 1.1), funeral benefits (program 1.4) MRCA incapacity claims (program 1.6.4) and the Veterans' Children Education Scheme (program 1.5).

DVA continues to improve the quality of work in Outcome 1 program areas by using issues and trends identified by the quality assurance program to manage resource allocation, improve training and development packages, target policy and procedural support, improve information technology support, and engage in performance management.

The results for delivering assistance to war widow/ers and dependants (program 1.3.2) improved throughout the year and the results for DRCA liability claims (program 1.6.2.1) and permanent impairment claims (program 1.6.2.2) improved in the middle 2 quarters of the year. Overall, the quality and correctness of decision-making under Outcome 1 programs was affected by the increased compensation claim volumes and the onboarding of new staff across multiple processing sites.

In 2020–21 we focused on inducting new staff and cross-skilling existing staff across the Acts and case types. This upfront training effort will assist in addressing the compensation claim volumes, while having a positive effect on the quality and correctness of decisions into the future.

Client satisfaction

In 2019–20 a new qualitative measure was introduced to assess the level of satisfaction among clients in their engagement with DVA when accessing their entitlements. In 2020 a new Client Benefits Client Satisfaction Survey was undertaken by ORIMA Research Pty Ltd on behalf of DVA. The survey gathered client feedback on their claims experiences between 1 April 2019 and 31 March 2020.

A second Client Benefits Client Satisfaction Survey was undertaken by ORIMA Research Pty Ltd on behalf of DVA in 2021. The second survey covered veterans' claims experiences between 1 April 2020 and 31 March 2021.

The online survey was completed by 2,551 veterans, representing a 21% response rate. The survey results indicate that overall 57% of veterans are satisfied with the customer service they receive when engaging with DVA delegates, with younger veterans reporting lower satisfaction rates.

The survey included questions on the impact of COVID-19 on the claims experience. Around a quarter of veterans indicated that COVID-19 had a negative impact on their claims experience, mainly due to increased difficulty with aspects of the process (such as communication with DVA staff, appointment attendance and obtaining medical reports) and/or health and financial issues.

ORIMA also undertook a mail-out survey on behalf of DVA of clients accessing funeral benefits for the same period – 1 April 2020 to 31 March 2021. Around 89% of respondents were satisfied with their customer service.

The Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme (known as the Education Schemes) provide support to eligible veteran families. The Education Schemes assist the children and dependants of current and former ADF members who have died or been severely injured as a result of their service. Eligible children and dependants (students) must also be in full-time primary, secondary or tertiary studies in Australia.

DVA understands each student's academic goals are unique. So, in addition to the payment of the education allowance, eligible students can also access student support services, special assistance, guidance and mental health counselling.

In the 2021 Education Schemes Satisfaction Survey (program 1.5.3), 83% of respondents felt the Education Schemes support received by the student was effective or very effective in helping them reach their individual academic potential. Although this is 5 percentage points lower than the 2020 survey result (the highest satisfaction result to date), it surpasses the target of 75%.

Due to the need to respond to the economic impact of COVID-19, there was a delay in evaluating the Education Schemes. DVA expects to complete the evaluation in the next 12 months to help ensure Education Schemes support is targeted and meets the needs of students, now and into the future.

Efficiency

Efficiency measures are one way to further demonstrate how we are improving our processes and systems, and delivering more efficient services to veterans and their families over time while maintaining quality standards. An indication as to our efficiency is our ability to meet timeliness targets.

During 2020–21, timeliness targets were met – and improved on – in 5 programs, with a further 2 programs meeting timeliness targets in more than 75% of cases. The programs that have seen the largest increases in claims volumes in recent years, notably MRCA liability and DRCA liability, have been most impacted by extended processing times.

Processing times can be impacted by various external factors that are out of the control of individual claims delegates, such as implementation of new systems that temporarily reduce productivity, training of new staff, or the increase in complexity of claims such as multi-Act service eligibility or a high number of conditions within the one claim.

Each of these external factors impacted different programs and therefore the timeliness of decisions throughout the year. In particular, the recruitment and training of new staff following additional funding impacted all compensation programs. However, as those new staff complete their training program and receive ongoing coaching and mentoring from senior delegates, it is expected that both the volume and timeliness of decisions will improve.

Defence Service Homes Insurance

The Defence Service Homes Insurance Scheme (DSH Insurance) provides competitively priced home building insurance and claims support tailored to all ADF members and veterans who have served at least one day (including Reservists and widow(er)s of those ADF members). Administered by the DVA, DSH Insurance is self-funded through the premiums paid by policyholders, which is invested back into DSH Insurance – providing greater support to our veterans and their families.

For the year ending 30 June 2021, DSH Insurance provided coverage to over more than 50,000 serving and ex-serving ADF members' homes and managed more than 6,400 claims where our policyholders' homes were damaged – for example, in weather events such as the hailstorm in south-east Queensland in October 2020, the bushfires in Western Australia in February 2021 and the storms in Victoria in June 2021.

A sample of 100 policyholders who have had an accepted claim closed in the prior month are invited to complete the Defence Service Homes Insurance Claims Survey. The survey asks respondents to rate their satisfaction of the claims process and outcome. The average survey response rate for the year ending 30 June 2021 is 41%. The satisfaction results for the year ended 30 June 2021 sit at 89.88% – slightly below the target of 90%.

Achievements in 2020–21

Process Direct

On 23 November 2020 a major income support system change took place that saw the launch of Process Direct – a new ICT system designed around the income support needs of veterans and their families.

Process Direct is a whole-of-government platform that has become the main system our income support staff use. It offers streamlined information and greater efficiency so that veterans and their families may receive more timely outcomes and updates on their income support claims.

Development of the system was a key component of our Veteran Centric Reform program. By developing core ICT capabilities and transforming business processes through Process Direct, veterans and their families experience faster, simplified and easier access to services. We have seen improved DVA client and staff experience through:

- the introduction of Process Direct and Workload Management as an important step towards having a single staff interface for processing claims and changes of circumstances across the students, income support and compensation offsetting processing teams
- the implementation of Workload Management, which enables the automation of workload allocation to staff to manage client updates and claims based on business-determined priorities, such as key performance indicators, and client vulnerabilities. Workload Management ensures that the right tasks get to the right people at the right time. It removes the manual process previously undertaken by team leaders to enable them to focus on other areas of business
- automatic generation of most of our letters, removing the need for staff to manually create, print and mail letters, which ultimately saves time for staff and reduces errors from manual processing

- the implementation of the Assisted Client Claim, which has allowed staff to directly assist clients with Qualifying Service and Service Pension online claims
- enabling nominated representatives and third-party access capability for DVA clients in Process Direct. This allows faster processing of nominee relationships and a streamlined experience for clients
- delivery of an improved DVA Client Feedback Management System, which supports the monitoring and review of DVA service delivery performance
- automated eligibility assessment and issuing of the Veteran Gold Card for eligible veterans aged 70 years and over.

Since the launch of Process Direct, over the course of 2020–21 DVA, in partnership with Services Australia, has continued to resolve system issues and implement enhancements to Process Direct. This is to further enhance DVA operations across income support and improve services for our veterans and their families.

Simplification of VEA disability pension reassessments

As part of our commitment to being responsive to veterans and their families, we have continued to implement a range of initiatives to improve processing times and veteran satisfaction. For example, one outcome has been the simplification of the VEA disability pension reassessments process, aligning with the MRCA veteran-centric Optional Assessment Model.

When a veteran who is already in receipt of a disability pension lodges an Application for Increase or a claim for a new condition, delegates were previously required to reassess all of the veteran's accepted conditions. This process could take time and cause additional concern for veterans if there was no increase in their disability pension. Using the Optional Assessment Model, instead of undergoing a mandatory reassessment for all VEA accepted conditions, veterans will be able to inform DVA of which accepted conditions have worsened since their previous assessment, and only those conditions that have worsened will be reassessed. Any conditions that have not worsened will be assessed using the medical evidence applied in previous assessments with the veteran's consent. Delegates will work closely with veterans and consider each request on a case-by-case basis, ensuring evidence on hand is appropriate to use for a reassessment.

This approach has many benefits, including removing the blanket approach to reassessing all conditions, removing the need for multiple medical appointments, reducing waiting times for appointments and reports, and allowing the veteran to contribute to the reassessment process by providing input to their claim process. Importantly, this will reduce the stress on veterans and their families.

Improved engagement with veterans and their families throughout the claims process

Another way we have been more responsive to veterans and their families is to provide updates on the progress of their claim, especially for those who have been waiting for their claim to be processed.

DVA has established a dedicated team to contact veterans with the oldest liability claims to provide them with an update on the progress of their claim and advising them of the action taken on their claim to date, such as preliminary requests for information. In addition, checks on whether the veteran's circumstances have changed are undertaken to determine whether any are at risk.

This provides an opportunity to advise veterans of the supports and services that are available through DVA while they wait for their claim to be processed – for example, NLHC to access treatment for all mental health conditions; PAMT for 20 of the most commonly accepted conditions; and the Veteran Payment, which provides interim financial support for eligible veterans claiming mental health conditions under the MRCA and DRCA. The team will refer veterans to support services such as Triage and Connect, and Open Arms – Veterans & Families Counselling (Open Arms) where required. Since commencing in April 2021, more than 1,500 veterans were contacted and the response to the contact from the majority of veterans has been positive.

To ensure veterans are contacted regularly throughout the claims process, additional communication initiatives have also been established. From early June 2021 an SMS communication initiative has been used to maintain regular contact with veterans while they wait for their claim to be decided. This gives them an opportunity to advise DVA if their circumstances have changed or if they require additional support. The initial SMS is sent 30 days after the claim is received, and there are further SMS contacts at 60 days and 90 days.

Following this, an outbound contact team has been established within our VAN to contact veterans and proactively check in with veterans and provide reassurance and advice on services available. The VAN Proactive Claims Outreach Service aims to improve the veteran experience and outcomes by providing reassurance, support and guidance on services available while their claim is in progress. Commencing in June 2021, the service has assisted with establishing NLHC, Veteran Payment claims, establishing and linking MyService online accounts and explaining how veterans are supported through PAMT.

This multi-pronged approach will see regular engagement with veterans throughout the claims process and responds to the feedback received from veterans and their families through the Client Benefits Client Satisfaction Survey as well as other feedback channels. Early feedback from veterans has been encouragingly positive.

Provision of mainstream services during COVID-19

DVA continued to provide additional financial support through 3 separate COVID-19 Economic Support Payments issued in July 2020, November 2020 and February 2021, with 225,809 clients receiving one or more of these payments. The total amount paid as part of this government stimulus package was \$279 million. This payment will be ongoing for any client who becomes eligible due to a backdated grant of a qualifying benefit, on or before the relevant eligibility date for each payment.

In addition, between 27 April 2020 and 31 March 2021, a total of 1,714 children of veterans in receipt of Education Allowance benefited from the temporary fortnightly Coronavirus Supplement. The Coronavirus Supplement was paid at a rate of:

- \$550 per fortnight from 27 April to 24 September 2020
- \$250 per fortnight from 25 September to 31 December 2020
- \$150 per fortnight from 1 January 2021 until the payment ceased on 31 March 2021.

In association with whole-of-government initiatives during the COVID-19 pandemic, DVA clients could have their existing or new debt/overpayment recovery plans paused, adjusted or deferred if they were impacted by COVID-19. This approach allowed clients to continue to pay off their debts if their individual circumstances allowed them to do so, while providing options for other clients who may have been impacted by the pandemic.

The original debt 'pause/adjustment' period was from 1 June to 30 October 2020, and this period was extended until 28 February 2021.

In addition, over 95,000 DVA clients in receipt of a means-tested income support payment lived in areas affected by natural disasters. Natural Disaster Protocols were implemented to ensure that these clients were supported, including by prioritising decisions granting or increasing payments, reviewing existing debt recovery arrangements and pausing the issuing of new debt notices.

Summary

DVA has continued to see unprecedented numbers of claims being lodged as a result of the connection to and engagement with veterans and their families largely because of the success of the Veteran Centric Reform, the Veterans' Recognition Program and the changing nature of defence service. We know this has resulted in ongoing delays for some veterans and acknowledge the frustration and anxiety this can cause. We are continuing to work hard to improve the timeliness and quality of decisions, and we have implemented various initiatives to improve engagement with veterans to keep them better informed on the progress of their claim.

Following additional funding, DVA is training a large number of new staff to address the claims backlogs and improve processing times. We provide a comprehensive training program to ensure that all staff deliver lawful, quality decisions in a timely manner. Our quality assurance program provides a key mechanism for monitoring the correctness of our decisions and for informing ongoing improvements to our business processes. In addition to the injection of new staff, we are implementing a range of changes to simplify and streamline the claims process to not only improve timeliness but also improve the veteran's engagement and experience with DVA.

Year 4 of the Veteran Centric Reform focused on enhancing and streamlining the department's staff processing systems, particularly in income support and client management. The introduction of transport bookings and reimbursements in December 2020 saw a growth in the number of both users and claims in MyService. This growth is expected to continue as new features and improvements are made to allow veterans and their families to manage more of their DVA business online.

Outcome 2

Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.

Key performance results

The success of our work under Outcome 2 is measured by our achievements in 4 categories: access to health services, travel, counselling and rehabilitation.

Our PBS and the Corporate Plan 2020–21 set out performance measures and targets for each program under Outcome 2. Table 3 shows our results against our targets for each criterion in 2020–21.

TABLE 3: OUTCOME 2 PERFORMANCE MEASURES AND RESULTS

No	Performance criterion	Target	2019–20 Actual result	2020–21 Actual result	Achieved
Program 2.1: Provide access to general medical consultations and services					PBS p 48, CP p 20
2.1.1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality	>99%	99.95%	99.97%	Yes
Program 2.2: Provide access to veterans' hospital services					PBS p 49, CP p 21
2.2.1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality	>99%	99.96%	99.94%	Yes
Program 2.3: Provide access to veterans' pharmaceutical benefits					PBS p 50, CP p 21
2.3.1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality	>99%	99.99%	99.99%	Yes
Program 2.4: Provide access to veterans' community care and support					PBS p 51, CP p 21
2.4.1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality	>99%	99.61%	99.58%	Yes

Program 2.5: Provide veterans' counselling and other health services					PBS p 54, CP p 22
Access to services					
2.5.1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality	>99%	99.55%	99.62%	Yes
Travel					
2.5.2	Target percentage of claims for reimbursement processed within the Service Charter timeframe (28 days)	95%	99.40% ¹	99.92%	Yes
2.5.3	Degree of complaints about arranged travel relative to the quantity of bookings	<0.05%	0.03%	0.01%	Yes
Open Arms – Veterans & Families Counselling (Open Arms)					
2.5.4	Percentage of clients allocated to a Veterans & Families Counselling Service (Open Arms) clinician within two weeks of intake ²	>65%	90%	87%	Yes
2.5.5	Client Satisfaction ³	>80%	91%	92%	Yes
2.5.6	Open Arms Client Assist Contact Centre responsiveness capability ⁴	80%	98%	98%	Yes
Veterans' Vocational Rehabilitation Scheme					
2.5.7	Clients with successful return to work ⁵	>50%	74%	44%	No
Program 2.6: Provide access to health, rehabilitation and other care services under DRCA and MRCA					PBS p 55, CP p 23
2.6.1	Timeliness: The percentage of rehabilitation assessments that were made within 30 days of referral for assessment	75%	88%	88%	Yes
2.6.2	Quality: Percentage of clients where rehabilitation goals were met or exceeded	75%	69%	70%	No
2.6.3	Client satisfaction: An annual survey of client satisfaction with the rehabilitation program ⁶	75%	66% ⁷	77% ⁸	Yes

CP = Corporate Plan 2020–21; DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*; PBS = Portfolio Budget Statements 2020–21; Open Arms = Open Arms – Veterans & Families Counselling

¹ Performance measure result has been updated with unadjusted audit difference identified during the 2019–20 audit.

² The performance measure title has changed from the 2020–21 PBS to the corporate plan. It was previously 'Percentage of clients provided an appointment with a Veterans & Families Counselling Service (Open Arms) clinician within two weeks of initial assessment'. However, the approach to assessing this performance measure is unchanged. This measure indicates the timely allocation to an Open Arms clinician for counselling or other mental health support services and is an indication of how well we engage with our clients in their initial engagement with our service.

³ Client satisfaction is measured by a questionnaire. Satisfaction questionnaires are offered by clinicians at the end of the period of counselling. All clients who answer 'satisfied' or 'very satisfied' to the question 'How satisfied were you with the counselling provided to you?' will be measured as satisfied. The questionnaire is not compulsory for clients to complete.

⁴ Percentage of calls received by the Open Arms Client Assist Contact Centre to be answered in less than 180 seconds.

⁵ This measure is assessed by calculating the number of clients who returned to any form of work at the closure of the rehabilitation plan, over the total number of plan closures for the period.

⁶ Client satisfaction is measured through a monthly independent survey by ORIMA Research of DVA clients who have recently completed the rehabilitation program.

⁷ This figure is based on July 2019 to May 2020 as this was the latest data available at the time that the results were due and ensured that there was no break in the data reported from the previous financial year.

⁸ This figure is based on June 2020 to May 2021 rehabilitation case closures using a new methodology incorporating the responses to a number of questions in the survey that indicate client satisfaction (or dissatisfaction). Therefore any variation in results from 2019–20 to 2020–21 cannot be interpreted as a trend in changes to overall client satisfaction rates. Due to the nature of this measure there will always be a delay in the data that can be reported. This is because where the results for the May 2021 cycle are reported, this refers to clients whose rehabilitation plans closed in May 2021. The annual result for future financial years will be based on June to May results.

TABLE 4: OUTCOME 2 PERFORMANCE CRITERION CATEGORIES

Performance criterion category	Performance criterion number
Access to health services	2.1.1, 2.2.1, 2.3.1, 2.4.1, 2.5.1
Travel	2.5.2, 2.5.3
Counselling	2.5.4, 2.5.5, 2.5.6
Rehabilitation	2.5.7, 2.6.1, 2.6.2, 2.6.3

Analysis of performance against Outcome 2

Access to health services

Health treatment provided under Outcome 2 programs is generally arranged between the provider and the client, funded by DVA. Providers send claims for payment directly to Services Australia, which reimburses the provider on DVA's behalf. In addition to observing uptake of services and associated program expenditure, DVA measures the success of this program by comparing the number of complaints registered by clients to the number of clients who accessed services.

In 2020–21 the number of clients who registered complaints was less than 1% of the total number of clients who accessed services under these programs. This indicates a high level of satisfaction with the treatment available on the schedules. Complaints relating to these programs are usually made where requests for treatment that are outside the schedules have been declined. In most cases this is because there are services available within the schedules that are considered to be clinically appropriate.

Travel

Under the Repatriation Transport Scheme, DVA can reimburse some travel costs where veterans have paid to travel to medical appointments or to get medical evidence. All compliments and complaints received regarding travel for treatment are recorded in the Client Feedback Management System. This data is used to identify issues and variations in service delivery. In conjunction with contract management, it also allows DVA to target transport services that need to be improved. DVA deals directly with veterans and transport providers on a daily basis so that issues can be dealt with and resolved immediately as they arise.

In 2020–21 the number of complaints about arranged travel, relative to the quantity of bookings, was 0.03%, which meets the target of less than 0.05% per quantity of bookings. This indicates a high level of satisfaction with the Repatriation Transport Scheme and the ability of DVA to address issues quickly and efficiently.

The Service Charter time frame for processing claims for reimbursement is 28 days or less. The performance target for reimbursement of 95% of travel claims within 28 days was met and the processing figure of 99.92% was consistent with 2019–20. The performance target was previously 100% within 28 days. However, this target was varied for the 2019–20 financial year to accommodate potential external impacts on processing activities.

The change in performance target has not affected our processing activities. In 2020–21 our processing percentages remained in the high 99% range for the financial year.

Performance targets and quality of service have not been hindered by the fact that MRCA and DRCA claims are processed manually rather than by an automated processing system.

The consolidation of processing for travel claims under all 3 Acts – VEA, MRCA and DRCA – is continuing, and processing results indicate continued strong performance.

Counselling

In 2020–21, 87% of Open Arms clients were allocated to an Open Arms clinician within 2 weeks of their initial assessment. The target of 65% has been consistently exceeded each month over the financial year.

Open Arms maintained a high level of client satisfaction, exceeding the 80% target and achieving 92% of clients satisfied with services provided.

The Open Arms Client Assist Contact Centre maintained its efficiency over the financial year and achieved 98% of all calls answered in under 180 seconds. This exceeds the target of 80%.

Rehabilitation

During 2020–21 DVA continued its work to improve the quality of services delivered by rehabilitation providers. For example, DVA:

- introduced additional key performance indicators for our contracted rehabilitation providers to ensure there are clear expectations about how DVA expects rehabilitation services should be delivered to clients

- published updates to further develop and refine the procedural guidelines we provide to support rehabilitation providers to deliver consistent and quality services on behalf of DVA
- provided a range of resources, including factsheets, process maps, weekly newsletters and training sessions, via the digital community for providers. This enabled DVA to deliver targeted and consistent messaging, information, training and resources to support service delivery
- introduced a new DVA Rehabilitation Knowledge Check, as part of the mandatory registration requirements for consultants. This check covers core principles that all rehabilitation consultants are expected to know in order to administer quality services as part of the DVA rehabilitation program. Two further mandatory modules have also been updated and require consultants to have an 80% pass rate before they can be registered.

In 2020–21 DVA did not meet the Veterans' Vocational Rehabilitation Scheme target (program 2.5.7), with less than half of clients successfully returning to work after completing their rehabilitation plan. Anecdotally, the pandemic has had an impact on employment opportunities available to clients. In addition, clients can withdraw from the program at any time, and some do so when they feel they have gained enough retraining and skills to continue their job search independently.

DVA met its target for the number of rehabilitation assessments made within 30 days of referral (program 2.6.1). This result has remained consistent compared with 2019–20.

In 2020–21 DVA did not meet its target for the number of rehabilitation clients who have met or exceeded their rehabilitation goals (program 2.6.2). This result has remained consistent compared with 2019–20. There are a number of possible reasons that a client's rehabilitation goals may not have been met – for example, changes in medical capacity and ability to participate in rehabilitation; disengagement from the rehabilitation plan; and data entry limitations because of the way in which delegates have to enter Goal Attainment Scaling scores into the Rehabilitation and Compensation Integrated Support Hub. DVA will continue to explore improvements in this rehabilitation area.

Client satisfaction (program 2.6.3) is calculated through a survey of rehabilitation clients who have recently completed the rehabilitation program. DVA exceeded the target for client satisfaction in 2020–21. Clients are surveyed monthly; however, this measure is reported annually due to the time taken to run the survey and receive the data. The measure uses the responses to questions in the survey that indicate satisfaction (or lack thereof) with the program. We also use the information captured by the survey to identify and pursue opportunities for targeted business improvements and as an evidence base to inform program reform in the future.

Achievements in 2020–21

Responding to the impact of COVID-19 on access to health services

DVA engaged in a whole-of-government response to the COVID-19 pandemic. As part of the response, the Australian Government provided temporary arrangements to allow some health and medical services to be delivered by telephone and videoconferencing; and established telehealth services so that clients could order prescriptions remotely and have them home-delivered.

In order to minimise DVA clients' risk of exposure to COVID-19, telehealth arrangements were extended to DVA's health funding arrangements so that clients could access a broader range of allied health services, community nursing, and hospital day programs for mental health and rehabilitation.

The availability of telehealth services minimised pressure on hospitals and emergency departments by allowing people to access essential health services in their home. They also supported self-isolation and quarantine policies to reduce the risk of exposure and the spread of COVID-19.

Military and Veterans' Psychiatry Training Program

The Military and Veterans' Psychiatry Training Program (MVPTP) has established 10 specialised psychiatric registrar training positions, on a rotation basis, in health settings treating military personnel and veterans. The MVPTP was an element of the 2020–21 Budget measure 'Increasing DVA Fees to Improve Access to Mental Health Support for Veterans'. By increasing the number of psychiatrists with training in military and veteran mental health, the psychiatry workforce will be better equipped to address the unique needs of military personnel and veterans. The MVPTP is being delivered by the Royal Australian and New Zealand College of Psychiatrists over the next 4 years.

Early Engagement Model

DVA and Defence continue to work together to ensure newly enlisted and transitioning ADF members are registered with DVA, enabling us to proactively engage with veterans and provide faster, tailored support as needed.

Carer and volunteer support

DVA's Community Support Advisers provided a customised service to ex-service and veteran support organisations to build capacity in the community to develop and run events, programs and projects aimed at increasing the health and wellbeing of local veterans and their families. The organisations were provided information about DVA services, referrals to community organisations and state and local government resources, support with local challenges, volunteer management and wayfinding to connect the organisations to the service, support or resources required.

Health and wellbeing

Twenty-five ex-service and veteran support organisations received funding from DVA for local initiatives to support the health and wellbeing of the veteran community. The projects included:

- health and fitness activities such as sailing, surfing, paddleboarding, aerobics, pilates and yoga
- skills development courses such as first aid and safety training, blacksmithing, art creation and water safety
- equipment such as surfboards and paddleboards, lawn bowls, digital projectors and safety equipment, as well as playground equipment for the children of veterans.

Wellbeing and Support Program

The Wellbeing and Support Program provides tailored and intensive case management support to 2 cohorts of veterans and their families who have complex medical and non-medical needs: veterans with complex needs transitioning from the ADF to civilian life; and former members who are experiencing crisis.

The program commenced in 2018, initially for a 2-year period. It was subsequently extended for an additional 12 months for the 2020–21 financial year to allow for a comprehensive evaluation. The formal independent evaluation was undertaken by the Flinders University.

The final report was delivered to DVA on 29 January 2021. The evaluation determined the weight of evidence demonstrated the program was very successful, with the case management model working well to improve the lives of participating veterans.

The primary recommendation of the evaluation was for the program to continue in its existing form or similar.

Veteran Wellbeing Centres Program

In 2019 the Australian Government committed \$30 million to develop a network of 6 Veteran Wellbeing Centres across Australia in partnership with ex-service organisations and state and territory governments.

These centres will deliver integrated support to veterans and their families. Once fully established, they will connect veterans and their families to a range of service providers. Core services for the network of centres include wellbeing services, support for transition, employment, health and social connection.

In 2020–21, DVA progressed establishment of the 6 centres, in consultation with local communities and ex-service organisations. The centres are located in Townsville, Perth, Adelaide, Wodonga, Nowra and Darwin.

Grant agreements for the 6 centres were executed, with 3 of the 6 – Perth, Adelaide and Townsville – officially open. The remaining 3 centres – in Nowra, Wodonga and Darwin – are delivering services to veterans and their families through interim premises. All centres are expected to be fully operational by mid-2022, in line with the government's funding commitment.

Approximately \$19 million of the \$30 million commitment to the program has been expended, with the remaining \$11 million on track to be spent in 2022.

Veterans' Health Week

Veterans' Health Week ran from 24 October to 1 November 2020, with the theme 'Social Connection'. Ex-service and veteran support organisations from all over Australia organised and ran events that created opportunities for veterans and their families to create new connections, try new things and learn new skills. DVA offered funding of up to \$720 per event and received and approved 393 applications. Of these, 389 were funded events and 4 were events that only requested registration on the DVA website. The total funding figure for Veterans' Health Week 2020 was almost \$254,000. DVA received an abundance of positive feedback about the events, and a large number of events were held either remotely or online to cater for all participants, despite the physical restrictions in place due to the COVID-19 pandemic.

Case management for transitioning members

In February 2020 the Prime Minister announced funding for additional case management support for the cohort of veterans aged under 30 who are transitioning from the ADF for medical or administrative reasons.

The case management approach supports veterans to access their DVA entitlements and any additional support through referral to external services using a case management plan that is based on the wellbeing needs of the individual.

The additional case management support commenced on 1 July 2020 with the establishment of a team of case managers within the Coordinated Client Support program.

During 2020–21, 185 medically or administratively transitioning members aged under 30 presenting with vulnerability indicators or complex needs were provided with case management support.

Psychiatric Assistance Dog Program

The Psychiatric Assistance Dog Program was developed as an adjunct treatment for veterans with a diagnosis of PTSD. A psychiatric assistance dog is trained to perform specific tasks that contribute to the management of a veteran's PTSD, such as detecting signs of distress or performing specific tasks to alleviate those symptoms.

In 2020–21 the program progressed in leaps and bounds. At 30 June 2021, the number of veterans assessed as being eligible to receive an assistance dog had grown from 94 to 259, while the number of dogs placed with their veteran handlers, after passing their Public Access Test, increased significantly during the same period from 5 to 34.

In 2020–21 an open procurement process increased the panel of providers to 4, enabling the expansion of this national program. Feedback on the program to date has been extremely positive, with veterans indicating improved quality of life, improved relationships with their family and an overall improvement in their mental health.

Assistance for veterans prescribed anti-malarial medications

In 2020–21 a series of lived experience workshops was conducted via videoconference to actively consult with the veteran community on how the program could provide the best experience for those who are concerned about having taken the anti-malarial medications mefloquine and tafenoquine. This consultation contributed towards the development of specialised training materials for general practitioners (GPs) to enable an effective and tailored assessment for concerned veterans.

By 30 June 2021 the program had recruited 8 GPs to provide health assessments to veterans. They are located in Brisbane (West End and Everton Park), Ipswich and Townsville in Queensland; Adelaide in South Australia; Sydney (East Hills) in New South Wales; Jerrabomberra serving the ACT; and Fremantle in Western Australia. The first health assessments were offered to veterans in January 2021. Opportunities to raise awareness of the program will continue throughout 2021–22, in line with the expansion of the GP network to other locations around Australia.

Veteran Health Check

The Veteran Health Check enables veterans to access a comprehensive health assessment with a GP to identify ways to optimise their physical and mental health and wellbeing. Early intervention and appropriate referrals can help veterans to enjoy better health outcomes and manage their health during their transition to civilian life.

By 30 June 2021 a total of 186 annual Veteran Health Checks had been conducted. This included a number of veterans returning to their GP to receive their follow-up annual assessment.

A number of promotional opportunities to raise awareness of the Veteran Health Check were conducted during 2020–21, with further activities planned for 2021–22. For example, during the first quarter of 2021, an opportunity arose for Services Australia to include promotional material on the Veteran Health Check in their service centres around Australia, providing broad exposure to the Veteran Health Check brand.

A Behavioural Insights trial to evaluate the effectiveness of different types of communications to encourage veterans to take up the annual Veteran Health Check received ethics approval and will commence during 2021–22.

Veterans' Employment Program

The Prime Minister's Veterans' Employment Program (VEP) increases employment opportunities for veterans by raising awareness of the skills and experience veterans can bring to the civilian workplace. In 2020–21:

- the number of signatories of the Veterans' Employment Commitment – a public commitment by organisations to recognise the skills and attributes of veterans when undertaking employment – increased to over 550
- 125 nominations were received for the 2021 Prime Minister's Veterans' Employment Awards. Due to COVID-19 restrictions, the announcement of the awards winners has been deferred until early 2021–22
- the Support for Employment program was launched on 29 March 2021. Legislative authority to enable the commencement of the program was delayed due to the impact of COVID-19 on parliamentary sitting weeks. A total of 27 claims for assistance were received in 2020–21
- engagement activities included participating in virtual Defence Transition Seminars; and jointly hosting a webinar with Boeing Defence Australia and the Veteran Community Business Chamber on how veteran-owned businesses can join the Boeing supply chain.

Through the Enhanced Employment Support for Veterans grants program, RSL Australia, Soldier On and Disaster Relief Australia continued to provide direct support for veterans to translate their existing skills, build new skill sets and/or find civilian employment.

Also during 2020–21 a series of veteran-to-veteran and employer-to-employer advice videos was filmed. The films are to be hosted on the VEP website (www.veteransemployment.gov.au). They will complement existing veteran-to-veteran resources on the website to further reinforce the message that hiring a veteran is good for business.

Work also commenced on implementing 2020–21 Budget measures that will support veterans considering starting, or increasing the competitiveness of, their own business and building the evidence around veteran employment. This included preparations for a one-off grant to the Prince's Trust Australia and expanded access to the Department of Education, Skills and Employment New Business Assistance through the New Enterprise Incentive Scheme, commencing 1 July 2021.

Trauma Recovery Programs

Trauma Recovery Programs for PTSD (TRP-PTSD) provide holistic, time-limited and evidence-informed treatment for veterans and current ADF members who are living with PTSD and other comorbidities, in order to support psychological growth and recovery.

DVA has funded TRP-PTSD in public and private hospitals across Australia since 1996. There are currently 17 contracted TRP-PTSD providers, including 15 private hospitals and 2 public hospitals. In 2020–21, 100 veterans and 37 current ADF members participated in TRP-PTSD at 8 hospitals nationally. Due to restrictions related to the COVID-19 pandemic, some TRP-PTSD providers have chosen to deliver treatment services through telehealth, as it allowed for minimal disruption to these valuable services, while others have reduced services temporarily.

Heart Health Program

DVA continued to provide the Heart Health Program, under which veterans and peacekeepers with operational service overseas can access a one-off, 52-week gym-based exercise and health education program. These programs are provided on behalf of DVA by Corporate Health Management (CHM). In 2020–21, group and individual programs were held in several states and territories. Because of the restrictions introduced by the COVID-19 pandemic, DVA and CHM supported telephonic health coaching so that interested group participants could continue the program, as well as one-on-one programs for individuals.

Coordinated Veterans' Care Program

The Coordinated Veterans' Care Program continued to fund the development of comprehensive care plans and the coordination of care and plan delivery by General Practitioners for the most vulnerable Veteran Gold Card Holders. The program has assisted in reducing the level of unplanned hospitalisation and improved wellbeing among participants.

New and amended listings on the Repatriation Schedule of Pharmaceutical Benefits

As part of its biannual listings process, DVA continues to expand its range of medicines listed on the Repatriation Schedule of Pharmaceutical Benefits (RSPB).

On 1 December 2020 DVA listed 13 new items and 26 additional generic brands; and varied the prices of 34 already listed items on the RSPB. The items were for the treatment of a range of health conditions, including erectile dysfunction, renal failure, osteoporosis, pain and skin infections.

Open Arms – Veterans & Families Counselling

Over the past year Open Arms has met an increased demand, delivering 34% more services than the previous year. Open Arms maintained 24/7 delivery of services such as individual and family counselling, utilising telehealth options when needed; and also community engagement and provision of digital self-help tools throughout the COVID-19 pandemic. Importantly, Open Arms upskilled their clinical workforce to enable them to safely and ethically provide support through telehealth and improve their ability to assess and support vulnerable veterans or family members.

24-hour support

In 2020–21 Open Arms provided continuous support to veterans and their families and used SMS to conduct proactive reach-outs to clients impacted by increased COVID-19 restrictions and natural disasters. The 24-hour free and confidential support line remained open and answered more telephone calls than ever before – a total of over 107,000 calls.

Living Well resources

The Open Arms website was updated with additional and updated self-help resources to support the veteran community, creating the 'Living Well' section of the website. The site offers practical self-help tools as well as links to trusted websites and educational information. Importantly, there was specific content added to assist with issues faced by the veteran community, including how to cope with uncertainty, adjusting to a new state, and how to maintain social connections.

#Check5

Open Arms continues to grow their online presence, with an increase of over 100% in website views in 2020–21 from the previous financial year. This increase has been achieved by the successful running of digital campaigns – specifically the #Check5 campaign.

#Check5 utilised Open Arms Community and Peer Workers in the national grassroots campaign targeting suicide prevention. #Check5 was a call to action, challenging members of the community to check in with 5 of their mates and increase social connections. There have been 2 bursts of the campaign so far, with a potential audience of over 1.1 million people.

Community and Peer Program

In 2020–21 Open Arms had the opportunity to review the national implementation of the program to understand the progress, strengths and opportunities for improvement. As a result, Open Arms has continued to grow and develop the Community and Peer Program. This program provides clients with access to both veteran and family Peer Workers (Peers). Peers utilise their lived experience of ADF service or military family life and of mental health recovery to work in collaboration with clinicians to support Open Arms clients. Peers Teams work with veterans and their families to promote hope and offer a positive model of recovery, to de-stigmatise mental health issues and build help-seeking behaviours. Peers walk alongside our clients to increase connectedness and a sense of belonging; and support clients to access supports available. There is now a Community and Peer Team available in 23 Open Arms locations, including recent expansion to Nowra and Maryborough.

Clinical advisory services

In late 2020 the Chief Health Officer became responsible for the DVA clinical adviser workforce. This provides clinical advice within DVA under a Clinical Governance Framework which includes a clinical quality and performance improvement program. On 3 December 2020 DVA engaged Bupa Health Services to provide the DVA clinical adviser workforce from 1 April 2021 at the expiration of the previous contracting arrangements. A total of 81% of the incumbent clinical advisory workforce transitioned to the new contract, ensuring retention of corporate knowledge and minimal disruption to service delivery.

Under the Bupa contract DVA has access to technology systems which provide DVA with a number of benefits, including streamlined business processes and access to data and analytics to inform policy and services.

Summary

In 2020–21 DVA programs and initiatives enhanced the wellbeing of veterans and their families by successfully connecting many veterans to quality, evidence-based services and responsive supports at the time they needed them most.

We achieved a significant increase in client satisfaction from last year, continued to expand a range of medicines listed on the RSPB and conducted a wide range of mental and social health initiatives that support the wellbeing of our clients.

DVA remains committed to ensuring that clients have timely access to high-quality health care, counselling and rehabilitation services; and to maintaining and developing services that support a level of independence. DVA continues to review and improve business practices and enabling systems to ensure that programs are delivered efficiently and effectively.

The COVID-19 pandemic continues to impose unprecedented change in the way we operate. DVA has proven that, through improved digital channels delivered through Veteran Centric Reform, staff can be supported to be resilient, responsive and adaptable in the delivery of services to veterans and their families in changing circumstances.

Recognition and respect

Support the wellbeing of those who serve or have served in the defence of our nation, and their families, by providing and maintaining war graves and delivering meaningful commemorative activities to promote community recognition and understanding of the service and sacrifice of veterans.

Outcome 3

Acknowledgement and commemoration of those who served Australia and its allies in wars, conflicts and peace operations through promoting recognition of service and sacrifice, preservation of Australia's wartime heritage, and official commemorations.

Key performance results

The success of our work under Outcome 3 is measured by our achievements in 2 categories: war graves and commemorations.

Our PBS and the Corporate Plan 2020–21 set out performance measures and targets for each program under Outcome 3. Table 5 shows our results against our targets for each criterion in 2020–21.

TABLE 5: OUTCOME 3 PERFORMANCE MEASURES AND RESULTS

No	Performance criterion	Target	2019–20 Actual result	2020–21 Actual result	Achieved
Program 3.1: Provide and maintain war graves					PBS p 59, CP p 25
3.1.1	Official commemorations, war cemeteries, war plots and gardens of remembrance are maintained in accordance with the Commonwealth War Graves Commission (CWGC) specifications. ^{1, 2}	95%	n/a	80%	No
	<ul style="list-style-type: none"> 95% of official commemorations are inspected at least once annually to ensure they continue to meet the CWGC standard. 				
	<ul style="list-style-type: none"> Percentage of official commemorations that no longer meet the standard (through either environment factors, vandalism or ageing) improves compared to the previous year.³ 	Percentage not meeting standard	0.55%	0.64%	No

Program 3.2: Deliver commemorative activities				PBS p 60, CP p 26	
3.2.1	Commemorations are conducted to the satisfaction of the Australian public and Government as evidenced by: ¹ <ul style="list-style-type: none"> Commemorative event quality: Commemorative events are conducted to commemorate veterans' service in a dignified, solemn and respectful manner. 	The number of discrete complaints is less than 1% of the estimated audience for any one event	n/a	Achieved	Yes
	<ul style="list-style-type: none"> Grant applications for the Saluting Their Service program are received from across a wide spectrum of groups in the community, including ex-service organisations, education, not-for-profit and other groups, and from a broad spread of locations around Australia.⁴ 	Achieved	n/a	Achieved	Yes
	<ul style="list-style-type: none"> The Minister for Veterans' Affairs provides feedback annually on the degree of the Government's satisfaction with the outcomes of commemorative activities using a rating scale of very satisfied, satisfied, neutral, unsatisfied or very unsatisfied. 	Achieved	Achieved	Achieved	Yes

CP = Corporate Plan 2020–2021; CWGC = Commonwealth War Graves Commission; PBS = Portfolio Budget Statements 2020–21

¹ New measure for 2020–2024.

² Official commemorations (graves, headstones, bronze plaques) in Australia are maintained in accordance with the CWGC standards (each commemoration type has different specifications).

³ The performance measure has changed from the 2020–21 PBS and Corporate Plan. It was previously '95% of official commemorations that no longer meet the standard (through either environment factors, vandalism or ageing) are to be replaced or refurbished within the following industry average timeframes: graves < 6 months; columbarium or niche placement < 4 months; garden of remembrance plaque < 3 months'. The intent of the revised measure remains unchanged, which is to reduce the percentage of Category 4 – Major structural defects and Category 5 – Unserviceable commemorative assets compared to the previous year. The analysis of performance against Outcome 3 provides further context.

⁴ This measure is included for management purposes.

TABLE 6: OUTCOME 3 PERFORMANCE CRITERION CATEGORIES

Performance criterion category	Performance criterion number
War graves	3.1.1
Commemorations	3.2.2

Analysis of performance against Outcome 3

Office of Australian War Graves

The Office of Australian War Graves (OAWG) is the agent of the Commonwealth War Graves Commission (CWGC). The OAWG manages 76 war cemeteries and war plots commemorating our war dead in Australia, Papua New Guinea and the Solomon Islands. The OAWG also cares for the more than 328,000 other final resting places of post-war dead, and other eligible veterans of wars, conflicts, peace and other operations to which Australia has been committed, in over 2,330 locations. In 2020–21 an additional 1,857 eligible veterans received an official commemoration.

The OAWG welcomes feedback on the standards of maintenance and presentation of war cemeteries, graves, official commemoration plaques and monuments. The OAWG regularly receives acknowledgement and compliments from veterans, their families and the broader Australian community about the high standards of commemorations maintenance. In 2020–21 the OAWG received over 180 compliments on the care and maintenance of war graves and official commemorations provided across the nation, as well as the responsiveness and willingness of staff to provide support and assistance during times of family grief and reflection.

New reporting measures were set for 2020–21. Only 80% of official commemorations throughout Australia were inspected, and the percentage of assets not meeting the standard increased in 2020–21 by 0.09%. The results were impacted by the COVID-19 pandemic as staff were not able to gain access to sites to complete routine inspections. The additional funding to OAWG's Care and Maintenance Program provided in the May 2021 Budget will assist their ability to meet these inspection targets and reduce the backlog of category 4 and 5 commemorative assets.

In 2020–21 the OAWG undertook repointing and footing repairs to the South Australian and Western Australian Gardens of Remembrance, as well as design work for the redevelopment of the Hobart Garden of Remembrance, to be undertaken in 2021–22. OAWG also commenced the refurbishment of the Evans Head War Cemetery, which will be completed in 2021–22.

Commemorations

The measures relating to commemorative services were achieved. Extensive positive feedback was received on both commemorations, which were conducted in a COVID-safe manner. No complaints were received in DVA's Client Feedback Management System.

In 2020–21 commemorative services were successfully conducted for:

- the 75th anniversary of the end of the Second World War at the Australian War Memorial in Canberra
- the 50th anniversary of Operation Overlord, including the Battle of Long Khanh, at the Australian Vietnam Forces National Memorial, Anzac Parade, in Canberra.

To support DVA's commemorative strategy, the Commemorations Branch created bespoke products to acknowledge and commemorate the 75th anniversary of the end of the Second World War, Victory in the Pacific, in August 2020. These were published on the Anzac Portal and distributed to stakeholders in a special mail-out. This was in addition to annual mail-outs for Anzac Day and Remembrance Day.

The annual mail-outs included educational resources for students and teachers, commemorative posters and books, and engaging digital products to tell the stories of veterans' service and Australia's wartime history. They were distributed to over 17,000 stakeholders around Australia, including schools, libraries, RSLs and other ex-service organisations, aged care facilities, and parliamentary representatives. Due to COVID-19-related restrictions in some states, the mail-outs were sent through digital and postal channels.

In 2020–21 the Anzac Portal continued to host DVA's digital commemorative presence. A large focus was responding to user feedback by upgrading the Commemorations section. This aims to help Australians who are making personal commemorations or hosting local events. New content for the Second World War and later wars and conflicts has been developed and added progressively to the Anzac Portal over the year. Given the ongoing restrictions on public gatherings, and periods of remote learning due to COVID-19, the Anzac Portal has provided an important commemorative and education space and resources for the community.

International Anzac Day services

In 2020–21 publicly attended Anzac Day ceremonies in Gallipoli, Turkey; Villers-Bretonneux, France; Hellfire Pass, Thailand; and Sandakan Memorial Park, Malaysia, were not held due to the global COVID-19 pandemic. However, Anzac Day was marked by officials-only wreath-laying ceremonies at these locations in accordance with local COVID-19 restrictions.

Australians were encouraged to commemorate Anzac Day by watching a televised national service from the Australian War Memorial. Other complementary activities from DVA that formed part of Anzac commemorations included:

- an interpretive program (video product for TV), which was in a documentary style and included stories and interviews with veterans
- video and audio vignettes to complement the interpretive program
- an Anzac at home 'kit bag' in the form of a digital toolkit that contained a range of products to help Australians commemorate Anzac Day in their community or home
- a Virtual Poppy Wall – members of the public were invited to place a virtual poppy on a digital wall along with a message.

Saluting Their Service program

The measure relating to the Saluting Their Service program is achieved. DVA broke this measure down into 2 parts as follows.

The first part involves targets related to community groups. DVA identified 5 organisation types (ex-service organisations, education facilities, historical societies and museums, local/state government entities, and other) as key community groups. To achieve this part of the measure, percentage targets for 3 or more of the 5 organisation types need to be met. This is recorded as achieved, as DVA met the targets for the ex-service organisations, historical societies and museums and other.

The second part relates to volume of applications received from each state and territory. To achieve this part of the measure, percentage targets in 5 or more of the 8 states and territories need to be met. This is recorded as achieved, as DVA met the targets for every state and territory except Tasmania.

Achievements in 2020–21

Preservation of war graves and memorials

In addition to the care of official commemorations in cemeteries and gardens of remembrance throughout Australia, Papua New Guinea and the Solomon Islands, DVA is also responsible for the care and maintenance of 31 official Australian memorials in 11 overseas nations and the operation of 3 interpretive visitor centres in France, Thailand and Malaysia. Despite the COVID-19 pandemic, the presentation, cleanliness and structural integrity of the commemorative memorials and sites were able to be maintained at a high standard throughout 2020–21.

The 3 interpretive centres were subject to a number of closures and reopenings throughout the year, in accordance with restrictions in place for public buildings in their respective countries, and with the safety of staff and visitors as the utmost priority. After 8 months of closure, the Sir John Monash Centre was able to reopen in June 2021 when restrictions eased as COVID-19 numbers decreased in France. The Hellfire Pass Interpretive Centre in Thailand and the Sandakan Memorial Park in Malaysia were able to open to the public for short periods throughout 2020–21, with strict sanitary measures in place, but were forced to close in line with local restrictions. As at 30 June 2021, they remain closed.

Summary

DVA continued to meet the high standards that the Australian community and the CWGC expect. DVA is committed to improving our services on care and maintenance of official commemorations and memorials in Australia and overseas.

DVA delivered a number of commemoration events and activities that were well received by the Australian community and has continued to support the community by providing commemorative grants to community organisations to help preserve our military history, promote an understanding and appreciation of the experiences of service personnel and involve people around the nation in a wide range of activities that honour the service and sacrifice of Australians.

Case studies – know, connect, support and respect

Single View of Person – a reliable single source of veteran information



Desktop view of Single View of Person.

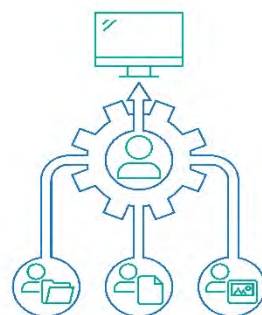
Since 2017, the Veteran Centric Reform program has been finding ways to help DVA to better *know, connect, support and respect* all veterans and their families. We have been looking at reforms to our business processes and systems, operating model and culture that will improve services and give veterans easier access to support. The improvements we make will equip our staff with the tools they need to deliver better and more timely outcomes for veterans and their families.

An important element of our transformation journey has been to improve our IT system so we can see the ‘whole veteran’, not just a condition or a claim. Previously, when veterans and their families contacted us to get advice on entitlements, submit a claim, check on the status of their claim or make a general enquiry, DVA had to navigate up to 20 different systems to find all the necessary pieces of information. We needed a system that could bring together all relevant client information on one screen.

In response to this, in late 2020, we launched the ‘Single View of Person’ (SVoP) interface. The SVoP interface has improved workflow by removing the need for staff to work across a number of complex systems to assist veterans and their families. By connecting with, and drawing from, multiple systems, SVoP displays all the key information about a veteran in a single dashboard. This has reduced the need to seek additional information from other areas while a veteran may be waiting.

SVoP also uses data from the veteran’s DVA records to proactively identify present and future needs and suggest services that may be available to them.

This new interface has been a ground-breaking improvement. We can now better *know* our veterans and their families and increase the level of service we provide. *Knowing* the ‘whole veteran’ has allowed DVA to provide veterans and their families with a more streamlined, personal and efficient service.



Programs can be combined into the one application as seen in this infographic.

Dogs are the pawfect companions for veterans living with PTSD



Leon and his veteran handler were the second graduates of DVA's Psychiatric Assistance Dog Program.

The Psychiatric Assistance Dog Program is having a profound impact on the day-to-day lives of our veterans and their families.

Psychiatric assistance dogs help veterans who are living with PTSD. The dogs are trained to the individual needs of their veteran handler and can perform specific tasks to help with recovery and general wellbeing.

DVA introduced Australia's first ever Psychiatric Assistance Dog Program in September 2019. In May 2020, the first assistance dogs, Leon and Zuma, graduated from the program and were placed with their new veteran handlers.

In 2020–21, a total of 34 psychiatric assistance dogs passed their intensive training program and went to live with veterans in need of support. A further 130 dogs were undergoing training across Australia as at 30 June 2021.

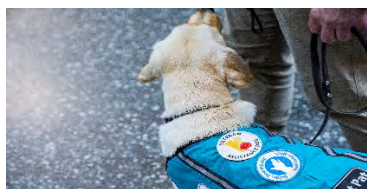
Feedback on the initiative during its first year was very positive, with veterans reporting a significant improvement in their lives with the dogs by their side. They say they feel calmer and can do things that they would not have done prior to training – for example, going out on their own, visiting the coffee shop and catching up with friends:

'If you had said to me 12 months ago that I would drive from Queensland to New South Wales and help one of our kids move and bring furniture on a trailer, I would have laughed and said I am staying here. We did that trip in December. We joined the march on Anzac Day and my dog got more cheers than the veterans I think.'

'I had not played sport for 5 years. Now I am back playing cricket with mates I have known for 30 years. Without my dog, I would not have played. All the boys know where I have been and what I have done and they're all very supportive of that. Having my dog there, I always have someone to look after me on the field. He has given me the courage to get back out and do stuff like that.'

DVA has also partnered with a team of experts from La Trobe University, Evolution Research and the Centre for Service and Therapy Dogs Australia on a 4-year trial to establish best practice for training protocols, selection and monitoring of participants and assistance dogs.

The Psychiatric Assistance Dog Program is successfully addressing the needs of veterans now, and the trial will help us to improve the way psychiatric assistance dogs are supporting the treatment of PTSD for our veterans.



Hooper works with veterans developing skills as an assistance dog handler, through DVA's Psychiatric Assistance Dog program.

Veteran Wellbeing Centres providing services and support



Wellbeing Centre concept image. Credit to Silver Thomas Hanley.

At the last election, the Australian Government committed \$30 million to develop a network of 6 Veteran Wellbeing Centres across Australia in partnership with ex-service organisations and state and territory governments.

The centres are located in Townsville, Darwin, Perth, Adelaide, Wodonga and Nowra, with \$5 million allocated to each of these locations.

As these centres mature, they are delivering integrated support to veterans and their families from government, business and community partnerships. The centres help connect veterans and their families to a range of core services including support for transition, employment, health and social connection and advocacy. Three of the initial 6 centres are open in Townsville, Perth and Adelaide, with the remaining 3 delivering services from interim premises.

The first Veteran Wellbeing Centre opened in Perth, at ANZAC House Veteran Central, on 12 November 2020. The second centre – the Repat Veteran Wellbeing Centre, in the Repatriation Health Precinct in Adelaide – opened on 18 April 2021 and has quickly become a thriving and active space for the veteran community. The Oasis Townsville centre officially opened to the North Queensland community on 9 June 2021 as a place for social connection as well as a hub for services and support.

Veterans and their families living on the South Coast of New South Wales are also being connected with much-needed support services through a temporary location in Nowra. The Nowra Wellbeing Centre opened the doors to its interim premises on 10 May 2021.

As part of the 2021–22 Budget, the government announced further funding of \$10.7 million to expand the Veteran Wellbeing Centre network into south-east Queensland and Tasmania.

DVA is working collaboratively with the lead organisations in each location to maximise benefits for the local communities.

National service commemorates 50 years since Operation Overlord, Vietnam



Members of 1 Platoon, A Company, 3RAR, wait for word to move out. Right to Left: A (Anthony) Callus, P (Paul) Brudell, CR (Cleve) Thomas; KW (Keith) Harwood, PR McFadyen. (Ian Harris Collection)

On 7 June 2021 more than 500 Vietnam veterans, their families and dignitaries gathered at the Australian Vietnam Forces National Memorial in Canberra to commemorate the 50th anniversary of Operation Overlord, including the Battle of Long Khanh – one of the last major Australian operations of the Vietnam War.

Operation Overlord, named after the Second World War Allied invasion of Normandy, with whose anniversary it coincided, was initiated to prevent the North Vietnamese from gaining a foothold in Phuoc Tuy province. The operation covered a large area of territory in the north of Phuoc Tuy, around the Courtenay rubber plantation, and into Long Khanh province.

Operation Overlord began on 5 June 1971. After 8 hours of intense fighting at the Battle of Long Khanh, the enemy troops withdrew. Regrettably, 3 Australians were killed at the battle and many were wounded. Another 7 Australians were killed some 5 days later on 12 June 1971 during the operation. Operation Overlord ended on 14 June 1971.

The DVA-run National Commemorative Service paid tribute to those Australians who lost their lives, as well as all Australians who served in action throughout the Vietnam War. Each of the 10 Australians killed during Operation Overlord was named and honoured, and many next of kin and friends of those who died made the trip to attend the service and lay wreaths at the memorial.

The commemorative address was delivered by His Excellency General the Honourable David Hurley AC DSC (Ret'd), Commanding Officer of the 3rd Battalion (3RAR), during the Battle of Long Khanh. Colonel Peter Scott DSO (Ret'd) delivered the Call to Remembrance, and memories of the battle were shared during the service by Robert Prideaux, Section Commander, 6 Platoon, Bravo Company, 3RAR. The Ode of Remembrance was read by Eddie Tricker, Delta and Echo Platoons, Headquarters 1st Australian Task Force.

The national service was an opportunity for Vietnam veterans to come together and reconnect, some after decades apart, to honour those who served on Operation Overlord and remember those who lost their lives during the operation. Those who were unable to attend the National Commemorative Service were able to watch it live on the ABC and through DVA's Facebook page.



RAAF Iroquois helicopters carrying troops prepare to take off during an air-mobile operation, Vietnam, 1971. (AWM P02866.030)

05

Management and accountability

Corporate governance

Governance framework

DVA's governance and management framework is based on the principles of performance assurance and accountability underpinned by a risk management framework.

Good governance is an integral part of sound and accountable decision-making, and it enables us to deliver on the expectations of government, veterans and the community. Ensuring that our governance structures and frameworks are efficient and fit for purpose is a key way in which we can achieve this. DVA's governance framework provides a clear purpose for each governance entity, provides for more efficient use of senior management resources, addresses risk and avoids duplication in oversight.

The framework articulates the lines of authority, accountability, direction and control within the department. It is designed to ensure our staff understand their accountabilities and our department delivers outcomes in a controlled, transparent and accountable manner, in line with relevant legislation and government policy:

- Our governance processes and policies include risk management, business planning, financial management, performance and compliance monitoring and reporting, staff performance agreements, internal auditing, fraud prevention, and Secretary's Instructions.
- Our governance framework supports our department's culture and its commitment to veterans. DVA has developed a Workforce Strategy and is committed to putting veterans and their families first with a high-performing, effective and efficient workforce.
- The governance framework also promotes and upholds the APS Values and Code of Conduct and enables us to monitor and improve our performance. DVA employees are required to adhere to the APS Values, Employment Principles and Code of Conduct as set out in sections 10, 10A and 13 of the *Public Service Act 1999*. The department treats suspected breaches of the Code of Conduct very seriously and will take action when breaches occur.

The department's highest governance body is the Executive Management Board (EMB). The EMB provides senior leadership and strategic direction, makes key decisions (consistent with the PGPA Act) and reviews risks for the department. The EMB's primary focus is strategic planning in policy and operational matters, achieving client service excellence, stakeholder connection, performance monitoring, culture and resource allocation. It regularly reviews organisational health based on a range of indicators, including financial performance, staff management, human resources and data capability.

Three governance committees report directly to the EMB: the Policy Committee, the Client Services Committee, and the People and Culture Committee.

The Policy Committee's primary focus is alignment of strategic policy development to outcomes; policy development approach, practices and capability throughout the department; the department's relationship with the Repatriation Commission and the MRCC; policy coordination and opportunity across government; and monitoring the quality of policy services provided throughout the department, including proactive policy advisory opportunities and services to the Minister.

The Client Service Committee's primary focus is client experience and engagement; monitoring key trends in client service quality and outcome delivery; providing governance oversight to enable continuous improvement of portfolio and program performance; and overseeing change management by monitoring DVA transformation programs and associated change management planning.

The People and Culture Committee provides departmental input into human resource matters outside normal line management processes to deliver a consistent approach to people matters across the department and to ensure that people management meets the strategic business needs.

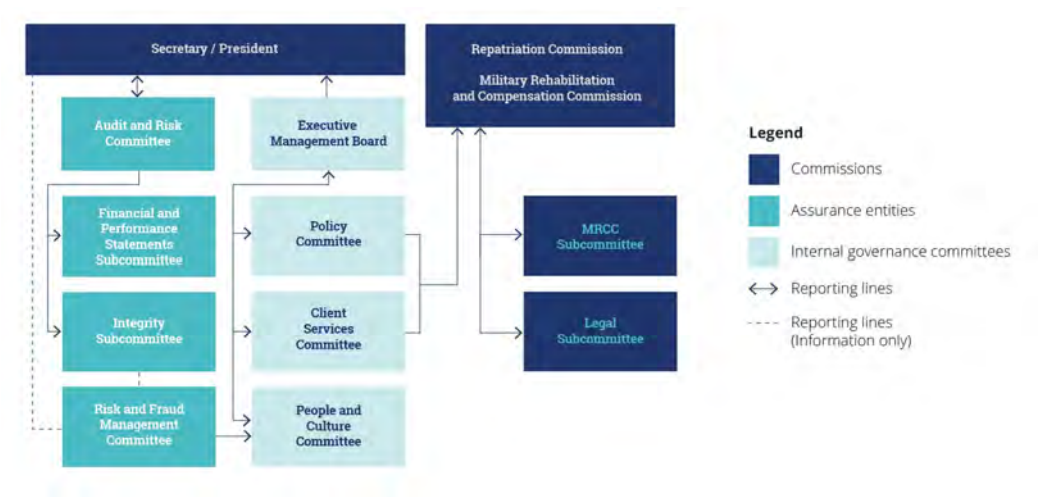
The Audit and Risk Committee (ARC) is an external advisory committee that reports directly to the Secretary. The ARC is required under the PGPA Act. Resource Management Guide 202 sets out the ARC's requirements, and these are reflected in the ARC Charter. Further detail on the ARC is in 'Audit and Risk Committee'.

The ARC is supported by the Financial and Performance Statements Subcommittee, which reviews the financial and performance reporting functions. The Integrity Subcommittee reviews the department's risk oversight and management and system of internal control functions.

The Risk and Fraud Management Committee provides internal assurance on risk and fraud matters to the EMB through the People and Culture Committee and, for significant issues, directly to the Secretary. Regular updates are also provided for external assurance to the ARC through the Integrity Subcommittee.

This structure (shown in Figure 5) supports the department in making decisions and implementing the principles and objectives of corporate governance consistent with our obligations under the PGPA Act.

FIGURE 5: DVA DEPARTMENTAL GOVERNANCE COMMITTEE STRUCTURE



Corporate and operational planning

The DVA corporate plan is DVA’s primary planning document. It sets out DVA’s purpose, its operating context, the key activities it intends to pursue in order to achieve its purpose, and how performance will be measured and assessed. The corporate plan is consistent with the requirements under section 35 of the PGPA Act. It is published on DVA’s website at www.dva.gov.au/documents-and-publications/dva-corporate-plans and covers the next 4 financial years.

DVA conducts business planning through annual business plans developed at the division, branch and business unit levels to align our strategic direction with business priorities at all levels of the organisation. The business plans demonstrate how DVA will go about undertaking its key activities to achieve its purpose. These flow directly into the performance plans for employees, which are assessed mid-year and year-end, with ongoing feedback provided as required. In addition, throughout the year, the department reports on its performance to high-level governance committees.

Conflict of interest

We inform our staff about their obligations under the *Public Service Act 1999*, which requires staff to avoid actual, perceived or potential conflicts of interests.

Risk management

Effective risk management is an integral part of delivering services to veterans and their families, commemorating their service and sacrifice and being accountable to the government.

The establishment of DVA's system of risk management meets the requirements of the PGPA Act and aligns with the Commonwealth Risk Management Policy; the International Standard on Risk Management, ISO 31000:2018 Risk management – Guidelines; and the Commonwealth best practice guidance, including Resource Management Guide 211.

Through the DVA Risk Management Framework 2020–2024 and its supporting processes, DVA continues to embed and communicate its risk policy, appetite and tolerance, guiding staff in their actions and ability to accept and manage risks.

During 2020–21, DVA continued to promote a positive risk culture and behaviours across all levels of the organisation. DVA's Chief Risk Officer, with the support of the senior executive, encouraged staff to engage with and understand risk at both the strategic and the operational level. The annual Risk Awareness Week was held. The Risk Management Framework and related policy and guidance were reviewed and updated to reflect changes in the department's operating environment. Enterprise and business risk assessments were comprehensively reviewed, taking into account the continuing impacts of the COVID-19 environment. Mandatory risk management training specifically tailored for DVA continues to provide staff with foundation knowledge.

DVA regularly reported on its risk profile and Risk Management Framework to internal and external assurance committees. Together, these committees provided assurance of the effectiveness and appropriateness of DVA's system of risk oversight and management. Due to the impact of the COVID-19 pandemic on DVA's strategic and operational landscape, there was a positive focus on managing current and emerging issues and identifying risks through the activities of the Pandemic Response Management Team.

Business continuity

DVA's Business Continuity Plan provides assurance that we will continue to provide essential services in the event of a major disaster or significant interruption. It is an integral part of the Risk Management Framework.

During 2020–21 the DVA Business Continuity Plan was not invoked.

Internal audit

In 2020–21, a tender process saw DVA change internal audit providers from KPMG to Ernst & Young. Both contractors are based in Canberra. KPMG contractors provided internal audit services for the period 1 July 2020 to 31 December 2020. Ernst & Young contractors provided internal audit services for the period 1 January 2021 to 30 June 2021.

KPMG and Ernst & Young carried out independent and objective assurance activities in accordance with DVA's Internal Audit and Assurance Strategy and the Institute of Internal Auditors standards. These activities included performance, financial and program reviews; ICT audits; and assistance and advice relating to fraud control, risk management and corporate governance.

Fraud prevention and control

DVA has obligations under the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) to take reasonable steps to prevent, detect, respond to, and report on fraud-related activities and outcomes.

The Community Compliance Model underpins DVA's approach to fraud and noncompliance. The model supports those who want to comply by making it easy to do so, while those who choose not to will have appropriate actions taken against them, including prosecution where necessary.

During 2020–21, DVA maintained strong fraud prevention and control operations. During this time we:

- held meetings of the Risk and Fraud Management Committee
- focused on fraud control, policy and process, and fraud-awareness issues
- ensured DVA was compliant with its fraud control and fraud-awareness obligations
- received a commitment of funding from government to enhance key fraud prevention, detection and response capabilities
- commenced planning for a restructure of our integrity functions
- implemented a new mandatory e-learning training course on integrity for all staff and contractors
- commissioned a comprehensive internal review of DVA's fraud framework to identify opportunities for improvement
- reviewed the Enterprise Fraud Risk Assessment, taking account of any risks presented by working in a COVID-19 environment
- commenced strategic fraud risk profiling of DVA benefits and services.

DVA detects potential fraud matters through activities such as post-payment monitoring, data matching and internal audits. We also receive allegations from members of the public. In 2020–21 we received 259 allegations of fraud – a decrease from 319 allegations in 2019–20. The allegations predominantly related to client and service provider matters.

DVA undertakes fraud investigations and, where appropriate, refers matters to the Commonwealth Director of Public Prosecutions and/or the Australian Federal Police. As a result of fraud investigations finalised in 2020–21, the fraud team referred 8 cases to internal business areas for consideration of administrative response such as debt recovery, education or other compliance activities. In addition, \$355,895 in ineligible payments was identified as a direct result of investigation activities, and debt recovery was undertaken.

Audit and Risk Committee

The ARC provides advice to the Secretary to give confidence in relation to the 4 functions listed in section 17(2) of the PGPA Rule: financial reporting, performance reporting, system of risk oversight and management, and system of internal control. It was established in compliance with section 45 of the PGPA Act and PGPA Rule 17.

Central to providing robust and impartial advice is the committee's independence from the management of DVA. In this independent capacity, and using its collective skills, experience and sound knowledge of DVA's operating context, the committee reviews information provided by internal audit and DVA's management. In order to understand and review processes and systems, the committee pursues information from relevant areas of DVA.

In providing advice to the Secretary, including through annual written statements for the 4 functions, the ARC includes details of the activities undertaken by the committee in order to discharge its review function and the matters that the committee has inquired into and satisfied itself about in the course of its activities.

The ARC's annual written statements to the Secretary communicate its view on its 4 functions and do not merely state that it does not know of anything that would indicate that the functions are not appropriate. The statements are to provide, if appropriate, references and suggestions for systems and process improvement.

The ARC's Charter is available at www.dva.gov.au/documents-and-publications/audit-and-risk-committee-charter.

TABLE 7: AUDIT AND RISK COMMITTEE MEMBERS, 2020–21

Member name	Qualifications	Number of meetings attended / total number of meetings	Total annual remuneration
Elizabeth Montano	Elizabeth Montano has over 20 years' experience as chair, deputy chair and member of boards and audit committees across a range of government and not-for-profit entities. She has broad-ranging experience in government and the machinery of government, including in financial and performance reporting, risk, assurance and program and project management and oversight. As a former chief executive officer of the Australian Transaction Reports and Analysis Centre (AUSTRAC), she was the first woman to lead a Commonwealth law enforcement/regulatory agency. Prior to that appointment, she was a consultant and senior lawyer with King & Wood Mallesons. She holds the degrees of Bachelor of Arts and Bachelor of Laws (UNSW) and is a Fellow of the Australian Institute of Company Directors.	8/8	\$33,500

Gayle Ginnane	Gayle Ginnane is a former chief executive officer of the Private Health Insurance Administration Council, the financial regulator for the private health insurance sector, and former chair of the National Blood Authority. She has extensive current and relevant experience as a director in both public and private sectors and as a chair and a member of audit committees in the public and private sectors. She holds a Bachelor of Arts (Maths, Stats), a Bachelor of Economics and a Masters in Defence Studies. She is a Fellow of the Australian Institute of Company Directors and an Affiliate Member of the Institute of Actuaries of Australia.	8/8	\$29,400
Andrew Stuart	Andrew Stuart is a former deputy secretary in the Australian Department of Health. He was at one time the chief operating officer of that department and was responsible for its internal reform and efficiency program, as well as the establishment of a portfolio shared services centre covering 20 agencies. He has also been responsible for the management of the Medicare program, private health insurance and the Pharmaceutical Benefits Scheme, with total expenditure of \$45 billion per annum. He holds a Master of Social Science and Statistics from the Australian National University.	8/8	\$31,200
Neil Bayles	Neil Bayles has extensive management experience in a variety of policy, operational and corporate roles over a long career in DVA. His experience includes 3 years as DVA chief finance officer, and 2 to 3 years as a member of the Financial and Performance Statements Subcommittee of the DVA Audit and Risk Committee. He holds a Bachelor of Arts.	8/8	\$0
Mark Garrity	Mark Garrity has 14 years' experience as an SES officer in the APS. He holds a Master of Business Administration and a Master of Government and Commercial Law.	7/8	\$0

External scrutiny

External scrutiny provides independent assurance that DVA's systems, processes and controls are effective.

Reports by the Auditor-General

Reports tabled in parliament by the Auditor-General were reviewed by senior management and relevant DVA business areas.

In 2020–21 DVA participated in one department-specific audit entitled Effectiveness of the Planning and Management of Veteran Centric Reforms. This report was tabled on 9 March 2021.

DVA participated in one cross-entity audit – the Performance Statements Pilot Audit Program. This report was published on 3 February 2021.

Reports by the Commonwealth Ombudsman

During 2020–21 DVA received one report issued by the Ombudsman under section 15 of the *Ombudsman Act 1976*. DVA did not receive any reports issued by the Ombudsman under sections 16, 17 or 19 of the *Ombudsman Act 1976* in relation to DVA during the financial year.

Copies of decisions and determinations made by the Commonwealth Ombudsman are available at www.ombudsman.gov.au.

Reports by the Australian Information Commissioner

Privacy Assessment of DVA's data matching activities and management of personal information in accordance with the Privacy Act 1988

DVA is an agency as defined in section 6 of the *Privacy Act 1988* and is bound both by the Australian Privacy Principles (APPs) as described in Schedule 1 of the *Privacy Act 1988* and the Privacy (Australian Government Agencies – Governance) APP Code 2017 (Privacy Code).

In accordance with section 33C(1)(a) of the *Privacy Act 1988*, during 2019–20 and 2020–21 the Office of the Australian Information Commissioner (Information Commissioner) undertook an assessment of DVA's data matching activities and management of personal information.

The purpose of the assessment was to determine whether DVA was taking reasonable steps to implement practices, procedures and systems relating to its data matching activities in accordance with APP 1.2 ('Open and transparent management of personal information'). As part of this assessment, the Information Commissioner also assessed DVA against the requirements of the Privacy Code. In June 2021 the Information Commissioner provided DVA with a report on its assessment.

The assessment found that DVA has taken some steps to manage its privacy risks. However, the Information Commissioner noted that DVA's overall privacy culture is still developing and would not yet be considered mature. The Information Commissioner identified one high privacy risk and 8 medium privacy risks associated with DVA's information-handling and privacy practices. The combined purpose of the 9 recommendations in the report is to address these privacy risks and enhance the maturity of the privacy culture within DVA.

In relation to the one identified high privacy risk, the Information Commissioner recommended that DVA meet its privacy obligations under the Privacy Code by developing a record of personal information holdings. The remaining 8 privacy risks focus on privacy appointments within DVA; raising privacy awareness within DVA; fostering a privacy culture; managing internal data matching policies and procedures; developing, reviewing and updating internal privacy and cybersecurity policies and procedures; and strengthening access security controls and internal operational relationships.

DVA fully cooperated with the assessment and is taking steps to address the findings and recommendations of the Information Commissioner.

Copies of the Information Commissioner's assessments are available at www.oaic.gov.au.

Reports by parliamentary committees

Veterans' Affairs Legislation Amendment (Supporting the Wellbeing of Veterans and Their Families) Bill 2020

On 10 June 2020 the Senate Scrutiny of Bills Committee sought the Minister for Veterans' Affairs' advice in relation to a measure in the Veterans' Affairs Legislation Amendment (Supporting the Wellbeing of Veterans and Their Families) Bill 2020 (Scrutiny Digest No 7 of 2020). Through regulations, the measure would provide support to former members of the ADF to assist them to transition to civilian employment. The Minister provided advice as to the operation of the regulations.

In its Scrutiny Digest No 9 of 2020, the committee welcomed the Minister's advice that an addendum to the explanatory memorandum could be provided that explains why details of the Support for Employment program are most appropriately placed in regulations.

An addendum to the explanatory memorandum was provided. The Bill passed the Senate on 12 November 2020 and received the Royal Assent on 26 November 2020.

Veterans' Affairs (Treatment Principles – Rehabilitation in the Home and Other Amendments) Determination 2020

The Senate Standing Committee for the Scrutiny of Delegated Legislation raised a concern about the availability of independent merits review under this legislative instrument.

The committee tabled a motion to disallow the instrument on 30 November 2020 because of its concerns regarding the absence of merits review. The committee concluded its exemption of the instrument following the response from the Minister for Veterans' Affairs on 15 February 2021. The Minister for Veterans' Affairs revoked the instrument in response to the committee's scrutiny concerns and repealed the provisions inserted into the Treatment Principles.

As a consequence of the repeal and revocation, the committee withdrew its disallowance motion on 22 February 2021.

National Commissioner for Defence and Veteran Suicide Prevention Bill 2020 and National Commissioner for Defence and Veteran Suicide Prevention (Consequential Amendments) Bill 2020

Legislation to establish the National Commissioner for Defence and Veteran Suicide Prevention was introduced into parliament by the Attorney-General on 27 August 2020.

On 3 September 2020 the Senate referred the National Commissioner for Defence and Veteran Suicide Prevention Bill 2020 and the National Commissioner for Defence and Veteran Suicide Prevention (Consequential Amendments) Bill 2020 to the Foreign Affairs, Defence and Trade Legislation Committee for inquiry and report.

On 7 September 2020 the committee Secretary wrote to Defence and DVA to invite written submissions to the committee by 9 October 2020.

DVA and the Department of Defence provided a joint submission to the committee on 9 October 2020. The submission acknowledged that addressing suicide is a priority and the departments will provide absolute support to the National Commissioner and their office.

The Repatriation Commission also made a submission to the committee on 9 October 2020.

A public hearing was held on 17 November 2020; DVA representatives appeared as witnesses.

The committee handed down its report on 30 November 2020.

Senate Standing Committee on Foreign Affairs, Defence and Trade inquiry into the Totally and Permanently Incapacitated (TPI) Payment (Special Rate of Disability Pension)

The inquiry into the Totally and Permanently Incapacitated (TPI) Payment (Special Rate of Disability Pension) was established on 18 March 2021 following passage of a motion by the Senate. The inquiry received 20 written submissions and a number of supporting and supplementary documents, including a submission from DVA. All submissions and supporting documents are published on the inquiry's website. The inquiry held a public hearing on 20 May 2021, where evidence was given by DVA, the TPI Federation and the Disabled Veterans of Australia Network. Multiple options for increasing the assistance available to TPI veterans and their families were presented to the inquiry through the written submissions and verbal evidence.

The sole recommendation of the inquiry was that 'the Australian Government consider an increase in the TPI Payment'. The government is considering its response to the inquiry.

Senate Finance and Public Administration References Committee inquiry into the capability of the Australian Public Service

On 1 December 2020 the following matter was referred to the Finance and Public Administration References Committee for inquiry and report by 31 October 2021:

'The current capability of the APS with particular reference to:

- 1. the APS' digital and data capability, including co-ordination, infrastructure and workforce;*
- 2. whether APS transformation and modernisation projects initiated since the 2014 Budget have achieved their objectives;*
- 3. the APS workforce; and*
- 4. any other related matters.'*

On 21 December 2020 the Senate Finance and Public Administration References Committee wrote to the Secretary of DVA to inquire into the current capability of the APS. The committee requested:

- a list of all transformation and modernisation projects (including digital and data projects) currently being delivered
- information on projects with a total budget over \$10 million, including key performance indicators and measures, major reports of reviews and cost of external providers engaged
- a snapshot of the agency's digital and data capability, including number of staff and contractor/labour hire and any reports prepared by consultants on digital and data capability.

DVA provided a response to the submission in February 2021. The submission and supporting documents were accepted for publication on the inquiry's website on 12 March 2021.

House of Representatives Select Committee on Mental Health and Suicide Prevention inquiry into mental health and suicide prevention

On 10 December 2020 the House of Representatives established a select committee to inquire into mental health and suicide prevention. Under its terms of reference, the committee is examining *'the findings of the Productivity Commission Inquiry Report into Mental Health, the Report of the National Suicide Prevention Officer, the Victorian Royal Commission, the National Mental Health Workforce Strategy and other recent strategic reviews of the current mental health system'*, taking into account the 2019 bushfires and the COVID-19 pandemic, and the capacity of the mental health workforce.

On 31 March 2021 DVA provided a written submission to the committee.

The committee presented an interim report on 15 April 2021 and is due to present a final report by 1 November 2021.

Other portfolio reviews and inquiries

In 2020–21 DVA continued a substantial body of work to implement and progress the responses to previous reviews and inquiries. These reviews and inquiries offered key recommendations that have underpinned DVA's transformation and provided the opportunity to renew DVA's framework to meet the future needs of veterans and their families.

Progress reports on the implementation of key reviews and inquiries are available on the DVA website at www.dva.gov.au/about-us/overview/reporting/reviews-and-reports.

Productivity Commission inquiry – A better way to support veterans

The final report of the Productivity Commission's inquiry into the system of compensation and rehabilitation for veterans and their families – *A better way to support veterans* – was tabled in parliament on 4 July 2019. The report made 69 recommendations and 26 findings about the system of support for veterans and their families. The government and DVA received extensive feedback on the report from the veteran community.

The Australian Government delivered an interim response to the Productivity Commission's report as part of the 2020–21 Budget process.

The interim government response addressed 25 of the report's 69 recommendations and, through the 2020–21 Budget, announced a package of measures focused on mental health, wellbeing, employment support and transition.

The Minister for Veterans' Affairs tabled and released the interim government response on 8 October 2020.

A further update was published on 14 May 2021. It noted that, as part of the 2021–22 Budget, the government is building on this response and is investing a further \$175.3 million for additional measures to support the health and wellbeing of veterans and their families.

The remaining recommendations primarily relate to structural and legislative reform, including harmonisation of entitlements across the 3 existing veteran Acts.

National Commissioner

Following the government announcement in February 2020 to establish a National Commissioner for Defence and Veteran Suicide Prevention (National Commissioner), the government announced the appointment of an interim National Commissioner on 30 September 2020.

The Australian Government provided the interim National Commissioner with terms of reference to undertake an independent review of past Defence and veteran suicides.

On 16 November 2020 the interim National Commissioner commenced the independent review, which will identify and understand the risk and protective factors relevant to past deaths by suicide among ADF members and veterans.

DVA has responded to a significant number of requests for information to support the interim National Commissioner in conducting the independent review.

Royal Commission

On 19 April 2021 the Prime Minister announced that the government will establish a Royal Commission into Defence and Veteran Suicide.

DVA assisted the Minister for Veterans' Affairs, by facilitating a 5-week public consultation process to inform the terms of reference for the Royal Commission.

Decisions by courts and tribunals

Veteran appeals

The majority of litigation in which DVA is involved concerns appeals lodged by veterans under the department's portfolio legislation. It typically relates to compensation eligibility and entitlements. A smaller number of cases involve the department in litigation arising from, for example, employment matters.

In relation to veteran appeals, where a veteran disagrees with a decision of the Repatriation Commission or the MRCC, it is open to them to appeal the decision under the VEA, the DRCA or the MRCA.

Appeals relating to compensation matters under the VEA are lodged first with the VRB. If the appellant is dissatisfied with the VRB decision, they can lodge an appeal with the Administrative Appeals Tribunal (AAT).

If a person is dissatisfied with an income support decision under the VEA, they may first seek an internal review by a different decision-maker and then seek a review by the AAT.

An appeal under the DRCA is first subject to internal review by a reconsideration delegate and then subject to review by the AAT.

An appeal of a decision under the MRCA made on or after 1 January 2017 is subject to review by the VRB and then subject to review by the AAT.

The *Administrative Appeals Tribunal Act 1975* provides that a party to a proceeding before the AAT may appeal to the Federal Court on a question of law from any decision of the AAT in that proceeding.

AAT applications and outcomes are set out in Table 8. These figures include cases that were remitted by the Federal Court to be considered again by the AAT.

TABLE 8: VEA, DRCA AND MRCA MATTERS CONSIDERED BY THE ADMINISTRATIVE APPEALS TRIBUNAL, 2020–21

Category	Applications decided by AAT	Withdrawn by applicant / dismissed by AAT	Affirmed by consent of parties	Set aside / varied by consent of parties	Affirmed following hearing	Set aside / varied following hearing
VEA	106	52	0	17	24	13
DRCA	76	43	0	18	10	5
MRCA	23	11	0	9	3	0

AAT = Administrative Appeals Tribunal; DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*; VEA = *Veterans' Entitlements Act 1986*

In 2020–21, one application was lodged with the Federal Circuit Court under the *Administrative Decisions (Judicial Review) Act 1977*. This matter was resolved by consent.

In 2020–21, 9 applications were lodged with the Federal Court of Australia, of which 7 were lodged by a veteran. Six of those applications were appealing decisions of the AAT, 2 applications were made under the *Administrative Decisions (Judicial Review) Act 1977* and one application was made under the *Judiciary Act 1903*.

During the same period, the Federal Court published the decisions in *Shafraan v Repatriation Commission (No 2)* [2020] FCA 1072; *Clearihan v Repatriation Commission* [2020] FCA 1130; *Clearihan v Repatriation Commission (No 2)* [2020] FCA 1276; *Parkes v Repatriation Commission* [2020] FCA 1770; and *Repatriation Commission v Fill* [2020] FCA 1812. Two further applications were set aside by the consent of the parties and remitted to the AAT for redetermination, one application was dismissed by the consent of the parties and one application was discontinued.

No appeals involving the Repatriation Commission, the MRCC or DVA were lodged in the Full Court of the Federal Court or in the High Court. Neither the Full Court of the Federal Court nor the High Court delivered any decisions involving the Repatriation Commission, the MRCC or DVA.

Administrative Appeals Tribunal (freedom of information)

Where an applicant or agency disagrees with a decision issued by the Information Commissioner, they can appeal the decision to the AAT under section 57A of the *Freedom of Information Act 1982* (FOI Act). The Information Commissioner can also exercise their discretion under section 54W(b) of the FOI Act to not review a freedom of information (FOI) decision where the Information Commissioner is satisfied that the interests of the administration of the FOI Act make it desirable that the reviewable decision be considered by the AAT.

There were no decisions issued by the AAT concerning DVA's FOI decision-making in 2020–21.

Copies of decisions issued by the AAT are available at www6.austlii.edu.au/cgi-bin/viewdb/au/cases/cth/AATA/.

Decisions by the Australian Information Commissioner

Where an applicant disagrees with a decision made by DVA under the FOI Act, the applicant can seek an external review of that decision by the Information Commissioner. Further, individuals who believe that DVA has not acted in accordance with its obligations under the *Privacy Act 1988*, and where DVA has not resolved their complaint satisfactorily, can submit a complaint to the Information Commissioner for consideration. In some instances, the Information Commissioner may issue a public determination advising of their view in a privacy complaint.

In 2020–21 the Information Commissioner handed down one decision under the FOI Act in relation to DVA. There were no privacy determinations issued by the Information Commissioner in relation to DVA in 2020–21.

On 7 March 2021, in *‘WV’ and Department of Veterans’ Affairs (Freedom of information)* [2021] AICmr 10, the Information Commissioner affirmed an FOI decision made by DVA which found that DVA’s searches were adequate and all relevant documents subject to that FOI request were identified. The Information Commissioner was satisfied that DVA took all reasonable steps to find documents within the scope of the FOI request. The Information Commissioner noted that the applicant’s submissions did not address the sufficiency of DVA’s searches but, rather, raised the question of whether the documents released to the applicant were appropriately classified as ‘evidence’ by DVA. That question did not fall within the scope of the Information Commissioner’s review.

In this matter, the applicant made an application under section 55H of the FOI Act to refer a question of law arising in the review to the Federal Court of Australia for decision. The Information Commissioner was not satisfied that the referral would facilitate and promote public access to information or promote the objects of the FOI Act; and did not consider that the relevant question of law constituted a controversy or dispute between the parties in that review that could be considered a ‘matter’ for the purposes of Chapter III of the Constitution.

Copies of FOI decisions and privacy determinations made by the Information Commissioner are available at www.oaic.gov.au and www.austlii.edu.au.

Freedom of information

Information Publication Scheme

Agencies subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. The IPS specifies categories of information that agencies must publish online and encourages agencies to proactively release information in a consistent way. Each agency must publish on its website a plan describing the information it publishes in accordance with the IPS requirements. DVA’s plan is available at www.dva.gov.au/about-us/overview/reporting/information-publication-scheme.

In 2020–21, DVA listed 47 items on its FOI Disclosure Log. Details of the information released in response to those 47 FOI requests and how to obtain copies of that information is available at www.dva.gov.au/about-us/overview/reporting/freedom-information/foi-disclosure-log.

Information access requests

DVA provides various mechanisms through which individuals can seek access to documents held by DVA. Access can be provided administratively, under section 331 of the MRCA, section 59 of the DRCA, under APP 12, through subpoenas and notices to produce, and through the FOI Act.

In 2020–21, DVA received 6,567 requests for information. This represents a 1.1% increase in requests compared to 2019–20. In 2020–21, in comparison to 2019–20, there were:

- 21.4% fewer FOI requests
- 23.1% more access requests from Comcare and Comsuper
- 2.9% fewer APP 12 requests
- 57.4% more administrative access requests received
- 40.9% fewer access requests made under DRCA and MRCA, and
- 2.3% more subpoenas and notices to produce issued.

TABLE 9: BREAKDOWN OF ACCESS REQUESTS RECEIVED IN 2020–21

Category	Statistics for 2020–21	Statistics for 2019–20
	Total	Total
FOI requests	1,927	2,453
Comcare and CSC	2,233	1,814
APP 12 requests	1,323	1,362
Administrative access requests	798	507
DRCA and MRCA requests	108	183
Subpoenas and notices to produce	178	174
Total	6,567	6,493

CSC = Commonwealth Superannuation Corporation; DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*; Open Arms = Open Arms – Veterans & Families Counselling

Of these requests, 29.3% were processed under the FOI Act, 34% were in response to notices issued by Comcare or Comsuper, 20.1% were processed under APP 12 and 12.2% were managed administratively. The remaining 4.4% arose under the DRCA or the MRCA or in response to other lawfully issued subpoenas and notices to produce.

Staffing and external legal expenditure

A total of 23 staff managed DVA’s information access functions and were all designated FOI decision-makers. This is a decrease of one staff member compared with 2019–20. Table 10 shows the staffing composition at the end of 2020–21 (noting how much time those staff spent on FOI functions).

TABLE 10: STAFFING COMPOSITION AND TIME SPENT ON FOI FUNCTIONS, 2020–21

APS level or equivalent	Number of staff who spent at least 75% of their time on FOI	Number of staff who spent more than 0% but less than 75% of their time on FOI
EL 2	0	2
EL 1	1	3
APS 6	1	1
APS 5	3	5
APS 4	0	4
APS 3	0	2
APS 2	0	1

Table 10 does not include the number of staff across DVA business areas, including SES, who assisted the 23 key personnel to manage this function. No one staff member works exclusively on FOI requests; instead, all staff help manage DVA’s broader information access work.

DVA incurred a total of \$28,897 in external legal expenditure to manage FOI functions for 2020–21. This does not include costs incurred in seconding lawyers from external legal service providers – this is detailed further below.

FOI requests

In 2020–21, DVA received 1,927 requests to access information and 2 requests for amendment of personal records under the FOI Act. DVA finalised 1,941 FOI requests in 2020–21, with 1,712 FOI decisions issued, 226 requests withdrawn and 3 requests transferred to other agencies to process.

In 2020–21, DVA processed 98.7% of FOI requests within the prescribed statutory time frame, with DVA granting full access to documents sought in 78% of the 1,712 FOI requests finalised.

TABLE 11: BREAKDOWN OF FOI DECISION OUTCOMES IN 2020–21

Category	Total 2020–21	Total 2019–20
Requests granted in full	1,336	1,977
Requests granted in part	296	43
Requests refused	80	24
Requests that were withdrawn	226	287
Requests that were transferred out to other agencies	3	10
Requests refused due to practical refusal reasons*	7	4
Requests where charges were notified**	0	1
Requests that were made within the statutory time frame (including where extensions of time were applied)***	1,691	2,023
Requests that were up to 30 days over the statutory time frame	19	15
Requests that were up to 60 days over the statutory time frame	0	1
Requests that were up to 90 days over the statutory time frame	1	2
Requests that were more than 90 days over the statutory time frame	2	3

* The FOI Act enables an agency to refuse a request where it is too large to process and the work involved in processing the request would substantially and unreasonably divert an agency's resources or where the request does not sufficiently identify the documents being sought.

** An agency is able to charge a fee to process an FOI request. This does not apply to individuals seeking access to their own personal information.

*** Agencies are required to finalise FOI requests within 30 days of receiving the request. This time frame can be extended with an applicant's agreement, where third-party consultations are required or where an extension is granted by the Australian Information Commissioner.

Both amendment requests made under the FOI Act were finalised within the applicable statutory time frame. One of those requests was refused and the other request was granted, with the requested amendment having been made.

DVA received 23 requests for internal review in 2020–21 and issued 18 decisions at internal review. Greater access was granted in 11 reviews and DVA affirmed the primary decision in the remaining 7 reviews. Three internal review requests were withdrawn and 2 internal reviews remained outstanding at the end of 2020–21.

Freedom of information consultations

In accordance with the Information Commissioner's FOI Guidelines, Commonwealth agencies may consult with other agencies where FOI requests involve information concerning the affairs of other agencies. In 2020–21, DVA responded to 10 of those courtesy consultations under the FOI Act.

Australian Information Commissioner

Where an applicant is dissatisfied with the way DVA has managed an FOI request or wishes to seek external review of an FOI decision made by DVA, they can submit their complaint or apply to have the decision reviewed by the Information Commissioner.

In 2020–21, there was an increase in the number of applications made to the Information Commissioner for review of DVA FOI decisions. DVA was notified of 12 applications for Information Commissioner review in 2020–21. In addition to the decision made in *‘WV’ and Department of Veterans’ Affairs (Freedom of information)* [2021] AICmr 10, 5 additional Information Commissioner reviews were finalised in 2020–21:

- 1 application was resolved through DVA issuing a revised decision under section 55G of the FOI Act
- 2 applications were withdrawn by the applicants
- 2 applications were closed at the discretion of the Information Commissioner under section 54W(a)(ii) of the FOI Act, on the basis that the applicants failed to cooperate in progressing the Information Commissioner review application or the review without reasonable excuse.

DVA was also notified of one FOI complaint having been made to the Information Commissioner in 2020–21. The Information Commissioner finalised that complaint under section 73(e) of the FOI Act, on the basis that the complaint was lacking in substance. One complaint that was registered in 2019–20 was withdrawn in 2020–21.

Privacy

Client records and personal information

DVA is bound by the provisions of the *Privacy Act 1988* and the APPs, which regulate the collection, storage, use, disclosure and disposal of personal information by Commonwealth agencies. DVA requires staff to be aware of their obligations under the *Privacy Act 1988*, requires privacy incidents to be reported as soon as possible and considers requests to access personal information under the *Privacy Act 1988*.

DVA received 1,323 personal information (APP 12) access requests in 2020–21; 126 were for DVA records and the remaining 1,197 requests were to access records held by Open Arms. A total of 1,321 requests were finalised in 2020–21. Of those, 1,304 access decisions were issued and 17 requests were withdrawn. The majority of information released under the *Privacy Act 1988* were documents from clients’ files and clinical records held by Open Arms, and 98.5% of the requests were finalised within the prescribed statutory time frame.

TABLE 12: BREAKDOWN OF DVA APP 12 REQUEST OUTCOMES, 2020–21

Category	2020–21 (1,321 requests finalised)	2019–20 (1,419 requests finalised)
Requests granted in full	1,300	1,351
Requests refused	4	7
Requests withdrawn	17	61
Requests that were made within the statutory time frame (including where extensions of time were applied)*	1,285	1,277
Requests that were up to 30 days over the statutory time frame	19	64
Requests that were up to 60 days over the statutory time frame	0	2
Requests that were up to 90 days over the statutory time frame	0	15
Requests that were more than 90 days over the statutory time frame	0	0

* In accordance with APP 12, agencies have 30 days to finalise a personal information access request.

Privacy incidents

DVA investigates all privacy incidents reported internally and directly by clients. In 2020–21 DVA registered 155 potential privacy incidents. This is an increase of 17.4% from 2019–20. In 2020–21 DVA finalised 157 privacy investigations. Of those, 131 matters were determined to be privacy breaches, 25 matters were found not to breach privacy and one complaint was withdrawn. The remaining matters were still under investigation at the end of 2020–21.

The majority of privacy incidents assessed by DVA are due to inadvertent disclosures by DVA staff through email or post. In cases where a privacy breach did occur, staff involved in the breach were counselled and the importance of all staff exercising care and caution when processing matters dealing with personal information was reiterated. In applicable cases, recommendations and changes were made to relevant system controls, practices and procedures so as to minimise the risk of future incidents occurring.

Privacy Impact Assessments

In accordance with the Australian Government Agencies Privacy Code, DVA is required to undertake a Privacy Impact Assessment for all ‘high privacy risk’ projects or initiatives that involve a new or changed way of handling personal information. DVA finalised one Privacy Impact Assessment in 2020–21, which was in relation to the Rehabilitation Provider Improvement Project. Details of these assessments are available on DVA’s website at www.dva.gov.au/about-us/overview/legal-resources/privacy.

Australian Information Commissioner

During 2020–21, DVA was notified of 4 privacy complaints made to the Information Commissioner – one more complaint than was made in 2019–20 – and 3 of those complaints have been finalised. In those 3 complaints, the Information Commissioner was satisfied that the complaints had been withdrawn and, as such, closed those complaints in accordance with section 41(1A) of the *Privacy Act 1988*. The Information Commissioner is currently considering the remaining complaint.

The Information Commissioner did not issue any privacy determinations in relation to DVA during 2020–21, and there were no reports made to the Minister for Veterans' Affairs under section 30 of the *Privacy Act 1988* about any act or practice of DVA.

Under the Notifiable Data Breaches Scheme, DVA is required to notify individuals and the Information Commissioner when a data breach is likely to result in serious harm to an individual whose personal information is involved. During 2020–21, there were no reportable data breaches but, as a courtesy, DVA did notify the Information Commissioner of one privacy incident for her information.

Legal services

Legislation program

During 2020–21, the legislation program for DVA concentrated on the Australian Government's COVID-19 response, ensuring that benefits for veterans remained aligned with their social security counterparts.

The Minister's legislation program also continued to focus on important Veteran Centric Reform measures.

COVID-19 response legislation

Portfolio legislation was amended as part of the following Acts, which provided economic support and assistance in response to COVID-19.

Coronavirus Economic Response Package Omnibus Act 2020

The *Coronavirus Economic Response Package Omnibus Act 2020* ensured that DVA payment recipient groups equivalent to the Department of Social Services (DSS) payment recipient groups received a one-off stimulus payment of \$750 paid as a lump sum from 31 March 2020.

The Act also ensured that a number of unique DVA payment recipient categories received the payments, including:

- persons aged over 16 receiving payments under the Education Schemes
- recipients of Temporary Special Rate of Disability pension
- service pensions and income support supplement recipients who had been receiving zero rate of pension in the immediate 12 weeks prior to 12 March 2020
- service pensioners or ISS recipients who were eligible for fringe benefits under section 53A of the VEA
- Veteran Gold Card holders.

A second payment of \$750, payable from 1 July 2020, was made to all DVA payment recipients who received the first payment, except for a subset of DVA clients who were also eligible to receive COVID-19 supplement under the *Social Security Act 1991* due to being in receipt of certain working age payments which attract the supplement (Parenting Partner (single and partnered); Jobseeker payment; Youth Allowance (other); Special Benefit; Farm Household Allowance).

The *Social Services and Other Legislation Amendment (Coronavirus and Other Measures) Act 2020* provided additional stimulus payments of \$250 on 27 November 2020 and 26 February 2021 to those who had received the second stimulus payment.

Payment of the COVID-19 Supplement

The Veterans' Children Education Schemes (COVID-19) Supplement Determination 2020, made by the Minister on 24 April 2020, provided for the payment of the COVID-19 Supplement of \$550 per fortnight to eligible students under the Education Schemes for the period from 25 March 2020 to 25 September 2020.

Further instruments made under social security law extended the COVID-19 Supplement and amended the rate of the COVID-19 supplement. This affected the amount paid under the Education Schemes:

- On 28 August 2020 the Social Security (Coronavirus Economic Response – 2020 Measures No 14) Determination 2020 extended the COVID-19 supplement until 18 December 2020 at a rate reduced from \$550 per fortnight to \$250 per fortnight.
- On 12 November 2020, the Social Security (Coronavirus Economic Response – 2020 Measures No 15) Determination 2020 extended the COVID-19 supplement until 31 December 2020 at the rate of \$250 per fortnight.
- On 18 December 2020, the Social Security (Coronavirus Economic Response – 2020 Measures No 16) Determination 2020 extended the COVID-19 supplement from 1 January 2021 until 31 March 2021 at the reduced rate of \$150 per fortnight.

The COVID-19 supplement ceased on 31 March 2021 and was replaced by a \$50 increase in the base rate of JobSeeker and Youth Allowance. This increase in the base rate also applies to Veterans' Children Education Schemes and MRCA Education Training Scheme recipients.

Social Services and Other Legislation Amendment (Extension of Coronavirus Support) Act 2020

The *Social Services and Other Legislation Amendment (Extension of Coronavirus Support) Act 2020* includes a discretionary power under the assets test under the VEA. This allows the Repatriation Commission to extend the principal home temporary absence provisions where a person, for reasons beyond their control, cannot return to Australia within the allowable absence period. Although many of the coronavirus measures ceased on 31 March 2021, this discretionary power continues indefinitely.

Other Acts affecting veterans and their families

Treasury Laws Amendment (2021 Measures No. 3) Act 2021

Amendments to the VEA to exclude both lump sum and annual payments made by the Department of Health under the Australian Thalidomide Survivor's program from being assessed as income for the purposes of the VEA commenced on 29 June 2021. These amendments mirror amendments to the *Social Security Act 1991*.

Veteran-centric legislation

VETERANS' AFFAIRS LEGISLATION AMENDMENT (SUPPORTING THE WELLBEING OF VETERANS AND THEIR FAMILIES) ACT 2020

The *Veterans' Affairs Legislation Amendment (Supporting the Wellbeing of Veterans and Their Families) Act 2020* amends the MRCA and the VEA to:

- create a new commissioner, known as the Veteran Family Advocate Commissioner, to be a member of the Repatriation Commission and the MRCC to represent the perspectives of families of veterans. This schedule commenced on 17 December 2020
- enable regulations to be made to provide pre-employment and post-employment assistance to former ADF members. This schedule commenced on 29 March 2021
- extend the quarterly payment of the Energy Supplement to the one group of Repatriation Health Card – For All Conditions (Gold Card) holders who do not currently receive the payment. This schedule commenced on the day the Act received the Royal Assent, which was 27 November 2020.

The appointment of a Veteran Family Advocate Commissioner was announced on 5 February 2020, together with the announcement of National Commissioner for Defence and Veteran Suicide Prevention. On 6 August 2020, Ms Gwen Cherne was appointed by the Governor-General as a Commissioner of the Repatriation Commission under existing provisions of the VEA. She was appointed to the MRCC on 2 March 2021 following passage of the *Veterans' Affairs Legislation Amendment (Supporting the Wellbeing of Veterans and Their Families) Act 2020*. She directly engages with families of veterans to help shape policy and improve the design of veterans' programs and services, including services related to veterans' mental health.

Employment-related assistance to veterans transitioning from the ADF is provided through the Military Rehabilitation and Compensation Amendment (Transition to Civilian Work) Regulations 2021 and delivered through the Support for Employment Program (SFE Program). Operational detail for a range of forms of assistance or benefits provided to veterans is provided through delegated legislation. Prescribing detail of the SFE Program in the regulations allows DVA to be responsive when details of the program, such as eligibility criteria or training courses, need to be quickly updated.

Energy supplement eligibility has been extended to Gold Card holders under the *Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006* and the *Treatment Benefits (Special Access) Act 2019*.

Legislative instruments

A number of important measures were implemented by legislative instruments in response to COVID-19 and Veteran Centric Reform.

COVID-19 response measures

- **Veterans' Entitlements (Provisional Access to Medical Treatment) Amendment Determination 2021:** This instrument implements the 2021–22 Budget measure 'Supporting veteran wellbeing through early access to medical treatment' by continuing access to the current PAMT. It extends the provision of treatment under the program by 12 months to 31 December 2022 and the participant intake period by 12 months to 1 July 2022.
- **Financial Framework (Supplementary Powers) Amendment (Veterans' Affairs Measures No 2) Regulations 2021:** This instrument implements the 2021–22 Budget measure 'Supporting veteran wellbeing through early access to medical treatment'. This measure provides for 4 years of ongoing funding for the Wellbeing and Support Program by amending Schedule 1AB to the Financial Framework (Supplementary Powers) Regulations 1997 to establish legislative authority for the Wellbeing and Support Program. This program provides case management services to highly vulnerable veterans who are transitioning into civilian life after their service in the ADF or who have complex care needs.
- **Veterans' Affairs Pharmaceutical Benefits Schemes Amendment (Continued Dispensing – Emergency Measures) Instrument 2020:** The 'continued dispensing' arrangements under this instrument have been continued because of the coronavirus pandemic and will cease on 30 September 2021. These arrangements provide for a list of pharmaceutical benefits that can be supplied by a community pharmacist under the schemes without a prescription; and the conditions for such a supply.
- **Veterans' Children Education Schemes (Updated Allowances) Amendment Determination 2021:** This instrument amends the Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Education and Training Scheme to increase payments to certain recipients of these schemes. The increase of \$50 per fortnight aligns with increases in the base rates of other social security benefits, such as JobSeeker and Youth Allowance under the *Social Security Act 1991*. This increase is applicable from 1 April 2021. The recipients of this \$50 per fortnight increase were formerly entitled to the coronavirus supplement, which ceased on 31 March 2021.

- **Veterans' Entitlements (Pension Bonus Scheme – Non-accruing members) Amendment Declaration 2021:** This instrument enables people registered with the Pension Bonus Scheme to be non-accruing members during the period 30 March 2020 to 31 March 2021 due to the COVID-19 pandemic. These people are not required to pass the work test during that period. This instrument was made retrospectively with a commencement date of 25 December 2020, to align with the equivalent social security measure.

Veteran-centric rehabilitation and treatment measures

- **Veterans' Affairs (Treatment Principles – Rehabilitation in the Home and Other Amendments) Determination 2020:** This instrument was revoked by the Veterans' Affairs (Treatment Principles – Rehabilitation in the Home and Other Amendments) Revocation Determination 2021 on 13 February 2021. Amendments inserted by the instrument were repealed on 18 February 2021 by the Veterans' Affairs (Treatment Principles – Removal of References to Rehabilitation in the Home) Amendment Determination 2021. Before the revocation and repeal, the instrument amended the MRCA Treatment Principles to provide for the appointment of a panel of rehabilitation in the home providers to provide rehabilitation in the home programs to eligible persons.
- **Veterans' Entitlements (Vaccinations for Overseas Travel) Eligibility Determination 2021:** This instrument replaces an instrument due to sunset on 1 April 2021. It allows the Repatriation Commission to determine specific classes of veterans and their dependants who are eligible to be provided vaccinations for overseas travel. A veteran or their dependant must be:
 - the holder of a Gold Card
 - in Australia at the time the vaccination is provided.

The vaccination must be provided under the Repatriation Pharmaceutical Benefits Scheme. The instrument also ensures that all Gold Card holders who meet the criteria will qualify, regardless of which Act gave them their Gold Card.

- **Veterans' Entitlements (Transition Care/Home Care Package – Co Payment for Ex POW/Victoria Cross Recipients) Eligibility Determination 2021:** This instrument specifies a class of entitled persons (former prisoners of war and Victoria Cross recipients). These people are eligible to have the Repatriation Commission meet the costs of the co-payment for their home care package or transition care package (provided under the *Aged Care Act 1997*). These people are entitled to have these costs met, whether or not they have a service caused injury or disease. This instrument replaced an instrument due to sunset on 1 April 2021.
- **Veterans' Affairs Pharmaceutical Benefits Schemes Amendment Determination 2021:** This instrument made a technical amendment to the Pharmaceutical Benefits Schemes to correct a longstanding error.

- **Financial Framework (Supplementary Powers) Amendment (Veteran’s Affairs Measures No 1) Regulations 2021:** This instrument amends Schedule 1AB to the Financial Framework (Supplementary Powers) Regulations 1997 to establish legislative authority for the government to provide a grant to the Royal Australian and New Zealand College of Psychiatrists to deliver the MVPTP. The training program will establish and fund 10 training posts for psychiatric registrars in health settings treating military personnel and veterans; and provide participating psychiatric registrars with an enhanced understanding of military and veteran mental health. The instrument was registered on the Federal Register of Legislation on 14 May 2021 and commenced on 15 May 2021.
- **Veterans’ Entitlements (Counselling) Extended Eligibility Amendment Determination 2021:** This instrument makes a technical amendment to correct a longstanding error from 2017 relating to the provision of counselling services to the partners of veterans.

Income support or payment measures

- **Veterans’ Entitlements (Special Disability Trust – Discretionary Spending) Determination 2021:** This instrument sets out the maximum amount of income and assets of a special disability trust that can be spent for the benefit of a principal beneficiary (other than income and assets used for meeting reasonable care and accommodation needs). For the 2021–22 financial year that amount is \$12,500. This amount did not increase from 2020–21 due to the low consumer price index increase.
- **Veterans’ Entitlements (Exempt Lump Sum – Payments of Compensation by the Scottish Government from the Advance Payment Scheme) Determination 2021:** This instrument ensures that the compensation payable from the Advance Payment Scheme by the Scottish Government in relation to historical child abuse is treated as an ‘exempt lump sum’ and is not included in the income test under the VEA. These payments are made in recognition of historical child abuse committed against a person while they were in care in Scotland before December 2004.
- **Veterans’ Entitlements (Weekly Payments – Class of Persons) Instrument 2021 and Military Rehabilitation and Compensation (Weekly Payments – Class of Persons) Instrument 2021:** These instruments assist financially vulnerable or significantly disadvantaged people by giving them the option of receiving payments weekly, rather than fortnightly. The purpose of these instruments is to specify a class of persons who may agree to receive their payments weekly, rather than fortnightly. This flexibility in payment may assist these disadvantaged people to meet the immediate costs they experience in their situation. These instruments replaced instruments due to sunset on 1 April 2021.

Employment measure

- **Military Rehabilitation and Compensation Amendment (Transition to Civilian Work) Regulations 2021:** This instrument provides employment support to former members of the ADF who are transitioning to the civilian workforce. The SFE Program was announced in the 2018 Budget and provides support to veterans who need additional services to secure appropriate employment. Former ADF members will be entitled to an allocation of up to 10 hours of one-on-one service support.

Warlike service determination

- Veterans' Entitlements (Warlike Service) Amendment Determination 2021 (No 1): This instrument extends the area of operation for Operation Augury to include Iraq and Syria.

Legal services expenditure

Reporting obligations

The *Legal Services Directions 2017* require all non-corporate Commonwealth entities and most corporate Commonwealth entities regulated by the PGPA Act to report their legal services expenditure to the Office of Legal Services Coordination (OLSC) within the Attorney-General's Department by no later than 60 days after the end of the financial year.

Each financial year, the OLSC produces a Legal Services Expenditure Report. This report is made available on the Attorney-General's Department's website. It considers Commonwealth legal services expenditure as a whole across 3 main categories: total, internal and external expenditure.

Copies of the OLSC reports are available at www.ag.gov.au.

DVA's legal services

The Legal Services and Audit branch is responsible for supporting lawful implementation of the department's objectives by advising on the management of legal risk as well as providing legal advice, litigation and dispute resolution services, legal training and legislation services.

To manage these functions, DVA utilises a blended workforce of in-house lawyers, secondees from external legal service providers, and contractors. This model ensures DVA has the right mix of legal expertise to help protect it from business risk and to inform strategic and operational decision-making.

Legal expenditure for 2020–21

In 2020–21 DVA spent a total of \$12.37 million on internal and external legal services. This is a slight increase from the previous year's total of \$11.91 million.

While there has been an overall slight increase in legal expenditure, DVA's legal expenditure on veteran appeals to the AAT has steadily decreased over the last few years. Since 2019–20, particular emphasis has been given to finding opportunities for resolving AAT claims through an early resolution process. This has reduced the number of matters needing a hearing and therefore reduced DVA's legal expenditure.

The cost of veteran appeals has stabilised in more recent times. In 2020–21, legal expenditure was \$4.20 million, compared to \$4.16 million in 2019–20.

The key areas that comprised DVA's legal expenditure were:

- instructing external legal practitioners to appear in the AAT on behalf of DVA, the Repatriation Commissioner and the MRCC
- secondments with external legal service providers to bring expertise in-house and support DVA to manage its day-to-day legal workload
- specialised legal advice and expertise to manage DVA's privacy compliance, commercial, procurement and intellectual property matters. Similar services were also required to address DVA's legislative compliance, grants and funding arrangements.

External legal expenditure

External legal services expenditure comprises the total value of briefs to counsel, the total value of disbursements (excluding counsel), and the total value of professional fees in accordance with the guidance issued by OLSC. These costs are incurred where DVA seeks legal specialists and expert assistance from external legal service providers. External legal expenditure also includes costs that may be awarded to applicants as a result of litigation involving DVA.

In 2020–21, DVA spent \$7.72 million on external legal services. Of the 70 matters briefed out to counsel, 71% were briefed to female counsel and 19% were briefed to junior counsel. Approximately 38% of the total expenditure went towards seconding 25 external lawyers over the last financial year and approximately 2% comprised disbursements and costs paid to applicants as a result of litigation involving DVA.

TABLE 13: EXPENDITURE ON LEGAL SERVICES AND MALE AND FEMALE COUNSEL BRIEFED, 2020–21

Type	Value (\$m)
Costs incurred by DVA	
Solicitors	3.994
Seconded lawyers	2.904
Briefs to male counsel	0.081
Briefs to female counsel	0.169
Disbursements	0.399
Total costs incurred by DVA	7.547
Costs paid to applicants	
Solicitors	0.129
Disbursements	0.047
Total costs paid to applicants	0.176
Total external legal expenditure	7.723

Internal legal expenditure

Internal legal expenditure comprises the total amount DVA spent on legal work undertaken by in-house lawyers. The methodology set out in the Australian National Audit Office Better Practice Guide *Legal services arrangements in Australian Government agencies* of August 2006 is applied in costing internal legal services.

In 2020–21, DVA spent \$4.65 million on direct and indirect internal legal services. This expenditure mostly comprised the salaries for 24.85 full-time equivalent ongoing APS staff.

DVA has a small internal legal practice that is primarily responsible for:

- providing timely advice on complex legal matters under the department's primary pieces of legislation and related instruments
- providing advice to the Secretary and the department on all areas of law
- managing the Minister's legislation program before the parliament
- managing veteran appeals in the tribunals and courts; and discretionary claims mechanisms available to veterans – for example, the Compensation for Detriment caused by Defective Administration Scheme
- managing, processing and providing legal advice on the department's information access mechanisms and on the handling of all privacy law matters.

People management

DVA supports managers and staff with a wide range of people management services to achieve its purpose.

Workforce planning

Since 2017 DVA has been implementing an ambitious reform agenda to transform the delivery of services to the veteran community and the way in which the department operates. To enable effective workforce planning through this transformation, DVA created an Enterprise Strategic Workforce Plan 2019–2023. The plan provides a workforce capacity and capability assessment of the impact of the transformation on DVA, considering how to maintain business-as-usual outcomes while transforming for the future. In addition to the department's core functions of service delivery and policy development, the plan identifies key skill sets and roles DVA will require in the future. It also identifies a number of opportunities to future proof our workforce. The plan focuses on 4 areas:

1. The journey ahead: DVA will continue with its Veteran Centric Reform transformation. There are many new systems and processes being introduced. Archiving and secure capture of knowledge will be a focus area.

2. The right skills: DVA's workforce will need to be adaptive to change and strengthen critical skills. This will require effective talent management, supported by strategic sourcing decisions. Six critical skills were identified that are either required by a significant number of staff or require a long lead time to build competency:

- digital ability
- stakeholder engagement
- research and analysis
- change management
- leadership
- business process improvement.

DVA will develop these skills through its Organisational Capability Strategy.

3. The right place: DVA will require principles to guide recruitment activity and support consistent decision-making on DVA's split in employment types and achievement of workforce outcomes.

4. Productive and engaged workforce: DVA is working towards ensuring staff experience is aligned to our defined objectives to ensure staff are retained and motivated to deliver high-quality work. Our culture and ways of working encourage innovation and are supported by a robust ICT infrastructure.

The plan will be reviewed as needed to ensure that, while accounting for changes in DVA's operating environment, it is continually working towards attracting, retaining and developing a workforce that is capable of delivering high-quality and connected services to all generations of veterans and their families. The plan is supported by divisional workforce plans that employ the same 4 focus areas. These plans are operationally focused and have a 12-month to 18-month life cycle.

Employment arrangements

All employee remuneration and benefits are provided under the DVA Enterprise Agreement 2019–22, individual flexibility agreements, or determinations under section 24(1) of the *Public Service Act 1999*. DVA does not have any Australian workplace agreements in place.

The DVA Enterprise Agreement 2019–22 commenced on 25 February 2019. The nominal date of expiry is 3 years from the commencement date.

The Enterprise Agreement contains provisions allowing the Secretary and an employee to make an individual flexibility agreement varying the effect of the terms of the Enterprise Agreement. At 30 June 2021, DVA had 26 individual flexibility agreements in place providing enhanced individual remuneration or benefits to those individuals.

At 30 June 2021, DVA also had in place 39 determinations made under section 24(1) of the *Public Service Act 1999*. These determinations deliver remuneration and conditions for SES employees and equivalent Senior DVA Medical Officers Level 5 and 6 (referred to as non-SES).

Information on the salaries available to staff is in Appendix B: Staffing overview. Performance pay is not available to DVA employees.

Non-salary benefits provided to SES employees and a small number of high-performing employees may include parking facilities at the workplace or an allowance in lieu of \$1,550 per year, and airline lounge membership. Medical Officers who are not subject to a determination under section 24(1) of the *Public Service Act 1999* have access to up to 5 days of paid leave per year to undertake professional development activities and are able to claim up to \$4,720 per year in reimbursement for costs associated with their professional development.

Capability development

The DVA Organisational Capability Strategy 2021–2025 defines corporate-level streams for staff skills development and talent retention, in order to achieve the department’s broader strategic drivers and longer term high performance vision. It aligns with DVA’s suite of strategic planning documents in addressing critical skill gaps across the organisation, supporting the attraction and retention of high-performing talent, providing meaningful measures of success, and proactively managing capability development into the future. It is organised around 6 themes:

- Programme, Service Delivery, and Process Improvement
- Policy Management
- Governance Risk and Financial Management
- Digital, Data Literacy, Research and Analysis
- Stakeholder Engagement and Relationship Management
- Organisational Agility, Strategy and Change.

Leadership and management streams are currently under development. These streams will support the maturation of DVA’s leaders to direct transformation effectively and behave in a way that encourages and enables change in people, systems, processes and culture in our journey towards veteran-centricity. The streams will be supported by various programs under development/review, including manager development, talent identification, mentoring, performance management, and mobility.

All corporate-level capability development activities are grouped according to the above themes and streams and will be delivered in accordance with the Australian Public Service Commission’s (APSC) Continuous Learning Model (Work, People, Courses, Resources).

Outcomes

A key component of the strategy is the Learning Evaluation Framework, which governs the consistent application of quality assurance of capability development, as well as guidelines for reporting on the effectiveness and quality of activities undertaken. It will incorporate evaluation surveys, the APS employee census, and the Performance Feedback Scheme to support the continuous improvement cycle and help us to target our strategies to secure the skills and knowledge required and ensure that learnings are applied in the workplace.

The People and Culture Committee remains as the governance committee for this strategy. A separate Organisational Capability Staff Reference Group has been formed to provide guidance on the implementation of the strategy.

Disability reporting mechanisms

DVA strives to ensure its policies and programs are inclusive of people with disability and their families and carers, including veterans and their families, departmental employees, and members of the public.

The National Disability Strategy is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

All levels of government will continue to be held accountable for the implementation of the strategy through biennial progress reporting to the Council of Australian Governments. Progress reports can be found at dss.gov.au. Disability reporting is included in the APSC's State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. DVA monitors progression towards the APSC Disability Strategy target of 7% of the APS workforce identifying with a disability. DVA's 2020 Census results indicated 8% of the total APS workforce identified with disability.

Resource management

Asset management

DVA runs an effective asset management program, registering assets on receipt in the financial management system and conducting an annual stocktake. Asset accounting functions and the management of intangible assets are centrally controlled, while day-to-day management of physical assets is decentralised to regional locations.

Accommodation

In 2020–21 DVA continued to review its accommodation requirements across Australia, aiming to minimise the expense and footprint of leased accommodation without impacting essential services to veterans and their families. DVA uses a whole-of-government property provider, Jones Lang LaSalle, to manage its property portfolio. This arrangement delivers a simplified administrative arrangement and leverages the bulk buying power of the whole-of-government provider.

Purchasing

The Procurement Team supports the requirements of the Repatriation Commission, the MRCC and all areas of the department undertaking procurement activities to ensure that procurement and contracting activities are undertaken in accordance with the Commonwealth Procurement Framework. The services of the Procurement Team include administering the Procurement and Contract Management Framework (which provides resource tools to build procurement and contract management capability across the department) and providing specialist support and guidance to ensure compliance prior to committing funds.

DVA is subject to internal and external (Australian National Audit Office) audits of compliance with the Commonwealth Procurement Framework. DVA works with the auditors to improve our performance against the core principles of Commonwealth procurement.

DVA won the Gold Award in the Building Entity Capability category in the 2020 Department of Finance Commonwealth Procurement Awards for Excellence. The awards promote the important role procurement plays in delivering services and outcomes for government, citizens and the business community. This award recognised DVA's Procurement and Contract Management Framework and acknowledged DVA's leadership and excellence in building procurement capability across the department to deliver positive outcomes through procurement. The framework has demonstrated an improvement in DVA's procurement processes and overall capability. DVA is also seeing a significant positive cultural shift around procurement.

Consultants

DVA engages consultants when it requires specialist expertise or when independent research or short-term projects are undertaken. DVA's selection processes:

- observe government and departmental procurement policies
- are publicly defensible, promoting fair competition and effective service
- are based on predetermined selection criteria
- realise best value for money.

Reportable consultancy contracts

During 2020–21 DVA entered into 28 new reportable consultancy contracts involving total actual expenditure of \$14.2 million. In addition, 23 ongoing reportable consultancy contracts were active during 2020–21 involving total actual expenditure of \$1.7 million.

TABLE 14: EXPENDITURE ON REPORTABLE CONSULTANCY CONTRACTS CURRENT REPORT PERIOD, 2020–21

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	28	\$14,228,506
Ongoing contracts entered into during a previous reporting period	23	\$1,698,856
Total	51	\$15,987,363

TABLE 15: ORGANISATIONS RECEIVING A SHARE OF REPORTABLE CONSULTANCY CONTRACT EXPENDITURE CURRENT REPORT PERIOD, 2020–21

Name of organisation	Expenditure \$ (GST inc.)
PRICEWATERHOUSECOOPERS CONSULTING (AUSTRALIA) PTY LIMITED ABN: 20607773295	\$7,524,966
REASON GROUP PTY LTD ABN: 34128711348	\$2,564,808
ERNST & YOUNG ABN: 75288172749	\$916,999
SYNERGY GROUP AUSTRALIA PTY LTD ABN: 65119369827	\$594,828
LA TROBE UNIVERSITY ABN: 64804735113	\$460,722

AusTender

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contract is available on the AusTender website at www.tenders.gov.au.

Reportable non-consultancy contracts

During 2020-21 DVA entered into 1,757 new reportable non-consultancy contracts, involving total expenditure of \$104 million. In addition, 910 ongoing reportable non-consultancy contracts were active during 2020-21 involving total actual expenditure of \$164 million.

TABLE 16: EXPENDITURE ON REPORTABLE NON-CONSULTANCY CONTRACTS CURRENT REPORT PERIOD, 2020–21

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	1,757	\$104,019,445
Ongoing contracts entered into during a previous reporting period	910	\$163,956,267
Total	2,667	\$267,975,713

TABLE 17: ORGANISATIONS RECEIVING A SHARE OF REPORTABLE NON-CONSULTANCY CONTRACT EXPENDITURE CURRENT REPORT PERIOD, 2020–21

Name of organisation	Expenditure \$ (GST inc.)
HAYS SPECIALIST RECRUITMENT (AUSTRALIA) PTY LIMITED ABN: 47001407281	\$35,279,451
RANDSTAD PTY LIMITED ABN: 28080275378	\$13,359,611
MCARTHUR (VIC) PTY LTD ABN: 75008186383	\$8,464,489
ACM RECRUITMENT PTY LTD ABN: 31167236571	\$6,399,712
HUDSON GLOBAL RESOURCES (AUST) PTY LIMITED ABN: 2112888782	\$6,105,996

AusTender

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website at www.tenders.gov.au.

Exempt contracts

DVA did not seek any exemptions from gazettal under the FOI Act in 2020–21.

Australian National Audit Office access clauses

All DVA contractual arrangements have in place a facility for the Auditor-General and accountability personnel to access contractual material, including at the contractor's premises. All DVA contracts are based on either the DVA template or the Commonwealth Contracting Suite, both of which contain access clauses.

Procurement initiatives to support small business

DVA supports small business participation in the Commonwealth Government procurement market. Small and medium enterprise (SME) and small enterprise participation statistics are available on the Department of Finance's website at www.finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts.

Health and wellbeing services are provided to veterans through DVA's funding arrangements with external providers, the majority of which are SMEs.

DVA recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website at www.treasury.gov.au.

The Indigenous Procurement Policy requires agencies to direct a percentage of business to Indigenous suppliers. During 2020–21 DVA provided 76 contracts, valued at \$5.54 million, to Indigenous suppliers.

DVA's procurement practices support SMEs, consistent with paragraph 5.4 of the Commonwealth Procurement Rules. DVA:

- uses the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000
- strives to communicate in clear, simple language and presents information in an accessible format in all documents
- uses electronic systems to facilitate on-time payment performance, including the use of payment cards.

Compliance with finance law report

There were no significant instances of non-compliance with the finance law in 2020–21.

Grants

Through DVA, the Minister for Veterans' Affairs sets policy and approves successful applications for the grants programs described in Table 18.

DVA grants are administered in conjunction with the Australian Government Community Grants Hub, except for grants under the Veteran Wellbeing Centres Program, Long Tan Bursary Scheme and the Overseas Privately Constructed Memorial Restoration Program, which are administered directly by DVA.

Information on grants awarded by DVA during 2020–21 is on GrantConnect at www.grants.gov.au.

TABLE 18: GRANT PROGRAMS ADMINISTERED BY DVA, 2020–21

Grant program	Purpose
Enhance wellbeing	
Building Excellence in Support and Training (BEST) program	<p>The BEST program assists the veteran and defence communities by providing support and resources to ex-service organisation practitioners for pensions, advocacy and/or welfare work. It assists ex-service organisations by providing a contribution to the work of these practitioners. It does not fully fund an organisation. In 2020–21, 164 organisations received BEST funding, totalling \$4,205,000.</p> <p>The Community Grants Hub administers the BEST program. DVA maintains the policy and approval processes, in collaboration with the Ex-Service Organisation Roundtable.</p>
Enhanced Employment Support for Veterans (EESV) program	<p>The EESV program provides grants to not-for-profit organisations to deliver innovative programs to support veterans to gain meaningful employment.</p> <p>The allocation of grant funding under the EESV program reflects the Australian Government's 2019 election commitment to support 3 organisations – Soldier On, Disaster Relief Australia (formerly known as Team Rubicon Australia) and the RSL – over 4 years in their work to provide employment-related services and programs for veterans and their families.</p> <p>In 2020–21, these organisations received funding totalling \$3,039,372.</p> <p>The Community Grants Hub administers the EESV program. DVA maintains the policy and approval processes.</p>

Grants-in-Aid (GIA) program	<p>The GIA program aims to support the role of national ex-service organisations to provide coordinating and representational support for the Australian veteran and defence communities. The objective of GIA program is to fund discrete projects or activities that address a specific problem or issue and will achieve a clear national benefit to the Australian ex-service and defence community.</p> <p>In 2020–21, 18 organisations received GIA funding totalling \$145,000. The Community Grants Hub administers the GIA program. DVA maintains the policy and approval processes.</p>
Long Tan Bursary Scheme	<p>The Long Tan Bursary Scheme provides funding to children of Australians who served in the Vietnam War. Bursaries help them to meet the cost of post-secondary education so that they can obtain the formal qualifications and skills they need to pursue their chosen careers. In the 2018–19 Budget, the Australian Government announced that the eligibility criteria for the Long Tan Bursary Program was extended to include grandchildren of Vietnam veterans. This change took effect from 1 July 2019. Each financial year, DVA offers 37 bursaries of up to \$12,000 over 3 years. In 2019–20, an additional 13 bursaries were offered and accepted, increasing the total number of bursaries to 50 for that year. In 2020–21, the number of bursaries offered and accepted returned to 37 bursaries. The Long Tan Bursary Scheme is administered by the Australian Veterans' Children Assistance Trust on behalf of DVA.</p>
Supporting Younger Veterans (SYV) program	<p>The SYV program supports the needs of younger veterans as they leave the ADF and integrate back into civilian life, with all the challenges that accompany that unique transition. For the purposes of the SYV program, the 'younger veterans' community' is defined as Australian veterans with post-1999 military service and their families.</p> <p>The objectives of the SYV program are to:</p> <ul style="list-style-type: none"> • deliver services to the younger veterans' community that build community capacity for the future and complement services already provided by the Commonwealth • expand on existing or well-established services offered to the younger veterans' community to new regions within Australia or in development of new services that will be offered in more than one location • raise awareness of the important issues faced by the younger veterans' community. <p>In 2020–21, 21 organisations received SYV grants totalling \$1,000,000 (GST exclusive). The Community Grants Hub administers the SYV program. DVA maintains the policy and approval processes.</p>
Veteran and Community Grants (V&CG) program	<p>The V&CG program aims to maintain and improve the independence and quality of life of members of the Australian veteran community by providing funding for projects that sustain or enhance health and wellbeing.</p> <p>In 2020–21, 113 organisations received V&CG grants totalling \$2,407,000.</p> <p>The Community Grants Hub administers the V&CG program. DVA maintains the policy and approval processes.</p>

Veteran Wellbeing Centres Program	<p>The Veteran Wellbeing Centres Program is an initiative providing \$30 million in funding for 6 centres located in Townsville, Perth, Adelaide, Wodonga, Nowra and Darwin. It was established in 2019. The program seeks to deliver integrated support to veterans and their families from government, business and community partnerships and connect veterans and their families to a range of core services that include support for transition, employment, health and social connection.</p> <p>The program for the 6 centres consists of \$20 million grant funding, with the remaining \$10 million provided to the relevant state government through Specific Purpose Payments. During 2020–21, all 6 grant agreements were executed and 3 of the 6 centres – Perth, Adelaide and Townsville – were officially opened. The remaining 3 centres in Nowra, Wodonga and Darwin are delivering services to veterans and their families through interim premises. All centres are expected to be fully operational by mid-2022 in line with the Budget commitment.</p> <p>In addition to the initial 6 centres, a further \$10 million was announced in the 2021–22 Budget to expand the network to Tasmania and south-east Queensland, with \$5 million allocated for each of these locations.</p>
Recognition and respect	
Overseas Privately Constructed Memorial Program	<p>The Overseas Privately Constructed Memorial Program assists Australian veterans and other individuals to restore and preserve military unit and battle memorials that were privately constructed overseas.</p> <p>To be eligible, memorials must directly commemorate Australia's military involvement in wars, conflicts and peacekeeping operations. Memorials must be pre-existing and on public display. Preference is given to memorials constructed by Australian veterans and Australian veteran associations.</p> <p>Funding is available for restoration, not ongoing maintenance.</p> <p>In 2020–21 a total of \$46,176 (GST exclusive) was provided through the program, comprising payments made on 4 applications for restoration and preservation.</p>
Saluting Their Service (STS) Commemorative Grants Program	<p>STS grants are provided to ex-service organisations, local and state government authorities, museums, schools and other community organisations for projects that commemorate the military service of Australians in wars, conflicts and peace operations.</p> <p>Two categories of grants are available under the program:</p> <ul style="list-style-type: none"> • Community Grants of up to \$10,000 for local, community-based projects and activities • Major Grants of between \$10,001 and \$150,000 for projects of national, state, territory and/or regional significance. <p>In 2020–21, 3 batches of the grants program were conducted. From these, 26 Major Grants and 242 Community Grants were approved, totalling \$3,498,535. These grants were distributed across all states and territories, across a wide range of organisations.</p>

Other mandatory information

In addition to the requirements of the enhanced Commonwealth performance framework, as set out in the PGPA Rule 2014, DVA has annual reporting responsibilities under other Commonwealth legislation.

The appendixes of this annual report provide detailed information on the department's:

- participation in the Data Matching Program, as required by the *Data-Matching Program (Assistance and Tax) Act 1990* (Appendix D: Data Matching Program)
- expenditure on advertising and market research, as required by the *Commonwealth Electoral Act 1918* (Appendix E: Advertising and market research)
- policies with regard to the Statement for Australia's Carers, as required by the *Carer Recognition Act 2010* (Appendix F: Carer recognition)
- work health and safety initiatives and outcomes, as required by the *Work Health and Safety Act 2011* (Appendix G: Work health and safety)
- contribution to ecologically sustainable development, as required by the *Environment Protection and Biodiversity Conservation Act 1999* (Appendix H: Ecologically sustainable development and environmental performance).

06

Financial statements

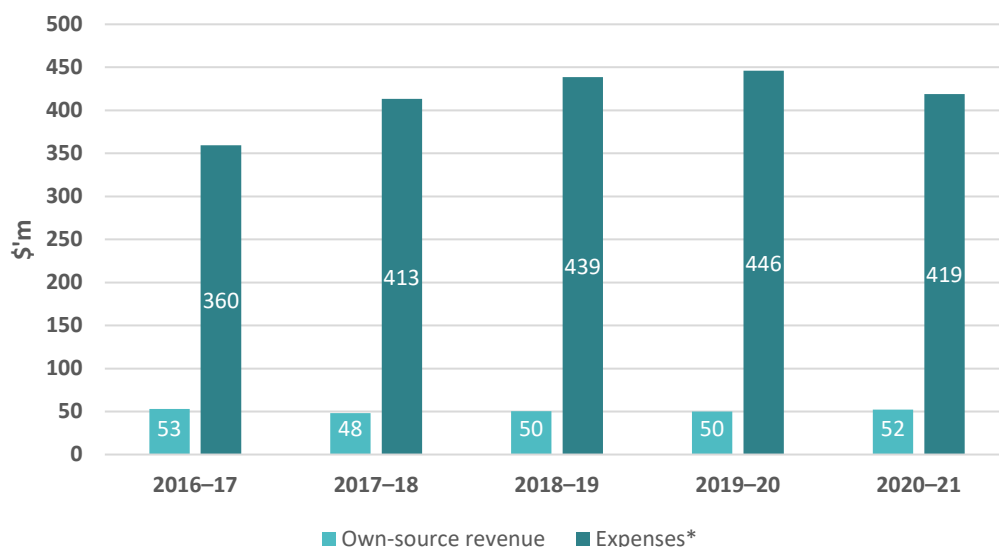
Report on financial performance

Financial performance – departmental

For the 2020–21 financial year, the department recorded a consolidated operating surplus \$17.59 million. The surplus includes DVA's operating surplus of \$19.57 million (excluding impact of depreciation, amortisation and lease accounting treatment), and the DSH Insurance operating loss of \$1.98 million (excluding depreciation).

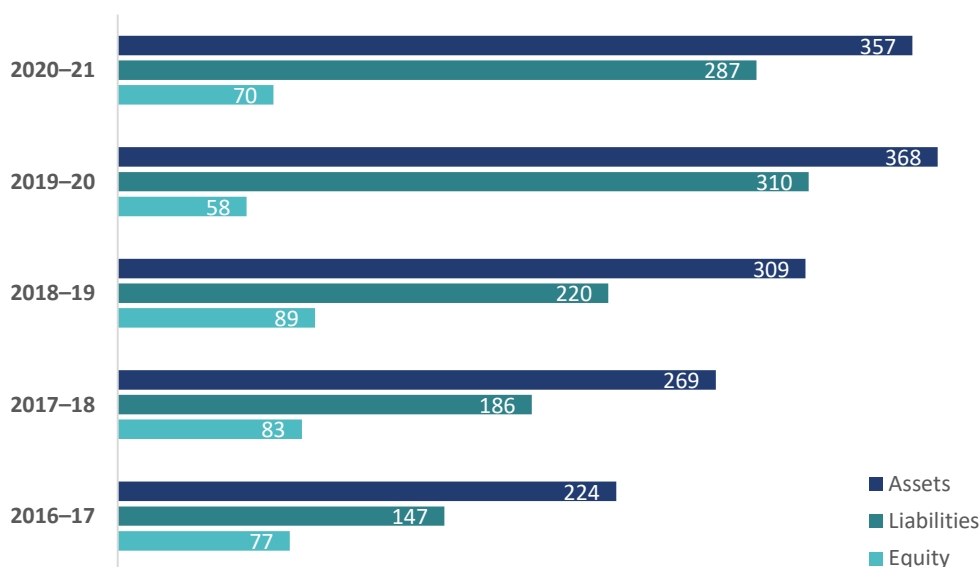
DSH Insurance operates as a separate entity. However, under the Commonwealth Financial Framework, it is reported as part of DVA. For more details on DSH Insurance, see program 1.4 and DSH Insurance financial statements.

FIGURE 6: DEPARTMENTAL FINANCIAL PERFORMANCE



*Expenses excluding impact of depreciation, amortisation and lease accounting treatment

The department is in a steady financial position as at 30 June 2021, with financial assets of \$162.3 million exceeding current liabilities of \$157.4 million. Non-financial assets were \$193.4 million at 30 June 2021, primarily reflecting the department's IT systems, fit-outs and infrastructure.

FIGURE 7: DEPARTMENTAL FINANCIAL POSITION

Financial performance – administered

In 2020–21, total administered expenses on behalf of the Government was \$22.6 billion, primarily made up of:

- \$6.6 billion in personal benefits related to various income support and compensation payments;
- \$3.9 billion in a range of health care payments from medical, hospitals to counselling and other wellbeing services;
- \$30.9 million for commemorations and recognition programs; and
- \$12.0 billion to reflect movement in the provision of the Military Compensation Scheme that relates to personal benefits and health care.

Total administered income in 2020–21 was \$16.0 million, representing personal benefits and health care related recoveries and reimbursements.

The administered assets at 30 June 2021 have increased to \$1.7 billion (30 June 2020: \$1.6 billion), due to an increase in net assets held by the Australian War Memorial.

The administered liabilities of \$46.4 billion (30 June 2020: \$34.6 billion) have increased predominantly due to movements in the personal benefits and health care provisions of the Military Compensation Scheme.

Department of Veterans' Affairs

financial statements 2020–21

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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Veterans' Affairs

Opinion

In my opinion, the financial statements of the Department of Veterans' Affairs (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising an Overview and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter

Valuation of Personal Benefit and Health Care Provisions

Refer to Note 4.3A *Personal Benefit Provisions* and 4.3B *Health Care Provisions*

The personal benefit provision balance at 30 June 2021 was \$25.16 billion and the health care provision balance at 30 June 2021 was \$21.14 billion

I draw attention to the accounting policies described in Note 4.3 *Administered Provision* that describe the significant uncertainty associated with a number of the assumptions used in the calculation of these provisions and to the section titled *Sensitivity Analysis* which describes the sensitivity of the valuation of the provision to changes in these assumptions.

I considered this to be a key audit matter due to the complexity and use of judgement associated with the unique compensation arrangements arising under legislation.

The provision is measured by estimating the present value of the future payments of claims incurred at 30 June 2021 which includes potential claims incurred by veterans but not yet reported. This estimate is dependent on a number of key assumptions and judgements, including the number of new claims not yet reported, the rates at which qualified veterans are expected to receive payments over their lifetime, future inflation in medical costs, the length of time payments are made to a veteran and the appropriate discount rate over the length of the scheme.

In addition, the Australian Accounting Standards include requirements for the presentation and disclosure of major assumptions made concerning future events.

How the audit addressed the matter

The audit procedures I applied to address the matter included:

- testing the accuracy and completeness of data used to calculate the provisions, including, agreeing a sample of historical payments to claimants' records, and assessing the quality assurance and reconciliation processes used by the Entity to provide data to its actuary; and
- obtaining the Entity's actuarial report and year-end adjustments to:
 - assess the appropriateness of the valuation model;
 - assess the reasonableness of the key assumptions used in the model by comparing those used with industry compensation and insurance schemes; and
 - evaluate the appropriateness of the disclosure of the key assumptions applied and of the uncertainties that impact the key assumptions, including the sensitivity analysis.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Rebecca Reilly
Executive Director
Delegate of the Auditor-General

Canberra
8 October 2021

Statement by the Secretary and Chief Financial Officer


In our opinion, the attached financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Veterans' Affairs will be able to pay its debts as and when they fall due.



Liz Cosson AM CSC
Secretary

6 October 2021



Glen Casson
Chief Financial Officer

6 October 2021

Statement of Comprehensive Income

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	192,090	192,485	200,161
Suppliers	1.1B	167,418	189,940	176,766
Finance costs	1.1C	1,117	1,217	1,491
Underwriting expenses	1.1D	37,191	42,231	33,075
Write-down and impairment of assets		811	2,664	-
Depreciation and amortisation	3.2A	47,412	43,697	41,983
Total expenses		446,039	472,234	453,476
Own-source revenue				
Net premium revenue	1.1D	39,115	37,885	37,660
Investment revenue	1.1D	363	1,045	1,600
Insurance agency revenue	1.1D	3,527	3,604	3,200
Revenue from contracts with customers	1.2A	6,692	6,600	6,604
Other revenue ¹	1.2B	2,680	795	867
Total own-source revenue		52,377	49,929	49,931
Net cost of services		393,662	422,305	403,545
Revenue from Government - departmental appropriations	5.1A	384,301	360,396	383,044
Deficit on continuing operations		(9,361)	(61,909)	(20,501)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	3.2A	1,148	2,913	-
Total other comprehensive income		1,148	2,913	-
Total comprehensive loss	5.4	(8,213)	(58,996)	(20,501)

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 8.3.

¹ The original budget figure (\$4.8m) from the 2020–21 Portfolio Budget Statements is reclassified from “Other Revenue” to “Investment” (\$1.6m), and “Insurance Agency Revenue” (\$3.2m).

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	9,950	6,567	6,566
Trade and other receivables	3.1B	60,635	44,200	41,813
Premiums and recoveries receivable	3.1C	39,685	34,029	34,747
Investments	3.1D	52,001	57,000	58,712
Total financial assets		162,271	141,796	141,838
Non-financial assets¹				
Land and buildings	3.2A	128,144	150,718	135,295
Property, plant and equipment	3.2A	299	447	476
Intangibles	3.2A	61,434	71,414	69,021
Other non-financial assets	3.2B	3,478	2,615	3,548
Total non-financial assets		193,355	225,194	208,340
Assets held for sale		1,350	1,350	-
Total assets		356,976	368,340	350,178
LIABILITIES				
Payables				
Suppliers	3.3A	46,636	54,277	56,689
Unearned premiums	3.3B	28,947	25,246	26,093
Other payables	3.3C	6,034	5,248	4,459
Total payables		81,617	84,771	87,241
Interest bearing liabilities				
Leases	3.4A	98,924	117,566	101,784
Total interest bearing liabilities		98,924	117,566	101,784
Provisions				
Employee provisions	6.1A	66,994	69,601	69,601
Unexpired risk liability	3.5A	3,432	2,956	-
Gross outstanding claims	3.5B	34,040	33,103	33,736
Other provisions	3.5C	2,010	2,461	1,153
Total provisions		106,476	108,121	104,490
Total liabilities		287,017	310,458	293,515
Net assets		69,959	57,882	56,663
EQUITY				
Contributed equity		342,258	321,968	342,247
Reserves		17,409	16,259	16,259
Accumulated deficit		(289,708)	(280,345)	(301,843)
Total equity		69,959	57,882	56,663

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 8.3.

¹ Right-of-use assets are included in "Buildings and Property, Plant and Equipment".

Statement of Changes in Equity

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance		321,968	317,783	321,968
Transactions with owners				
Distributions to owners				
Returns of capital		-	(18,019)	-
Contributions by owners				
Equity injection - Appropriations		6,596	5,748	6,585
Departmental capital budget		13,694	16,456	13,694
Total transactions with owners		20,290	4,185	20,279
Closing balance as at 30 June		342,258	321,968	342,247
RETAINED EARNINGS				
Opening balance		(280,345)	(243,535)	(280,342)
Adjustment on initial application of AASB 16		-	24,136	-
Adjusted opening balance		(280,345)	(219,399)	(280,342)
Comprehensive income				
Deficit for the period		(9,361)	(61,909)	(20,501)
Other comprehensive income		-	-	(1,000)
Total comprehensive income		(9,361)	(61,909)	(21,501)
Transfers between equity components		(2)	963	-
Closing balance as at 30 June		(289,708)	(280,345)	(301,843)
ASSET REVALUATION RESERVE				
Opening balance		16,259	14,309	16,259
Comprehensive income				
Other comprehensive income		1,148	2,913	-
Total comprehensive income		1,148	2,913	-
Transfers between equity components		2	(963)	-
Closing balance as at 30 June		17,409	16,259	16,259

Statement of Changes in Equity

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
TOTAL EQUITY				
Opening balance		57,882	88,557	57,885
Adjustment on initial application of AASB 16		-	24,136	-
Adjusted opening balance		57,882	112,693	57,885
Comprehensive income				
Deficit for the period		(9,361)	(61,909)	(20,501)
Other comprehensive income		1,148	2,913	(1,000)
Total comprehensive income		(8,213)	(58,996)	(21,501)
Transactions with owners				
Distributions to owners				
Returns of capital		-	(18,019)	-
Contributions by owners				
Equity injection - Appropriations		6,596	5,748	6,585
Departmental capital budget		13,694	16,456	13,694
Total transactions with owners		20,290	4,185	20,279
Closing balance as at 30 June		69,959	57,882	56,663

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 8.3.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Cash Flow Statement

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		379,355	370,308	391,443
Rendering of services		8,050	17,638	8,539
Net premium revenue		51,009	45,587	45,393
Insurance agency revenue received		3,529	3,587	5,340
Reinsurance and other recoveries		11,077	24,408	-
Interest		455	1,315	-
GST received		11,828	14,408	11,833
Other payments received		-	480	460
Total cash received		465,303	477,731	463,008
Cash used				
Employees		191,249	188,682	202,730
Suppliers		188,839	194,544	189,896
Interest payments on lease liabilities		1,117	1,217	1,141
Insurance claim payments		47,139	62,096	42,150
Reinsurance premiums		11,562	8,350	-
Acquisition costs		139	157	-
Fire brigade and emergency services contributions		1,748	1,753	-
Section 74 receipts transferred to the OPA		6,665	6,603	6,684
Total cash used		448,458	463,402	442,601
Net cash from operating activities		16,845	14,329	20,407
INVESTING ACTIVITIES				
Cash received				
Investments realised		34,506	68,634	-
Proceeds from sales of non-financial assets		-	-	1,000
Total cash received		34,506	68,634	1,000
Cash used				
Purchase of leasehold improvements		4,835	6,083	-
Purchase of property, plant and equipment		65	4	-
Purchase of intangibles		7,529	16,370	20,279
Purchase of investments		29,507	65,253	1,712
Total cash used		41,936	87,710	21,991
Net cash used by investing activities		(7,430)	(19,076)	(20,991)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		14,424	22,203	20,279
Total cash received		14,424	22,203	20,279
Cash used				
Principal payments of lease liabilities		20,456	17,641	19,696
Total cash used		20,456	17,641	19,696
Net cash used by/from financing activities		(6,032)	4,562	583
Net increase/(decrease) in cash held		3,383	(185)	(1)
Cash and cash equivalents at the beginning of the reporting period		6,567	6,752	6,567
Cash and cash equivalents at the end of the reporting period	3.1A	9,950	6,567	6,566

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 8.3.

Administered Schedule of Comprehensive Income

for the period ended 30 June 2021

	Notes	2021 \$'m	2020 \$'m	Original Budget \$'m
NET COST OF SERVICES				
Expenses				
Employee benefits		11	11	11
Personal benefits	2.1A	11,936	11,675	7,665
Health care payments	2.1B	10,518	9,733	5,971
Grants		22	24	20
Depreciation and amortisation	4.2A	3	4	-
Payments to Australian War Memorial		44	46	44
Other expenses		28	27	39
Total expenses		22,562	21,520	13,750
Income				
Non-taxation revenue				
Recoveries and reimbursements		16	19	21
Total non-taxation revenue		16	19	21
Total income		16	19	21
Net cost of services		22,546	21,501	13,729
OTHER COMPREHENSIVE INCOME				
Changes in revaluation reserve		10	6	-
Total other comprehensive income		10	6	-
Total comprehensive loss		(22,536)	(21,495)	(13,729)

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 8.4.

Administered Schedule of Assets and Liabilities

as at 30 June 2021

	Notes	2021 \$'m	2020 \$'m	Original Budget \$'m
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	33	49	49
Receivables		79	65	65
Equity accounted investments	4.1B	1,542	1,478	1,534
Total financial assets		1,654	1,592	1,648
Non-financial assets				
Buildings	4.2A	57	56	72
Other property, plant and equipment	4.2A	6	6	-
Intangibles	4.2A	9	10	-
Total non-financial assets		72	72	72
Total assets administered on behalf of Government		1,726	1,664	1,720
LIABILITIES				
Payables				
Personal benefit payables		26	193	192
Health care payables		46	63	81
Grant payables		5	2	3
Supplier payables		13	17	-
Total payables		90	275	276
Provisions				
Employee provisions		3	3	3
Personal benefit provisions	4.3A	25,163	19,815	20,217
Health care provisions	4.3B	21,124	14,545	14,981
Total provisions		46,290	34,363	35,201
Total liabilities administered on behalf of Government		46,380	34,638	35,477
Net liabilities		(44,654)	(32,974)	(33,757)

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 8.4.

Administered Reconciliation Schedule

for the period ended 30 June 2021

	Notes	2021 \$'m	2020 \$'m
Opening assets less liabilities as at 1 July		(32,974)	(22,130)
Net (cost of)/contribution by services			
Income		16	19
Expenses			
Payments to eligible persons, their dependants and other providers		(22,518)	(21,474)
Payments to Australian War Memorial		(44)	(46)
Other comprehensive income			
Changes in revaluation reserve		10	6
Transfers (to)/from the Australian Government			
Appropriation transfers from the OPA			
Administered assets and liabilities appropriations (Australian War Memorial)		55	37
Annual appropriations			
Payments to other entities		88	99
Payments to Australian War Memorial		44	46
Special appropriations (unlimited)			
Payments to eligible persons, their dependants and other providers		10,727	10,669
Special accounts		-	19
Appropriation transfers to the OPA			
Transfers to the OPA		(60)	(196)
Special accounts		-	(24)
Changes in equity			
Asset transfer from the Department of Defence		2	1
Closing assets less liabilities as at 30 June		(44,654)	(32,974)

Accounting Policy

Administered Cash Transfers to and from the Official Public Account (OPA)

Revenue collected by DVA for use by the Government rather than DVA is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by DVA on behalf of the Government and reported as such in the administered cash flow statement and in the administered reconciliation schedule.

Administered Cash Flow Statement

for the period ended 30 June 2021

	Notes	2021 \$'m	2020 \$'m
OPERATING ACTIVITIES			
Cash received			
GST received		52	51
Other		6	18
Total cash received		58	69
Cash used			
Payments to employees		11	11
Personal benefits		6,755	6,504
Health payments		4,012	4,074
Grants		19	23
Payments to Australian War Memorial		44	46
Other		32	48
Total cash used		10,873	10,706
Net cash used by operating activities		(10,815)	(10,637)
INVESTING ACTIVITIES			
Cash used			
Payments to Australian War Memorial		55	37
Total cash used		55	37
Net cash used by investing activities		(55)	(37)
Net decrease in cash held		(10,870)	(10,674)
Cash and cash equivalents at the beginning of the reporting period		49	73
Cash from Official Public Account			
Appropriations		10,914	10,851
Special Accounts		-	19
Total cash from the official public account		10,914	10,870
Cash to Official Public Account			
GST Transferred to Official Public Account		(52)	(52)
Appropriations		(8)	(144)
Special Accounts		-	(24)
Total cash to official public account		(60)	(220)
Cash and cash equivalents at the end of the reporting period	4.1A	33	49

The above statement should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

Overview

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars for departmental accounts and the nearest million dollars for administered accounts, unless otherwise specified.

The financial statements of DSH Insurance are consolidated into DVA's financial statements. In this process, all intra-entity transactions and balances are eliminated.

New Accounting Standards

The following new accounting standard was issued prior to the sign-off date and applicable to the current reporting period. The standard does not have a material effect on the DVA's financial statements.

Standard/Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	<p>AASB 1059 became effective from 1 July 2020.</p> <p>The new standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from a grantor's perspective.</p> <p>Prior to the issuance of AASB 1059, there was no definitive accounting guidance in Australia for service concession arrangements, which include a number of public private partnerships arrangements. The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof broadly on its international equivalent: International Public Sector Accounting Standard 32: <i>Service Concession Arrangements: Grantor</i>.</p>

Taxation

DVA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Foreign Currency

Transactions denominated in a foreign currency are converted to Australian dollars at the exchange rate at the date of the transaction. Foreign currency receivables and payables are converted to Australian dollars at the exchange rates current as at balance date. Associated currency gains and losses are not material.

Events After the Reporting Period

Departmental

There were no subsequent events between balance date and signing of the financial statements that had the potential to significantly affect the ongoing structure and financial activities of DVA.

Administered

There were no subsequent events between balance date and signing of the financial statements that had the potential to significantly affect the ongoing structure and financial activities of DVA.

Breaches of Section 83 of the Constitution

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law.

During 2020–21 DVA conducted a section 83 risk assessment to identify any new special accounts, changes to legislation, system changes or business activity changes which may impact on the previously identified section 83 control framework. None were detected.

Taking account of all the above activities, DVA has identified potential section 83 breaches in 2020–21 totalling \$16.799 million (2020: \$15.681 million), mainly from:

- Nil from incorrect classification of expenditure to administered programs;
- \$10.219 million identified through the DVA debt register;
- \$0.355 million through the fraud investigation program;
- \$1.287 million due to overpayments in Services Australia's treatment accounts system;
- \$3.720 million through potential breaches recognised through provision of legal advice and Commission submissions; and
- \$1.218 million through DVA's internal testing of transactions.

The table below summarises the results of the department's review of compliance with payment from the consolidated fund for 2020–21.

Special Appropriation identified as subject to conditions	Expenditure in 2020–21	Review complete?	Breaches Identified in 2020–21		Potential Breaches in 2020–21 yet to be resolved		Remedial action taken or proposed ¹
			Were any breaches identified?	Total \$'000	Yes/No	Indicative extent \$'000	
<i>Veterans' Entitlements Act 1986</i>	8,777,639	Yes	No	-	Yes	13,910	D,S
<i>Safety, Rehabilitation and Compensation Act 1988 / Safety, Rehabilitation and Compensation (Defence related Claims) Act 1988</i>	427,016	Yes	No	-	Yes	46	D
<i>Military Rehabilitation and Compensation Act 2004</i>	1,510,418	Yes	No	-	Yes	2,843	D,L
Total	10,715,073					16,799	

¹ L= legislative change; S= systems change; P=planned; D=debt recovery

1. Financial Performance

This section analyses the financial performance of DVA for 30 June 2021.

1.1. EXPENSES

	2021 \$'000	2020 \$'000
Note 1.1A: Employee Benefits		
Wages and salaries	143,911	140,561
Superannuation		
Defined contribution plans	10,761	9,436
Defined benefit plans	16,756	17,790
Leave and other entitlements	14,045	19,433
Separation and redundancies	4,092	2,075
Other employee benefits	2,525	3,190
Total employee benefits	192,090	192,485

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships, section 6.1.

	2021 \$'000	2020 \$'000
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Contractors	69,728	82,106
Shared service arrangement	37,573	36,620
Information technology and communication	16,133	9,174
Consultants	14,740	19,408
Property operating expenses	9,080	9,666
Treatment accounts processing fees	6,879	7,841
Postage and office requisition	3,217	4,121
Printing and publications	1,817	1,590
Training and development	1,502	1,866
Travel	678	3,660
Records management	255	2,168
Other	4,484	5,606
Total goods and services supplied or rendered	166,086	183,826
Goods supplied	10,809	10,628
Services rendered	155,277	173,198
Total goods and services supplied or rendered	166,086	183,826
Other suppliers		
Short-term leases	307	3,721
Low value leases	8	9
Variable lease payments	-	406
Workers compensation expenses	1,017	1,978
Total other suppliers	1,332	6,114
Total suppliers	167,418	189,940

DVA has short-term lease commitments of \$420,928.77 as at 30 June 2021.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C, 3.2A and 3.4A.

Accounting Policy

All borrowing costs are expensed as incurred.

Short-term leases and leases of low-value assets

DVA has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2021 \$'000	2020 \$'000
Note 1.1C: Finance Costs		
Interest on lease liabilities	1,117	1,217
Total finance costs	1,117	1,217

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 3.2A and 3.4A.

Note 1.1D: Insurance Activities

Underwriting revenue		
Premium received	50,599	46,676
Total premium revenue	50,599	46,676
Less: Reinsurance expense	(11,484)	(8,791)
Net premium revenue	39,115	37,885
Underwriting expenses		
Claims expense	48,076	38,547
Less: Reinsurance and other recoveries	(13,800)	(1,529)
Net claims expense	34,276	37,018
Fire brigade and emergency services contributions	1,748	1,753
Acquisition costs	139	157
Movement in unexpired risk liability	1,028	3,303
Total underwriting expenses	37,191	42,231
Other operating expenses¹	8,055	8,114
Underwriting result	(6,131)	(12,460)
Investment revenue		
Interest - deposits	363	1,045
Total investment revenue	363	1,045
Insurance agency revenue		
Insurance agency commission	3,527	3,604
Total insurance agency revenue	3,527	3,604

¹The expenses are included in Notes 1.1A and 1.1B and are reproduced here solely for the purpose of presenting the underwriting result.

Net claims incurred table

	2021			2020		
	Current	Prior	Total	Current	Prior	Total
	year	years		year	years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross incurred ¹	37,616	10,460	48,076	28,393	10,154	38,547
Less: Reinsurance and other recoveries	(11,029)	(2,771)	(13,800)	(13,436)	11,907	(1,529)
Net claims incurred	26,587	7,689	34,276	14,957	22,061	37,018

¹ Claims are not subject to discount.

Building insurance claims are typically resolved within one year. No claims development table is required under AASB 1023 *General Insurance Contracts* paragraph 17.7.1(b)(iii) for lines of business typically resolved within one year.

Accounting Policy**Insurance Activities**

The DSH Insurance forms part of the operations of DVA. The objective of DSH Insurance is to provide domestic building insurance in accordance with the *Defence Service Homes Act 1918* and associated Regulations.

Premium Revenue

Premium revenue comprises amounts charged to policyholders, excluding amounts collected on behalf of third parties, principally GST in full. The earned portion of premiums received and receivable, including unclosed business, is recognised as revenue. Premium revenue is recognised as earned from the date of attachment of risk.

The pattern of recognition over the policy or indemnity periods is based on time which is considered to closely approximate the pattern of risks underwritten.

Reinsurance Arrangements

DSH Insurance purchases reinsurance each year for dwelling per risk, catastrophe risk and legal liability risk. Premium ceded to reinsurers is recognised as an expense and is measured at nominal value in accordance with the pattern of reinsurance service received.

Commissions Received Revenue

Commissions received revenue is recognised when it becomes due to DSH Insurance.

1.2. OWN-SOURCE INCOME AND GAINS

	2021 \$'000	2020 \$'000
Own-Source Revenue		
Note 1.2A: Revenue from contracts with customers		
Rendering of services	6,692	6,600
Total revenue from contracts with customers	6,692	6,600
Disaggregation of revenue from contracts with customers		
Major product / service line:		
Service delivery	6,683	6,510
Other	9	90
	6,692	6,600
Type of customer:		
Australian Government entities (related parties)	6,470	6,282
State and Territory Governments	3	3
Non-government entities	219	315
	6,692	6,600
Timing of transfer of goods and services:		
Over time	6,166	6,049
Point in time	526	551
	6,692	6,600

Accounting Policy

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

When a contract is in scope of AASB 15, DVA determines if the performance obligations are required by an enforceable contract and they are sufficiently specific to enable DVA to determine when they have been satisfied. In relation to AASB 1058, DVA assesses the detailed timing of recognition in regards to whether a transaction gives rise to a performance obligation, liability or contribution by owners. DVA is also to disclose the judgements, changes in judgements, in applying AASB 1058 that affects the determination of the amount and timing of income arising from transfers to enable DVA to acquire or construct a non-financial asset.

The following is a description of principal activities from which DVA generates its revenue:

Defence Home Ownership Assistance Scheme (DHOAS) and Defence Home Owner Scheme (DHOS) administrative fees

Administrative service in support of DHOAS and DHOS activities in providing home loan assistance to certain members of the Australian Defence Force based on a Memorandum of Understanding (MOU) with Defence. Service obligation is satisfied over time for a fixed annual fee. Revenue recognition on a monthly basis in line with timing of fee payment stated in the MOU.

Australian Defence Force (ADF) counselling service

Administrative activities in support of the provision of mental health support services by the Open Arms to the ADF personnel as agreed in the MOU between DVA and Defence. Service obligation is satisfied at a point in time for counselling services performed or reports written. Revenue recognition occurs on a monthly basis for services performed in line with timing of invoice payment by Defence as per the MOU.

2021	2020
\$'000	\$'000

Note 1.2B: Other Revenue

Resources received free of charge - ANAO audit fee	845	795
Resources received free of charge - Seconded staff - Services Australia	1,835	-
Total resources received free of charge	2,680	795

Accounting Policy**Resources received free of charge**

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that DVA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1. ADMINISTERED - EXPENSES

	2021 \$'m	2020 \$'m
Note 2.1A: Personal Benefits		
Direct		
Income support	2,193	2,168
Defence widow/ers support	1,172	1,270
Disability support	1,534	1,547
Military compensation payments	1,669	1,502
Military compensation - movement in provision	5,348	5,164
Children education scheme	13	14
Other	7	10
Total personal benefits	11,936	11,675

Accounting Policy

Payments to eligible veterans, their partners, war widow/ers and dependants are made in accordance with the *Veterans' Entitlements Act 1986* (VEA) and associated legislation. Payments to eligible serving and former serving members of the Defence Force are made in accordance with the *Military Rehabilitation and Compensation Act 2004* (MRCA) and the *Safety, Rehabilitation and Compensation Act 1988* (SRCA).

From 12 October 2017, the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) replaced SRCA for current and former ADF members who have injuries or illnesses arising from their service prior to 1 July 2004.

Each of these Acts imposes an obligation on eligible recipients to disclose to DVA information about financial and personal circumstances that affect their entitlement to benefits. In the absence of this obligation, the cost of delivery of DVA's services would increase as a result of the requirement to verify information provided by eligible recipients in relation to these benefits.

Unreported changes in circumstances can lead to incorrect payment, even if no deliberate fraud is intended. However, risks associated with relying on voluntary disclosure by customers are mitigated by a comprehensive risk management plan which minimises the potential for incorrect payment by subjecting customers to a variety of review processes. Risks of any non-compliance with statutory conditions on payments from appropriations are explained in the Overview.

While DVA acts promptly to address material risks as they emerge, DVA accepts that a small proportion of non-compliance may go undetected. However, given the above risk management strategy DVA is satisfied that the incidence of incorrect payment is not material in terms of total payments, and that the financial statements materially reflect the activities of DVA's administered program.

	2021 \$'m	2020 \$'m
Note 2.1B: Health Care Payments		
Indirect		
Hospital services	1,015	1,227
Community care and support	914	982
General medical consultation and services	702	699
Counselling and other health services	647	631
Pharmaceutical benefits	313	303
Military compensation payments	268	238
Military compensation - movement in provision	6,659	5,653
Total health care payments	10,518	9,733

3. Financial Position

This section analyses the DVA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1. FINANCIAL ASSETS

	2021 \$'000	2020 \$'000
Note 3.1A: Cash and Cash Equivalents		
Cash at bank	3,499	3,142
Cash at bank (DSH Insurance special accounts)	6,451	3,425
Total cash and cash equivalents	9,950	6,567

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) cash in special accounts.

Note 3.1B: Trade and Other Receivables

Goods and services receivables	104	832
Contract assets	524	511
Total goods and services receivables	628	1,343

Appropriations receivables

Appropriations receivables	57,091	39,615
Total appropriations receivables	57,091	39,615

Other receivables

Statutory receivables ¹	2,605	2,391
Salary recoveries	1	270
Other	310	581
Total other receivables	2,916	3,242
Total trade and other receivables (net)	60,635	44,200

Credit terms for goods and services were within 20 days (2020: 30 days).

¹ Includes amounts owing from June 2021 Business Activity Statement and GST amounts on accrued expenses as at 30 June 2021.

Accounting Policy

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest that are not provided at below-market interest rates, are classified as subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

The contract assets are primarily associated with administrative services performed under MOUs with Defence in relation to mental health counselling and home loan assistance schemes.

	2021 \$'000	2020 \$'000
Note 3.1C: Premiums and Recoveries Receivable		
Premiums receivable	21,255	18,453
Reinsurance and other recoveries receivable	18,430	15,576
Total premiums and recoveries receivable	39,685	34,029
Total premiums and recoveries receivable (net)	39,685	34,029

No indicators of impairment were found for premiums and recoveries receivable. Receivables past 90 days are not considered impaired as premiums are cancelled after this period if not paid.

Accounting PolicyReinsurance Receivables

Reinsurance receivables are recorded at discounted estimated value on paid claims and incurred claims not yet paid and recognised as a reduction in the claims expense.

Note 3.1D: Investments

PGPA Act section 58 investments		
Deposits	52,001	57,000
Total investments	52,001	57,000

3.2. NON-FINANCIAL ASSETS

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangible

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles for 2021					
	Buildings - leasehold improvements	Other property, plant & equipment	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2020					
Gross book value	171,469	985	219,466	11,001	402,921
Accumulated depreciation/amortisation and impairment	(20,751)	(538)	(148,131)	(10,922)	(180,342)
Total as at 1 July 2020	150,718	447	71,335	79	222,579
Additions					
Purchase or internally developed	4,835	65	7,529	-	12,429
Revaluations and impairments recognised in other comprehensive income	439	-	-	-	439
Impairments recognised in net cost of services	-	-	(563)	-	(563)
Depreciation/amortisation	(7,655)	(132)	(16,877)	(45)	(24,709)
Depreciation on right-of-use assets	(22,634)	(69)	-	-	(22,703)
Other movements of right-of-use assets	2,441	-	-	-	2,441
Disposals	-	(12)	(24)	-	(36)
Total as at 30 June 2021	128,144	299	61,400	34	189,877
Total as at 30 June 2021 represented by					
Gross book value					
Fair value	170,019	951	-	-	170,970
Work in progress	406	-	-	-	406
Internally developed – in progress	-	-	12,379	-	12,379
Internally developed – in use	-	-	181,999	-	181,999
Purchased software	-	-	-	647	647
Accumulated depreciation/amortisation and impairment	(42,281)	(652)	(132,978)	(613)	(176,524)
Total as at 30 June 2021	128,144	299	61,400	34	189,877
Carrying amount of right-of-use assets	96,321	18	-	-	96,339

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C and 3.4A.

Accounting Policy

Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Non-financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment (PP&E) are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000 (with the exception of leasehold improvements where the threshold is \$50,000), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are material in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make-good' provisions in property leases taken up by DVA where there exists an obligation to restore the property to its original condition. These costs are included in the value of DVA's leasehold improvements with a corresponding provision for the 'make-good' recognised.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16, DVA has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Sector and Whole of Government financial statements.

Revaluations

Following initial recognition at cost, PP&E (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value). Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend upon the volatility of movements in market values for the relevant assets.

A full revaluation was performed by independent valuer as at 30 June 2021.

Revaluation adjustments are made on an asset class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Fair value for each class of asset are determined as shown below:

Asset class	Fair value
Land held for sale	At cost
Leasehold improvements	Depreciated replacement cost
Property, plant & equipment	Market selling price and depreciated replacement cost

Depreciation

Depreciable PP&E assets are written-off to their estimated residual values over their estimated useful lives to DVA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable assets are based on the following useful lives as per table below. The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Asset Class	2021	2020
Buildings - Leasehold improvements	Lesser of estimated life or unexpired lease period	Lesser of estimated life or unexpired lease period
PP&E – Plant and Equipment	4–9 years	4–10 years
PP&E – Furniture & Office equipment	2–9 years	2–10 years
PP&E – Computer equipment	2–4 years	3–5 years

Impairment

All assets were assessed for impairment at 30 June 2021. Where indications of impairment exist, the assets recoverable amount is estimated and an impairment adjustment made if the assets recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Where the future economic benefit of an asset is not primarily dependent on the assets ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

Intangibles are recognised initially at cost in the statement of financial position with the thresholds below:

Asset class	Threshold
Externally purchased software	\$50,000
Internally developed software - new system developments	\$250,000
Internally developed software - enhancement to existing systems	\$100,000

DVA's intangibles comprise of internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of DVA's software is usually 3–20 years (2020: 3–21 years).

All software assets were assessed for indications of impairment as at 30 June 2021.

	2021	2020
	\$'000	\$'000

Note 3.2B: Other Non-Financial Assets**Prepayments**

Information technology	1,933	1,233
Rental agreements	342	456
Health care processing	248	249
Other prepayments	955	677
Total other non-financial assets	3,478	2,615

No indicators of impairment were found for other non-financial assets.

3.3. PAYABLES

	2021 \$'000	2020 \$'000
Note 3.3A: Suppliers		
Trade creditors and accruals	46,636	54,277
Total suppliers	46,636	54,277

Settlement is usually made within 20 days (2020: 30 days).

Note 3.3B: Unearned Premiums

Unearned premiums	28,903	25,204
Insurance agency revenue received in advance	44	42
Total unearned premiums	28,947	25,246

Accounting PolicyUnearned Premiums

Unearned premiums represents the estimated proportion of premiums written in the current year relating to cover provided in the subsequent year. DSH Insurance's system allows for the unearned proportion to be calculated for each individual policy in accordance with AASB 1023 *General Insurance Contracts*.

Revenue in Advance

Revenue in advance is recognised where the revenue has been received prior to the period in which the revenue relates. DSH Insurance recognises revenue in advance at nominal value.

Note 3.3C: Other Payables

Wages and salaries	2,856	2,454
Superannuation	522	419
Separation and redundancies	1,746	907
Reinsurance premiums	910	988
Other payables	-	480
Total other payables	6,034	5,248

3.4. LEASES

	2021 \$'000	2020 \$'000
Note 3.4A: Leases		
Lease Liabilities	98,924	117,566
Total leases	98,924	117,566

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C and 3.2A.

Total cash outflow for leases for the year ended 30 June 2021 were \$1,117,342 for interest payments (2020: \$1,217,228) and \$20,456,000 for principal payments (2020: \$17,641,000).

Note 3.4B: Leases - Maturity

Maturity analysis - contractual undiscounted cash flows		
Within 1 year	21,050	20,336
Between 1 to 5 years	56,010	63,265
More than 5 years	25,228	38,393
Total leases	102,288	121,994

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C and 3.2A.

Accounting Policy

DVA in its capacity as lessee, is engaged in significant leasing arrangements for its National and State offices. For all new contracts entered into, DVA considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

3.5. PROVISIONS

	2021 \$'000	2020 \$'000
Note 3.5A: Movement in Unexpired Risk Liability		
Deficiency recognised in the statement of comprehensive income		
Unexpired risk liability expense	1,028	3,303
Total deficiency recognised in statement of comprehensive income	1,028	3,303
Expected future claims per actuarial report		
Expected future claims per actuarial report	31,604	28,068
Less: recorded unearned premiums	(28,172)	(25,112)
Unexpired risk liability	3,432	2,956
Note 3.5B: Gross Outstanding Claims		
Gross outstanding claims	34,040	33,103
Less: recoveries receivable	(18,430)	(15,576)
Net outstanding claims	15,610	17,527
Outstanding claims expected to be settled		
No more than 12 months	14,872	16,534
More than 12 months	738	993
Net outstanding claims	15,610	17,527

DSH Insurance has incurred claims during 2020–21 for which recoveries have and will be made in accordance with reinsurance treaties, which were in force at the date of loss.

The gross claims outstanding amounts to \$34,040,160 as at 30 June 2021. In determining this amount, the actuary has applied a risk margin of 12% (2020: 12%) to a central estimate of the expected present value of future payments for claims incurred. The resulting risk margin amounts to \$3,647,160 (2020: \$3,546,720) and is included in the gross claims outstanding (\$34,040,160).

Accounting Policy**Liability Adequacy Test and Unexpired Risk Liability**

AASB 1023 *General Insurance Contracts* requires the application of a liability adequacy test upon unearned premiums. Where this test indicates that DSH Insurance's unearned premiums are insufficient to cover the expected future claims under the policies associated with those premiums, the difference is recognised in the Statement of Comprehensive Income as an Unexpired Risk Liability. The result of this test indicates that DSH Insurance's unearned premiums are insufficient to cover expected future claims on unexpired policies at 30 June 2021 and as such, DSH Insurance has recognised an expense of \$1,028,025 (2020: \$3,302,685) and an adjusting increase to the existing unexpired risk liability of \$476,000 bringing the closing unexpired risk liability to \$3,432,000 (2020: \$2,956,000). The probability of adequacy applied in the test is different to the probability of adequacy adopted in determining the outstanding claims liability. No specific guidance exists for the risk margin to be used in determining the adequacy of premium liabilities. The use of the 75% basis as a regulatory benchmark in Australia, is consistent with market practices.

DSH Insurance's unadjusted unearned premium liability as at 30 June 2021 was \$28,172,000 (2020: \$25,112,000) and prior to the recognition of unexpired risk liability DSH Insurance had recognised \$552,025 in deferred acquisition costs (2020: \$346,685) with the net of these two figures being \$27,619,975. Future cash flows relating to future claims under the risk associated with those premiums as advised by DSH Insurance's independent actuaries was \$31,604,000 (2020: \$28,068,000).

DSH Insurance has not taken into account the income from invested retained surpluses or agency commissions which are used to subsidise costs associated with the building insurance policies.

Outstanding Claims

The provision for outstanding claims has been determined on a case by case approach in respect of all claims reported. The liability for outstanding claims includes claims incurred but not yet paid, incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs). The provision includes the expected administration costs of settling those claims. The valuation of the DSH Insurance outstanding claims liability provision as at 30 June 2021 was prepared by independent actuaries (KPMG). The methods used to assess the outstanding liability were Projected Case Estimates (PCE), Payment Per Claims Incurred (PPCI), Incurred Chain Ladder (ICL) and Incurred Bornhuetter Ferguson (IBF). This methodology meets Actuarial Professional Standard PS 300 *Valuation of General Insurance Claims*.

Actuarial Methods

The methodology for the estimation of the net outstanding claims provision as at 30 June 2021 consists of:

- a) Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2021. Separate predictions by claim type (Liability, Catastrophe and Other) are made in respect of each combination of accident quarter and financial quarter of payment. The future cash flow predictions are derived from several actuarial models of the various claim processes. That is, actuarial models are constructed for numbers of claims reported, average payments per claim incurred, development of case estimates and payments as a proportion of case estimates. The results of the models are blended based on their individual characteristics to produce a single estimate of the outstanding claims.
- b) Initially all estimates are made in 30 June 2021 dollars, but subsequently are increased to allow for inflation from that date to the date of payment.
- c) The gross of reinsurance liability for outstanding claims is estimated by:
 - discounting these inflated claim payments to allow for investment return at risk free rates;
 - adjusting for the effect of GST; and
 - adding an allowance to provide for associated claims administration expenses.
- d) The net outstanding claims liability is derived by allowing for expected reinsurance recoveries.
- e) The estimate of liability is increased by a prudential margin.

Actuarial Assumptions

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2021:

- a) Inflation rates: 2.00%;
- b) Discount rates: 0.18%;
- c) Claims administration expenses (CAE): 5% of gross outstanding claims liability;
- d) Superimposed inflation: approximately 1.50% p.a. in the actuarial model with explicit superimposed inflation assumption; and
- e) Prudential margin: 12% of central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency.

The following assumptions were made in determining the net outstanding claims provision as at 30 June 2020:

- a) Inflation rates: 2.00%;
- b) Discount rates: 0.24%;
- c) Claims administration expenses (CAE): 5% of gross outstanding claims liability;
- d) Superimposed inflation: approximately 1.50% p.a. in the actuarial model with explicit superimposed inflation assumption; and
- e) Prudential margin: 12% of central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency.

Process for Determining Assumptions

The process for determining each of the assumptions is as follows:

- a) Inflation rates: are taken as an average of CPI (housing) and AWE inflation expectations which are based on internal and external forecast of future rate;
- b) Discount rates: derived from a yield curve fitted to the actual yields on Commonwealth Government bonds as at 30 June 2021;
- c) Claims administration expenses: assumed based on industry experience;
- d) Superimposed inflation: derived from actuarial models based on the long term average of past experience for all non-catastrophe claims; and
- e) Prudential margin: selected based on analysis of historical variability within the portfolio.

Insurance Risk Management

Insurance risk management policies and practices are disclosed at Note 7.2D – Risk Management.

Process for Determining Risk Margin

The risk margin is intended to provide an adequacy to the 75% percentile of probability of sufficiency. In determining the risk margin assumption, the analysis of the variability of historical claims data was conducted, industry benchmark was considered and judgement was applied in the selection of assumptions. The approach adopted aligns with the framework recommended by the Institute of Actuaries Risk Margin Taskforce. There is no benefit from the diversification of risks.

	2021 \$'000	2020 \$'000
Note 3.5C: Other Provisions		
Provision for restoration obligations	2,010	2,461
Total other provisions	2,010	2,461

Reconciliation of other provisions

	Provision for restoration on leased property \$'000
As at 1 July 2020	2,461
Additional provisions made	334
Amounts used	(115)
Amounts revalued	(709)
Unwinding of discount or change in discount rate	39
Total as at 30 June 2021	2,010

DVA currently has 8 agreements for the leasing of premises which have provisions requiring DVA to restore the premises to their original condition at the conclusion of the lease. DVA has made a provision to reflect the present value of this obligation.

4. Assets and Liabilities Administered on Behalf of the Government

This section analyses assets used to conduct its operations and the operating liabilities incurred as a result DVA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1. ADMINISTERED - FINANCIAL ASSETS

	2021 \$'m	2020 \$'m
Note 4.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	33	49
Total cash and cash equivalents¹	33	49

¹ The closing balance of cash and cash equivalents includes cash in special accounts, but does not include amounts held in trust (2021: \$0.1 million; 2020: \$0.5 million). See Note 5.2 Special Accounts and Note 8.2 Assets Held in Trust for more information.

Note 4.1B: Equity Accounted Investments		
Investment in Commonwealth authorities		
Australian War Memorial ²	1,542	1,478
Total investments accounted for using the equity method	1,542	1,478

² The value shown for the Australian War Memorial is at fair value and is based upon the audited net asset position as at 30 June 2021.

The Commonwealth owns 100% of the investment in the Australian War Memorial whose principal activity is to commemorate the sacrifice of those Australians who have died in war. It does this by assisting Australians to remember, interpret and understand the Australian experience of war and its enduring impact on Australian society.

Accounting Policy

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments, other than those held for sale are classified as amortised costs and are measured at their fair value as at 30 June 2021. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at end of reporting period.

4.2. ADMINISTERED - NON-FINANCIAL ASSETS

Note 4.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles**Reconciliation of the opening and closing balances of Property, Plant and Equipment and Intangibles for 2021**

	Buildings	Other property, plant & equipment	Intangibles	Total
	\$'m	\$'m	\$'m	\$'m
As at 1 July 2020				
Gross book value	56	6	13	75
Accumulated depreciation and impairment	-	-	(3)	(3)
Total as at 1 July 2020	56	6	10	72
Additions				
Transfer of Sir John Monash Centre from Department of Defence	2	-	-	2
Revaluations and impairments recognised in other comprehensive income	1	-	-	1
Depreciation	(1)	(1)	(1)	(3)
Other movements - Reclassification	(1)	1	-	-
Total as at 30 June 2021	57	6	9	72
Total as at 30 June 2021 represented by				
Gross book value				
Fair value	55	6	13	74
Work in progress	2	-	-	2
Accumulated depreciation and impairment	-	-	(4)	(4)
Total as at 30 June 2021	57	6	9	72

Accounting Policy

Administered non-financial assets consist entirely of the Sir John Monash Centre located in France that commemorates Australian servicemen and women who served on the Western front during the First World War. The Sir John Monash Centre was transferred to the custodianship of DVA in the 2017–18 financial year as an asset under construction from the Department of Defence, and reported as various administered asset classes from 1 July 2018.

Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Non-financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment (PP&E) are recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are material in total).

Revaluations

Following initial recognition at cost, PP&E are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend upon the volatility of movements in market values for the relevant assets. DVA is required to value all assets in a class at the same time. An independent valuer will be engaged to revalue all tangible assets triennially.

A desktop revaluation was performed by an independent valuer as at 30 June 2021.

Revaluation adjustments are made on an asset class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Fair value for each class of asset are determined as shown below:

Asset class	Fair value
Buildings	Depreciated replacement cost
PP&E	Depreciated replacement cost

Depreciation

Depreciable assets are written-off to their estimated residual values over their estimated useful lives to DVA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset Class	2021	2020
Buildings	32–197 years	35–200 years
PP&E – Furniture	27 years	30 years
PP&E – AV & computer equipment	3 years	3–6 years
PP&E – Physical collection	97 years	100 years

Impairment

All assets were assessed for impairment at 30 June 2021. Where indications of impairment exist, the assets recoverable amount is estimated and an impairment adjustment made if the assets recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Where the future economic benefit of an asset is not primarily dependent on the assets ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

DVA's intangibles comprise internally developed and purchased software for internal use, and digital collections. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over their anticipated useful life. The useful life of DVA's intangible assets are 3–20 years.

All intangible assets were assessed for indications of impairment as at 30 June 2021.

4.3. ADMINISTERED - PROVISIONS

	2021 \$'m	2020 \$'m			
Note 4.3A: Personal Benefit Provisions					
Military compensation	25,163	19,815			
Total personal benefit provisions	25,163	19,815			
Personal benefit provisions expected to be settled					
No more than 12 months	2,163	1,547			
More than 12 months	23,000	18,268			
Total personal benefit provisions	25,163	19,815			
Note 4.3B: Health Care Provisions					
Military compensation	20,961	14,302			
Outstanding Treatment Accounts System (TAS) claims	115	134			
Repatriation Pharmaceutical Benefits Scheme (RPBS)	22	20			
Public Hospitals	26	89			
Total health care provisions	21,124	14,545			
Total health care provisions expected to be settled					
No more than 12 months	446	492			
More than 12 months	20,678	14,053			
Total personal benefit provisions	21,124	14,545			
Personal benefits		Health care			
Military compensation	Military compensation	Outstanding TAS claims	RPBS	Hospitals	
\$'m	\$'m	\$'m	\$'m	\$'m	
As at 1 July 2020	19,815	14,302	134	20	89
Actuarial changes in provisions	4,024	4,647	-	-	-
Increase in provisions	2,597	1,634	115	22	26
Claims paid during the year	(1,736)	(247)	(134)	(20)	(89)
Unwinding of discount	57	46	-	-	-
Change in interest rate	406	579	-	-	-
As at 30 June 2021	25,163	20,961	115	22	26

Accounting Policy

Military Compensation Provision

The military compensation provision is recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The military compensation provision represents an estimate of the present value of future payments in respect of claims under the *Military Rehabilitation and Compensation Act 2004* (MRCA) and the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) arising from service rendered before 30 June 2021. These claims may not be reported until many years after the event and subsequent payments for income support, health and rehabilitation services can extend over a long period of time. The injury profile within the schemes creates dynamic expenditure patterns. Some injuries can be of a temporary nature and give rise to a short term obligation for compensation while others may result in long term entitlements. Historically, expenditure has been highest in the earlier years after the incident giving rise to the claim for compensation, however the ongoing entitlement to income support and treatment means that the liability has a long tail with payments expected to be made for the next 50 or more years. Entitlements are still being paid by DVA for dependants of World War 1 veterans, World War 2 veterans and their dependants.

Sources of Uncertainty

Many sources of uncertainty exist when estimating a “long tail” provision. There are some inherent sources of uncertainty which arise from:

- differences between the actuarial models, methods and assumptions used to estimate the provision and the underlying claims process;
- historical data which may be inaccurate, incomplete or exhibit volatile claims trends;
- differences between the economic and environmental conditions assumed to prevail in future and actual outcomes; and
- the random element in the claims process whereby claim frequency, timing and magnitude cannot be determined with certainty, even if the model and its parameters are accurate.

There are also a range of factors which can complicate the process of setting assumptions, including:

- changes in service delivery which may accelerate or slow down the development and recording of paid or incurred claims, compared with the statistics from previous periods;
- changes in the legal environment; and
- medical and technological developments.

In the case of the military compensation provisions, there are also specific sources of uncertainty arising from the nature of the schemes and the data available:

- the longer lag time between injury and claim, compared with other workers’ compensation schemes, presents difficulties in setting assumptions for recent accident years;
- the very long tail in payments means that the estimate of the liability is particularly sensitive to changes in the discount rate;
- the move from DRCA to MRCA in 2004 is likely to have distorted the claims experience over the subsequent transition period, with a jump in DRCA claims immediately prior to closure and markedly lower than expected numbers of MRCA claims in the first few years of its operation;
- the higher level of operational deployments of the Australian defence forces from the 1990s to early 2000s has also almost certainly led to some distortion of claims reporting in the early years of MRCA; and
- MRCA is far from fully mature with experience available for analysis limited to a maximum of fifteen and a half years after the injury date. This needs to be compared with DRCA experience which indicates that payments can extend out to 50 years or more after the injury. While it is necessary to rely on DRCA experience in setting many MRCA assumptions, there is increasingly compelling evidence that the claims experience under the two schemes may not be consistent.

For MRCA, significant uncertainty arises not only from the difficulty of setting assumptions for an immature scheme in an environment of increasing operational deployments, but also from the limitations of the data available for analysis. In particular, the fact that payments are recorded by individual rather than the injury giving rise to the payment and that a substantial proportion of medical and other care transactions are now made using a repatriation health card, means that approximations of the injury date need to be made that add uncertainty to the estimation process. This uncertainty is likely to be an ongoing feature of the MRCA provision into the future.

In 2021, the increase in the estimate of the DRCA liability was driven by experience in the permanent impairment benefit. The increase in permanent impairment was a result of significantly higher claim numbers than in prior years. There is still considerable uncertainty about future outcomes for DRCA, in particular, the trajectory of future claim numbers.

The increase in the estimate of the MRCA liability was driven by experience in the permanent impairment and medical benefit. The size and persistence of the growth in MRCA outlays remains a very substantial source of uncertainty around the MRCA liability estimate. Furthermore, it will be a number of years before any significant stabilisation becomes apparent in the data. As such, the present uncertainty is likely to persist for some time and the scheme liabilities will continue to be reviewed annually while the experience remains unstable.

For the purpose of estimating the provisions, the different types of obligations are categorised:

- incapacity payments;
- permanent impairment, including non-economic loss;
- medical;
- rehabilitation;
- death; and
- other payments.

In calculating the estimated cost of future claims, a variety of estimation techniques are used, generally based upon statistical analysis of historical experience. The valuation assumes that the development pattern of the current and future claims will be consistent with the trends apparent in recent experience.

Assumptions

The 30 June 2021 liability estimates are based on the results of the full valuation of the Military Compensation Scheme as at 30 June 2020. The following key assumptions are made in calculating the provision:

- numbers of new MRCA permanent impairment claimants are based on observed claim rates in the most recent experience from 1 January 2019 to 31 December 2020. An additional growth factor was applied to account for an existing backlog of unprocessed claims and to account for the most recent levels of lodged, but not necessarily completed, initial liability claims;
- the distribution of impairment points¹ associated with future MRCA claims is based on the most recent observed experience in the recent two calendar years;
- numbers of new incapacity episodes are based on observed claim rates over the recent two years and survival rates are used to project the duration of these episodes, including the proportion of claimants who will progress to long term status. The assumed survival rates vary by age;
- the incapacity exit rates (the rates at which people who have been in receipt of incapacity payments for more than twelve months will exit from payment) vary by age at commencement and have been set by reference to observed rates of exit over the three calendar years from 2018 to 2020;
- transition probabilities² that take account of the individual histories of usage of medical services for up to three years previously were used to project the number of MRCA claimants who will have medical expenditure in future years;
- an allowance is made for payment inflation at rates higher than general price inflation for most heads of damage as shown below; and
- payments will be made over an extended period (over 50 years).

In accordance with the accounting standards, the provision is calculated by discounting future payments using a yield curve derived from the yields on Commonwealth bonds of various durations as at 30 June 2021. The interest rates forming the yield curve vary from -0.1% in year 1 to a forward rate of approximately 2.4% beyond year 40. These compare to respective rates used to discount the provision balance of 0.2% and 2.5% in 2020. The net result of the change is an increase in the provision of approximately \$985 million.

This continues the experience of the previous year, where a decreasing discount rate also led to an increase in the revised provision balance between 2019 and 2020. The use of the yield curve for discounting purposes is likely to result in continuing volatility in the estimated provision.

¹ Impairment from all of accepted conditions for a claimant is combined to arrive at a total impairment rating on a scale from 0 to 100 points.

² Transition probabilities present the probability of a claimant utilising medical benefits in a year based on their historic usage pattern.

Account Adjustments

Due to the complexity of the analysis and timing of the financial statements, the actuary obtains a balance date estimate for the current year by applying current year's factors to a full valuation at 30 June of the preceding financial year. Adjustments are identified to the balances of the provision previously reported.

The adjustments for the last two years are explained below:

Reconciliation of Provision

	2021 \$'m	2020 \$'m
Projected Liability at beginning of financial year	34,117	23,300
Changes in estimated liability by head of damage		
Incapacity	483	1,795
Permanent impairment (PI) / non-economic loss	3,524	1,733
Medical	4,314	3,288
Other	350	241
Total changes in estimated liability by head of damage	8,671	7,056
Revised Projected Liability at beginning of financial year	42,788	30,356
Roll forward adjustment		
Notional premiums ³	4,231	3,809
Payments	(1,983)	(1,553)
Imputed interest	103	323
Projected Liability at 30 June before change in interest rate	45,139	32,934
Change in interest rate	985	1,183
Projected Liability at 30 June	46,124	34,117

The movement in the liability is the net effect of changes in assumptions as a result of analysis of new data that was not available as at 30 June 2020, the allowance for liabilities incurred or met over 2020–21 and the impact of the increase in yields between 30 June 2020 and 30 June 2021.

In terms of modelling and assumption changes between 2020 and 2021, the major factors are:

- an increase in the medical liability of \$4,314 million, primarily attributable to an increased number of claimants; and
- an increase in the permanent impairment liability of \$3,524 million, as a result of an increased number of claimants across both MRCA and DRCA.

It should be noted that the revised estimate of the liability at the beginning of each year has been calculated using the yield curve for Commonwealth Government securities that applied at that time. Similarly, the notional premium and interest cost were calculated using the yield curve applying at the opening balance date.

Discount Rate

The provision is calculated as the discounted value of future cashflows. Cashflows are assumed to extend over a period of more than 50 years and, as a result, the estimate of the provision is very sensitive to the interest rate used for discounting. The choice of discount rate, while not affecting the projected future cash flows themselves, will alter the present value assigned to those cash flows, and hence the estimate of the liability.

Since 2012–13 DVA has adopted a yield curve derived from the yield of Commonwealth bonds of varying duration, for the purposes of discounting estimated future cashflows. For the preparation of the 2020–21 Financial Statements, DVA has used a yield curve derived from the yields on Commonwealth Government securities as at 30 June 2021.

³ The notional premium represents the estimated liability associated with a new year of exposure.

Sensitivity Analysis

Given the changes in experience observed over recent years, there is necessarily considerable uncertainty around the assumptions to be adopted. The significant growth rates resulted from various factors and underlying drivers of the scheme outlined above. Increases in claims over the last two years have been driven by the continued success of DVA's transformation program Veteran Centric Reforms which has made it easier for veterans to lodge claims.

Noting the uncertainty in the provision, the following scenario analysis was performed, based on a simple extrapolation of recent growth in the scheme to future years, over and above what has already been incorporated into the valuation model in order to demonstrate how the balances of this provision could be impacted by different changes in assumptions.

If the growth rates applied were broadly based on aggregate growth in the DRCA and MRCA expenditure from 2016-17 to 2019-20 which exhibited approximately 20% and 30% growth per annum respectively. These growth rates were applied over 1 and 3 future years to the aggregate modelled cashflows. The provision after applying 30 June 2021 yield curve rates would be between \$59 billion and \$95 billion.

The following table summarises the results from the extrapolation:

	Description	Liability \$'m	Change in Liability \$'m	Change in Liability %
Baseline	30 June 2021 Estimate	46,124		
Outcome				
1	Additional 1 year of growth in expenditure in aggregated cashflows in line with the last 3 years of experience	59,219	13,095	28
2	Additional 3 years of growth in expenditure in aggregated cashflows in line with the last 3 years of experience	95,239	49,115	106

Veterans' Entitlement Act 1986 (VEA)

No provision is calculated for future payments under the VEA as this Act differs in nature from both MRCA and DRCA.

Outstanding Treatment Accounts System (TAS) claim provision

The Outstanding TAS claims provision is an estimate of the liability outstanding for payment of eligible treatment claims on the TAS as at 30 June 2021. An estimation methodology has been applied for calculating the approximate amount of outstanding claims which will be paid in future years. This provision is not discounted as all amounts are expected to be paid within the next financial year.

Repatriation Pharmaceutical Benefits Scheme (RPBS) provision

The RPBS provision is an estimate of the liability outstanding for payment of eligible claims on the RPBS as at 30 June 2021. An estimation methodology has been applied for calculating the amount of outstanding claims which will be paid in future years. This provision is not discounted as all amounts are expected to be paid within the next financial year.

Provisions for payments to hospitals

A provision has been made for outstanding eligible hospital payments. Due to the uniqueness of each state's approach to the delivery of health care services in public institutions there is an element of uncertainty in the provision. Specifically, DVA funds veteran services in the state public hospital sector on the basis of estimating the expected cost, advancing funds based on that estimate and then receiving data after services have been provided. DVA attempts to mitigate the uncertainty through analysis of prior year trends and monitoring price movements for diagnostic related groups. This gives DVA confidence that the uncertainty is kept within manageable bounds and will not cause any material misstatement.

This provision is not discounted as all amounts are expected to be paid within the next financial year.

5. Funding

This section identifies DVA's funding structure.

5.1. APPROPRIATIONS

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2021

	Annual appropriation	Adjustments to appropriation ¹	Total appropriation	Appropriation applied in 2021 (current and prior years)	Variance ²
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	384,301	6,665	390,966	(379,355)	11,611
Capital Budgets ³	13,694	-	13,694	(7,929)	5,765
Other services					
Equity	6,596	-	6,596	(6,495)	101
Total departmental	404,591	6,665	411,256	(393,779)	17,477
Administered					
Ordinary annual services					
Administered items	113,565	-	113,565	(84,887)	28,678
Payments to Australian War Memorial	44,241	-	44,241	(44,241)	-
Other services					
Payments to Australian War Memorial	55,306	-	55,306	(55,306)	-
Total administered	213,112	-	213,112	(184,434)	28,678

¹ The adjustments to appropriation of \$6,665 million were related to the PGPA Act Section 74 receipts for 2020–21.

² The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers.

³ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Annual Appropriations for 2020

	Annual appropriation	Adjustments to appropriation ¹	Total appropriation	Appropriation applied in 2020 (current and prior years)	Variance ²
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services	360,396	6,603	366,999	(370,308)	(3,309)
Capital Budgets ³	16,456	-	16,456	(16,456)	-
Other services					
Equity	5,748	-	5,748	(5,748)	-
Total departmental	382,600	6,603	389,203	(392,512)	(3,309)
Administered					
Ordinary annual services					
Administered items	135,485	-	135,485	(110,910)	24,575
Payments to Australian War Memorial	46,371	-	46,371	(46,371)	-
Other services					
Payments to Australian War Memorial	37,046	-	37,046	(37,046)	-
Total administered	218,902	-	218,902	(194,327)	24,575

¹ The adjustments to appropriation of \$6.603 million were related to the PGPA Act Section 74 receipts for 2019–20.

² The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers.

³ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Accounting Policy**Revenue from Government**

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when DVA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2021 \$'000	2020 \$'000
Departmental		
Appropriation Act (No. 1) 2018–19 (DCB) ¹	1,932	-
Appropriation Act (No. 2) 2018–19	-	74
Appropriation Act (No. 3) 2018–19 (DCB) ¹	11,249	-
Appropriation Act (No. 4) 2018–19 ¹	4,838	1,368
Appropriation Act (No. 1) 2019–20 ²	-	24,584
Appropriation Act (No. 3) 2019–20	-	20,156
Appropriation Act (No. 1) 2020–21 ²	58,476	-
Appropriation Act (No. 1) 2020–21 (DCB)	5,689	-
Appropriation Act (No. 2) 2020–21	1,532	-
Appropriation Act (No. 3) 2020–21	1,257	-
Appropriation Act (No. 4) 2020–21	11	-
Supply Act (No. 1) 2020–21 (DCB)	76	-
Total departmental	85,060	46,181

Administered		
Appropriation Act (No. 1) 2017–18	-	11,232
Appropriation Act (No. 3) 2017–18	-	1,583
Appropriation Act (No. 1) 2018–19 ¹	5,004	4,889
Appropriation Act (No. 3) 2018–19 ¹	9,630	8,781
Appropriation Act (No. 1) 2019–20 ¹	19,992	19,873
Appropriation Act (No. 3) 2019–20	1,840	1,840
Supply Act (No. 1) 2019–20	3,275	3,275
Appropriation Act (No. 1) 2020–21	18,743	-
Appropriation Act (No. 3) 2020–21	2,250	-
Supply Act (No. 1) 2020–21	7,686	-
Total administered	68,420	51,473

¹ In accordance with Section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the access to the following funds is to be permanently withheld.

(a) \$1.932 million funds were quarantined from the Departmental Appropriations Act (No. 1) 2018–19 (DCB) as a result of the Movement of Funds process.

(b) \$11.249 million funds were quarantined from the Departmental Appropriations Act (No. 3) 2018–19 (DCB) as a result of the Movement of Funds process.

(c) \$4.838 million funds were quarantined from the Departmental Appropriations Act (No. 4) 2018–19 as a result of the Movement of Funds process.

(d) \$0.115 million funds were quarantined from the Administered Appropriations Act (No. 1) 2018–19 as a result of the Movement of Funds process. They were related to the Veterans' Community Care and Support program.

(e) \$0.849 million funds were quarantined from the Administered Appropriations Act (No. 3) 2018–19 as a result of the Movement of Funds process. They were related to the Veterans' Counselling and Other Health Services program.

(f) \$0.119 million funds were quarantined from the Administered Appropriations Act (No. 1) 2019–20 as a result of the Movement of Funds process. They were related to the Assistance and Other Compensation for Veterans and Dependants program.

² Appropriation Act (No.1) 2020–21 includes closing cash balance of \$9,950,000. Appropriation Act (No.1) 2019–20 includes closing cash balance of \$6,567,000.

Note 5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Appropriation applied	
	2021 \$'000	2020 \$'000
<i>Veterans' Entitlements Act 1986, s.199, Administered</i>	8,777,639	8,778,981
<i>Papua New Guinea (Members of the Forces Benefits) Act 1957, s.8A, Administered</i>	21	23
<i>Defence Service Homes Act 1918, s.41, Administered</i>	307	400
<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988, s.160, Administered</i>	427,016	333,661
<i>Military Rehabilitation and Compensation Act 2004, s.423, Administered</i>	1,510,418	1,410,151
<i>Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006, s.49, Administered</i>	7,237	12,853
<i>Treatment Benefits (Special Access) Act 2019, s.62, Administered</i>	1,473	767
<i>Investment of public money: Public Governance, Performance and Accountability Act 2013, s.58, Departmental and Administered¹</i>	30,187	66,194
<i>Public Governance, Performance and Accountability Act 2013, s.77, Administered</i>	-	-
<i>Compensation (Japanese Internment) Act 2001, s.13, Administered</i>	-	-
Total	10,754,298	10,603,030

¹ Investments of public money consists of deposits held in financial institutions by the Military Death Claim Compensation Special Account and the Defence Service Homes Insurance Account. For details, please refer to Note 5.2 Special Accounts and Note 8.2 Assets Held in Trust.

Note 5.1D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	2021 \$'000	2020 \$'000
Department of Social Services		
Total receipts	51,055	47,829
Total payments	(49,187)	(47,772)
Department of Defence		
Total receipts	70,344	77,747
Total payments	(70,765)	(78,948)

DVA is authorised by the Department of Social Services (DSS) to make payments on behalf of DSS in relation to DSS pensions.

DVA is authorised by the Department of Defence to make payments under *Defence (Home Loans Assistance) Act 1990* and *Defence Home Ownership Assistance Scheme Act 2008*.

Payments are made from appropriations administered by other agencies. The related revenue, expense, assets, liabilities and cash flows are disclosed in the financial statements of the relevant government agency which is responsible for the outcomes to which the items relate.

5.2. SPECIAL ACCOUNTS

Note 5.2A: Special Accounts ('Recoverable GST exclusive')

	Defence Service Homes Insurance Account (Departmental) ¹		Military Death Claim Compensation Special Account 2015 ²		Services for Other Entities and Trust Moneys Special Account - Department of Veterans' Affairs ³		Anzac Centenary Public Fund Special Account ⁴	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance brought forward from previous period	3,425	4,476	506	81	116	170	-	5,133
Increases								
Appropriation credited to special account	-	-	-	-	-	-	-	18,300
Realised investments	34,506	68,634	370	1,380	-	-	-	-
Premiums received	51,009	45,578	3	9	-	-	-	-
Other receipts	15,206	29,537	68	55	78	74	-	830
Total increases	100,721	143,749	441	1,444	78	74	-	19,130
Available for payments	104,146	148,225	947	1,525	194	244	-	24,263
Decreases								
Departmental								
Claim payments	(47,139)	(62,096)	-	-	-	-	-	-
Reinsurance premiums paid	(11,562)	(8,349)	-	-	-	-	-	-
Other payments	(9,487)	(9,101)	-	-	-	-	-	-
Total departmental	(68,188)	(79,546)	-	-	-	-	-	-
Relevant money								
Payments made for ad-hoc requests	-	-	(17)	(5)	-	-	-	-
Payments made to beneficiaries on attaining 18 years of age	-	-	(110)	(74)	-	-	-	-
PGPA Act section 58 investments	(29,507)	(65,254)	(680)	(940)	-	-	-	-
Other payments made	-	-	-	-	(53)	(128)	-	(24,263)
Total relevant money	(29,507)	(65,254)	(807)	(1,019)	(53)	(128)	-	(24,263)
Total decreases	(97,695)	(144,800)	(807)	(1,019)	(53)	(128)	-	(24,263)
Total balance carried to the next period	6,451	3,425	140	506	141	116	-	-
Balance represented by:								
Cash held in entity bank accounts	-	-	140	506	141	116	-	-
Cash held in the Official Public Account	6,451	3,425	-	-	-	-	-	-
Total balance carried to the next period	6,451	3,425	140	506	141	116	-	-

¹ **Appropriation:** *Public Governance, Performance and Accountability Act 2013*, s.80

Establishing Instrument: *Defence Service Homes Act 1918*, s.40

Purpose: To make all payments by the Commonwealth in connection with its activities as insurer under *Defence Service Homes Act 1918*, s.40.

² **Appropriation:** *Public Governance, Performance and Accountability Act 2013*, s.78

Establishing Instrument: *PGPA Act (Military Death Claim Compensation Special Account 2015 - Establishment) Determination 2015/08*

Purpose: Administration of Death Claim Compensation amounts on behalf of dependants of a Defence Force member after the member's death. The closing balance of this special account includes amounts held in trust of \$0.1 million (2020: \$0.5 million), set out in Note 8.2A.

Investments: DVA held \$0.3 million in term deposits as a result of investments made under s58 of the PGPA Act (2020: nil). This includes amounts realised and automatically reinvested in term deposits.

³ **Appropriation:** *Public Governance, Performance and Accountability Act 2013*, s.78

Establishing Instrument: *Financial Management and Accountability (Establishment of SOETM Special Account - DVA) Determination 2012/10*

Purpose: To receive donations from veterans and others for the purposes of maintaining and improving OAWG facilities as either specified by the donor or for other general purposes. This account is non-interest bearing.

⁴ **Appropriation:** *Public Governance, Performance and Accountability Act 2013*, s.78

Establishing Instrument: *Financial Management and Accountability (Anzac Centenary Public Fund Special Account) Determination 2013/02*

Purpose: To receive gifts or contributions of money to provide funding for events, projects, initiatives and activities relating to the Anzac Centenary. This account is non-interest bearing. The special account had a balance of nil at 30 June 2021 and it was revoked on 30 June 2021.

5.3. CONTRIBUTION ACCOUNT

The Contribution account contains moneys on behalf of the Repatriation Commission under *Veterans' Entitlements Act 1986*, s.200.

	2021 \$'000	2020 \$'000
Contribution Account		
Establishing Instrument – <i>Veterans' Entitlements Act 1986</i>		
Purpose: To record and retain balances of monies received as contributions under <i>Veterans' Entitlements Act 1986</i> , s.200.		
Opening balance	137	137
Receipts	-	1
Other payments	(4)	(1)
Closing balance	133	137

5.4. NET CASH APPROPRIATION ARRANGEMENTS

Total comprehensive loss - as per the Statement of Comprehensive Income	(8,213)	(58,996)
Less: Changes in asset revaluation reserve	(1,148)	(2,913)
Total comprehensive loss less changes in asset revaluation reserve	(9,361)	(61,909)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections)	24,709	23,169
Plus: depreciation on right-of-use assets	22,703	20,528
Less: principal repayments	(20,456)	(17,641)
Net Cash Operating Surplus/(Deficit)	17,595	(35,853)

6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1. EMPLOYEE PROVISIONS

	2021 \$'000	2020 \$'000
Note 6.1A: Employee Provisions		
Annual leave	21,507	20,363
Long service leave	45,002	48,787
Other employee provisions	485	451
Total employee provisions	66,994	69,601
Employee provisions expected to be settled		
No more than 12 months	18,352	18,018
More than 12 months	48,642	51,583
Total employee provisions	66,994	69,601

Accounting Policy

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including DVA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion, inflation and enterprise agreement.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. DVA recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

DVA's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

DVA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. DVA accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June 2021 represents outstanding contributions.

6.2. KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The Department has determined the key management personnel to be the Secretary, the Deputy Secretary, and the General Manager DSH Insurance. They are responsible for the majority of DVA's operating activities including service delivery, policy development, transformation, and enabling services.

	2021	2020
	\$	\$
Short-term employee benefits	1,348,380	1,757,994
Post-employment benefits	117,941	191,157
Other long-term employee benefits	33,610	42,336
Total key management personnel remuneration expenses¹	1,499,931	1,991,487

¹ The total number of key management personnel that are included in the above table is 5 (2020: 5), being two substantive officers who held the positions for the full year, one substantive officer who held the position for part of the year and two officers acting in one key management personnel position for part of the year.

The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Department.

6.3. RELATED PARTY DISCLOSURES

Related party relationships

The Department is an Australian Government controlled entity. Related parties to the Department are Key Management Personnel including the Portfolio Minister (the Minister for Veterans' Affairs) and Executive.

In accordance with AASB 124 *Related Party Disclosures*, and for the purpose of related party disclosures in the financial statements, key management personnel for the Department include any of the following and their close family members:

- The Minister
- The Secretary
- The Deputy Secretary
- The General Manager DSH Insurance
- Close family members of the key management personnel
- Organisations in which the key management personnel have controlling interests.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there no related party transactions to be separately disclosed.

7. Managing Uncertainties

This section analyses how DVA manages financial risks within its operating environment.

7.1. CONTINGENT ASSETS AND LIABILITIES

Note 7.1A: Departmental - Contingent Assets and Liabilities

	Indemnities		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Contingent liabilities				
Balance from previous period	25,442	33,068	25,442	33,068
Re-measurement	(2,056)	(7,626)	(2,056)	(7,626)
Total contingent liabilities	23,386	25,442	23,386	25,442
Net contingent liabilities	23,386	25,442	23,386	25,442

Quantifiable Contingencies

The indemnity of \$23,386,000 (2020: \$25,442,000) represents the net assets of Defence Service Homes Insurance Scheme being an indemnity offered to policy holders by the Australian Government under the *Defence Service Homes Act 1918*.

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Note 7.1B Administered – Contingent Assets and Liabilities

Quantifiable Administered Contingencies

DVA has no contingent liabilities in respect of claims for damages or costs (2020: nil).

Unquantifiable Administered Contingencies

As at 30 June 2021 DVA had no legal claims against it that DVA is defending which could give rise to gains or losses.

7.2. FINANCIAL INSTRUMENTS

	Notes	2021 \$'000	2020 \$'000
Note 7.2A: Categories of Financial Instruments			
Financial Assets under AASB 9			
Financial assets at amortised cost			
Investments	3.1D	52,001	57,000
Cash and cash equivalents	3.1A	9,950	6,567
Trade receivables	3.1B	628	1,343
Premiums and recoveries receivables	3.1C	39,685	34,029
Other receivables	3.1B	310	245
Total financial assets at amortised cost		102,574	99,184
Total financial assets		102,574	99,184

Financial Liabilities			
Financial liabilities measured at amortised cost			
Payables - suppliers	3.3A	46,636	54,277
Gross outstanding claims	3.5B	34,040	33,103
Other payables - reinsurance premiums and other	3.3C	910	1,468
Total financial liabilities measured at amortised cost		81,586	88,848
Total financial liabilities		81,586	88,848

Note 7.2B: Net Gains or Losses from Financial Assets

Financial assets at amortised cost			
Interest revenue	1.1D	363	1,045
Net gains on financial assets at amortised cost		363	1,045
Net gains on financial assets		363	1,045

Net income/expense from financial assets not at fair value through the profit or loss is nil (2020: nil).

Note 7.2C: Net Gains or Losses from Financial Liabilities

There was no income or expense from financial liabilities.			
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Note 7.2D: Risk Management

Insurance Risks

The risks inherent in any single insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, these risks are random and unpredictable. In relation to the pricing of individual insurance contracts and the determination of the level of the outstanding claims provision in relation to a portfolio of insurance contracts, the principal risk is that the ultimate claims payments will exceed the carrying amount of the provision established.

TABLE A: Analysis of sensitivity of 30 June 2021 net provision to various changes in assumptions

Item	Amount		Change from final estimate				Note
	2021 \$'000	2020 \$'000	2021 \$'000	2021 %	2020 \$'000	2020 %	
Net liability, including CAE and excluding prudential margin	21,225	20,080	-	-	-	-	(a)
Inflation +1%	21,420	20,341	195	0.9	261	1.3	(b)
Inflation -1%	21,030	19,823	(195)	-0.9	(257)	-1.3	(b)
Discount +1%	21,028	19,821	(197)	-0.9	(259)	-1.3	(c)
Discount -1%	21,429	20,350	204	1.0	270	1.3	(c)
Superimposed inflation +1%	21,420	20,342	195	0.9	262	1.3	(d)
Superimposed inflation - 1%	21,030	19,823	(195)	-0.9	(257)	-1.3	(d)
10% more IBNR claims in PPCI models	21,289	20,301	64	0.3	221	1.1	(e)
10% less IBNR claims in PPCI models	21,161	19,859	(64)	-0.3	(221)	-1.1	(e)

Notes:

- a) Net provisions, including prudential margin:

	2021 \$'000	2020 \$'000
Gross Central Estimate (including GST and claims administration expense, excluding risk margin)	33,433	32,512
Less: Estimated Outstanding Reinsurance Recoveries	12,208	12,432
Central estimate (incl GST and claims administration expense)	21,225	20,080
Less: GST	1,930	1,825
Central Estimate (incl claims administration expense)	19,295	18,255

Equivalent net provision derived by:

- b) adding/ subtracting 1% p.a. to each future assumed inflation rate.
- c) adding/ subtracting 1% p.a. to each future assumed discount rate.
- d) adding/ subtracting 1% to superimposed inflation assumption.
- e) increasing/ reducing Incurred But Not Reported (IBNR) claims in each of the Payment Per Claims Incurred (PPCI) models by 10%.

This table has been revised to improve the transparency of the reconciliation of net outstanding claims.

Underwriting risks

Selection and pricing of risks

Risks insured are limited to dwelling houses owned by persons eligible under the *Defence Service Homes Act 1918*. Insurance policies are written in accordance with local management practices and regulations within each jurisdiction taking into account DVA's underwriting standards.

Pricing of risks is controlled by use of in-house pricing models relevant to the market in which DVA operates. Experienced underwriters and actuaries maintain historical pricing and claims analysis and these are combined with a knowledge of current developments in the market.

Concentration risk

DVA manages exposure to concentration risk by issuing policies across all Australian locations. Reinsurance is purchased to reduce potential exposure to catastrophe losses.

Claims management and claims provisioning risk

DVA's approach to determining the outstanding claims provision and the related sensitivities are set out in Note 1.1D Insurance Activities and 7.2D Sensitivity to Insurance Risk.

DVA seeks to ensure the adequacy of its outstanding claims provision by reference to the following controls:

- experienced claims managers work with underwriters on coverage issues and operate within the levels of delegation issued to them in respect of the settlement of claims;
- processes exist to ensure that all claims advices are captured and updated on a timely basis and with a realistic assessment of the ultimate claims cost; and
- the aggregate outstanding claims provision for DVA is reviewed by an external actuary annually.

Despite the rigour involved in the establishment and review of the outstanding claims provision, the provision is subject to significant uncertainty for the reasons set out in Note 3.5B.

Reinsurance counterparty risk

DVA reinsures a portion of risks underwritten to control exposure to insurance losses, reduce volatility and protect capital. DVA's strategy in respect of the selection, approval and monitoring of reinsurance arrangements is addressed by the following protocols:

- treaty or facultative reinsurance is placed in accordance with the requirements of DVA's reinsurance management strategy,
- reinsurance arrangements are regularly reassessed to determine their effectiveness based on current exposures, historical losses and potential future losses, and
- exposure to reinsurance counterparties and the credit quality of those counterparties is actively monitored.

Strict controls are maintained over reinsurance counterparty exposures. Reinsurance is placed with counterparties that have a Standard & Poor's credit rating of A- or above. Credit risk exposures are calculated regularly and compared with authorised credit limits, and the arrangements discontinued from the day the counterparties' credit rating falls below A-. DVA currently has no receivables with reinsurance counterparties below A-.

7.3. ADMINISTERED – FINANCIAL INSTRUMENTS

		2021 \$'m	2020 \$'m
Note 7.3A: Categories of Financial Instruments			
Financial assets at amortised cost			
Cash and cash equivalents	4.1A	33	49
Pension loans scheme		3	2
Total financial assets at amortised cost		36	51
Financial assets at fair value through other comprehensive income			
Investments in Commonwealth entities	4.1B	1,542	1,478
Total financial assets at fair value through other comprehensive income		1,542	1,478
Total financial assets		1,578	1,529
Financial Liabilities			
Financial liabilities measured at amortised cost			
Health care payables		46	63
Grant payables		5	2
Supplier payables		13	17
Total financial liabilities measured at amortised cost		64	82
Total financial liabilities		64	82

7.4. FAIR VALUE MEASUREMENT

Accounting Policy

DVA engaged an independent valuer to conduct a full revaluation of all non-financial assets at 30 June 2021. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different to the fair value. Comprehensive valuations are carried out at least once every three years. The valuer provided written assurance to DVA that the models developed are in compliance with AASB 13 *Fair Value Measurement*. DVA conducted an independent assessment of the indicators of fair value, including a review of relevant industry and Australian Bureau of Statistics indices, Reserve Bank of Australia bond rates and applicable market prices to ensure the requirements of AASB 13 *Fair Value Measurement* were met.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

Note 7.4A: Fair Value Measurement

	2021 \$'000	2020 \$'000
Non-financial assets		
Leasehold improvements	31,823	34,203
Property, plant and equipment	281	359
Total non-financial assets	32,104	34,562
Total fair value measurements of assets in the statement of financial position	32,104	34,562

DVA's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

7.5. ADMINISTERED – FAIR VALUE MEASUREMENT

Note 7.5A: Fair Value Measurement		
Financial assets		
Equity accounted investments	1,542	1,478
Total financial assets	1,542	1,478
Non-Financial assets		
Buildings	57	56
Property, Plant and Equipment	6	6
Total non-financial assets	63	62
Total fair value measurements of assets in the statement of financial position	1,605	1,540

8. Other Information

This section provides other disclosures relevant to DVA's financial information environment for the year.

8.1. CURRENT/NON-CURRENT DISTINCTION FOR ASSETS AND LIABILITIES

	2021 \$'000	2020 \$'000
Note 8.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	9,950	6,567
Investments	44,501	55,000
Trade and other receivables	60,635	44,200
Premiums and recoveries receivable	39,685	34,029
Assets held for sale	1,350	1,350
Other non-financial assets	3,478	2,616
Total no more than 12 months	159,599	143,762
More than 12 months		
Land and buildings	128,144	150,718
Property, plant and equipment	299	447
Intangibles	61,434	71,413
Investments	7,500	2,000
Total more than 12 months	197,377	224,578
Total assets	356,976	368,340
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	46,636	54,277
Unearned premiums	28,947	25,246
Other payables	6,034	5,248
Gross outstanding claims	33,302	32,110
Unexpired risk liability	3,432	2,956
Leases	20,171	-
Employee provisions	18,352	18,018
Other provisions	477	685
Total no more than 12 months	157,351	138,540
More than 12 months		
Leases	78,753	117,566
Employee provisions	48,642	51,583
Other provisions	1,533	1,776
Gross outstanding claims	738	993
Total more than 12 months	129,666	171,918
Total liabilities	287,017	310,458

	2021 \$'m	2020 \$'m
Note 8.1B: Administered - Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	33	49
Receivables	40	30
Total no more than 12 months	73	79
More than 12 months		
Receivables	39	35
Equity accounted investments	1,542	1,478
Non-financial assets	72	72
Total more than 12 months	1,653	1,585
Total assets	1,726	1,664
Liabilities expected to be settled in:		
No more than 12 months		
Personal benefit payables	26	193
Health care payables	46	63
Grant payables	5	2
Supplier payables	13	17
Employee provisions	1	1
Personal benefit provisions	2,163	1,547
Health care provisions	446	492
Total no more than 12 months	2,700	2,315
More than 12 months		
Employee provisions	2	2
Personal benefit provisions	23,000	18,268
Health care provisions	20,678	14,053
Total more than 12 months	43,680	32,323
Total liabilities	46,380	34,638

8.2. ASSETS HELD IN TRUST

Note 8.2A: Assets Held in Trust

The Military Death Claim Compensation Special Account 2015 is a bare trust established by the Military Rehabilitation and Compensation Commission to administer compensation benefits paid to under age beneficiaries under the *Compensation (Commonwealth Government Employees) Act 1971*, *Safety, Rehabilitation & Compensation Act 1988*, *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* and the *Military Rehabilitation and Compensation Act 2004* with such monies held in the trust until being paid to the beneficiaries upon reaching 18 years of age.

	2021 \$'000	2020 \$'000
Military Death Claim Compensation Special Account 2015		
Compensation and related investments		
As at 1 July	506	81
Receipts	71	64
Payments	(127)	(79)
Realised investments	370	1,380
PGPA Act section 58 investments ¹	(680)	(940)
Total as at 30 June	140	506
Total monetary assets held in trust	140	506

¹ The value of investment in the form of term deposits at 30 June 2021 is \$310,000 (2020: nil).

8.3. EXPLANATIONS OF MAJOR DEPARTMENTAL BUDGET VARIANCES

The table below provides explanations for significant variances between the DVA's original departmental budget estimates, as published in the 2020–21 Portfolio Budget Statements, and the actual financial performance and position for the year. The budget is not audited. Variances are treated as significant when it is considered important for a reader's understanding or is relevant to an assessment of the discharge of accountability and for the analysis of DVA's performance. The nature and timing of the Commonwealth budget process can also contribute to the variances.

Explanation of major variances	Affected line items (and schedule)
The variance of \$3.4 million reflects the timing of maturity of investments as well as payments being due for reinsurance premiums and claims payouts.	Cash and cash equivalents (Statement of Financial Position)
The variance largely reflects the remaining appropriations receivable balances and timing relating to payments to suppliers.	Trade and other receivables (Statement of Financial Position), Revenue from Government (Statement of Comprehensive Income)
The variance of \$14.9 million for land and building, property, plant and equipment (PP&E) and intangibles, as well as their underlying depreciation and amortisation, is due to timing of capital projects.	Land and buildings (Statement of Financial Position), Property, plant and equipment (Statement of Financial Position), Intangibles (Statement of Financial Position), Depreciation and amortisation (Statement of Comprehensive Income)
The reduction in Suppliers of \$10.1 million is due to timing of payments to suppliers.	Suppliers (Statement of Financial Position)
The variance of \$1.6 million reflects additional costs associated with accrued salaries, separation and redundancies.	Other payables (Statement of Financial Position)
DSH Insurance's claim expenses were higher than budgeted by \$4.1 million. It is due to the hailstorm catastrophe in October 2020.	Underwriting expenses (Statement of Comprehensive Income), Claim payments (Cash Flow Statement)
The variance is due to acquisition costs being deferred and then written down as part of the Liability Adequacy Test and recognition of the Unexpired Risk Liability.	Unexpired risk liability (Statement of Financial Position)
DSH Insurance's rate of return on its investment portfolio has been lower than budgeted as a result of reduced investment portfolio and a reduction in the interest rates on offer from institutions.	Investment revenue (Statement of Comprehensive Income)

8.4. EXPLANATIONS OF MAJOR ADMINISTERED BUDGET VARIANCES

The table below provides explanations for significant variances between the DVA's original administered budget estimates, as published in the 2020–21 Portfolio Budget Statements, and the actual financial performance and position for the year. The budget is not audited. Variances are treated as significant when it is considered important for a reader's understanding or is relevant to an assessment of the discharge of accountability and for the analysis of DVA's performance. The nature and timing of the Commonwealth budget process can also contribute to the variances.

Explanation of major variances	Affected line items (and schedule)
<p>The variance of \$4.3 billion (overspend) is mainly related to movements for the following personal benefits programs:</p> <ul style="list-style-type: none"> - <i>Adjustment to the Military Rehabilitation and Compensation Acts Liability Provision - Income Support and Compensation.</i> An increase of \$4.7 billion reflects the military compensation liability provision adjustment calculated by the AGA outlined in Note 4.3A. - <i>Military Rehabilitation and Compensation Acts - Income Support and Compensation.</i> An underspend of \$0.4 billion is mainly related to payments for permanent impairment claims. The underspend is primarily due to lower than required number of trained staff, resulting in a large number of claims on hand. DVA has started a bulk recruitment round following the recent Budget measure to provide additional resources for claims processing. 	Personal benefits (Administered Schedule of Comprehensive Income)
<p>The variance of \$4.5 billion (overspend) is mainly related to movements for the following health care programs:</p> <ul style="list-style-type: none"> - <i>Adjustment to the Military Rehabilitation and Compensation Acts Liability Provision - Health and Other Care Services.</i> The increase of \$4.9 billion reflects the military compensation liability provision adjustment calculated by the AGA outlined in Note 4.3B. - The remaining health programs expenditure are generally lower than what was budgeted at 2020–21 Portfolio Budget Statements, due to the natural decline in the treatment population and impact from COVID-19. 	Health care payments (Administered Schedule of Comprehensive Income)
The variance in the personal benefit payables balance compared to budget, relates to the fortnightly pension cycle and the timing of pension payments.	Personal benefit payables (Administered Statement of Financial Position)
The variance is related to the adjustment to the military compensation provisions calculated by the AGA as outlined in Note 4.3.	Provisions and payables (Administered Statement of Financial Position)

Defence Service Homes Insurance Scheme

financial statements 2020–21

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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Veterans' Affairs

Opinion

In my opinion, the financial statements of the Defence Service Homes Insurance Scheme (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

- Statement by the Secretary and Acting General Manager;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary of the Department of Veterans' Affairs is responsible under the *Defence Service Homes Act 1918* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rebecca Reilly
Executive Director
Delegate of the Auditor-General
Canberra
7 October 2021

Statement by the Secretary and acting General Manager

The accompanying financial statements of the Defence Service Homes Insurance Scheme for the year ended 30 June 2021 have been prepared in accordance with section 50B of the *Defence Service Homes Act 1918* which requires the financial statements to be prepared in such form as determined by the Minister for Finance. The Minister for Finance has approved the form of the financial statements as specified in the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*.

In our opinion, the attached financial statements for the year ended 30 June 2021 comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, and are based on properly maintained financial records as per subsection 41(2) of the *Public Governance, Performance and Accountability Act 2013*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Defence Service Homes Insurance Scheme will be able to pay its debts as and when they fall due.



Liz Cosson AM CSC
Secretary

6 October 2021



Wayne Perry
acting General Manager
Defence Service Homes Insurance Scheme
6 October 2021

Defence Service Homes Insurance Scheme

Statement of Comprehensive Income

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Claims expense				
Claims expense	3.1F	48,076	38,547	33,075
Less: Reinsurance and other recoveries	3.1A	(13,800)	(1,529)	-
Net claims expense		34,276	37,018	33,075
Premium revenue				
Insurance premium revenue	3.1B	50,599	46,676	45,660
Less: Reinsurance expense		(11,484)	(8,791)	(8,000)
Net premium revenue		39,115	37,885	37,660
Unexpired risk liability expense	3.1C	1,028	3,303	-
Operating expense				
Employee benefits equivalent	1.1A	3,187	2,938	3,700
Fire brigade and emergency services contributions		1,748	1,753	-
Suppliers	1.1B	4,788	5,101	3,575
Amortisation		80	75	75
Acquisition costs		139	157	500
Total operating expense		9,942	10,024	7,850
Underwriting result		(6,131)	(12,460)	(3,265)
Own-Source Income				
Own-source revenue				
Commissions received	1.2A	3,527	3,604	3,200
Interest	1.2B	363	1,045	1,600
Resources received free of charge	1.2C	65	65	57
Total own-source revenue		3,955	4,714	4,857
Total own-source income		3,955	4,714	4,857
Net contribution by/(cost of) services		(2,176)	(7,746)	1,592
Revenue from Government	1.2D	120	120	120
Surplus/(Deficit) attributable to the Australian Government		(2,056)	(7,626)	1,712
Other comprehensive income		-	-	-
Total comprehensive income/(loss) attributable to the Australian Government		(2,056)	(7,626)	1,712

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

Defence Service Homes Insurance Scheme

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	6,451	3,425	3,425
Trade and other receivables	2.1B	40,155	34,747	34,747
Investments	2.1C	52,001	57,000	58,712
Total financial assets		98,607	95,172	96,884
Non-financial assets				
Intangibles	2.2A	-	80	5
Other non-financial assets		40	107	107
Total non-financial assets		40	187	112
Total assets		98,647	95,359	96,996
LIABILITIES				
Payables				
Suppliers	2.3A	7,932	7,144	8,212
Unearned revenue	3.1E	28,947	25,246	26,093
Other payables	2.3B	910	1,468	500
Total payables		37,789	33,858	34,805
Provisions				
Gross claims outstanding	3.1D	34,040	33,103	35,037
Unexpired risk liability	3.1G	3,432	2,956	-
Total provisions		37,472	36,059	35,037
Total liabilities		75,261	69,917	69,842
Net assets		23,386	25,442	27,154
EQUITY				
Retained surplus		23,386	25,442	27,154
Total equity		23,386	25,442	27,154

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

Defence Service Homes Insurance Scheme

Statement of Changes in Equity

for the period ended 30 June 2021

	2021 \$'000	2020 \$'000	Original Budget \$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	25,442	33,068	25,442
Adjusted opening balance	25,442	33,068	25,442
Comprehensive income			
Surplus/(Deficit) for the period	(2,056)	(7,626)	1,712
Other comprehensive income	-	-	-
Total comprehensive income	(2,056)	(7,626)	1,712
Total comprehensive income attributable to Australian Government	(2,056)	(7,626)	1,712
Closing balance at 30 June	23,386	25,442	27,154
Closing balance attributable to Australian Government	23,386	25,442	27,154

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

Defence Service Homes Insurance Scheme

Cash Flow Statement

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Premiums received		51,009	45,587	45,560
Commissions received		3,529	3,587	3,740
Interest		455	1,315	1,600
GST received		25	109	-
Receipts from Government		120	120	120
Reinsurance and other recoveries		11,077	24,408	-
Other payments received		-	480	-
Total cash received		66,215	75,606	51,020
Cash used				
Claim payments		47,139	62,096	33,650
Employees		3,187	2,938	4,240
Suppliers		3,933	4,744	2,918
Fire brigade and emergency services contributions		1,748	1,753	-
Reinsurance premiums		11,562	8,350	8,000
Acquisition costs		139	157	500
Other payments made		480	-	-
Total cash used		68,188	80,038	49,308
Net cash from/(used by) operating activities		(1,973)	(4,432)	1,712
INVESTING ACTIVITIES				
Cash received				
Investments realised		34,506	68,634	-
Total cash received		34,506	68,634	-
Cash used				
Purchase of investments		29,507	65,253	1,712
Total cash used		29,507	65,253	1,712
Net cash from/(used by) investing activities		4,999	3,381	(1,712)
Net increase / (decrease) in cash held		3,026	(1,051)	-
Cash and cash equivalents at the beginning of the reporting period		3,425	4,476	2,500
Cash and cash equivalents at the end of the reporting period	2.1A	6,451	3,425	2,500

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

Defence Service Homes Insurance Scheme

Notes to and forming part of the financial statements

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Overview

Objectives of Defence Service Homes Insurance Scheme

DSH Insurance is a self-funded insurance scheme that provides building insurance to eligible veterans and ADF personnel. DSH Insurance forms part of the operations of the Client Engagement and Support Services Division of the Department of Veterans' Affairs (Department). The objective of DSH Insurance is to provide domestic building insurance in accordance with the *Defence Service Homes Act 1918 and Regulations*.

DSH Insurance operates under the control of the Secretary of the Department of Veterans' Affairs. The continued existence of DSH Insurance in its present form is dependent on Government policy.

Basis of Preparation of the Financial Statements

The financial statements are required by Section 50B of the *Defence Service Homes Act 1918*. The financial statements are general purpose financial statements.

The statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (PGPA)*; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the PGPA Rule, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to DSH Insurance or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the statement of comprehensive income, when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, DSH Insurance has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The value of outstanding claims and estimated future claims on unexpired premiums has been estimated by an independent actuary. The actuary has used the methods and assumptions detailed in note 3.1.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

New Australian Accounting Standards

All new accounting standards, revised standards, amending standards and/or interpretations that were issued prior to the signing of the statements by the Secretary and Acting General Manager, and are applicable to the current reporting period did not have a material effect on DSH Insurance's financial statements.

The following new standards were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Secretary and acting General Manager which are expected to have a material impact on the entity's financial statements for future reporting periods, the impact of these standards has not yet been quantified.

Standard	Application date	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 17 Insurance Contracts	1 Jan 2023	Not yet quantified
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	1 July 2021	Not yet quantified

Taxation

The Defence Service Homes Insurance Scheme is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses, liabilities and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office, and
- except for receivables and payables.

Events After the Reporting Period

There were no events occurring after balance date that had a material impact on the financial statements.

1. Financial Performance

This section analyses the financial performance of DSH Insurance for the year ended 30 June 2021.

1.1. Expenses

	2021 \$'000	2020 \$'000
Note 1.1A: Employee benefits equivalent		
Wages and salaries	2,749	2,499
Superannuation		
Defined contribution plans	143	144
Defined benefit plans	293	281
Leave and other entitlements	2	14
Total employee benefits	3,187	2,938

Accounting Policy

Salary, Wages and Superannuation

DSH Insurance's salaries, wages, superannuation, long service leave and annual leave are paid by the Department, and are repaid to the Department as a supplier on 30 day terms. These expenses paid to the Department are recorded as wages, salaries, superannuation and leave in order to represent the nature of the expenses. Any salaries, wages, superannuation, long service leave and annual leave unpaid as at 30 June 2021 are recorded as unpaid supplier expenses.

All long service and annual leave liabilities are recorded by the Department of Veterans' Affairs.

Staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or a superannuation scheme of their choice.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. The liability is reported by the Department of Finance as an administered item.

The Department makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of DSH Insurance's employees.

Note 1.1B: Suppliers

Goods and services supplied or rendered

Consultants	458	603
Contractors	3,444	3,611
Travel	(12)	57
IT services	684	555
Other	214	275
Total goods and services supplied or rendered	4,788	5,101
Goods supplied	8	131
Services rendered	4,780	4,970
Total goods and services supplied or rendered	4,788	5,101

1.2. Own-Source Income and Gains

Own-Source Revenue	2021 \$'000	2020 \$'000
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Note 1.2A: Commissions received

Insurance agency commission	3,527	3,604
Total commissions received	3,527	3,604

Accounting Policy

Commissions received revenue is recognised when it becomes due to DSH Insurance.

Note 1.2B: Interest

Deposits	363	1,045
Total interest	363	1,045

Note 1.2C: Resources received free of charge

Remuneration of auditors	65	65
Total resources received free of charge	65	65

Accounting Policy

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Note 1.2D: Revenue from Government

Interest appropriations	120	120
Total revenue from Government	120	120

Accounting Policy

Amounts appropriated are recognised as revenue when DSH Insurance gains control of the appropriation. DSH Insurance receives appropriation revenue for interest equivalency payments.

2. Financial Position

This section analyses the DSH Insurance's assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

2.1 Financial Assets

	2021 \$'000	2020 \$'000
Note 2.1A: Cash and cash equivalents		
Cash at bank	6,451	3,425
Total cash and cash equivalents	6,451	3,425

Note 2.1B: Trade and other receivables		
Goods and services receivables		
Premiums receivable	21,255	18,453
Other receivables		
GST receivable	159	184
Recoveries receivable	18,430	15,576
Interest receivable	106	198
Other receivable	205	336
Total trade and other receivables	40,155	34,747

Receivables past 90 days are not considered impaired as policies are cancelled after this period if not paid.

Note 2.1C: Investments		
Deposits	52,001	57,000
Total investments	52,001	57,000

Monies invested in term deposits and negotiable certificates of deposit with various approved institutions under Section 58 of the *Public Governance, Performance and Accountability Act 2013*.

Amounts classified as investments are not used to meet short-term cash commitments

The accounting policy for Cash and cash equivalents, Trade and other receivables and Investments is detailed within Note 6.2A.

2.2. Non-Financial Assets

Note 2.2A: Reconciliation of the opening and closing balances of intangibles

Reconciliation of the opening and closing balances of intangibles for 2021

	Intangibles \$'000
As at 1 July 2020	
Gross book value	4,088
Accumulated amortisation and impairment	(4,008)
Total as at 1 July 2020	80
Amortisation expense	(80)
Total as at 30 June 2021	-
Total as at 30 June 2021 represented by	
Gross book value	4,088
Accumulated amortisation and impairment	(4,088)
Total as at 30 June 2021	-

No intangibles are expected to be sold or disposed of within the next 12 months.

Accounting Policy

DSH Insurance's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of DSH Insurance's software is 10 years (2019-20: 10 years).

Impairment

All intangible assets were assessed for impairment at 30 June 2021. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if DSH Insurance were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for intangible assets at cost.

Accounting Policy

Deferred Acquisition Costs

A portion of acquisition costs relating to unearned premium revenue can be deferred in recognition that it represents future benefits to DSH Insurance. Deferred acquisition assets must have a probability of future economic benefit and be able to be reliably measured.

2.3. Payables

	2021 \$'000	2020 \$'000
Note 2.3A: Suppliers		
Trade creditors	5,568	5,103
Accrued expenses	2,364	2,041
Total suppliers	7,932	7,144

Settlement is usually made net 7 days.

Note 2.3B: Other payables		
Reinsurance premiums	910	988
Other payables	-	480
Total other payables	910	1,468

Settlement is usually made net 7 days.

The accounting policy for Suppliers and Other payables is detailed within Note 6.2A.

3. Insurance Underwriting Activities

This section describes DSH Insurance's insurance underwriting activities.

3.1. Insurance Underwriting Activities

	2021 \$'000	2020 \$'000
Note 3.1A: Reinsurance and other recoveries		
Reinsurance recoveries	13,624	1,326
Other recoveries	176	203
Total reinsurance and other recoveries	13,800	1,529

Accounting Policy

Reinsurance Receivable

Reinsurance receivables are recorded at discounted estimated value on paid claims and incurred claims not yet paid and recognised as a reduction in the claims expense.

Note 3.1B: Insurance premium revenue

Premium revenue	50,599	46,676
Total insurance premium revenue	50,599	46,676

Accounting Policy

Premium Revenue:

Premium revenue comprises amounts charged to policyholders, excluding amounts collected on behalf of third parties, principally GST in full. The earned portion of premiums received and receivable, including unclosed business, is recognised as revenue. Premium revenue is recognised as earned from the date of attachment of risk.

The pattern of recognition over the policy or indemnity periods is based on time which is considered to closely approximate the pattern of risks underwritten.

Note 3.1C: Movement in unexpired risk liability

Deficiency recognised in the statement of comprehensive income

Unexpired risk liability expense	1,028	3,303
Total deficiency recognised in statement of comprehensive income	1,028	3,303

Calculation of deficiency

Expected future claims per actuary report	31,604	28,068
Less: recorded unearned premiums	(28,172)	(25,112)
Less: deferred acquisition costs	552	347
Less: Unexpired risk liability provision as at 1 July	(2,956)	-
Unexpired risk liability expense	1,028	3,303

	2021 \$'000	2020 \$'000
<u>Note 3.1D: Claims outstanding</u>		
Gross claims outstanding	34,040	33,103
Less: recoveries receivable	(18,430)	(15,576)
<u>Net claims outstanding</u>	15,610	17,527

DSH Insurance has incurred claims during 2020-21 for which recoveries have and will be made in accordance with reinsurance treaties, which were in force at the date of loss.

The gross claims outstanding amounts to \$34,040,160 as at 30 June 2021. In determining this amount, the actuary has applied a risk margin of 12% (2020: 12%) to the central estimate of the expected present value of future payments for claims incurred. The resulting risk margin amounts to \$3,647,160 (2020: \$3,546,720) and is included in the gross claims outstanding (\$34,040,160).

Accounting Policy

Liability Adequacy Test and Unexpired Risk Liability

AASB 1023 General Insurance Contracts requires the application of a liability adequacy test upon unearned premiums. The result of this test indicates that DSH Insurance's unearned premiums are insufficient to cover expected future claims on unexpired policies at 30 June 2021 and as such, DSH Insurance has recognised an expense of \$1,028,025 (2020: \$3,302,685) and an adjusting increase to the existing unexpired risk liability of \$476,000 bringing the closing unexpired risk liability to \$3,432,000 (2020: \$2,956,000). The probability of adequacy applied in the test is different to the probability of adequacy adopted in determining the outstanding claims liability. No specific guidance exists for the risk margin to be used in determining the adequacy of premium liabilities. The use of the 75% basis as a regulatory benchmark in Australia, is consistent with market practices.

DSH Insurance's unadjusted unearned premium liability as at 30 June 2021 was \$28,172,000 (2020: \$25,112,000) and prior to the recognition of unexpired risk liability DSH Insurance had recognised \$552,025 in deferred acquisition costs (2020: \$346,685) with the net of these two figures being \$27,619,975. Future cash flows relating to future claims under the risk associated with those premiums as advised by DSH Insurance's independent actuaries was \$31,604,000 (2020: \$28,068,000).

DSH Insurance has not taken into account the income from invested retained surpluses or agency commissions which are used to subsidise costs associated with the building insurance policies.

Outstanding Claims

The provision for outstanding claims has been determined on a case by case approach in respect of all claims reported. The liability for outstanding claims includes claims incurred but not yet paid, incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs). The provision includes the expected administration costs of settling those claims. The valuation of DSH Insurance's outstanding claims liability provision as at 30 June 2021 was prepared by independent actuaries (KPMG). The methods used to assess the outstanding liability were Projected Case Estimates (PCE), Payment Per Claims Incurred (PPCI), Incurred Chain Ladder (ICL) and Incurred Bornhuetter Ferguson (IBF). This methodology meets Actuarial Professional Standard PS 302 *Valuation of General Insurance Claims*.

Actuarial Methods

The methodology for the estimation of the net outstanding claims provision as at 30 June 2021 consists of:

- Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2021. The predictions are separated by claim type (Liability, Catastrophe and Other) are made in respect of each combination of accident quarter/year and financial quarter/year of payment. The future cash flow predictions are derived from several actuarial models of the various claim processes. That is, actuarial models are constructed for numbers of claims reported, average payments per claim incurred, development of case estimates and payments as a proportion of case estimates. The results of the models are blended based on their individual characteristics to produce a single estimate of the outstanding claims on a net of third party recoveries basis.
- Initially all estimates are made in 30 June 2021 dollars, but subsequently are increased to allow for inflation from that date to the date of payment.
- The gross of reinsurance liability for outstanding claims is estimated by:
 - discounting these inflated claim payments to allow for investment return at risk free rates;
 - adjusting for the effect of GST; and
 - adding an allowance to provide for associated claims administration expenses.
- The net outstanding claims liability is derived by allowing for expected reinsurance recoveries.
- The estimate of liability is increased by a prudential margin.

Actuarial Assumptions

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2021:

- **Inflation rates:** 2.00% p.a.;
- **Discount rates:** 0.18% p.a.;
- **Claims administration expenses (CAE):** 5% of gross outstanding claims liability;
- **Superimposed inflation:** approximately 1.50% p.a. in the actuarial model with explicit superimposed inflation assumptions; and
- **Prudential margin:** 12% of net central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency.

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2020:

- **Inflation rates:** 2.00% p.a.;
- **Discount rates:** 0.24% p.a.;
- **Claims administration expenses (CAE):** 5% of gross outstanding claims liability;
- **Superimposed inflation:** approximately 1.50% p.a. in the actuarial model with explicit superimposed inflation assumptions; and
- **Prudential margin:** 12% of net central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency.

Process for Determining Assumptions

The process for determining each of the assumptions is as follows:

- **Inflation rates:** are taken as an average of CPI (housing) and AWE inflation expectations which are based on internal and external forecasts of future rates;
- **Discount rates:** derived from a yield curve fitted to the actual yields on Commonwealth Government bonds as at 30 June 2021;
- **Claims administration expenses:** assumed based on DSH Insurance's own experience as well as industry experience;
- **Superimposed inflation:** derived from actuarial models based on the long term average of past experience for all non-catastrophe claims; and
- **Prudential margin:** selected based on analysis of estimated historical variability within the portfolio.

Insurance Risk Management

Insurance risk management policies and practices are disclosed at Note 6.3 – Risk management.

Process for Determining Risk Margin

The risk margin is intended to provide an adequacy to the 75% percentile of probability of sufficiency. In determining the risk margin assumption, the analysis of the variability of historical claims data was conducted, industry benchmark was considered and judgement was applied in the selection of assumptions. The approach adopted aligns with the framework recommended by the Institute of Actuaries Risk Margin Taskforce. There is no benefit from the diversification of risks.

The previous risk margin methodology adopted used various statistical modelling techniques applied to the claim data. An actuarial model (the “chain ladder”) was fitted to 10,000 simulated claim data sets to determine 10,000 estimates of the outstanding claims and hence an approximate distribution of those amounts. The analysis was on the basis prescribed by Australian Prudential Regulation Authority (APRA).

	2021 \$'000	2020 \$'000
<u>Note 3.1E: Unearned revenue</u>		
Unearned premiums	28,903	25,204
Insurance agency revenue received in advance	44	42
<u>Total unearned revenue</u>	28,947	25,246

Accounting Policy**Unearned Revenue**

Unearned premiums represents the estimated proportion of premiums written in the current year relating to cover provided in the subsequent year. DSH Insurance's system allows for the unearned proportion to be calculated for each individual policy in accordance with AASB 1023 General Insurance Contracts.

Revenue in Advance

Revenue in advance is recognised where the revenue has been received prior to the period in which the revenue relates. DSH Insurance recognises revenue in advance at nominal value.

Note 3.1F: Net claims incurred

	2021			2020		
	Current year \$'000	Prior years \$'000	Total \$'000	Current year \$'000	Prior years \$'000	Total \$'000
Gross incurred*	37,616	10,460	48,076	28,393	10,154	38,547
Less: Reinsurance and other recoveries	(11,029)	(2,771)	(13,800)	(13,436)	11,907	(1,529)
Net claims incurred	26,587	7,689	34,276	14,957	22,061	37,018

*Claims are not subject to discount

Building insurance claims are typically resolved within one year. No claims development table is required under AASB 1023 17.7.1 (b) (iii) for lines of business typically resolved within one year.

Accounting PolicyGross incurred:

Gross incurred (claims expense) represents all claims paid during the reporting period and the movement in open claims recognised through the outstanding claims liability. The gross incurred is adjusted for claims development based on actuarial modelling (see note 3.1D) to take in to account incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs).

	2021 \$'000	2020 \$'000
Note 3.1G: Unexpired risk liability		
Unexpired risk liability	3,432	2,956
Total unexpired risk liability	3,432	2,956
Expected future claims per actuary report	31,604	28,068
Less: recorded unearned premiums	(28,172)	(25,112)
Unexpired risk liability	3,432	2,956

4. Funding

This section identifies DSH Insurance's funding structure.

4.1. Appropriations

Note 4.1A: Special appropriations applied ('recoverable GST exclusive')

Authority	Appropriation applied	
	2021 \$'000	2020 \$'000
<i>Public Governance, Performance and Accountability Act 2013 s58, Departmental</i>		
<i>Purpose: To make all payments by the Commonwealth in connection with its activities as an insurer under the Defence Service Homes Act 1918</i>	29,507	65,254
Total special appropriations applied	29,507	65,254

4.2 Special Accounts

Note 4.2A: Special accounts (recoverable GST exclusive)

	Defence Service Homes Insurance Account	
	2021 \$'000	2020 \$'000
Balance brought forward from previous period	3,425	4,476
Premiums received	51,009	45,578
Other receipts	15,206	29,537
Investments credited to the special account	34,506	68,634
Total increases	100,721	143,749
Available for payments	104,146	148,225
Decreases		
Departmental		
Claim payments	(47,139)	(62,096)
Reinsurance premiums paid	(11,562)	(8,349)
Other payments	(9,487)	(9,101)
PGPA Act section 58 investments	(29,507)	(65,254)
Total departmental	(97,695)	(144,800)
Total decreases	(97,695)	(144,800)
Total balance carried to the next period	6,451	3,425
Balance represented by:		
Cash held in the Official Public Account	6,451	3,425
Total balance carried to the next period	6,451	3,425

Appropriation: Public Governance, Performance and Accountability Act 2013, s80

Establishing Instrument: Defence Service Homes Act 1918, s40

Purpose: To make all payments by the Commonwealth in connection with its activities as insurer under Defence Service Homes Act 1918, s40.

5. People and Relationships

5.1. Related Party Disclosures

Related party relationships:

DSH Insurance is an Australian Government controlled entity. Related parties to DSH Insurance are Key Management Personnel including the Portfolio Minister (the Minister for Veterans' Affairs) and the executive including the General Manager DSH Insurance and Secretary of Department of Veterans' Affairs.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by DSH Insurance, it has been determined that there are no related party transactions to be separately disclosed.

6. Managing Uncertainties

This section analyses how DSH Insurance manages financial risks within its operating environment.

6.1. Contingent Assets and Liabilities

Quantifiable Contingencies

DSH Insurance had no quantifiable contingencies as at 30 June 2021 (nil at 30 June 2020).

Unquantifiable Contingencies

DSH Insurance had no unquantifiable contingencies as at 30 June 2021 (nil at 30 June 2020).

6.2. Financial Instruments

	2021 \$'000	2020 \$'000
Note 6.2A: Categories of financial instruments		
Financial assets at amortised cost		
Investments	52,001	57,000
Cash and cash equivalents	6,451	3,425
Trade and other receivables	39,996	34,563
Total financial assets at amortised cost	98,448	94,988
Total financial assets	98,448	94,988
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	7,932	7,144
Other payables	910	1,468
Outstanding claims	34,040	33,103
Total financial liabilities measured at amortised cost	42,882	41,715
Total financial liabilities	42,822	41,715

Accounting Policy**Financial Instruments****Financial assets**

The entity classifies its financial assets as financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are measured at amortised cost.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

All payables are expected to be settled within 12 months except where indicated.

	2021 \$'000	2020 \$'000
<u>Note 6.2B: Net gains or losses on financial assets</u>		
Financial assets at amortised cost		
Interest revenue	363	1,045
Net gains on financial assets at amortised cost	363	1,045
<i>Net gains on financial assets</i>	363	1,045

The net income/expense from financial assets not at fair value through profit and loss is nil (2020: nil).

Note 6.2C: Net gains or losses on financial liabilities

There was no income or expense from financial liabilities (2020: nil).

Note 6.2D: Financial assets reclassified

During the year there has been no financial assets that have been reclassified.

6.3. Risk Management

Insurance risk

The risks inherent in any single insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, these risks are random and unpredictable. In relation to the pricing of individual insurance contracts and the determination of the level of the outstanding claims provision in relation to a portfolio of insurance contracts, the principal risk is that the ultimate claims payments will exceed the carrying amount of the provision established.

Note 6.3A: Sensitivity to insurance risk

TABLE A: ANALYSIS OF SENSITIVITY OF 30 JUNE 2021 NET PROVISION TO VARIOUS CHANGES IN ASSUMPTIONS*

Item	Amount	Amount	Change from final estimate		Change from final estimate		Note
	2021 \$'000	2020 \$'000	2021 \$'000	2021 %	2020 \$'000	2020 %	
Net liability, including CAE and GST and excluding prudential margin	21,225	20,080	-	0.0	-	0.0	(a)
Inflation +1%	21,420	20,341	195	0.9	261	1.3	(b)
Inflation -1%	21,030	19,823	(195)	-0.9	(257)	-1.3	(b)
Discount +1%	21,028	19,821	(197)	-0.9	(259)	-1.3	(c)
Discount -1%	21,429	20,350	204	1.0	270	1.3	(c)
Superimposed inflation +1%	21,420	20,342	195	0.9	262	1.3	(d)
Superimposed inflation -1%	21,030	19,823	(195)	-0.9	(257)	-1.3	(d)
10% more IBNR claims in PPCI models	21,289	20,301	64	0.3	221	1.1	(e)
10% less IBNR claims in PPCI models	21,161	19,859	(64)	-0.3	(221)	-1.1	(e)

*Figures extracted from KPMG report (Table 12.1), Defence Service Homes Insurance Scheme Outstanding Claims Liability as at 30 June 2021

Notes:

(a) Net provision, including prudential margin.

	2021 \$'000	2020 \$'000
Gross Central Estimate (including GST and claims administration expense, excluding risk margin)	33,433	32,512
less: Estimated Outstanding Reinsurance Recoveries	12,208	12,432
Central estimate (incl GST and claims administration expense)	21,225	20,080
less: GST	1,930	1,825
Central Estimate (incl claims administration expense)	19,295	18,255

Equivalent net provision derived by:

(b) adding/subtracting 1% p.a. to each future assumed inflation rate.

(c) adding/subtracting 1% p.a. to each future assumed discount rate.

(d) adding/subtracting 1% to superimposed inflation assumption.

(e) increasing/reducing IBNR claims in each of the PPCI models by 10%.

Underwriting risks

Selection and pricing of risks

Risks insured are limited to dwelling houses owned by persons eligible under the *Defence Service Homes Act 1918*. Insurance policies are written in accordance with management practices and regulations taking into account DSH Insurance's underwriting standards.

Pricing of risks is controlled by use of in-house pricing models relevant to market in which DSH Insurance operates. Experienced underwriters and actuaries maintain historical pricing and claims analysis and this is combined with a knowledge of current developments in the market.

Concentration risk

DSH Insurance manages exposure to concentration risk by issuing policies across all Australian locations. Reinsurance is purchased to reduce potential exposure to catastrophe losses.

Claims management and claims provisioning risk

DSH Insurance's approach to determining the outstanding claims provision and the related sensitivities are set out in note 3.1B.

DSH Insurance seeks to ensure the adequacy of its outstanding claims provision by reference to the following controls:

- Experienced claims managers work with underwriters on coverage issues and operate within the levels of delegation issued to them in respect of the settlement of claims.
- Processes exist to ensure that all claims advices are captured and updated on a timely basis and with a realistic assessment of the ultimate claims cost.
- The aggregate outstanding claims provision for DSH Insurance is reviewed by an external actuary annually.

Despite the rigour involved in the establishment and review of the outstanding claims provision, the provision is subject to significant uncertainty for the reasons set out in note 3.1D.

Reinsurance counterparty risk

DSH Insurance reinsures a portion of risks underwritten to control exposure to insurance losses, reduce volatility and protect capital. DSH Insurance's strategy in respect of the selection, approval and monitoring of reinsurance arrangements is addressed by the following protocols:

- Treaty or facultative reinsurance is placed in accordance with the requirements of DSH Insurance's reinsurance management strategy.
- Reinsurance arrangements are regularly reassessed to determine their effectiveness based on current exposures, historical losses and potential future losses.
- Exposure to reinsurance counterparties and the credit quality of those counterparties is actively monitored.

Strict controls are maintained over reinsurance counterparty exposures. Reinsurance is placed with counterparties that have a Standard & Poor's credit rating of A- or above. Credit risk exposures are calculated regularly and compared with authorised credit limits, and the arrangements discontinued from the day the counterparty's Credit rating falls below A-. At 30 June 2021 DSH Insurance had no receivables with reinsurance counterparties below A-.

Accounting Policy*Reinsurance Arrangements*

DSH Insurance purchases reinsurance each year for dwelling per risk, catastrophe risk and legal liability risk. Premium ceded to reinsurers is recognised as an expense and is measured at nominal value in accordance with the pattern of reinsurance service received.

7. Other Information

This section provides other disclosures relevant to DSH Insurance's financial information environment for the year.

7.1. Current/Non-Current Distinction for Assets and Liabilities

	2021 \$'000	2020 \$'000
Note 7.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	6,451	3,425
Trade and other receivables	40,155	34,747
Investments	44,501	55,000
Other assets	40	108
Total no more than 12 months	91,147	93,280
More than 12 months		
Other intangibles	-	79
Investments	7,500	2,000
Total more than 12 months	7,500	2,079
Total assets	98,647	95,359
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	7,932	7,144
Other payables	910	1,468
Gross claims outstanding	33,302	32,110
Other provisions	3,432	2,956
Unearned revenue	28,947	25,246
Total no more than 12 months	74,523	68,924
More than 12 months		
Liability Claims	738	993
Total more than 12 months	738	993
Total liabilities	75,261	69,917

7.2. Explanations of Major Budget Variances

The following tables provide a comparison between the 2020–21 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2020–21 financial statements. The Budget is not audited.

Variances are considered to be ‘major’ based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- the variance between budget and actual is greater than 2% of the relevant category (Income, Expenses and Equity totals); or
- an item below this threshold but is considered important for the reader’s understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

Variance	Affected Items on Statements
<u>Claims</u> Claims expenses were higher than budget (\$15m) due to a large hailstorm catastrophe event in South East Queensland in October 2020. There were also a number of smaller events, which contributed to the increase in expenses.	<i>Claims expense (Statement of Comprehensive Income), Gross claims outstanding (Statement of Financial Position) Claim payments (Cash Flow Statement)</i>
<u>Reinsurance Recoveries</u> Due to nature of catastrophe events and the unpredictability of these, DSH Insurance is unable to quantify and budget for reinsurance recoveries. The current year balance is from catastrophe events in the current year, and remaining recoveries due from prior year events. DSH Insurance is able to recover \$18.3m from its reinsurance program, which has been taken up under Trade and other receivables.	<i>Reinsurance and other recoveries (Statement of Comprehensive Income), Trade and other receivables (Statement of Financial Position)</i>
<u>Insurance Premium Revenue</u> DSH Insurance reviews its premium rates annually. Due to the increase in reinsurance costs and higher frequency of catastrophe events, DSH insurance increased premium rates higher than the budget amount.	<i>Insurance premium revenue (Statement of Comprehensive Income), Unearned revenue (Statement of Financial Position), Premiums received (Cash Flow Statement)</i>
<u>Reinsurance expense</u> Reinsurance premiums were higher than budgeted due to the demand of the reinsurance market. The reinsurance market in 2020–21 hardened, with reinsurers looking to improve their returns, and recoup their losses after consecutive years of losses on their programs. In addition to this, DSH Insurance increased its reinsurance cover for multiple smaller catastrophe events, and this contributed to the cost of premiums.	<i>Reinsurance expense (Statement of Comprehensive Income), Other Payables (Statement of Financial Position), Reinsurance premiums (Cash Flow Statement)</i>

<p><u>Investments</u></p> <p>Due to increased reinsurance premiums, and the hailstorm catastrophe in October 2020, DSH Insurance has had to utilise maturing investments to meet related payments. This has resulted in much lower Investments realised and purchased in the cash flow statement.</p>	<p><i>Investments (Statement of Financial Position), Investments realised, Purchase of investments (Cash Flow Statement)</i></p>
<p><u>Staffing</u></p> <p>Limited recruitment options meant that vacant positions had to be filled with contracted labour hire, additionally the budgeted two percent increase in salaries did not occur. This has resulted in a decrease of employee expenses to budget and an increase in suppliers (Contractors).</p>	<p><i>Employee benefits equivalent, Suppliers (Statement of Comprehensive Income), Employees, Suppliers (Cash Flow Statement)</i></p>
<p><u>Interest</u></p> <p>The rate of return on the investment portfolio has been significantly lower than budgeted due to a reduction in the balance of the portfolio due to high claims and reinsurance premium expenses, as well as a downturn in the interest rates on offer from institutions.</p>	<p><i>Interest (Statement of Comprehensive Income), Interest (Cash Flow Statement)</i></p>
<p><u>Fire Brigade and Emergency Services Contribution</u></p> <p>The 2020-21 budget was prepared based on the understanding from the NSW Government that the contribution was going to be removed. This did not occur and as a result there was no budgeted expense.</p>	<p><i>Fire brigade and emergency services contributions (Statement of Comprehensive Income), Fire brigade and emergency services contributions (Cash Flow Statement), Other non-financial assets (Statement of Financial Position)</i></p>
<p><u>Suppliers</u></p> <p>The cost for 2020-21 suppliers was higher than budgeted due to the increase in contracted labour-hire staffing levels (see Staffing details above), increases in overheads such as property costs.</p>	<p><i>Suppliers (Statement of Comprehensive Income), Suppliers (Statement of Financial Position)</i></p>
<p><u>Other Payables</u></p> <p>Other payables were higher than budgeted due the 2020-21 balance payable for reinsurance premium (see reinsurance expense variance).</p>	<p><i>Other Payables (Statement of Financial Position), Reinsurance premiums & Other Payments Received (Cash Flow Statement), Reinsurance expense (Statement of Comprehensive Income)</i></p>
<p><u>Commission</u></p> <p>There has been higher commission revenue to DSH Insurance as a result of selling higher numbers of policies through the agency agreement than budgeted</p>	<p><i>Commissions Received (Statement of Comprehensive Income)</i></p>
<p><u>Acquisition Costs</u></p> <p>The variance is due to acquisition costs being deferred and then written down as part of the Liability Adequacy Test and recognition of the Unexpired Risk Liability.</p>	<p><i>Acquisition costs and Suppliers (Statement of Comprehensive Income), Acquisition costs (Cash flow Statement)</i></p>

07

Appendixes

Appendix A: Veteran and claims statistics

Veteran statistics

Total clients by age group and location

TABLE A1: TOTAL DVA CLIENTS BY AGE GROUP AND STATE AS AT 30 JUNE 2021

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Overseas	Total
Under 18	594	340	1,310	146	235	53	20	55	15	2,768
19–24	3,067	1,849	4,139	857	817	184	741	1,141	9	12,804
25–29	4,125	1,716	5,709	1,170	1,208	213	1,033	678	33	15,885
30–34	5,039	2,219	6,240	1,284	1,517	263	843	1,022	86	18,513
35–39	4,636	2,190	5,941	1,174	1,754	383	712	1,016	122	17,928
40–44	3,843	2,116	5,257	1,001	1,515	422	471	978	151	15,754
45–49	4,203	2,187	5,735	1,110	1,758	456	433	1,031	161	17,074
50–54	4,599	2,619	6,616	1,280	2,249	563	467	1,231	199	19,823
55–59	4,542	2,844	6,188	1,386	1,929	585	390	1,054	192	19,110
60–64	4,724	3,112	6,590	1,526	2,195	619	226	892	172	20,056
65–69	6,952	4,622	8,468	2,324	2,746	861	194	759	152	27,078
70–74	13,243	9,124	14,864	4,403	5,386	1,537	265	1,079	310	50,211
75–79	7,982	5,288	8,980	2,273	3,158	854	139	768	202	29,644
80–84	5,001	2,805	5,069	1,144	1,987	491	66	490	133	17,186
85–89	5,102	3,009	3,733	1,134	1,647	470	31	394	106	15,626
90 or over	12,330	8,754	7,375	3,331	3,336	987	48	522	202	36,885
Total	89,994	54,814	102,221	25,549	33,449	8,943	6,080	13,114	2,246	336,410

Note: The total number of DVA clients includes any person in receipt of a pension/allowance from DVA or eligible for treatment or pharmaceuticals paid for by DVA. Clients of unknown age are included in the total but not reported separately.

Number of living veterans

TABLE A2: ESTIMATED NUMBER OF SURVIVING VETERANS 2016–17 TO 2020–21

	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021
Second World War ¹	25,000	19,300	14,600	10,800	7,800
Korean War, Malayan Emergency and FESR ²	11,000	10,300	9,600	8,900	8,200
Vietnam War ³	42,500	41,500	40,400	39,300	38,000
Other pre-1972 conflicts	5,000	4,700	4,400	4,000	3,700
Cambodia, Gulf War, Namibia, Somalia, Yugoslavia, Rwanda and Bougainville	10,300	10,300	10,200	10,100	10,100
Post-1999 conflicts ⁴	58,300	58,200	58,100	57,900	57,800
Peacetime Defence Force ⁵	147,400	145,800	144,000	142,100	140,100
Total service with VEA eligibility⁶	298,200	288,700	280,000	272,000	264,500
Full-time service post 1945 not included in VEA total ⁷	253,900	252,500	250,700	248,400	245,700
Reservists ⁸	98,900	100,000	101,100	102,100	103,100
Total Australian service⁹	651,000	641,300	631,800	622,500	613,300

FESR = Far East Strategic Reserve; VEA = *Veterans' Entitlements Act 1986*

¹ Based on nominal roll data.

² Where the veteran has service in more than one conflict, they are recorded by most recent conflict.

³ Based on nominal roll data.

⁴ Includes East Timor, Solomon Islands, Afghanistan and Iraq. This category previously included Bougainville, which is now included in the preceding category. Figures are based on June 2014 Defence data.

⁵ Based on ADF data; those with 3 or more years of service from 1972 to 1994. Those with peacetime service after 1994 are not included.

⁶ Total includes those potentially eligible for a service pension and/or disability pension. Components will not add exactly to total due to rounding and overlaps.

⁷ A research project was initiated to estimate all living persons with post-1945 full-time service in the ADF. By necessity, input data was obtained from different sources:

- Age profile at recruitment is graphically estimated from Phillip J Hoglin, *Early Separation in the Australian Defence Force* Figure 4.1, Distribution of Ab Initio Enlistment Ages, page 39.
- National service recruitment data is sourced from the Defence discussion paper *National service – have a debate but make sure it is an informed one*.
- The full-time enlistments data for each year from 1975 to 1998 were measured graphically from Joan Beaumont, *Australian defence: sources and statistics*, Volume VI, Figure 6.3, Permanent ADF Enlistments and Separations, page 252.
- The full-time enlistments data for each year from 1996 to 2017 were sourced from published Defence annual reports obtained from Defence's website.
- Australian Bureau of Statistics mortality rates are used. Numbers are calculated by amalgamating successive years of recruits from 1945 onwards and amortising the resulting population by single year age for each year.

⁸ Includes all living persons who have ever served as a Reservist in the ADF with neither continuous full-time nor qualifying service.

⁹ The growth in the number of MRCA clients and the expansion of benefits to the widest possible number of (ex-)service ADF personnel necessitated redefinition of the total to include those who were not otherwise eligible under the VEA. This figure includes all living persons who have ever served in the ADF either full time or as Reservists.

Benefit recipients

TABLE A3: SUMMARY OF BENEFIT RECIPIENT NUMBERS BY TYPE OF BENEFIT JUNE 2016 TO JUNE 2021

	At 30 June 2016	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021
Treatment population	200,245	193,968	190,967	207,160	250,611	263,165
Veteran Card – Gold	143,635	135,263	128,517	122,536	117,072	112,146
Veteran Card – White	56,610	58,705	62,450	84,624	133,539	151,019
Service pension includes	118,174	106,970	99,939	94,029	88,764	84,060
• veterans	61,504	55,641	52,011	48,958	46,244	43,844
• partners	56,670	51,329	47,928	45,071	42,520	40,216
Income support supplement	52,292	47,036	42,464	38,403	34,571	30,984
SSA age pension	3,538	3,380	3,225	3,338	3,379	3,427
Veteran Payment	n/a	n/a	134	470	709	854
Commonwealth Seniors Health Card	4,321	7,222	4,098	4,092	3,954	3,670
Disability pension	92,374	88,974	85,811	83,363	81,918	80,252
War widow/ers pension	69,960	64,500	59,001	53,899	49,000	44,391
POW recognition supplement ¹	299	217	165	131	107	86
Orphan's pension	150	157	155	148	136	143
Attendant allowance	353	304	273	229	210	193
Rent assistance	14,694	13,580	12,683	12,256	11,480	10,894
Remote area allowance	697	648	648	578	522	466
Decoration allowance	328	289	261	233	219	199
Recreation transport allowance	936	802	716	622	551	492
Vehicle Assistance Scheme	48	52	43	44	49	40
Funeral benefit	4,709	4,175	3,704	3,302	3,296	2,127
Veterans' Children Education Scheme	2,288	2,243	2,229	2,106	2,073	1,960
Clothing allowance	398	348	322	286	265	253

Military compensation payments

Permanent impairment (DRCA) ²	12,852	13,400	14,150	15,116	16,181	17,922
Permanent impairment (MRCA) ²	7,659	9,544	12,414	16,021	22,564	28,027
Incapacity (DRCA)	1,777	1,792	1,874	1,920	2,305	2,528
Incapacity (MRCA)	2,689	3,218	3,893	4,717	5,913	6,912
Wholly dependent partner (MRCA) ²	91	105	124	150	168	194
Eligible young person (MRCA) ²	97	114	128	144	168	191
MRCA Education and Training Scheme	203	246	390	751	1,103	1,542
Defence Service Homes						
Homes insured	58,825	55,838	53,641	52,243	51,415	50,492
Housing loan subsidies	8,322	6,669	4,960	3,925	3,173	2,521

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (previously the *Safety, Rehabilitation and Compensation Act 1988*); MRCA = *Military Rehabilitation and Compensation Act 2004*; POW = prisoner of war; SSA = *Social Security Act 1991*; VEA = *Veterans' Entitlements Act 1986*

¹ POW recognition supplement is a payment that provides special recognition of surviving former Australian prisoners of war, both veteran and civilian. The payment commenced in September 2011.

² Clients receiving a commuted or periodic (MRCA only) payment.

Veterans with accepted disability**TABLE A4: NUMBER OF VETERANS WITH ACCEPTED DISABILITY BY ACT 2015–16 TO 2020–21**

	At 30 June 2016	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021
VEA	95,983	92,328	89,452	86,565	84,935	82,973
DRCA	51,320	51,956	52,528	54,181	56,279	57,617
MRCA	22,305	25,551	29,577	36,827	43,116	48,916

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (previously the *Safety, Rehabilitation and Compensation Act 1988*); MRCA = *Military Rehabilitation and Compensation Act 2004*; VEA = *Veterans' Entitlements Act 1986*

Claims, service and liability provision statistics

Tables A5 to A11 provide an overview of the claims processed under the VEA, DRCA and MRCA in 2020–21.

Veterans' Entitlements Act 1986

Claims processed

TABLE A5: VEA CLAIMS PROCESSED, 2019–20 AND 2020–21

	2019–20	2020–21
Income support new claims	24,995	15,926
Pensioner-initiated reviews	52,945	47,421
Funeral benefit claims	3,829	2,026

VEA = *Veterans' Entitlements Act 1986*

Compensation claims

TABLE A6: VEA COMPENSATION CLAIMS, 2019–20 AND 2020–21

	2019–20	2020–21
Disability support		
Primary disability gross claims received ¹	19,563	27,968
Net claims received ²	9,411	8,183
Conditions determined ³	17,517	12,305
Proportion of conditions accepted	62.6%	56.4%
Applications for increases in disability pension determined	1,870	1,327
Proportion of increases in disability pension accepted	72.3%	66.9%
Cases on hand at 30 June ⁴	5,662	7,991
War widow/ers and dependants		
Gross claims received	846	645
Net claims received ⁵	815	599
Claims determined	721	579
Proportion of claims accepted	61.7%	64.6%
Cases on hand at 30 June ⁴	117	130

VEA = *Veterans' Entitlements Act 1986*

¹ Includes applications for disability pensions, applications for increases in disability pensions and assessments/reviews.

² Net claims does not include claims that have been withdrawn. A claim can be withdrawn for a number of reasons. Most commonly, this occurs when DVA combines multiple claims that are lodged online on the same day by the same claimant into a single claim with multiple conditions, with the consent of the claimant.

³ While a claim can be lodged with one or more conditions, each condition is determined separately.

⁴ Includes cases both in progress and not yet commenced.

⁵ This is different from claims received, as withdrawn cases are excluded (for example, automatic entitlement case).

Top 15 claimed conditions

TABLE A7: TOP 15 CLAIMED CONDITIONS UNDER THE VEA (BASED ON STATEMENTS OF PRINCIPLES), 2020–21

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Osteoarthritis	904	58.3	646	1,550
Tinnitus	933	77.4	273	1,206
Sensorineural hearing loss	913	79.6	234	1,147
Lumbar spondylosis	468	65.4	248	716
Posttraumatic stress disorder	404	76.4	125	529
Depressive disorder	347	70.0	149	496
Solar keratosis	334	86.1	54	388
Non-melanotic malignant neoplasm of the skin	313	82.6	66	379
Alcohol use disorder	244	72.0	95	339
Sprain and strain	197	60.6	128	325
Rotator cuff syndrome	74	24.0	234	308
Cervical spondylosis	48	20.5	186	234
Fracture	115	62.5	69	184
Anxiety disorder	119	66.9	59	178
Erectile dysfunction	100	74.6	34	134
Total	5,513	68.0	2,600	8,113

VEA = *Veterans' Entitlements Act 1986*

Note: In determining the majority of liability cases, DVA refers to the Repatriation Medical Authority SOPs. The 15 most frequently used SOPs covered 65.9% of the conditions determined under the VEA in 2020–21.

Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988

DRCA claims

TABLE A8: DRCA CLAIMS, 2019–20 AND 2020–21

	2019–20	2020–21
Liability		
Gross claims received ¹	16,990	27,670
Net claims received ²	8,418	9,004
Conditions determine ³	14,472	13,227
Proportion of conditions accepted	65.9%	62.4%
Cases on hand at 30 June ⁴	5,421	8,122
Permanent impairment		
Gross claims received	14,314	12,225
Net claims received ⁵	12,020	9,948
Claims determined	9,012	11,462
Proportion of claims accepted	36.9%	42.8%
One-off lump-sum payments	3,533	5,298
Cases on hand at 30 June ⁴	6,883	5,369
Incapacity compensation		
Compensation paid	\$114.1 million ⁶	\$124.9 million
Payees	2,588	2,802
Compensation for dependants		
Compensation paid	\$30.6 million ⁷	\$35.4 million
Payees	60 ⁸	65

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

¹ Includes sequela claims, which are new conditions that arise out of the effects of an accepted condition. The figures for both gross and net claims received in 2019–20 have been revised to include 18 sequela claims.

² Net claims does not include claims that have been withdrawn. A claim can be withdrawn for a number of reasons. Most commonly, this occurs when DVA combines multiple claims that are lodged online on the same day by the same claimant into a single claim with multiple conditions, with the consent of the claimant.

³ While a claim can be lodged with one or more conditions, each condition is determined separately.

⁴ Includes cases both in progress and not yet commenced.

⁵ This is different from claims received, as it represents a correction of a system issue which incorrectly registered permanent impairment claims prior to the liability determination.

⁶ This amount has been adjusted from \$146.7 million reported in the 2019–20 annual report. This is a result of identification of an error in the calculation that saw tax and adjustment components double-counted.

⁷ This amount has been adjusted from \$21.8 million reported in the 2019–20 annual report. This is a result of additional data becoming available for benefits paid to dependants in the 2019–20 financial year.

⁸ The number has been adjusted from the 93 payees reported in the 2019–20 Annual Report. This is a result of identification of an error in the calculation that saw the same payee being counted multiple times based on the range of benefits paid.

Top 15 most frequently claimed conditions

TABLE A9: TOP 15 MOST FREQUENTLY CLAIMED CONDITIONS UNDER THE DRCA, 2020–21

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Osteoarthritis	1,265	67.1	620	1,885
Tinnitus	952	75.9	302	1,254
Sensorineural hearing loss	962	81.2	223	1,185
Lumbar spondylosis	539	65.3	286	825
Sprain and strain	700	86.7	107	807
Depressive disorder	352	72.3	135	487
Posttraumatic stress disorder	358	74.6	122	480
Non-melanotic malignant neoplasm of the skin	328	77.0	98	426
Rotator cuff syndrome	176	44.2	222	398
Cervical spondylosis	258	67.9	122	380
Fracture	277	82.0	61	338
Solar keratosis	253	75.7	81	334
Alcohol use disorder	164	52.7	147	311
Anxiety disorder	123	71.5	49	172
Joint instability	122	83.0	25	147
Total	6,829	72.4	2,600	9,429

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

Note: The 15 conditions most frequently claimed covered 71.3% of the conditions determined under the DRCA in 2020–21.

Military Rehabilitation and Compensation Act 2004

MRCA claims

TABLE A10: MRCA CLAIMS, 2019–20 AND 2020–21

	2019–20	2020–21
Liability		
Gross claims received	42,293	45,831
Net claims received ¹	33,784	27,684
Conditions determined ²	36,262	36,931
Proportion of conditions accepted	85.8%	84.0%
Cases on hand at 30 June ³	21,944	29,089
Permanent impairment		
Gross claims received	12,052	13,115
Net claims received ⁴	9,974	11,038
Claims determined	11,324	9,399
Proportion of claims accepted	83.3%	79.5%
One-off lump-sum payments	7,485 ⁵	7,645
Cases on hand at 30 June ³	4,323	5,962
Incapacity compensation		
Compensation paid	\$250.8 million ⁶	\$271.6 million
Payees	7,395	8,417
Compensation for dependants		
Compensation paid	\$75.1 million ⁷	\$110.5 million
Payees	719 ⁸	1,030

MRCA = *Military Rehabilitation and Compensation Act 2004*

¹ Net claims does not include claims that have been withdrawn. A claim can be withdrawn for a number of reasons. Most commonly, this occurs when DVA combines multiple claims that are lodged online on the same day by the same claimant into a single claim with multiple conditions, with the consent of the claimant.

² While a claim can be lodged with one or more conditions, each condition is determined separately.

³ Includes cases both in progress and not yet commenced.

⁴ This is different from claims received as it represents a correction of a system issue which incorrectly registered permanent impairment claims prior to the liability determination.

⁵ This figure has been adjusted from 6,766 reported in the 2019–20 annual report. This is a result of an error in calculation that has been rectified.

⁶ This amount has been adjusted from \$321.2 million reported in the 2019–20 annual report. This is a result of identification of an error in the calculation that saw tax and adjustment components double-counted.

⁷ This amount has been adjusted from \$83.1 million reported in the 2019–20 annual report. This is a result of a recalculation of payments made that previously included payments made to veterans rather than dependants, or are reported elsewhere, such as the Education Schemes.

⁸ The number has been adjusted from the 227 payees reported in the 2019–20 annual report. The previously reported figure counted the family unit, so this has been updated to report on each individual dependant within each family unit.

Top 15 most frequently claimed conditions

TABLE A11: TOP 15 MOST FREQUENTLY CLAIMED CONDITIONS UNDER THE MRCA (BASED ON STATEMENTS OF PRINCIPLES), 2020–21

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Tinnitus	5,117	99.7	13	5,130
Sprain and strain	3,100	93.8	204	3,304
Osteoarthritis	2,229	95.5	105	2,334
Sensorineural hearing loss	2,174	98.0	44	2,218
Lumbar spondylosis	1,595	98.1	31	1,626
Rotator cuff syndrome	1,336	97.3	37	1,373
Depressive disorder	1,126	92.4	93	1,219
Fracture	926	90.9	93	1,019
Posttraumatic stress disorder	850	90.0	94	944
Shin splints	644	95.0	34	678
Alcohol use disorder	603	91.0	60	663
Erectile dysfunction	503	91.1	49	552
Cervical spondylosis	338	65.9	175	513
Chondromalacia Patella	476	93.7	32	508
Anxiety disorder	458	93.3	33	491
Total	21,475	95.1	1,097	22,572

MRCA = *Military Rehabilitation and Compensation Act 2004*

Note: In determining the majority of liability cases, DVA refers to the Repatriation Medical Authority SOPs. The 15 most frequently used SOPs covered 61.1% of the conditions determined under the MRCA in 2020–21.

Repatriation Transport Scheme

TABLE A12: CLAIMS FOR REIMBURSEMENT AND ARRANGED TRANSPORT, 2016–17 TO 2020–21

	2016–17	2017–18	2018–19	2019–20	2020–21
Claims for reimbursement	143,256	168,970	174,943	156,202	147,480
Arranged transport trips	1,323,956	1,301,691	1,210,032	1,046,071	693,345

Adjustments to the Military Rehabilitation and Compensation Act liability provisions

Tables A13 and A14 show the movement in the long-term liability for income support and compensation and health and other care services under the DRCA and MRCA over the past 2 years, based on the advice of the Australian Government Actuary. The movement is recognised as an expense in DVA's financial statements. Due to the nature of the liability provision, significant adjustments can occur between years.

TABLE A13: MOVEMENT IN DRCA AND MRCA LIABILITY UNDER OUTCOME 1, 2019–20 AND 2020–21

	2019–20			2020–21		
	DRCA (\$m)	MRCA (\$m)	Total (\$m)	DRCA (\$m)	MRCA (\$m)	Total (\$m)
Changes in valuation assumptions	1,553.6	2,078.6	3,632.2	667.2	3,357.2	4,024.4
Movements in income support and compensation payments	–246.7	1,084.3	837.6	–367.9	1,285.8	917.9
Interest rate	158.6	535.2	693.8	68.4	337.7	406.1
Total expenses	1,465.5	3,698.1	5,163.6	367.7	4,980.7	5,348.4

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*

TABLE A14: MOVEMENT IN DRCA AND MRCA LIABILITY UNDER OUTCOME 2, 2019–20 AND 2020–21

	2019–20			2020–21		
	DRCA (\$m)	MRCA (\$m)	Total (\$m)	DRCA (\$m)	MRCA (\$m)	Total (\$m)
Changes in valuation assumptions	–208.5	3,632.3	3,423.8	–55.2	4,701.7	4,646.5
Movements in health and other care services	–29.7	1,770.4	1,740.7	–36.9	1,470.3	1,433.4
Interest rate	42.7	446.2	488.9	21.0	557.8	578.8
Total expenses	–195.5	5,848.9	5,653.4	–71.1	6,729.8	6,658.7

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*

Appendix B: Staffing overview

Management of human resources

TABLE B1: ALL ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2020–21

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	89	4	93	116	17	133	0	0	0	226
Qld	101	3	104	211	36	247	0	0	0	351
SA	40	1	41	60	14	74	0	0	0	115
Tas	13	2	15	24	10	34	0	0	0	49
Vic	87	4	91	105	22	127	0	0	0	218
WA	21	1	22	58	10	68	0	0	0	90
ACT	180	9	189	320	49	369	0	0	0	558
NT	3	0	3	8	0	8	0	0	0	11
External territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	1	0	1	0	0	0	1
Total	534	24	558	903	158	1,061	0	0	0	1,619

TABLE B2: ALL NON-ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2020–21

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	14	0	14	21	1	22	0	0	0	36
Qld	19	0	19	39	0	39	0	0	0	58
SA	4	0	4	13	1	14	0	0	0	18
Tas	2	0	2	3	0	3	0	0	0	5
Vic	8	0	8	9	1	10	0	0	0	18
WA	0	0	0	2	0	2	0	0	0	2
ACT	4	0	4	12	5	17	0	0	0	21
NT	0	0	0	1	0	1	0	0	0	1
External territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	51	0	51	100	8	108	0	0	0	159

TABLE B3: ALL ONGOING EMPLOYEES PREVIOUS REPORT PERIOD, 2019–20

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	95	3	98	120	21	141	0	0	0	239
Qld	101	3	104	198	47	245	0	0	0	349
SA	44	0	44	66	13	79	0	0	0	123
Tas	16	1	17	25	9	34	0	0	0	51
Vic	90	8	98	118	23	141	0	0	0	239
WA	21	1	22	59	11	70	0	0	0	92
ACT	177	6	183	347	45	392	0	0	0	575
NT	3	0	3	7	0	7	0	0	0	10
External territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	1	0	1	0	0	0	1
Total	547	22	569	941	169	1,110	0	0	0	1,679

TABLE B4: ALL NON-ONGOING EMPLOYEES PREVIOUS REPORT PERIOD, 2019–20

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	1	0	1	4	1	5	0	0	0	6
Qld	11	0	11	16	0	16	0	0	0	27
SA	2	0	2	9	1	10	0	0	0	12
Tas	0	0	0	0	0	0	0	0	0	0
Vic	4	0	4	1	0	1	0	0	0	5
WA	0	0	0	0	0	0	0	0	0	0
ACT	7	1	8	11	2	13	0	0	0	21
NT	0	0	0	0	0	0	0	0	0	0
External territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	25	1	26	41	4	45	0	0	0	71

TABLE B5: AUSTRALIAN PUBLIC SERVICE ACT ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2020–21

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 3	0	0	0	1	0	1	0	0	0	1
SES 2	4	0	4	5	0	5	0	0	0	9
SES 1	12	0	12	16	0	16	0	0	0	28
EL 2	59	2	61	89	4	93	0	0	0	154
EL 1	135	0	135	193	33	226	0	0	0	361
APS 6	148	9	157	238	53	291	0	0	0	448
APS 5	105	3	108	231	35	266	0	0	0	374
APS 4	33	4	37	68	18	86	0	0	0	123
APS 3	19	6	25	49	14	63	0	0	0	88
APS 2	11	0	11	5	0	5	0	0	0	16
APS 1	3	0	3	0	1	1	0	0	0	4
Other	5	0	5	8	0	8	0	0	0	13
Total	534	24	558	903	158	1,061	0	0	0	1,619

TABLE B6: AUSTRALIAN PUBLIC SERVICE ACT NON-ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2020–21

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	0	0	0	1	3	4	0	0	0	4
EL 1	1	0	1	6	3	9	0	0	0	10
APS 6	3	0	3	5	0	5	0	0	0	8
APS 5	13	0	13	19	0	19	0	0	0	32
APS 4	14	0	14	33	0	33	0	0	0	47
APS 3	20	0	20	36	2	38	0	0	0	58
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	51	0	51	100	8	108	0	0	0	159

TABLE B7: AUSTRALIAN PUBLIC SERVICE ACT ONGOING EMPLOYEES PREVIOUS REPORT PERIOD, 2019–20

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 3	2	0	2	1	0	1	0	0	0	3
SES 2	1	0	1	3	0	3	0	0	0	4
SES 1	8	0	8	18	0	18	0	0	0	26
EL 2	56	1	57	79	4	83	0	0	0	140
EL 1	135	1	136	176	26	202	0	0	0	338
APS 6	146	7	153	254	64	318	0	0	0	471
APS 5	121	6	127	252	36	288	0	0	0	415
APS 4	32	4	36	79	23	102	0	0	0	138
APS 3	28	3	31	66	15	81	0	0	0	112
APS 2	12	0	12	5	0	5	0	0	0	17
APS 1	2	0	2	0	1	1	0	0	0	3
Other	4	0	4	8	0	8	0	0	0	12
Total	547	22	569	941	169	1,110	0	0	0	1,679

TABLE B8: AUSTRALIAN PUBLIC SERVICE ACT NON-ONGOING EMPLOYEES PREVIOUS REPORT PERIOD, 2019–20

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	3	1	4	1	1	2	0	0	0	6
EL 1	1	0	1	2	1	3	0	0	0	4
APS 6	6	0	6	4	1	5	0	0	0	11
APS 5	6	0	6	9	0	9	0	0	0	15
APS 4	6	0	6	13	0	13	0	0	0	19
APS 3	3	0	3	12	1	13	0	0	0	16
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	25	1	26	41	4	45	0	0	0	71

TABLE B9: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYEES BY FULL-TIME AND PART-TIME STATUS CURRENT REPORT PERIOD, 2020–21

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	
SES 3	1	0	1	0	0	0	1
SES 2	9	0	9	0	0	0	9
SES 1	28	0	28	0	0	0	28
EL 2	148	6	154	1	3	4	158
EL 1	328	33	361	7	3	10	371
APS 6	386	62	448	8	0	8	456
APS 5	336	38	374	32	0	32	406
APS 4	101	22	123	47	0	47	170
APS 3	68	20	88	56	2	58	146
APS 2	16	0	16	0	0	0	16
APS 1	3	1	4	0	0	0	4
Other	13	0	13	0	0	0	13
Total	1,437	182	1,619	151	8	159	1,778

TABLE B10: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYEES BY FULL-TIME AND PART-TIME STATUS PREVIOUS REPORT PERIOD, 2019–20

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	
SES 3	3	0	3	0	0	0	3
SES 2	4	0	4	0	0	0	4
SES 1	26	0	26	0	0	0	26
EL 2	135	5	140	4	2	6	146
EL 1	311	27	338	3	1	4	342
APS 6	400	71	471	10	1	11	482
APS 5	373	42	415	15	0	15	430
APS 4	111	27	138	19	0	19	157
APS 3	94	18	112	15	1	16	128
APS 2	17	0	17	0	0	0	17
APS 1	2	1	3	0	0	0	3
Other	12	0	12	0	0	0	12
Total	1,488	191	1,679	66	5	71	1,750

TABLE B11: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT TYPE BY LOCATION CURRENT REPORT PERIOD, 2020–21

	Ongoing	Non-ongoing	Total
NSW	226	36	262
Qld	351	58	409
SA	115	18	133
Tas	49	5	54
Vic	218	18	236
WA	90	2	92
ACT	558	21	579
NT	11	1	12
External territories	0	0	0
Overseas	1	0	1
Total	1,619	159	1,778

TABLE B12: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT TYPE BY LOCATION PREVIOUS REPORT PERIOD, 2019–20

	Ongoing	Non-ongoing	Total
NSW	239	6	245
Qld	349	27	376
SA	123	12	135
Tas	51	0	51
Vic	239	5	244
WA	92	0	92
ACT	575	21	596
NT	10	0	10
External territories	0	0	0
Overseas	1	0	1
Total	1,679	71	1,750

TABLE B13: AUSTRALIAN PUBLIC SERVICE ACT INDIGENOUS EMPLOYMENT CURRENT REPORT PERIOD, 2020–21

	Total
Ongoing	23
Non-ongoing	2
Total	25

TABLE B14: AUSTRALIAN PUBLIC SERVICE ACT INDIGENOUS EMPLOYMENT PREVIOUS REPORT PERIOD, 2019–20

	Total
Ongoing	20
Non-ongoing	1
Total	21

TABLE B15: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT ARRANGEMENTS CURRENT REPORT PERIOD, 2020–21

	SES	Non-SES	Total
Section 24(1) determinations	36	3	39
Individual flexibility agreements	0	26	26
DVA Enterprise Agreement 2019–2022	0	1,706	1,706
Total	36	1,735	1,771¹

¹ Does not include 7 full-time statutory office holders employed under Remuneration Tribunal determinations.

TABLE B16: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT SALARY RANGES BY CLASSIFICATION LEVEL
(MINIMUM/MAXIMUM) CURRENT REPORT PERIOD, 2020–21

	Minimum salary	Maximum salary
SES 3	347,093	372,593
SES 2	241,511	279,655
SES 1	208,055	224,637
EL 2	133,176	149,897
EL 1	110,428	121,264
APS 6	87,783	99,680
APS 5	79,867	83,233
APS 4	71,641	76,410
APS 3	63,439	68,148
APS 2	56,200	61,473
APS 1	48,327	54,136
Other	94,150	189,134
Minimum/maximum range	48,327	372,593

Executive remuneration

TABLE B17: INFORMATION ABOUT REMUNERATION FOR KEY MANAGEMENT PERSONNEL

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Liz Cosson	Secretary	\$698,053	0	\$2,394	\$25,144	\$17,765	0	0	\$743,356
Vicki Rundle	Deputy Secretary	\$339,891	0	\$29,089	\$53,098	\$9,015	0	0	\$431,093
Vicki Rundle ¹	Acting Secretary	\$50,582	0	\$1,196	\$4,888	\$1,094	0	0	\$57,760
Mark Garrity ¹	General Manager DSH Insurance	\$75,764	0	\$780	\$14,693	\$2,075	0	0	\$93,312
Angela-Grace Kelly ¹	General Manager DSH Insurance	\$98,779	0	0	\$12,908	\$2,376	0	0	\$114,063
Wayne Perry ¹	General Manager DSH Insurance	\$51,265	0	\$587	\$7,210	\$1,285	0	0	\$60,347
Total		\$1,314,334	0	\$34,046	\$117,941	\$33,610	0	0	\$1,499,931

DSH Insurance = Defence Service Homes Insurance

¹ Represents part-year remuneration for period of employment in position.

TABLE B18: INFORMATION ABOUT REMUNERATION FOR SENIOR EXECUTIVES

Total remuneration bands (\$)	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
0–220,000	12	\$59,313	0	\$854	\$10,185	\$1,531	0	0	\$71,883
220,001–245,000	4	\$197,964	0	\$2,421	\$32,211	\$4,997	0	0	\$237,593
245,001–270,000	11	\$209,600	0	\$4,487	\$37,123	\$5,330	0	0	\$256,540
270,001–295,000	7	\$229,748	0	\$6,339	\$42,004	\$5,829	0	0	\$283,920
295,001–320,000	4	\$185,581	0	\$5,881	\$34,091	\$4,763	0	\$71,177	\$301,493
320,001–345,000	1	\$259,020	0	\$2,394	\$51,895	\$7,087	0	0	\$320,396
345,001–370,000	2	\$175,956	0	\$1,699	\$34,960	\$4,922	0	\$136,249	\$353,786
470,001–495,000	1	\$255,614	0	\$2,394	\$45,341	\$6,471	0	\$184,832	\$494,652
670,001–695,000	1	\$219,681	0	\$2,394	\$39,582	\$5,627	0	\$423,845	\$691,129
695,001–720,000	1	\$305,591	0	\$2,394	\$55,268	\$7,621	0	\$333,865	\$704,739

TABLE B19: INFORMATION ABOUT REMUNERATION FOR OTHER HIGHLY PAID STAFF

Total remuneration bands (\$)	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
230,001–245,000	3	\$89,652	0	\$1,721	\$15,345	\$2,162	0	\$125,070	\$233,950
245,001–270,000	1	\$104,782	0	0	\$20,125	\$2,899	0	\$137,000	\$264,806
270,001–295,000	8	\$141,727	0	\$1,067	\$14,924	\$3,454	0	\$117,806	\$278,978
295,001–320,000	3	\$136,186	0	\$798	\$14,768	\$3,434	0	\$159,771	\$314,957
320,001–345,000	3	\$225,090	0	\$1,515	\$37,217	\$5,863	0	\$56,946	\$326,631
345,001–370,000	1	\$225	0	0	0	\$75	0	\$344,889	\$345,189
370,001–395,000	1	\$316,936	0	\$3,876	\$49,624	\$8,223	0	0	\$378,659
395,001–420,000	1	\$162,518	0	0	\$31,138	\$4,311	0	\$226,244	\$424,211
470,001–495,000	1	\$376,866	0	\$27,410	\$67,374	\$9,181	0	0	\$480,831

Appendix C: Resource summary tables

TABLE C1: AGENCY RESOURCE STATEMENT, 2020–21

	Actual available appropriation for 2020–21 \$'000 (a)	Payments made 2020–21 \$'000 (b)	Balance remaining 2020–21 \$'000 (a)–(b)
Departmental			
Annual appropriations – ordinary annual services ^{1, 2}	450,852	387,284	63,568
Annual appropriations – other services – non-operating ³	6,596	6,495	101
Total departmental annual appropriations	457,448	393,779	63,669
Special accounts ⁴	49,174	68,188	(19,014)
Total special accounts	49,174	68,188	(19,014)
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	120	120	-
Total departmental resourcing	506,502	461,847	44,655
Administered			
Annual appropriations – ordinary annual services ¹	156,739	129,128	27,611
Annual appropriations – other services – non-operating ³	55,306	55,306	-
Annual appropriations – other services – specific payments to States, ACT, NT and local government ⁵	5,050	5,050	-
Total administered annual appropriations	217,095	189,484	27,611
Administered special appropriations	11,426,783	10,724,112	702,671
Total administered special appropriations	11,426,783	10,724,112	702,671
Special accounts ⁴	950	53	897
Total special accounts receipts	950	53	897
<i>less payments to corporate entities from annual/special appropriations</i>	99,547	99,547	-
Total administered resourcing	11,545,281	10,814,102	731,179
Total resourcing and payments for DVA	12,051,783	11,275,949	775,834

¹ Appropriation Act (No. 1) 2020–21 and Appropriation Act (No. 3) 2020–21. This also includes prior-year departmental appropriation and budgeted section 74 external revenue.

² Departmental capital budgets are not separately identified in Appropriation Bills (Nos 1 and 3) and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.

³ Appropriation Act (No. 2) 2020–21 and Appropriation Act (No. 4) 2020–21.

⁴ Excludes trust moneys held in Services for Other Entities and Trust Moneys (SOETM) and other special accounts.

⁵ Relates to specific purpose payments sought for the state, ACT, NT and local governments.

TABLE C2: EXPENSES FOR OUTCOME 1

Outcome 1: Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation, and other support services, including advice and information about entitlements.	Budget*	Actual expenses	Variation
	2020–21	2020–21	2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 1.1: Veterans' Income Support and Allowances			
Administered expenses			
Special appropriations	2,218,126	2,195,525	22,601
Administered total	2,218,126	2,195,525	22,601
Departmental expenses			
Departmental appropriation	55,135	41,187	13,948
Expenses not requiring appropriation in the budget year ¹	3,105	5,838	(2,733)
Departmental total	58,240	47,025	11,215
Total expenses for Program 1.1	2,276,366	2,242,550	33,816
Program 1.2: Veterans' Disability Support			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	21,111	14,913	6,198
Special appropriations	1,541,908	1,519,725	22,183
Administered total	1,563,019	1,534,638	28,381
Departmental expenses			
Departmental appropriation	47,132	43,072	4,060
Expenses not requiring appropriation in the budget year ¹	2,660	6,106	(3,446)
Departmental total	49,792	49,178	614
Total expenses for Program 1.2	1,612,811	1,583,816	28,995
Program 1.3: Assistance to Defence Widow/ers and Dependants			
Administered expenses			
Special appropriations	1,177,738	1,171,889	5,849
Administered total	1,177,738	1,171,889	5,849
Departmental expenses			
Departmental appropriation	11,783	10,620	1,163
Expenses not requiring appropriation in the budget year ¹	665	1,505	(840)
Departmental total	12,448	12,125	323
Total expenses for Program 1.3	1,190,186	1,184,014	6,172

Outcome 1: Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation, and other support services, including advice and information about entitlements.	Budget*	Actual expenses	Variation
	2020–21	2020–21	2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 1.4: Assistance and Other Compensation for Veterans and Dependants			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	13,120	9,643	3,477
Special appropriations	7,436	6,135	1,301
Administered total	20,556	15,778	4,778
Departmental expenses			
Departmental appropriation	23,566	15,487	8,079
Special accounts	41,174	43,477	(2,303)
Expenses not requiring appropriation in the budget year ¹	1,330	2,195	(865)
Departmental total	66,070	61,159	4,911
Total expenses for Program 1.4	86,626	76,937	9,689
Program 1.5: Veterans' Children Education Scheme			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	15,477	13,895	1,582
Administered total	15,477	13,895	1,582
Departmental expenses			
Departmental appropriation	3,928	4,672	(744)
Expenses not requiring appropriation in the budget year ¹	222	662	(440)
Departmental total	4,150	5,334	(1,184)
Total expenses for Program 1.5	19,627	19,229	398
Program 1.6: Military Rehabilitation and Compensation Acts—Income Support and Compensation			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	10,628	8,382	2,246
Special appropriations	2,098,140	1,660,906	437,234
Special accounts	150	127	23
Administered total	2,108,918	1,669,415	439,503
Departmental expenses			
Departmental appropriation	94,307	98,283	(3,976)
Expenses not requiring appropriation in the budget year ¹	5,321	13,932	(8,611)
Departmental total	99,628	112,215	(12,587)
Total expenses for Program 1.6	2,208,546	1,781,630	426,916

Outcome 1: Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation, and other support services, including advice and information about entitlements.	Budget*	Actual expenses	Variation
	2020–21	2020–21	2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 1.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision—Income Support and Compensation			
Administered expenses			
Expenses not requiring appropriation in the budget year ¹	613,500	5,348,200	(4,734,700)
Administered total	613,500	5,348,200	(4,734,700)
Total expenses for Program 1.7	613,500	5,348,200	(4,734,700)
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	60,336	46,833	13,503
Special appropriations	7,043,348	6,554,180	489,168
Special accounts	150	127	23
Expenses not requiring appropriation in the budget year ¹	613,500	5,348,200	(4,734,700)
Administered total	7,717,334	11,949,340	(4,232,006)
Departmental expenses			
Departmental appropriation	235,851	213,321	22,530
Special accounts	41,174	43,477	(2,303)
Expenses not requiring appropriation in the budget year ¹	13,303	30,238	(16,935)
Departmental total	290,328	287,036	3,292
Total expenses for Outcome 1	8,007,662	12,236,376	(4,228,714)
	2020–21	2020–21	
Average staffing level (number)	920	926	(6)

* Full-year budget, including any subsequent adjustment made to the 2020–21 budget at Additional Estimates.

¹ Expenses not requiring appropriation in the Budget year are made up of adjustments of the movements in Military Compensation provisions, depreciation expenses, and audit fees.

TABLE C3: EXPENSES FOR OUTCOME 2

Outcome 2: Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.	Budget*	Actual expenses	Variation
	2020–21	2020–21	2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 2.1: General Medical Consultations and Services			
Administered expenses			
Special appropriations	772,587	701,774	70,813
Administered total	772,587	701,774	70,813
Departmental expenses			
Departmental appropriation	7,855	11,116	(3,261)
Expenses not requiring appropriation in the budget year ¹	443	1,576	(1,133)
Departmental total	8,298	12,692	(4,394)
Total expenses for Program 2.1	780,885	714,466	66,419
Program 2.2: Veterans' Hospital Services			
Administered expenses			
Special appropriations	1,141,668	1,015,307	126,361
Administered total	1,141,668	1,015,307	126,361
Departmental expenses			
Departmental appropriation	15,711	16,280	(569)
Expenses not requiring appropriation in the budget year ¹	887	2,308	(1,421)
Departmental total	16,598	18,588	(1,990)
Total expenses for Program 2.2	1,158,266	1,033,895	124,371
Program 2.3: Veterans' Pharmaceuticals Benefits			
Administered expenses			
Special appropriations	344,978	313,522	31,456
Administered total	344,978	313,522	31,456
Departmental expenses			
Departmental appropriation	3,928	4,018	(90)
Expenses not requiring appropriation in the budget year ¹	222	570	(348)
Departmental total	4,150	4,588	(438)
Total expenses for Program 2.3	349,128	318,110	31,018

Outcome 2: Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.	Budget*	Actual expenses	Variation
	2020–21	2020–21	2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 2.4: Veterans' Community Care and Support			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	8,502	7,162	1,340
Other services (Appropriation Act No. 2) ²	5,050	5,050	-
Special appropriations	943,722	914,421	29,301
Administered total	957,274	926,633	30,641
Departmental expenses			
Departmental appropriation	23,566	25,355	(1,789)
Expenses not requiring appropriation in the budget year ¹	1,330	3,594	(2,264)
Departmental total	24,896	28,949	(4,053)
Total expenses for Program 2.4	982,170	955,582	26,588
Program 2.5: Veterans' Counselling and Other Health Services			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	7,024	6,036	988
Special appropriations	704,974	656,062	48,912
Administered total	711,998	662,098	49,900
Departmental expenses			
Departmental appropriation	62,843	43,470	19,373
Expenses not requiring appropriation in the budget year ¹	3,547	6,162	(2,615)
Departmental total	66,390	49,632	16,758
Total expenses for Program 2.5	778,388	711,730	66,658
Program 2.6: Military Rehabilitation and Compensation Acts – Health and Other Care Services			
Administered expenses			
Special appropriations	273,162	268,011	5,151
Administered total	273,162	268,011	5,151
Departmental expenses			
Departmental appropriation	19,638	19,256	382
Expenses not requiring appropriation in the budget year ¹	1,108	2,730	(1,622)
Departmental total	20,746	21,986	(1,240)
Total expenses for Program 2.6	293,908	289,997	3,911

Outcome 2: Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.	Budget*	Actual expenses	Variation
	2020–21	2020–21	2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 2.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision—Health and Other Care Services			
Administered expenses			
Expenses not requiring appropriation in the budget year ¹	1,802,100	6,658,600	(4,856,500)
Administered total	1,802,100	6,658,600	(4,856,500)
Total expenses for Program 2.7	1,802,100	6,658,600	(4,856,500)
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	15,526	13,198	2,328
Other services (Appropriation Act No. 2) ²	5,050	5,050	-
Special appropriations	4,181,091	3,869,097	311,994
Expenses not requiring appropriation in the budget year ¹	1,802,100	6,658,600	(4,856,500)
Administered total	6,003,767	10,545,945	(4,542,178)
Departmental expenses			
Departmental appropriation	133,541	119,495	14,046
Expenses not requiring appropriation in the budget year ¹	7,537	16,940	(9,403)
Departmental total	141,078	136,435	4,643
Total expenses for Outcome 2	6,144,845	10,682,380	(4,537,535)
	2020–21	2020–21	
Average staffing level (number)	598	602	(4)

* Full-year budget, including any subsequent adjustment made to the 2020–21 budget at Additional Estimates.

¹ Expenses not requiring appropriation in the Budget year are made up of adjustments of the movements in Military Compensation provisions, depreciation expenses, and audit fees.

² Relates to specific purpose payments sought for the state, ACT, NT and local governments.

TABLE C4: EXPENSES FOR OUTCOME 3

Outcome 3: Acknowledgement and commemoration of those who served Australia and its allies in wars, conflicts and peace operations through promoting recognition of service and sacrifice, preservation of Australia's wartime heritage, and official commemorations.	Budget*	Actual expenses	Variation
	2020–21	2020–21	2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Program 3.1: War Graves			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	19,517	19,498	19
Special accounts	72	53	19
Expenses not requiring appropriation in the budget year ¹	-	3,760	(3,760)
Administered total	19,589	23,311	(3,722)
Departmental expenses			
Departmental appropriation	15,711	12,380	3,331
Expenses not requiring appropriation in the budget year ¹	887	1,755	(868)
Departmental total	16,598	14,135	2,463
Total expenses for Program 3.1	36,187	37,446	(1,259)
Program 3.2: Commemorative Activities			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	17,188	7,727	9,461
Administered total	17,188	7,727	9,461
Departmental expenses			
Departmental appropriation	7,855	7,154	701
Expenses not requiring appropriation in the budget year ¹	443	1,014	(571)
Departmental total	8,298	8,168	130
Total expenses for Program 3.2	25,486	15,895	9,591

Outcome 3: Acknowledgement and commemoration of those who served Australia and its allies in wars, conflicts and peace operations through promoting recognition of service and sacrifice, preservation of Australia's wartime heritage, and official commemorations.	Budget*	Actual expenses	Variation
	2020–21	2020–21	2020–21
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	36,705	27,225	9,480
Special accounts	72	53	19
Expenses not requiring appropriation in the budget year ¹	-	3,760	(3,760)
Administered total	36,777	31,038	5,739
Departmental expenses			
Departmental appropriation	23,566	19,534	4,032
Expenses not requiring appropriation in the budget year ¹	1,330	2,769	(1,439)
Departmental total	24,896	22,303	2,593
Total expenses for Outcome 3	61,673	53,341	8,332
	2020–21	2020–21	
Average staffing level (number)	97	85	12

* Full-year budget, including any subsequent adjustment made to the 2020–21 budget at Additional Estimates.

¹ Expenses not requiring appropriation in the Budget year are made up of adjustments of the movements in Military Compensation provisions, depreciation expenses, and audit fees

Appendix D: Data Matching Program

Overview

The Data Matching Program is a program of computer matching of identity and income data held by certain government agencies, including DVA, to detect incorrect payments in the income support system.

The legal authority for the data matching is contained in the *Data-matching Program (Assistance and Tax) Act 1990* (Data-matching Act). The Information Commissioner oversees the implementation of the Data-matching Act through guidelines for the conduct of the Data Matching Program.

Section 12 of the Data-matching Act requires participating agencies to provide annual and 3-yearly reports to parliament on the operation of the program. DVA's most recent 3-yearly report was submitted in 2019, so this year's report is an annual report, focusing on the operation of the program within DVA during 2020–21.

For a full explanation of the progress of the Data Matching Program within DVA, this report should be read in conjunction with previous data-matching annual reports.

Data-matching investigations

The Data Matching Program identifies cases where there is a risk of incorrect payment through:

- detection of invalid tax file numbers
- identity matching, which detects fictitious or assumed identities
- payment matching, which detects people who may be in receipt of incorrect or dual payments from the same or different agencies, where the receipt of one payment precludes or limits payment of the other
- income matching, which detects instances where the income information disclosed to DVA differs from the income declared to the Australian Taxation Office (ATO).

The ATO shares the identity and tax data of people in receipt of income support payments with other agencies including DVA to compare with its own data.

Data matching between DVA and the ATO is facilitated by Services Australia.

Invalid tax file numbers

DVA actions all discrepancies found through detection of invalid tax file numbers by contacting the client and obtaining the correct number.

Identity matching

Where identity discrepancies between ATO and DVA data are found, DVA attempts to rectify this in a number of ways – by correcting any administrative errors in its own data, contacting the client to confirm their identity data, and identifying whether any anomalies may be potentially fraudulent, which are then further investigated. Where errors in ATO records are established by DVA, these corrections are provided to the ATO.

Payment matching

DVA conducts payment data matching annually to confirm the validity and rigidity of its payment processes.

Income matching

DVA runs income matching in every data-matching cycle. Income discrepancies are selected during this process for further investigation.

Deselection of cases

No DVA client data is exempt from data matching. However, data is deselected to ensure that the same discrepancy is not picked up for the same client in more than one payment/annual data-matching cycle each year.

Analysis

Discrepancies in a client's data are analysed by DVA to ensure data integrity before any further investigation is conducted. The DVA analysis is to ensure that all business rules are applied and, as necessary, areas for improvement to its processes are identified.

Investigations

All investigations of data discrepancies involve examination of the client's DVA electronic records and then, if necessary, hard-copy records. Any administrative data errors are corrected at this stage without the need to contact the client.

If the discrepancy remains after the initial checking, the client is sent written correspondence in accordance with section 11 of the Data-matching Act, requesting further information and documentation to assist with the investigation. Clients are given 28 days to comply, and then a further 7 days based on the *Evidence Act 1995*.

Based on the information provided by the client, the payment rate is corrected and, where appropriate, overpayments are calculated, raised and recovered.

In cases where the initial investigation has revealed a potential attempt of fraud, the investigator may determine to invoke section 11(4), which exempts written correspondence with the client under section 11 letter, as it may prejudice the effectiveness of an investigation.

DVA may also obtain further information from other Commonwealth bodies, state or territory governments or private agencies to validate the client data.

The client's right to privacy is protected at all times by application of the APPs (under the *Privacy Act 1988*), which govern the collection, storage, use and disclosure of personal information.

Actions under the Data-matching Act

This section contains information required by paragraphs 9(i) and 9(vi) of the Data-matching Program (Assistance and Tax) Guidelines.

TABLE D1: ACTIONS UNDER THE DATA-MATCHING ACT IN 2020–21

Discrepancies and actions	2020–21
Total number of records read	834,354
Matches that resulted in discrepancies ¹	5,267
Proportion of matches that resulted in discrepancies	0.63%
Number of discrepancies referred for investigation	738
Number of discrepancies referred for investigation that resulted in a notice under section 11 of the Data-matching Act being sent	112
Number of cases where the section 11 letter was followed up by action being undertaken ²	103
Proportion of discrepancies that resulted in action being undertaken	1.95%
Proportion of discrepancies which did not proceed to action after a section 11 letter was sent	8.03%
Number of overpayments raised ³	90
Cases where debt was fully recovered ⁴	57
Number of pensions reduced	38
Number of pensions cancelled or suspended	21
Number of pensions that were continued	27
Number of pensions that were increased	17

¹ Discrepancies include those resulting from detection of invalid tax file numbers, identity matching, payment matching and income matching. The number of discrepancies does not represent the number of pensioners: more than one discrepancy may be detected in respect of the same pensioner.

² Refers to the action set out in section 10 of the Data-matching Act – a pension was reduced, cancelled, increased or continued.

³ Overpayments raised include some for cases where section 11 action took place in a previous financial year.

⁴ Figure includes debts fully recovered from previous financial years.

Prosecutions

Reviews of entitlement by DVA indicate cases where an offence may have been committed under the VEA, the DRCA, the MRCA, the *Social Security Act 1991*, the *Criminal Code Act 1995* or the *Crimes Act 1914*.

DVA's role in the prosecution process is to investigate cases where it appears that an offence may have been committed and to forward these cases, if warranted, to the Commonwealth Director of Public Prosecutions (CDPP) for a decision on prosecution. Depending on the type of investigation required, a case may be referred to the Australian Federal Police for further investigation.

Any suspected fraud cases detected are referred to the Integrity and Security Section within the Integrity and Security Branch of DVA for an initial case assessment, prioritisation and further action if appropriate.

Where sufficient evidence is obtained from an investigation, the Integrity and Security Section makes recommendations to senior management on the appropriateness of referring the matter to the CDPP.

TABLE D2: PROSECUTIONS PROMPTED BY THE DATA MATCHING PROGRAM IN 2020–21

Cases	2020–21
Cases referred to the Fraud Investigation Section identified through data matching	0
Cases referred to the CDPP identified through data matching	0
Successfully prosecuted	0
Dismissed by the CDPP due to insufficient evidence or not in the public interest	0
Cases with the CDPP pending consideration	0
Cases still under investigation by the Fraud Investigation Section	0
Cases finalised by the Fraud Investigation Section without CDPP referral ¹	0

CDPP = Commonwealth Director of Public Prosecutions

¹ Figures may include cases that were identified in previous financial years.

Costs and benefits

This section contains information required by paragraph 9(i) of the Data-matching Program (Assistance and Tax) Guidelines.

DVA's involvement in the program has shown that substantial savings can be gained through comparison of data held by different commonwealth agencies.

Expenses

TABLE D3: COSTS TO DVA OF OPERATING THE PROGRAM, 2020–21

Detail	2020–21 (\$)
Salary costs	\$172,817
Administrative overheads	\$27,999
Support costs for data matching processing system	\$3,456
Total	\$204,272

Projected savings

DVA calculates savings for clients whose payments are suspended, cancelled or reduced. For clients in receipt of a pension, it is assumed that they would have continued to receive the same rate of payment for 52 fortnights. These savings are in line with the methodology used by Services Australia to calculate savings.

TABLE D4: PENSION ADJUSTMENTS RESULTING IN PROJECTED SAVINGS, 2020–21

Pension adjustments	2020–21
Number of pensions reduced	38
Number of pensions suspended/cancelled	21
Total	59

TABLE D5: TOTAL SAVINGS ACHIEVED THROUGH THE DATA MATCHING PROGRAM, 2020–21

Detail	2020–21
Number of pensions cancelled/reduced/suspended ¹	59
Number of potential overpayments identified ²	48
Number of overpayments raised ³	90
Number of debts fully recovered	57
Value of overpayments raised	\$804,774
Debts waived or written off	\$16,048
Subtotal	\$788,726
Value of projected savings	\$429,127
Total gross savings	\$1,217,853
Departmental expenses	\$204,272
Net savings	\$1,013,581

¹ The number of cases that result in projected savings. Although a person's pension may be cancelled, reduced or suspended, an overpayment may not necessarily exist.

² Where a case officer believes there may be an overpayment, a potential debt identifier is registered. The figure reflects the number of potential debts identified.

³ The discrepancy between the number of overpayments identified and the number of overpayments raised is due to several factors:

- Where a potential overpayment has been identified, further investigation may result in a determination that no debt existed.
- Debts may be raised and consequently recovered separately for both members of a couple.
- Overpayments raised during each financial year may have been identified in previous financial years.

TABLE D6: CUMULATIVE SAVINGS ACHIEVED THROUGH THE DATA MATCHING PROGRAM, 2018–19 TO 2020–21

Detail	2018–19 (\$)	2019–20 (\$)	2020–21 (\$)
Value of overpayments raised	834,065	808,711	804,774
Debts waived or written off	–33,610	–1,121	–16,048
Value of projected savings	643,262	412,273	429,127
Total gross savings	1,443,717	1,219,863	1,217,853
Departmental expenses	–125,727	–128,692	–204,272
Net savings	1,317,990	1,081,171	1,013,581
Cumulative net savings	34,974,951	36,056,122	37,069,703

Appendix E: Advertising and market research

In 2020–21 DVA undertook advertising and market research to assist the development of its policies and programs, and to inform the public about support services, entitlements and commemorative activities. DVA also placed tenders, public notices and recruitment advertisements.

DVA did not undertake any major advertising campaigns or make any payments to creative advertising agencies or polling organisations in 2020–21.

Tables E1 to E3 report DVA's expenditure on market research, direct mail services and media advertising in accordance with section 311A of the *Commonwealth Electoral Act 1918*. Payments of less than \$14,300 have not been included.

TABLE E1: PAYMENTS TO MARKET RESEARCH AGENCIES, 2020–21

Organisation	Service provided	Amount paid (including GST) (\$)
ORIMA Research Pty Ltd	Delivery of Client Satisfaction Survey	\$197,270.00
ORIMA Research Pty Ltd	Client Benefits Client Satisfaction Survey	\$138,190.00
ORIMA Research Pty Ltd	Community Nursing Program Survey	\$19,604.75
Total		\$355,064.75

TABLE E2: PAYMENTS TO DIRECT MAIL ORGANISATIONS, 2020–21

Organisation	Service provided	Amount paid (including GST) (\$)
National Mailing & Marketing	Collation, distribution and storage of 75th anniversary of the end of the Second World War certificates and medallions	\$86,613.24
National Mailing & Marketing	Collation of information material – 2020 Remembrance Day mail-out	\$44,702.00
CanPrint Communications Pty Ltd	Collation of information material – 2021 Anzac Day mail-out	\$20,614.00
CanPrint Communications Pty Ltd	Second Economic Support Payment advice letter	\$229,861.81
CanPrint Communications Pty Ltd	Third Economic Support Payment advice letter	\$230,267.99
CanPrint Communications Pty Ltd	Fourth Economic Support Payment advice letter	\$229,038.85
Australia Post	Community Nursing Information Brochure to Community Nursing clients	\$18,992.11
Total		\$860,090.00

TABLE E3: PAYMENTS TO MEDIA ADVERTISING AGENCIES, 2020–21

Organisation	Service provided	Amount paid (including GST) (\$)
Universal McCann	Advertising, public notices and recruitment	\$275,316.83
Total		\$275,316.83

Appendix F: Carer recognition

The *Carer Recognition Act 2010* sets out the Statement for Australia's Carers, which establishes the principle that carers should have the same rights, choices and opportunities as other Australians. The *Carer Recognition Act 2010* includes reporting and consultation obligations for all public service agencies involved in the development, implementation, provision or evaluation of care supports, otherwise known as public service care agencies.

Awareness and understanding

Section 7(1) of the *Carer Recognition Act 2010* requires each public service agency to 'take all practicable measures to ensure that its employees and agents have an awareness and understanding of the Statement for Australia's Carers'.

DVA's employment policies articulate the requirement to make its employees aware of their obligations under the *Carer Recognition Act 2010*.

DVA provides respite services to members of the veteran community and their carers through the Veterans' Home Care program. The procedure manuals for assessment agencies and service providers delivering this program refer to the rights of carers and the Statement for Australia's Carers.

Open Arms – Veterans & Families Counselling provides relationship and family counselling to veterans, their families and those who face the unique challenges of caring for those exposed to the military lifestyle.

Information for carers, including links to the contact details for a range of carer services, is provided on DVA's website at www.dva.gov.au/carers.

Human resource policies

Section 7(2) of the *Carer Recognition Act 2010* requires each public service entity's internal human resource policies, so far as they may significantly affect an employee's caring role, to be developed with due regard to the Statement for Australia's Carers.

DVA supports its staff with caring responsibilities and considers the principles contained in the statement when developing its human resource policies.

The DVA Enterprise Agreement 2019–22 provides access to a range of paid and unpaid leave as well as flexible working arrangements for employees who have to balance work and caring responsibilities. Those provisions include personal leave for caring purposes, miscellaneous leave, access to flex time and part-time work.

DVA's human resource practitioners support managers and employees who have caring responsibilities by assisting them to access relevant provisions under the Enterprise Agreement, such as resources through the Employee Assistance Program.

Reflecting the principles

Section 8(1) of the *Carer Recognition Act 2010* requires each public service agency to ‘take all practicable measures to ensure that it, and its employees and agents, take action to reflect the principles of the Statement for Australia’s Carers in developing, implementing, providing or evaluating care supports’.

A carer awareness self-paced learning package is available for download from DVA’s website as support material for all interested individuals and organisations, including contracted service providers. The package assists in understanding the issues and needs of carers, the *Carer Recognition Act 2010* and how to comply with the legislation.

DVA’s standard deed of agreement includes an obligation for contractors to comply with relevant laws and relevant Australian Government and departmental policies.

Consultation with carers

DVA is a public service care agency as defined in the *Carer Recognition Act 2010*. In order to meet requirements under section 8(2) of the *Carer Recognition Act 2010*, DVA is required to ‘consult carers, or bodies that represent carers, when developing or evaluating care supports’.

One of the ways DVA conducts consultation with organisations representing carers of veterans is the National Consultation Framework, which has a forum specifically to address national issues for ageing veterans, the National Aged and Community Care Forum (NACCF). This forum meets at least 3 times per year, and membership comprises ex-service organisations that advocate for carers of veterans. Consultation focuses on policy, including carer issues policy; program matters; and the operations of DVA.

Additionally, the NACCF provides a platform for consulting carers by linking ex-service organisations, providers and DVA in the dissemination of information on health, aged and community care issues and mental and social health policy. It also contributes to developing and proposing better practice residential and community care arrangements for the ex-service community.

Appendix G: Work health and safety

In 2020–21, DVA's work health and safety (WHS) focus was predominantly on the need to respond to the COVID-19 pandemic. DVA responded quickly and effectively, implementing strategies to deal with a rapidly changing work environment, conducting risk assessments to modify existing practices, creating new WHS practices for a largely dispersed and remote workforce and reviewing these arrangements regularly as the landscape changed. DVA complied with existing legislative obligations and the changed regulatory arrangements by both drawing on existing WHS systems and practices and creating new and adapted practices and processes in response to COVID-19. DVA also ensured regular, flexible and timely channels of communication further supporting healthy and safe work arrangements for staff and clients.

DVA has WHS policies and procedures that aim to foster an environment of physical and psychological safety for staff. DVA's WHS system supports continual improvement by reducing the risk of injury, identifying potential risks and controls, and following best practice.

DVA's National WHS Committee continued to promote effective consultation and communication between managers and staff on health and safety throughout the pandemic, with meetings held quarterly using web-based technology. This committee continued to be supported by state-based subcommittees and additional stakeholder forums, which enabled timely and effective communication and consultation.

During the COVID-19 pandemic, DVA has provided specific information and guidance to Senior Officers to ensure that they are best equipped to meet their obligations and duty of care under the *Work Health and Safety Act 2011* (WHS Act) in their stewardship of staff. The department also engaged regularly with other APS agencies and shared experiences and learnings with them to ensure best practice in its management of WHS issues.

Initiatives

A range of services and activities were put in place in 2020–21 to respond specifically to COVID-19 and to support the physical and psychological wellbeing of DVA staff and their families. The Pandemic Response Management Team provided coordinated support and information across the department, ensuring WHS concerns were addressed. As the majority of staff were working remotely, it was critical that staff had the information, encouragement and equipment to support safe working, both physically and psychologically. The Employee Assistance Program's offering was broadened to include support for senior managers, online support, and virtual seminars and activities to keep staff socially connected. DVA also made use of in-house expertise to offer bespoke counselling and support as required.

Wellbeing

The DVA Wellbeing Strategy 2018–2023 underpins wellbeing activities conducted at DVA. During 2020–21 these included staff having access to annual flu vaccinations, eyesight and hearing tests, subsidised eyewear and an expanded annual DVA Healthy Lifestyle Subsidy (which encourages staff participation in fitness and promotes healthy lifestyle activities but now also includes reimbursement for ergonomic office equipment such as chairs, monitors and footstools for use in home-based office set-up). DVA has provided ergonomic assessments where appropriate for staff working from home in addition to office-based assessments on request and ergonomic workstation equipment, software and configuration in work office locations. Access to up to 6 free and confidential counselling sessions per annum is also available to staff through the Employee Assistance Program. Additional sessions can be approved if required.

Staff participated in wellness activities conducted either in person at DVA offices or virtually. Pandemic webinar sessions were available to Victoria-based staff during lockdown and later to all staff. Topics included mindfulness, nutrition and self-care throughout the pandemic restrictions.

DVA also sought to understand and respond to emerging trends in staff wellbeing through the use of 4 surveys in the DVA All Staff COVID-19 Survey series.

The surveys informed evidence-based decision-making on a range of topics including COVID-safe practices, internal communications, remote work arrangements, return to work preferences, subjective health, wellbeing and social connections, and access to wellbeing supports.

Overwhelmingly DVA staff reported experiencing no change or a positive change to their subjective health and wellbeing during the surveyed period, and many attributed this to the communication, support and flexibility of DVA leadership during the COVID-19 pandemic.

Intervention, management and compliance activities

DVA focuses on prevention of WHS incidents by:

- creating an environment of WHS awareness by implementing broad policy and guidance materials about safety, WHS hazards and wellbeing in DVA workplaces and a system of self-assessment for staff working remotely. The system provides resources and information and requires an informed assessment of remote working arrangements for all staff in conjunction with their managers
- providing ergonomic assessments, ergonomic equipment and software designed to optimise correct posture and encourage rest breaks
- participating in Safe Work Month activities such as online safety seminars, Safety Toolbox discussions and promotion of health and safety in the workplace
- conducting annual workplace inspections, including hazard and risk reporting, to promote and ensure safety
- conducting emergency evacuation drills.

DVA's early intervention program assists staff to stay at work and our Rehabilitation Management System supports staff to return to work after injury or illness.

DVA had 2 notifiable incidents for 2020–21 under Part 3 of the WHS Act. This is consistent with previous years. Comcare instigated one investigation; however, no findings or notices were given under Part 5 or Part 10 of the WHS Act.

Training and development

Due to the COVID-19 pandemic, there were limited opportunities for staff to engage in WHS training and development programs during 2020–21. To meet COVID-safe requirements, training was delivered virtually when providers were able to do so. DVA also made use of the WHS resources on both the Safe Work Australia and Comcare websites. In-house training focused on staff wellbeing, and a suicide awareness e-learning module and resilience webinar were available to support staff during the COVID-19 pandemic.

Nationally accredited training is provided for health and safety representatives, harassment contact officers, first aid officers and emergency fire wardens before those staff members formally take on the role. This ensures officers are able to fulfil their duties in the role. Staff continue to work part of the week remotely because of the need for COVID-safe workplaces, so to comply with regulatory requirements the number of staff performing these roles has increased.

Outcomes

DVA's WHS initiatives in 2020–21, proactive flexible management and support for all staff throughout the pandemic have provided safe and healthy workplaces and improved overall health and return to work outcomes for staff. Our approach to WHS this year enabled DVA to achieve another significant reduction in the workers compensation premium on top of that achieved 2019–20. DVA remains an Accredited Breastfeeding Friendly Workplace.

Appendix H: Ecologically sustainable development and environmental performance

Environmental commitment statement

DVA is committed to integrating environmental sustainability into its business by:

- complying with relevant legislation and policies
- minimising its carbon footprint
- using resources effectively
- minimising waste and reducing energy and resource consumption
- creating a culture in which environmental considerations are integrated into business activities
- considering the environmental aspects of procurement.

Outcomes for ecologically sustainable development

DVA's outcomes contribute to the principles of ecologically sustainable development as set out in section 3A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). In 2020–21 DVA's contribution is in the effective delivery of Australian Government services with as little environmental impact as possible.

Environmental impact of operations

DVA has taken measures to minimise the impact of its operations on the environment, as set out in the EPBC Act.

Fleet and fuel usage

At the end of 2020–21 DVA had 33 fleet vehicles, which it continues to replace at lease end with smaller, more fuel-efficient vehicles. Eight vehicles (25% of the DVA fleet) are cost-effective hybrids, and the use of e10 fuel is encouraged. DVA uses in-vehicle asset management systems to monitor fleet usage and identify underutilised vehicles.

Travel

As most staff now have videoconferencing capability at their workstations, DVA's domestic travel policy only allows staff travel if it can be demonstrated that teleconferencing and videoconferencing are ineffective options and that there exists a demonstrated business need for travel.

Environmentally friendly purchasing

DVA's procurement processes promote consideration of environmental issues. In 2020–21, 100% of the standard copy/printer paper purchased by the department had a recycled component.

Environmental performance / water consumption at commemorative sites

OAWG maintains public horticultural sites throughout Australia in a range of environments, and often extreme conditions. Therefore, OAWG aims for sustainable management practices for commemorative sites. For example, in dry and arid locations a number of our sites are not irrigated; local horticulture is selected to complement the local conditions; and sustainable and efficient irrigation practices are used where water usage is of concern. In 2020–21, as part of our commitment to more sustainable water usage, OAWG completed the installation of 2 wireless solar irrigation controllers at the Narrandera and Wagga Wagga war cemeteries.

Appendix I: Corrections to previous annual report

Repatriation Commission annual report – activity in 2019–20

In the *Repatriation Commission annual report 2019–20*, under ‘Activity in 2019–20’, matters that the Repatriation Commission considered was incorrectly reported as being for the reporting period of 2018–19.

The reporting period should have read as 2019–20.

Military Rehabilitation and Compensation Commission annual report 2019–20 – structure

In the *Military Rehabilitation and Compensation Commission annual report 2019–20*, under ‘Structure’, one of the membership criteria incorrectly stated:

- a person, nominated by the Minister for Employment, who is either a member of the Safety, Rehabilitation and Compensation Commission or a public servant working in the Department of Employment portfolio.

Amendments which commenced on 30 June 2014, contained in Schedule 7 of the *Veterans’ Affairs Legislation Amendment (Mental Health and Other Measures) Act 2014*, amended the references in section 364 of the *Military Rehabilitation and Compensation Act 2004* to refer to the Chief Executive Officer of Comcare. This point quoted above should have read:

- a person who is nominated by the Safety, Rehabilitation and Compensation (SRC) Minister and is the Chief Executive Officer of Comcare, a person described in subsection 89E(1) of the *Safety, Rehabilitation and Compensation Act 1988* or a person engaged under the *Public Service Act 1999* and performing duties in the Department of State administered by the SRC Minister.

Appendix E: Advertising and market research

In the *DVA annual report 2019–20*, Table E1: Payments to market research agencies, 2019–20, on page 224, should have reported as follows.

Organisation	Service provided	Amount paid (including GST) (\$)
ORIMA Research Pty Ltd	Survey and analysis services for the Community Nursing Program	30,893.50
ORIMA Research Pty Ltd	Rehabilitation Program Client Satisfaction Survey	66,737.00
ORIMA Research Pty Ltd	Rehabilitation Program outcome measures evaluation	17,160.00
ORIMA Research Pty Ltd	Client Benefits Client Satisfaction Survey	56,310.00
Total		171,100.50

Subsequent examination of records associated with the Client Benefits Client Satisfaction Survey has indicated that the cost of the Milestone 1 – Official order executed was not reported at that time.

08

Aids to access

List of requirements

PGPA Rule Reference	Page No.	Description	Requirement
17AD(g)		Letter of transmittal	
17AI	iii	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)		Aids to access	
17AJ(a)	iv	Table of contents.	Mandatory
17AJ(b)	263	Alphabetical index.	Mandatory
17AJ(c)	261	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	255	List of requirements.	Mandatory
17AJ(e)	ii	Details of contact officer.	Mandatory
17AJ(f)	ii	Entity's website address.	Mandatory
17AJ(g)	ii	Electronic address of report.	Mandatory
17AD(a)		Review by accountable authority	
17AD(a)	vi-x	A review by the accountable authority of the entity.	Mandatory
17AD(b)		Overview of the entity	
17AE(1)(a)(i)	8-9	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	12	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	2	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	2	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	8	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	8	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	8	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	8-10	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory

17AE(2)	30	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	Annual performance Statements		
17AD(c)(i); 16F	28-63	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	109-110	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	230	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	109-110	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory
17AD(d)	Management and Accountability		
	Corporate Governance		
17AG(2)(a)	iii	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	iii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	iii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	69-71	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	104	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
	Audit Committee		
	74	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	74-75	The name of each member of the entity's audit committee.	Mandatory

17AG(2A)(c)	74-75	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	74-75	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	74-75	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	76-81	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	81-83	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	76-80	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	79	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	97-100	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	219-221	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location.	Mandatory
17AG(4)(b)	221-225	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: Statistics on staffing classification level; Statistics on full-time employees; Statistics on part-time employees; Statistics on gender; Statistics on staff location; Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	224	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	224	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory

17AG(4)(c)(ii)	225	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	99	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	N/A	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)	100	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory
Purchasing			
17AG(6)	101	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	101	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	101	A statement that <i>"During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory
17AG(7)(c)	101	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	101	A statement that <i>"Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."</i>	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	102	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a	Mandatory

		previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	
17AG(7A)(b)	102	A statement that <i>“Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.”</i>	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	102-103	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
	Australian National Audit Office Access Clauses		
17AG(8)	103	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
	Exempt contracts		
17AG(9)	103	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
	Small business		
17AG(10)(a)	104	A statement that <i>“[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”</i>	Mandatory
17AG(10)(b)	104	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	104	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>“[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”</i>	If applicable, Mandatory
	Financial Statements		
17AD(e)	111-174	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory

	Executive Remuneration		
17AD(da)	227-229	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>“During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”</i>	If applicable, Mandatory
17AH(1)(a)(ii)	244	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	104	A statement that <i>“Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”</i>	If applicable, Mandatory
17AH(1)(c)	100	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	83	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	253	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	239-252	Information required by other legislation.	Mandatory

Acronyms and abbreviations

AAT	Administrative Appeals Tribunal
ADF	Australian Defence Force
APPs	Australian Privacy Principles
APS	Australian Public Service
APSC	Australian Public Service Commission
ARC	Audit and Risk Committee
ATO	Australian Taxation Office
BEST	Building Excellence in Support and Training
CDPP	Commonwealth Director of Public Prosecutions
CHM	Corporate Health Management
CWGC	Commonwealth War Graves Commission
DRCA	<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i>
DSH Insurance	Defence Service Homes Insurance Scheme
DSS	Department of Social Services
DVA	Department of Veterans' Affairs
Education Schemes	Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme
EESV	Enhanced Employment Support for Veterans
EMB	Executive Management Board
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
FESR	Far East Strategic Reserve
FOI Act	<i>Freedom of Information Act 1982</i>
FOI	freedom of information
GIA	Grants-in-Aid
GPs	general practitioners
ICT	information and communications technology
IPS	Information Publication Scheme
MRCA	<i>Military Rehabilitation and Compensation Act 2004</i>
MRCC	Military Rehabilitation and Compensation Commission
MVPTP	Military and Veterans' Psychiatry Training Program
NACCF	National Aged and Community Care Forum
NCF	National Consultation Framework
NLHC	Non-Liability Health Care
OWWG	Office of Australian War Graves
OLSC	Office of Legal Services Coordination
Open Arms	Open Arms – Veterans & Families Counselling
PAMT	Provisional Access to Medical Treatment
PBS	Portfolio Budget Statements 2020–21
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
POW	prisoner of war
PTSD	posttraumatic stress disorder
RMA	Repatriation Medical Authority

RSL	Returned and Services League of Australia
RSPB	Repatriation Schedule of Pharmaceutical Benefits
SES	Senior Executive Service
SFE Program	Support for Employment Program
SME	small and medium enterprise
SOETM	Services for Other Entities and Trust Moneys
SOPs	Statements of Principles
SRC	Safety, Rehabilitation and Compensation
STS	Saluting Their Service
SVoP	Single View of Person
SYV	Supporting Younger Veterans
TRP-PTSD	Trauma Recovery Programs for PTSD
V&CG	Veteran and Community Grants
VAN	Veterans' Access Network
VEA	<i>Veterans' Entitlements Act 1986</i>
VEP	Veterans' Employment Program
VRB	Veterans' Review Board
VSO	Veteran Support Officers
WHS Act	<i>Work Health and Safety Act 2011</i>
WHS	work health and safety

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