



Australian Government  
Department of Veterans' Affairs

- Repatriation Commission
- Military Rehabilitation and Compensation Commission
- Department of Veterans' Affairs

# Annual Reports

## 2021–22





## 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.*

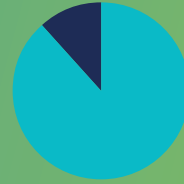
# DVA fast facts 2021–22

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

DVA supported

**255,386**  
veterans

**86,057**  
dependants



**222,004**  
male veterans

**33,382**  
female veterans

## ENHANCE WELLBEING



**316,191**  
Open Arms services provided

**40,914**  
veterans and their family  
members accessed  
Open Arms services

**298,062**  
visits to the  
Open Arms website



**276,205**  
DVA health cards

**107,665**  
Gold Cards

**168,540**  
White Cards



**187,976**  
people provided  
health services



**811,383**  
instances of travel  
to treatment

**\$3.8b**  
spend on health  
and wellbeing



**214,230**  
MyService users<sup>1</sup>

**46,002**  
initial liability claims  
lodged through MyService<sup>2</sup>



**114,135**  
eligible veterans or  
dependants received  
income support



**94,501**  
primary compensation  
determinations

**156,644**  
compensation clients  
supported



**48,902**  
homes protected under  
DSH Insurance

**\$6.2b**  
spend on compensation  
and support

## RECOGNITION AND RESPECT



**330,017**  
official commemorations  
maintained<sup>1</sup>



**17,000**  
community stakeholders  
received educational  
resources



**144,912**  
veterans received a  
Veterans' Recognition  
Package<sup>3</sup>

**2,711**  
organisations  
providing discounts  
to veterans<sup>3</sup>



**\$38.9m**  
spend on  
commemorations



**2,353**  
employees

**\$10.7**  
billion  
2021–22  
actual

<sup>1</sup> Overall total, not limited to 2021–22 financial year.

<sup>2</sup> Other types of claims are also able to be lodged through MyService.

<sup>3</sup> Completed claims, since inception date of 31 October 2021.

## About this report

### Enquiries about the annual report

Enquiries and comments about this report should be directed to:

Assistant Secretary  
Portfolio Management and Assurance Branch  
GPO Box 9998, Brisbane, Qld 4001  
Email: [CMBART@dva.gov.au](mailto:CMBART@dva.gov.au)

This annual report is available online at:  
[www.dva.gov.au/documents-and-publications/annual-reports](http://www.dva.gov.au/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:** [www.dva.gov.au](http://www.dva.gov.au)

### Social media:

-  [facebook.com/DVAAus](https://facebook.com/DVAAus)
-  [twitter.com/DVAAus](https://twitter.com/DVAAus)
-  [youtube.com/DVAAus](https://youtube.com/DVAAus)
-  [au.linkedin.com/company/australian-government-department-of-veterans%27-affairs](https://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](http://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](http://www.OpenArms.gov.au)

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**Interior design and layout:** [giraffe.com.au](http://giraffe.com.au)

**Cover art:** Jenny Freeman

### Cover images

Able Seaman Elizabeth McCallum marching in Mornington, Victoria with her then 95 year old grandfather Major Alec Weaver (now deceased) during the 2017 Anzac Day parade. Major Weaver had a 34-year career in the Army, which included service in New Britain, New Guinea and Japan in World War II, as well as action in the Philippines and Korea, and 2 rotations in the Vietnam War.

Photographer: Peta Heffernan-Prosser. Image courtesy of the 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.

### Acknowledgement of Service

We 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.

## Department of Veterans' Affairs letter of transmittal



Australian Government  
Department of Veterans' Affairs  
OFFICE OF THE SECRETARY

The Hon. Matt Keogh 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 2021–22 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*. Annual reports on the operation of other entities that fall within your portfolio will be submitted to you by the relevant accountable authority.

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

28 October 2022

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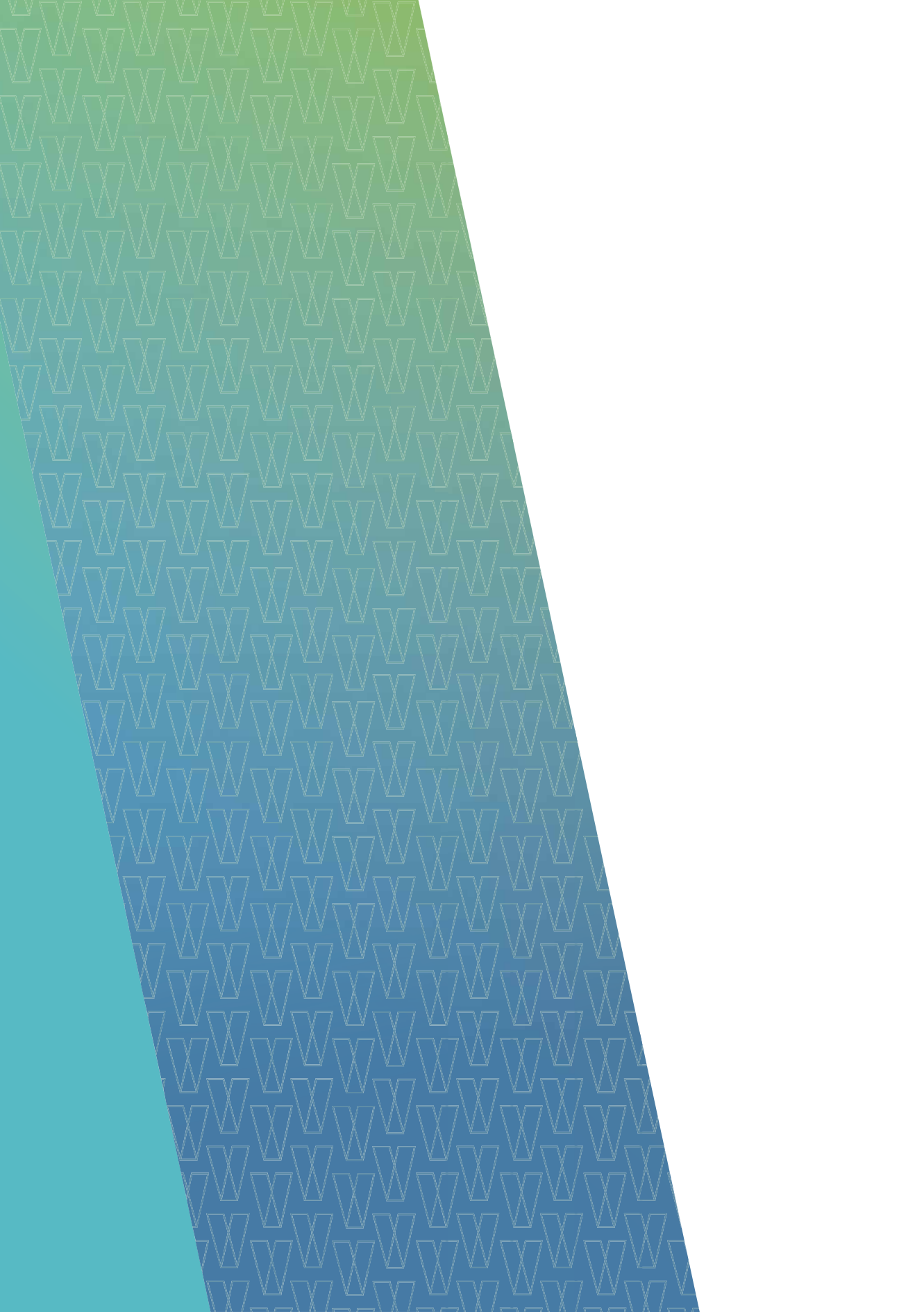
*Saluting Their Service*

# Contents

<b>DVA fast facts 2021-2022</b>	<b>i</b>
<b>About this report</b>	<b>ii</b>
<b>Letter of transmittal</b>	<b>iii</b>
<b>Secretary's review</b>	<b>1</b>
<b>01 Overview</b>	<b>4</b>
About us	5
Who we support	6
Portfolio	7
Legislation	8
Organisation	10
<b>02 Repatriation Commission Annual Report</b>	<b>12</b>
Letter of transmittal	13
Overview	14
Membership	16
<b>03 Military Rehabilitation and Compensation Commission Annual Report</b>	<b>18</b>
Letter of transmittal	19
Overview	20
Membership	22
<b>04 Annual performance statements</b>	<b>24</b>
Statement by the accountable authority	25
Overview	26
Overview of performance	30
Enhance wellbeing – Outcome 1	32
Enhance wellbeing – Outcome 2	43
Recognition and respect – Outcome 3	50
<b>05 Management and accountability</b>	<b>54</b>
Corporate governance	55
Risk management	57
Fraud prevention and control	57
Audit and Risk Committee	58
External scrutiny	60
Privacy	66
Legal services	66
People management	68
Resource management	70
Grants	72
Other reporting requirements	72



<b>06 Financial statements</b>	<b>74</b>
Report on financial performance	75
Department of Veterans' Affairs financial statements 2021–22	77
Defence Service Homes Insurance Scheme	
Financial Statements 2021–22	141
<b>07 Appendixes</b>	<b>172</b>
Appendix A: Veteran and claims statistics	173
Appendix B: Staffing overview	185
Appendix C: Resource summary tables	195
Appendix D: Data Matching Program	201
Appendix E: Advertising and market research	206
Appendix F: Carer recognition	207
Appendix G: Work health and safety	208
Appendix H: Ecologically sustainable development and environmental performance	212
<b>08 Aids to access</b>	<b>214</b>
List of requirements	215
Acronyms and abbreviations	221
<b>09 Index</b>	<b>224</b>





## Secretary's review

The Department of Veterans' Affairs (DVA) has a long and proud history of supporting those who serve or have served in defence of our nation and families.

Currently, the Australian Government invests more than \$11.5 billion each year to support around 340,000 veterans and family members across Australia.

DVA's services and support are continually evolving to ensure we look after veterans and families during service, through their transition into civilian life, and beyond.

I am pleased to present the *Department of Veterans' Affairs annual report 2021–22*. The report outlines DVA's continuing efforts over the reporting period to improve its service offering, maintain a focus on delivering support and services during the global pandemic, support the important work of the Royal Commission into Defence and Veteran Suicide and reduce waiting times for veterans and families accessing the department's support and services.

In 2021–22 the department and the veteran community continued to face significant challenges. Like other organisations around the world, DVA had to constantly adapt to a changing landscape thrust upon it by COVID-19. The department had to be agile and flexible. While we maintained our services and support, we often had to deliver them differently.

The department also responded to inquiries from the Royal Commission into Defence and Veteran Suicide and supported veterans and families during the Commission's deliberations to date.

As I reflect on the year, I am proud of the way the department has risen to the many challenges before it.



### Claims processing

In 2021–22 DVA continued to work hard to reduce the claims backlog and improve the claims processing system. This will remain a high priority for the department while any veteran and/or family member waits too long for a claim to be processed.

A major factor contributing to the backlog is that demand for support through the compensation system for veterans and families has increased dramatically – by 48% per annum since 2019. This increase has been driven by several factors, including a greater awareness of the services and support available from the department; the improvement of DVA's connection with Defence through our early engagement model, which encourages serving personnel to lodge claims during service; an increase in the number of veterans who have served in recent conflicts; the expansion of non-liability health care for mental health conditions; and the Veterans' Recognition Package.

In September 2021 DVA commissioned independent consultants McKinsey & Company to examine the claims processing system. Results were delivered to DVA in December 2021. DVA has been implementing the recommendations to improve the claims backlog.

The Australian Government's commitment to additional resourcing, including more staff for the department, will support us as we continue to make every effort to eliminate the claims backlog and reduce waiting times.

## Veterans' and Families' Hubs

Holistic, connected care is important for the veteran community. Veterans' and Families' Hubs deliver this connected care by providing integrated support to veterans and families in partnership with ex-service organisations, community and other organisations and state and territory governments.

Hubs offer a one-stop shop for local veteran services. At their hub, veterans and families can access health and mental health services, wellbeing support, advocacy, employment and housing advice, and social connection. The hubs also have a key role in helping Australian Defence Force (ADF) members and families as they transition from military to civilian life.

I am pleased DVA, in partnership with ex-service and veteran organisations, has been able to support the establishment of 6 hubs in recent years. In 2021–22, hubs in Perth, Townsville, Adelaide, Nowra, Wodonga and Darwin have been delivering support to veterans and families.

We are in the process of expanding the network into south-east Queensland and Tasmania, and we expect lead organisations and locations to be announced in the coming months. We look forward to implementing the Australian Government's commitment to further expand the network into areas with significant defence and veteran communities.

## Royal Commission into Defence and Veteran Suicide

The Royal Commission into Defence and Veteran Suicide officially started public hearings in November 2021 and its inquiry is ongoing. DVA strongly supports the important work of the Royal Commission and is closely following its progress.

DVA implemented processes to ensure timely and transparent responses to all requests from the Royal Commission.

The Australian Government recently extended the final reporting date for the Royal Commission by 12 months, to 17 June 2024. This extension recognises the broad scope of the inquiry and gives veterans and families more time to come forward and share their experiences.

The Royal Commission's interim report was handed down on 11 August 2022. It included 13 recommendations.

DVA continues to support veterans and families during the Royal Commission and remains focused on improving its services and support and delivering its mental health and wellbeing programs.

## Commemorations

A key responsibility for DVA is to ensure the service and sacrifice of our service men and women, and families, is appropriately commemorated and remembered by both current and future generations of Australians.

Over recent years the COVID-19 pandemic affected our ability to gather together for services. Instead, we made good use of the virtual world to mark significant anniversaries such as the 50th anniversary of Operation Ivanhoe and the Battle of Nui Le in the Vietnam War.

When COVID-19 restrictions eased, we were able to commemorate Remembrance Day with a National Commemorative Service at the Australian War Memorial.

We were also delighted to be able to once again lead the delivery of full public commemorative services overseas on Anzac Day 2022, including in Turkey and France for the first time since 2019.

## Performance

DVA always strives to achieve departmental performance target results. We have continued to prioritise meeting the needs of veterans and families and honouring the sacrifice of those who have served. However, due to increased demand for services, DVA has and continues to face service delivery pressures.

DVA remains committed to reducing the backlog of claims; investing in staff capacity; and improving the claims processing system.

Additional funding has been secured to assist with this process as we focus on training and retaining staff to ensure continued support for veterans and families in the current environment.

## The future

The department stands ready to implement the Australian Government's response to the interim report of the Royal Commission into Defence and Veteran Suicide. The key aspects of this report will require a focus on legislative reform, eliminating the claims backlog and shaping a better veteran and family experience with DVA.

To assist us in this work, for the first time in our nation's history, the 2021 Australian Census included a question on service in the ADF: 'Has the person ever served in the ADF?' The Census data was released just before the end of the reporting period. The data revealed there are 84,865 current serving members and 496,276 former serving members in the Australian community. This is the best snapshot of the veteran population to which we have ever had access.

Looking ahead, the data and our continuing engagement with the veteran community will inform DVA's work to improve services and support and assist us to shape the veteran and family support system into the future.

Finally, I would like to express my gratitude to the staff of DVA, the Repatriation Commission and the Military Rehabilitation and Compensation Commission for their continuing commitment to supporting those who serve or have served in the Australian Defence Force and families.

I am consistently impressed with their professionalism and dedication to assisting those veterans and family members who seek our support. I also extend my appreciation to the ex-service organisations, the veteran support organisations, and the many individuals who volunteer in advocacy services right across the country for the invaluable work they do to support the veteran community.

### **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 families, by:

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

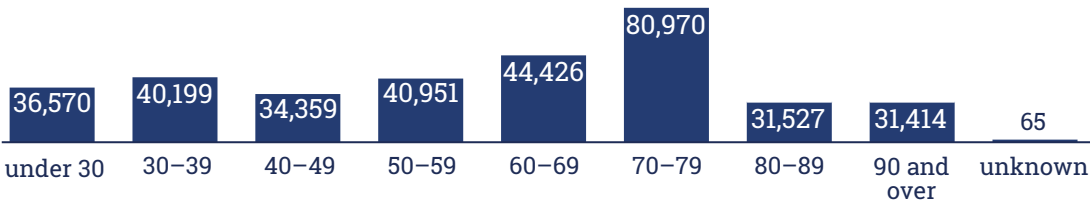
### Outcomes and programs

In 2021–22 DVA administered the following outcomes and programs.

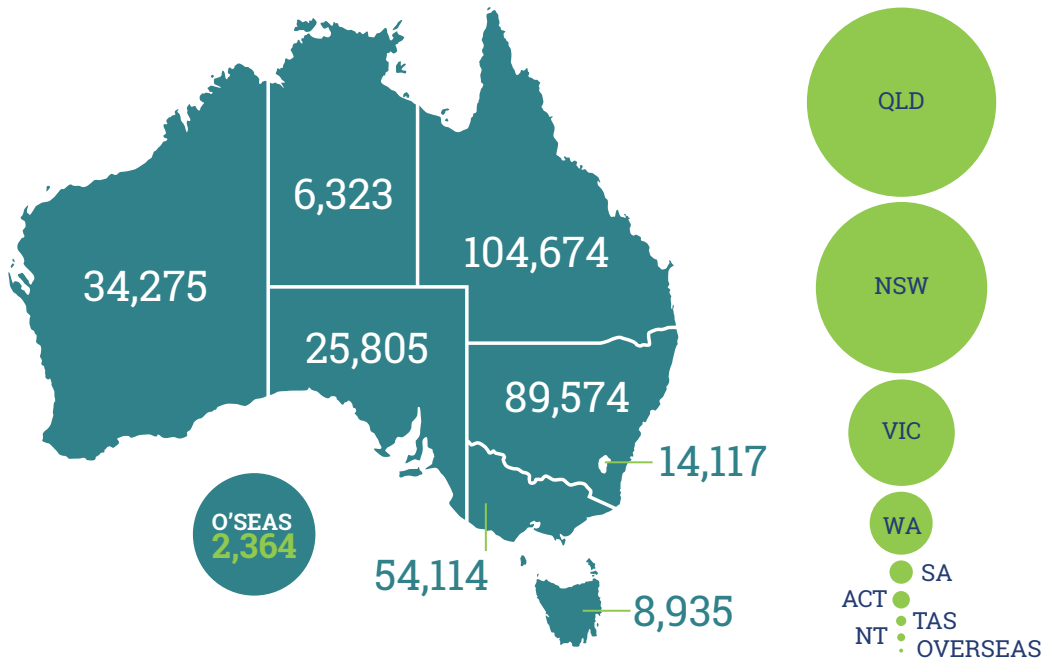
Outcome	Program
1. Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation and other support services, including advice and information about entitlements.	1.1 Deliver veterans' income support and allowances
	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

# Who we support

Veterans and their family members by age



Veterans and their family members by location



255,386  
VETERANS



86,057  
DEPENDANTS





## 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 families.

### Portfolio minister

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

The Hon Andrew Gee MP was appointed to the position of Minister for Veterans' Affairs and Minister for Defence Personnel on 2 July 2021.

Following the 2022 Federal Election, the Hon Matt Keogh MP was appointed to the position of Minister for Veterans' Affairs and Minister for Defence Personnel on 1 June 2022. The Hon Matt Thistlethwaite MP was appointed to the position of Assistant Minister for Veterans' Affairs.

### Accountable authority

Ms Liz Cosson AM CSC, Secretary of the Department of Veterans' Affairs, was the department's accountable authority throughout 2021–22.

### 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 policies and programs that provide support, services and information for veterans and families. The agency also conducts commemorative programs to acknowledge the service and sacrifice of Australian service men 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 Australian Defence Force (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.

### 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](http://www.vrb.gov.au).

### Office of Australian War Graves

The Office of Australian War Graves (OAWG) is the agent of the Commonwealth War Graves Commission (CWGC), established under the [War Graves Act 1980](#). The OAWG manages 76 war cemeteries and war plots commemorating our war dead in Australia, Papua New Guinea and Solomon Islands. The OAWG also cares for the more than 328,000 final resting places of post-war dead, and other eligible veterans of war, conflicts, peace and other operations to which Australia has been committed, in over 2,330 locations.

## 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 and 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](http://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](http://www.smrc.gov.au).

In 2021–22 the council received 2 applications for review: SOPs 96 and 97 of 2014, concerning malignant neoplasm of the breast; and SOPs 1 and 2 of 2022, concerning Hashimoto thyroiditis.

## Defence Service Homes Insurance Scheme

The Defence Service Homes Insurance Scheme, which is established under the [Defence Service Homes Act 1918](#), provides home building insurance and claims for support tailored to all ADF members and veterans, including Reservists and widow(er)s. It is self-funded through the premiums paid by policyholders, which are invested back into the scheme, providing greater support to veterans and their families.

## Australian War Memorial

The Australian War Memorial's purpose is to honour the sacrifice of Australians who have died in war or during operational service as well as those who have served our nation during times of conflict. Its mission is to remind the population about Australia's wartime experience, ensuring understanding and compassion. It achieves this through a high-quality amalgamation of an outstanding museum, an extensive archive, and monuments to recognise and celebrate serving members past and present.

Further information on the Australian War Memorial is available at [www.awm.gov.au](http://www.awm.gov.au).

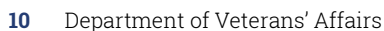
## Legislation

On behalf of the Minister, the department, the Veterans' Review Board and the Repatriation Medical Authority administer the following Acts, which form a legislative framework for their functions and services. The Acts, Regulations and other legislative instruments are available on the [Federal Register of Legislation](#), administered by the Office of Parliamentary Counsel.

- *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)
- *Defence Service Homes Act 1918*
- *Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and Other Measures) Act 2006*, Item 33 of Schedule 7
- *Families, Community Services and Indigenous Affairs and Veterans' Affairs Legislation Amendment (2006 Budget Measures) Act 2006*, Items 44 and 45 of Schedule 1

- *Household Stimulus Package Act (No. 2) 2009*, Schedule 4 insofar as it relates to legislation administered by the Minister responsible for Veterans' Affairs
- *Military Memorials of National Significance Act 2008*
- *Military Rehabilitation and Compensation Act 2004*, except to the extent administered by the Minister responsible for Defence
- *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Act 2004*
- *Papua New Guinea (Members of the Forces Benefits) Act 1957*
- *Protection of Word "Anzac" Act 1920*
- *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*
- *Social Security and Other Legislation Amendment (Economic Security Strategy) Act 2008*, Schedule 4 insofar as it relates to legislation administered by the Minister responsible for Veterans' Affairs
- *Social Services and Other Legislation Amendment (Supporting Retirement Incomes) Act 2019*, schedules 1, 2 and 3, insofar as they relate to legislation administered by the Minister responsible for Veterans' Affairs
- *Social Services Legislation Amendment (Energy Assistance Payment) Act 2019*, Part 2 of Schedule 1
- *Treatment Benefits (Special Access) Act 2019*
- *Treatment Benefits (Special Access) (Consequential Amendments and Transitional Provisions) Act 2019*
- *Veterans' Entitlements Act 1986*
- *Veterans' Entitlements (Clarke Review) Act 2004*
- *Veterans' Entitlements (Rewrite) Transition Act 1991*
- *War Graves Act 1980*

**FIGURE 1: DVA ORGANISATIONAL CHART**







02

**Repatriation  
Commission  
Annual Report**



## Repatriation Commission letter of transmittal



Australian Government  
The Repatriation Commission

11 August 2022

The Hon. Matt Keogh 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 2022, as required under section 215 of the *Veterans' Entitlements Act 1986*.

A handwritten signature in blue ink, appearing to read 'Liz Cosson'.

Liz Cosson AM CSC  
Chair

A handwritten signature in blue ink, appearing to read 'Kate Pope'.

Kate Pope PSM  
Member

A handwritten signature in blue ink, appearing to read 'DSL'.

Don Spinks AM  
Member

A handwritten signature in blue ink, appearing to read 'Gwen Cherne'.

Gwen Cherne  
Member

## 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.

The Repatriation Commission is a body corporate responsible for the general administration of the VEA (see sections 179 and 180 of the VEA). It has the power to do all things necessary or convenient to be done for or in connection with the performance of its functions, duties and powers (VEA, section 181).

### Structure

The Repatriation Commission has 4 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) and a person who the Minister is satisfied will represent families (the Veteran Family Advocate 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 commissioners 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 most of its powers to DVA staff in accordance with section 213 of the VEA.

DVA provides the machinery through which the Repatriation Commission operates. Therefore, the 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 *Shafraan 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 2021–22

In 2021–22 the Repatriation Commission held 12 formal meetings to consider 68 submissions, compared with 14 formal meetings and 77 submissions in 2020–21. 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 2021–22 included:

- high-level policy and procedures relating to the VEA
- provision of support for individual cases and circumstances
- amendments to the Treatment Principles
- the DVA Strategic Research Model and associated research proposals
- possible amendments to the VEA and advice on new policy proposals
- contracting and tendering for the supply of a range of health and support services.

The Repatriation Commission's activities under the VEA are focused on meeting the needs of eligible veterans and 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 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.

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 Organisation Performance division and currently

manages the Veteran and Family Policy Group.

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.

He completed the Army Single Service component of the Australian Command and Staff College Course at the Australian War College in 2010. In 2015 he completed the Company Directors Course (Not-for-Profit) at the Australian Institute of Company Directors.

## Gwen Cherne, Commissioner



Gwen Cherne was appointed as the inaugural Veteran Family Advocate Commissioner of the Repatriation Commission on 6 August 2020 for a period of 5 years. On 2 March 2021 she was appointed a member of the MRCC.

As the Veteran Family Advocate Commissioner, Gwen engages with veterans' families to build our understanding of risks and protective factors relating to the wellbeing of veterans and families, particularly as they transition from the ADF to civilian life.

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 appointment as the inaugural Defence Engagement Commissioner with the Repatriation Commission on 31 August 2020. On 17 January 2022, he took an extended

leave of absence from the Repatriation Commission and moved into the role of Deputy Secretary, Enabling Services and Commemorations Group.



03

**Military  
Rehabilitation  
and  
Compensation  
Commission  
Annual Report**



# Military Rehabilitation and Compensation Commission

## letter of transmittal



Australian Government  
Military Rehabilitation and  
Compensation Commission

11 August 2022

The Hon. Matt Keogh 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 2022, as required under section 385 of the *Military Rehabilitation and Compensation Act 2004* and subsection 161(1) of the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*.

Liz Cosson AM CSC  
Chair

Kate Pope PSM  
Member

Gwen Cherne  
Member

Don Spinks AM  
Member

Aaron Hughes  
Member

Sarah Sharkey AM CSC RAN  
Rear Admiral  
Member

Wade Stothart DSC 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 2021–22**

In 2021–22 the MRCC held 7 formal meetings and considered 41 submissions. The MRCC subcommittee held 3 meetings and considered 15 submissions.

Matters considered during 2021–22 included:

- high-level policy and procedures relating to the MRCA
- amendment to the Treatment Principles
- the DVA Strategic Research Model and associated research proposals
- possible amendments to the MRCA and advice on new policy proposals
- requests from external agencies for the Commission's position on particular issues.

Over the past 2 years, the number of matters considered by the MRCC and the MRCC subcommittee has stabilised, with the department continuing to approach the full MRCC for strategic direction on policies and guidelines.

# Membership

The membership of the MRCC includes the Repatriation Commission members in addition to the following members.

## Rear Admiral Sarah Sharkey AM CSC RAN



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

## Aaron Hughes



Aaron Hughes commenced his acting appointment to the MRCC on 6 April 2022. Aaron is the Acting Chief Executive Officer (CEO) of Comcare, the federal work health and safety and workers' compensation authority.

## Major General Wade Stothart DSC AM CSC



Major General Wade Stothart commenced a 5-year term on 13 December 2021.

## **Major General Natasha Fox** **AM CSC**



Major General Natasha Fox commenced a 5-year term on 24 February 2019 and resigned from the MRCC on 12 December 2021.

## **Susan Weston** **PSM**



Susan Weston commenced a 5-year term on 17 October 2019 and resigned from the MRCC on 5 April 2022.



# 04

## **Annual performance statements**



## Statement by the accountable authority

I, as the accountable authority of the Department of Veterans' Affairs, present the 2021–22 annual performance statements of the department, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these annual performance statements 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', with a stylized flourish at the end.

Liz Cosson AM CSC

Secretary

6 October 2022

## Overview

The annual performance statements present our achievements against the outcomes, key activities, programs, performance measures and targets set out in the DVA 2021–22 Portfolio Budget Statements (PBS) and the 2021–22 Corporate Plan (CP).

DVA has improved business processes underpinning its reporting, and is continuing to improve and evolve the way it reports on performance. While this is an ongoing maturity process, we continue regularly reviewing our performance measures and reporting framework to ensure they can better support decision-making and drive continual improvement of our services.

Updates were made in the 2021–22 Corporate Plan to streamline the PBS Program descriptions, and this simplified wording is reflected in the 2021–22 Annual Performance Statements. Updates have also been made to key activities in the annual performance statements since the 2021–22 Corporate Plan to be more reflective of activities undertaken by DVA. As part of our ongoing systematic review of performance measures, and in developing the corporate plan, we have also revised and updated some of the performance measures information that appears in the PBS.

## Changes to DVA's performance measures

In early 2022, DVA undertook a review of its 2021–22 Corporate Plan and performance measures. The review identified areas of improvement for DVA's key activities and performance measures to facilitate a clearer read and better reflect the alignment between performance measures and programs. As a result, DVA reissued the corporate plan in May 2022, with minor amendments to several performance measures and the removal of 5 performance measures as reported in the PBS. Amendments are explained in footnotes throughout these annual performance statements and reasons for the removal of certain performance measures are detailed below:

### **Program 1.5 – Measure 1.5.4 – Quality (achieving the Schemes' outcomes): Percentage of students progressing through each level of their education or career training**

This measure used progression through education or training to demonstrate the achievement of the Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme outcomes. This is no longer considered a suitable indicator due to the range of possible reasons for or factors contributing to a student not progressing through their education. Parents and educational institutions generally make decisions like this together, and in some cases holding a student back can be with the aim of helping them build confidence and excel in the educational environment. External factors such as relocation, illness and other personal factors can impact on a student's progression through formal education, and have no bearing on the quality or outcomes of the schemes. Measure 1.5.3 directly measures the impact of the schemes through a survey asking students or their parents to what extent the scheme has helped them reach their academic potential.

### **Program 2.5 – Measure 2.5.6 – Open Arms Client Assist Contact Centre responsiveness capability**

This measure assessed the average time taken to answer phone calls to Open Arms Veterans & Families Counselling services. It was removed due to issues surrounding the verifiability of data. Two other Open Arms performance measures in the current reporting suite (2.5.4 and 2.5.5) assess Open Arms performance in terms of timeliness of service and client satisfaction.

**Program 2.5 – Measure 2.5.7 – Clients with successful return to work (following participation in the Veterans' Vocational Rehabilitation Scheme (VVRS))**

VVRS uptake is decreasing due to the ageing demographic of the eligible cohort, and growing eligibility for the more comprehensive support available through the *Military Rehabilitation and Compensation Act 2004* (MRCA) and *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) rehabilitation programs (measured by 2.6.1–2.6.3). This measure is no longer considered a suitable indicator of performance as it relates to a very small program with low client numbers, which will continue to decrease over time.

**Program 3.2 – Measure 3.2.1 (sub measure 2) – Grant applications for the Saluting Their Service program**

In reviewing DVA's performance measures against the Public Governance, Performance and Accountability Rule 2014 it was determined that this measure was inwardly focused and therefore not considered an appropriate measurement of DVA output.

**Program 3.2 – Measure 3.2.1 (sub measure 3) – Minister's satisfaction with the outcome of commemorative activities**

DVA works closely with the Minister for Veterans' Affairs to deliver respectful and meaningful commemorative activities that help raise community awareness and understanding of the service and sacrifice of our military personnel and families. This measure was not considered to be the best way to assess the outcomes of commemorative events or perceptions of event quality. Commemorative event quality continues to be assessed through measure 3.2.1.1.

FIGURE 2: PERFORMANCE REPORTING ALIGNMENT ACROSS THE PORTFOLIO BUDGET STATEMENTS, CORPORATE PLAN, AND ANNUAL PERFORMANCE STATEMENTS

CORPORATE PLAN PURPOSE	<b>Our Purpose</b>  The purpose of the Department of Veterans' Affairs 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.
	<b>ENHANCE WELLBEING</b>		<b>RECOGNITION AND RESPECT</b>	
PORTFOLIO BUDGET STATEMENTS	Outcomes	<b>Outcome 1:</b> 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.	<b>Outcome 2:</b> 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.	<b>Outcome 3:</b> 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.
		<b>Budget programs</b>  1.1 Veterans' Income Support and Allowances 1.2 Veterans' Disability Support 1.3 Assistance to Defence widow/ers and Dependants 1.4 Assistance and Other Compensation for Veterans and Dependants 1.5 Veterans' Children Education Scheme 1.6 Military Rehabilitation and Compensation Acts Payments – Income Support and Compensation	  2.1 General Medical Consultations and Services 2.2 Veterans' Hospital Services 2.3 Veterans' Pharmaceutical Benefits 2.4 Veterans' Community Care and Support 2.5 Veterans' Counselling and Other Health Services 2.6 Military Rehabilitation and Compensation Acts – Health and Other Care Services	  3.1 War Graves 3.2 Commemorative Activities
ANNUAL PERFORMANCE STATEMENTS	<b>Report against performance measures</b>			
	<b>Performance Criteria</b>  Performance measures established to assess that DVA is enhancing the financial wellbeing of eligible persons and their dependants through access to income support, compensation and other support services.	<b>Performance Criteria</b>  Performance measures established to assess that DVA is enhancing the physical wellbeing of eligible persons and their dependants by having arrangements in place for all of our clients to have timely access to high-quality health care, counselling and rehabilitation services.	<b>Performance Criteria</b>  Performance measures established to assess that DVA cares for and maintains official commemorations and sites of collective official commemoration to the standards and acknowledges and commemorates those who served Australia and its allies in wars, conflicts and peace operations.	

\*An eligible person as defined by the relevant legislation.

## 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 2021–22 Corporate Plan, 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 mirror the performance measures in the corporate plan.

For outcome 1 and 2 performance is measured through assessing timeliness, quality and client satisfaction. For Outcome 3, performance is measured for War Graves and Commemorations.

Refer to tables 1, 2 and 3, or the 2021–22 Corporate Plan (page 17) for more information.

**TABLE 1: OUTCOME 1 PERFORMANCE CRITERION CATEGORIES**

Performance criterion category	Performance criterion number
<b>Timeliness</b>	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
<b>Quality</b>	1.1.2.1, 1.1.2.2, 1.2.2, 1.3.2, 1.4.1.2, 1.5.2, 1.6.2.1, 1.6.2.2, 1.6.2.3, 1.6.4.1, 1.6.4.2, 1.6.4.3
<b>Client satisfaction</b>	1.1.3, 1.2.3, 1.3.3, 1.4.1.3, 1.4.2, 1.5.3, 1.6.5

**TABLE 2: OUTCOME 2 PERFORMANCE CRITERION CATEGORIES**

Performance criterion category	Performance criterion number
<b>Timeliness</b>	2.5.2, 2.5.4, 2.6.1
<b>Quality of service</b>	2.1.1, 2.2.1, 2.3.1, 2.4.1, 2.5.1, 2.6.2
<b>Client satisfaction</b>	2.5.3, 2.5.5, 2.6.3

**TABLE 3: OUTCOME 3 PERFORMANCE CRITERION CATEGORIES**

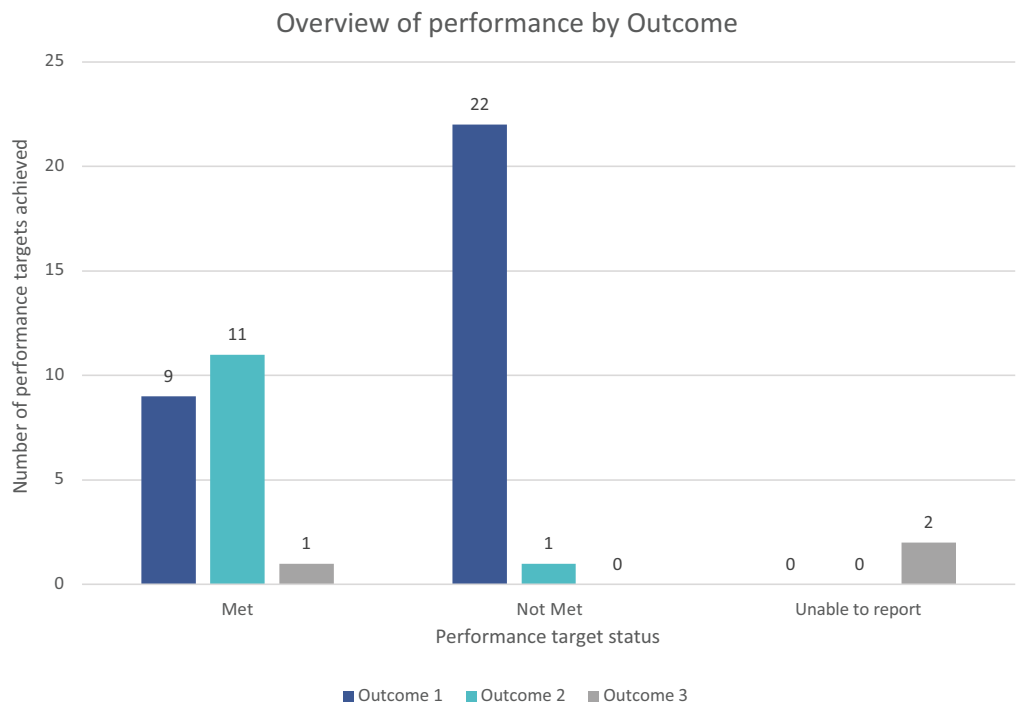
Performance criterion category	Performance criterion number
<b>War graves</b>	3.1.1, 3.1.2
<b>Commemorations</b>	3.2.1

# Overview of performance

Of DVA's 46 performance measures, we achieved 21 of the targets set, 23 were not achieved, and two are unable to be reported during the 2021–22 reporting period.

Figure 3 provides a snapshot of our overall performance, summarising the number of targets met across our 3 key outcomes.

FIGURE 3: PERFORMANCE SNAPSHOT, 2021–22



For Outcome 1, DVA met 2 out of 12 timeliness measure targets, 6 out of 12 quality measure targets, and 1 out of 7 client satisfaction targets. Significant effort has been made in recruiting and training new staff throughout 2021–22 (and ongoing into 2022–23) to increase DVA's workforce capacity and capability.

From May 2021 until June 2022, the Client Benefits division increased by approximately 300 Australian Public Service (APS) staff with the vast majority working on claims processing. Across the year, DVA stabilised its claims processing workforce through permanent and non-ongoing recruitment processes, helping to retain subject matter expertise. Labour hire staff who completed their training to achieve accreditation were offered non-ongoing APS contracts, with a large proportion converting to become non-ongoing APS staff.

The recruitment of staff has been challenging at times during the past 12 months, with pandemic lockdowns and tight labour markets impacting on recruitment across the department. In addition, pandemic restrictions also affect the training of staff, with in-person training needing to be conducted in accordance with restrictions. DVA continues to deliver a comprehensive blended training program (e-learning, classroom, coaching and networking) for claims processing delegates with an emphasis on on-the-job training. On-the-job training ensures staff members are supported while undertaking different activities, reinforcing their learning and building capability.

For Outcome 2, DVA met 5 out of 6 quality measure targets, 3 out of 3 timeliness measure targets, and 3 out of 3 client satisfaction targets. Throughout 2021–22 veterans and their families were connected to high-quality, evidence-based and responsive services funded through Outcome 2. 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.

For Outcome 3, DVA met 1 out of 3 commemorations targets, with 2 results from Program 3.1 unable to be reported against (performance measures 3.1.1 and 3.1.2). It has been identified that limitations of the War Graves System, data upload and assurance processes have impacted the integrity of data sources underpinning these measures. DVA will consider what alternative performance measures may be suitable to include in the Outcome 3 performance measure suite into the future. In 2021–22, DVA delivered a number of commemoration events and activities that were well received by the Australian community, and it is committed to improving its services in care and maintenance of official commemorations and memorials.



# 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.

## Enhance wellbeing – 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.

### Key performance results

DVA's performance under Outcome 1 is measured by our achievements in 3 categories: timeliness, quality and client satisfaction.

Our PBS and the 2021–22 Corporate Plan set out performance measures and targets for each program under Outcome 1. The following tables show our results against our targets for each criterion in 2021–22.

## Outcome 1 performance measures and results

### Program 1.1: Deliver veterans' income support and allowances

This program delivers means-tested income support pensions and other allowances to eligible veterans and dependants under the *Veterans' Entitlements Act 1986*. Income support provides a regular payment for eligible veterans and their dependants with limited means.

Key activities:

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Provide income and financial support and compensation payments to eligible veterans and families.

**TABLE 4: PROGRAM 1.1 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
1.1.1.1	Timeliness: The percentage of new claims processed within 30 days <sup>1,2</sup>	Percentage is the same or greater than previous year <sup>3</sup>	76%	68%	No
1.1.1.2	Timeliness: The percentage of pensioner-initiated reviews (PIRs) processed within 10 days <sup>1,4</sup>	Percentage is the same or greater than previous year <sup>3</sup>	59%	44%	No
1.1.2.1	Quality: Correctness rate of new claims <sup>2,5</sup>	>95%	99%	97%	Yes
1.1.2.2	Quality: Correctness rate of pensioner-initiated review <sup>4,5</sup>	>95%	98%	99%	Yes
1.1.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlement <sup>6,12</sup>	≥80%	67%	68%	No

(PBS p 35, CP p 20)

### Program 1.2: Deliver veterans' disability support

This program provides compensation in the form of disability pensions and ancillary benefits to eligible veterans for the tangible effects of war or defence service.

#### Key activities:

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Provide income and financial support and compensation payments to eligible veterans and families.

**TABLE 5: PROGRAM 1.2 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
1.2.1	Timeliness: The percentage of claims processed within 100 days <sup>1,7</sup>	Percentage is the same or greater than previous year <sup>3</sup>	24%	22%	No
1.2.2	Quality: Correctness rate <sup>7</sup>	>95%	94%	97%	Yes
1.2.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlement <sup>7,8,12</sup>	≥80%	61%	56%	No

(PBS p 36, CP p 20)

**Program 1.3: Deliver assistance to Defence widow/ers and their dependants**

The war widow/ers pension is part of a compensation package provided in recognition of the special circumstances and to compensate a widowed partner of a veteran, where there was a connection between the veteran's death and their service. Eligible children are also provided with financial support.

*Key activities:*

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Engage with ex-service organisations and representatives of veterans and families to deliver support and services, which respond to their needs.
- Provide income and financial support and compensation payments to eligible dependants.

**TABLE 6: PROGRAM 1.3 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
1.3.1	Timeliness: The percentage of claims processed within 30 days <sup>1,9</sup>	Percentage is the same or greater than previous year <sup>3</sup>	51%	52%	Yes
1.3.2	Quality: Correctness rate <sup>10</sup>	>95%	92%	98%	Yes
1.3.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements <sup>11,12</sup>	≥80%	82%	68%	No

(PBS p 37, CP p 21)

### Program 1.4: Deliver assistance and other compensation for veterans and dependants

This program delivers other allowances and assistance to eligible veterans and dependants under the *Veterans' Entitlements Act 1986* (VEA) and related legislation, including home insurance, funeral benefits, prisoner of war ex gratia payments, and payments on behalf of Commonwealth and allied countries. Assistance is also provided to the ex-service community via Building Excellence in Support and Training grants and the Training and Information Program.

#### Key activities:

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Engage with ex-service organisations and representatives of veterans and families to deliver support and services, which respond to their needs.
- Provide income and financial support and compensation payments to eligible veterans and families.
- Enable veterans and families to access housing-related support via the Defence Home Ownership Assistance Scheme and Defence Service Homes Insurance.

**TABLE 7: PROGRAM 1.4 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020-21 Actual result	2021-22 Actual result	Achieved
<b>Funeral benefits</b>					
1.4.1.1	Timeliness: The percentage of claims processed within 10 days <sup>1</sup>	Percentage is the same or greater than previous year <sup>3</sup>	79%	74%	No
1.4.1.2	Quality: Correctness rate <sup>5</sup>	>95%	100%	97%	Yes
1.4.1.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements <sup>12,13</sup>	≥80%	89%	78%	No
<b>Defence Service Homes Insurance</b>					
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 <sup>14</sup>	>90%	90%	88%	No

(PBS p 38, CP pp 21-22)

**Program 1.5: Deliver the Veterans’ Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme**

Under the Veterans’ Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme (collectively the Education Schemes), education allowances are paid to eligible children of Australian Defence Force (ADF) members who have died or been severely injured as a result of service.

The schemes provide financial assistance, student support services, guidance and counselling for eligible students undertaking primary, secondary and tertiary full-time study within Australia.

*Key activities:*

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Provide eligible children of veterans and families with financial assistance support to access education and skills development.

**TABLE 8: PROGRAM 1.5 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
1.5.1	Timeliness: The percentage of claims processed within 28 days <sup>1</sup>	Percentage is the same or greater than previous year <sup>3</sup>	49%	42%	No
1.5.2	Quality: Correctness rate	>95%	100%	100%	Yes
1.5.3	Client satisfaction: Percentage of responses to the annual Education Schemes Satisfaction Survey indicating that students thought the support provided helped them reach their academic potential <sup>15</sup>	>75%	83%	81%	Yes

(PBS p 39, CP p 22)

**Program 1.6: Deliver income support and compensation under DRCA and MRCA**

This program provides compensation to eligible veterans and dependants under the DRCA, the MRCA and related legislation. The DRCA (and MRCA for injuries since 1 July 2004) provides coverage for injured ADF members to support their return to health, work and independence. There is also compensation for eligible dependants, and MRCA health care and other ancillary benefits.

*Key activities:*

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Engage with ex-service organisations and representatives of veterans and families to deliver support and services, which respond to their needs.
- Provide income and financial support and compensation payments to eligible veterans and families.

**TABLE 9: PROGRAM 1.6 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
1.6.1.1	Timeliness: The percentage of DRCA liability claims processed (determined) within 100 days <sup>1</sup>	Percentage is the same or greater than previous year <sup>3</sup>	17%	16%	No
1.6.1.2	Timeliness: The percentage of DRCA permanent impairment claims processed (determined) within 100 days <sup>1</sup>	Percentage is the same or greater than previous year <sup>3</sup>	32%	27%	No
1.6.1.3	Timeliness: The percentage of DRCA incapacity claims processed (determined) within 50 days <sup>1</sup>	Percentage is the same or greater than previous year <sup>3</sup>	68%	54%	No
1.6.2.1	Quality: Correctness rate of DRCA liability claims	>95%	89%	90%	No
1.6.2.2	Quality: Correctness rate of DRCA permanent impairment claims	>95%	93%	95%	No
1.6.2.3	Quality: Correctness rate of DRCA incapacity claims	>95%	88%	93%	No
1.6.3.1	Timeliness: The percentage of MRCA liability claims processed (determined) within 90 days <sup>1,16</sup>	Percentage is the same or greater than previous year <sup>3</sup>	23%	26%	Yes
1.6.3.2	Timeliness: The percentage of MRCA permanent impairment claims processed (determined) within 90 days <sup>1,16</sup>	Percentage is the same or greater than previous year <sup>3</sup>	31%	16%	No
1.6.3.3	Timeliness: The percentage of MRCA incapacity claims processed (determined) within 50 days <sup>1</sup>	Percentage is the same or greater than previous year <sup>3</sup>	69%	53%	No
1.6.4.1	Quality: Correctness rate of MRCA liability claims	>95%	86%	90%	No
1.6.4.2	Quality: Correctness rate of MRCA permanent impairment claims	>95%	84%	78%	No
1.6.4.3	Quality: Correctness rate of MRCA incapacity claims	>95%	97%	95%	No
1.6.5	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements <sup>12,17</sup>	80%	54%	49%	No

(PBS p 40–41, CP p 23)

## Notes on Outcome 1 tables

PBS = Portfolio Budget Statements 2021–22; CP = Corporate Plan 2021–22; VEA = Veterans' Entitlements Act 1986

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

2 This measure considers the following claim types under the VEA and the Social Security Act 1991: Service Pension, Income Support Supplement, Veteran Payment, Age Pension, Qualifying Service, Gold Card, and Orange Card.

3 The target for this performance criterion has changed from 'percentage increase over previous year' in the 2021–22 PBS to 'percentage is the same or greater than previous year' in the 2021–22 CP and annual performance statements.

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

5 Quality correctness rates for claims are based on a random sample of claim decisions extracted from the Quality Assurance Sampling & Recording System for manual checking by a suitably qualified DVA staff member not involved in the decision-making process.

6 This measure considers the following claim types under the VEA: Service Pension, Veteran Payment, and Income Support Supplement. It also considers Age Pension claims under the Social Security Act. The survey response rate for 2021–22 was 31% (470 clients).

7 This measure considers the following claim types under the VEA: Disability compensation payment claims (including initial liability), applications for increase, assessments, and reviews.

8 The survey response rate for 2021–22 was 45% (1,509 clients).

9 This measure considers the following claim type under the VEA: War widow/ers claims.

10 This measure considers the following claim type under the VEA: Death claims.

11 This measure considers the following claim type under the VEA: War widow/ers pension. The survey response rate for 2021–22 was 44% (52 clients).

12 Client satisfaction is measured through an annual independent Client Benefits Satisfaction Survey conducted by ORIMA, which covers the period 1 April 2021 to 31 March 2022. The survey asks clients to rate their level of satisfaction with their experience making a claim on a scale of: 'Very satisfied', 'Satisfied', 'Somewhat satisfied', 'Somewhat dissatisfied', 'Dissatisfied', or 'Very dissatisfied'. Responses of 'Very satisfied', 'Satisfied' and 'Somewhat satisfied' are counted as satisfied for this measure.

13 This measure considers the following claim type: Funeral benefits. The survey response rate for 2021–22 was 30% (79 clients).

14 This measure relates to Defence Service Homes Insurance. Policyholder satisfaction is measured through a monthly survey sent to 100 randomly selected policyholders who have recently had a claim finalised (approved). The survey asks respondents to rate their satisfaction with the claims process and outcome. Policyholders responding 'Very happy' or 'Happy' are considered satisfied. The response rate for 2021–22 was 35%. The survey results span 1 June 2021 to 31 May 2022.

15 The annual survey this year spanned 1 May to 3 June 2022 and was sent to parents or students receiving the Education Schemes payments. The survey asks clients how effective they think the support has been in assisting the student to reach their academic potential, rated on a scale of 'Extremely effective', 'Effective', or 'Made no difference to academic outcomes'. Responses of 'Extremely effective' or 'Effective' are counted as satisfied for this measure. The survey response rate for 2021–22 was 13% (403 clients).

16 The Australian Veterans' Recognition (Putting Veterans and their Families First) Act 2019 includes a commitment by the government to deciding a claim under the MRCA within 90 days from when DVA receives the claim, or within 90 days of any requested information being provided. This came into effect on 1 November 2019.

17 This measure considers the following claim types: MRCA and DRCA initial liability, MRCA and DRCA permanent impairment, as well as MRCA and DRCA incapacity. The survey response rate for 2021–22 was 28% (3,440 clients).



## Analysis of performance against Outcome 1

### Timeliness

Throughout 2021–22, there has been continued awareness of, and interest in, the backlog of compensation claims and its

subsequent impacts on the timeliness of claims processing. In order to provide greater transparency regarding DVA's claims processing performance, Figure 4 has been included to demonstrate the trend over the last 3 financial years. Additional claims processing data can be found at Appendix A in the Annual Report.

**FIGURE 4: TIMELINESS OF CLAIMS PROCESSING, 2019–20 TO 2021–22**

2021-2022	2021-2022	2021-22	2019-20	2020-21	2021-22	
Measure #	Measure	Target	Actual	Actual	Actual	Trend line
1.1.1.1	Timeliness: The percentage of new claims processed within 30 days	76%	80%	76%	68%	
1.1.1.2	Timeliness: The percentage of pensioner-initiated reviews (PIRs) processed within 10 days	59%	49%	59%	44%	
1.2.1	Timeliness: The percentage of claims processed within 100 days	24%	34%	24%	22%	
1.3.1	Timeliness: The percentage of claims processed within 30 days	51%	51%	51%	52%	
1.4.1.1	Timeliness: The percentage of claims processed within 10 days	79%	84%	79%	74%	
1.5.1	Timeliness: The percentage of claims processed within 28 days	49%	54%	49%	42%	
1.6.1.1	Timeliness: The percentage of DRCA liability claims processed (determined) within 100 days	17%	28%	17%	16%	
1.6.1.2	Timeliness: The percentage of DRCA permanent impairment (PI) claims processed (determined) within 100 days	32%	24%	32%	27%	
1.6.1.3	Timeliness: The percentage of DRCA incapacity claims processed (determined) within 50 days	68%	63%	68%	54%	
1.6.3.1	Timeliness: The percentage of MRCA liability claims processed (determined) within 90 days	23%	31%	23%	26%	
1.6.3.2	Timeliness: The percentage of MRCA permanent impairment claims processed (determined) within 90 days	31%	24%	31%	16%	
1.6.3.3	Timeliness: The percentage of MRCA incapacity claims processed (determined) within 50 days	69%	68%	69%	53%	
			<b>% Met Target</b>	25%	42%	17%

For measures 1.6.3.1 and 1.6.3.2, the 90-day timeliness time frame came into force in November 2019. Prior to the 2020–21 Financial Year the timeliness time frame for these measures was 100 days. All Outcome 1 timeliness targets changed from 'percentage increase over previous year' in the 2021–22 PBS to 'percentage is the same or greater than previous year' in the 2021–22 CP and annual performance statements. Results in Figure 4 are based on published results in annual performance statements.

DVA continues to experience an increase in claim numbers driven 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. The growth in claims for compensation over the past 3 years has led to a backlog of claims across many compensation streams, and longer wait times for veterans, which is reflected in DVA's results against its timeliness targets for 2021–22.

Timeliness targets were achieved for 2 of 12 measures: VEA war widow/er claims (measure 1.3.1) and MRCA initial liability claims (measure 1.6.3.1). Of VEA war widow/er claims, 52% were processed within the 30-day time frame.

This is a small increase from the performance results in 2020–21 (51%) and reflects that a number of claims could not be determined within the time frame due to external factors such as waiting on coronial evidence. For MRCA initial liability claims there was a slight improvement on the prior year's performance from 23% to 26% of claims processed within 90 days. This is largely a result of the number of claims that were prioritised during the year and the high rate of new staff (receiving less complex claims) being trained. This year DVA saw an 8% rise in the number of MRCA initial liability claims, at a gross of 51,043 claims received in 2021–22 compared to 46,890 in 2020–21. This number includes those claims considered under MRCA only, and those where MRCA, DRCA and VEA service eligibility may apply. At the same time, there was a 23% increase in the number of MRCA initial liability conditions determined, with a total of 45,476 conditions determined during 2021–22, compared with 36,931 in 2020–21. Refer to Appendix A for more information.

In 2021–22, DVA did not meet its targets for 10 of 12 Outcome 1 timeliness measures. The timeliness target to process new claims within 30 days (measure 1.1.1.1) and the targets for pensioner initiated reviews (PIRs) (measure 1.1.1.2) and funeral benefits (measure 1.4.1.1) were not achieved in 2021–22.

The reduction in performance was due to the introduction of a new ICT system, which initially slowed processing times as it required additional staff training and adjustments to processes; and the time necessary to recruit, train and accredit new claims processing staff. Improvement in timeliness performance is expected to increase as staff gain experience in their roles and as enhancements to the new processing system are implemented.

The incoming claim volumes exceeding available resources caused delays in processing claims and resulted in timeliness targets not being achieved for VEA disability compensation and support claims (measure 1.2.1) and DRCA initial liability claims (measure 1.6.1.1).

The increased focus on determining initial liability claims and the subsequent flow through to permanent impairment and/or incapacity claims resulted in timeliness targets not being achieved for permanent impairment claims (measures 1.6.1.2 and 1.6.3.2) and incapacity claims (measures 1.6.1.3 and 1.6.3.3) under the MRCA and DRCA.

Significant investment has been made in recruiting and training new staff, which is expected to flow through to improved claims processing times over the coming years. Other initiatives have also been implemented to improve processing times, including:

- streamlining VEA disability compensation payment and disability increase applications by allowing veterans to indicate which accepted conditions they would like re-assessed by a medical practitioner, streamlining the previous approach of re-assessing all accepted conditions
- proactively contacting veterans with claims waiting to be allocated to check on their circumstances, check that their claim information remains current and connect them to available support services
- improving the screening and triaging process undertaken for VEA disability compensation payment claims, and MRCA and DRCA initial liability claims lodged to be able to direct a claim to the correct assessment pathway and be ready for allocation to a delegate

- reviewing all claims throughout the claims screening and triage process for 'at risk' indicators which might result in a claim being prioritised for allocation to a delegate and/or a referral for additional support (such as Triage and Connect, and Open Arms) to be offered to a veteran where required
- better engagement and data sharing with Defence to enable real-time exchange of some service, pay, incident, and health data required for claims processing, and to identify and prioritise members who are being medically discharged.

While the above strategies are expected to improve the number of decisions made and the number of active cases under investigation, the number of ageing claims on hand will continue to impact the time taken to process.

For Veterans' Children Education Schemes (measure 1.5.1), DVA processed 42% of claims within 28 days, down from 49% in the prior year. Increases in the numbers of students applying at the commencement of the 2022 academic year resulted in a reduction in the number of claims processed within the 28-day time frame. Additional staffing will be on-boarded before the 2023 academic year to better support timely processing of claims.

### Quality (correctness rates)

In 2021–22, DVA exceeded the >95% quality (correctness rate) targets for 6 of 12 measure under Outcome 1. This includes income support new claims (1.1.2.1), change of circumstances requests (measure 1.1.2.2) and funeral benefits (measure 1.4.1.2). In the delivery of compensation, DVA achieved the quality targets for VEA veterans' disability support claims (measure 1.2.2), war widow/er claims (measure 1.3.2) and the Veterans' Children Education Schemes (measure 1.5.2). For DRCA permanent impairment (measure 1.6.2.2) and MRCA incapacity payments (measure 1.6.4.3), DVA came within 0.2% of achieving the >95% quality target.

There is often a negative correlation between the timeliness and the quality of claims decisions. In 2021–22 quality continued to be impacted by the increase in claim volumes and onboarding new processing staff. Additionally an increase in the level of complexity of claims determined (e.g. claims with multiple conditions or assessed under multiple Acts) has also been identified as impacting the quality of decision-making. DVA continues to use the issues and trends identified by the Quality Assurance Program to target the improvement of policy and procedures, ICT enhancements and the training of new and existing staff to help enable the continuous improvement of both the quality and timeliness of claims processing.

### Client satisfaction

For measures 1.1.3 (income support), 1.2.3 (disability support), 1.3.3 (war widow/ers), 1.4.1.3 (funeral benefits) and 1.6.5 (safety rehabilitation and compensation – DRCA and MRCA), client satisfaction is measured through an annual independent Client Benefits Satisfaction Survey conducted by ORIMA. For these measures, analysis of results was conducted for the period spanning 1 April 2021 to 31 March 2022. Level of satisfaction reported in the annual report is an annual figure.

Clients were either selected at random or as a census of all clients within a program. This year the Client Benefits Satisfaction Survey was completed by 5,550 clients, representing a response rate of 31% for the survey overall. Claims processing time was again a key factor that clients said contributed to the low level of satisfaction, most notably among MRCA/DRCA and disability support clients. Younger clients continued to report lower level of satisfaction rates than older cohorts. This year, improved communication with clients about the progress of their claims was again a key suggestion for further improvement in service delivery.

DVA's Education Schemes (Program 1.5) provide financial assistance and other support services to eligible children and dependants of current and former Australian Defence Force personnel who have either died or been severely

wounded or injured as a result of their service. DVA provides the assistance through the Veterans' Children Education Scheme (VCES) established under the VEA, or the Military Rehabilitation and Compensation Act Education and Training Scheme (MRCAETS) established under the MRCA. Other support and services under the Education Schemes, including additional tuition and special assistance, are available any time throughout the year to support eligible students if required. In 2021–22 the Education Schemes survey delivery method changed from postal to electronic and was incorporated into the broader Student Progress Survey. Survey recipients also included students who were not currently in the Education Schemes but had received a payment through them within the past 12 months. These changes may have resulted in the increased number of survey responses, from 132 in 2020–21 to 403 responses in 2021–22 (13% response rate).

In total 80.65% of students (or their parents) were measured as satisfied. Factors listed by participants as affecting students' progress included COVID-19, the student's mental health and family circumstances. Although the satisfaction rate was 2.57% lower than it was in 2020–21 (83.22%), it met the target of 75%. An evaluation of the Education Schemes to assess the targeting and effectiveness of support now and into the future was undertaken in mid-2022. The recommendations are being considered by the Repatriation Commission and the Military Rehabilitation and Compensation Commission.

Defence Service Homes (DSH) Insurance policyholder satisfaction (measure 1.4.2) was 88.3%, and did not meet the >90% target. The survey response rate for the reporting period was 35%. Two natural disaster events during the reporting period resulted in high claims numbers, and DSH Insurance prioritised responses to high-risk claims first. This may have impacted the policyholder satisfaction survey results. To increase future survey response rates, in May 2022 DSH Insurance added a QR code to allow responses to be provided electronically. Prior to this, survey responses were only available for completion in hard copy.

Enhance wellbeing – 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.

Key performance results

DVA's performance under Outcome 2 is measured by its achievements in 4 categories: access to health services, travel, counselling and rehabilitation.

Our PBS and the 2021–22 Corporate Plan set out performance measures and targets for each program under Outcome 2. The following tables show our results against our targets for each criterion in 2021–22.

Outcome 2 performance measures and results

Program 2.1: Provide access to general medical consultations and services

DVA has arrangements in place with medical and allied health practitioners in both the public and private sectors to deliver a comprehensive

range of services throughout Australia, provided in hospitals, in providers' rooms and in the homes of veterans and families. To ensure that eligible veterans and dependants are able to access necessary services, DVA will either pay for travel to the nearest service provider or pay a provider to travel to other locations to provide services to eligible veterans and dependants.

Key activities:

- Work with a range of medical, dental, hearing and allied health providers throughout Australia to ensure veterans and families have access to a comprehensive range of services.
- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Monitor the Provider Engagement Framework for ongoing effectiveness of our engagement and communication activities with DVA's health providers. Proactively drive continuous improvement building on the strong foundations provided under the framework, with a focus on enabling DVA and providers to deliver effective programs that enhance the wellbeing of veterans and families.

TABLE 10: PROGRAM 2.1 PERFORMANCE MEASURES AND RESULTS

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
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 <sup>1</sup>	>99%	99.97%	99.94%	Yes

(PBS p 50, CP p 24)

**Program 2.2: Provide access to veterans' hospital services**

This program provides access to inpatient and outpatient hospital services for eligible veterans through arrangements with private hospitals, day procedure centres and mental health hospitals, as well as all public hospitals operated by the state and territory governments.

*Key activities:*

- Make arrangements with public and private hospital service providers throughout Australia to ensure veterans and families have access to a comprehensive range of services.

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Monitor the Provider Engagement Framework for ongoing effectiveness of our engagement and communication activities with DVA's health providers. Proactively drive continuous improvement building on the strong foundations provided under the framework, with a focus on enabling DVA and providers to deliver effective programs that enhance the wellbeing of veterans and families.

**TABLE 11: PROGRAM 2.2 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
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 <sup>1</sup>	>99%	99.94%	99.89%	Yes

(PBS p 51, CP p 24)

**Program 2.3: Provide access to veterans' pharmaceutical benefits**

The Repatriation Pharmaceutical Benefits Scheme provides clients with access to a comprehensive range of pharmaceuticals and wound dressings for the treatment of their health care needs, including items available to the broader Australian community under the Pharmaceutical Benefits Scheme.

*Key activities:*

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Provide eligible veterans with access to a broader range of medicines and wound care items at a concession rate.

**TABLE 12: PROGRAM 2.3 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
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 <sup>1</sup>	>99%	99.99%	99.99%	Yes

(PBS p 52, CP p 25)

**Program 2.4: Provide access to veterans' community care and support**

DVA manages community support and residential aged care programs for clients, including the Veterans' Home Care program and the Community Nursing program, which aim to support people to remain independent in their homes and improve their quality of life and health. This program also provides subsidies and supplements for DVA clients living in residential care facilities.

*Key activities:*

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.

- Provide a range of care and support in the home to assist eligible veterans and families to remain independent for longer.
- Monitor the Provider Engagement Framework for ongoing effectiveness of our engagement and communication activities with DVA's health providers. Proactively drive continuous improvement building on the strong foundations provided under the framework, with a focus on enabling DVA and providers to deliver effective programs that enhance the wellbeing of veterans and families.

**TABLE 13: PROGRAM 2.4 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020-21 Actual result	2021-22 Actual result	Achieved
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 <sup>1</sup>	>99%	99.58%	99.58%	Yes

(PBS pp 53-54, CP p 25)



**Program 2.5: Provide veterans’ counselling and other health services**

This program provides a wide range of mental and allied health care services, including counselling and referral services for veterans and families. The program also supports eligible veterans and families with funding for aids and appliances, and travel for treatment.

Key activities:

- Provide veterans and families with access to mental health care services, including primary prevention through counselling and complex care coordination.
- Provide veterans with access to medical management, psychosocial and vocational rehabilitation programs and support for employment.
- Support veterans with travel for treatment and provide access to aids, appliances and modifications to support independent living.
- Provide veterans with access to allied health services, including access to telehealth services.
- Provide access to Open Arms including individual and family counselling, after-hours counselling, group program interventions, and peer support.

**TABLE 14: PROGRAM 2.5 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020–21 Actual result	2021–22 Actual result	Achieved
<b>Access to services</b>					
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 <sup>1</sup>	>99%	99.62%	99.45%	Yes
<b>Travel</b>					
2.5.2	Timeliness: Target percentage of claims for reimbursement processed within 28 days <sup>2</sup>	95%	99.92%	99.66%	Yes
2.5.3	Client satisfaction: Degree of complaints about arranged travel relative to the quantity of bookings <sup>3</sup>	<0.05%	0.01%	0.01%	Yes
<b>Open Arms – Veterans &amp; Families Counselling services</b>					
2.5.4	Percentage of clients allocated to an Open Arms clinician within two weeks of initial intake <sup>4</sup>	>65%	87%	87%	Yes
2.5.5	Client satisfaction <sup>5</sup>	>80%	92%	89%	Yes

(PBS pp 55–56, CP p 26)

## Program 2.6: Provide access to health, rehabilitation and other care services under DRCA and MRCA

DVA arranges for the provision of rehabilitation, medical and other related services under the DRCA, the MRCA and related legislation. The services include payment for medical treatment, rehabilitation services, attendant care and household services.

### Key activities:

- Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.
- Provide veterans with access to medical management, psychosocial and vocational rehabilitation programs and support for employment.

**TABLE 15: PROGRAM 2.6 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020-21 Actual result	2021-22 Actual result	Achieved
2.6.1	Timeliness: The percentage of rehabilitation assessments that were made within 30 days of referral for assessment <sup>6</sup>	75%	88%	88%	Yes
2.6.2	Quality: Percentage of clients where rehabilitation goals were met or exceeded <sup>7</sup>	75%	70%	73%	No
2.6.3	Client satisfaction: An annual survey of client satisfaction with the rehabilitation program <sup>8</sup>	75%	77%	81%	Yes

(PBS p 57, CP p 27)

Notes on Outcome 2 tables

PBS = Portfolio Budget Statements 2021-22; CP = Corporate Plan 2021-22

1 Complaints are registered in the Client Feedback Management System when they are received by DVA. The target reflects the proportion of clients who do not submit a complaint. Achieving the target of >99% equates to the proportion of complaints received being less than 1% of the total number of clients accessing the service.

2 The performance measure title has changed from 'Target percentage of claims for reimbursement processed within the Service Charter timeframe (28 days)'. The approach to assessing the performance measure is unchanged. This measure relates to claims for reimbursement through the Repatriation Transport Scheme.

3 This measure is assessed as the total number of complaints compared to the total number of transport bookings provided.

4 The performance measure title has changed from 'Percentage of clients provided an appointment with a Veterans & Families Counselling Service (Open Arms) clinician within two weeks of initial assessment'. The approach to assessing this performance measure is unchanged.

5 Client satisfaction is measured by a questionnaire which is offered by clinicians following the completion of an episode of care. Survey participation is voluntary. The survey asks clients to rate their level of satisfaction with the counselling provided on a scale of 'Very satisfied', 'Satisfied', 'Neutral', 'Unsatisfied' or 'Very unsatisfied'. Responses of 'Satisfied' or 'Very satisfied' to the question are counted as satisfied. The final result for 2021-22 was based on a total of 369 survey responses. DVA is unable to determine how many surveys were distributed for response. In 2021-22, there were 29,957 episodes of care closed.

6 This measure is a calculation of percentage of rehabilitation assessments undertaken during 2021-22 that were conducted by rehabilitation providers within 30 days of the assessment being requested by DVA. The assessment date is recorded in DVA systems by a delegate based on the assessment date reported by the provider.

7 Rehabilitation providers work with eligible veterans to develop personalised SMART (Specific, Measurable, Attainable, Realistic, and Time-Based) goals as part of their rehabilitation plan. Goal attainment is assessed using the Goal Attainment Scale rating. The percentage performance result is calculated through dividing the total number of clients who met their goals by the total client count.

8 Client satisfaction is measured through a monthly independent survey by ORIMA Research of DVA clients who have recently completed the rehabilitation program. The survey assesses participants' overall views of the program including the rehabilitation plan commencement, implementation and closure process. The 2021-22 performance result is based on rehabilitation case closures from 1 June 2021 to 31 May 2022. Survey participation is voluntary. Neutral responses are excluded from the total population for this measure. The response rate for 2021-22 was 21%.

## Analysis of performance against Outcome 2

### Quality of service

DVA measures most quality of service for Outcome 2 by comparing the number of complaints registered by clients to the number of clients who accessed services.

In 2021–22 DVA met 5 out of 6 quality of service targets. This includes achieving service quality of 99.94% for access to general medical consultations and services (measure 2.1.1), 99.89% for access to veterans' hospital services (measure 2.2.1), 99.99% for access to veterans' pharmaceutical benefits (measure 2.3.1), 99.58% for access to veterans' community care and support (measure 2.4.1) and 99.45% for veterans' counselling and other health services (measure 2.5.1).

DVA did not achieve the target for performance measure 2.6.2: the number of rehabilitation clients who met or exceeded their rehabilitation goals. The results for this measure have remained relatively steady over recent financial years, with this score reflecting a slight improvement from the 2020–2021 reporting period. There are a number of possible reasons why a client's rehabilitation goals may not be met during the reporting period – for example, changes to medical capacity and ability to participate in rehabilitation, which can mean that a client is no longer able to meet a goal or that their plan is closed due to no longer having medical clearance to participate in the program; and changes to plan type resulting in the potential lack of achievement of all relevant goals.

Reduced processing times for prescribers through the Repatriation Pharmaceutical Benefits Scheme has improved the quality of service through more timely access to treatment for veterans (measure 2.3.1). This has been achieved through simplified

and streamlined administration processes to allow phone approval for the commonly requested pharmaceutical items previously subject to and forming a high proportion of written applications (35%). DVA recognises that health providers are key partners in optimising health and wellbeing outcomes for veterans, through the delivery of quality services. We are actively engaging with providers to create greater awareness of DVA services, programs and entitlements available to veterans and families beyond the Medical Benefits Scheme and the Pharmaceutical Benefits Scheme.

### Timeliness

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. In 2021–22, DVA achieved the performance target for reimbursement of 95% of travel claims within 28 days (measure 2.5.2), with 99.66% of claims processed within target time frames. Feedback received about travel for treatment is used to identify issues and variations in service delivery; in conjunction with contract management, this allows DVA to target transport services needing improvement. 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, which supports the delivery of quality and timely services.

Open Arms has been the Australian Government's response to veteran mental health support for 40 years. Founded by the Vietnam veterans, Open Arms is a nationally accredited mental health service that provides 24-hour free and confidential mental health support. In 2021–22, 87% of Open Arms clients were allocated to an Open Arms clinician within 2 weeks of their initial intake (measure 2.5.4). The target of 65% has been consistently exceeded each month over the financial year.

DVA exceeded the target (75%) for the percentage of rehabilitation assessments that were made within 30 days of referral for assessment (measure 2.6.1). A number of possible reasons may have contributed to the successful achievement of assessments within the 30 days of referral. These include:

- increased flexibility in the facilitation of assessments following the impacts of COVID-19, with improved remote support options assisting with the timeliness in assessment coordination
- the easing of COVID-19 restrictions Australia wide, allowing for greater opportunity to facilitate and successfully complete rehabilitation assessments
- continued support and training resources for rehabilitation providers, ensuring a clear understanding of timeliness and requirements associated with conducting assessments.

### **Client satisfaction**

In 2021–22 the number of complaints about arranged travel, relative to the quantity of bookings (measure 2.5.3) was 0.01%, which meets the target of less than 0.05%. This indicates a high level of satisfaction with the Booked Car With Driver Scheme and the ability of DVA to address issues quickly and efficiently.

Open Arms maintained a high level of client satisfaction, exceeding the 80% target with a result of 89% of clients satisfied with services provided (measure 2.5.5). This result was calculated from the 369 client questionnaires received in 2021–22. Questionnaires were distributed to clients via email, post and in person following an episode of care. A client may not receive a survey due to administrative reasons, for example the closure of an episode of care while services are continuing. The client satisfaction survey is a voluntary system and

there is no process to follow up with clients to encourage or increase participation and completion.

In 2021–22 DVA exceeded the 75% target for client satisfaction with the rehabilitation program (measure 2.6.3). This score reflects an increase from the 2020–21 reporting period. Improved client satisfaction may be the result of enhancements to resources and training of rehabilitation providers; increased flexibility and improved remote support options; and the easing of COVID-19 restrictions, allowing for greater participation in activities.

The response rate for the annual survey period ending 31 May 2022 was 21%, which is an improvement from the 14% response rate over the 2020–21 reporting period. Efforts have been made to improve the response rate from the rehabilitation client satisfaction survey, including the introduction of SMS and email reminders in March 2021. In June 2021 streamlined survey questions and a simplified process for clients were introduced which are anticipated to increase response rates further next year.

## 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.

## Recognition and respect – 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.

### Key performance results

DVA's performance under Outcome 3 is measured by our achievements in 2 categories: war graves and commemorations.

Our PBS and the 2021–22 Corporate Plan set out performance measures and targets for each program under Outcome 3. The following tables show our results against our targets for each criterion in 2021–22.

### Outcome 3 performance measures and results

#### Program 3.1: Provide and maintain war graves

This program acknowledges and commemorates veterans' service and sacrifice, and promotes an increased understanding of Australia's wartime history. To meet the government's commitment, the Office of Australian War Graves cares for and maintains official commemorations and sites of collective official commemoration to the standards set by the Commonwealth War Graves Commission.

*Key activities:*

- Provide and maintain war cemeteries, war plots, gardens of remembrance and memorials to the missing and other individual official commemorations for eligible veterans who have died as a result of their service to Australia in wars, conflicts and peace operations.

TABLE 16: PROGRAM 3.1 PERFORMANCE MEASURES AND RESULTS

No	Performance criteria	Target	2021–22 Actual result	Achieved
3.1.1	Official commemorations, war cemeteries, war plots and gardens of remembrance are maintained in accordance with Commonwealth War Graves Commission (CWGC) specifications <sup>1</sup> <ul style="list-style-type: none"><li>• 95% of official commemorations are inspected at least once annually to ensure they continue to meet the CWGC standard</li></ul>	95%	Not able to report <sup>2</sup>	N/A
3.1.2	Percentage of official commemorations that meet the standard compared to the previous year <sup>3</sup>	Percentage is the same or greater than previous year	Not able to report <sup>2</sup>	N/A

(PBS p 61, CP p 29)

**Program 3.2: Deliver commemorative activities**

Commemorative activities are delivered to enable the community to better understand, acknowledge and commemorate the service and sacrifice of the men and women who have served Australia in wars, conflicts and peace operations.

*Key activities:*

- Deliver domestic and international 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.
- Develop and distribute digital and hard copy educational and commemorative resources and information to promote an increased understanding in the community of Australia's experiences of service and wartime history.

**TABLE 17: PROGRAM 3.2 PERFORMANCE MEASURES AND RESULTS**

No	Performance criteria	Target	2020-21 Actual result	2021-22 Actual result	Achieved
3.2.1	Commemorative event quality: Commemorative events are conducted to commemorate veterans' service in a dignified, solemn and respectful manner <sup>4</sup>	The number of discrete complaints is less than 1% of the estimated audience for any one event	Achieved	Achieved	Yes

(PBS p 62, CP p 29)

Notes on Outcome 3 tables

PBS = Portfolio Budget Statements 2021-22; CP = Corporate Plan 2021-22

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

2 Due to limitations with the data source, a result for this measure cannot accurately be measured and reported.

3 This performance measure has changed from '95% of official commemorations that no longer meet the standard (through either environment factors, vandalism or aging) 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' in the 2021-22 PBS. The associated target has changed from '95%'. The intent of the revised measure remains unchanged - to reduce the percentage of 'Category 4 - Major structural defects' and 'Category 5 - Unserviceable' commemorative assets compared to the previous year. 'Category 3 - Minor non-structural defect' assets are not factored into the measure due to this level of defect having only minor impact on the acceptable service standards. Examples of Category 3 commemorative assets are those showing signs of ageing, wear and tear, weathering or environmental impacts.

4 Complaints are registered in the Client Feedback Management System. Estimated television audiences viewing commemorative events are sourced from the ABC and combined with estimates of live attendee numbers to represent the total estimated audience. Total estimated audience for 2021-22 was 687,228.

## Analysis of performance against Outcome 3

DVA met 1 out of 3 commemorations targets, with 2 results from Program 3.1 unable to be reported against (performance measures 3.1.1 and 3.1.2). It has been identified that limitations of the War Graves System, data upload and assurance processes have impacted the integrity of data sources underpinning these measures. DVA will consider what alternative performance measures may be suitable to include in the Outcome 3 performance measure suite into the future. In 2021–22, DVA delivered a number of commemoration events and activities that were well received by the Australian community, and it is committed to improving its services in care and maintenance of official commemorations and memorials.

### War graves

In the century since official commemoration was established in 1922, the government has provided official commemorations for more than 330,000 Australian service personnel at around 2,330 commemorative sites throughout Australia, the Torres Strait, Norfolk Island and Lord Howe Island. DVA manages a program of care and maintenance for each of these commemorations, 73 Commonwealth War Graves Commission (CWGC) cemeteries and plots, 4 Australian Military Cemeteries and 10 Gardens of Remembrance.

During 2021–22, the ongoing impacts of COVID-19 on suppliers and artisans, and frequent rainfall, compromised supply chains, and trade skills shortages continued to impact repairs and rebuilds of official commemorations. This also challenged DVA's capacity to manage inspections and meet our maintenance and provisioning obligations.

DVA has experienced significant challenges to recruitment in 2021–22. Both the horticultural services and stonemasonry sectors are fragile trade skills markets. This has resulted in DVA being unable to fill positions to ensure we continue to meet CWGC standards for commemorations.

## Commemorative activities

The 50th anniversary of Operation Ivanhoe and the Battle of Nui Le was acknowledged with a virtual commemorative service broadcast on the ABC and iView on Monday, 20 September 2021 at 10.30 am. The service was also live streamed on DVA's [Facebook page](#) and [YouTube channel](#). The planned service at the Australian Vietnam Forces National Memorial could not take place due to the COVID-19 restrictions in force at the time.

For the first time since 2019, Anzac Day commemorative services were held at Gallipoli (Turkey) and Villers-Bretonneux (France) on Monday, 25 April 2022 to honour the service of all Australian men and women who have served our nation in times of war, conflict and peace operations, ensuring their commitment and sacrifice is remembered by us all. These services were also supported by an ABC broadcast across Australia.

The 2022 international Anzac Day commemorations were conducted successfully in both countries. The Dawn Service at Villers-Bretonneux was attended by 665 people and had a broadcast viewership of 289,000, and the Dawn Service at Gallipoli was attended by 563 people and had a broadcast viewership of 397,000.

While attendance figures were lower than those experienced prior to the COVID-19 pandemic, it is expected that attendance will return to pre-pandemic levels in 2023 as confidence in overseas travel returns.







# 05

## **Management and accountability**

## Corporate governance

### Governance framework

Good governance is essential for accountable decision-making, and it enables us to deliver on the expectations of government, veterans and the community. We achieve good governance by ensuring that our governance structures and frameworks are efficient and fit for purpose.

DVA's governance and management framework operates on the principles of performance assurance and accountability, underpinned by a risk management framework. It gives a clear purpose for each governance entity, provides for more efficient use of senior management resources, addresses risk and avoids duplication in oversight. It also articulates the lines of authority, accountability, direction and control within the department.

The framework 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, delegation frameworks, internal auditing, fraud prevention, and Accountable Authority Instructions.
- Our governance framework supports our department's culture and its commitment to veterans. Our Workforce Strategy enables us to commit to putting veterans and families first with a high-performing, effective and efficient workforce.
- Our 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.

### Governance bodies

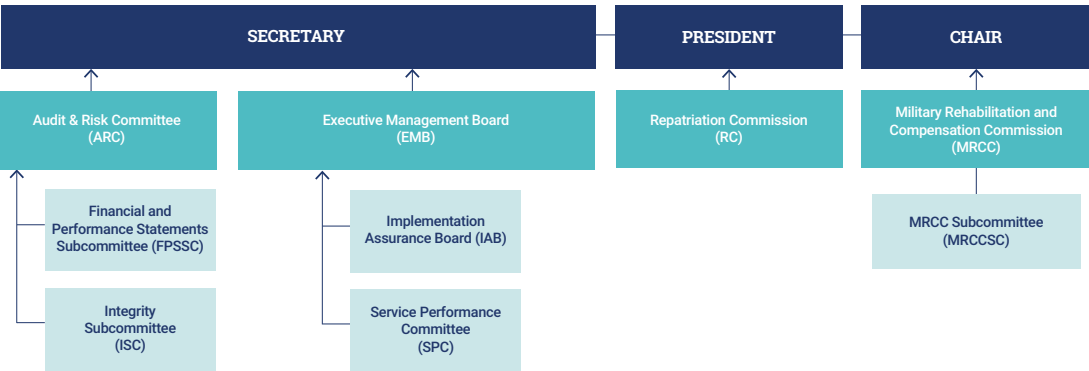
The department's highest level governance body is the Executive Management Board (EMB). The EMB provides senior leadership and strategic direction, reviews risks, and supports the Secretary in discharging their duties as the accountable authority for the department. The EMB is focused primarily on strategic planning in policy and operational matters, 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.

In 2021–22 our committee structure was streamlined to increase efficiency while still maintaining strong oversight and governance processes. Three former governance committees were combined into a single entity – the Service Performance Committee, which reports directly to EMB. The Service Performance Committee's primary focus is on providing leadership and ensuring that matters discussed align with our strategic vision and corporate plan.

The Implementation Assurance Board provides internal assurance on matters relating to the development and implementation of DVA projects and programs. This board merges the former Transformation Board and Portfolio Investment and Implementation Committee.

Our corporate governance structure (shown in Figure 5) supports the department in making decisions and ensuring the principles and objectives of our corporate governance align with our obligations under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

FIGURE 5: DVA CORPORATE GOVERNANCE STRUCTURE



Corporate and operational planning

The DVA Corporate Plan 2021–22 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 of section 35 of the PGPA Act. It is published on DVA's website at <https://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. The plans are developed at the division, branch and business unit levels so that our strategic direction is aligned with business priorities at all levels of the organisation. They set out how DVA will undertake its key activities to achieve its purpose. They flow directly into the performance plans for employees, which are assessed mid-year and at year end, with ongoing feedback provided as required. In addition, throughout the year, the department reports on its performance against its targets to high-level governance committees.

Conflict of interest

Under the *Public Service Act 1999*, our staff have obligations to avoid actual, perceived or potential conflicts of interest. We ensure that our staff are aware of and know how to meet those obligations.

## Risk management

Effective risk management is an integral part of delivering services to veterans and families, commemorating their service and sacrifice and being accountable to the government. DVA's Risk Management Framework 2020–2024 and its supporting processes assist us in embedding and communicating DVA's risk policy, appetite and tolerance, guiding staff in their actions and ability to accept and manage risks.

The risk management framework was established in line with the requirements of the PGPA Act and the [Commonwealth Risk Management Policy](#). It is also aligned with the International Standard on Risk Management, ISO 31000:2018 Risk management – Guidelines, and Commonwealth best practice guidance, including Resource Management Guide 211.

In 2021–22 DVA regularly reported on its risk profile and risk management framework to internal and external assurance committees, which provided assurance of the effectiveness and appropriateness of DVA's risk oversight and management. The COVID-19 pandemic had an impact on DVA's strategic and operational landscape, so we have continued to maintain a positive focus on managing current and emerging issues and identifying risks.

## 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. The Business Continuity Plan was activated over the period March to April 2022 as a result of the flood events in New South Wales and Queensland at that time.

## Internal audit

EY contractors provided the internal audit services. EY 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 a zero tolerance approach to fraud and corruption and is committed to reducing the impacts of serious noncompliance and fraud. In accordance with our obligations under the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), DVA takes all reasonable measures to prevent, detect, respond to and report on fraud-related activities and outcomes.

In 2021–22 DVA undertook an enterprise fraud risk assessment focusing on department-wide vulnerabilities. These risks are monitored regularly to ensure controls and treatments continue to be practical and effective.

In 2021–22 we also conducted strategic fraud risk profiling to identify and prioritise high-risk programs we administer. This resulted in a program of rolling fraud risk assessments.

In 2021–22 DVA updated its Fraud Control Plan (now known as the Fraud and Corruption Control System) to align with best practice in fraud control and to complement the policies, systems and strategies in place to prevent, detect and respond to potential incidents of fraud. The system also outlines the department's commitment to fostering a strong counter-fraud culture.

Fraud prevention is the responsibility of all DVA staff. DVA promotes staff awareness of fraud through targeted communication, training and the Fraud and Corruption Control Strategy Statement. All new staff and contractors are required to complete mandatory fraud and corruption control training annually, with refresher training at least every 2 years.

DVA has used its strong internal and external relationships to improve its ability to take fraud risks into account when planning and conducting new activities. The Integrity unit engages with business areas to identify opportunities and strengthen the fraud control environment. This unit works with domestic and international partners to mature DVA's capability, share experiences and ensure our approach aligns with government and community expectations.

DVA continues to mature its approach to the identification and management of fraud and noncompliance through advancements in data analytics, pre- and post-payment monitoring, intelligence and investigations.

DVA continues to detect potential fraud matters through allegations from members of the public. DVA undertakes fraud investigations and, where appropriate, refers matters to the Commonwealth Director of Public Prosecutions and/or the Australian Federal Police.

In 2021–22 DVA continued to report regularly on fraud-related activities and outcomes to its Audit and Risk Committee and Integrity Sub-Committee. DVA also complied with its annual reporting requirements to the annual Australian Institute of Criminology fraud census.

## **Audit and Risk Committee**

The Audit and Risk Committee (ARC) provides advice to the Secretary on the appropriateness of measures in place to manage 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. The ARC was established in compliance with section 45 of the PGPA Act and with PGPA Rule 17, Audit Committee for Commonwealth Entities.

The committee is independent from the management of DVA, which means it can provide robust and impartial advice. It uses its collective skills, experience and sound knowledge of DVA's operating context to review the information provided by internal audit and DVA's management. To ensure it can understand and review processes and systems effectively, the committee actively pursues information from relevant areas of DVA.

When providing advice to the Secretary, including through annual written statements for the 4 functions, the committee gives details of the activities it has undertaken to discharge its review function and the matters that it 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, rather than merely stating that it does not know of anything that would indicate that the functions are not appropriate. If appropriate, the statements provide references and suggestions for systems and process improvement.

The ARC Charter is available at <https://www.dva.gov.au/documents-and-publications/audit-and-risk-committee-charter>.

**TABLE 18: AUDIT AND RISK COMMITTEE MEMBERS**

Member name	Qualifications	Number of meetings attended / Total number of meetings	Total amount of remuneration
<b>Elizabeth Montano</b>	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 CEO of 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.	10/10	\$63,896
<b>Gayle Ginnane</b>	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 the 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 IAAust.	10/10	\$30,607
<b>Andrew Stuart</b>	Andrew Stuart is a former deputy secretary in the Australian Government 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 a total expenditure of \$45 billion per annum. He holds a Master of Social Science and Statistics from the Australian National University.	10/10	\$33,918
<b>David Bryant</b>	David Bryant has experience and understanding of ICT governance and risk management as well as the delivery of ICT projects and services in the public sector environment. He is qualified in program management and project management (Accredited Practitioner PRINCE2 (A1122), MSP (A2894) Benefits Management (A249), P30 (A706)) and is an Australian Computer Society Certified Professional (ACS PCP) and Certified Practising Project Director, Australian Institute of Project Management (AIPM CPPD). He has a Doctor of Philosophy in Management Information Systems, an MBA in Technology Management and a Bachelor of Information Technology.	8/10	\$38,487

## 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 are reviewed by senior management and relevant DVA business areas.

In 2021–22 DVA participated in one department-specific audit, Effectiveness of the Management of Contractors – Department of Veterans' Affairs. The report of this audit was tabled on 29 June 2022.

### Reports by the Commonwealth Ombudsman

In January 2022 DVA received the final report of its own motion investigation (OMI) into the appropriateness of DVA's communication with veterans, issued under section 15 of the [Ombudsman Act 1976](#). The OMI focused on 3 distinct phases of the claims process: pre-claim lodgement, claim processing, and delivery of the claim outcome.

The report acknowledges the significant improvements DVA has made to improve the experience of veterans and families as part of Veteran Centric Reform and other initiatives. It made 8 recommendations, which the department has fully accepted.

The findings centred on 4 key themes:

- managing veterans' expectations – publishing information about the claims process and service standards and communicating that information to veterans; and communicating to veterans as early as possible the potential consequences of not providing additional information when requested
- accessibility – reviewing information on the DVA website
- guidance for decision-makers – communicating with veterans on the identification and prioritisation of claims and a policy for the frequency and mode of contact that DVA requires delegates to have with veterans

- correspondence with veterans – updating information in correspondence.

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 2021–22.

The Commonwealth Ombudsman's decisions and determinations are available at [www.ombudsman.gov.au](http://www.ombudsman.gov.au).

### Reports by parliamentary committees

#### Senate Foreign Affairs, Defence and Trade References Committee inquiry into Australia's engagement in Afghanistan

On 2 February 2022 DVA appeared before the Senate Standing Committee on Foreign Affairs, Defence and Trade References Committee inquiry into Australia's engagement in Afghanistan. DVA provided a written submission to questions on notice arising from the appearance on 10 March 2022. The committee delivered its report in April 2022.

#### 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. DVA provided a written submission and attended the public hearing on 20 May 2021.

The committee delivered its report on 1 July 2021.

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

On 20 July 2021 DVA appeared before the Senate Standing Committee on Finance and Public Administration References Committee inquiry into the current capability of the Australian Public Service.



In November 2021 the committee produced a majority report titled [APS Inc.: undermining public sector capability and performance](#).

## Other portfolio reviews and inquiries

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](http://www.dva.gov.au/about-us/overview/reporting/reviews-and-reports).

## Interim National Commissioner and Independent Review

The interim National Commissioner for Defence and Veteran Suicide Prevention, Dr Bernadette Boss CSC, concluded her work on the Independent Review of Past Defence and Veteran Suicides on 4 October 2021, in line with amended terms of reference issued on 6 August 2021.

The interim National Commissioner's report was tabled in parliament on 29 September 2021 and made publicly available. It included 41 recommendations for action. The report was complemented by the Australian Institute of Health and Welfare's *Final report to the Independent Review of Past Defence and Veteran Suicides*, also published on 29 September 2021.

## Royal Commission into Defence and Veteran Suicide

The Royal Commission into Defence and Veteran Suicide was established by Letters Patent on 8 July 2021. The Royal Commission is examining past deaths by suicide, including suspected and attempted suicides, from a systemic perspective. As part of its work, the Royal Commission is required to consider findings and recommendations from previous relevant reports and inquiries, including the work of the interim National Commissioner.

On 26 November 2021 the Royal Commission commenced proceedings with a ceremonial hearing. The first public hearing was on 29 November 2021 in Brisbane, with further public hearings conducted between February and June 2022 in Sydney, Canberra and Townsville.

The Royal Commission is hearing evidence from a wide range of witnesses, including those with lived experience of defence and veteran suicide, specialist and subject-matter experts, ex-service organisations, charities and Commonwealth witnesses, including DVA witnesses.

On 10 April 2022 the Royal Commission was granted a 12-month extension to the final reporting date, to 17 June 2024. An interim report was provided on 11 August 2022.

As at 30 June 2022 DVA has:

- received a total of 56 notices to produce, notices to give information and notices to give witness statements to the Royal Commission
- provided over 135,000 documents in response to these notices.

DVA has a dedicated team to facilitate timely, accurate and transparent responses to the Royal Commission. Until the Royal Commission concludes, DVA will continue to respond to requests and provide evidence at public hearings as requested.

Supporting veterans and families remains a priority for DVA during the period of the Royal Commission as we continue our commitment of reducing the claims backlog, supporting veterans' mental health and wellbeing programs, enabling effective service delivery, and undertaking ongoing transformation initiatives.

## Decisions by courts and tribunals

### Veteran appeals

Administrative Appeals Tribunal (AAT) applications and outcomes are set out in Table 19. These figures include cases that were remitted by the Federal Court to be considered again by the AAT.

**TABLE 19: VEA, DRCA AND MRCA MATTERS CONSIDERED BY THE ADMINISTRATIVE APPEALS TRIBUNAL, 2021–22**

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	90	53	0	14	14	9
DRCA	78	36	10	29	3	0
MRCA	25	17	0	6	1	1
Other	2	2	0	0	0	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 2021–22, 4 applications by veterans were lodged with the Federal Court of Australia. One application was appealing a decision of the AAT and the remaining 3 applications were applications for judicial review under the [Administrative Decisions \(Judicial Review\) Act 1977](#) and/or the [Judiciary Act 1903](#).

During the same period, the Federal Court published the decisions in *Davis v Military Rehabilitation and Compensation Commission* [2021] FCA 1446; *Military Rehabilitation and Compensation Commission v Dalgrin* [2022] FCA 83; and *Boys v Repatriation Commission* [2022] FCA 257.

In addition, one application was set aside by the consent of the parties and remitted to the AAT for redetermination; one application was set aside by consent pursuant to section 16 of the *Administrative Decisions (Judicial Review) Act 1977* and remitted to the department for determination according to law; and one application was discontinued by consent.

One appeal involving the Repatriation Commission was filed in the Full Court of the Federal Court during 2021–22. No appeals

involving the Repatriation Commission, the Military Rehabilitation and Compensation Commission (MRCC) or DVA were filed 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)**

The AAT issued one decision concerning DVA's freedom of information (FOI) decision-making in 2021–22.

AAT decisions are available at [www6.austlii.edu.au/cgi-bin/viewdb/au/cases/cth/AATA/](http://www6.austlii.edu.au/cgi-bin/viewdb/au/cases/cth/AATA/).

**Decisions by the Australian Information Commissioner**

In 2021–22, 44 applications were made to the Information Commissioner for review of DVA decisions. The Information Commissioner's FOI decisions and privacy determinations are available at [www.oaic.gov.au](http://www.oaic.gov.au) and [www.austlii.edu.au](http://www.austlii.edu.au).

## Freedom of information

### Information Publication Scheme

Agencies subject to the *Freedom of Information Act 1982* (the FOI Act) are required to publish on their websites a plan describing the information they publish in accordance with the requirements of the Information Publication Scheme (IPS). DVA's plan is available at <https://www.dva.gov.au/about-us/overview/reporting/freedom-information/information-publication-scheme>.

In 2021–22 DVA listed 73 items on its FOI Disclosure Log. Details of the information released in response to those FOI requests and instructions on how to obtain copies of that information are available at <https://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 and section 59 of the DRCA; under Australian Privacy Principles 12; through subpoenas and notices to produce; and through the FOI Act.

In 2021–22 DVA received 5,353 requests for access to information. Of these:

- 88% of requests were granted
- 7% of requests were withdrawn by the applicant
- 2.5% of requests were not granted
- 2 matters were referred to another agency.

The remaining 2.5% of requests cases were not due to be finalised in 2021–22.

**TABLE 20: ACCESS REQUESTS RECEIVED IN 2021–22**

Category	Total
FOI requests	<b>1,802</b>
Comcare and CSC	<b>2,147</b>
APP 12 requests	<b>147</b>
Administrative access requests	<b>1,039</b>
DRCA and MRCA requests	<b>89</b>
Subpoenas and notices to produce	<b>129</b>
Total	<b>5,353</b>

*APP = Australian Privacy Principle; CSC = Commonwealth Superannuation Corporation; FOI = freedom of information; DRCA = Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988; MRCA = Military Rehabilitation and Compensation Act 2004*

Of these requests, 34% were processed under the FOI Act, 40% were in response to notices issued by Comcare or Comsuper, 3% were processed under Australian Privacy Principle (APP) 12 and 19% were managed administratively. The remaining 4% arose under the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) or the *Military Rehabilitation and Compensation Act 2004* (MRCA) or in response to other lawfully issued subpoenas and notices to produce.

TABLE 21: STAFFING COMPOSITION AND TIME SPENT ON FOI FUNCTIONS, 2021–22

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	1	1
EL 1	6	3
APS 6	7	–
APS 5	8	1
APS 4	9	–
APS 3	–	–
APS 2	–	–

Staffing and external legal expenditure

In 2021–22, 36 staff managed DVA’s information access functions and were all designated FOI decision-makers. Table 21 shows the staffing composition at the end of 2021–22 (noting how much time those staff spent on FOI functions).

Table 21 does not include the number of staff across DVA business areas, including SES, who assisted the 36 key personnel to manage this function. No staff work exclusively on FOI requests; instead, all staff help manage DVA’s broader information access work.

DVA incurred a total of \$1.21 million in external legal expenditure to manage FOI functions for 2021–22. This includes costs incurred in seconding 16 paralegals and lawyers from external legal service providers during 2021–22 to support the FOI function.

Freedom of information requests

In 2021–22 DVA received 1,802 requests for information under the FOI Act. During the year 1,848 requests were finalised, with 1,620 FOI decisions made, 214 requests withdrawn, and 2 requests transferred to other agencies to process. Twelve requests were either withdrawn or refused for practical refusal reasons (see note \* to Table 22) under section 24 of the FOI Act.

In 2021–22 DVA processed 98.6% of FOI requests within the prescribed statutory time frame, with DVA granting access to documents sought in 95.3% of the 1,620 FOI requests finalised.

**TABLE 22: FOI DECISION OUTCOMES IN 2021–22**

Decision outcome	Total 2020–21	Total 2021–22
Request granted in full	1,336	883
Request granted in part	296	662
Request refused	80	73
Request withdrawn	226	214
Request transferred to another agency	3	2
Request refused for practical refusal reasons*	7	12
Request where charges were notified**	0	0
Request made within the statutory time frame (including where extensions of time were applied)***	1,691	1,598
Request up to 30 days over the statutory time frame	19	18
Request up to 60 days over the statutory time frame	0	3
Request up to 90 days over the statutory time frame	1	0
Request more than 90 days over the statutory time frame	2	1

\* 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.

In 2021–22 DVA received 42 requests for internal review and issued 31 decisions at internal review. Greater access was granted in 4 reviews. DVA affirmed the primary decision in the remaining 27 reviews. Two internal review requests were withdrawn and 9 internal reviews remained outstanding at the end of 2021–22.

## 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 2021–22 DVA responded to 9 of those courtesy consultations under the FOI Act.

## The Australian Information Commissioner

In 2021–22 DVA was notified of 15 applications for Information Commissioner review.

Of the Information Commissioner reviews finalised in 2021–22:

- one application was resolved through DVA issuing a revised decision under section 55G of the FOI Act
- one application was withdrawn by the applicants
- no 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 5 FOI complaints having been made to the Information Commissioner in 2021–22. No complaints registered in 2020–21 were withdrawn in 2021–22.

## Privacy

Throughout 2021–22 DVA continued to work cooperatively with the Office of Australian Information Commissioner (OAIC) to comply with its obligations under the [Privacy Act 1988](#) and to provide assurance to the Australian public that their personal information is protected. The OAIC assessment reports and department responses are published on the OAIC website.

In 2021–22 DVA continued to implement recommendations of the 2020–21 assessment *Department of Veterans' Affairs final report – handling of personal information*.

## Client records and personal information

DVA received 147 personal information (APP 12) access requests in 2021–22. A total of 133 requests were finalised in 2021–22. Of those, 117 access decisions were issued and 16 requests were withdrawn.

## Privacy incidents

DVA considers all privacy incidents reported internally and directly by affected clients. In 2021–22 DVA registered approximately 204 potential privacy incidents. All incidents registered in 2021–22 have been reviewed.

## Privacy Impact Assessments

In accordance with the Privacy (Australian Government Agencies – Governance) APP Code 2017, DVA is required to undertake a Privacy Impact Assessment where it proposes to engage in an activity or function involving a new or changed way of handling personal information and such an activity or function might have a significant impact on the privacy of individuals. DVA did not finalise any Privacy Impact Assessments in 2021–22.

Details of past assessments are available on DVA's website at [www.dva.gov.au/about-us/overview/legal-resources/privacy](http://www.dva.gov.au/about-us/overview/legal-resources/privacy).

## Office of the Australian Information Commissioner privacy complaints

In 2021–22 the department received one privacy complaint from the OAIC. The 4 complaints received in 2020–21 are closed.

The OAIC made no determinations in 2021–22. DVA reported no eligible data breaches in 2021–22.

## Legal services

### Legislative and regulatory reform

In 2021–22, 2 portfolio Bills were introduced to the Australian Parliament. During the same period, one Bill passed both houses of parliament and became an Act upon receiving royal assent. An additional 17 legislative instruments were made.

Amendment Acts, Regulations and other legislative instruments are available on the [Federal Register of Legislation](#), administered by the Office of Parliamentary Counsel.

### 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 website. It considers Commonwealth legal services expenditure as a whole across 3 main categories: total, internal and external expenditure.

OLSC reports are available at [www.ag.gov.au](http://www.ag.gov.au).

### DVA's legal services

The General Counsel division supports lawful implementation of the department's objectives by advising on the management of legal risk and providing legal advice, litigation and dispute resolution services, legal training and legislation services. The General Counsel division is also responsible for DVA's engagement with the Royal Commission into Defence and Veteran Suicide.

### Legal expenditure for 2021–22

In 2021–22 DVA spent a total of \$19.06 million on internal and external legal services. The figure for 2020–21 was \$12.37 million. This increase in legal expenditure is primarily due to an increased APS workforce and our response to the Royal Commission into Defence and Veteran Suicide. DVA is required to provide timely and high-quality assistance to the Royal Commission.

The cost of veteran appeals has continued to decrease. In 2021–22 legal expenditure was \$3.32 million, compared with \$4.20 million in 2020–21. This decrease is driven by a continued focus on the early resolution of matters as well as a reduction in the number of matters on hand and new applications.

The key areas of DVA legal expenditure were:

- legal support to supplement DVA's in-house lawyers to assist the Royal Commission
- instructing external legal practitioners to appear in the AAT on behalf of DVA, the Repatriation Commissioner and the MRCC
- secondments of 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 2021–22 DVA spent \$11.28 million on external legal services. Of the 51 matters briefed out to counsel, 57% were briefed to female counsel and 20% were briefed to junior counsel.

Approximately 23% of the total expenditure went towards seconding 38 external lawyers over the last financial year and approximately 3% comprised disbursements and costs paid to applicants as a result of litigation involving DVA.

### 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* (August 2006) is applied in costing internal legal services.

In 2021–22 DVA spent \$7.78 million on direct and indirect internal legal services. This expenditure mostly comprised the salaries for 41.66 full-time equivalent APS staff and contracted non-legal support staff.

DVA has an internal legal practice that is primarily responsible for:

- producing extensive records and evidence, making witnesses available and delivering timely and high-quality information to assist the Royal Commission
- providing timely advice on complex legal matters under DVA'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
- providing legal advice on the department's information access mechanisms and on the handling of all privacy law matters.

**TABLE 23: LEGAL EXPENSES INCURRED BY DVA, 2021–22**

Type	Value (\$m)
<b>Cost incurred by DVA</b>	
Solicitors	6.24
Seconded lawyers	4.30
Briefs to male counsel	0.09
Briefs to female counsel	0.12
Disbursements	0.46
<b>Total costs incurred by DVA (A)</b>	<b>11.21</b>
<b>Costs paid to applicants</b>	
Solicitors	0.06
Disbursements	0.01
<b>Total costs paid to applicants (B)</b>	<b>0.07</b>
External legal expenditure (A) + (B)	11.28
Internal legal expenditure (C)	7.78
<b>Total legal expenditure (A) + (B) + (C)</b>	<b>19.06</b>

### Royal Commission expenditure

DVA is required to produce extensive records and evidence, make witnesses available, and deliver timely and high-quality information to assist the Royal Commission into Defence and Veteran Suicide.

In 2021–22 the total legal cost incurred to support the Royal Commission was \$4.5 million. This was made up of \$3.0 million in external legal expenditure and \$1.5 million in internal legal expenditure.

### People management

DVA supports managers and staff with a wide range of people management services.

### Workforce planning

In January 2022, in preparation for the launch of a new Human Resources (HR) Operating Model, DVA implemented a People Support section. The new section incorporates the Workforce Planning function, a refreshed HR helpdesk and a new HR Business Partner function. The refreshed helpdesk continues to focus on providing all staff with clear guidance and standardised processes and procedures to address repetitive workplace issues. The helpdesk also partners with HR specialist areas to ensure continuous improvement and provide clarity in HR advice and policies. The new Business Partner function will work holistically with the senior executive and enable the People Services branch to translate strategy into action.

The new HR Operating Model will include a tiered service delivery model that will allow HR specialists to focus on higher order strategic programs to better enable staff to meet their business objectives of supporting veterans and families.

### Employment arrangements

All non-SES employee remuneration and most leave and other entitlements are provided under the DVA Enterprise Agreement 2019–22 (EA). For some employees this may be supplemented under individual flexibility agreements (IFAs). Senior executive service (SES) and equivalent employees have their remuneration and conditions set by individual



determinations under section 24(1) of the *Public Service Act 1999* (the PS Act).

The Secretary and statutory office holders have their remuneration and conditions set by Remuneration Tribunal determinations. Other entitlements, including superannuation, maternity leave and long service leave, are governed by various Commonwealth Acts. DVA does not have any Australian Workplace Agreements in place. Performance pay is not available to DVA employees.

The EA commenced on 25 February 2019 and reached its nominal end date on 24 February 2022. On 25 February 2022 DVA's remuneration determination came into effect. The remuneration determination was made after consultation on our future workplace agreement and a ballot on 9 November 2021, in which a majority of staff voted to supplement the salary rates in the EA via a determination in lieu of bargaining. This determination under section 24(1) of the PS Act provides for salary and allowance increases to supplement the terms and conditions in the EA, which continues in force following its nominal expiry. Salary increases under the determination are aligned with the year to June Wage Price Index – Private Sector, released by the Australian Bureau of Statistics in August each year, with increases effective on 25 February 2022, 2023 and 2024.

The EA contains provisions allowing the Secretary and an employee to make an IFA supplementing the terms of the EA. At 30 June 2022 DVA had 39 IFAs in place providing individual remuneration and/or benefits.

At 30 June 2022 DVA had 33 individual determinations made under section 24(1) of the PS Act for SES 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.

Non-salary benefits provided to SES employees and a small number of high-performing and non-SES employees may include parking facilities at the workplace or an allowance in lieu of \$1,550 per year; and an airline lounge membership. Medical Officers who are not

subject to an individual determination have access to up to 5 days of paid leave per year to undertake professional development activities and are able to claim up to \$4,885 in reimbursement for costs associated with their professional development as provided in the EA.

## Capability development

The DVA Organisational Capability Strategy 2021–2025 (OCS) supports the department's broader strategic drivers and longer term performance goals by defining corporate-level streams for staff skills development and talent retention. 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 capability streams are under development. These streams will support the development of DVA's leadership, people, systems, processes and culture so we can better serve veterans and families.

The streams will be supported by various OCS programs also under development/ review, including career pathways, performance management, talent identification and mentoring.

All corporate-level capability development activities are grouped according to the above themes and streams and are being delivered in accordance with the Australian Public Service Commission's Continuous Learning Model.

## Outcomes

DVA's Learning Evaluation Framework (LEF) provides consistency in quality assurance of

capability development, as well as guidelines for reporting on the effectiveness and quality of the various OCS programs that are being implemented. Level 1 of the LEF, which has been implemented, assists us to evaluate all existing corporate eLearning activities in a consistent way. The LEF will mature as additional OCS initiatives are delivered.

In 2021–22 an annual Capability Needs Analysis (CNA) was conducted to assess the current capability of DVA's workforce against future state requirements defined through the streams and themes above. The results of the CNA informed the 2021–22 Annual Capability Development Plan and Calendar, which provided all DVA staff with access to over 250 capability activities specifically chosen to address the identified need. These capability activities will be reviewed using the LEF, and we will use the results (alongside data from future CNA processes) to refine future learning and development activities.

A pilot of DVA's new Manager Development Program (MDP), for new APS 5 and APS 6 managers, is underway. Pilot MDP modules have received excellent reviews, with 98% of participants recommending the program to their colleagues and 98% agreeing that they could apply skills from the program in their work. The MDP pilot has also maintained high participation rates (82%), despite the department's high workload and the ongoing impacts of COVID-19 on its workforce. The MDP pilot will be reviewed and the findings will inform the development of a full program that will roll out for all APS 5 to EL 2 managers from September 2022.

A key OCS component currently under development is the Enterprise Capability Framework (ECF). The ECF identifies the capabilities and associated behaviours DVA requires from its staff to achieve high levels of performance in accordance with the department's strategic direction. The ECF will:

- enable a more accurate assessment of the capability state of its workforce (alongside an ECF-enhanced Capability Needs Assessment process)
- underpin the creation of Capability Pathways and Career Frameworks that will support staff in their career planning
- support the creation of business-specific strategies to address critical skill planning and recruitment needs
- support the maturing of DVA's Performance Management Framework through performance agreements that are aligned to ECF-enhanced role descriptions and matched to learning and development activities curated for identified pathways.

## 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 families, departmental employees and members of the public.

The National Disability Strategy is Australia's overarching framework for disability reform. It ensures 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. Progress reports are available on the Department of Social Services website.

DVA's Disability Employment Strategy 2021–25, launched in August 2021, sets out practical and achievable commitments for us to ensure that our workplace is inclusive of people living with disability. This important strategy was developed with input from staff across the department and is assisting the department to embed more accessible and inclusive practices, work environments and behaviours.

## Resource management

### Asset management

DVA runs an effective asset management program where assets are registered on receipt in the financial management system and the annual stocktake of assets keeps the register accurate and up to date. DVA's assets include right-of-use assets, office fit-out, purchased and internally developed software, computer equipment, infrastructure, and the Sir John Monash Centre.

## Purchasing

DVA's approach to procuring goods and services, including consultancies, is consistent with the principles of the Commonwealth Procurement Rules. These rules are applied to activities through the department's Accountable Authority Instructions and the DVA Procurement Management Framework. Information on significant procurements expected to be undertaken in 2021–22 is in the department's annual procurement plan, available on the AusTender website ([tenders.gov.au](https://tenders.gov.au)).

DVA is subject to internal and external (Australian National Audit Office) compliance audits in line with the Commonwealth Procurement Framework. DVA proactively responds to audit recommendations, is continuously monitoring its processes and procedures (as part of the Procurement Management Framework) and is building a community of practice of staff undertaking procurement activities to improve performance against the core principles of Commonwealth procurement.

## Consultants

DVA engages consultants when it requires specialist expertise or when independent research or short-term projects are undertaken. When engaging a consultant, DVA:

- observes all government and departmental procurement policies
- ensures decisions are publicly defensible and represent value for money, promoting fair competition and effective service
- bases the engagement decision on predetermined selection criteria.

## Reportable consultancy contracts

In 2021–22 DVA entered into 54 new reportable consultancy contracts involving total actual expenditure of \$12 million. In addition, 36 ongoing reportable consultancy contracts were active during 2021–22 involving total actual expenditure of \$2 million.

**TABLE 24: TOP 5 ORGANISATIONS RECEIVING A SHARE OF REPORTABLE CONSULTANCY CONTRACT EXPENDITURE 2021–22**

Name of organisation	Expenditure \$'000 (GST inc.)
PRICEWATERHOUSECOOPERS CONSULTING (AUSTRALIA) PTY LIMITED (ABN20607773295)	3,071
MCKINSEY PACIFIC RIM (ABN66055131443)	1,815
THE NOUS GROUP (ABN66086210344)	1,445
AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE (ABN16515245497)	1,200
ERNST & YOUNG (ABN75288172749)	999

## Reportable non-consultancy contracts

In 2021–22 DVA entered into 1,952 new reportable non-consultancy contracts, involving total expenditure of \$105 million. In addition, 1,612 ongoing reportable non-consultancy contracts were active during 2021–22 involving total actual expenditure of \$112 million.

**TABLE 25: TOP 5 ORGANISATIONS RECEIVING A SHARE OF REPORTABLE NON-CONSULTANCY CONTRACT EXPENDITURE 2021–22**

Name of organisation	Expenditure \$'000 (GST inc.)
HAYS SPECIALIST RECRUITMENT (AUSTRALIA) PTY LIMITED (ABN47001407281)	35,885
JONES LANG LASALLE (ACT) PTY LTD (ABN69008585260)	35,417
BUPA HEALTH SERVICES PTY LTD (ABN50003098655)	24,186
RANDSTAD PTY LTD (ABN28080275378)	19,132
DFP RECRUITMENT SERVICES (ABN66394749447)	11,607

## AusTender

This annual report includes summary information on actual expenditure on reportable consultancy and reportable non-consultancy contracts. More detailed information on reportable consultancy and reportable non-consultancy contracts is available on the AusTender website at [www.tenders.gov.au](http://www.tenders.gov.au).

## Exempt contracts

DVA did not seek any exemptions from gazettal under the FOI Act in 2021–22.

## Australian National Audit Office access clauses

All DVA contracts allow for the Auditor-General and accountability personnel to access contractual material, including at the contractor's premises. All DVA contracts are based on a departmental template or the Commonwealth Contracting Suite template.

## 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 website at [www.finance.gov.au](http://www.finance.gov.au).

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

DVA strives to pay small businesses on time. [The results of the Pay On-Time Survey – Performance Report](#) are available on the Treasury's website at [www.treasury.gov.au](http://www.treasury.gov.au).

In line with paragraph 5.4 of the Commonwealth Procurement Rules, DVA:

- uses the Commonwealth Contracting Suite for low-risk procurements (less than \$200,000)
- strives to communicate in clear, simple language and present information in an accessible format in all document types
- 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 2021–22.

## Grants

Information on grants awarded by DVA during 2021–22 is on GrantConnect at [www.grants.gov.au](http://www.grants.gov.au).

## Other reporting requirements

### Other mandatory information

In addition to the requirements of the enhanced Commonwealth performance framework, as set out in the [PGPA Rule](#), 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)
- expenditure on advertising and market research, as required by the *Commonwealth Electoral Act 1918* (Appendix E)
- policies with regard to the Statement for Australia's Carers, as required by the *Carer Recognition Act 2010* (Appendix F)
- work health and safety initiatives and outcomes, as required by the *Work Health and Safety Act 2011* (Appendix G)
- contribution to ecologically sustainable development, as required by the *Environment Protection and Biodiversity Conservation Act 1999* (Appendix H)





# 06

## **Financial statements**

# Report on financial performance

## Financial performance – departmental

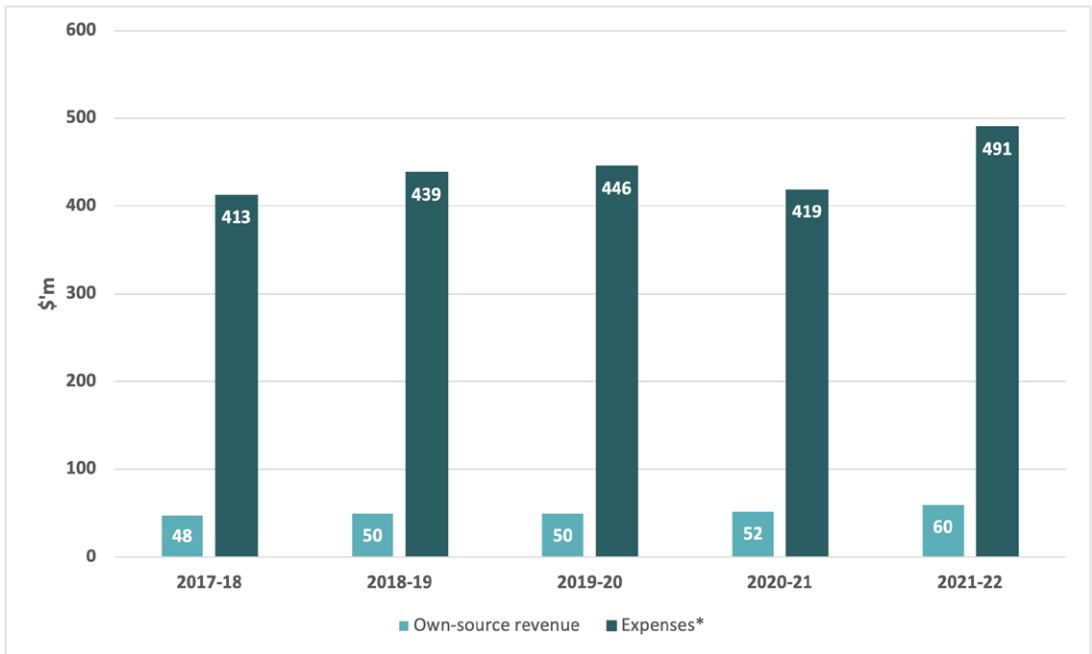
For the 2021–22 financial year, the department recorded a consolidated operating loss of \$26.16 million. The loss includes DVA's operating loss of \$25.92 million (excluding impact of depreciation, amortisation and lease accounting treatment), and the DSH Insurance operating loss of \$0.24 million (excluding depreciation).

From a cash and appropriation management perspective, DVA exceeded its 2021–22 departmental appropriations by \$12.38 million, which was met from prior year appropriations.

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.

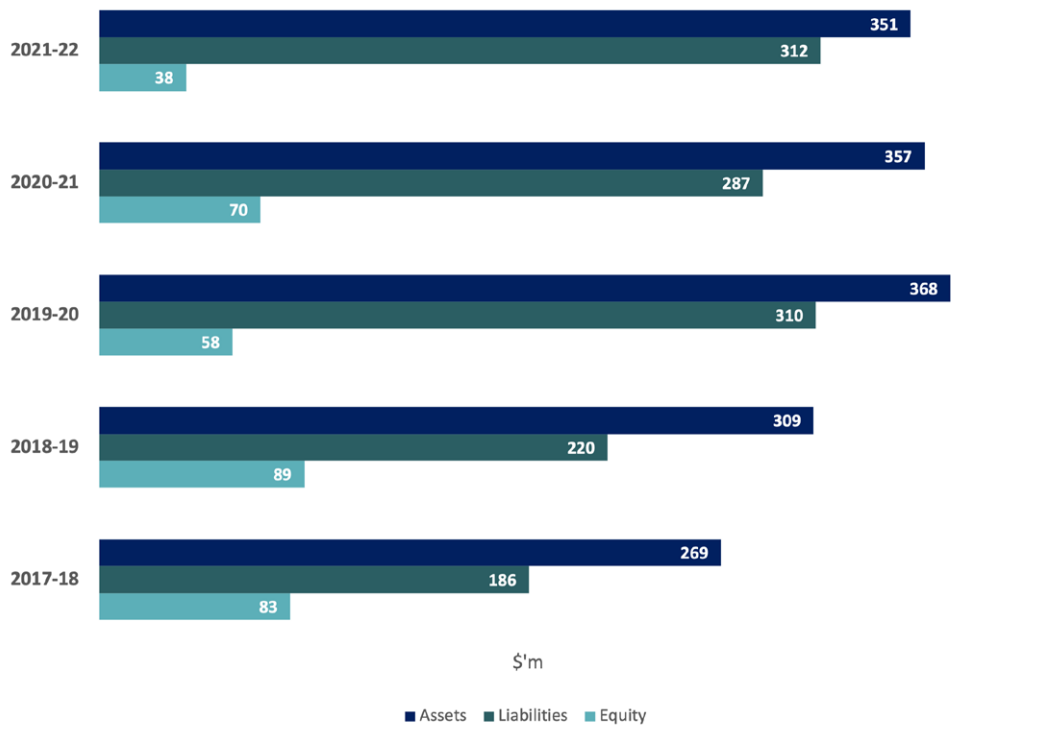
As at 30 June 2022, the department's total assets of \$350.63 million exceeded total liabilities of \$312.26 million. The department had sufficient financial assets to meet payables as at 30 June 2022. Non-financial assets were \$165.43 million at 30 June 2022, primarily reflecting the department's IT systems, fit-outs and infrastructure.

FIGURE 6: DEPARTMENTAL FINANCIAL PERFORMANCE



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

FIGURE 7: DEPARTMENTAL FINANCIAL POSITION



Financial performance – administered

In 2021–22, total administered expenses on behalf of the Government was \$21.25 billion, primarily made up of:

- \$6.22 billion in personal benefits related to various income support and compensation payments;
- \$3.81 billion in a range of health care payments from medical, hospitals to counselling and other wellbeing services;
- \$38.93 million for commemorations and recognition programs; and
- \$11.10 billion to reflect movement in the provision of the Military Compensation Scheme (MCS) that relates to personal benefits and health care.

Total administered income in 2021–22 was \$15.10 billion, representing personal benefits and health care related recoveries and reimbursements (\$19.90 million) and gains from movement in the MCS provisions (\$15.08 billion).

The gain was as a result of rising interest rates which impacts the discounting of future cash flows.

The administered assets at 30 June 2022 have increased to \$1.96 billion (30 June 2021: \$1.73 billion). This is primarily due to an increase in net assets held by the Australian War Memorial (increase of \$141.24 million) and cash held by DVA (\$73.43 million).

The administered liabilities of \$42.41 billion (30 June 2021: \$46.38 billion) have decreased predominantly due to movements in the personal benefits and health care provisions of the MCS. Although the MCS valuation continued to grow in 2021–22, though at a slower rate than in previous years, the provision amount in the financial statements has reduced by \$3.98 billion from last year due to rising interest rates as discussed above.



# Department of Veterans' Affairs financial statements 2021–22

## Table of contents

<b>Independent Auditor's Report</b>	<b>78</b>
<b>Statement by the Secretary and Chief Financial Officer</b>	<b>82</b>
<b>Statement of Comprehensive Income</b>	<b>83</b>
<b>Statement of Financial Position</b>	<b>84</b>
<b>Statement of Changes in Equity</b>	<b>85</b>
<b>Cash Flow Statement</b>	<b>86</b>
<b>Administered Schedule of Comprehensive Income</b>	<b>87</b>
<b>Administered Schedule of Assets and Liabilities</b>	<b>88</b>
<b>Administered Reconciliation Schedule</b>	<b>89</b>
<b>Administered Cash Flow Statement</b>	<b>90</b>
<b>Notes to and forming part of the financial statements</b>	<b>91</b>
<b>1. Financial Performance</b>	<b>93</b>
1.1. Expenses	93
1.2. Own-Source Income and Gains	96
<b>2. Financial Position</b>	<b>97</b>
2.1. Financial Assets	97
2.2. Non-Financial Assets	99
2.3. Payables	102
2.4. Leases	103
2.5. Provisions	104
<b>3. Funding</b>	<b>107</b>
3.1. Appropriations	107
3.2. Special Accounts	109
3.3. Net Cash Appropriation Arrangements	110
<b>4. People and Relationships</b>	<b>111</b>
4.1. Employee Provisions	111
4.2. Key Management Personnel Remuneration	112
4.3. Related Party Disclosures	112

<b>5. Managing Uncertainties</b>	<b>113</b>
5.1. Contingent Assets and Liabilities	113
5.2. Financial Instruments	114
5.3. Fair Value Measurement	117
<b>6. Other Information</b>	<b>118</b>
6.1. Current/non-current distinction for assets and liabilities	118
6.2. Explanations of Major Departmental Budget Variances	119
<b>7. Income and Expenses Administered on Behalf of Government</b>	<b>120</b>
7.1. Administered – Expenses	120
<b>8. Assets and Liabilities Administered on Behalf of the Government</b>	<b>121</b>
8.1. Administered – Financial Assets	121
8.2. Administered – Non-Financial Assets	122
8.3. Administered – Provisions	125
<b>9. Managing Uncertainties</b>	<b>131</b>
9.1. Administered – Financial Instruments	131
9.2. Administered – Fair Value Measurement	131
9.3. Administered – Contingent Assets and Liabilities	131
<b>10. Funding</b>	<b>132</b>
10.1 Administered – Appropriations	132
10.2. Administered – Special Accounts	135
10.3. Contribution Account	136
<b>11. Other Information</b>	<b>137</b>
11.1. Current/non-current distinction for assets and liabilities	137
11.2. Assets Held in Trust	138
11.3. Explanations of Major Administered Budget Variances	139



## 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 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures 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 2022 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 2022 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 the financial statements, comprising an Overview and 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.

#### 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.

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**Key audit matter****Valuation of Military Compensation Provision**

*Refer to Note 8.3A Personal Benefit Provisions and Note 8.3B Health Care Provisions*

The personal benefit provision balance at 30 June 2022 was \$22.521 billion and the health care provision balance at 30 June 2022 was \$19.784 billion. Included within these provisions is a total of \$42.139 billion provision for Military Compensation.

I draw attention to the accounting policies described in Note 8.3 Administered Provisions that describe the inherent 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 2022 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 department has applied a risk adjustment of \$3.65 billion. 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.
- assessing the reasonableness of the key assumptions underpinning the risk adjustment, including consideration of recent trends in claims experience, and weightings applied to data in more recent years.

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**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 2022 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 *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 – Simplified Disclosures 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

A handwritten signature in black ink, appearing to read 'Peter Kerr', with a stylized, cursive script.

Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

1 November 2022

**DEPARTMENT OF VETERANS' AFFAIRS**  
**STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER**

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In our opinion, the attached financial statements for the year ended 30 June 2022 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

28 October 2022



Glen Casson  
Chief Financial Officer

28 October 2022

**DEPARTMENT OF VETERANS' AFFAIRS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2022*

		2022	2021	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	237,366	192,090	206,316
Suppliers	1.1B	188,290	167,418	191,116
Finance costs	1.1C	879	1,117	1,278
Underwriting expenses	1.1D	41,927	37,191	42,922
Write-down and impairment of assets		74	811	-
Depreciation and amortisation	2.2A	44,699	47,412	41,886
Other Expenses	1.1E	1,799	-	-
<b>Total expenses</b>		<b>515,034</b>	<b>446,039</b>	<b>483,518</b>
<b>Own-source revenue</b>				
Net premium revenue	1.1D	45,961	39,115	46,616
Investment revenue	1.1D	324	363	1,185
Insurance agency revenue	1.1D	3,497	3,527	4,325
Revenue from contracts with customers	1.2A	9,113	6,692	6,705
Resources received free of charge	1.2B	935	2,680	795
<b>Total own-source revenue</b>		<b>59,830</b>	<b>52,377</b>	<b>59,626</b>
<b>Net cost of services</b>		<b>455,204</b>	<b>393,662</b>	<b>423,892</b>
Revenue from Government - departmental appropriations	3.1A	404,658	384,301	401,598
<b>Deficit on continuing operations</b>		<b>(50,546)</b>	<b>(9,361)</b>	<b>(22,294)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation reserve	2.2A	-	1,148	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>1,148</b>	<b>-</b>
<b>Total comprehensive loss</b>	3.3	<b>(50,546)</b>	<b>(8,213)</b>	<b>(22,294)</b>

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

For budgetary reporting information refer to Note 6.2.

**DEPARTMENT OF VETERANS' AFFAIRS**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2022*

		2022	2021	Original
	Notes	\$'000	\$'000	Budget
				\$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	11,309	9,950	6,991
Trade and other receivables	2.1B	52,021	60,635	59,722
Premiums and recoveries receivable	2.1C	65,640	39,685	39,615
Investments	2.1D	54,876	52,001	53,683
<b>Total financial assets</b>		<b>183,846</b>	<b>162,271</b>	<b>160,011</b>
<b>Non-financial assets<sup>1</sup></b>				
Land and buildings	2.2A	103,182	128,144	118,145
Property, plant and equipment	2.2A	249	299	462
Intangibles	2.2A	59,818	61,434	69,042
Other non-financial assets	2.2B	2,184	3,478	3,488
<b>Total non-financial assets</b>		<b>165,433</b>	<b>193,355</b>	<b>191,137</b>
Assets held for sale		1,350	1,350	-
<b>Total assets</b>		<b>350,629</b>	<b>356,976</b>	<b>351,148</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	49,814	46,636	53,355
Revenue received in advance	2.3B	1,300	-	-
Unearned premiums	2.3C	32,834	28,947	30,570
Other payables	2.3D	7,055	6,034	670
<b>Total payables</b>		<b>91,003</b>	<b>81,617</b>	<b>84,595</b>
<b>Interest bearing liabilities</b>				
Leases	2.4A	79,906	98,924	86,467
<b>Total interest bearing liabilities</b>		<b>79,906</b>	<b>98,924</b>	<b>86,467</b>
<b>Provisions</b>				
Employee provisions	4.1A	73,151	66,994	72,208
Unexpired risk liability	2.5A	4,248	3,432	-
Gross outstanding claims	2.5B	60,109	34,040	55,605
Other provisions	2.5C	3,840	2,010	2,461
<b>Total provisions</b>		<b>141,348</b>	<b>106,476</b>	<b>130,274</b>
<b>Total liabilities</b>		<b>312,257</b>	<b>287,017</b>	<b>301,336</b>
<b>Net assets</b>		<b>38,372</b>	<b>69,959</b>	<b>49,812</b>
<b>EQUITY</b>				
Contributed equity		361,217	342,258	362,837
Reserves		17,409	17,409	16,259
Accumulated deficit		(340,254)	(289,708)	(329,284)
<b>Total equity</b>		<b>38,372</b>	<b>69,959</b>	<b>49,812</b>

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

For budgetary reporting information refer to Note 6.2.

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



**DEPARTMENT OF VETERANS' AFFAIRS**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2022*

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>				
Opening balance		342,258	321,968	342,258
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		5,252	6,596	6,872
Departmental capital budget		13,707	13,694	13,707
Total transactions with owners		18,959	20,290	20,579
Closing balance as at 30 June		361,217	342,258	362,837
<b>RETAINED EARNINGS</b>				
Opening balance		(289,708)	(280,345)	(305,990)
Comprehensive income				
Deficit for the period		(50,546)	(9,361)	(22,294)
Other comprehensive income		-	-	(1,000)
Total comprehensive income		(50,546)	(9,361)	(23,294)
Transfers between equity components		-	(2)	-
Closing balance as at 30 June		(340,254)	(289,708)	(329,284)
<b>ASSET REVALUATION RESERVE</b>				
Opening balance		17,409	16,259	16,259
Comprehensive income				
Other comprehensive income		-	1,148	-
Total comprehensive income		-	1,148	-
Transfers between equity components		-	2	-
Closing balance as at 30 June		17,409	17,409	16,259
<b>TOTAL EQUITY</b>				
Opening balance		69,959	57,882	52,527
Comprehensive income				
Deficit for the period		(50,546)	(9,361)	(22,294)
Other comprehensive income		-	1,148	(1,000)
Total comprehensive income		(50,546)	(8,213)	(23,294)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations <sup>1</sup>		5,252	6,596	6,872
Departmental capital budget		13,707	13,694	13,707
Total transactions with owners		18,959	20,290	20,579
Closing balance as at 30 June		38,372	69,959	49,812

The above statement should be read in conjunction with the accompanying notes. For budgetary reporting information refer to Note 6.2.

<sup>1</sup>This does not include \$1.620 million funds that were quarantined as a result of the Movement of Funds process in accordance with Section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Refer to Note 3.1.

**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.

**DEPARTMENT OF VETERANS' AFFAIRS**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2022*

		2022	2021	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		428,137	379,355	410,224
Rendering of services		5,948	8,050	6,405
Net premium revenue		58,549	51,009	56,472
Insurance agency revenue received		3,512	3,529	5,666
Reinsurance and other recoveries		14,353	11,077	-
Interest		251	455	1,100
GST received		11,545	11,828	7,725
<b>Total cash received</b>		<b>522,295</b>	<b>465,303</b>	<b>487,592</b>
<b>Cash used</b>				
Employees		230,167	191,249	204,274
Suppliers		193,808	188,839	198,893
Interest payments on lease liabilities		879	1,117	928
Insurance claim payments		49,873	47,139	39,304
Reinsurance premiums		12,262	11,562	13,650
Acquisition costs		257	139	400
Fire brigade and emergency services contributions		1,439	1,748	-
Section 74 receipts transferred to the OPA		8,280	6,665	10,202
<b>Total cash used</b>		<b>496,965</b>	<b>448,458</b>	<b>467,651</b>
<b>Net cash from operating activities</b>		<b>25,330</b>	<b>16,845</b>	<b>19,941</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Investments realised		50,635	34,506	-
Proceeds from sales of non-financial assets		-	-	1,000
<b>Total cash received</b>		<b>50,635</b>	<b>34,506</b>	<b>1,000</b>
<b>Cash used</b>				
Purchase of leasehold improvements		3,007	4,835	4,765
Purchase of property, plant and equipment		113	65	100
Purchase of intangibles		13,696	7,529	15,714
Purchase of investments		53,510	29,507	-
<b>Total cash used</b>		<b>70,326</b>	<b>41,936</b>	<b>20,579</b>
<b>Net cash used by investing activities</b>		<b>(19,691)</b>	<b>(7,430)</b>	<b>(19,579)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		16,032	14,424	20,579
<b>Total cash received</b>		<b>16,032</b>	<b>14,424</b>	<b>20,579</b>
<b>Cash used</b>				
Principal payments of lease liabilities		20,312	20,456	19,592
<b>Total cash used</b>		<b>20,312</b>	<b>20,456</b>	<b>19,592</b>
<b>Net cash (used by)/from financing activities</b>		<b>(4,280)</b>	<b>(6,032)</b>	<b>987</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,359</b>	<b>3,383</b>	<b>1,349</b>
Cash and cash equivalents at the beginning of the reporting period		9,950	6,567	5,642
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>11,309</b>	<b>9,950</b>	<b>6,991</b>

The above statement should be read in conjunction with the accompanying notes. For budgetary information refer to Note 6.2.

**DEPARTMENT OF VETERANS' AFFAIRS**  
**ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2022*

		2022	2021	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits		12,395	11,031	11,290
Personal benefits	7.1A	6,216,513	6,587,993	6,910,961
Health care payments	7.1B	3,805,020	3,859,596	4,272,368
Grants		29,073	21,593	28,021
Depreciation and amortisation	8.2A	3,168	3,260	-
Payments to Australian War Memorial		46,093	44,241	46,093
Other expenses		35,513	28,322	49,435
Movement of personal benefits provision		2,269,100	5,348,200	650,000
Movement of health care payments provision		8,830,300	6,658,600	1,252,300
<b>Total expenses</b>		<b>21,247,175</b>	<b>22,562,836</b>	<b>13,220,468</b>
<b>Income</b>				
<b>Non-taxation revenue</b>				
Recoveries and reimbursements		19,900	16,444	20,669
<b>Total non-taxation revenue</b>		<b>19,900</b>	<b>16,444</b>	<b>20,669</b>
<b>Gains</b>				
Gain from movement of personal benefits provision		4,911,400	-	-
Gain from movement of health care payments provision		10,172,700	-	-
<b>Total gains/(losses)</b>		<b>15,084,100</b>	<b>-</b>	<b>-</b>
<b>Total income</b>		<b>15,104,000</b>	<b>16,444</b>	<b>20,669</b>
<b>Net cost of services</b>		<b>6,143,175</b>	<b>22,546,392</b>	<b>13,199,799</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Changes in revaluation reserve		(2,168)	10,262	-
<b>Total other comprehensive income</b>		<b>(2,168)</b>	<b>10,262</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(6,145,343)</b>	<b>(22,536,130)</b>	<b>(13,199,799)</b>

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

For budgetary reporting information refer to Note 11.3.

**DEPARTMENT OF VETERANS' AFFAIRS**  
**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**  
*as at 30 June 2022*

		2022	2021	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	8.1A	106,854	33,422	50,614
Receivables	8.1B	97,210	78,614	68,926
Equity accounted investments	8.1C	1,683,695	1,542,454	1,677,071
<b>Total financial assets</b>		<b>1,887,759</b>	<b>1,654,490</b>	<b>1,796,611</b>
<b>Non-financial assets</b>				
Buildings	8.2A	55,643	56,702	55,954
Other property, plant and equipment	8.2A	4,658	5,994	5,757
Intangibles	8.2A	8,712	9,119	10,185
<b>Total non-financial assets</b>		<b>69,013</b>	<b>71,815</b>	<b>71,896</b>
<b>Total assets administered on behalf of Government</b>		<b>1,956,772</b>	<b>1,726,305</b>	<b>1,868,507</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Personal benefits payables		39,675	26,455	17,277
Health care payables		43,212	45,679	80,712
Grants payables		-	5,169	2,623
Supplier and other payables		20,963	13,053	-
<b>Total payables</b>		<b>103,850</b>	<b>90,356</b>	<b>100,612</b>
<b>Provisions</b>				
Employee provisions		3,511	3,377	2,825
Personal benefits provisions	8.3A	22,520,800	25,163,100	21,078,352
Health care provisions	8.3B	19,784,343	21,123,613	17,603,782
<b>Total provisions</b>		<b>42,308,654</b>	<b>46,290,090</b>	<b>38,684,959</b>
<b>Total liabilities administered on behalf of Government</b>		<b>42,412,504</b>	<b>46,380,446</b>	<b>38,785,571</b>
<b>Net liabilities</b>		<b>(40,455,732)</b>	<b>(44,654,141)</b>	<b>(36,917,064)</b>

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

For budgetary reporting information refer to Note 11.3.

**DEPARTMENT OF VETERANS' AFFAIRS**  
**ADMINISTERED RECONCILIATION SCHEDULE**  
*for the period ended 30 June 2022*

	Notes	2022 \$'000	2021 \$'000
<b>Opening assets less liabilities as at 1 July</b>		<b>(44,654,141)</b>	(32,974,413)
<b>Net (cost of)/contribution by services</b>			
Income		<b>15,104,000</b>	16,444
Expenses			
Payments to eligible persons, their dependants and other providers		<b>(21,201,082)</b>	(22,518,595)
Payments to Australian War Memorial		<b>(46,093)</b>	(44,241)
<b>Other comprehensive income</b>			
Revaluations transferred (from)/to reserves		<b>(2,168)</b>	10,262
<b>Transfers (to)/from the Australian Government</b>			
Appropriation transfers from Official Public Account (OPA)			
Administered assets and liabilities appropriations (Australian War Memorial)		<b>143,409</b>	55,306
Annual appropriations			
Payments to other entities		<b>109,460</b>	87,905
Payments to Australian War Memorial		<b>46,093</b>	44,241
Special appropriations (unlimited)			
Payments to eligible persons, their dependants and other providers		<b>10,103,566</b>	10,726,973
Special accounts		<b>62</b>	105
Appropriation transfers to OPA			
Transfers to OPA		<b>(59,133)</b>	(59,751)
Special accounts		<b>(71)</b>	(84)
<b>Changes in equity</b>			
Asset transfer from the Department of Defence		<b>366</b>	1,707
<b>Closing assets less liabilities as at 30 June</b>		<b>(40,455,732)</b>	(44,654,141)

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

**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.

**DEPARTMENT OF VETERANS' AFFAIRS**  
**ADMINISTERED CASH FLOW STATEMENT**  
*for the period ended 30 June 2022*

	Notes	2022 \$'000	2021 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
GST received		55,492	51,178
Other		16,872	6,747
<b>Total cash received</b>		<b>72,364</b>	<b>57,925</b>
<b>Cash used</b>			
Payments to employees		12,177	10,968
Personal benefits		6,207,407	6,753,918
Health payments		3,868,883	4,012,679
Grants		34,242	19,171
Payments to Australian War Memorial		46,093	44,241
Other		30,107	33,529
<b>Total cash used</b>		<b>10,198,909</b>	<b>10,874,506</b>
<b>Net cash used by operating activities</b>		<b>(10,126,545)</b>	<b>(10,816,581)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Payments to Australian War Memorial		143,409	55,306
<b>Total cash used</b>		<b>143,409</b>	<b>55,306</b>
<b>Net cash used by investing activities</b>		<b>(143,409)</b>	<b>(55,306)</b>
<b>Net decrease in cash held</b>		<b>(10,269,954)</b>	<b>(10,871,887)</b>
Cash and cash equivalents at the beginning of the reporting period		33,422	50,614
<b>Cash from Official Public Account</b>			
Appropriations		10,402,528	10,914,425
Special Accounts		62	105
<b>Total cash from the official public account</b>		<b>10,402,590</b>	<b>10,914,530</b>
<b>Cash to Official Public Account</b>			
GST Transferred to Official Public Account		(56,106)	(51,178)
Appropriations		(3,027)	(8,573)
Special Accounts		(71)	(84)
<b>Total cash to official public account</b>		<b>(59,204)</b>	<b>(59,835)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	8.1A	<b>106,854</b>	<b>33,422</b>

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

## Overview

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.

### Basis of Preparation of the Financial Statements

The financial statements 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 – including simplified disclosures for Tier 2 Entities under *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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 and 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

No new accounting standard has been adopted earlier than the application date as stated in the standard.

All new standards, revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the entity's financial statements.

AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.

### 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.

## Overview

### 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.

The department has primary responsibility for administering legislation related to veterans and their families. The department made payments totalling \$10.2 billion during 2021-22. Payments are administered by the department and made by Services Australia. If an overpayment occurs, a breach of Section 83 could result despite future payments being adjusted to recover the overpayment. In addition, simple administrative errors can lead to breaches of Section 83.

Due to the number of payments made, the reliance that must be placed on other control frameworks outside the department, and the complexities of the legislation governing these payments, the risk of a Section 83 breach cannot be fully mitigated.

Certain legislation administered by the department contains specific or objective criteria that rely on information from recipients and provides for the recovery of overpayments which are actively managed. The department administers ten pieces of legislation, as disclosed in Note 10.1C with Special Appropriations involving statutory requirements for payments.

During 2021-22, the department has identified potential section 83 breaches totalling \$55.3 million resulting from occurrences of overpayments of pensions, benefits or allowances. These potential breaches primarily impact the *Veteran's Entitlements Act 1986* (\$29.8 million), the *Military Rehabilitation and Compensation Act 2004* (\$14.9 million) and the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (\$7.6 million) and residual amount (\$3.0 million).

The department continues to implement measures to reduce the possibility of unintentional breaches of Section 83 to an acceptable low level. The department will continue to review legislation and New Policy Proposals that create or modify payment eligibility and to ensure that business rules and processes are in place to minimise the risk of breaches of Section 83 of the Constitution.



## Departmental - Notes to and forming part of the financial statements

### 1. Financial Performance

This section analyses the financial performance of DVA for the year ended 30 June 2022.

#### 1.1. Expenses

	2022	2021
	\$'000	\$'000
<b>Note 1.1A: Employee Benefits</b>		
Wages and salaries	177,413	143,911
Superannuation		
Defined contribution plans	13,264	10,761
Defined benefit plans	21,803	16,756
Leave and other entitlements	20,050	14,045
Separation and redundancies	1,270	4,092
Other employee benefits	3,566	2,525
<b>Total employee benefits</b>	<b>237,366</b>	<b>192,090</b>

#### Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships, section 4.1.

#### Note 1.1B: Suppliers

##### Goods and services supplied or rendered

Contractors	78,728	69,728
Shared service arrangement	40,081	37,573
Information technology and communication	19,778	16,133
Consultants	8,880	14,740
Property operating expenses	9,437	9,080
Treatment accounts processing fees	7,693	6,879
Legal	3,567	672
Postage and office requisition	3,243	3,217
Printing and publications	1,689	1,817
Training and development	3,160	1,502
Travel	1,358	678
Records management	4,999	255
Other	3,763	3,812
<b>Total goods and services supplied or rendered</b>	<b>186,376</b>	<b>166,086</b>

Goods supplied	10,699	10,809
Services rendered	175,677	155,277
<b>Total goods and services supplied or rendered</b>	<b>186,376</b>	<b>166,086</b>

##### Other suppliers

Short-term leases	654	307
Low value leases	-	8
Workers compensation expenses	1,260	1,017
<b>Total other suppliers</b>	<b>1,914</b>	<b>1,332</b>
<b>Total suppliers</b>	<b>188,290</b>	<b>167,418</b>

DVA has short-term lease commitments of \$842,355 as at 30 June 2022 (2021: \$420,929).

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C, 2.2A and 2.4.

## Departmental - Notes to and forming part of the financial statements

### 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.

	2022	2021
	\$'000	\$'000
<b>Note 1.1C: Finance Costs</b>		
Interest on lease liabilities	879	1,117
<b>Total finance costs</b>	<b>879</b>	<b>1,117</b>

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 2.2A and 2.4.

### Note 1.1D: Insurance Activities

#### Underwriting revenue

Premium received	58,188	50,599
<b>Total premium revenue</b>	<b>58,188</b>	<b>50,599</b>
Less: Reinsurance expense	(12,227)	(11,484)
<b>Net premium revenue</b>	<b>45,961</b>	<b>39,115</b>

#### Underwriting expenses

Claims expense	75,942	48,076
Less: Reinsurance and other recoveries	(36,955)	(13,800)
<b>Net claims expense</b>	<b>38,987</b>	<b>34,276</b>
Fire brigade and emergency services contributions	1,439	1,748
Acquisition costs	257	139
Movement in unexpired risk liability	1,244	1,028
<b>Total underwriting expenses</b>	<b>41,927</b>	<b>37,191</b>

<b>Other operating expenses<sup>1</sup></b>	<b>8,281</b>	<b>8,055</b>
<b>Underwriting result</b>	<b>(4,247)</b>	<b>(6,131)</b>

#### Investment revenue

Interest - deposits	324	363
<b>Total investment revenue</b>	<b>324</b>	<b>363</b>

#### Insurance agency revenue

Insurance agency commission	3,497	3,527
<b>Total insurance agency revenue</b>	<b>3,497</b>	<b>3,527</b>

<sup>1</sup> The expenses are included in Notes 1.1A and 1.1B and are reproduced here solely for the purpose of presenting the underwriting result.

## Departmental - Notes to and forming part of the financial statements

**Net claims incurred table**

	2022			2021		
	Current year	Prior years	Total	Current year	Prior years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross incurred <sup>1</sup>	69,060	6,882	75,942	37,616	10,460	48,076
Less: Reinsurance and other recoveries	(33,987)	(2,968)	(36,955)	(11,029)	(2,771)	(13,800)
<b>Net claims incurred</b>	<b>35,073</b>	<b>3,914</b>	<b>38,987</b>	<b>26,587</b>	<b>7,689</b>	<b>34,276</b>

<sup>1</sup>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 operations form 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.

	2022	2021
	\$'000	\$'000
<b>Note 1.1E: Other Expenses</b>		
Decontamination costs	1,799	-
<b>Total other expenses</b>	<b>1,799</b>	<b>-</b>

## Departmental - Notes to and forming part of the financial statements

### 1.2. Own-Source Income and Gains

	2022	2021
	\$'000	\$'000
<b>Own-Source Revenue</b>		
<b>Note 1.2A: Revenue from contracts with customers</b>		
Rendering of services	9,113	6,692
<b>Total revenue from contracts with customers</b>	<b>9,113</b>	<b>6,692</b>
<b>Disaggregation of revenue from contracts with customers</b>		
<b>Major product / service line:</b>		
Service delivery	9,111	6,683
Other	2	9
	<b>9,113</b>	<b>6,692</b>
<b>Type of customer:</b>		
Australian Government entities (related parties)	8,846	6,470
State and Territory Governments	2	3
Non-government entities	265	219
	<b>9,113</b>	<b>6,692</b>
<b>Timing of transfer of goods and services:</b>		
Over time	6,385	6,166
Point in time	2,728	526
	<b>9,113</b>	<b>6,692</b>

#### Accounting Policy

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 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.

#### Note 1.2B: Resources received free of charge

Resources received free of charge - ANAO audit fee	845	845
Resources received free of charge - Seconded staff - Services Australia	90	1,835
<b>Total resources received free of charge</b>	<b>935</b>	<b>2,680</b>

#### 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.

## Departmental - Notes to and forming part of the financial statements

### 2. 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.

#### 2.1. Financial Assets

	2022	2021
	\$'000	\$'000
<b>Note 2.1A: Cash and Cash Equivalents</b>		
Cash at bank	2,769	3,499
Cash at bank (DSH Insurance special account)	8,540	6,451
<b>Total cash and cash equivalents</b>	<b>11,309</b>	<b>9,950</b>

#### 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 2.1B: Trade and Other Receivables

Goods and services	4,086	104
Contract assets from contracts with customers	587	524
<b>Total goods and services receivables</b>	<b>4,673</b>	<b>628</b>

#### Appropriations receivable

Appropriations receivable	44,819	57,091
<b>Total appropriations receivable</b>	<b>44,819</b>	<b>57,091</b>

#### Other receivables

Statutory receivables <sup>1</sup>	2,353	2,605
Salary recoveries	15	1
Other	161	310
<b>Total other receivables</b>	<b>2,529</b>	<b>2,916</b>
<b>Total trade and other receivables (net)</b>	<b>52,021</b>	<b>60,635</b>

Credit terms for goods and services were within 20 days (2021: 20 days).

<sup>1</sup> Includes amounts owing from June 2022 Business Activity Statement and GST amounts on accrued expenses as at 30 June 2022.

#### 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.

## Departmental - Notes to and forming part of the financial statements

	2022	2021
	\$'000	\$'000
<b>Note 2.1C: Premiums and Recoveries Receivable</b>		
Premiums receivable	24,403	21,255
Reinsurance and other recoveries receivable	41,237	18,430
<b>Total premiums and recoveries receivable</b>	<b>65,640</b>	<b>39,685</b>
<b>Total premiums and recoveries receivable (net)</b>	<b>65,640</b>	<b>39,685</b>

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 Policy

#### Reinsurance 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 2.1D: Investments

PGPA Act section 58 investments		
Deposits	54,876	52,001
<b>Total investments</b>	<b>54,876</b>	<b>52,001</b>

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*.

## Departmental - Notes to and forming part of the financial statements

### 2.2. Non-Financial Assets

Note 2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Buildings - leasehold improvements \$'000	Property, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2021</b>					
Gross book value	170,425	951	194,378	647	366,401
Accumulated depreciation/amortisation and impairment	(42,281)	(652)	(132,978)	(613)	(176,524)
<b>Total as at 1 July 2021</b>	<b>128,144</b>	<b>299</b>	<b>61,400</b>	<b>34</b>	<b>189,877</b>
<b>Additions</b>					
Purchase or internally developed	4,337	113	13,696	-	18,146
Depreciation/amortisation	(7,801)	(144)	(15,224)	(14)	(23,183)
Depreciation on right-of-use assets	(21,498)	(18)	-	-	(21,516)
Other Movements	-	(1)	3	(3)	(1)
Disposals	-	-	(74)	-	(74)
<b>Total as at 30 June 2022</b>	<b>103,182</b>	<b>249</b>	<b>59,801</b>	<b>17</b>	<b>163,249</b>
<b>Total as at 30 June 2022 represented by</b>					
Gross book value					
Fair value	172,134	1,060	-	-	173,194
Work in progress	2,628	-	-	-	2,628
Internally developed – in progress	-	-	11,397	-	11,397
Internally developed – in use	-	-	171,847	-	171,847
Purchased software	-	-	-	512	512
Accumulated depreciation/amortisation and impairment	(71,580)	(811)	(123,443)	(495)	(196,329)
<b>Total as at 30 June 2022</b>	<b>103,182</b>	<b>249</b>	<b>59,801</b>	<b>17</b>	<b>163,249</b>
<b>Carrying amount of right-of-use assets</b>	<b>76,153</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,153</b>

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C and 2.4.

# Departmental - Notes to and forming part of the financial statements

## 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 desktop revaluation was performed by independent valuer as at 30 June 2022.

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:

<b>Asset class</b>	<b>Fair value</b>
Land held for sale	At cost
Leasehold improvements	Depreciated replacement cost
Property, plant & equipment	Market selling price and depreciated replacement cost



## Departmental - Notes to and forming part of the financial statements

### 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 the department's Asset Management Policy, an extract of which is in the 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	Useful Life
Buildings - Leasehold improvements	Lesser of estimated life or unexpired lease period
PP&E – Plant and Equipment	3–10 years
PP&E – Furniture & Office equipment	3–10 years
PP&E – Computer equipment	3–5 years

### Impairment

All assets were assessed for impairment at 30 June 2022. 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 (2021: 3–20 years).

All software assets were assessed for indications of impairment as at 30 June 2022.

	2022 \$'000	2021 \$'000
<b>Note 2.2B: Other Non-Financial Assets</b>		
<b>Prepayments</b>		
Information technology	1,348	1,933
Rental agreements	352	342
Health care processing	249	248
Other prepayments	235	955
<b>Total other non-financial assets</b>	<b>2,184</b>	<b>3,478</b>

No indicators of impairment were found for other non-financial assets.

## Departmental - Notes to and forming part of the financial statements

### 2.3. Payables

	2022	2021
	\$'000	\$'000
<b>Note 2.3A: Suppliers</b>		
Trade creditors and accruals	49,814	46,636
<b>Total suppliers</b>	<b>49,814</b>	<b>46,636</b>

Settlement is usually made within 20 days (2021: 20 days).

#### Note 2.3B: Revenue Received in Advance

Revenue received in advance	1,300	-
<b>Total revenue received in advance</b>	<b>1,300</b>	<b>-</b>

#### Note 2.3C: Unearned Premiums

Unearned premiums	32,775	28,903
Insurance agency revenue received in advance	59	44
<b>Total unearned premiums</b>	<b>32,834</b>	<b>28,947</b>

### Accounting Policy

#### Unearned 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 2.3D: Other Payables

Wages and salaries	4,569	2,856
Superannuation	819	522
Separation and redundancies	792	1,746
Reinsurance premiums	875	910
<b>Total other payables</b>	<b>7,055</b>	<b>6,034</b>

## Departmental - Notes to and forming part of the financial statements

### 2.4. Leases

	2022	2021
	\$'000	\$'000
<b>Note 2.4A: Leases</b>		
Lease Liabilities	<b>79,906</b>	98,924
<b>Total leases</b>	<b>79,906</b>	98,924

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C and 2.2.

Total cash outflows for leases for the year ended 30 June 2022 were \$878,870 for interest payments (2021: \$1,117,342) and \$20,311,482 for principal payments (2021: \$20,456,000).

#### **Note 2.4B: Leases - Maturity**

##### **Maturity analysis - contractual undiscounted cash flows**

Within 1 year	<b>16,275</b>	21,050
Between 1 to 5 years	<b>52,734</b>	56,010
More than 5 years	<b>13,383</b>	25,228
<b>Total leases</b>	<b>82,392</b>	102,288

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C and 2.2.

#### **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.

## Departmental - Notes to and forming part of the financial statements

### 2.5. Provisions

	2022 \$'000	2021 \$'000
<b>Note 2.5A: Movement in Unexpired Risk Liability</b>		
<b>Deficiency recognised in the statement of comprehensive income</b>		
Unexpired risk liability expense	1,244	1,028
<b>Total deficiency recognised in statement of comprehensive income</b>	<b>1,244</b>	<b>1,028</b>
Expected future claims per actuary report	36,088	31,604
Less: recorded unearned premiums	(31,840)	(28,172)
<b>Unexpired risk liability</b>	<b>4,248</b>	<b>3,432</b>
<b>Note 2.5B: Gross Outstanding Claims</b>		
Gross outstanding claims	60,109	34,040
Less: recoveries receivable	(41,237)	(18,430)
<b>Net outstanding claims</b>	<b>18,872</b>	<b>15,610</b>
<b>Outstanding claims expected to be settled</b>		
No more than 12 months	18,343	14,872
More than 12 months	529	738
<b>Net outstanding claims</b>	<b>18,872</b>	<b>15,610</b>

DSH Insurance has incurred claims during 2021–22 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 \$60,108,160 as at 30 June 2022 (2021: \$34,040,160). In determining this amount, the actuary has applied a risk margin of 12% (2021: 12%) to a central estimate of the expected present value of future payments for claims incurred. The resulting risk margin amounts to \$6,440,160 (2021: \$3,647,160) and is included in the gross claims outstanding \$60,108,160 (2021: \$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 2022 and as such, DSH Insurance has recognised an expense of \$1,224,243 (2021: \$1,028,025) and an adjusting increase to the existing unexpired risk liability of \$1,224,244 bringing the closing unexpired risk liability to \$4,227,655 (2021: \$3,432,000). 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 2022 was \$31,860,000 (2021: \$28,172,000) and prior to the recognition of unexpired risk liability DSH Insurance had recognised \$428,588 in deferred acquisition costs (2021: \$552,025) with the net of these two figures being \$31,431,756. Future cash flows relating to future claims under the risk associated with those premiums as advised by DSH Insurance's independent actuaries was \$36,088,000 (2021: \$31,604,000).

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.

## Departmental - Notes to and forming part of the financial statements

### 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 2022 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 2022 consists of:

- a) Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2022. 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 2022 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 2022:

- a) Inflation rates: 3.50%;
- b) Discount rates: 2.00%;
- c) Claims administration expenses (CAE): 4% of gross outstanding claims liability;
- d) Superimposed inflation: approximately 2.00% 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 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;
- e) Prudential margin: 12% of central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency;

## Departmental - Notes to and forming part of the financial statements

### 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 2022;
- 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 5.2D – 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.

	2022	2021
	\$'000	\$'000
<b>Note 2.5C: Other Provisions</b>		
Provision for restoration obligations	2,041	2,010
Provision for Decontamination	1,799	-
<b>Total other provisions</b>	<b>3,840</b>	<b>2,010</b>

### **Reconciliation of other provisions**

	Provision for restoration on leased property
	\$'000
<b>As at 1 July 2021</b>	<b>2,010</b>
Additional provisions made	1,830
<b>Total as at 30 June 2022</b>	<b>3,840</b>

### **Accounting Policy**

#### Provision for Decontamination

The decontamination provisions are expensed through the income statement (refer Note 1.1E) on the basis that the decontamination restores the land to its original state and brings no enhanced economic benefits to DVA. DVA land valuations do not factor in any decontamination costs into their valuation for financial reporting purposes.

## Departmental - Notes to and forming part of the financial statements

### 3. Funding

This section identifies DVA's funding structure.

#### 3.1. Appropriations

##### Note 3.1A: Annual Appropriations ('Recoverable GST exclusive')

##### Annual Appropriations for 2022

	Annual appropriation \$'000	Adjustments to appropriation <sup>1</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2022 (current and prior years) \$'000	Variance <sup>2</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	404,658	8,280	412,938	(429,865)	(16,927)
Capital Budgets <sup>3</sup>	13,707	-	13,707	(11,321)	2,386
Other services Equity <sup>4</sup>	6,872	-	6,872	(4,711)	2,161
<b>Total departmental</b>	<b>425,237</b>	<b>8,280</b>	<b>433,517</b>	<b>(445,897)</b>	<b>(12,380)</b>

<sup>1</sup> The adjustments to appropriation of \$8.280 million were related to the PGPA Act Section 74 receipts for 2021-22.

<sup>2</sup> The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers.

<sup>3</sup> 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.

<sup>4</sup> 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) \$1.620 million funds were quarantined from the Departmental Appropriations Act (No. 2) 2021-22 – Equity Injections as a result of the Movement of Funds process.

##### Note 3.1A: Annual Appropriations ('Recoverable GST exclusive') (continued)

##### Annual Appropriations for 2021

	Annual appropriation \$'000	Adjustments to appropriation <sup>1</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance <sup>2</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	384,301	6,665	390,966	(379,355)	11,611
Capital Budgets <sup>3</sup>	13,694	-	13,694	(7,929)	5,765
Other services Equity	6,596	-	6,596	(6,495)	101
<b>Total departmental</b>	<b>404,591</b>	<b>6,665</b>	<b>411,256</b>	<b>(393,779)</b>	<b>17,477</b>

<sup>1</sup> The adjustments to appropriation of \$6.665 million were related to the PGPA Act Section 74 receipts for 2020-21.

<sup>2</sup> The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers.

<sup>3</sup> 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.

## Departmental - Notes to and forming part of the financial statements

### 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 3.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2022	2021
	\$'000	\$'000
<b>Departmental</b>		
Appropriation Act (No. 1) 2018-19 (DCB)	-	1,932
Appropriation Act (No. 3) 2018-19 (DCB)	-	11,249
Appropriation Act (No. 4) 2018-19	-	4,838
Appropriation Act (No. 1) 2020-21	-	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
Appropriation Act (No. 1) 2021-22 <sup>1</sup>	31,524	-
Appropriation Act (No. 1) 2021-22 (DCB)	8,151	-
Appropriation Act (No. 2) 2021-22 <sup>2</sup>	3,704	-
Appropriation Act (No. 3) 2021-22	3,060	-
Cash at bank	2,769	3,499
<b>Total departmental</b>	<b>49,208</b>	<b>88,559</b>

<sup>1</sup> Appropriation Act (No.1) 2021-22 includes closing cash balance of \$2.769 million. Appropriation Act (No.1) 2020–21 includes closing cash balance of \$3.499 million which excludes the DSH Insurance Special Account.

<sup>2</sup> 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) \$1.620 million funds were quarantined from the Departmental Appropriations Act (No. 2) 2021-22 – Equity Injections as a result of the Movement of Funds process.



## Departmental - Notes to and forming part of the financial statements

### 3.2. Special Accounts

	Defence Service Homes Insurance Account (Departmental) <sup>1</sup>	
	2022	2021
	\$'000	\$'000
<b>Balance brought forward from previous period</b>	<b>6,451</b>	<b>3,425</b>
<b>Increases</b>		
Realised investments	50,635	34,506
Premiums received	58,549	51,009
Other receipts	18,252	15,206
<b>Total increases</b>	<b>127,436</b>	<b>100,721</b>
<b>Available for payments</b>	<b>133,887</b>	<b>104,146</b>
<b>Decreases</b>		
<b>Departmental</b>		
Claim payments	(49,873)	(47,139)
Reinsurance premiums paid	(12,262)	(11,562)
Other payments	(9,702)	(9,487)
<b>Total departmental</b>	<b>(71,837)</b>	<b>(68,188)</b>
<b>Relevant money</b>		
PGPA Act section 58 investments	(53,510)	(29,507)
<b>Total relevant money</b>	<b>(53,510)</b>	<b>(29,507)</b>
<b>Total decreases</b>	<b>(125,347)</b>	<b>(97,695)</b>
<b>Total balance carried to the next period</b>	<b>8,540</b>	<b>6,451</b>
<b>Balance represented by:</b>		
Cash held in the Official Public Account	8,540	6,451
<b>Total balance carried to the next period</b>	<b>8,540</b>	<b>6,451</b>

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*.

## Departmental - Notes to and forming part of the financial statements

### 3.3. Net Cash Appropriation Arrangements

	2022 \$'000	2021 \$'000
<b>Total comprehensive loss - as per the Statement of Comprehensive Income</b>	<b><u>(50,546)</u></b>	<b><u>(8,213)</u></b>
Less: Changes in asset revaluation reserve	-	(1,148)
<b>Total comprehensive loss less changes in asset revaluation reserve</b>	<b><u>(50,546)</u></b>	<b><u>(9,361)</u></b>
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections)	<b>23,183</b>	24,709
Plus: depreciation on right-of-use assets	<b>21,516</b>	22,703
Less: lease principal repayments	<b><u>(20,312)</u></b>	<b><u>(20,456)</u></b>
<b>Net Cash Operating Surplus/ (Deficit)</b>	<b><u>(26,159)</u></b>	<b><u>17,595</u></b>

## Departmental - Notes to and forming part of the financial statements

### 4. 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.

#### 4.1. Employee Provisions

	2022	2021
	\$'000	\$'000
Annual leave	26,492	21,507
Long service leave	46,250	45,002
Other	409	485
<b>Total employee provisions</b>	<b>73,151</b>	<b>66,994</b>

#### 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 2022 represents outstanding contributions.

## Departmental - Notes to and forming part of the financial statements

### 4.2. 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 Secretaries, 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.

	2022	2021
	\$	\$
Short-term employee benefits	1,510,700	1,348,380
Post-employment benefits	144,386	117,941
Other long-term employee benefits	37,542	33,610
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>1,692,628</b>	<b>1,499,931</b>

<sup>1</sup>The total number of key management personnel that are included in the above table is 4 (2021: 5), being three substantive officers who held the positions for the full year and one substantive officer who held the 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.

### 4.3. 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), Executive and other Australian Government entities.

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 of Veteran and Family Services Group
- The Deputy Secretary of Enabling Services and Commemorations Group
- The General Manager DSH Insurance Scheme
- 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 are no related party transactions to be separately disclosed.

## Departmental - Notes to and forming part of the financial statements

### 5. Managing Uncertainties

This section analyses how DVA manages financial risks within its operating environment.

#### 5.1. Contingent Assets and Liabilities

	Indemnities		Total	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Contingent liabilities</b>				
Balance from previous period	23,386	25,442	23,386	25,442
Re-measurement	(241)	(2,056)	(241)	(2,056)
<b>Total contingent liabilities</b>	<b>23,145</b>	<b>23,386</b>	<b>23,145</b>	<b>23,386</b>
<b>Net contingent liabilities</b>	<b>23,145</b>	<b>23,386</b>	<b>23,145</b>	<b>23,386</b>

##### Quantifiable Contingencies

The indemnity of \$23,145,000 (2021:\$23,386,000) 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*.

##### Unquantifiable Contingencies

The Department has a number of legal claims lodged against it for damages and costs. The Department is responding to these claims in accordance with its obligations under the Legal Services Directions 2017. It is not possible to estimate the amount and timing of any eventual payments that may be required in relation to these claims.

#### 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.

## Departmental - Notes to and forming part of the financial statements

### 5.2. Financial Instruments

	Notes	2022 \$'000	2021 \$'000
<b>Note 5.2A: Categories of Financial Instruments</b>			
<b>Financial assets at amortised cost</b>			
Investments	2.1D	54,876	52,001
Cash and cash equivalents	2.1A	11,309	9,950
Trade receivables	2.1B	4,673	628
Premiums and recoveries receivables	2.1C	65,640	39,685
Other receivables	2.1B	161	310
<b>Total financial assets at amortised cost</b>		<b>136,659</b>	<b>102,574</b>
<b>Total financial assets</b>		<b>136,659</b>	<b>102,574</b>
<b>Financial Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Payables - suppliers	2.3A	49,814	46,636
Gross outstanding claims	2.5B	60,109	34,040
Other payables - reinsurance premiums	2.3D	875	910
<b>Total financial liabilities measured at amortised cost</b>		<b>110,798</b>	<b>81,586</b>
<b>Total financial liabilities</b>		<b>110,798</b>	<b>81,586</b>

#### Accounting Policy

##### Financial assets

In accordance with AASB 9 *Financial Instruments*, the entity classifies its financial assets in the following categories:

- Financial assets at fair value through profit and loss;
- Financial assets at fair value through other comprehensive income; and
- 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 liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

#### **Note 5.2B: Net Gains or Losses from Financial Assets**

##### **Financial assets at amortised cost**

Interest revenue	1.1D	324	363
<b>Net gains on financial assets at amortised cost</b>		<b>324</b>	<b>363</b>
<b>Net gains on financial assets</b>		<b>324</b>	<b>363</b>

Net income/expense from financial assets not at fair value through the profit or loss is nil (2021: nil).

#### **Note 5.2C: Net Gains or Losses from Financial Liabilities**

There were no gains or losses from financial liabilities.

## Departmental - Notes to and forming part of the financial statements

### Note 5.2D: 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 2022 net provision to various changes in assumptions**

Item	Amount		Change from final estimate				Note
	2022 \$'000	2021 \$'000	2022 \$'000	2022 %	2021 \$'000	2021 %	
Net liability, including CAE and excluding prudential margin	<b>24,427</b>	21,225	-	-	-	-	(a)
Inflation +1%	<b>24,715</b>	21,420	<b>288</b>	<b>1.2</b>	195	0.9	(b)
Inflation -1%	<b>24,139</b>	21,030	<b>(288)</b>	<b>(1.2)</b>	(195)	(0.9)	(b)
Discount +1%	<b>24,136</b>	21,028	<b>(291)</b>	<b>(1.2)</b>	(197)	(0.9)	(c)
Discount -1%	<b>24,725</b>	21,429	<b>298</b>	<b>1.2</b>	204	1.0	(c)
Superimposed inflation +1%	<b>24,715</b>	21,420	<b>288</b>	<b>1.2</b>	195	0.9	(d)
Superimposed inflation - 1%	<b>24,139</b>	21,030	<b>(288)</b>	<b>(1.2)</b>	(195)	(0.9)	(d)
10% more IBNR claims in PPCI models	<b>24,469</b>	21,289	<b>42</b>	<b>0.2</b>	64	0.3	(e)
10% less IBNR claims in PPCI models	<b>24,385</b>	21,161	<b>(42)</b>	<b>(0.2)</b>	(64)	(0.3)	(e)

#### Notes:

(a) Net provisions, including prudential margin:

	2022 \$'000	2021 \$'000
Gross Central Estimate (including GST and claims administration expense, excluding risk margin)	<b>59,035</b>	33,433
less: Estimated Outstanding Reinsurance Recoveries	<b>34,608</b>	12,208
Central estimate (incl GST and claims administration expense)	<b>24,427</b>	21,225
Less: GST	<b>2,221</b>	1,930
Central Estimate (incl claims administration expense)	<b>22,206</b>	19,295

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%.

## Departmental - Notes to and forming part of the financial statements

### 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 5.2D 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 2.5B.

### 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-.



## Departmental - Notes to and forming part of the financial statements

### 5.3. Fair Value Measurement

#### Accounting Policy

DVA engaged an independent valuer to conduct a materiality review of all non-financial assets at 30 June 2022. 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.

	2022 \$'000	2021 \$'000
<b>Non-financial assets</b>		
Leasehold improvements	27,029	31,823
Property, plant and equipment	249	281
<b>Total non-financial assets</b>	<b>27,278</b>	<b>32,104</b>
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>27,278</b>	<b>32,104</b>

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.

## Departmental - Notes to and forming part of the financial statements

### 6. Other Information

This section provides other disclosures relevant to DVA's financial information environment for the year ending 30 June 2022.

#### 6.1. Current/non-current distinction for assets and liabilities

	2022 \$'000	2021 \$'000
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Cash and cash equivalents	11,309	9,950
Investments	54,876	44,501
Trade and other receivables	52,021	60,635
Premiums and recoveries receivable	65,640	39,685
Asset held for sale	1,350	1,350
Other non-financial assets	2,184	3,478
<b>Total no more than 12 months</b>	<b>187,380</b>	<b>159,599</b>
<b>More than 12 months</b>		
Land and buildings	103,182	128,144
Property, plant and equipment	249	299
Intangibles	59,818	61,434
Investments	-	7,500
<b>Total more than 12 months</b>	<b>163,249</b>	<b>197,377</b>
<b>Total assets</b>	<b>350,629</b>	<b>356,976</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Suppliers	49,814	46,636
Revenue received in advance	1,300	-
Unearned premiums	32,834	28,947
Other payables	7,055	6,034
Gross outstanding claims	59,580	33,302
Unexpired risk liability	4,248	3,432
Leases	16,275	20,171
Employee provisions	21,651	18,352
Other provisions	2,233	477
<b>Total no more than 12 months</b>	<b>194,990</b>	<b>157,351</b>
<b>More than 12 months</b>		
Leases	63,631	78,753
Employee provisions	51,500	48,642
Other provisions	1,607	1,533
Gross outstanding claims	529	738
<b>Total more than 12 months</b>	<b>117,267</b>	<b>129,666</b>
<b>Total liabilities</b>	<b>312,257</b>	<b>287,017</b>

## Departmental - Notes to and forming part of the financial statements

### 6.2. 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 2021–22 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 \$31.0 million primarily relates to an increase in staff numbers and an increase in the employee leave liability expenses stemming from changes to the salary growth rate assumptions.	Employee benefits (Statement of Comprehensive Income)
DSH Insurance's rate of return on its investment portfolio has been lower than budget by \$0.9 million due to ongoing low interest rates on offer through-out the year.	Investment revenue (Statement of Comprehensive Income)
There has been lower commission revenue to DSH Insurance of \$0.9 million as a result of selling fewer policies than planned through third party partners.	Insurance agency revenue (Statement of Comprehensive Income)
The variance of \$2.4 million in Revenue from contracts with customers, and \$1.3 million Revenue received in advance, primarily relates to additional research projects.	Revenue from contracts with customers (Statement of Comprehensive Income), Revenue received in advance (Statement of Financial Position)
The variance of \$9.3 million primarily relates to the department drawing on cash reserves to meet departmental operating costs during the year.	Trade and other receivables (Statement of Financial Position)
Due to the nature of catastrophe events and their unpredictability, DSH Insurance is unable to quantify and budget for reinsurance recoveries. The increase of \$26.0 million is from catastrophe events in the current year, and remaining recoveries due from prior year events.	Premiums and recoveries receivable (Statement of Financial Position)
The variance of \$25.7 million primarily relates to the timing of capital projects.	Land and buildings, Property, plant and equipment, Intangibles and Other non-financial assets (Statement of Financial Position)
The variance of \$6.4 million relates to accrued salaries and the timing of the fortnightly pay at 30 June.	Other payables (Statement of Financial Position)

## Administered - Notes to and forming part of the financial statements

### 7. 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.

#### 7.1. Administered - Expenses

	2022	2021
	\$'000	\$'000
<b>Note 7.1A: Personal Benefits</b>		
<b>Direct</b>		
Income support	1,878,379	2,193,125
Defence widow/ers support	1,084,593	1,171,789
Disability support	1,536,128	1,534,380
Military compensation payments	1,694,222	1,669,005
Children education scheme	14,338	12,893
Other	8,853	6,801
<b>Total personal benefits</b>	<b>6,216,513</b>	<b>6,587,993</b>
<b>Note 7.1B: Health Care Payments</b>		
<b>Indirect</b>		
Hospital services	1,033,964	1,015,308
Community care and support	838,900	914,422
General medical consultation and services	659,161	701,774
Counselling and other health services	671,088	647,058
Pharmaceutical benefits	313,602	313,022
Military compensation payments	288,305	268,012
<b>Total health care payments</b>	<b>3,805,020</b>	<b>3,859,596</b>

#### 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.

## Administered - Notes to and forming part of the financial statements

### 8. 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.

#### 8.1. Administered - Financial Assets

	2022	2021
	\$'000	\$'000
<b>Note 8.1A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	106,591	33,148
Cash in special accounts <sup>1</sup>	263	274
<b>Total cash and cash equivalents</b>	<b>106,854</b>	<b>33,422</b>

<sup>1</sup>The closing balance of cash in special accounts does not include amounts held in trust (2022: \$223,000, 2021: \$140,000).

See Note 10.2 Special Accounts and Note 11.2 Assets Held in Trust for more information.

#### Note 8.1B: Receivables

Pensions	62,638	56,980
GST receivables	5,571	4,957
Other receivables	32,814	21,177
<b>Total receivables (gross)</b>	<b>101,023</b>	<b>83,114</b>
<b>Less Impairment loss allowance</b>		
Pensions	(3,813)	(4,500)
<b>Total impairment loss allowance</b>	<b>(3,813)</b>	<b>(4,500)</b>
<b>Total receivables (net)</b>	<b>97,210</b>	<b>78,614</b>

#### Note 8.1C: Equity Accounted Investments

##### Investment in Commonwealth authorities

Australian War Memorial <sup>2</sup>	1,683,695	1,542,454
<b>Total investments accounted for using the equity method</b>	<b>1,683,695</b>	<b>1,542,454</b>

<sup>2</sup>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 2022.

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

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) cash in special accounts.

#### 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 2022. 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.

## Administered - Notes to and forming part of the financial statements

### 8.2. Administered - Non-Financial Assets

Note 8.2A: 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 2022

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2021</b>				
Gross book value	56,702	5,994	13,332	76,028
Accumulated depreciation and impairment	-	-	(4,213)	(4,213)
<b>Total as at 1 July 2021</b>	<b>56,702</b>	<b>5,994</b>	<b>9,119</b>	<b>71,815</b>
Other movements - reclassification	(516)	112	404	-
<b>Adjusted total as at 1 July 2021</b>	<b>56,186</b>	<b>6,106</b>	<b>9,523</b>	<b>71,815</b>
<b>Additions</b>				
Transfer of Sir John Monash Centre from Department of Defence	315	-	51	366
Depreciation	(858)	(1,448)	(862)	(3,168)
<b>Total as at 30 June 2022</b>	<b>55,643</b>	<b>4,658</b>	<b>8,712</b>	<b>69,013</b>
<b>Total as at 30 June 2022 represented by</b>				
Gross value				
Fair value	56,501	6,106	13,787	76,394
Accumulated depreciation and impairment	(858)	(1,448)	(5,075)	(7,381)
<b>Total as at 30 June 2022</b>	<b>55,643</b>	<b>4,658</b>	<b>8,712</b>	<b>69,013</b>

## Administered - Notes to and forming part of the financial statements

### 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 every three years.

A desktop revaluation was performed by an independent valuer as at 30 June 2022.

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:

<b>Asset class</b>	<b>Fair value</b>
Buildings	Depreciated replacement cost
PP&E	Depreciated replacement cost

## Administered - Notes to and forming part of the financial statements

### 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 as per the departments Asset Management Policy:

<b>Asset Class</b>	<b>Useful Life</b>
Buildings	35-200 years
PP&E – Furniture	3-100 years
PP&E – Office equipment	3-100 years
Internally Developed Software	3-20 years
Purchased Software	3-20 years

### Impairment

All assets were assessed for impairment at 30 June 2022. 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 2022.



## Administered - Notes to and forming part of the financial statements

### 8.3. Administered - Provisions

	2022	2021
	\$'000	\$'000
<b>Note 8.3A: Personal Benefit Provisions</b>		
Military compensation	<u>22,520,800</u>	25,163,100
<b>Total personal benefit provisions</b>	<u>22,520,800</u>	<u>25,163,100</u>
<b>Note 8.3B: Health Care Provisions</b>		
Military compensation	19,618,300	20,960,700
Treatment Accounts System (TAS) claims	126,399	114,834
Repatriation Pharmaceutical Benefits Scheme (RPBS)	22,132	21,839
Public Hospitals	<u>17,512</u>	<u>26,240</u>
<b>Total health care provisions</b>	<u>19,784,343</u>	<u>21,123,613</u>

	Personal benefits	Health care			
	Military compensation	Military compensation	TAS claims	RPBS	Hospitals
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2021</b>	<b>25,163,100</b>	<b>20,960,700</b>	<b>114,834</b>	<b>21,839</b>	<b>26,240</b>
Actuarial changes in provisions	1,381,200	6,967,000	-	-	-
Increase in provisions	2,539,600	2,155,400	145,642	21,995	415,048
Claims paid during the year	(1,651,700)	(292,100)	(134,077)	(21,702)	(423,776)
Unwinding of discount	(13,600)	(14,800)	-	-	-
Change in interest rate	(4,897,800)	(10,157,900)	-	-	-
<b>As at 30 June 2022</b>	<b>22,520,800</b>	<b>19,618,300</b>	<b>126,399</b>	<b>22,132</b>	<b>17,512</b>

## Administered - Notes to and forming part of the financial statements

### 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 2022. Together these two schemes are known as the Military Compensation Scheme. 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. 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.

#### Significant judgements and estimates

Many sources of uncertainty exist when estimating a "long tail" provision. The key assumptions concerning the future and other sources of estimation uncertainty are discussed below. The provision represents a 'best estimate' based on the information and parameters available when the financial statements were prepared. Circumstances and assumptions about future developments may change due to factors such as economic and environmental conditions, developments in medicine, technology and/or service delivery, or the legislative environment. As new or amended information becomes available, existing data and/or assumptions may also be amended with implications for the provision's estimate at year end.

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, coupled with the variability in recent experience presents difficulties in setting assumptions;
- 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 a lower than expected numbers of MRCA claims in the first few years of its operation;
- the higher operational tempo of the Australian Defence Force from the late 1990s to early 2000s has also almost certainly led to some skewed claims reporting in the early years of MRCA; and
- the MRCA experience is far from fully mature with analysis limited to a maximum of sixteen 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 the DRCA experience in setting some MRCA assumptions, there is increasingly compelling evidence that the claims experience under the two schemes may not be consistent.

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.

## Administered - Notes to and forming part of the financial statements

### Actuarial Assumptions

The 30 June 2022 liability estimates are based on the results of the full valuation of the Military Compensation Scheme as at 30 June 2021. The key assumption changes since the last valuation are:

- An increase in the use of medical services and average size of service costs under MRCA. The average cost per active medical claimant was increased for those aged above 40 and significantly increased for those in older age cohorts above 70.
- An increase to the average size and expected number of claims for both DRCA and MRCA Other benefits, particularly in attendant care services.
- A provision for a significant number of lodged initial liability claims under DRCA and MRCA to eventuate in incapacity and MRCA medical benefits. This is a provision beyond the claims lodged in incapacity and medical benefits. It has been made to account for initial liability claims which have been completed but have yet to continue on to a benefit claim and initial liability claims which were still open at the valuation date. This increases the expected number of claims in incapacity and medical benefits and has been assumed to continue in to the future.

For detailed information on actuarial assumptions used to inform the valuation please refer to the *Actuarial Investigation into the Cost of Military Compensation – 30 June 2021* report which is available from the department's website.

### Other economic assumptions

Economic Assumption	2022	2021
Discount rate	1.7%-3.9%	0.1% - 2.4%
Payment inflation rate	2.5%-5.0%	2.5%-5.0%

For detailed payment inflation rates by payment category refer to Table 5.1: Rates of inflation in the *Actuarial Investigation into the Cost of Military Compensation – 30 June 2021* report.

### Discount Rate

The provision is calculated as the discounted value of future cash flows. Cash flows 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.

Since 2012-13 DVA has adopted a yield curve derived from the yield of Commonwealth bonds as at balance date for the purposes of discounting estimated future cash flows. For payments beyond 30 years (the longest Commonwealth bond) the yield curve is extrapolated.

### Account Adjustments

Due to the complexity of the analysis and timing of the financial statements, the full valuation at 30 June 2021 is rolled forward to 30 June 2022 by adjusting for an additional year of accident (i.e. 2021-22), expected payments made during the year, and interest costs over the year. The cash flows are discounted using the yield curve at 30 June 2022. These items are shown in the reconciliation table.

## Administered - Notes to and forming part of the financial statements

### Reconciliation of Provision

	2022 \$'000	2021 \$'000
<b>Projected Liability at beginning of financial year</b>	<b>46,123,779</b>	<b>34,117,095</b>
<b>Changes in estimated liability by head of damage</b>		
Incapacity	(50,065)	482,991
Permanent impairment (PI) / non-economic loss	(723,368)	3,523,899
Medical	4,592,336	4,313,774
Rehabilitation	126,207	156,705
Other	771,330	192,949
Death	(13,848)	310
Total changes in estimated liability by head of damage	<b>4,702,591</b>	<b>8,670,628</b>
<b>Revised Projected Liability at beginning of financial year</b>	<b>50,826,370</b>	<b>42,787,723</b>
<b>Roll forward adjustment</b>		
Notional premiums <sup>1</sup>	<b>4,694,926</b>	4,231,389
Payments	<b>(1,943,774)</b>	(1,983,585)
Imputed interest	<b>(28,326)</b>	103,243
<b>Projected Liability at 30 June before change in interest rate</b>	<b>53,549,196</b>	<b>45,138,770</b>
Change in interest rate	<b>(15,055,738)</b>	<b>985,009</b>
<b>Projected Liability at 30 June</b>	<b>38,493,459</b>	<b>46,123,779</b>
<b>Risk adjustment applied in 2021-22<sup>2</sup></b>	<b>3,645,600</b>	-
<b>Liability at 30 June including Risk adjustment</b>	<b>42,139,059</b>	<b>46,123,779</b>

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 2021, the allowance for liabilities incurred or met over 2021-22 and the impact of the increase in yields between 30 June 2021 and 30 June 2022.

### Risk Adjustment

Due to the inherent uncertainty in the provision, and the significant movement seen in the provision in prior years, a risk adjustment has been applied in 2021-22 on top of the liability valuation. This risk adjustment is based on a weighted historical average of movement in the provision (as per the table below). The risk adjustment applied in 2021-22 is 9.5%. This results in a risk adjustment of \$3,646 million when applied to the total liability of \$38,493 million, bringing the total liability to \$42,139 million as at 30 June 2022.

### **Historic MCS Movement**

	Liability (\$m) as at				
	30 June 2021	30 June 2020	30 Jun 2019	30 Jun 2018	30 June 2017
2021 Valuation	30,236				
2020 Valuation	28,549	26,563			
2019 Valuation		21,473	19,689		
2018 Valuation			15,270	14,427	
2017 Valuation				10,266	9,864
2016 Valuation					8,800
<b>Annual Change</b>	<b>5.91%</b>	<b>23.70%</b>	<b>28.94%</b>	<b>40.53%</b>	<b>12.09%</b>
<i>Weighting</i>	<i>80%</i>	<i>20%</i>			
<b>Weighted Margin</b>	<b>9.5%</b>				

<sup>1</sup> The notional premium represents the estimated liability associated with a new year of exposure.

<sup>2</sup> Refer to the Risk Adjustment section for more information.

## Administered - Notes to and forming part of the financial statements

The risk adjustment of 9.5% has been determined based on movement in the provision between valuations for the 2021 and 2020 years. An 80% weighting has been applied to the annual change of 5.91% in 2021 and a 20% weighting has been applied to the annual change of 23.70% in 2020 to reflect the more recent experience, because the prior years were capturing large scale policy/administrative changes which are not expected to be repeated going forward at this point. This is evident in the reduction in the rate of increase in the liability since 2018, particularly in the 2021 valuation. This weighting is consistent with the methodology applied to the MCS provision and has been guided by discussions with DVA business areas on current experience and trends.

### Sensitivity Analysis

Noting the uncertainty in the provision, the following scenario analysis was performed to demonstrate how the balances of this provision could be impacted by different changes in assumptions. The sensitivities do not represent an upper or lower estimate of the provision, but provide an indication of the uncertainty inherent in the provision.

Scenarios 1 to 5 look at impacts on the liability when assumptions change for individual benefits whilst scenarios 6 to 9 are based on an estimate of the total MRCA eligible population. Scenarios 6 to 9 represent different proportions of veterans ultimately receiving benefits from DVA under the three major benefit types of PI, incapacity, and medical. Note that the resulting liability under each scenario is based on current expected costs arising from each benefit.

	Description	Liability \$'000	Change in Liability \$'000	Change in Liability %
<b>Baseline</b>	30 June 2022 Estimate <sup>1</sup>	38,493,459		
<b>Outcome</b>				
<b>1</b>	Transition rates from IL to PI are 25% higher than expected	38,911,520	418,061	1.1%
<b>2</b>	Incapacity exit rates are 10% lower than expected	39,107,605	614,146	1.6%
<b>3</b>	A large proportion (75%) of incapacity recipients remain as long term recipients	39,901,040	1,407,581	3.7%
<b>4</b>	Medical usage and number of recipients are higher than expected	42,379,761	3,886,302	10.1%
<b>5</b>	All medical recipients qualify for a Gold Card at age 70	54,887,391	16,393,932	42.6%
<b>6</b>	40% of eligible MRCA claimants ultimately claim for benefits	31,055,241	(7,438,218)	(19.3%)
<b>7</b>	60% of eligible MRCA claimants ultimately claim for benefits	45,657,293	7,163,835	18.6%
<b>8</b>	80% of eligible MRCA claimants ultimately claim for benefits	60,259,346	21,765,887	56.5%
<b>9</b>	100% of eligible MRCA claimants ultimately claim for benefits	74,861,398	36,367,939	94.5%

<sup>1</sup> The estimate at 30 June 2022 excludes the risk adjustment.

The very long term over which these liabilities will be paid out makes the results very sensitive to relatively small changes in assumptions. Interpreting experience in an environment with rapidly changing experience also has significant challenges. Additional scenario analysis was undertaken in the following key areas:

- Recalculating the liability from the previous year using the current year's yield curve
- Claim rates and the timing of payments
- Exit rates from incapacity payments
- Transition rates, number of claimants and usage rates for medical payments

For a full summary of all scenario analysis undertaken, refer to Chapter 20 of the *Actuarial Investigation into the Cost of Military Compensation - 30 June 2021* report.

## Administered - Notes to and forming part of the financial statements

### Other Provisions

#### 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. VEA is primarily an income support scheme whereas MRCA and DRCA are injury compensation schemes. Under AASB 137 a government does not have a present obligation to sacrifice future economic benefits for social welfare payments that might arise in future reporting periods. A present obligation for social welfare payments arises only when entitlement conditions are satisfied for payment during a particular payment period.

#### Treatment Accounts System (TAS) claim provision

The TAS claims provision is an estimate of the liability outstanding for payment of eligible treatment claims on the TAS as at 30 June 2022. 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 2022. 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.

## Administered - Notes to and forming part of the financial statements

### 9. Managing Uncertainties

#### 9.1. Administered – Financial Instruments

		2022 \$'000	2021 \$'000
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	8.1A	106,854	33,422
Pension loans scheme		4,340	2,923
<b>Total financial assets at amortised cost</b>		<b>111,194</b>	<b>36,345</b>
<b>Financial assets at fair value through other comprehensive income</b>			
Investments in Commonwealth entities	8.1B	1,683,695	1,542,454
<b>Total financial assets at fair value through other comprehensive income</b>		<b>1,683,695</b>	<b>1,542,454</b>
<b>Total financial assets</b>		<b>1,794,889</b>	<b>1,578,799</b>
<b>Financial Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Health care payables		43,212	45,679
Grants payables		-	5,169
Other payables		20,679	13,053
<b>Total financial liabilities measured at amortised cost</b>		<b>63,891</b>	<b>63,901</b>
<b>Total financial liabilities</b>		<b>63,891</b>	<b>63,901</b>

#### 9.2. Administered – Fair Value Measurement

		2022 \$'000	2021 \$'000
<b>Financial assets</b>			
Equity accounted investments		1,683,695	1,542,454
<b>Total financial assets</b>		<b>1,683,695</b>	<b>1,542,454</b>
<b>Non-Financial assets</b>			
Buildings		55,643	56,702
Property, Plant and Equipment		4,658	5,994
<b>Total financial assets</b>		<b>60,301</b>	<b>62,696</b>
<b>Total fair value measurements of assets in the statement of financial position</b>		<b>1,743,996</b>	<b>1,605,150</b>

#### 9.3. Administered – Contingent Assets and Liabilities

##### *Quantifiable Administered Contingencies*

DVA has no contingent liabilities in respect of claims for damages or costs (2021: nil).

##### *Unquantifiable Administered Contingencies*

The Department has a number of legal claims lodged against it for damages and costs. The Department is responding to these claims in accordance with its obligations under the Legal Services Directions 2017. It is not possible to estimate the amount and timing of any eventual payments that may be required in relation to these claims.

## Administered - Notes to and forming part of the financial statements

### 10. Funding

This section identifies DVA's funding structure

#### 10.1. Administered – Appropriations

**Note 10.1A: Annual Appropriations ('Recoverable GST exclusive')**

**Annual appropriations for 2022**

	Annual appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2022 (current and prior years) \$'000	Variance <sup>1</sup> \$'000
<b>Administered</b>					
Ordinary annual services					
Administered items	151,685	-	151,685	(105,539)	46,146
Payments to Australian War Memorial	46,093	-	46,093	(46,093)	-
Other services					
Payments to Australian War Memorial	143,409	-	143,409	(143,409)	-
<b>Total administered</b>	<b>341,187</b>	<b>-</b>	<b>341,187</b>	<b>(295,041)</b>	<b>46,146</b>

<sup>1</sup> The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers.

**Note 10.1A: Annual Appropriations ('Recoverable GST exclusive')**

**Annual appropriations for 2021**

	Annual appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2021 (current and prior years) \$'000	Variance <sup>1</sup> \$'000
<b>Administered</b>					
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)	-
<b>Total administered</b>	<b>213,112</b>	<b>-</b>	<b>213,112</b>	<b>(184,434)</b>	<b>28,678</b>

<sup>1</sup> The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers.



## Administered - Notes to and forming part of the financial statements

### Note 10.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2022	2021
Administered	\$'000	\$'000
Appropriation Act (No. 1) 2018-19	-	5,004
Appropriation Act (No. 3) 2018-19	-	9,630
Appropriation Act (No. 1) 2019-20 <sup>1</sup>	19,992	19,992
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	18,449	18,743
Appropriation Act (No. 3) 2020-21	2,250	2,250
Supply Act (No. 1) 2020-21	4,678	7,686
Appropriation Act (No. 1) 2021-22	33,292	-
Appropriation Act (No. 3) 2021-22	16,155	-
<b>Total administered</b>	<b>99,932</b>	<b>68,420</b>

<sup>1</sup>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) \$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.

### Note 10.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Appropriation applied	
	2022	2021
	\$'000	\$'000
<i>Veterans' Entitlements Act 1986</i> , s.199, Administered, Unlimited	8,108,527	8,777,639
<i>Papua New Guinea (Members of the Forces Benefits) Act 1957</i> , s.8A, Administered, Unlimited	21	21
<i>Defence Service Homes Act 1918</i> , s.41, Administered, Unlimited	214	307
<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i> , s.160, Administered, Unlimited	371,860	427,016
<i>Military Rehabilitation and Compensation Act 2004</i> , s.423, Administered, Unlimited	1,612,397	1,510,418
<i>Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006</i> , s.49, Administered, Unlimited	8,868	7,237
<i>Treatment Benefits (Special Access) Act 2019</i> , s.62, Administered, Unlimited	1,654	1,473
<i>Investment of public money: Public Governance, Performance and Accountability Act 2013</i> , s.58, Departmental and Administered <sup>1</sup>	58,010	30,187
<i>Compensation (Japanese Internment) Act 2001</i> , s.13, Administered, Unlimited	25	-
<b>Total</b>	<b>10,161,576</b>	<b>10,754,298</b>

<sup>1</sup> Investments of public money consists of deposits held in financial institutions by the Military Death Claim Compensation (MDCC) Special Account and the Defence Service Homes Insurance (DSHI) Account. For details, please refer to Note 3.2 Special Accounts (DSHI) and Note 11.2 Assets Held in Trust (MDCC).

## Administered - Notes to and forming part of the financial statements

### Note 10.1D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	2022	2021
	\$'000	\$'000
<b>Department of Social Services</b>		
Total receipts	52,700	51,055
Total payments	(52,806)	(49,187)
<b>Department of Defence</b>		
Total receipts	65,192	70,344
Total payments	(64,943)	(70,765)

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.

## Administered - Notes to and forming part of the financial statements

### 10.2. Administered – Special Accounts

	Military Death Claim Compensation Special Account 2015 <sup>1</sup>		Services for Other Entities and Trust Moneys Special Account - Department of Veterans' Affairs <sup>2</sup>	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Balance brought forward from previous period</b>	<b>140</b>	<b>506</b>	<b>141</b>	<b>116</b>
<b>Increases</b>				
Realised investments	310	370	-	-
Premiums received	-	3	-	-
Other receipts	316	68	65	78
<b>Total increases</b>	<b>626</b>	<b>441</b>	<b>65</b>	<b>78</b>
<b>Available for payments</b>	<b>766</b>	<b>947</b>	<b>206</b>	<b>194</b>
<b>Decreases</b>				
<b>Relevant money</b>				
Payments made for ad-hoc requests	-	(17)	-	-
Payments made to beneficiaries on attaining 18 years of age	(43)	(110)	-	-
PGPA Act section 58 investments	(500)	(680)	-	-
Other payments made	-	-	(64)	(53)
<b>Total relevant money</b>	<b>(543)</b>	<b>(807)</b>	<b>(64)</b>	<b>(53)</b>
<b>Total decreases</b>	<b>(543)</b>	<b>(807)</b>	<b>(64)</b>	<b>(53)</b>
<b>Total balance carried to the next period</b>	<b>223</b>	<b>140</b>	<b>142</b>	<b>141</b>
<b>Balance represented by:</b>				
Cash held in entity bank accounts	223	140	142	141
<b>Total balance carried to the next period</b>	<b>223</b>	<b>140</b>	<b>142</b>	<b>141</b>

- 1. 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 \$223,000 (2021: \$140,000), set out in Note 11.2A.  
**Investments:** DVA held \$500,000 in term deposits as a result of investments made under s58 of the PGPA Act (2021: \$310,000). This includes amounts realised and automatically reinvested in term deposits.
- 2. 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.

**Administered - Notes to and forming part of the financial statements**

**10.3. Administered – Contribution Account**

The Contribution account contains moneys on behalf of the Repatriation Commission under *Veterans' Entitlements Act 1986*, s.200.

Contribution Account	2022 \$'000	2021 \$'000
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	133	137
Receipts	-	-
Other payments	(11)	(4)
Closing balance	122	133

## Administered - Notes to and forming part of the financial statements

### 11. Other Information

#### 11.1. Current/non-current distinction for assets and liabilities

	2022	2021
	\$'000	\$'000
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Cash and cash equivalents	106,854	33,422
Receivables	46,539	39,935
<b>Total no more than 12 months</b>	<b>153,393</b>	<b>73,357</b>
<b>More than 12 months</b>		
Receivables	50,671	38,929
Equity accounted investments	1,683,695	1,542,454
Non-financial assets	69,013	71,815
<b>Total more than 12 months</b>	<b>1,803,379</b>	<b>1,653,198</b>
<b>Total assets</b>	<b>1,956,772</b>	<b>1,726,555</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Personal benefits payables	39,675	26,455
Health care payables	43,212	45,679
Grants payables	-	5,169
Supplier payables	20,963	13,053
Employee provisions	1,066	1,238
Personal benefits provisions	1,817,743	2,162,800
Health care provisions	292,100	446,013
<b>Total no more than 12 months</b>	<b>2,214,759</b>	<b>2,700,407</b>
<b>More than 12 months</b>		
Employee provisions	2,445	2,139
Personal benefits provisions	20,703,057	23,000,300
Health care provisions	19,492,243	20,677,600
<b>Total more than 12 months</b>	<b>40,197,745</b>	<b>43,680,039</b>
<b>Total liabilities</b>	<b>42,412,504</b>	<b>46,380,446</b>

## Administered - Notes to and forming part of the financial statements

### 11.2. 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.

	2022	2021
	\$'000	\$'000
<b>Military Death Claim Compensation Special Account 2015</b>		
<b>Compensation and related investments</b>		
<b>As at 1 July</b>	<b>140</b>	<b>506</b>
Receipts	316	71
Payments	(43)	(127)
Realised investments	310	370
PGPA Act section 58 investments <sup>1</sup>	(500)	(680)
<b>Total as at 30 June</b>	<b>223</b>	<b>140</b>
<b>Total monetary assets held in trust</b>	<b>223</b>	<b>140</b>

<sup>1</sup> The value of investment in the form of a term deposit at 30 June is \$500,000 (2021: \$310,000).

## Administered - Notes to and forming part of the financial statements

### 11.3. 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 2021–22 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 \$0.7 billion is primarily related to fewer payments for permanent impairment claims as a result of a lower than planned number of trained delegates.	Personal benefits (Administered Schedule of Comprehensive Income)
The variance of \$0.5 billion in health related programs is mainly due to the natural decline in the DVA treatment population and impacts from COVID-19 such as reduction in elective surgeries.	Health care payments (Administered Schedule of Comprehensive Income)
The variance of \$13.9 million primarily relates to commemorative activities that have been delayed or cancelled as a result of COVID-19.	Other expenses (Administered Schedule of Comprehensive Income)
The variance of \$5.9 billion relates to movements in the actuarial valuation of the military compensation scheme liability provisions. An increase of \$11.1 billion recognised as an expense and a decrease of \$15.1 billion recognised as a gain due to changes in interest rates. This results in an overall decrease in the provision of \$4.0 billion. Further detail is provided in Note 8.3.	Movement in provisions (Administered Schedule of Comprehensive Income)
The variance of \$22.4 million in personal benefit payables mainly relates to the fortnightly pension cycle and the timing of pension payments.	Personal Benefits Payables (Administered Statement of Financial Position)





# Defence Service Homes Insurance Scheme financial statements 2021–22

## Table of contents

Independent Auditor's report	142
Statement by the Secretary and General Manager	144
Statement of Comprehensive Income	145
Statement of Financial Position	146
Statement of Changes in Equity	147
Cash Flow Statement	148
Notes to and forming part of the Financial Statements	149



## 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 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures 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 2022 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 2022 and for the year then ended:

- Statement by the Secretary and General Manager;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising an Overview and 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.

#### 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 – Simplified Disclosures 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.

GPO Box 707, Canberra ACT 2601  
38 Sydney Avenue, Forrest ACT 2603  
Phone (02) 6203 7300

### **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



Peter Kerr  
Executive Director  
Delegate of the Auditor-General  
Canberra


7 October 2022

## Statement by the Secretary and General Manager

The accompanying financial statements of the Defence Service Homes Insurance Scheme for the year ended 30 June 2022 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 2022 comply with Australian Accounting Standards – Simplified Disclosures 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* (PGPA Act).

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.

Signed 

Liz Cosson AM CSC  
Secretary

06 Oct 2022

Signed 

Wayne Perry  
General Manager, Defence Service Homes Insurance  
Scheme  
06 Oct 2022

**Defence Service Homes Insurance Scheme**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2022*

		2022	2021	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Claims expense</b>				
Claims expense	3.1F	75,942	48,076	42,922
Less: Reinsurance and other recoveries	3.1A	(36,955)	(13,800)	-
<b>Net claims expense</b>		<b>38,987</b>	<b>34,276</b>	<b>42,922</b>
<b>Premium revenue</b>				
Insurance premium revenue	3.1B	58,188	50,599	60,266
Less: Reinsurance expense		(12,227)	(11,484)	(13,650)
<b>Net premium revenue</b>		<b>45,961</b>	<b>39,115</b>	<b>46,616</b>
Unexpired risk liability expense	3.1C	1,244	1,028	-
<b>Operating expense</b>				
Employee benefits equivalent	1.1A	4,293	3,187	3,800
Fire brigade and emergency services contributions		1,439	1,748	-
Suppliers	1.1B	3,988	4,788	5,104
Amortisation		-	80	-
Acquisition costs		257	139	400
<b>Total operating expense</b>		<b>9,977</b>	<b>9,942</b>	<b>9,304</b>
<b>Underwriting result</b>		<b>(4,247)</b>	<b>(6,131)</b>	<b>(5,610)</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Commissions received	1.2A	3,497	3,527	4,325
Interest	1.2B	324	363	1,100
Resources received free of charge	1.2C	65	65	65
<b>Total own-source revenue</b>		<b>3,886</b>	<b>3,955</b>	<b>5,490</b>
<b>Total own-source income</b>		<b>3,886</b>	<b>3,955</b>	<b>5,490</b>
<b>Net contribution by/(cost of) services</b>		<b>(361)</b>	<b>(2,176)</b>	<b>(120)</b>
Revenue from Government	1.2D	120	120	120
<b>Surplus/(Deficit) attributable to the Australian Government</b>		<b>(241)</b>	<b>(2,056)</b>	<b>-</b>
Other comprehensive income		-	-	-
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>		<b>(241)</b>	<b>(2,056)</b>	<b>-</b>

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.

**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	8,540	6,451	2,500
Trade and other receivables	2.1B	65,962	40,155	57,713
Investments	2.1C	54,876	52,001	53,683
<b>Total financial assets</b>		<b>129,378</b>	<b>98,607</b>	<b>113,896</b>
<b>Non-financial assets</b>				
Intangibles	2.2A	-	-	-
Other non-financial assets		20	40	100
<b>Total non-financial assets</b>		<b>20</b>	<b>40</b>	<b>100</b>
<b>Total assets</b>		<b>129,398</b>	<b>98,647</b>	<b>113,996</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	8,187	7,932	8,960
Unearned revenue	3.1E	32,834	28,947	27,306
Other payables	2.3B	875	910	-
<b>Total payables</b>		<b>41,896</b>	<b>37,789</b>	<b>36,266</b>
<b>Provisions</b>				
Gross claims outstanding	3.1D	60,109	34,040	55,605
Unexpired risk liability	3.1G	4,248	3,432	-
<b>Total provisions</b>		<b>64,357</b>	<b>37,472</b>	<b>55,605</b>
<b>Total liabilities</b>		<b>106,253</b>	<b>75,261</b>	<b>91,871</b>
<b>Net assets</b>		<b>23,145</b>	<b>23,386</b>	<b>22,125</b>
<b>EQUITY</b>				
Retained surplus		23,145	23,386	22,125
<b>Total equity</b>		<b>23,145</b>	<b>23,386</b>	<b>22,125</b>

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.

**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2022*

	2022 \$'000	2021 \$'000	Original Budget \$'000
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	23,386	25,442	22,125
<b>Adjusted opening balance</b>	23,386	25,442	22,125
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(241)	(2,056)	-
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	(241)	(2,056)	-
Total comprehensive income attributable to Australian Government	(241)	(2,056)	-
<b>Closing balance at 30 June</b>	23,145	23,386	22,125
<b>Closing balance attributable to Australian Government</b>	23,145	23,386	22,125

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.

## CASH FLOW STATEMENT

for the period ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Premiums received		58,549	51,009	56,472
Commissions received		3,512	3,529	4,865
Interest		251	455	1,100
GST received		16	25	-
Receipts from Government		120	120	120
Reinsurance and other recoveries		14,353	11,077	-
Other payments received		-	-	-
<b>Total cash received</b>		<b>76,801</b>	<b>66,215</b>	<b>62,557</b>
<b>Cash used</b>				
Claim payments		49,873	47,139	39,304
Employees		4,293	3,187	4,340
Suppliers		3,713	3,933	4,863
Fire brigade and emergency services contributions		1,439	1,748	-
Reinsurance premiums		12,262	11,562	13,650
Acquisition costs		257	139	400
Other payments made		-	480	-
<b>Total cash used</b>		<b>71,837</b>	<b>68,188</b>	<b>62,557</b>
<b>Net cash from/(used by) operating activities</b>		<b>4,964</b>	<b>(1,973)</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Investments realised		50,635	34,506	-
<b>Total cash received</b>		<b>50,635</b>	<b>34,506</b>	<b>-</b>
<b>Cash used</b>				
Purchase of investments		53,510	29,507	-
<b>Total cash used</b>		<b>53,510</b>	<b>29,507</b>	<b>-</b>
<b>Net cash from/(used by) investing activities</b>		<b>(2,875)</b>	<b>4,999</b>	<b>-</b>
<b>Net increase / (decrease) in cash held</b>		<b>2,089</b>	<b>3,026</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		6,451	3,425	2,500
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>8,540</b>	<b>6,451</b>	<b>2,500</b>

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.



**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2022*

**Index to Notes**

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Overview .....	150
1. Financial Performance .....	152
1.1. Expenses .....	152
1.2. Own-Source Income and Gains .....	153
2. Financial Position .....	154
2.1. Financial Assets .....	154
2.2. Non-Financial Assets .....	155
2.3. Payables .....	156
3. Insurance Underwriting Activities .....	157
3.1. Insurance Underwriting Activities .....	157
4. Funding .....	161
4.1. Appropriations .....	161
4.2. Special Accounts .....	161
5. People and Relationships .....	162
5.1. Related Party Disclosures .....	162
6. Managing Uncertainties .....	163
6.1. Contingent Assets and Liabilities .....	163
6.2. Financial Instruments .....	163
6.3. Risk Management .....	165
7. Other Information .....	167
7.1. Current/Non-Current Distinction for Assets and Liabilities .....	167
7.2. Explanations of Major Budget Variances .....	168

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### Overview

#### Objectives of Defence Service Homes Insurance Scheme

Defence Service Homes (DSH) Insurance is a self-funded insurance scheme that provides building insurance to eligible veterans and Australian Defence Force (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 – Simplified Disclosures 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.

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### 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 General Manager, and are applicable to the current reporting period did not have a material effect on DSH Insurance's financial statements.

Standard	Application date	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	1 July 2021	AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.

The following new standards were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Secretary and 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 *	The effect of AASB 17 is not yet quantified for DSH Insurance. DSH Insurance have engaged External Accounting and Actuarial Experts (KPMG) to provide impact assessment report. This report remains pending at 30 June 2022.

\* To be extended to 1 July 2025 Under AASB Exposure Draft 319

### 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 up until the signing date of this report that had a material impact on the financial statements. There were no notable catastrophe events.

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### 1. Financial Performance

This section analyses the financial performance of DSH Insurance for the year ended 30 June 2022.

#### 1.1. Expenses

	2022	2021
	\$'000	\$'000
<b>Note 1.1A: Employee benefits equivalent</b>		
Wages and salaries	3,720	2,749
Superannuation		
Defined contribution plans	213	143
Defined benefit plans	356	293
Leave and other entitlements	4	2
<b>Total employee benefits</b>	<b>4,293</b>	<b>3,187</b>

#### 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 2022 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	425	458
Contractors	2,606	3,450
Travel	43	(12)
IT services	558	684
Other	356	208
<b>Total goods and services supplied or rendered</b>	<b>3,988</b>	<b>4,788</b>
Goods supplied	2	8
Services rendered	3,986	4,780
<b>Total goods and services supplied or rendered</b>	<b>3,988</b>	<b>4,788</b>

**Notes to and forming part of the Financial Statements**  
for the period ended 30 June 2022

**1.2. Own-Source Income and Gains**

<b>Own-Source Revenue</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>

**Note 1.2A: Commissions received**

Insurance agency commission	<b>3,497</b>	<b>3,527</b>
<b>Total commissions received</b>	<b>3,497</b>	<b>3,527</b>

**Accounting Policy**

Commissions received revenue is recognised when it becomes due to DSH Insurance.

**Note 1.2B: Interest**

Deposits	<b>324</b>	<b>363</b>
<b>Total Interest</b>	<b>324</b>	<b>363</b>

**Note 1.2C: Resources received free of charge**

Remuneration of auditors	<b>65</b>	<b>65</b>
<b>Total resources received free of charge</b>	<b>65</b>	<b>65</b>

Other services of \$8,000 were provided by Deloitte Touche Tohmatsu during 2021-22 in relation to the Emergency Services Levy return.

**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	<b>120</b>	<b>120</b>
<b>Total revenue from Government</b>	<b>120</b>	<b>120</b>

**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.

**Notes to and forming part of the Financial Statements**  
for the period ended 30 June 2022

## 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

	2022	2021
	\$'000	\$'000
<b>Note 2.1A: Cash and cash equivalents</b>		
Cash at bank	8,540	6,451
<b>Total cash and cash equivalents</b>	<b>8,540</b>	<b>6,451</b>

### Note 2.1B: Trade and other receivables

#### Goods and services receivables

Premiums receivable	24,403	21,255
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#### Other receivables

GST receivable	143	159
Recoveries receivable	41,237	18,430
Interest receivable	179	106
Other receivable	-	205

<b>Total trade and other receivables</b>	<b>65,962</b>	<b>40,155</b>
--	---------------	---------------

Receivables past 90 days are not considered impaired as policies are cancelled after this period if not paid.

### Note 2.1C: Investments

Deposits	54,876	52,001
<b>Total investments</b>	<b>54,876</b>	<b>52,001</b>

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.

**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2022*

**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 2022**

	Intangibles \$'000
<b>As at 1 July 2021</b>	
Gross book value	4,088
Accumulated amortisation and impairment	(4,088)
<b>Total as at 1 July 2021</b>	-
Amortisation expense	-
<b>Total as at 30 June 2022</b>	-
<b>Total as at 30 June 2022 represented by</b>	
Gross book value	4,088
Accumulated amortisation and impairment	(4,088)
<b>Total as at 30 June 2022</b>	-

**Accounting Policy**

The 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 (2020-21: 10 years).

**Impairment**

All intangible assets were assessed for impairment at 30 June 2022. 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.

**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2022*

**2.3. Payables**

	2022	2021
	\$'000	\$'000
<b><u>Note 2.3A: Suppliers</u></b>		
Trade creditors	6,151	5,568
Accrued expenses	2,036	2,364
<b><i>Total suppliers</i></b>	<b>8,187</b>	<b>7,932</b>

Settlement is usually made net 7 days.

**Note 2.3B: Other payables**

Reinsurance premiums	875	910
<b><i>Total other payables</i></b>	<b>875</b>	<b>910</b>

Settlement is usually made net 7 days.

The accounting policy for Suppliers and Other payables is detailed within Note 6.2A.



## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### 3. Insurance Underwriting Activities

This section describes DSH Insurance's insurance underwriting activities.

#### 3.1. Insurance Underwriting Activities

	2022	2021
	\$'000	\$'000
<b>Note 3.1A: Reinsurance and other recoveries</b>		
Reinsurance recoveries	36,746	13,624
Other recoveries	209	176
<b>Total reinsurance and other recoveries</b>	<b>36,955</b>	<b>13,800</b>

#### 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	58,188	50,599
<b>Total insurance premium revenue</b>	<b>58,188</b>	<b>50,599</b>

#### 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	1,244	1,028
<b>Total deficiency recognised in statement of comprehensive income</b>	<b>1,244</b>	<b>1,028</b>

##### **Calculation of deficiency**

Expected future claims per actuary report	36,088	31,604
Less: recorded unearned premiums	(31,840)	(28,172)
Less: deferred acquisition costs	429	552
Less: Unexpired risk liability provision as at 1 July	(3,432)	(2,956)
<b>Unexpired risk liability expense</b>	<b>1,244</b>	<b>1,028</b>

#### **Note 3.1D: Claims outstanding**

Gross claims outstanding	60,109	34,040
Less: reinsurers liability	(41,237)	(18,430)
<b>Net claims outstanding</b>	<b>18,872</b>	<b>15,610</b>

DSH Insurance has incurred claims during 2021-22 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 \$60,108,160 as at 30 June 2022. In determining this amount, the actuary has applied a risk margin of 12% (2021: 12%) to the central estimate of the expected present value of future payments for claims incurred. The resulting risk margin amounts to \$6,440,160 (2021: \$3,647,160) and is included in the gross claims outstanding (\$60,108,160).

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

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### 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 2022 and as such, DSH Insurance has recognised an expense of \$1,244,288 (2021: \$1,028,025) and an adjusting increase to the existing unexpired risk liability of \$1,244,288 bringing the closing unexpired risk liability to \$4,247,700 (2021: \$3,432,000). 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 2022 was \$31,840,300 (2021: \$28,172,000) and prior to the recognition of unexpired risk liability DSH Insurance had recognised \$428,588 in deferred acquisition costs (2021: \$552,025) with the net of these two figures being \$31,411,712. Future cash flows relating to future claims under the risk associated with those premiums as advised by DSH Insurance's independent actuaries was \$36,088,000 (2021: \$31,604,000).

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 2022 was prepared by independent actuaries (KPMG). The methods used to assess the outstanding liability were 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 2022 consists of:

- Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2022. 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 and the development of case estimates and payments. 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 2022 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.

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### Actuarial Assumptions

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2022:

- **Inflation rates:** 3.50% p.a.;
- **Discount rates:** 2.00% p.a.;
- **Claims administration expenses (CAE):** 4% of gross outstanding claims liability;
- **Superimposed inflation:** approximately 2.0% p.a. in the actuarial model with explicit superimposed inflation assumptions;
- **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 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;
- **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 2022;
- **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;
- **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.

### **Note 3.1E: Unearned revenue**

Unearned premiums

Insurance agency revenue received in advance

**Total unearned revenue**

	2022	2021
	\$'000	\$'000
Unearned premiums	32,775	28,903
Insurance agency revenue received in advance	59	44
<b>Total unearned revenue</b>	<b>32,834</b>	<b>28,947</b>

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### 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**

	2022			2021		
	Current year \$'000	Prior years \$'000	Total \$'000	Current year \$'000	Prior years \$'000	Total \$'000
Gross incurred*	69,060	6,882	75,942	37,616	10,460	48,076
Less: Reinsurance and other recoveries	(33,987)	(2,968)	(36,955)	(11,029)	(2,771)	(13,800)
<b>Net claims incurred</b>	<b>35,073</b>	<b>3,914</b>	<b>38,987</b>	<b>26,587</b>	<b>7,689</b>	<b>34,276</b>

\*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 Policy

#### Gross 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).

### **Note 3.1G: Unexpired risk liability**

	2022 \$'000	2021 \$'000
Unexpired risk liability	4,248	3,432
<b>Total unexpired risk liability</b>	<b>4,248</b>	<b>3,432</b>
Expected future claims per actuary report	36,088	31,604
Less: recorded unearned premiums	(31,840)	(28,172)
<b>Unexpired risk liability</b>	<b>4,248</b>	<b>3,432</b>

**Notes to and forming part of the Financial Statements**  
for the period ended 30 June 2022

## 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	
	2022 \$'000	2021 \$'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>	<b>53,510</b>	29,507
<b>Total special appropriations applied</b>	<b>53,510</b>	29,507

### 4.2. Special Accounts

**Note 4.2A: Special accounts (recoverable GST exclusive)**

	Defence Service Homes Insurance Account	
	2022 \$'000	2021 \$'000
<b>Balance brought forward from previous period</b>	<b>6,451</b>	3,425
Premiums received	<b>58,549</b>	51,009
Other receipts	<b>18,252</b>	15,206
Investments credited to the special account	<b>50,635</b>	34,506
<b>Total increases</b>	<b>127,436</b>	100,721
<b>Available for payments</b>	<b>133,887</b>	104,146
<b>Decreases</b>		
<b>Departmental</b>		
Claim payments	<b>(49,873)</b>	(47,139)
Reinsurance premiums paid	<b>(12,262)</b>	(11,562)
Other payments	<b>(9,702)</b>	(9,487)
PGPA Act section 58 investments	<b>(53,510)</b>	(29,507)
<b>Total Departmental</b>	<b>(125,347)</b>	(97,695)
<b>Total decreases</b>	<b>(125,347)</b>	(97,695)
<b>Total balance carried to the next period</b>	<b>8,540</b>	6,451
<b>Balance represented by:</b>		
Cash held in the Official Public Account and cash equivalents	<b>8,540</b>	6,451
<b>Total balance carried to the next period</b>	<b>8,540</b>	6,451

**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.

**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2022*

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**5. People and Relationships**

**5.1. Related Party Disclosures**

**Related party relationships<sup>1</sup>:**

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), Secretary of Department of Veterans' Affairs and the General Manager DSH Insurance.

**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.

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<sup>1</sup> As outlined in Note 1.1A salaries, wages, superannuation, long service leave and annual leave are paid by the Department, including amounts paid to Key Management Personnel. Therefore, amounts paid to Key Management Personnel are disclosed separately in the financial statements of the Department.

**Notes to and forming part of the Financial Statements**  
for the period ended 30 June 2022

## 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 2022 (nil at 30 June 2021).

#### Unquantifiable Contingencies

DSH Insurance had no unquantifiable contingencies as at 30 June 2022 (nil at 30 June 2021).

### 6.2. Financial Instruments

	2022	2021
	\$'000	\$'000
<b><u>Note 6.2A: Categories of financial instruments</u></b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	8,540	6,451
Investments	54,876	52,001
Trade and other receivables	65,819	39,996
<b>Total financial assets at amortised cost</b>	<b>129,235</b>	<b>98,448</b>
<b>Total financial assets</b>	<b>129,235</b>	<b>98,448</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	8,187	7,932
Other payables	875	910
Outstanding claims	60,109	34,040
<b>Total financial liabilities measured at amortised cost</b>	<b>69,171</b>	<b>42,882</b>
<b>Total financial liabilities</b>	<b>69,171</b>	<b>42,882</b>

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### 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.

	2022	2021
	\$'000	\$'000
<b><u>Note 6.2B: Net gains or losses on financial assets</u></b>		
<b>Financial assets at amortised cost</b>		
Interest revenue	324	363
<b>Net gains on financial assets at amortised cost</b>	<b>324</b>	<b>363</b>
<b>Net gains on financial assets</b>	<b>324</b>	<b>363</b>

The net income/expense from financial assets not at fair value through profit and loss is nil (2021: nil).

#### **Note 6.2C: Net gains or losses on financial liabilities**

There was no gain or loss from financial liabilities (2021: nil).



## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### 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 2022 net provision to various changes in assumptions\*

Item	Amount	Amount	Change from final estimate		Change from final estimate		Note
	2022 \$'000	2021 \$'000	2022 \$'000	2022 %	2021 \$'000	2021 %	
Net liability, including CAE and GST and excluding prudential margin	24,427	21,225	-	0.0	-	0.0	(a)
Inflation +1%	24,715	21,420	288	1.2	195	0.9	(b)
Inflation -1%	24,139	21,030	(288)	-1.2	(195)	-0.9	(b)
Discount +1%	24,136	21,028	(291)	-1.2	(197)	-0.9	(c)
Discount -1%	24,725	21,429	298	1.2	204	1.0	(c)
Superimposed inflation +1%	24,715	21,420	288	1.2	195	0.9	(d)
Superimposed inflation -1%	24,139	21,030	(288)	-1.2	(195)	-0.9	(d)
10% more IBNR claims in PPCI models	24,469	21,289	42	0.2	64	0.3	(e)
10% less IBNR claims in PPCI models	24,385	21,161	(42)	-0.2	(64)	-0.3	(e)

\*Figures extracted from KPMG report (Table 12.1), Defence Service Homes Insurance Scheme Outstanding Claims Liability as at 30 June 2022

Notes: (a) Net provision, including prudential margin.

	2022 \$'000	2021 \$'000
Gross Central Estimate (including GST and claims administration expense, excluding risk margin)	59,035	33,433
less: Estimated Outstanding Reinsurance Recoveries	34,608	12,208
Central estimate (incl GST and claims administration expense)	24,427	21,225
less: GST	2,221	1,930
Central Estimate (incl claims administration expense)	22,206	19,295

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%.

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

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### 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 2022 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.

**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2022*

**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**

	2022	2021
	\$'000	\$'000
<b>Note 7.1A: Current/non-current distinction for assets and liabilities</b>		
<b>Assets expected to be recovered in:</b>		
<b>No more than 12 months</b>		
Cash and cash equivalents	8,540	6,451
Trade and other receivables	65,962	40,155
Investments	54,876	44,501
Other assets	20	40
<b>Total no more than 12 months</b>	<b>129,398</b>	<b>91,147</b>
<b>More than 12 months</b>		
Other intangibles	-	-
Investments	-	7,500
<b>Total more than 12 months</b>	<b>-</b>	<b>7,500</b>
<b>Total assets</b>	<b>129,398</b>	<b>98,647</b>
<b>Liabilities expected to be settled in:</b>		
<b>No more than 12 months</b>		
Suppliers	8,187	7,932
Other payables	875	910
Gross claims outstanding	59,580	33,302
Other provisions	4,248	3,432
Unearned revenue	32,834	28,947
<b>Total no more than 12 months</b>	<b>105,724</b>	<b>74,523</b>
<b>More than 12 months</b>		
Liability Claims	529	738
<b>Total more than 12 months</b>	<b>529</b>	<b>738</b>
<b>Total liabilities</b>	<b>106,253</b>	<b>75,261</b>

## Notes to and forming part of the Financial Statements for the period ended 30 June 2022

### 7.2. Explanations of Major Budget Variances

The following tables provide a comparison between the 2021–22 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2021-22 financial statements. The Budget is not audited.

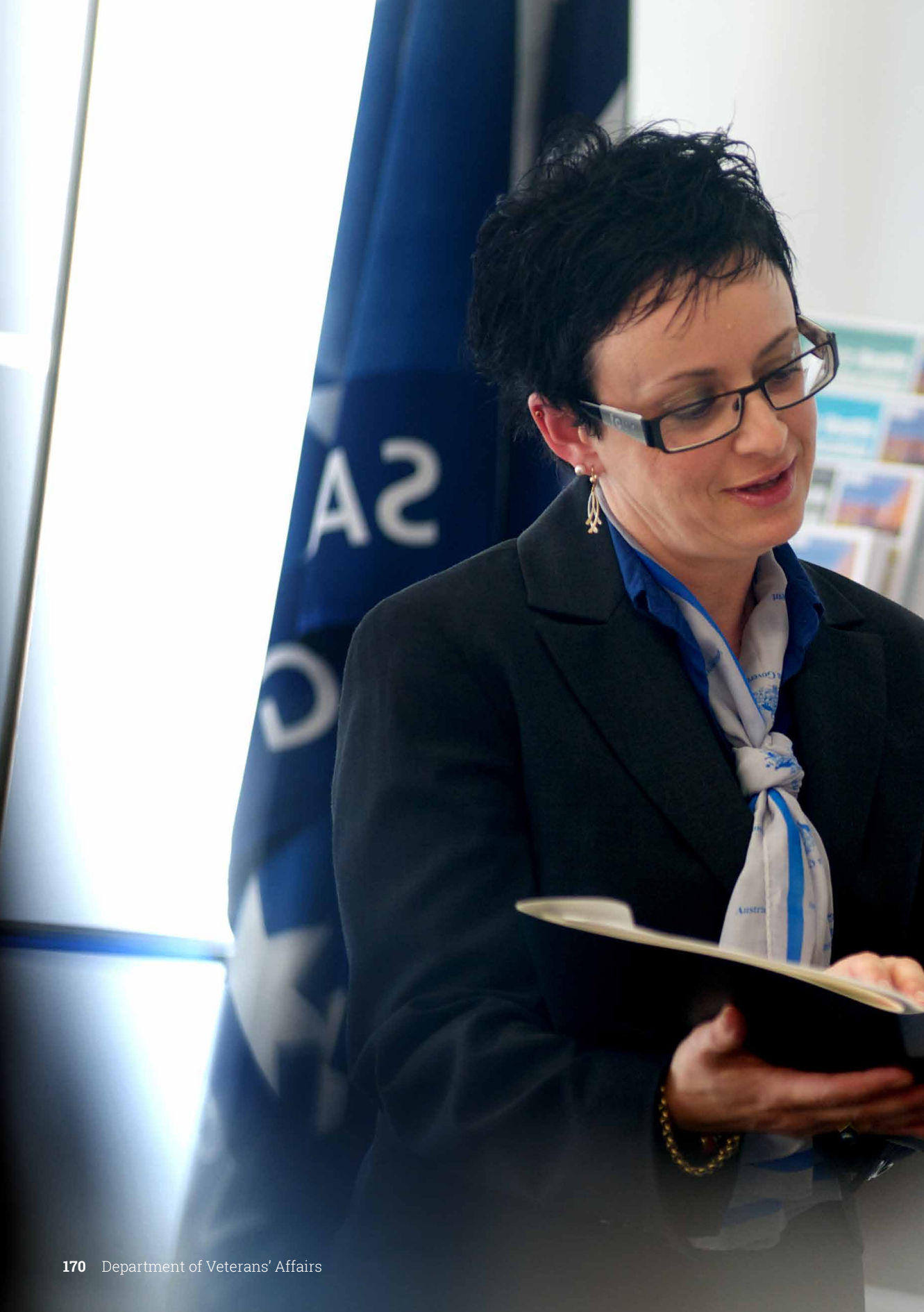
Variances are considered to be 'major' based on the following criteria:

- 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 (\$33m) due to two catastrophe events including South East Hail Storm SAVICTAS in in October 2021 and South East Queensland Severe Weather and Flooding in March 2022 along with greater than budgeted number of attritional claims from non-catastrophe events, which contributed to the increase in expenses.	Claims expense (Statement of Comprehensive Income), Gross claims outstanding (Statement of Financial Position) Claim payments (Cash Flow Statement)
<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 \$37m from its reinsurance program, which has been taken up under Trade and other receivables.	Reinsurance and other recoveries (Statement of Comprehensive Income), Trade and other receivables (Statement of Financial Position)
<u>Insurance Premium Revenue</u> DSH Insurance reviews its premium rates annually. Due to the increase in reinsurance costs and frequency of catastrophe events DSH insurance increased premium rates during the current year. At the time of publication of budget the rate of increase was unknown, additionally, the budget position factored in higher sales of policies due to increased marketing activities, not all of which could be realised.	Insurance premium revenue (Statement of Comprehensive Income), Unearned revenue (Statement of Financial Position), Premiums received (Cash Flow Statement)
<u>Reinsurance expense</u> Reinsurance premiums were slightly lower than budgeted due to DSH Insurance restructuring its reinsurance program in order to effect savings whilst maintaining sufficient cover.	Reinsurance expense (Statement of Comprehensive Income), Other Payables (Statement of Financial Position), Reinsurance premiums (Cash Flow Statement)
<u>Investments</u> Investments increased due to investing surplus funds from higher premium revenue in addition to reinsurance recoveries received.	Investments (Statement of Financial Position), Investments realised, Purchase of investments (Cash Flow Statement)
<u>Staffing</u> A number of contracted labour hire positions were converted to full time non-ongoing positions, additionally two percent increase in salaries was budgeted in line with Enterprise Agreement. This has resulted in an increase of employee expenses to budget and a decrease in suppliers (Contractors).	Employee benefits equivalent, Suppliers (Statement of Comprehensive Income), Employees, Suppliers (Cash Flow Statement)
<u>Interest</u> The rate of return on the investment portfolio has been significantly lower than budgeted due to ongoing low interest rates on offer through-out the majority of the year.	Interest (Statement of Comprehensive Income), Interest (Cash Flow Statement)

**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2022*

<b>Variance</b>	<b>Affected Items on Statements</b>
<u>Fire Brigade and Emergency Services Contribution</u> The 2021-22 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.	<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>
<u>Suppliers</u> The cost for 2021-22 suppliers was lower than budgeted due to the conversion of labour-hire staffing levels (see Staffing details above) to non-going FTEs.	<i>Suppliers (Statement of Comprehensive Income), Suppliers (Statement of Financial Position)</i>
<u>Commission</u> There has been lower commission revenue to DSH Insurance as a result of selling lower numbers of policies through the agency agreement than budgeted	<i>Commissions Received (Statement of Comprehensive Income)</i>
<u>Acquisition Costs</u> 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.	<i>Acquisition costs and Suppliers (Statement of Comprehensive Income), Acquisition costs (Cash Flow Statement)</i>
<u>Unexpired Risk Liability</u> As a result of the Actuarial Valuation performed at year-end DSH Insurance has been required to recognise an adjustment (increase) to the Unexpired Risk Liability Provision. This is due to the actuarial assessment of an increase in claim costs for the unexpired risk period, growth in premium, and increase in reinsurance costs for DSH Insurance. DSH Insurance does not budget for Unexpired Risk Liability.	<i>Movement in Unexpired Risk Liability (Statement of Comprehensive Income), Unexpired Risk Liability (Statement of Financial Position)</i>
<u>Unearned Revenue</u> The variance is due to higher number of policy renewals having a spread beyond June 2022.	<i>Unearned Revenue (Statement of Financial Position)</i>
<u>Cash</u> The variance is due to cash flow requirements at the start of July 2022 and timing of the investments maturing.	<i>Movement in Cash (Statement of Financial Position), Cash and cash equivalents at the beginning of reporting period, (Cash Flow Statement)</i>
<u>Trade and Other Receivables</u> The variance is due to higher balance of reinsurance recoveries from the catastrophe events during the year.	<i>Movement in Trade and Other Receivables (Statement of Financial Position), Cash and cash equivalents at the beginning of reporting period, (Cash Flow Statement)</i>









# 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 2022

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Overseas	Total
<b>Under 18</b>	675	363	1,546	174	258	64	23	64	23	3,190
<b>19–24</b>	3,843	2,370	5,046	1,035	1,048	225	761	1,355	15	15,698
<b>25–29</b>	4,515	1,968	6,350	1,296	1,440	206	1,066	817	24	17,682
<b>30–34</b>	5,584	2,410	6,920	1,423	1,775	298	887	1,092	92	20,482
<b>35–39</b>	5,119	2,350	6,456	1,334	1,913	401	761	1,242	141	19,717
<b>40–44</b>	4,217	2,201	5,645	1,115	1,698	452	495	1,053	163	17,039
<b>45–49</b>	4,118	2,207	5,895	1,109	1,792	474	419	1,127	179	17,320
<b>50–54</b>	5,010	2,775	7,155	1,371	2,372	603	517	1,358	215	21,376
<b>55–59</b>	4,536	2,763	6,392	1,446	2,129	605	391	1,105	208	19,575
<b>60–64</b>	4,803	3,183	6,709	1,574	2,203	633	245	968	177	20,495
<b>65–69</b>	6,010	4,038	7,555	2,008	2,498	754	207	709	152	23,931
<b>70–74</b>	11,654	8,060	13,314	4,030	4,855	1,377	239	987	275	44,791
<b>75–79</b>	9,640	6,558	10,864	2,930	3,849	1,052	162	873	251	36,179
<b>80–84</b>	4,795	2,715	5,101	1,116	1,937	500	78	511	134	16,887
<b>85–89</b>	4,625	2,739	3,657	1,049	1,614	433	32	390	101	14,640
<b>90 or over</b>	10,419	7,394	6,362	2,789	2,882	856	39	462	211	31,414
<b>Total</b>	<b>89,574</b>	<b>54,114</b>	<b>104,973</b>	<b>25,805</b>	<b>34,275</b>	<b>8,935</b>	<b>6,323</b>	<b>14,117</b>	<b>2,364</b>	<b>340,481</b>

Total DVA clients consists of any person who is in receipt of a pension/allowance from DVA, has one or more accepted service related disabilities or holds a current treatment, pharmaceutical or concession card issued 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 2017–18 TO 2021–22

	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021	At 30 June 2022
Second World War <sup>1</sup>	19,300	14,600	10,800	7,800	5,500
Korean War, Malayan Emergency and FESR <sup>2</sup>	10,300	9,600	8,900	8,200	7,500
Vietnam War <sup>3</sup>	41,500	40,400	39,300	38,000	36,700
Other pre-1972 conflicts	4,700	4,400	4,000	3,700	3,400
Cambodia, Gulf War, Namibia, Somalia, Yugoslavia, Rwanda and Bougainville	10,300	10,200	10,100	10,100	10,000
Post-1999 conflicts <sup>4</sup>	58,200	58,100	57,900	57,800	57,600
Peacetime Defence Force <sup>5</sup>	145,800	144,000	142,100	140,100	137,900
<b>Total service with VEA eligibility<sup>6</sup></b>	<b>288,700</b>	<b>280,000</b>	<b>272,000</b>	<b>264,500</b>	<b>257,600</b>
Full-time service post 1945 not included in VEA total <sup>7</sup>	252,500	250,700	248,400	245,700	242,600
Reservists <sup>8</sup>	100,000	101,100	102,100	103,100	104,100
<b>Total Australian service<sup>9</sup></b>	<b>641,300</b>	<b>631,800</b>	<b>622,500</b>	<b>613,300</b>	<b>604,300</b>

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 Department of Defence (Defence) data.

5 Based on Australian Defence Force (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 NUMBERS BY TYPE OF BENEFIT JUNE 2017 TO JUNE 2022

	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021	At 30 June 2022
<b>Treatment population</b>	<b>193,968</b>	<b>190,967</b>	<b>207,160</b>	<b>250,611</b>	<b>263,165</b>	<b>276,205</b>
Veteran Card – Gold	135,263	128,517	122,536	117,072	112,146	107,665
Veteran Card – White	58,705	62,450	84,624	133,539	151,019	168,540
Service pension includes	106,970	99,939	94,029	88,764	84,060	79,218
• veterans	55,641	52,011	48,958	46,244	43,844	41,481
• partners	51,329	47,928	45,071	42,520	40,216	37,737
Income support supplement	47,036	42,464	38,403	34,571	30,984	27,730
SSA age pension	3,380	3,225	3,338	3,379	3,427	3,638
Veteran Payment	n/a	134	470	709	854	991
Commonwealth Seniors Health Card	7,222	4,098	4,092	3,954	3,670	3,553
Disability pension	88,974	85,811	83,363	81,918	80,252	77,967
War widow/ers pension	64,500	59,001	53,899	49,000	44,391	40,101
POW recognition supplement <sup>1</sup>	217	165	131	107	86	64
Orphan's pension	157	155	148	136	143	155
Attendant allowance	304	273	229	210	193	169
Rent assistance	13,580	12,683	12,256	11,480	10,894	14,949
Remote area allowance	648	648	578	522	466	420
Decoration allowance	289	261	233	219	199	176
Recreation transport allowance	802	716	622	551	492	442
Vehicle Assistance Scheme	52	43	44	49	40	39
Funeral benefit	4,175	3,704	3,302	3,296	2,127	2,380
Veterans' Children Education Scheme	2,243	2,229	2,106	2,073	1,960	1,805
Clothing allowance	348	322	286	265	253	228

	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021	At 30 June 2022
<b>Military compensation payments</b>						
Permanent impairment (DRCA) <sup>2</sup>	13,400	14,150	15,116	16,181	17,922	19,104
Permanent impairment (MRCA) <sup>2</sup>	9,544	12,414	16,021	22,564	28,027	31,883
Incapacity (DRCA)	1,792	1,874	1,920	2,305	2,528	2,667
Incapacity (MRCA)	3,218	3,893	4,717	5,913	6,912	7,607
Wholly dependent partner (MRCA) <sup>2</sup>	105	124	150	168	194	217
Eligible young person (MRCA) <sup>2</sup>	114	128	144	168	191	216
MRCA Education and Training Scheme	246	390	751	1,103	1,542	2,141
<b>Defence Service Homes</b>						
Homes insured	55,838	53,641	52,243	51,415	50,492	48,902
Housing loan subsidies	6,669	4,960	3,925	3,173	2,521	2065

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 JUNE 2017 TO JUNE 2022**

	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021	At 30 June 2022
VEA	92,328	89,452	86,565	84,935	82,973	81,196
DRCA	51,956	52,528	54,181	56,279	57,617	59,282
MRCA	25,551	29,577	36,827	43,116	48,916	53,596

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 *Veterans' Entitlements Act 1986* (VEA), *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA), and *Military Rehabilitation and Compensation Act 2004* (MRCA) in 2021–22.

In 2021–22, DVA improved the reporting of VEA Disability Compensation Payment and MRCA and DRCA liability claims received and on hand to better reflect the complexity of the claims lodged by veterans with service eligibility under 2 or more Acts. Previously, claims received and on hand were reported separately under each of the Acts where the veteran's service meant more than one Act may apply to their claim. This resulted in the one claim being counted multiple times – under the MRCA, DRCA and VEA. It was not until a decision was made on the claim that the actual Acts that applied were determined. The improved reporting approach now counts claims only once, instead distinguishing between those claims that may be 'Dual Act' (VEA and DRCA) or 'Tri Act' (VEA, DRCA and MRCA) based on the veteran's service period.

For Disability Compensation Payment claims received under the VEA, a new reporting category of 'Dual Act' is provided. This represents those veterans who only have service prior to 1 July 2004 and may have their liability claims investigated under the VEA and/or the DRCA.

Similarly, for liability claims received under the MRCA, a new reporting category of 'Tri Act' is provided. This represents those veterans who have service both before and after 1 July 2004 and may have their claims investigated under 2 or 3 Acts.

The use of a veteran's service information to categorise liability claims received and claims on hand under the 3 Acts is reflected as 'service eligibility' under tables A6, A8 and A10. For comparison with the 2021–22 Annual Report, the previous reporting method is also provided, referred to as 'Act based'.

The number of determinations is provided under each of the Acts. Where the one claim is decided under 2 or more Acts, then that claim will be counted under each relevant Act based on the decision made.

### Veterans' Entitlements Act 1986

#### Claims processed

**TABLE A5: VEA CLAIMS PROCESSED, 2020–21 AND 2021–22**

	2020–21	2021–22
Income support new claims	15,926	11,304
Pensioner-initiated reviews	47,421	52,775
Funeral benefit claims	2,026	1,797

VEA = Veterans' Entitlements Act 1986

## Compensation claims

**TABLE A6: VEA COMPENSATION CLAIMS, 2020-21 AND 2021-22**

	Act based		Service eligibility	
	2020-21	2021-22	2020-21	2021-22
<b>Disability Compensation Payment</b>				
Gross claims received <sup>1</sup>	27,968	26,272		
Gross claims received – VEA only			4,858	4,847
Gross claims received – Dual Act (DRCA/VEA)			3,225	2,614
Net claims received <sup>2</sup>	8,183	7,194		
Net claims received – VEA only			2,992	3,237
Net claims received – Dual Act (DRCA/VEA)			2,919	2,492
Conditions determined <sup>3</sup>	12,305	11,688	12,305	11,688
Proportion of conditions accepted	56.4%	55.0%	56.4%	55.0%
Disposals (claims) <sup>4</sup>	12,394	15,197	12,394	15,197
Determinations (claims)	4,475	4,496	4,475	4,496
Average time taken to process in days (claims)	272	357	272	357
Applications for increases in Disability Compensation Payment determined	1,327	1,628	1,327	1,628
Proportion of increases in Disability Compensation Payment accepted	66.9%	67.7%	66.9%	67.7%
Claims on hand at 30 June <sup>5</sup>	7,991	9,826		
VEA only			1,040	2,534
Dual Act (DRCA/VEA)			3,377	3,157
<b>War widow/ers and dependants</b>				
Gross claims received			645	630
Net claims received <sup>2</sup>			599	610
Claims determined			579	563
Proportion of claims accepted			64.6%	63.4%
Claims on hand at 30 June <sup>5</sup>			130	126

VEA = Veterans' Entitlements Act 1986

<sup>1</sup> Includes applications for disability compensation payment, applications for increases in disability compensation payment and assessments/reviews.

<sup>2</sup> 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.

<sup>3</sup> While a claim can be lodged with one or more conditions, each condition is determined separately.

<sup>4</sup> Includes claims both determined and withdrawn.

<sup>5</sup> Includes claims both in progress and not yet commenced.

## Top 15 claimed conditions

**TABLE A7: TOP 15 CLAIMED CONDITIONS UNDER THE VEA (BASED ON STATEMENTS OF PRINCIPLES), 2021–22**

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Osteoarthritis	710	54.4%	595	1,305
Tinnitus	807	75.2%	266	1,073
Sensorineural hearing loss	758	77.7%	218	976
Lumbar spondylosis	299	57.5%	221	520
Posttraumatic stress disorder	354	74.5%	121	475
Depressive disorder	265	66.1%	136	401
Sprain and strain	153	59.5%	104	257
Alcohol use disorder	206	68.7%	94	300
Solar keratosis	245	81.9%	54	299
Non-melanotic malignant neoplasm of the skin	258	86.9%	39	297
Rotator cuff syndrome	56	22.1%	197	253
Cervical spondylosis	38	17.6%	178	216
Anxiety disorder	97	61.8%	60	157
Fracture	66	54.5%	55	121
Erectile dysfunction	86	69.4%	38	124
<b>Total</b>	<b>4,398</b>	<b>64.9%</b>	<b>2,376</b>	<b>6,774</b>

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 59.3% of the conditions determined under the VEA in 2021–22.*

## Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988

### DRCA claims

TABLE A8: DRCA CLAIMS, 2020–21 AND 2021–22

	Act based		Service eligibility	
	2020–21	2021–22	2020–21	2021–22
<b>Liability</b>				
Gross claims received <sup>1</sup>	27,670	26,625		
Gross claims received – DRCA only <sup>1</sup>			3,015	2,524
Net claims received <sup>2</sup>	9,004	8,609		
Net claims received – DRCA only			2,488	2,116
Conditions determined <sup>3</sup>	13,227	15,543	13,227	15,543
Proportion of conditions accepted	62.4%	64.9%	62.4%	64.9%
Disposals (claims) <sup>4</sup>	13,516	16,527	13,516	16,527
Determinations (claims) <sup>5</sup>	6,104	6,425	6,104	6,425
Average time taken to process in days (claims)	246	336	246	336
Claims on hand at 30 June <sup>6</sup>	8,122	10,525	1,792	2,122
<b>Permanent impairment</b>				
Gross claims received			12,225	11,750
Net claims received <sup>2</sup>			9,948	10,618
Claims determined			11,462	8,513
Proportion of claims accepted			42.8%	47.4%
One-off lump-sum payments			5,298	4,274
Claims on hand at 30 June <sup>5</sup>			5,369	7,148
<b>Incapacity compensation</b>				
Gross claims received			865	742
Net claims received <sup>2</sup>			641	527
Claims determined			656	447
Proportion of claims accepted			77.5%	85.5%
Claims on hand at 30 June <sup>6</sup>			76	153
Compensation paid			\$124.9 million	\$131.1 million
Payees			2,802	2,976
<b>Compensation for dependants</b>				
Compensation paid			\$35.4 million	
Payees			65	



DRCA = Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988

1 Under the service eligibility model most liability claims received under DRCA are generally counted under Dual Act (shown in Table A6) or under Tri Act (shown in Table A10).

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.

3 While a claim can be lodged with one or more conditions, each condition is determined separately.

4 Includes claims both determined and withdrawn.

5 Total claims decided under DRCA, including those that were received and on hand as a Dual Act or Tri Act claim.

6 Includes claims both in progress and not yet commenced.

## Top 15 most frequently claimed conditions

**TABLE A9: TOP 15 MOST FREQUENTLY CLAIMED CONDITIONS UNDER THE DRCA, 2021–22**

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Tinnitus	1,330	80.2%	328	1,658
Sensorineural hearing loss	1,391	84.6%	254	1,645
Osteoarthritis	765	60.4%	502	1,267
Sprain and strain	628	85.3%	108	736
Seborrheic keratosis	484	66.3%	246	730
Posttraumatic stress disorder	408	75.0%	136	544
Lumbar spondylosis	250	55.9%	197	447
Alcohol use disorder	201	55.5%	161	362
Solar keratosis	240	72.9%	89	329
Fracture	232	72.3%	89	321
Adjustment disorder	234	74.5%	80	314
Depressive disorder	197	67.9%	93	290
Non-melanotic malignant neoplasm of the skin	220	76.9%	66	286
Cervical spondylosis	118	54.1%	100	218
Rotator cuff syndrome	107	49.1%	111	218
<b>Total</b>	<b>6,805</b>	<b>72.7%</b>	<b>2,560</b>	<b>9,365</b>

DRCA = Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988

Note: The 15 conditions most frequently claimed covered 61.7% of the conditions determined under the DRCA in 2021–22.

## Military Rehabilitation and Compensation Act 2004

### MRCA claims

TABLE A10: MRCA CLAIMS, 2020-21 AND 2021-22

	Act based		Service eligibility	
	2020-21	2021-22	2020-21	2021-22
<b>Liability</b>				
Gross claims received	45,831	50,585		
Gross claims received – MRCA only			27,920	29,839
Gross claims received – Tri Act (MRCA/ DRCA/VEA)			18,970	21,204
Net claims received <sup>1</sup>	27,684	28,288		
Net claims received – MRCA only			18,723	18,852
Net claims received – Tri Act (MRCA/ DRCA/VEA)			12,666	12,761
Conditions determined <sup>2</sup>	36,931	45,476	36,931	45,476
Proportion of conditions accepted	84.0%	80.8%	84.0%	80.8%
Disposals (claims) <sup>3</sup>	36,905	41,679	36,905	41,679
Determinations (claims)	20,383	20,665	20,383	20,665
Average time taken to process in days (claims)	233	302	233	302
Claims on hand at 30 June <sup>4</sup>	29,089	36,650		
MRCA only			17,226	21,815
Tri Act (MRCA/DRCA/VEA)			15,505	18,937
<b>Permanent impairment</b>				
Gross claims received			13,115	10,816
Net claims received <sup>1</sup>			11,038	9,929
Claims determined			9,399	8,149
Proportion of claims accepted			79.5%	84.6%
One-off lump-sum payments			7,645	6,574
Claims on hand at 30 June <sup>4</sup>			5,962	7,367
<b>Incapacity compensation</b>				
Gross claims received			3,614	3,338
Net claims received <sup>1</sup>			2,899	2,711
Claims determined			2,849	2,494
Proportion of claims accepted			86.6%	90.5%
Claims on hand at 30 June <sup>4</sup>			345	599
Compensation paid			\$271.6 million	\$308.7 million
Payees			8,417	9,363

	Act based		Service eligibility	
	2020-21	2021-22	2020-21	2021-22
<b>Compensation for dependants</b>				
Compensation paid			\$110.5 million	\$135.2 million
Payees			1,030	1,294

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.

2 While a claim can be lodged with one or more conditions, each condition is determined separately.

3 Includes claims both determined and withdrawn.

4 Includes claims both in progress and not yet commenced.

## Top 15 most frequently claimed conditions

**TABLE A11: TOP 15 MOST FREQUENTLY CLAIMED CONDITIONS UNDER THE MRCA (BASED ON STATEMENTS OF PRINCIPLES), 2021-22**

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Tinnitus	4,526	94.6%	260	4,786
Sensorineural hearing loss	4,163	99.2%	35	4,198
Osteoarthritis	2,820	94.5%	164	2,984
Sprain and strain	2,191	97.3%	60	2,251
Seborrheic keratosis	1,809	97.3%	50	1,859
Posttraumatic stress disorder	1,560	93.1%	116	1,676
Lumbar spondylosis	1,546	96.4%	57	1,603
Alcohol use disorder	1,120	88.2%	150	1,270
Solar keratosis	954	89.8%	108	1,062
Fracture	863	91.7%	78	941
Adjustment disorder	804	90.1%	88	892
Depressive disorder	719	93.6%	49	768
Non-melanotic malignant neoplasm of the skin	499	67.7%	238	737
Cervical spondylosis	681	94.6%	39	720
Rotator cuff syndrome	567	87.9%	78	645
<b>Total</b>	<b>24,822</b>	<b>94.1%</b>	<b>1,570</b>	<b>26,392</b>

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 58.7% of the conditions determined under the MRCA in 2021-22.

## Repatriation Transport Scheme

**TABLE A12: CLAIMS FOR REIMBURSEMENT AND ARRANGED TRANSPORT, 2017–18 TO 2021–22**

	2017–18	2018–19	2019–20	2020–21	2021–22
<b>Claims for reimbursement</b>	168,970	174,943	156,202	147,480	150,701
<b>Arranged transport trips</b>	1,301,691	1,210,032	1,046,071	693,345	595,511
<b>Ambulance trips</b>	95,373	89,865	82,477	77,325	65,171

### 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 a gain or 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, 2020–21 AND 2021–22**

	2020–21			2021–22		
	DRCA (\$'000)	MRCA (\$'000)	Total (\$'000)	DRCA (\$'000)	MRCA (\$'000)	Total (\$'000)
Changes in valuation assumptions	667,200	3,357,200	<b>4,024,400</b>	359,200	1,022,000	<b>1,381,200</b>
Movements in income support and compensation payments	(379,100)	1,239,900	<b>860,800</b>	(362,000)	1,249,900	<b>887,900</b>
Interest rate	79,600	383,600	<b>463,200</b>	(735,600)	(4,175,800)	<b>(4,911,400)</b>
<b>Total movement</b>	<b>367,700</b>	<b>4,980,700</b>	<b>5,348,400</b>	<b>(738,400)</b>	<b>(1,903,900)</b>	<b>(2,642,300)</b>

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, 2020–21 AND 2021–22**

	2020–21			2021–22		
	DRCA (\$'000)	MRCA (\$'000)	Total (\$'000)	DRCA (\$'000)	MRCA (\$'000)	Total (\$'000)
Changes in valuation assumptions	(55,200)	4,701,700	<b>4,646,500</b>	(15,900)	6,982,900	<b>6,967,000</b>
Movements in health and other care services	(39,300)	1,426,500	<b>1,387,200</b>	(43,200)	1,906,500	<b>1,863,300</b>
Interest rate	23,400	601,600	<b>625,000</b>	(212,300)	(9,960,400)	<b>(10,172,700)</b>
<b>Total movement</b>	<b>(71,100)</b>	<b>6,729,800</b>	<b>6,658,700</b>	<b>(271,400)</b>	<b>(1,071,000)</b>	<b>(1,342,400)</b>

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, 2021–22**

	Male			Female			Indeterminate			
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	Total
NSW	83	4	87	135	18	153	0	0	0	240
Qld	129	4	133	274	54	328	0	0	0	461
SA	47	0	47	76	12	88	0	0	0	135
Tas	18	1	19	24	12	36	0	0	0	55
Vic	86	5	91	107	21	128	0	0	0	219
WA	23	1	24	77	11	88	0	0	0	112
ACT	191	5	196	373	49	422	0	0	0	618
NT	1	0	1	8	0	8	0	0	0	9
External territories	0	0	0	0	0	0	0	0	0	0
Overseas	1	0	1	1	0	1	0	0	0	2
<b>Total</b>	<b>579</b>	<b>20</b>	<b>599</b>	<b>1,075</b>	<b>177</b>	<b>1,252</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,851</b>

**TABLE B2: ALL NON-ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2021–22**

	Male			Female			Indeterminate			
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	Total
NSW	14	1	15	34	4	38	0	0	0	53
Qld	44	1	45	98	9	107	0	0	0	152
SA	11	0	11	35	6	41	0	0	0	52
Tas	5	0	5	10	0	10	0	0	0	15
Vic	41	0	41	66	1	67	0	0	0	108
WA	9	0	9	46	3	49	0	0	0	58
ACT	19	6	25	27	10	37	0	0	0	62
NT	1	0	1	1	0	1	0	0	0	2
External territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>144</b>	<b>8</b>	<b>152</b>	<b>317</b>	<b>33</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>502</b>

TABLE B3: ALL ONGOING EMPLOYEES PREVIOUS 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
<b>Total</b>	<b>534</b>	<b>24</b>	<b>558</b>	<b>903</b>	<b>158</b>	<b>1,061</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,619</b>

TABLE B4: ALL NON-ONGOING EMPLOYEES PREVIOUS 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
<b>Total</b>	<b>51</b>	<b>0</b>	<b>51</b>	<b>100</b>	<b>8</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>159</b>

**TABLE B5: AUSTRALIAN PUBLIC SERVICE ACT ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2021–22**

	Male			Female			Indeterminate			
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	Total
SES 3	0	0	0	1	0	1	0	0	0	1
SES 2	2	0	2	8	0	8	0	0	0	10
SES 1	13	0	13	15	0	15	0	0	0	28
EL 2	58	1	59	102	6	108	0	0	0	167
EL 1	155	2	157	233	37	270	0	0	0	427
APS 6	167	7	174	301	61	362	0	0	0	536
APS 5	117	5	122	282	41	323	0	0	0	445
APS 4	33	2	35	69	17	86	0	0	0	121
APS 3	22	2	24	52	14	66	0	0	0	90
APS 2	6	1	7	4	0	4	0	0	0	11
APS 1	1	0	1	0	1	1	0	0	0	2
Other <sup>1</sup>	5	0	5	8	0	8	0	0	0	13
<b>Total</b>	<b>579</b>	<b>20</b>	<b>599</b>	<b>1,075</b>	<b>177</b>	<b>1,252</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,851</b>

<sup>1</sup> Includes Medical Officers and statutory office holders.

**TABLE B6: AUSTRALIAN PUBLIC SERVICE ACT NON-ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2021–22**

	Male			Female			Indeterminate			
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	Total
SES 3	1	0	1	0	0	0	0	0	0	1
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	1	4	5	0	1	1	0	0	0	6
EL 1	5	1	6	8	2	10	0	0	0	16
APS 6	13	0	13	30	5	35	0	0	0	48
APS 5	43	1	44	144	9	153	0	0	0	197
APS 4	44	1	45	88	3	91	0	0	0	136
APS 3	35	1	36	47	13	60	0	0	0	96
APS 2	1	0	1	0	0	0	0	0	0	1
APS 1	0	0	0	0	0	0	0	0	0	0
Other	1	0	1	0	0	0	0	0	0	1
<b>Total</b>	<b>144</b>	<b>8</b>	<b>152</b>	<b>317</b>	<b>33</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>502</b>

TABLE B7: AUSTRALIAN PUBLIC SERVICE ACT ONGOING EMPLOYEES PREVIOUS 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 B8: AUSTRALIAN PUBLIC SERVICE ACT NON-ONGOING EMPLOYEES PREVIOUS 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 B9: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYEES BY FULL-TIME AND PART-TIME STATUS CURRENT REPORT PERIOD, 2021–22**

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total Non-ongoing	
SES 3	1	0	1	1	0	1	2
SES 2	10	0	10	0	0	0	10
SES 1	28	0	28	0	0	0	28
EL 2	160	7	167	1	5	6	173
EL 1	388	39	427	13	3	16	443
APS 6	468	68	536	43	5	48	584
APS 5	399	46	445	187	10	197	642
APS 4	102	19	121	132	4	136	257
APS 3	74	16	90	82	14	96	186
APS 2	10	1	11	1	0	1	12
APS 1	1	1	2	0	0	0	2
Other	13	0	13	1	0	1	14
<b>Total</b>	<b>1,654</b>	<b>197</b>	<b>1,851</b>	<b>461</b>	<b>41</b>	<b>502</b>	<b>2,353</b>

**TABLE B10: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYEES BY FULL-TIME AND PART-TIME STATUS PREVIOUS 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
<b>Total</b>	<b>1,437</b>	<b>182</b>	<b>1,619</b>	<b>151</b>	<b>8</b>	<b>159</b>	<b>1,778</b>

**TABLE B11: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT TYPE BY LOCATION CURRENT REPORT PERIOD, 2021–22**

	Ongoing	Non-ongoing	Total
NSW	240	53	293
Qld	461	152	613
SA	135	52	187
Tas	55	15	70
Vic	219	108	327
WA	112	58	170
ACT	618	62	680
NT	9	2	11
External territories	0	0	0
Overseas	2	0	2
<b>Total</b>	<b>1,851</b>	<b>502</b>	<b>2,353</b>

**TABLE B12: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT TYPE BY LOCATION PREVIOUS 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
<b>Total</b>	<b>1,619</b>	<b>159</b>	<b>1,778</b>

**TABLE B13: AUSTRALIAN PUBLIC SERVICE ACT INDIGENOUS EMPLOYMENT CURRENT REPORT PERIOD, 2021–22**

	Total
<b>Ongoing</b>	24
<b>Non-ongoing</b>	2
<b>Total</b>	<b>26</b>

**TABLE B14: AUSTRALIAN PUBLIC SERVICE ACT INDIGENOUS EMPLOYMENT PREVIOUS REPORT PERIOD, 2020–21**

	Total
Ongoing	23
Non-ongoing	2
<b>Total</b>	<b>25</b>

**TABLE B15: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT ARRANGEMENTS CURRENT REPORT PERIOD, 2021–22**

	SES	Non-SES	Total
Section 24(1) determinations	38	4	42
Individual flexibility arrangements	0	36	36
DVA Enterprise Agreement 2019-22	0	2,269	2,269
<b>Total</b>	<b>38</b>	<b>2,309</b>	<b>2,347</b>

**TABLE B16: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT SALARY RANGES BY CLASSIFICATION LEVEL (MINIMUM/MAXIMUM) CURRENT REPORT PERIOD, 2021–22**

	Minimum salary	Maximum salary
SES 3	347,093	372,593
SES 2	241,511	279,655
SES 1	208,055	224,637
EL 2	138,421	155,800
EL 1	114,777	126,039
APS 6	91,239	103,605
APS 5	83,013	86,511
APS 4	74,462	79,419
APS 3	65,937	70,832
APS 2	58,413	63,894
APS 1	50,230	56,268
Other	117,267	313,675
<b>Minimum/Maximum range</b>	<b>50,230</b>	<b>372,593</b>

# 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	693,546	-	2,451	27,606	17,709	-	-	741,312
Vicki Rundle	Deputy Secretary	354,511	-	29,882	54,609	9,231	-	-	448,233
Vicki Rundle <sup>1</sup>	Acting Secretary	42,894	-	575	4,301	1,009	-	-	48,779
Stuart Smith <sup>1</sup>	Deputy Secretary	168,737	-	1,389	25,904	4,241	-	-	200,271
Wayne Perry	General Manager DSH Insurance	214,264	-	2,451	31,966	5,352	-	-	254,033
Total		1,473,952	-	36,748	144,386	37,542	-	-	1,692,628

DSH Insurance = Defence Service Homes Insurance

<sup>1</sup> 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	10	66,999	-	949	9,981	1,687	-	-	79,616
220,001–245,000	1	197,323	-	2,276	34,453	4,934	-	-	238,986
245,001–270,000	7	216,100	-	3,353	40,000	5,586	-	-	265,039
270,001–295,000	9	234,312	-	5,112	40,805	5,901	-	-	286,130
295,001–320,000	6	247,379	-	2,416	42,999	6,173	-	16,119	315,086
320,001–345,000	6	277,545	-	2,451	49,368	7,108	-	-	336,472
345,001–370,000	1	93,503	-	1,486	18,963	2,707	-	231,251	347,910
370,001–395,000	-	-	-	-	-	-	-	-	-
395,001–420,000	-	-	-	-	-	-	-	-	-
420,001–445,000	-	-	-	-	-	-	-	-	-
445,001–470,000	-	-	-	-	-	-	-	-	-
470,001–495,000	-	-	-	-	-	-	-	-	-
\$495,001 and over	-	-	-	-	-	-	-	-	-

TABLE B19: INFORMATION ABOUT REMUNERATION FOR OTHER HIGHLY PAID STAFF

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
\$235,001 - \$245,000	4	184,477	-	766	31,393	3,345	-	18,420	238,401
\$245,001 - \$270,000	4	141,219	-	4,456	25,795	3,603	-	80,890	255,963
\$270,001 - \$295,000	2	231,531	-	2,822	33,160	4,448	-	-	271,961
\$295,001 - \$320,000	2	277,728	-	3,107	22,090	7,020	-	-	309,945
\$320,001 - \$345,000	1	275,347	-	2,451	41,681	6,988	-	-	326,467
\$345,001 - \$370,000	-	-	-	-	-	-	-	-	-
\$370,001 - \$395,000	2	319,412	-	3,107	51,613	8,163	-	-	382,295
\$395,001 - \$420,000	-	-	-	-	-	-	-	-	-
\$420,001 - \$445,000	-	-	-	-	-	-	-	-	-
\$445,001 - \$470,000	-	-	-	-	-	-	-	-	-
\$470,001 - \$495,000	1	370,460	-	27,467	67,708	9,339	-	-	474,974
\$495,001 and over	-	-	-	-	-	-	-	-	-

## Appendix C: Resource summary tables

TABLE C1: AGENCY RESOURCE STATEMENT, 2021–22

	Actual available appropriation for 2021–22	Payments made 2021–22	Balance remaining 2021–22
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
<b>Departmental</b>			
Annual appropriations – ordinary annual services <sup>1,2</sup>	485,743	441,186	44,557
Annual appropriations – other services – non-operating <sup>3</sup>	5,252	4,711	541
<b>Total departmental annual appropriations</b>	<b>490,995</b>	<b>445,897</b>	<b>45,098</b>
Special accounts <sup>4</sup>	67,970	71,837	(3,867)
<b>Total special accounts</b>	<b>67,970</b>	<b>71,837</b>	<b>(3,867)</b>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	120	120	-
<b>Total departmental resourcing</b>	<b>558,845</b>	<b>517,614</b>	<b>41,231</b>
<b>Administered</b>			
Annual appropriations – ordinary annual services <sup>1</sup>	197,778	151,632	46,146
Annual appropriations – other services – non-operating <sup>3</sup>	143,409	143,409	-
<b>Total administered annual appropriations</b>	<b>341,187</b>	<b>295,041</b>	<b>46,146</b>
Administered special appropriations	10,938,885	10,103,541	835,344
<b>Total administered special appropriations</b>	<b>10,938,885</b>	<b>10,103,541</b>	<b>835,344</b>
Special accounts <sup>4</sup>	162	64	98
<b>Total special accounts receipts</b>	<b>162</b>	<b>64</b>	<b>98</b>
<i>less payments to corporate entities from annual/special appropriations</i>	143,409	143,409	-
<b>Total administered resourcing</b>	<b>11,136,825</b>	<b>10,255,237</b>	<b>881,588</b>
<b>Total resourcing and payments for DVA</b>	<b>11,695,670</b>	<b>10,772,851</b>	<b>922,819</b>

1 Appropriation Act (No. 1) 2021–22 and Appropriation Act (No. 3) 2021–22. This also includes prior-year departmental appropriations and budgeted section 74 external revenue.

2 Departmental capital budgets are not separately identified in Appropriation Bill (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) 2021–22 and Appropriation Act (No. 4) 2021–22.

4 Excludes trust moneys held in Services for Other Entities and Trust Moneys (SOETM) and other special accounts

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* 2021–22	Actual expenses 2021–22	Variation 2021–22
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
<b>Program 1.1: Veterans' Income Support and Allowances</b>			
Administered expenses			
Special appropriations	1,822,193	1,878,379	(56,186)
<b>Total expenses for Program 1.1</b>	<b>1,822,193</b>	<b>1,878,379</b>	<b>(56,186)</b>
<b>Program 1.2: Veterans' Disability Support</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	21,066	7,622	13,444
Special appropriations	1,548,843	1,528,506	20,337
<b>Total expenses for Program 1.2</b>	<b>1,569,909</b>	<b>1,536,128</b>	<b>33,781</b>
<b>Program 1.3: Assistance to Defence Widow/ers and Dependants</b>			
Administered expenses			
Special appropriations	1,130,886	1,084,593	46,293
<b>Total expenses for Program 1.3</b>	<b>1,130,886</b>	<b>1,084,593</b>	<b>46,293</b>
<b>Program 1.4: Assistance and Other Compensation for Veterans and Dependants</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	13,457	9,614	3,843
Special appropriations	6,526	6,412	114
<b>Total expenses for Program 1.4</b>	<b>19,983</b>	<b>16,026</b>	<b>3,957</b>
<b>Program 1.5: Veterans' Children Education Scheme</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	17,224	14,338	2,886
<b>Total expenses for Program 1.5</b>	<b>17,224</b>	<b>14,338</b>	<b>2,886</b>
<b>Program 1.6: Military Rehabilitation and Compensation Acts – Income Support and Compensation</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	11,807	10,508	1,299
Special appropriations	2,423,835	1,683,714	740,121
<b>Total expenses for Program 1.6</b>	<b>2,435,642</b>	<b>1,694,222</b>	<b>741,420</b>



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* 2021–22	Actual expenses 2021–22	Variation 2021–22
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
<b>Program 1.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision – Income Support and Compensation</b>			
Administered expenses			
Expenses not requiring appropriation in the budget year <sup>1</sup>	503,800	2,269,100	(1,765,300)
<b>Total expenses for Program 1.7</b>	<b>503,800</b>	<b>2,269,100</b>	<b>(1,765,300)</b>
<b>Outcome 1 totals by appropriation type</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	63,554	42,082	21,472
Special appropriations	6,932,283	6,181,604	750,679
Expenses not requiring appropriation in the budget year <sup>1</sup>	503,800	2,269,100	(1,765,300)
<b>Administered total</b>	<b>7,499,637</b>	<b>8,492,786</b>	<b>(993,149)</b>
Departmental expenses			
Departmental appropriation	243,679	268,466	(24,787)
Expenses not requiring appropriation in the budget year <sup>1</sup>	13,537	14,646	(1,109)
<b>Departmental total</b>	<b>257,216</b>	<b>283,112</b>	<b>(25,896)</b>
<b>Total expenses for Outcome 1</b>	<b>7,756,853</b>	<b>8,775,898</b>	<b>(1,019,045)</b>
	<b>2021–22</b>	<b>2021–22</b>	
<b>Average staffing level (number)</b>	<b>1,356</b>	<b>1,292</b>	<b>64</b>

\* Full-year budget, including any subsequent adjustment made to the 2021–22 budget at Additional Estimates.

<sup>1</sup> Expenses not requiring appropriation in the budget year are made up of the movements in the military compensation provision, 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* 2021–22  \$'000  (a)	Actual expenses 2021–22  \$'000  (b)	Variation 2021–22  \$'000  (a) – (b)
<b>Program 2.1: General Medical Consultations and Services</b>			
Administered expenses			
Special appropriations	687,471	659,161	28,310
<b>Total expenses for Program 2.1</b>	<b>687,471</b>	<b>659,161</b>	<b>28,310</b>
<b>Program 2.2: Veterans' Hospital Services</b>			
Administered expenses			
Special appropriations	1,084,061	1,033,964	50,097
<b>Total expenses for Program 2.2</b>	<b>1,084,061</b>	<b>1,033,964</b>	<b>50,097</b>
<b>Program 2.3: Veterans' Pharmaceuticals Benefits</b>			
Administered expenses			
Special appropriations	328,247	313,602	14,645
<b>Total expenses for Program 2.3</b>	<b>328,247</b>	<b>313,602</b>	<b>14,645</b>
<b>Program 2.4: Veterans' Community Care and Support</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	29,888	16,740	13,148
Special appropriations	907,121	838,901	68,220
<b>Total expenses for Program 2.4</b>	<b>937,009</b>	<b>855,641</b>	<b>81,368</b>
<b>Program 2.5: Veterans' Counselling and Other Health Services</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	5,891	4,558	1,333
Special appropriations	736,608	680,324	56,284
<b>Total expenses for Program 2.5</b>	<b>742,499</b>	<b>684,882</b>	<b>57,617</b>

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* 2021–22 \$'000 (a)	Actual expenses 2021–22 \$'000 (b)	Variation 2021–22 \$'000 (a) – (b)
<b>Program 2.6: Military Rehabilitation and Compensation Acts – Health and Other Care Services</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	2,785	1,685	1,100
Special appropriations	306,377	286,620	19,757
<b>Total expenses for Program 2.6</b>	<b>309,162</b>	<b>288,305</b>	<b>20,857</b>
<b>Program 2.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision – Health and Other Care Services</b>			
Administered expenses			
Expenses not requiring appropriation in the budget year <sup>1</sup>	1,363,900	8,830,300	(7,466,400)
<b>Total expenses for Program 2.7</b>	<b>1,363,900</b>	<b>8,830,300</b>	<b>(7,466,400)</b>
<b>Outcome 2 totals by appropriation type</b>			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	38,564	22,983	15,581
Special appropriations	4,049,885	3,812,572	237,313
Expenses not requiring appropriation in the budget year <sup>1</sup>	1,363,900	8,830,300	(7,466,400)
<b>Administered total</b>	<b>5,452,349</b>	<b>12,665,855</b>	<b>(7,213,506)</b>
Departmental expenses			
Departmental appropriation	140,425	150,113	(9,688)
Expenses not requiring appropriation in the budget year <sup>1</sup>	7,801	8,189	(388)
<b>Departmental total</b>	<b>148,226</b>	<b>158,302</b>	<b>(10,076)</b>
<b>Total expenses for Outcome 2</b>	<b>5,600,575</b>	<b>12,824,157</b>	<b>(7,223,582)</b>
	<b>2021–22</b>	<b>2021–22</b>	
<b>Average staffing level (number)</b>	<b>590</b>	<b>562</b>	<b>28</b>

\* Full-year budget, including any subsequent adjustment made to the 2021–22 budget at Additional Estimates.

<sup>1</sup> Expenses not requiring appropriation in the budget year are made up of the movements in the military compensation provision, depreciation expenses, and audit fees.

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* 2021–22	Actual expenses 2021–22	Variation 2021–22
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
<b>Program 3.1: War Graves</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	22,963	22,946	17
Special accounts	20	64	(44)
Expenses not requiring appropriation in the budget year <sup>1</sup>	-	3,512	(3,512)
<b>Total expenses for Program 3.1</b>	<b>22,983</b>	<b>26,522</b>	<b>(3,539)</b>
<b>Program 3.2: Commemorative Activities</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	26,370	15,983	10,387
<b>Total expenses for Program 3.2</b>	<b>26,370</b>	<b>15,983</b>	<b>10,387</b>
<b>Outcome 3 totals by appropriation type</b>			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	49,333	38,929	10,404
Special accounts	20	64	(44)
Expenses not requiring appropriation in the budget year <sup>1</sup>	-	3,512	(3,512)
<b>Administered total</b>	<b>49,353</b>	<b>42,505</b>	<b>6,848</b>
Departmental expenses			
Departmental appropriation	28,911	23,525	5,386
Expenses not requiring appropriation in the budget year <sup>1</sup>	1,606	1,283	323
<b>Departmental total</b>	<b>30,517</b>	<b>24,808</b>	<b>5,719</b>
<b>Total expenses for Outcome 3</b>	<b>79,870</b>	<b>67,313</b>	<b>12,557</b>
	<b>2021–22</b>	<b>2021–22</b>	
<b>Average staffing level (number)</b>	<b>116</b>	<b>110</b>	<b>6</b>

\* Full-year budget, including any subsequent adjustment made to the 2021–22 budget at Additional Estimates.

<sup>1</sup> Expenses not requiring appropriation in the budget year are made up of the movements in the military compensation provision, depreciation expenses, and audit fees.

## Appendix D: Data Matching Program

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 Office of the Australian Information Commissioner oversees the implementation of the Act through guidelines for the conduct of the Data Matching Program.

Section 12 of the 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 a 3-yearly report, focusing on the operation of the program within DVA for the financial years 2019–20, 2020–21 and 2021–22.

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.

### Overview

The Data Matching Program identifies cases where there is a risk of incorrect payment through:

- detection of invalid tax file numbers (TFNs)
- 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 provides details of identity and tax data of people in receipt of income support payments for comparison with the details provided by the other agencies.

### Data-matching investigations

This section provides a summary of how DVA acts on discrepancies identified through data matching.

#### 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

DVA actions all discrepancies found through identity matching by correcting administrative errors, investigating anomalies that may potentially be fraudulent or seeking the correct identity details from the client and providing those details to the ATO so that the ATO can correct its records.

#### Payment matching

DVA runs payment matching in one data-matching cycle each year, solely to confirm the validity of the checks and balances conducted currently within the department.

#### Income matching

Income matching is run in every cycle by the department. Income discrepancies are selected during this process for further investigation.

#### Deselection of cases

There are no exclusions from data matching within the department. However, deselection is applied to ensure that the same discrepant case is not picked up in more than one cycle each year.

#### Analysis

Discrepant cases are analysed before any investigation is undertaken to ensure the integrity of the data provided, to identify areas for improvement of selection, and to ensure all data-matching business rules are applied.

## Investigations

All investigations of discrepancies involve examination of the client's DVA electronic records and then, if necessary, hard-copy records. Any administrative errors are corrected at this stage without the client needing to be contacted.

If the discrepancy remains after the initial checking, the client is sent 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 under the Data-matching Act to comply, then a further 7 days based on the *Evidence Act 1995*.

In cases where the initial investigation has revealed potential fraud, the investigator may use section 11(4), where a section 11 letter is not sent as it may prejudice the effectiveness of an investigation into the possible commission of an offence.

Based on the information that the client provides, the payment rate is corrected and, where appropriate, overpayments are calculated, raised and recovered.

Further information may be obtained from Commonwealth, state or territory government or private agencies to help ascertain the correct client details.

The client's right to privacy is protected at all times by application of the Australian Privacy Principles (under the *Privacy Act 1988*), which governs 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 details the discrepancies for the 3 financial years up to and including 2021–22, and the ensuing actions.

**TABLE D1: ACTIONS UNDER THE DATA-MATCHING ACT, 2019–20 TO 2021–22**

Discrepancies and actions	2019–20	2020–21	2021–22
Total number of records read	682,773	834,354	819,824
Matches that resulted in discrepancies <sup>1</sup>	4,303	5,267	2,669
Proportion of matches that resulted in discrepancies	0.63%	0.63%	0.32%
Number of discrepancies referred for investigation	794	738	1,122
Number of discrepancies referred for investigation that resulted in a notice under section 11 of the Data-matching Act being sent	105	112	92
Number of cases where the section 11 letter was followed up by action being undertaken <sup>2</sup>	81	103	60
Proportion of discrepancies that resulted in action being undertaken	1.88%	1.95%	2.24%
Proportion of discrepancies which did not proceed to action after a section 11 letter was sent	22.86%	8.03%	32.60%
Number of overpayments raised <sup>3</sup>	85	90	57
Cases where debt was fully recovered <sup>4</sup>	79	57	63
Number of pensions reduced	47	38	37
Number of pensions cancelled or suspended	9	21	8
Number of pensions that were continued	52	27	41
Number of pensions that were increased	24	17	3

*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 may bring to notice cases where an offence may have been committed under the *Veterans' Entitlements Act 1986*, the *Safety, Rehabilitation and Compensation Act 1988*, the *Military Rehabilitation and Compensation Act 2004*, the *Social Security Act 1990*, the *Criminal Code Act 1995*, or the *Crimes Act 1914*.

DVA's role in the prosecution process is to investigate cases where it appears an offence may have been committed and to forward these cases, if warranted, to the Commonwealth Director of Public Prosecutions (CDPP) for a decision as to whether prosecution action should proceed. 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 Personnel, Security and Investigations section within the People Services branch of DVA for an initial case assessment, prioritisation and further action, if appropriate.

Where sufficient evidence is obtained from an investigation, the Personnel, Security and Investigations section makes recommendations to senior management on the appropriateness of referring the matter to the CDPP.

Table D2 details the prosecutions prompted by the Data Matching Program for the 3 financial years up to and including 2021–22.

TABLE D2: PROSECUTIONS PROMPTED BY THE DATA MATCHING PROGRAM, 2019–20 TO 2021–22

Cases	2019–20	2020–21	2021–22
Cases referred to the Fraud Investigation Section identified through data matching	0	0	0
Cases referred to the CDPP identified through data matching	0	0	0
Successfully prosecuted	N/A	N/A	N/A
Dismissed by the CDPP due to insufficient evidence or not in the public interest	N/A	N/A	N/A
Cases with the CDPP pending consideration	0	0	0
Cases still under investigation by the Fraud Investigation Section	0	0	0
Cases finalised by the Fraud Investigation Section without CDPP referral <sup>1</sup>	0	0	0

CDPP = Commonwealth Director of Public Prosecutions

<sup>1</sup> 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.

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.

Tables D4 and D5 set out the pension adjustments resulting in projected savings, and the total savings achieved for the 3 financial years up to and including 2021–22. Table D6 also includes a progressive savings total since the inception of the program.

Expenses

TABLE D3: COSTS TO DVA OF OPERATING THE PROGRAM, 2019–20 TO 2021–22

Detail	2019–20 (\$)	2020–21 (\$)	2021–22 (\$)
Salary costs	\$98,708	\$172,817	\$169,545
Administrative overheads	\$27,999	\$27,999	\$49,130
Support costs for data-matching processing system	\$1,985	\$3,456	\$2,710
<b>Total</b>	<b>\$128,692</b>	<b>\$204,272</b>	<b>\$221,385</b>



**TABLE D4: PENSION ADJUSTMENTS RESULTING IN PROJECTED SAVINGS, 2019–20 TO 2021–22**

Pension adjustments	2019–20	2020–21	2021–22
Number of pensions reduced	47	38	37
Number of pensions suspended/cancelled	9	21	8
<b>Total</b>	<b>56</b>	<b>59</b>	<b>45</b>

**TABLE D5: TOTAL SAVINGS ACHIEVED THROUGH THE DATA MATCHING PROGRAM, 2019–20 TO 2021–22**

Detail	2019–20	2020–21	2021–22
Number of pensions cancelled/reduced/suspended <sup>1</sup>	56	59	45
Number of potential overpayments identified <sup>2</sup>	56	48	38
Number of overpayments raised <sup>3</sup>	85	90	57
Number of debts fully recovered	79	57	63
Value of overpayments raised	\$808,711	\$804,774	\$543,237
Debts waived or written off	–\$1,121	–\$16,048	–\$9,460
<b>Subtotal</b>	<b>\$807,590</b>	<b>\$788,726</b>	<b>\$533,777</b>
Value of projected savings	\$412,273	\$429,127	\$284,484
<b>Total gross savings</b>	<b>\$1,219,863</b>	<b>\$1,217,853</b>	<b>\$818,261</b>
Departmental expenses	–\$128,692	–\$204,272	–\$221,385
<b>Net savings</b>	<b>\$1,081,171</b>	<b>\$1,013,581</b>	<b>\$596,876</b>

**TABLE D6: CUMULATIVE SAVINGS ACHIEVED THROUGH THE DATA MATCHING PROGRAM, 2019–20 TO 2021–22**

Detail	2019–20 (\$)	2020–21 (\$)	2021–22 (\$)
Value of overpayments raised	808,711	804,774	543,237
Debts waived or written off	–1,121	–16,048	–9,460
Value of projected savings	412,273	429,127	284,484
Total gross savings	1,219,863	1,217,853	818,261
Departmental expenses	–128,692	–204,272	–221,385
Net savings	1,081,171	1,013,581	596,876
Cumulative net savings	36,056,122	37,069,703	37,666,579

# Appendix E: Advertising and market research

In 2021–22 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 advertising. DVA did not make any payments to polling organisations in 2021–22.

During 2021–22 DVA conducted the following advertising campaign: Veterans' Health Check. Further information on this

advertising campaign is available at [www.dva.gov.au/providers/health-programs-and-services-our-clients/veterans-health-check-providers#accountable-authority-certification](http://www.dva.gov.au/providers/health-programs-and-services-our-clients/veterans-health-check-providers#accountable-authority-certification) 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.

Tables E1 to E3 report DVA's expenditure on market research, media advertising and direct mail organisations in accordance with the Australian Electoral Commission disclosure threshold. Payments of less than \$14,500 have not been included.

TABLE E1: PAYMENTS TO MARKET RESEARCH AGENCIES, 2021–22

Organisation	Service provided	Amount paid (including GST) (\$)
ORIMA Research Pty Ltd	Delivery of Client Satisfaction Survey	\$157,960
ORIMA Research Pty Ltd	Community Nursing Program Survey	\$81,649
ORIMA Research Pty Ltd	Rehabilitation Program Client Satisfaction Survey	\$29,505
ORIMA Research Pty Ltd	Client Benefits Client Satisfaction Survey 2021–22	\$25,836
ORIMA Research Pty Ltd	Client Benefits Client Satisfaction Survey 2020–21	\$24,654
<b>Total</b>		<b>\$319,604</b>

TABLE E2: PAYMENTS TO MEDIA ADVERTISING AGENCIES, 2021–22

Organisation	Service provided	Amount paid (including GST) (\$)
Universal McCann	Advertising, public notices and recruitment	\$425,761

TABLE E3: PAYMENTS TO DIRECT MAIL ORGANISATIONS, 2021–22

Organisation	Service provided	Amount paid (including GST) (\$)
CanPrint Communications Pty Ltd	Collation of information - Anzac Day mail-out 2022	\$26,048
CanPrint Communications Pty Ltd	Collation of information - Remembrance Day mail-out 2021	\$20,966
CanPrint Communications Pty Ltd	Collation of information - Cost of Living Payments mail-out	\$15,814
<b>Total</b>		<b>\$62,828</b>

## 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 Act 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

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 24-hour free and confidential mental health support. Any Australian Defence Force (ADF) member with at least one day of full-time service can access support, as can their immediate family.

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](http://www.dva.gov.au/carers).

### Human resource policies

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

A [carer awareness self-paced learning package](#) is available for download from DVA's website.

The package provides support material for all interested individuals and organisations, including contracted service providers, to assist them in understanding the issues and needs of carers, the Act 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/providers

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 2021–22 DVA's work health and safety (WHS) focus continued to be on the need to respond to the COVID-19 pandemic. DVA's preparations for a COVID-safe return to the office in mid-2021 were put on hold, as successive COVID-19 waves meant the majority of its workforce returned to working from home.

DVA supported the safety of staff in that changing work environment, conducting risk assessments to modify existing practices, reviewing and updating COVID-safe work protocols and cleaning practices, updating WHS practices for a largely remote workforce and reviewing these arrangements regularly as the landscape changed.

DVA complied with legislative obligations in the changed environment, drawing on existing WHS systems and practices and creating new and adapted practices and processes in response to COVID-19. DVA continued to ensure regular, flexible and timely channels of communication to further support healthy and safe work arrangements for staff and clients. This was critical, because different Australian state and territory jurisdictions issued their own specific public health orders and directions that had varied impacts on our diverse and geographically dispersed workforce, particularly those working in health facilities or those required to physically attend the workplace despite lockdowns.

The department also engaged regularly with other APS agencies and shared resources and learnings with them to ensure best practice in its management of WHS issues.

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, encouraging the identification and mitigation of potential risks and controls, and following best practice.

DVA engaged with stakeholders to address concerns about workloads and safe systems of work and has increased its focus on wellbeing of staff, with supports designed specifically

for staff attending as witnesses or involved with the Royal Commission into Defence and Veteran Suicide and a broader program to support resilience and awareness for all staff. A Wellbeing Advisory Group has been implemented to support this work and allow for improved business area input and targeted solutions where appropriate. In addition to engaging with staff and their representatives on wellbeing matters including workloads, DVA engaged with the Commonwealth's regulator, Comcare, gaining the ability to host some of Comcare's training and resources on internal systems as well as receiving specific advice and support.

DVA's National Work Health and Safety 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.

DVA refreshed its health and safety representative, workplace harassment contact officer and first aid officer networks, ensuring access to these supports.

During the COVID-19 pandemic, DVA has provided specific information and guidance to the Executive Leadership Group 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.

### Initiatives

DVA continued to address and respond to the evolving COVID-19 situation and build on the initiatives commenced in 2020–21 to support the physical and psychological wellbeing of DVA staff and their families as public health orders imposing mask mandates and lockdowns and hybrid working remained prominent features throughout the year. These initiatives were informed by wellbeing aspects identified through DVA's all-staff survey. Successful forums such as virtual lunchrooms, covering a variety of topics, were used to establish social

connections and provide outlets and enjoyment for staff. DVA participated in a regular cross-agency forum on the evolving COVID-19 situation that facilitated information sharing, collaboration and a coordinated approach to responding to the changing environment caused by the pandemic.

At various times throughout 2021–22 the majority of our staff were working remotely, so it was critical that staff were provided with both physical and psychological resources to support safe working and wellbeing.

The Disaster Response Management Team provided coordinated support and information across the department and incorporated WHS considerations into communications and planning, especially as staff returned to the workplace following extended lockdowns. The team ensured information was consistent with the different jurisdictional public health orders and approaches to mandatory vaccinations for certain workers; and rules on access to certain facilities, including health facilities and offices, that affected parts of the DVA workforce.

When the Royal Commission into Defence and Veteran Suicide commenced, we followed a proactive plan to broaden our focus on building staff awareness and resilience and support wellbeing. We provided targeted support for staff who might be called as witnesses or could be exposed to confronting material associated with the Royal Commission's activities. Our Employee Assistance Program continued to support our senior managers; make online support and tools available; and provide virtual seminars and activities to keep staff socially connected and informed on identified wellbeing topics.

DVA expanded its in-house expertise to offer bespoke counselling through social worker support to staff to address psychosocial hazards including workloads, stressors and difficult client interactions. DVA established the Wellbeing Advisory Group (WAG) to support the National Work Health and Safety Committee. It engaged with a diverse and informed cohort of internal specialists with knowledge and/or involvement in mental health and wellbeing so it could better understand the different needs

of business units, identify successful initiatives and approaches in the business and build our ability to identify potential interventions. The WAG has an external chair with appropriate knowledge and experience to also bring ideas around better practice and external research to the forefront of the group's considerations.

## **Wellbeing**

The DVA Wellbeing Strategy 2018–2023 underpins wellbeing activities conducted at DVA. In 2021–22 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 also provided ergonomic assessments where appropriate for staff working from home, as well as office-based assessments on request and ergonomic workstation equipment, software and configuration in work office locations.

Free and confidential counselling sessions are available to staff through the Employee Assistance Program. These sessions have been broadly publicised as one of the supports available to staff through the pandemic.

Staff participated in wellness activities conducted either in person at DVA offices or virtually. Webinars were made available to all staff on relevant topics relating to self-care, practical strategies to work from home effectively and building mental health fitness.

DVA also used information from 2 all-staff surveys, as well as responses to the APS Census survey, to assist it in understanding and responding to emerging trends in staff wellbeing. These surveys continue to inform evidence-based decision-making on a range of topics, including DVA COVID-safe measures, flexible work arrangements, leadership communications, subjective health, wellbeing and social connections, family and domestic violence, workloads, and work related to the Royal Commission into Defence and Veteran Suicide. DVA staff reported valuing flexibility in

their working life, attributing this to work–life balance and productivity at work. Overall, staff reported they had maintained their general health, wellbeing and social connections with colleagues during COVID-19.

### **Intervention, management and compliance activities**

DVA focuses on prevention of WHS incidents by creating an environment of WHS awareness through our Health and Safety Management Arrangements (HSMAs). Through HSMAs we update and promote policy and guidance materials and tools about safety, WHS hazards and wellbeing in DVA workplaces.

We also use HSMAs to provide a system of self-assessment for staff working remotely. The system was formalised with the introduction of a flexible work arrangements policy at the start of 2021–22. It provides resources and information and requires an informed assessment of remote working arrangements for all staff in conjunction with their managers. The assessment addresses operational requirements and business imperatives along with psychosocial, physical and personal consideration.

Through the HSMAs system DVA:

- provides ergonomic assessments, ergonomic equipment and software designed to optimise correct posture and encourage rest breaks. It supports different working arrangements for staff who are working in the office, working from home or both
- promotes and encourages participation in Safe Work Month activities, with a heavy emphasis on online safety seminars, Safety Toolbox discussions and promotion of health and safety in the workplace during the COVID-19 pandemic
- conducts regular (at a minimum annual) workplace inspections, including hazard and risk reporting, to promote and ensure safety
- raises awareness of the importance of reporting psychosocial hazards, including near misses such as complex or difficult interactions with clients or stakeholders. This enables us to be proactive in building supports and resilience for impacted work areas

- initiates an internal audit on psychosocial risk processes to help inform our safety systems and improve our HSMAs
- conducts emergency evacuation drills
- engages in effective consultation with Health and Safety Representatives and providing strong WHS governance through regular local Work Health and Safety Committee meetings and a National Work Health and Safety Committee. DVA is working across the business and with staff representatives on psychosocial risks, concerns around workloads, and responding to the psychosocial impacts of, and positioning the department with respect to, the Royal Commission into Defence and Veteran Suicide
- uses a proactive early intervention approach to minimise the impact of injury, disease and events on staff, and on teams more broadly. This ensures staff can stay at work or return to work more quickly and to a safe and supportive environment. The system covers both work-related and non-work-related matters, recognising the importance of returning to work early and implementing reasonable adjustments. There are mandatory reporting requirements for managers when staff members are absent for 10 or more days, and wellbeing checks are utilised to complement other notification avenues
- uses the Rehabilitation Management System to support staff to return to work after injury or illness and ensure a supportive and engaged management cohort is contributing to high levels of return to work positive outcomes where appropriate.

DVA had 5 notifiable incidents for 2021–22 under Part 3 of the WHS Act. This compares with 2 in 2020–21. Comcare, the Commonwealth regulator, assessed the incidents and determined that it would not take further action.

## Training and development

In 2021–22 COVID-19 pandemic lockdowns continued to affect staff opportunities to engage in in-person WHS training and development programs. However, online learning and virtual activities/seminars were more available and became commonplace as more and more organisations pivoted in the pandemic environment. The majority of training was delivered virtually when providers were able to do so.

DVA made use of the WHS seminars and other online events that Safe Work Australia and Comcare provided, encouraging staff to participate where topics were relevant. DVA also publicised various resources, providing links to the Safe Work Australia and Comcare websites. Despite optimism that it might be possible to hold some in-person events, Safe Work Month activities in October were limited to virtual sessions from Safe Work Australia and jurisdictional regulators, combined with presentations by a range of providers on topics of interest in DVA.

DVA provided training focused on staff wellbeing. Our Employee Assistance Program provider delivered a range of sessions on mental health, strategies for effective working from home, dealing with isolation and fatigue, and self-care.

Nationally accredited training continues to be provided for staff who are about to formally take on roles as health and safety representatives, harassment contact officers, first aid officers and emergency fire wardens. This ensures officers are equipped with skills and knowledge to fulfil their duties from the start. DVA's flexible work arrangements policy allows for staff to work part of the week remotely. Therefore, to comply with regulatory requirements, there has been an increase in the number of staff performing these roles to ensure that our various workplaces are appropriately covered based on scheduled attendance in the office. Networking forums for workplace harassment contact officers and first aid officers were implemented to bolster knowledge sharing and reporting where appropriate.

## Outcomes

WHS and wellbeing were a key focus area for DVA leadership and management over the financial year. DVA maintains healthy and safe workplaces and seeks to improve overall health and return to work outcomes for staff through active engagement and consultation.

Staff have acknowledged DVA's support for WHS this year. They have recognised the level of, and attention to, support and tools that DVA has provided. DVA will benefit from the recently established Wellbeing Advisory Group, which will provide expert and specific insights into mental health and wellbeing, taking into account business needs and contemporary better practice.

Following a number of years of reductions in Comcare workers' compensation insurance premiums, the premium increased slightly in 2021–22 as a result of increases in the department's average staffing level. The 2022–23 indicative premium is also forecast to increase. This increase is driven by an increase in accepted claims, including historical cases accepted through Administrative Appeals Tribunal processes.

DVA has maintained its accreditation as a Breastfeeding Friendly Workplace, and an emphasis on diversity and inclusion in the workplace has contributed to a safer psychosocial working environment.



## Appendix H: Ecologically sustainable development and environmental performance

### Environmental commitment statement

DVA seeks to integrate environmental sustainability into all its business activities 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 factors are considered in decision-making
- observing the environmental impact of procurement actions.

### 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 2021–22, DVA's contribution relates to the effective delivery of Australian Government services with as little environmental impact as possible.

### Environmental impact of operations

This section presents the activities we undertook in 2021–22 to reduce our environmental impact in line with the EPBC Act.

#### Fleet and fuel usage

At the conclusion of 2021–22 DVA had 34 fleet vehicles, which it continues to replace at lease end with smaller, more fuel-efficient vehicles. Nine vehicles (26% of the 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.

#### Staff travel

DVA's domestic travel policy supports travel if it can be demonstrated that teleconferencing and videoconferencing are not appropriate options and that there exists a demonstrated business need for travel. The department's travel expenditure over the past 3 years, during the COVID-19 pandemic, has been significantly less than in previous years.

#### Environmentally friendly purchasing

In all our purchasing decisions, the department seeks to promote consideration of environmental factors. For example, in 2021–22 (as in 2020–21), 100% of the standard copy/printer paper purchased had a recycled component.

#### Environmental performance / water consumption at commemorative sites

The Office of Australian War Graves (OAWG) in DVA maintains public horticultural sites throughout Australia in a range of environments – often in 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 2021–22, as part of our commitment to more sustainable water usage, OAWG replaced the aged irrigation system at the Adelaide River War Cemetery in the Northern Territory.







# 08

**Aids to access**

## List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
<b>17AD(g)</b>	<b>Letter of transmittal</b>		
17AI	<a href="#">iii</a>	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
<b>17AD(h)</b>	<b>Aids to access</b>		
17AJ(a)	iv	Table of contents (print only).	Mandatory
17AJ(b)	225	Alphabetical index (print only).	Mandatory
17AJ(c)	<a href="#">221 - 223</a>	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	<a href="#">215 - 220</a>	List of requirements.	Mandatory
17AJ(e)	<a href="#">ii</a>	Details of contact officer.	Mandatory
17AJ(f)	<a href="#">ii</a>	Entity's website address.	Mandatory
17AJ(g)	<a href="#">ii</a>	Electronic address of report.	Mandatory
<b>17AD(a)</b>	<b>Review by accountable authority</b>		
17AD(a)	<a href="#">1 - 3</a>	A review by the accountable authority of the entity.	Mandatory
<b>17AD(b)</b>	<b>Overview of the entity</b>		
17AE(1)(a)(i)	<a href="#">5 - 9</a>	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	<a href="#">10</a>	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	<a href="#">5</a>	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	<a href="#">5</a>	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	<a href="#">7</a>	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	<a href="#">7</a>	Position title of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	<a href="#">7</a>	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	<a href="#">7 - 9</a>	An outline of the structure of the portfolio of the entity.	Portfolio departments - Mandatory
17AE(2)	<a href="#">N/A</a>	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
<b>17AD(c)</b>	<b>Report on the Performance of the entity</b>		

PGPA Rule Reference	Part of Report	Description	Requirement
Annual Performance Statements			
17AD(c)(i); 16F	<a href="#">25 - 52</a>	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)	<a href="#">75 - 76</a>	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	<a href="#">195 - 200</a>	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	<a href="#">75 - 76</a>	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
<b>17AD(d)</b>	<b>Management and Accountability</b>		
Corporate Governance			
17AG(2)(a)	<a href="#">iii</a>	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	<a href="#">iii</a>	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	<a href="#">iii</a>	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)	<a href="#">iii</a>	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)	<a href="#">55</a>	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	<a href="#">72</a>	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			
17AG(2A)(a)	<a href="#">58</a>	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	<a href="#">59</a>	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	<a href="#">59</a>	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	<a href="#">59</a>	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	<a href="#">59</a>	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(3)	<a href="#">60 - 61</a>	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	<a href="#">61 - 62</a>	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)	<a href="#">60 - 61</a>	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)	<a href="#">60 - 61</a>	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	<a href="#">68 - 70</a>	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	<a href="#">185 - 190</a>	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)	<a href="#">185 - 191</a>	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)	<a href="#">191</a>	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the Public Service Act 1999.	Mandatory
17AG(4)(c)(i)	<a href="#">187 - 189</a>	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)	<a href="#">191</a>	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	<a href="#">68 - 69</a>	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

PGPA Rule Reference	Part of Report	Description	Requirement
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)	<a href="#">70</a>	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)	<a href="#">71</a>	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	<a href="#">71</a>	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)	<a href="#">71</a>	A statement that  "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]".	Mandatory
17AG(7)(c)	<a href="#">71</a>	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)	<a href="#">72</a>	A statement that  "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."	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	<a href="#">71</a>	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 previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(7A)(b)	<a href="#">72</a>	A statement that  “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.”	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	<a href="#">71</a>	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)	<a href="#">72</a>	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)	<a href="#">72</a>	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)	<a href="#">72</a>	A statement that  “[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.”	Mandatory
17AG(10)(b)	<a href="#">72</a>	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(10)(c)	<a href="#">72</a>	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that  “[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.”	If applicable, Mandatory
Financial Statements			
17AD(e)	<a href="#">77 - 169</a>	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	<a href="#">192 - 194</a>	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
<b>17AD(f)</b>	<b>Other Mandatory Information</b>		
17AH(1)(a)(i)	<a href="#">206</a>	If the entity conducted advertising campaigns, a statement that  “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.”	If applicable, Mandatory
17AH(1)(a)(ii)	N/A	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	<a href="#">72</a>	A statement that  “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	<a href="#">70</a>	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	<a href="#">63</a>	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)	N/A	Correction of material errors in previous annual report.	If applicable, Mandatory
17AH(2)	<a href="#">72</a>	Information required by other legislation.	Mandatory



## Acronyms and abbreviations

AAT	Administrative Appeals Tribunal
ADF	Australian Defence Force
AIHW	Australian Institute of Health and Welfare
ANAO	Australian National Audit Office
APPs	Australian Privacy Principles
APS	Australian Public Service
APSC	Australian Public Service Commission
ARC	Audit and Risk Committee
ATO	Australian Taxation Office
CDPP	Commonwealth Director of Public Prosecutions
CNA	Capability Needs Analysis
CP	Corporate Plan
CWGC	Commonwealth War Graves Commission
Defence	Department of Defence
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
EA	Enterprise Agreement 2019–22
ECF	Enterprise Capability Framework
Education Schemes	Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme
EMB	Executive Management Board
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ESO	ex-service organisation
FOI Act	<i>Freedom of Information Act 1982</i>
FOI	freedom of information
GPs	general practitioners
HR	human resources
HSMA	Health and Safety Management Arrangements
ICT	information and communications technology
IFAs	individual flexibility agreements

IPS	Information Publication Scheme
LEF	Learning Evaluation Framework
MDP	Manager Development Program
MRCA	<i>Military Rehabilitation and Compensation Act 2004</i>
MRCC	Military Rehabilitation and Compensation Commission
NACCF	National Aged and Community Care Forum
NCF	National Consultation Framework
OAIC	Office of Australian Information Commissioner
OAWG	Office of Australian War Graves
OCS	Organisational Capability Strategy 2021–2025
OLSC	Office of Legal Services Coordination
OMI	own motion investigation
Open Arms	Open Arms – Veterans & Families Counselling
PAMT	Provisional Access to Medical Treatment
PBS	Pharmaceutical Benefits Scheme
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
POW	prisoner of war
PS Act	<i>Public Service Act 1999</i>
PTSD	posttraumatic stress disorder
QUASARS	Quality Assurance Sampling & Recording System
RCDVS	Royal Commission into Defence and Veteran Suicide
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

TFN	tax file number
VAN	Veterans' Access Network
VEA	<i>Veterans' Entitlements Act 1986</i>
VEP	Veterans' Employment Program
VRB	Veterans' Review Board
WAG	Wellbeing Advisory Group
WHS Act	<i>Work Health and Safety Act 2011</i>
WHS	work health and safety



# 09

**Index**

## Index

### A

accountable authority, 7  
Accountable Authority Instructions, 55  
acronyms and abbreviations, 221–223  
Administrative Appeals Tribunal, 61–62  
advertising and market research, 206  
ageing claims, 41  
agency resource statement, 195  
aids, appliances and modifications, 46  
annual report contact officer, ii  
Anzac Day, 2, 52  
APS Values and Code of Conduct, 55  
asset management, 70  
audit  
    external, 60  
    internal, 57  
Audit and Risk Committee, 56, 58–59  
Auditor-General reports, 60  
AusTender, 72  
Australian Bureau of Statistics, 69  
Australian Census, 3  
Australian Federal Police, 58  
Australian Information Commissioner, 62  
Australian Information Commissioner  
    applications and decisions, 66  
Australian Military Cemeteries, 52  
Australian National Audit Office access clauses,  
    72  
Australian Privacy Principle 12 requests, 63  
Australian War Memorial, 2, 7, 8

### B

Battle of Nui Le 50<sup>th</sup> anniversary, 2, 52  
Booked Car with Driver Scheme, 49  
Building Excellence in Support and Training  
    grants, 35  
business continuity, 57  
business planning, 56

### C

Capability Development Plan, 70  
Capability Needs Analysis, 70  
carer recognition, 207  
change of circumstances requests, 41  
children and young people, 34, 36, 41–42

claim volumes, 40, 41, 42  
claims backlog, 1–2, 39–41  
claims processing, 1–2, 48, 177  
    recruitment for, 2, 31, 40  
    timeliness, 39–41, 48  
    timeliness statistics, 33, 34, 35, 36, 37, 46  
Client Benefits Satisfaction Survey, 41  
client satisfaction performance measures  
    Outcome 1, 31, 41–42  
    Outcome 2, 31, 49  
    program 1.1 income support and  
        allowances, 32–33  
    program 1.2 disability support, 33  
    program 1.3 Defence widow/ers and  
        dependants, 34  
    program 1.4 assistance and other  
        compensation, 35  
    program 1.5 Education Schemes, 36  
    program 1.6 DRCA and MRCA claims, 37  
    program 2.5 counselling and health  
        services, 46  
    program 2.6 rehabilitation and other  
        services, 47  
Comcare, 63, 208, 210, 211  
commemorative activities (program 3.2), i, 2, 5,  
    27, 28, 31, 50, 52  
    performance criteria, targets and results,  
        51  
committees, governance, 55–56  
Commonwealth Director of Public  
    Prosecutions, 58  
Commonwealth Ombudsman, 60  
Commonwealth War Graves Commission, 7,  
    50, 52  
community care and support (program 2.4), 5  
    performance criteria, targets and results,  
        45  
Community Nursing program, 45  
compensation (program 1.4), i, 5, 20, 28, 31,  
    33, 35, 40, 41  
    performance criteria, targets and results,  
        35, 36–37  
    statistics on, 176, 178, 180, 182–183  
    *see also* widow/ers and dependants,  
        Defence (program 1.3)

complaints, 43, 44, 45, 46, 48, 49  
compliance with finance law, 72  
Comsuper, 63  
conflicts of interest, 56  
consultancy and non-consultancy contracts, 71  
consultants, 71  
contact details, ii  
corporate governance, 55–56  
Corporate Plan 2021–22, 26, 28, 31, 43, 50, 56  
correctness rate performance measures

- Outcome 1, 31, 41
- program 1.1 income support and allowances, 32–33
- program 1.2 disability support, 33
- program 1.3 Defence widow/ers and dependants, 34
- program 1.4 assistance and other compensation, 35
- program 1.5 Education Schemes, 36
- program 1.6 DRCA and MRCA claims, 37

Cosson, Liz AM CSC (Secretary), 1–3, 7, 10

counselling services (program 2.5), 5, 31, 48–49

- performance criteria, targets and results, 46
- see also* Open Arms Veterans & Families Counselling

court and tribunal decisions, 61–62

COVID-19 pandemic, 1, 42, 49

- impact on commemorative events, 2, 52
- recruitment and training during, 31

## **D**

Data Matching Program report, 201–205

data sharing with Defence, 41

decisions review, 7, 8 *see also* court and tribunal decisions

Defence and Veteran Suicide Prevention National Commissioner, 61

Defence Garrison Health GPs, 48

Defence Home Ownership Assistance Scheme, 35

Defence Service Homes Insurance, i, 8, 35

- client satisfaction, 42
- statistics, 176

demand for services, 1–2

dependants *see* widow/ers and dependants, Defence

Disability Employment Strategy, 70

disability reporting, 70

disability support (program 1.2), 5, 28, 40, 41

- performance criteria and targets, 33
- statistics on, 176, 177, 180

discounts for veterans, i

## **E**

e-learning, 31

early engagement model with Defence, 1

ecologically sustainable development, 212

Education Schemes, 36, 41–42

review of, 42

*see* Military Rehabilitation and Compensation Act Education and Training Scheme; Veterans' Children Education Scheme

Education Schemes Satisfaction Survey, 36, 41

educational and commemorative resources and information, i, 51

Employee Assistance Program, 211

Employment Principles, 55

engagement and communication activities, 43, 44, 45

Enterprise Agreement 2019–22, 68–69

Enterprise Capability Framework, 70

environmental performance, 212

ex-service organisations, 2, 34, 35, 36

Executive Management Board, 55, 56

exempt contracts, 72

expenses for outcomes, 196–200

external scrutiny, 60–66

## **F**

fast facts 2021–22, i

Federal Court of Australia, 62

financial statements, 75–171

fleet vehicles, 212

fraud prevention and control, 57–58

freedom of information, 62, 63–65

- decision outcomes 2021–22, 65
- staff time spent on, 64

funding, 1

funeral benefits, 35, 40, 41, 175, 177

## G

Gallipoli Dawn Service, 52  
Gardens of Remembrance, 52  
Gee, the Hon Andrew MP, 7  
Gold Cards, i, 175  
grants, 35, 72

## H

health cards, i, 175  
health care services, 31  
highly paid staff, 194  
home insurance *see* Defence Service Homes Insurance  
hospital services (program 2.2), 5, 43, 48

performance criteria, targets and results, 44

human resources, 68–70

## I

Implementation Assurance Board, 55  
incapacity claims, 7, 37, 40, 41  
statistics, 176, 178, 180  
*see also* injury and illness, compensation for (program 1.6)  
income support and allowances (program 1.1), i, 5, 7, 14, 28, 31, 32–33, 35, 41  
performance criteria, targets and results, 33, 35  
statistics on, 175, 177  
*see also* compensation (program 1.4); injury and illness, compensation for (program 1.6)  
independent living, assistance for, 31, 36, 45, 46  
individual flexibility agreements, 68–69  
information and communications technology, 40, 41  
Information Publication Scheme, 63  
initial liability claims, i, 40  
injury and illness, compensation for (program 1.6), 20, 36–37, 40  
performance criteria, targets and results, 37  
top 15 claimed conditions, 179, 181, 183

## K

Keogh, the Hon Matt MP, 7  
key management personnel, 192

## L

Learning Evaluation Framework, 69–70  
legal services, 66–68  
legislation, 8–9

## M

Manager Development Program, 70  
medical and allied health practitioners, 43, 48  
Medical Benefits Scheme, 48  
medical claimed conditions, 181, 183  
medical consultations and services (program 2.1), i, 5, 31, 43, 48  
performance criteria, targets and results, 43  
medicines and wound care, 44  
mental and allied health care services, 46, 48  
mental health hospitals, 44  
mental health services, 1, 2, 46, 47, 48–49  
Military Medicine Special Interest Group, 48  
*Military Rehabilitation and Compensation Act 2004*, 5, 8, 20, 27, 40, 63  
adjustments to liability provisions, 184  
appeals, 62  
claims statistics, 182–183  
performance criteria and targets related to, 36–38, 47  
top 15 claimed conditions, 183  
*see also* injury and illness, compensation for (program 1.6); Military Rehabilitation and Compensation Commission  
Military Rehabilitation and Compensation Act Education and Training Scheme, 26, 36, 41–42, 176  
Military Rehabilitation and Compensation Commission, 7, 42, 62  
activity in 2021–22, 21  
annual report, 19–23  
functions, powers and structure, 20  
membership, 22–23  
relationship with DVA, 20–21  
Minister for Veterans' Affairs, 7, 8, 27  
MyService, i  
**N**  
National Commissioner for Defence and Veteran Suicide Prevention, interim, 61  
new claims, 33, 40, 41

non-salary benefits, staff, 69

notifiable incidents, 210

## O

Office of Australian War Graves, 7, 50, 52, 212

Open Arms Veterans & Families Counselling, i, ii, 26, 41, 46, 48, 49

Client Assist Contact Centre, 26

*see also* counselling services (program 2.5)

Operation Ivanhoe 50<sup>th</sup> anniversary, 2, 52

organisation chart, 10

Organisational Capability Strategy, 69

Outcome 1, 5

analysis of results, 39–42

performance overview, 30–31

performance results against targets, 32–42

Outcome 2, 5

analysis of results, 48–49

performance overview, 30–31

performance results against targets, 43–47

Outcome 3, 5

analysis of results, 52

performance overview, 30–31

performance results against targets, 50–51

outcomes and programs, 5, 26, 28

expenses for outcomes, 196–200

performance measurement methods, 29

## P

parliamentary committee reports, 60–61

payment correctness *see* correctness rate  
performance measures

pensioner-initiated reviews, 33, 40, 177

pensions *see* income support and allowances

Performance Management Framework, 70

performance measures and targets, 28, 29–31

changes to, 26–27

performance overview, 30–31

performance reporting framework, 26–29

performance snapshot 2021–22, 30

permanent impairment claims, 7, 37, 40, 41

statistics, 176, 180, 182

*see also* injury and illness, compensation  
for (program 1.6)

pharmaceutical benefits (program 2.3), 5, 44, 48

service quality target, 44

portfolio, 7

Portfolio Budget Statements 2021–22, 26, 28, 31, 43, 50

portfolio reviews and inquiries, 61

prisoner of war ex gratia payments, 35

privacy, 66

procurement, 71, 72

Provider Engagement Framework, 43, 44, 45

*Public Governance, Performance and Accountability Act 2013*, 55, 56, 58

*Public Governance, Performance and Accountability Rule 2014*, 26, 57, 58

purchasing, 71

purpose, 5, 28

## Q

Quality Assurance Program, 41

quality performance measures

Outcome 1, 31, 41

Outcome 2, 31, 48

program 1.1 income support and allowances, 33

program 1.2 disability support, 33

program 1.3 Defence widow/ers and dependants, 34

program 1.4 assistance and other compensation, 35

program 1.5 Education Schemes, 36

program 1.6 DRCA and MRCA claims, 37

program 2.1 medical consultations and services, 43

program 2.2 hospital services, 44

program 2.3 pharmaceutical benefits, 44

program 2.4 community care and support, 45

program 2.5 counselling and health services, 46

program 2.6 rehabilitation and other services, 47



## R

rehabilitation assessments, 49  
rehabilitation services (program 2.6), 5, 20, 27, 31, 48, 49  
    performance criteria, targets and results, 47, 48  
    psychosocial and vocational, 46, 47  
rehabilitation survey, 47  
reimbursement of medical travel costs, 48  
    statistics, 184  
Remembrance Day, 2  
Repatriation Commission, 7, 42, 62  
    activity in 2021–22, 15  
    annual report, 13–17  
    functions, powers and structure, 14  
    membership, 16–17  
    relationship with DVA, 14  
Repatriation Medical Authority, 8  
Repatriation Pharmaceutical Benefits Scheme, 44, 48  
Repatriation Transport Scheme, 48  
    statistics, 184  
reporting framework *see* performance reporting framework  
representatives of veterans and families, 34, 35, 36  
residential care, 45  
return to work outcomes, 36  
risk management, 57  
Royal Australian College of General Practitioners Fellowship, 48  
Royal Commission into Defence and Veteran Suicide, 1, 2, 3, 61, 67, 208, 209, 210  
    expenditure, 68

## S

*Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*, 5, 27, 36–37, 40, 63  
    appeals, 62  
    claims statistics, 176, 180  
    performance criteria, targets and results related to, 36–38, 47  
    top 15 claimed conditions, 181  
    *see also* injury and illness, compensation for (program 1.6)

screening and triaging process for claims, 40–41  
Secretary, 7, 10, 56  
    advice to, 58–59  
    review 2021–22, 1–3  
senior executive service remuneration, 68–69, 193  
Service Performance Committee, 55  
small business procurement, 72  
social media, ii, 52  
Specialist Medical Review Council, 8  
staff, i, 68–70  
    capability development, 69  
    career planning, 70  
    employment arrangements, 68–69  
    Indigenous, 190–191  
    new, 40, 41  
    performance management, 70  
    performance plans, 56  
    recruitment and training, 2, 31, 40, 41, 52, 69–70, 211  
    remuneration, 68–69, 191–194  
    statistics on, 64, 185–194  
    travel, 212  
Statements of Principles for disease, injury and death, 8, 179, 183  
Student Progress Survey, 42  
students, 26, 41–42  
    satisfaction with services, 42  
suicide, Defence and veteran, 1, 2, 3, 61, 67, 68, 208, 209, 210  
surveys, 49  
I  
telehealth, 46  
timeliness performance measures  
    Outcome 1, 31, 39–41  
    Outcome 2, 31, 48–49  
    program 1.1 income support and allowances, 33  
    program 1.2 disability support, 33  
    program 1.3 Defence widow/ers and dependants, 34  
    program 1.4 assistance and other compensation, 35  
    program 1.5 Education Schemes, 36

- program 1.6 DRCA and MRCA claims, 37
  - program 2.5 counselling and health services, 46
  - program 2.6 rehabilitation and other services, 47
- Training and Information Program, 35
- transition support and services, 2
- travel to medical appointments, i, 43, 46, 48, 49, 175
  - statistics, 184
- Triage and Connect, 41
- V**
- veteran and family statistics, i, 6, 173–174
  - see also *Military Rehabilitation and Compensation Act 2004*; *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; *Veterans' Entitlements Act 1986*; widow/ers and dependants, Defence (program 1.3)
- veteran appeals, 62
- Veteran Centric Reform — Putting Veterans and their Families First Program, 40
- Veteran Recognition Program, 40
- Veterans' and Families' Hubs, 2
- Veterans' Children Education Scheme, 5, 26, 28, 36, 41–42, 175
  - performance criteria and targets, 36
- Veterans' Entitlements Act 1986*, 8, 14, 32, 35, 40, 177
  - appeals, 62
  - claim statistics, 177
  - see also Repatriation Commission
  - top 15 claimed conditions, 179
- Veterans' Home Care program, 45
- Veterans' Recognition Package, i, 2
- Veterans' Review Board, 7, 8
- W**
- wait times, claims, 1, 40
  - see also claims backlog; claims processing
- War Graves Act 1980*, 7
- war graves and memorials (program 3.1), 5, 7, 28, 31, 52
  - performance criteria, targets and results, 50
  - water usage at, 212
- War Graves System, 31, 52
- wartime history, 50
- website, ii
- White Cards, i, 175
- widow/ers and dependants, Defence (program 1.3), i, 5, 8, 14, 20, 28, 31, 34, 41, 175
  - claims processing, 40
  - performance criteria, targets and results, 34
  - statistics, 178, 180, 183
  - see also Education Schemes; injury and illness, compensation for (program 1.6)
- work health and safety, 208–211
- workforce planning, 68
- Workforce Strategy, 55

