



Australian Government
Department of Veterans' Affairs



REPATRIATION COMMISSION
MILITARY REHABILITATION AND COMPENSATION COMMISSION
DEPARTMENT OF VETERANS' AFFAIRS

ANNUAL REPORTS

18
19

Our Purpose To support those who serve or have served in the defence of our nation and commemorate their service and sacrifice.

2018–19 Actual
\$11.1 BILLION¹

DVA supported:

183,665 veterans **109,760** dependants

**\$6.3
BILLION¹**

**Compensation
and Support**



151,543
income support clients



84,974
primary compensation
determinations



159,823
compensation clients
supported



52,243
DSH Insurance
homes protected

**\$4.3
BILLION¹**

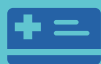
**Health and
Wellbeing**



155,457
Open Arms
counselling sessions
24,830
clients accessed
Open Arms



128,824
AT-Ease website visits
1.2m
instances of travel
to treatment



207,160
DVA health cards
122,536 Gold Cards
84,624 White Cards



168,851
health service providers

**\$43
MILLION**

Commemorations



22,446
war graves maintained
in Australia and
Papua New Guinea



324,446
post-war
commemorations



19,000
educational resources
distributed

**\$462
MILLION**

**Enabling
Services**



80,473
Registrations for
online services



1,681
DVA employees



5,632,460
website
page views

DVA fast facts

¹ This figure represents actual spending rather than accruals

Enquiries about the annual report

Enquiries and comments about this report should be directed to:

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

Email: CMBART@dva.gov.au

This annual report is available online at:
www.dva.gov.au/about-dva/accountability-and-reporting/annual-reports

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Front cover photo: Australia's Federation Guard personnel stand at attention during a burial for two First World War soldiers, at Queant Road Cemetery, France.
© Commonwealth of Australia, Department of Defence

Back cover photo: The crew of HMAS Anzac and their families farewell one another as the ship departs for South East Asia from Fleet Base East, Sydney.
© Commonwealth of Australia

Contact details

Telephone: 1800 555 254

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

Email: GeneralEnquiries@dva.gov.au.

This email facility is not secure. Please do not use it to send personal information to DVA.

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

Social media:



facebook.com/DVAAus



twitter.com/DVAAus



youtube.com/DVAAus

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

Open Arms— Veterans & Families Counselling

Open Arms—Veterans & Families Counselling (Open Arms) is a national mental health service that provides free and confidential counselling, group programs and suicide prevention training for current and ex-serving ADF personnel and their families.

Open Arms is available 24/7—1800 011 046.

www.OpenArms.gov.au

Repatriation Commission letter of transmittal



Australian Government
The Repatriation Commission

PRESIDENT
DEPUTY PRESIDENT
COMMISSIONER

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FACSIMILE (02) 6289 6257

8 August 2019

The Hon Darren Chester MP
Minister for Veterans' Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

The Repatriation Commission submits its report for the year ended 30 June 2019, as required under section 215 of the *Veterans' Entitlements Act 1986*.

Liz Cosson AM CSC
President

Craig Orme DSC AM CSC
Deputy President

Don Spinks AM
Commissioner

Military Rehabilitation and Repatriation Commission letter of transmittal



Australian Government
Military Rehabilitation and
Compensation Commission

Telephone (02) 6289 6102
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8 August 2019

The Hon Darren Chester MP
Minister for Veterans' Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

The Military Rehabilitation and Compensation Commission submits its report for the year ended 30 June 2019, as required under section 385 of the *Military Rehabilitation and Compensation Act 2004* and section 161 of the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*.

Liz Cosson AM CSC
Chair

Craig Orme DSC AM CSC
Member

Don Spinks AM
Member

Tracy Smart AO
Air Vice-Marshal
Member

Natasha Fox AM CSC
Major General
Member

GPO BOX 9998 CANBERRA ACT 2601

Department of Veterans' Affairs letter of transmittal



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

The Hon. Darren Chester MP
Minister for Veterans and 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 2018–19 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 September 2019

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Saluting Their Service

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Secretary's review



For over a century, the Department of Veterans' Affairs (DVA) has been supporting those who have served and sacrificed for our country and the families who have supported them. To those who have served or are currently serving and to all defence families, I thank you for everything you do. It is sometimes not an easy life, but it is a life to be proud of.

Throughout military service, the aim is to be as healthy and active as can be in order to 'serve well' and be 'fit to fight'. Our aim is to be there to support veterans to live well and age well after their military career and that extends to their families.

As I present to you the *Department of Veterans' Affairs Annual Report 2018-19*, we reflect on the journey so far and on what we have achieved for veterans and their families. We have now completed the second year of the most significant reform in DVA's history, continuing to evolve into a department that encourages and supports wellbeing at all stages of veterans' and their families' lives.

The cover of this annual report reminds us of the significance of what we do and what we are continuing to work towards. We want to know young serving members and their families from the moment they enlist in the Australian Defence Force (ADF). If we can follow their careers and experiences from the beginning then we can better understand their needs before they transition to civilian life and reach out proactively.

During 2018-19 we continued to align our vision, strategic priorities and purpose. We introduced new programs and services to address mental health challenges and support the wellbeing of veterans and their families. Reflected in our annual report is the acknowledgement of a number of great achievements and advancements that are delivering better outcomes for veterans.



The ongoing commitment from the Government to our transformation is making these achievements possible and allowing us to continue our work with the veteran community to ensure we are continuously improving their health outcomes and reducing their risk of serious mental health issues.

DVA's transformation— putting veterans and their families first

In 2018–19 DVA's transformation program focused on delivering real benefits for veterans and their families through a number of initiatives.

The work underway is building a more proactive DVA to connect veterans and their families with the support and treatment they need sooner. This year, the number of services available online has increased, new technology has made the phone system more intuitive and easier to use, and veterans across Australia have had more opportunities to connect with face-to-face services and support.

DVA is also using data and analytics to gain insights so that we can deliver more effective,

evidence-based policies and services which will continue to shape DVA in 2019–20. We are creating a better experience for veterans and their families when connecting with us, no matter how they want to manage their business with us. We are embracing new technology and providing more modern access to services, such as online claiming through MyService.

Key partnerships across the whole of Government are helping to deliver better services and support. For example, our relationship with the Services Australia (previously the Department of Human Services (DHS)) is enabling us to provide veterans in rural and regional areas with the opportunity to meet in person through the DHS Mobile Service Centres and the agent networks pilot.

To achieve our transformation we not only have to change our services and our processes; we are also focusing on aligning our internal culture with our future vision. Our ability to deliver better outcomes to veterans is reliant on our organisation's ability to deliver those outcomes. The culture we foster internally will ultimately determine our ability to provide veterans and their families with the support they need, when and where they need it.

Improving continuity of care during a veteran's transition from the military to civilian life

We are working closely with Defence to enable us to understand veterans from the time they enlist to when they transition from the ADF, better appreciating what our future veterans and families have experienced.

In 2018–19 the Early Engagement Model (EEM) was paramount in helping with the continuity of care and the transition process. With Defence notifying us of transitioning members, these veterans and their families can access the right services and support to help them to prepare for civilian life earlier.

As we continue to improve the continuity of care, from 1 July 2019 veterans have access to DVA funded Annual Veteran Health Checks from their GP for the first five years after transition.

Mental health support and veteran suicide prevention

DVA has introduced a range of new programs and services to support the mental health and wellbeing of veterans and their families. I want our veterans and their families to know they are not alone and support is available to them whenever they need it.

One of these initiatives is the Client Support Framework, which provides streamlined access to timely and individually tailored support for at-risk or vulnerable veterans and families. Under the framework, we have a multi-skilled cohort of mental health clinicians and social workers who are providing support services for veterans with more complex circumstances and those who are vulnerable.

DVA has also established a more evidence-based assessment, helping our staff to better understand the complexities that our veterans face so they do not fall through

the cracks if they are receiving support through various areas of the department. This involves clearer referrals and collaboration between DVA and Open Arms—Veterans & Families Counselling (Open Arms) so that vulnerable veterans can receive a holistic support service.

We also expanded eligibility to access support services through Open Arms to any ADF member with minimum one day's full-time service, as well as their family.

In 2018–19 experts came together to inform the Government on developing a forward plan and strategy on veteran mental health, wellbeing and suicide prevention. On 26 June 2019 at Parliament House, Canberra, the Minister for Veterans and Defence Personnel, the Hon Darren Chester MP convened the Veteran Mental Health Summit. The summit was an opportunity for an open discussion about what is working, what is not working, our knowledge and research gaps and what else we can be doing together to improve mental health and prevent veteran suicide.

Reviews and inquiries

This year we have seen a number of significant reviews, inquiries, studies, reports and feedback from the community and the Government on the performance of our department.

The report of the Veterans' Advocacy and Support Services Scoping Study was finalised in December 2018 and publicly released in March 2019. The study examined ways to assist veterans and their families who are accessing entitlements and services and to improve advocacy services.

The Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade conducted an inquiry into how members of the ADF can be better supported when transitioning out of the Defence Force. The inquiry report, tabled on 4 April 2019, considers a range of policy, program and service delivery responses to improve the support available to veterans transitioning from the military to civilian life.

Last year Emeritus Professor Robin Creyke AO conducted an independent review of the

implementation of the recommendations of the Joint Inquiry into Management of Jesse Bird's Case. This was a commitment made by the former Minister for Veterans' Affairs, the Hon Dan Tehan MP.

The findings from these reports and inquiries help us continue to improve and renew our focus and commitment to change.

Anzac Centenary

Remembrance Day 2018 was the 100th anniversary of the First World War Armistice, marking the end of the Anzac Centenary 2014–2018—one of the most important periods of commemoration in our nation's history.

DVA's role in the delivery of the Anzac Centenary 2014–2018 was significant and gave all Australians an opportunity to commemorate the service and sacrifice of more than two million Australians who have served and their families who supported them.

As we approach the 75th anniversary of the conclusion of the Second World War, DVA will be broadening its focus to the Asia-Pacific region and the opportunities to commemorate and reflect on battles and events that had a profound effect on some of our closest neighbours, as well as the attacks on Australian soil.

Performance

I draw to your attention our reported variance from our original budget on page 172. This variance is a reflection of the success of our transformation making it easier for veterans to lodge claims, as well as a higher percentage of claims being accepted.

The future

As we reflect on the 2018–19 financial year, we are making a clear transition to an agency that prioritises the needs of veterans and their families. In 2019–20 DVA will continue to move further in this direction, providing veterans with continually better access to support services throughout their life journey.

The final report of the Productivity Commission's inquiry into the system of compensation and rehabilitation for veterans and their families, *A better way to support veterans*, was tabled in Parliament on 4 July 2019. The report is important in shaping the future of the system of support for veterans and their families. During the inquiry, the Productivity Commission received more than 300 written submissions and 160 comments; and conducted 12 public hearings in all capital cities and selected regional centres.

Looking at the final report and feedback from the veteran community gives me the reassurance that we are on the right path and that our reforms will address the identified issues. I believe this is an incredible opportunity to undertake major change for future generations of veterans and their families.

The Government has stated it will respond to the report together with the Veterans' Advocacy and Support Services Scoping Study and the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into transition from the ADF, both of which have also considered in detail the best ways of supporting veterans and their families. DVA will work with Defence, other key agencies and the veteran community to assist the Government to respond.

As Secretary during this period, I have made it clear that our priority is to transform DVA into a proactive, agile agency that encourages and supports the wellbeing of veterans and their families. I never want our veterans and their families to feel like they have nowhere to go. We are here to support them.

I would like to acknowledge all DVA staff, the Repatriation Commission and the Military Rehabilitation and Compensation Commission and thank them for their dedication. We are all proud to be able to serve those who have served.

Liz Cosson AM CSC

Secretary, Department of Veterans' Affairs

Five Eyes ministerial conference and veterans' ministers' meeting

On 20–21 October 2018, to coincide with the Sydney 2018 Invictus Games, the Minister for Veterans and Defence Personnel, the Hon Darren Chester MP, met with ministers and delegates from 'Five Eyes' nations—Australia, Canada, New Zealand, the United Kingdom and the United States to discuss veterans' issues. Attendees looked at ways that our nations can work together to achieve the best possible outcomes for veterans and their families.

Ministers and delegates discussed veterans' mental health and wellbeing, education and employment and other issues facing veterans post-transition to civilian life. Ministers signed a joint Statement of Intent acknowledging the benefits of working together and collaborating in areas of common interest that recognise, support and care for the defence and veteran communities and their families.

The Invictus Games also provided an opportunity for federal, state and territory ministers responsible for veterans' issues to meet and discuss opportunities for closer collaboration in supporting Australia's veterans and their families.

In recognition of the importance of working together on veterans' issues, ministers endorsed a proposal to elevate the existing round table to a Veterans Ministerial Council. Ministers also recognised that the games provided an important platform for raising public awareness around veterans' issues and showcasing the courage, strength and resilience of our wounded, injured and ill veterans.

A key focus of the discussion was the transition process for those leaving the Australian Defence Force—in particular, improvements to the process and programs available to support veterans to enter civilian employment. Ministers agreed that the best support is the economic independence that comes with finding meaningful civilian employment. They agreed that, while significant work is being done at both the state and territory and federal levels to address this, more needs to be done across the jurisdictions in a concerted way. They also agreed on the importance of promoting the skills, attributes and capabilities of Australia's veterans and reinforcing the message that 'hiring a veteran is good for your business'.

Ministers discussed other significant issues faced by veterans including homelessness, incarceration, mental health and suicide. They acknowledged that the Australian community needs to better recognise the contribution that veterans and their families make to the nation.

They agreed there is the need for robust data collection on veterans' issues and they strongly endorsed the inclusion of a veteran indicator in the 2021 Australian Census.

The Five Eyes conference and veterans' ministers' meetings were held in conjunction with a series of related DVA-led events, such as the Veterans' Families Forum, the Veterans' Employment Forum and the Invictus 18 Symposium on transition. The events were attended by Australian and international decision-makers; and those from government, Defence, ex-service organisations, academia and the corporate and not-for-profit sectors who can drive policy and action on veterans' issues.

“Ministers signed a joint Statement of Intent acknowledging the benefits of working together and collaborating in areas of common interest that recognise, support and care for the defence and veteran communities and their families.”



Delegates at the International Ministerial (Five Eyes) conference.

Left to right: Jacquelyn Hayes-Byrd, Acting Assistant Secretary for Human Resources, U.S. Department of Veterans Affairs; John P. Medve, Executive Director, Office of Policy and Interagency, U.S. Department of Veterans Affairs; Brigadier Andrew Harrison DSO MBE, Defence Attache, Australia, British High Commission, Canberra; General Walter Natynczyk CMM MSC CD (Ret'd), Deputy Minister for Veterans Affairs, Canada; Air Commodore (Professor) Rich Withnall QHS MD MA MSc MBBS FRCGP FAcadMed CMgr RAF, Head of Research & Clinical Innovation, Royal Centre for Defence Medicine, UK; the Hon Darren Chester MP, Minister for Veterans and Defence Personnel, Australia; the Rt Hon Tobias Ellwood MP, Minister for Defence People and Veterans, Ministry of Defence, UK; Liz Cosson AM CSC, Secretary, Australian Department of Veterans' Affairs; Wing Commander Dr Paul Nealis DMed(F), Chief Medical Officer, New Zealand Defence Force; Bernadine Mackenzie, Head of Veterans' Affairs, New Zealand; Air Vice-Marshal Dr. Tracy Smart AO; Mr Michel Doiron, Assistant Deputy Minister, Service Delivery, Veterans Affairs Canada.





Overview

18
19

Veterans and families wave to children during a parade through the streets of Sydney on Anzac Day, 2019.
© Commonwealth of Australia, Department of Defence

About us

Mission

To support those who serve or have served in the defence of our nation and commemorate their service and sacrifice.

Vision

We will be a responsive and flexible organisation, efficiently delivering high quality, connected services to all generations of veterans and the wider veteran community.

Purpose

DVA's purpose, as outlined in the Corporate Plan 2018–2022, is to support those who serve or have served in the defence of our nation and commemorate their service and sacrifice through:

- maintaining and enhancing the quality of life of clients by improving their financial wellbeing and self-sufficiency
- maintaining and enhancing the quality of life of clients by improving their physical and mental wellbeing
- acknowledging and commemorating veterans' service and sacrifice, and promoting an increased understanding of Australia's wartime history.

Portfolio

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

Portfolio minister

The portfolio is administered by the Minister for Veterans and Defence Personnel.

The Hon Darren Chester MP was appointed to the position of Minister for Veterans' Affairs on 5 March 2018. Subsequently, the Minister was appointed to the position of Minister for Veterans and Defence Personnel on 29 May 2019.

Department and statutory commissions

This annual report covers the work of three entities in the Veterans' Affairs portfolio:

- Department of Veterans' Affairs—the primary agency responsible for developing and delivering programs and services that assist the veterans and their families, 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—the policy body 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)—the policy body responsible for the administration of the MRCA and the DRCA (as they relate to current and future ADF members and their families). The assistance provided under these Acts includes permanent impairment payments, incapacity payments, and health care and rehabilitation programs.

The Repatriation Commission and the MRCC have broad powers that enable them to carry out their

functions and duties. The commissions also have specific powers to enter into contracts, deal with real or personal property, undertake building works and engage persons to perform services. The commissions have no staff of their own; staff who assist the commissions in performing their roles are provided by the Secretary of DVA.

DVA is responsible for providing financial support in the form of pensions, allowances, benefits and treatment to veterans and their families, but this activity is overseen by the commissions. The commissions also assist in determining policy, identifying anomalies, considering whether matters should be appealed, advising the Minister for Veterans and Defence Personnel and the Parliament, liaising with the veteran community, and collaborating with Defence, Comcare and other Commonwealth agencies.

Under the VEA, the Secretary of DVA may be appointed as the President of the Repatriation Commission. By convention, the Secretary of DVA is appointed to this statutory role to ensure that the functions and objectives of the commissions align with those of DVA. Because the Secretary is the President of the Repatriation Commission, the Secretary is also the Chair of the MRCC.

The Deputy President of the Repatriation Commission performs several roles for the commissions and DVA. First, as a full-time member of the Repatriation Commission, the Deputy President participates in and contributes to all Repatriation Commission meetings. Under the provisions of the MRCA, the Deputy President is also a member of the MRCC. In addition, the Deputy President assists the Secretary in managing the department.

The Services Member, also known as the Repatriation Commissioner, is appointed by the Governor-General (on advice from the Minister for Veterans and Defence Personnel). As Services Member, the Repatriation Commissioner has special responsibility for representing the views of that community in the commission's considerations. By convention the Commissioner is also appointed as a member of the MRCC.

The Repatriation Commissioner is a member of the executive management team of DVA and has a key role in managing veteran engagement.

Other portfolio entities

Several independent entities 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 entities, including annual reports on performance, is available from their websites.

Repatriation Medical Authority

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

Specialist Medical Review Council

The Specialist Medical Review Council 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 and Defence Personnel. 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.

Veterans' Review Board

The Veterans' Review Board reviews certain decisions made under the VEA and the MRCA. More information on the board is available at www.vrb.gov.au.

Australian War Memorial

The Australian War Memorial maintains and develops the national memorial to Australians who have died in wars or warlike operations. It also develops, maintains and exhibits a national collection of historical material; and conducts and fosters research on Australian military history. More information on the Australian War Memorial is available at www.awm.gov.au.

Department

DVA's role is to support the wellbeing of those who serve or have served in the defence of our nation, and their families, and commemorate their service and sacrifice.

Legislation

Most of DVA's work in 2018–19 was related to the administration of the following Acts and their related instruments:

- *Anzac Day Act 1995*
- *Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006*
- *Australian War Memorial Act 1980*
- *Defence Service Homes Act 1918*
- *Military Memorials of National Significance Act 2008*
- The MRCA, except to the extent administered by the Minister for Defence
- The DRCA
- *Treatment Benefits (Special Access) Act 2019*
- The VEA
- *War Graves Act 1980*.

More information on the Acts and legislative instruments administered by DVA is available from our website at: www.dva.gov.au/about-dva/legislation.

Performance framework

In 2018–19 DVA achieved the three purposes set out in the DVA Corporate Plan 2018–2022 through the corresponding outcomes set out in the DVA Portfolio Budget Statements 2018–19. The relationship between our outcomes, programs and purposes is shown in Figure 1.

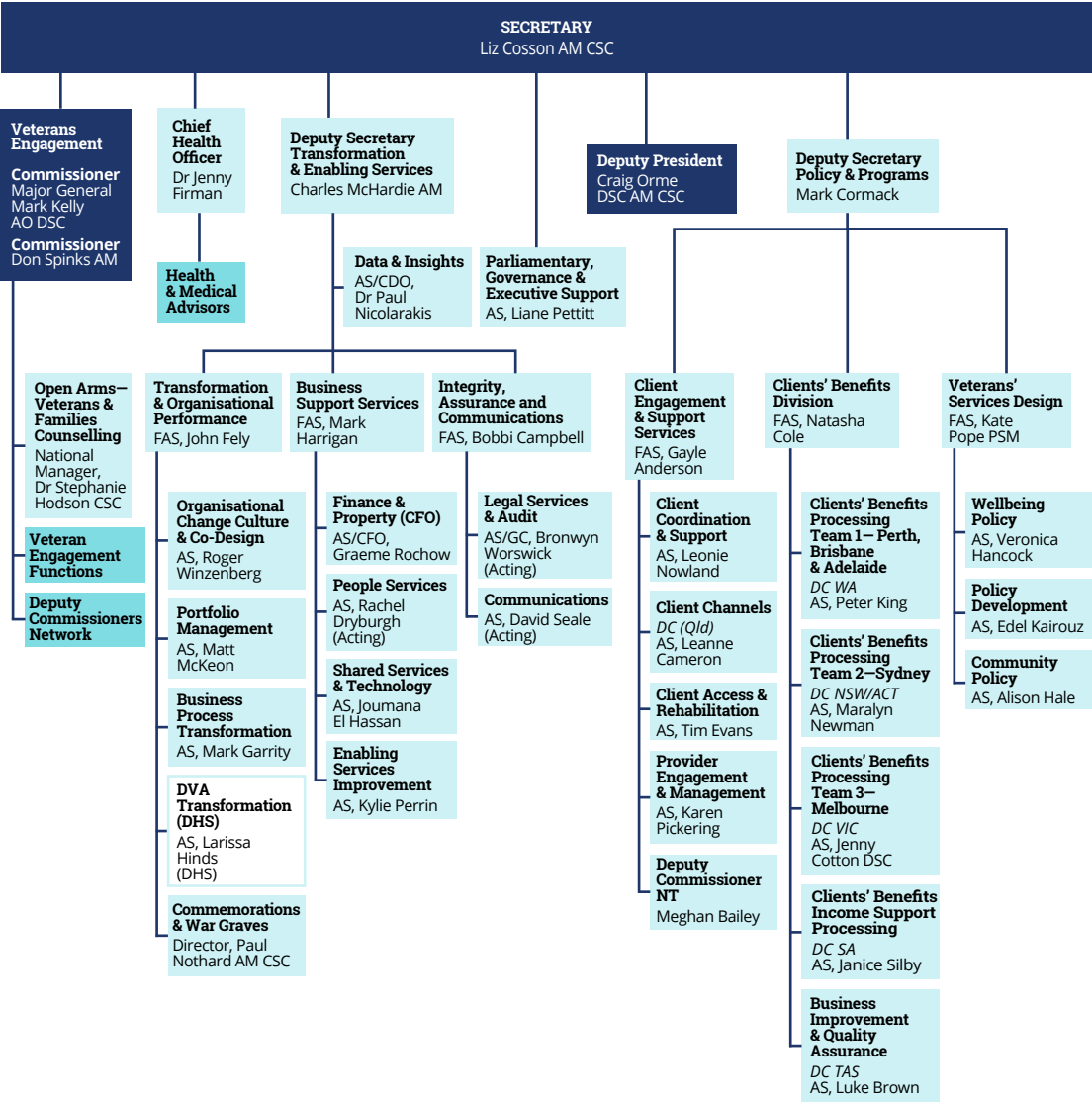
Figure 1: DVA outcomes, programs and purposes, 2018–19

PORTFOLIO BUDGET STATEMENTS	OUTCOME 1: Compensation and Support	OUTCOME 2: Health	OUTCOME 3: Commemorations
	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.	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.	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.
CORPORATE PLAN	Program 1.1: Veterans' Income Support and Allowances Program 1.2: Veterans' Disability Support Program 1.3: Assistance to Defence Widow/ers and Dependants Program 1.4: Assistance and Other Compensation for Veterans and Dependants Program 1.5: Veterans' Children Education Scheme Program 1.6: Military Rehabilitation and Compensation Acts Payments—Income Support and Compensation Program 1.7: Adjustment to the Military Rehabilitation and Compensation Acts Liability Provision—Income Support and Compensation	Program 2.1: General Medical Consultations and Services Program 2.2: Veterans' Hospital Services Program 2.3: Veterans' Pharmaceuticals Benefits Program 2.4: Veterans' Community Care and Support Program 2.5: Veterans' Counselling and Other Health Services Program 2.6: Military Rehabilitation and Compensation Acts—Health and Other Care Services Program 2.7: Adjustment to the Military Rehabilitation and Compensation Acts Liability Provision—Health and Other Care Services	Program 3.1: War Graves Program 3.2: Commemorative Activities
CORPORATE PLAN	PURPOSE 1: Compensation and Support	PURPOSE 2: Health and Wellbeing	PURPOSE 3: Commemorations
	Maintain and enhance the quality of life of clients by improving their financial wellbeing and self-sufficiency through access to income support, compensation and other support services, including advice and information about entitlements.	Maintain and enhance the physical wellbeing and quality of life for clients through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.	Acknowledgement and commemoration of those who served Australia and its allies in wars, conflicts and peace operations through promoting recognition of service, preservation of Australia's wartime heritage and official commemorations.
CORPORATE PLAN	ENABLING SERVICES		
	Facilitate the delivery of services to business lines through innovative, seamless, efficient and effective use of resources to support organisational capability.		

Organisation

DVA's organisational structure was realigned in 2018–19 as part of our ongoing program of transformation. Our new structure makes it easier for veterans and their families to understand how we provide services and support. Figure 2 shows our organisational structure at 30 June 2019.

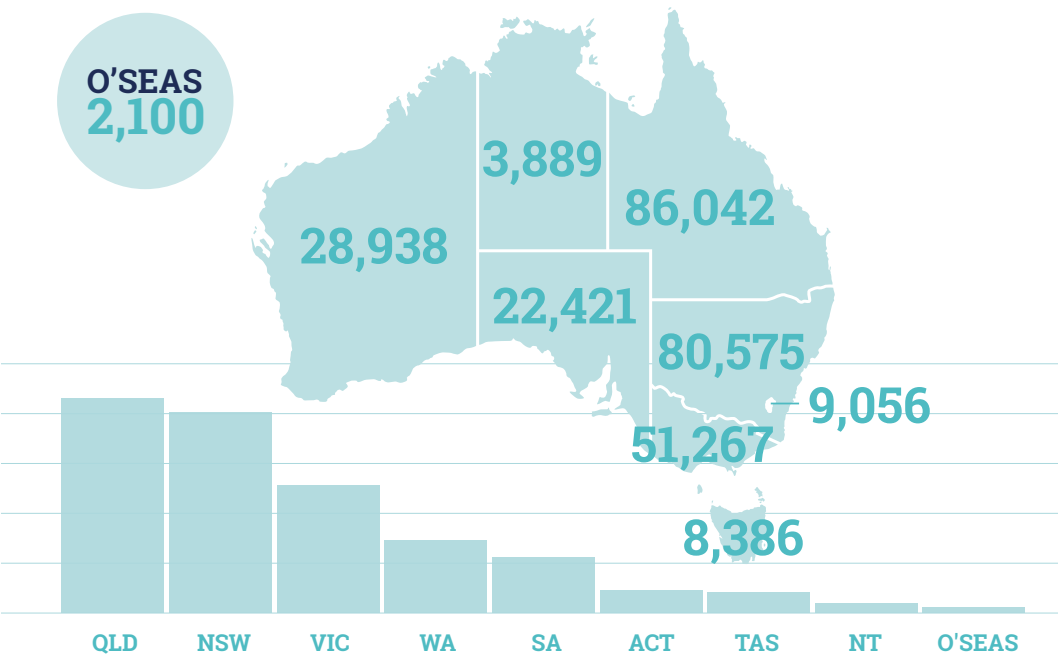
Figure 2: DVA organisational structure at 30 June 2019



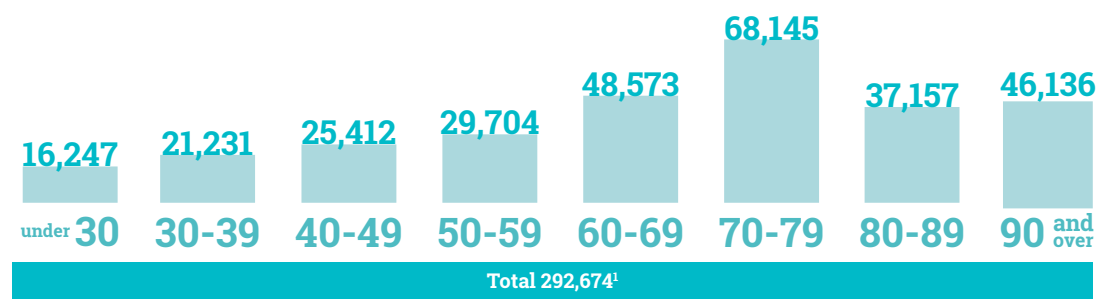
AS = Assistant Secretary; CDO = Chief Data Officer; CFO = Chief Finance Officer; DC = Deputy Commissioner; FAS = First Assistant Secretary; GC = General Counsel; Repatriation Commission

Snapshot of the veteran community

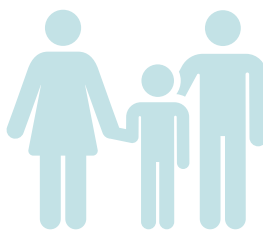
Clients by location



Clients by age



183,665
veterans



109,760
dependents

¹ See Appendix A: Client overview, Table A1 for details.

Approach to service delivery

DVA is at an important juncture: we seek to transform ourselves into an organisation that will meet the needs of the veteran community in the future. We are focused on ensuring that DVA serves all veterans and their families in a way that suits them and caters to their specific circumstances.

Wellbeing model

Veteran wellbeing is at the centre of everything we do. Our wellbeing model (see Figure 3), based on the Australian Institute of Health and Welfare approach, has seven domains: health, recognition and respect, income and finance, education and skills, social support and connection, housing, and employment.

We acknowledge we are not primarily responsible for the delivery of services for all aspects of veterans' wellbeing. However, we do have a responsibility to represent veterans' needs and collaborate with other agencies and organisations to ensure these are considered.

We work closely with Australian Government departments, service providers, state and territory governments and other organisations to ensure our veterans are serving, living and ageing well.

Figure 3: Wellbeing model



Client experience strategy

DVA's client strategy ensures that we are creating experiences that are consistent and aligned to the needs of veterans and their families.

The vision behind this strategy is that veterans' service is recognised and respected and that both they and their families have a clear understanding of their entitlements and can access the right services and support, how and when they need it.

DVA's client experience strategy is guided by the following principles:

- **Client-centric service**—all services put the clients first and incorporate client co-design and feedback.
- **Simple and seamless access**—clients receive a relevant and intuitive experience with DVA that is consistent across all channels.
- **Make it easy to get it right**—interactions with DVA are so simple and efficient that a resolution and/or way forward is reached at the first point of contact and clients only need to provide information to DVA once.
- **Support client to self-manage**—clients are empowered with clear and relevant information to effectively self-manage their interactions with DVA as they see fit.
- **Whole-of-life services**—DVA is able to provide clients and their families with appropriate services and entitlements across all stages of their lives.

Service Charter

The DVA Service Charter:

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

The charter is available from the department's website (www.dva.gov.au/about-dva/overview/dva-service-charter).

Information services for veterans

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

In 2018–19 the Veterans' Access Network (VAN) responded to over 500,000 calls; 40,000 emails; almost 30,000 counter visits; and 7,000 online call-back requests.

DVA operates services out of 15 DVA offices and six co-located arrangements with Services Australia

DVA offers services to more than 40 ADF bases through the On Base Advisory Service. Demand for the service continued during 2018–19. In total, On Base Advisers conducted over 10,800 interviews, delivered 199 presentations and liaised with more than 840 ADF personnel.

The service ensures that serving members can access information about DVA support, entitlements and services directly from DVA staff. As part of the service, On Base Advisers also assist ADF members to access DVA's online services.

MyService, DVA's online platform, gives veterans and their families access to DVA support services when and where they need them.

Veterans and their families are now able to lodge their claims online and, in some circumstances, receive an almost immediate decision on a claim. MyService also enables veterans to go online to apply for free mental health care, update their details and view digital versions of their Veteran Card with a list of accepted conditions.

At the end of June 2019 there were 80,473 registered users and 53,104 claims lodged online through MyService.

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

Relationships with Australian Government departments and agencies

DVA enjoys strong relationships with many other Australian Government entities, managed by clear governance arrangements and focused on the achievement of planned outcomes.

The department has a longstanding relationship with Defence, which shares responsibility for providing care and support to ADF members. So that we can deliver services to veterans and their families effectively, we also work with Services Australia (previously DHS), the Department of Health, the Department of Social Services (DSS), the Department of the Prime Minister and Cabinet, the Digital Transformation Agency (DTA), the Australian Government Actuary and the Australian Institute of Health and Welfare. DVA's digital transformation process is supported by cross-government bodies, including the Veteran Centric Reform Interdepartmental Committee, which advises us about the design and implementation of our transformation; and the Transformation Program Board, which ensures its successful implementation.

Defence

DVA and Defence work together to provide care and support for ADF members at all stages during and after their careers.

Defence has the lead in caring for and supporting current serving ADF members and their families. DVA has the lead in caring for and supporting veterans and their families. DVA is also responsible for providing compensation and other support to eligible current and former members.

DVA and Defence have a memorandum of understanding (MOU) that defines our roles. It also sets out:

- governing principles for cross-agency processes, funding arrangements, information sharing and communication protocols
- provisions for monitoring the performance of the Support Continuum—a coordinated and integrated support system that extends across DVA and Defence to deliver the required level of care and support to wounded, injured or ill current and former members.

Cooperation between DVA and Defence is managed through two joint committees. The Defence DVA Executive Committee is the principal governing body, and the Defence/DVA Links Steering Committee implements the strategic direction set by the executive committee.

DVA and Defence continue to work collaboratively on a range of strategic and operational initiatives to deliver improvements to veteran services and family support.

Services Australia

As part of DVA's transformation program, DVA has partnered with Services Australia (previously DHS) to make it faster and easier for veterans and their families to connect with DVA no matter where they live in Australia. By working together, DVA and Services Australia are providing more opportunities for veterans and their families to manage their business with DVA online, over the phone or face-to-face.

DVA and Services Australia also work together to review and rationalise shared services arrangements between the agencies, with a revised head agreement—the Statement of Intent—endorsed by both agencies in April 2019. This involved clarifying and strengthening the language around the privacy and security of data, the roles and responsibilities of each agency, and the operational arrangements in place to govern the relationship.

Department of Health

DVA works closely with the Department of Health on policies and programs across the areas of health, aged care and community services. For health care, DVA has regular interactions that cover medical, dental and allied health policy and services, as well as pharmaceutical benefits arrangements. For aged and community care arrangements, DVA has regular interactions that cover joint responsibilities around residential aged care, the Government's ongoing reforms to aged care, and the interactions between home care programs administered by the two departments.

The Department of Health manages the My Aged Care portal—a central source of Australian Government information on aged care for consumers, carers and service providers. The portal provides links to the DVA website and other information for veterans. DVA participates in joint Australian Government and state and territory government forums that discuss the implementation of the portal and other community and aged care service issues across jurisdictions.

A key pillar of DVA's digital transformation is the development of an analytics capability that can be used to drive policy and program delivery. DVA is working with the Department of Health to develop an integrated DVA–Health dataset that will inform a whole-of-population view of issues, leading to better health outcomes for all Australians, including veterans.

Department of Social Services

DVA engages with DSS on a range of matters, including carers policy; disability policy, including interactions with the National Disability Insurance Scheme; and income support arrangements. DVA participates in two interdepartmental committees led by DSS: one on disability and the other on carers.

DSS hosts the Community Grants Hub (www.communitygrants.gov.au)—an online facility designed to deliver a simpler and more consistent approach to the administration of Australian Government grants. As part of a shared services arrangement, DVA's grant programs were opened for online applications through the hub in early 2018.

Department of the Prime Minister and Cabinet

Under an MOU between the departments, DVA receives services from the Department of the Prime Minister and Cabinet's Behavioural Economics Team of the Australian Government (BETA). DVA is working with BETA to evaluate behavioural approaches designed to ensure that veterans have earlier access to services that are better targeted to their needs.

Digital Transformation Agency

DTA is the advisory and assurance body for the implementation of the Australian Government's Digital Transformation Agenda. DTA has a role in analysing the impacts of new information and communications technology (ICT) proposals at the whole-of-Government level.

DVA:

- works with the DTA to apply the Digital Service Standard to the design of online services
- seeks advice from the DTA on ICT proposals
- engages with the DTA on myGov work, through the member services forum and related cross-agency governance committees.

Australian Government Actuary

DVA has an MOU with the Australian Government Actuary to provide actuarial investigations of the costs associated with the MRCA and DRCA; actuarial investigations of DVA's leave liabilities and other provisions; and data for DVA's financial statements and budgeting processes.

The Australian Government Actuary also assists Proactive Interventions—an element of DVA's digital transformation that includes a framework to enable DVA to understand and monitor the expected outcomes of veterans and their dependants over their lifetimes and, in doing so, identify groups that may benefit from decision-making more closely informed by their lifetime dynamics.

Australian Institute of Health and Welfare

DVA has an MOU with the Australian Institute of Health and Welfare to develop a comprehensive profile of the health and welfare of Australia's ex-serving population.

While DVA has a client-provider relationship with around 20 per cent of today's ex-serving population, we have less knowledge of the health and welfare status of the remaining 80 per cent. The collaboration draws on existing datasets to address the gap.

The data will provide population-level insights into domains such as experience, life course, family functioning, gender and risk factors. These insights could enable reporting on a range of outcomes, including homelessness and long-term unemployment, which will assist DVA to design and plan policy interventions to enhance health and wellbeing outcomes for the ex-service community.

Invictus Games: Unconquered

The Invictus Games is an international, adaptive multi-sports competition for current and former military personnel who have been wounded or injured or have become ill during their military service.

At the 2018 Invictus Games, held in Sydney, 72 current and former members of the Australian Defence Force (ADF) competed in 11 sports, including swimming, rugby, cycling and basketball.

Among the competitors at the 2018 Invictus Games was former serving ADF member Brendan Harman. At the 2018 games Brendan had the unique opportunity to represent Australia as captain of the Australian wheelchair basketball team. Brendan applied for the Invictus Games to prove to himself that he could still compete and achieve his goals while playing the sport he loves.

Brendan joined the Army in 2009 and graduated as an Artillery Lieutenant from the Royal Military College, Duntroon, in 2010. He spent most of his military career working with 16th Air Land Regiment in Woodside, South Australia, and was deployed to Afghanistan.

Brendan was medically discharged in 2016 after having spinal fusion surgery. His rehabilitation journey following the surgery required him to face many challenges—not only those facing other members when transitioning from the ADF but also those arising from his physical and mental injuries.

‘Transitioning out of the Army—well, out of the military in general—is a pretty hard process. For someone transitioning with physical and, for me, mental injuries

as well is really, really hard. I really struggled with it.’

Brendan was able to gain access to rehabilitation services through his rehabilitation company, Helping Heroes, in South Australia. DVA also gave Brendan access to a variety of other physical rehabilitation program activities, including pilates, hydrotherapy and mindfulness.

But, for Brendan, the mental rehabilitation was his greatest challenge: ‘The biggest issue that veterans have is that we block everything out. We don’t talk about things. We go through our whole career where we are taught to push things down, because you need to be always ready to go at a moment’s notice.’

After he was discharged, Brendan began to suffer from depression and anxiety. It became so burdensome that in 2017 he nearly took his own life. ‘I was fortunate enough that through a number of different things, both my mindset and things I’ve learned through my rehabilitation, I was able to keep myself from doing that—taking my life.’

Brendan credits his wife as a vital source of support during his rehabilitation. He says that sport also played a huge part in getting him back on track. ‘Sport, specifically wheelchair basketball, has been my saviour. The whole thing of being in the military is that you’re part of a team and you’re part of a team environment where you feel like you contribute. And you can rely on the people around

you. And team sports, especially for me, have been huge.’

For Brendan, competing in the Invictus Games was a great opportunity to inspire others and further his own rehabilitation.

‘Invictus Games was a really good experience. There were a few moments that really wowed me, and I guess gave you tingles and gave you those good feelings. But being able to captain the wheelchair basketball side was really special for me. Rolling on the court and having a packed stadium just cheering for you was really great.’

‘I think the biggest thing for me was actually my dad telling me that he was watching the live footage and he was in tears watching me come on. That was a really big thing for me, and my family was great as well. My wife was there, my mum was there—having them on the sidelines was important as well.’

‘If you’d have looked at me 18 months ago you’d have said there’s no way I could possibly be doing what I’m doing now. And half of that is down to getting back and being part of a team sport environment.’

The next Invictus Games will be held in The Hague, The Netherlands, in 2020. We look forward to seeing Brendan and other Australian competitors inspire others who are recovering from injury and illness and engender wider respect for those who serve their country.

“

If you'd have looked at me 18 months ago
you'd have said there's no way I could
possibly be doing what I'm doing now

”



Australian Invictus Games 2018 competitor Brendan Hardman prepares to strike the ball during a sitting volleyball match against Poland as part of the Games at Sydney Olympic Park, Australia.

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In loving memory
of dear son
R. J. H. L. Mundy
Killed at Pearl Harbor
Jan 31 1942
We are all
lovingly remembered



Repatriation Commission Annual Report

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A tribute placed by a member of the public sits next to the
Pool of Reflection at the Australian War Memorial, Canberra.
© Commonwealth of Australia, Department of Defence

Functions and powers

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

Under section 180 of the VEA, the 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 and Defence Personnel on the operation of the VEA
- administer the VEA, subject to the control of the Minister.

The Repatriation Commission has the power to take necessary actions in connection with the performance of its functions, duties and powers (VEA, section 181).

The responsible minister under the VEA is the Minister for Veterans and Defence Personnel. The Repatriation Commission provides advice to the Minister, who has the power to approve various actions of the Repatriation Commission.

The Repatriation Commission provides services under the VEA to veterans and members of the Australian Defence Force (ADF) and their partners, widows, widowers and children.

Structure

The Repatriation Commission has three full-time members appointed by the Governor-General: the President, Deputy President and Services Member. The President is also Secretary of the Department of Veterans' Affairs and, in that capacity, is responsible to the Minister for Veterans and Defence Personnel. Both the Deputy President and the Services Member also assist the Secretary in the management of the department. The Services Member is known as the Repatriation Commissioner. There was an additional Services Member appointed for a short duration from 1 February to 30 June 2019, given the impending Repatriation Commissioner's appointment expiration.

The President of the Repatriation Commission also serves as Chair of the Military Rehabilitation and Compensation Commission (MRCC), ensuring consistency between the two commissions and the department. The remaining two Repatriation Commission members are also part-time members of the MRCC.



Mr Craig Orme DSC AM CSC
Ms Liz Cosson AM CSC
Mr Don Spinks AM

Membership

Liz Cosson AM CSC, President

After 31 years of distinguished military service in the Australian Army, Liz Cosson joined the Australian Public Service in 2010 and was appointed as Secretary of the Department of Veterans' Affairs (DVA) in May 2018. Liz is also the President of the Repatriation Commission and Chair of the MRCC.

Liz's diverse career has provided opportunities to develop strengths in driving reform and modernisation, leadership, building relationships, collaboration, setting visions, providing strategic advice and policy development. It was Liz's leadership, resilience, courage and determination that saw her become the first female promoted to the senior rank of Major General in the Australian Army.

In 2010, when Liz first joined the Australian Public Service as First Assistant Secretary, Client and Commemorations Division at DVA, she implemented the Anzac Centenary Board, which was responsible for laying the foundations of the Anzac Centenary National Program.

Between 2012 and 2016 she held the positions of Deputy Secretary at the Department of Immigration and Citizenship and Deputy Secretary / Chief Operating Officer at the Department of Health, leading the implementation of major cultural and behavioural reform activities.

In 2016 Liz returned to DVA to take on the role of Deputy Secretary. Liz has been instrumental in establishing DVA's transformation program, applying her wealth of knowledge as a veteran and working with partners across Government, the private sector and the veteran community to collaboratively build the future of DVA, improving the outcomes for veterans and their families.

Liz is a passionate advocate for improving services to support and enable all veterans and their families to transition from military service to civilian life.

Liz's many talents have not gone unrecognised, being awarded a Conspicuous Service Cross in 2001 and appointed a Member in the Military Division of the Order of Australia for her contributions to Army; and delivering profound organisational reform in 2011. In 2014 Liz was awarded the ACT Award for Excellence in Women's Leadership.

Liz has a Master of Arts (Strategic Studies), Bachelor of Social Science (Human Resource Development) and a Diploma in Management.

Craig Orme DSC AM CSC, Deputy President

Craig Orme commenced a five-year term as Deputy President of the Repatriation Commission on 2 February 2015 and is a member of the MRCC. Prior to joining the Repatriation Commission, Craig served in the ADF for 37 years, most recently as the Commander Joint Task Force 633 in the Middle East and Afghanistan.

Previously, Craig was a member on the MRCC, a Deputy Commissioner on the Safety, Rehabilitation and Compensation Commission, and the Defence representative on the Military Rehabilitation and Compensation Act Review.

Other senior appointments in Defence have included Head of People Capability, Commander of the Australian Defence College, Director General of Personnel—Army, and Commander of the 1st Brigade. He has masters degrees from the University of New South Wales and Deakin University.

Major General Mark Kelly AO DSC, Commissioner

Major General Mark Kelly began his initial five-year appointment to the Repatriation Commission and the MRCC on 1 July 2010. He was reappointed for a further two years on 1 July 2015 and was reappointed for a further two years on 1 July 2017. Major General Kelly retired from the Repatriation Commission and the MRCC on 30 June 2019.

In an Army career spanning more than 35 years, Major General Kelly served in a number of senior command appointments, including as Commanding Officer of the 1st Battalion, The Royal Australian Regiment; Commander 3rd Brigade; Commander 1st Division and the Deployable Joint Force Headquarters; Land Commander Australia; and Commander Joint Task Force 633.

Major General Kelly's operational experience includes service with the Commonwealth Monitoring Force in Zimbabwe/Rhodesia (1979–1980), service as Chief of Staff of the International Force in East Timor (1999–2000), service with US CENTCOM in the Middle East, Afghanistan, the Horn of Africa and Iraq (2003–2004) and service as Commander Joint Task Force 633, commanding all ADF elements in the Middle East Area of Operations, Iraq and Afghanistan (2009–2010).

Don Spinks AM, Services Member

Don Spinks commenced his appointment as a Services Member on the Repatriation Commission on 1 February 2019. Don has almost 40 years' experience in the Australian Army and was the Australian Army's most senior soldier in his final appointment. Throughout his career he served in a number of senior roles, including 2nd Cavalry Regiment, Multinational Force and Observers—Sinai, Egypt; 1st Brigade, Royal Australian Armoured Corps; Joint Task Force 633 on Operation Slipper; Command Sergeant Major Forces Command—Army; and Regimental Sergeant Major—Army.

Relationship with DVA

The Repatriation Commission is responsible for the general administration of the VEA, with administrative support from DVA. The Repatriation Commission has no staff of its own; it delegates its powers under section 213(1) of the VEA to DVA staff. The responsibilities of the two bodies are therefore inextricably linked and the Repatriation Commission has a vital interest in DVA activities, and in the assessment of the appropriateness, effectiveness and efficiency of departmental programs.

DVA reports to the Repatriation Commission on the administration of major programs and the progress and outcome of all major reviews, including Australian National Audit Office performance audits.

Administration of the VEA

The Repatriation Commission has broad powers to enable it to carry out its functions and duties under the VEA. It also has specific powers to enter into contracts, deal with real or personal property, undertake building works and engage individuals and organisations to perform services.

Delegates, on behalf of the Repatriation Commission, are responsible for deciding and reviewing an individual's entitlements to pensions, benefits and treatment under the VEA.

Repatriation Commission activity


The Repatriation Commission held ten formal meetings to consider 57 submissions in 2018–19, compared with 12 formal meetings and 55 submissions in 2017–18. As DVA is embracing significant change, the commission considered a range of policy and legislative improvements.

Matters considered by the Repatriation Commission in 2018–19 included:

- high-level policy and procedures relating to the VEA
- amendments to treatment principles
- delegation of commission powers
- the DVA Strategic Research Framework and associated research proposals
- possible amendments to the VEA and advice on new policy proposals
- possible amendments to the VEA that may be particularly sensitive for Government or key stakeholders—in particular, the service and ex-service communities.

The Repatriation Commission's activities under the VEA are focused on meeting the needs of all clients. Activity under the VEA is reported in Part 1 of the DVA annual report under programs 1.1–1.5, programs 2.1–2.5, and Outcome 3.





Military Rehabilitation and Compensation Commission Annual Report

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DVA staff members experienced a day in the life of an Australian Army soldier on Exercise Diamond Strike. The civilian participants were able to see first-hand the physical and mental rigours demanded of soldiers on a daily basis, so they can better understand the soldiers they support in their work.

© Commonwealth of Australia, Department of Defence

Functions and powers

The Military Rehabilitation and Compensation Commission (MRCC) was established under section 361 of the *Military Rehabilitation and Compensation Act 2004* (MRCA) in June 2004.

The 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 functions 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 Act to ministers and departmental secretaries of DVA and the Department of 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* (Transitional Act) gives the MRCC functions and powers to determine and manage claims under the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) that relate to defence service.

Structure

The MRCC has six members:

- the President of the Repatriation Commission
- the Deputy President of the Repatriation Commission
- the Services Member of the Repatriation Commission
- a person nominated by the Minister for Employment who is either a member of the Safety, Rehabilitation and Compensation Commission or a public servant working in the Department of Employment portfolio
- two 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 the three members of the Repatriation Commission, considers routine administrative matters, but its decisions have no legal effect until ratified by the full MRCC.

Membership

Liz Cosson AM CSC, Chair

Liz Cosson is President of the Repatriation Commission; her biographical information is provided in the Repatriation Commission's annual report.

Craig Orme DSC AM CSC

Craig Orme is Deputy President of the Repatriation Commission; his biographical information is provided in the Repatriation Commission's annual report.

Major General Mark Kelly AO DSC

Major General Mark Kelly is a Commissioner of the Repatriation Commission; his biographical information is provided in the Repatriation Commission's annual report.

Don Spinks AM

Don Spinks will begin his appointment to the MRCC on 1 July 2019; his biographical information is provided in the Repatriation Commission's annual report.

Air Vice-Marshal Dr Tracy Smart AO

Air Vice-Marshal Dr Tracy Smart was appointed to the MRCC on 5 May 2016. As Commander Joint Health, she is responsible for the provision of health care to ADF members and the health preparedness of the ADF for operations. As Surgeon General Australian Defence Force, she is responsible for providing strategic health advice to the ADF and technical oversight of the Defence Health System.

Major General Natasha Fox AM CSC

Major General Natasha Fox was appointed to the MRCC on 24 February 2019 as a member for a five-year term following the retirement of Rear Admiral Brett Wolski. She is Head of People Capability in Defence. She has served as the Commanding Officer and Chief Instructor of the Australian Defence Force Academy and has filled a wide range of logistics and personnel-related appointments in Defence and Army. She was appointed as a Member of the Order of Australia for her service on operations in the Middle East during the period 2012–2013. Along with her distinguished military career, she also holds a Bachelor of Arts, as well as masters degrees in Business Administration, Management in Defence Studies, and Politics and Policy.



Mr Craig Orme DSC AM CSC
Major General Natasha Fox AM CSC
Mr Don Spinks AM
Ms Liz Cosson AM CSC
Air Vice-Marshal Dr Tracy Smart AO

Rear Admiral Brett Wolski AM RAN

Rear Admiral Brett Wolski was appointed to the MRCC on 5 May 2016 and retired on 23 November 2018.

Lynette MacLean

Lynette MacLean was appointed to the MRCC as an acting member from 29 January to 28 June 2019 following the retirement of Jennifer Taylor. In this time, she was acting Chief Executive Officer, Comcare. Previously, she held the position of General Manager, Corporate Management Group, Comcare, from November 2015. Ms MacLean has over 30 years' experience in the Commonwealth public sector as a head of human resources and corporate areas. She has worked in a variety of service delivery, policy and oversight agencies.

Jennifer Taylor

Jennifer Taylor was appointed to the MRCC as a member on 11 December 2014 and retired on 24 January 2019.

Relationship with DVA

The MRCC is vested with broad powers to enable it to carry out its functions. It has no staff of its own and relies on employees allocated to it by the Secretary of DVA under the *Public Service Act 1999* and on other specified persons, including consultants.

The Chair of the MRCC is also President of the Repatriation Commission and Secretary of DVA. Two other members of the MRCC are also full-time members of the Repatriation Commission. The Secretary has delegated some departmental functions to those two members. This close working relationship enables the two commissions to work collaboratively and play an active role in the effective and accountable management of the department.

Administration of the MRCA and DRCA

The MRCA provides for a comprehensive range of compensation and rehabilitation for injured and ill ADF members and former members, including:

- payments for medical treatment
- income replacement for periods of incapacity for work
- compensation for permanent impairment
- payment for rehabilitation programs
- compensation and support following the death of a member or former member.

Section 384 of the MRCA allows the MRCC to delegate its functions or powers under that Act to individual members of the MRCC, staff assisting the MRCC, certain employees under the *Public Service Act 1999*, members of the ADF, and a consultant to the MRCC or an employee of that consultant.

Section 152 of the Transitional Act allows the MRCC to delegate its powers and functions under the DRCA to the group of persons specified in section 384 of the MRCA.

Activity in 2018–19

In 2018–19 the full commission held seven formal meetings and considered 46 submissions. The subcommittee of the commission held three meetings and considered four submissions.

Matters considered during 2018–19 included:

- high-level policy and procedures relating to the MRCA amendments to treatment principles
- amendment to treatment principles
- delegation of commission powers
- possible amendments to the MRCA and advice on new policy proposals
- the DVA Strategic Research Model and associated research proposals.

Over the past five years, the number of matters that the MRCC has considered declined substantially, from 122 submissions in 2014–15 to 50 in 2018–19. Much of the decline has been because of the development of full MRCC policies and guidelines to support decision-making by the MRCC delegates.

Anzac Centenary period concludes

On 11 November 2018, Remembrance Day, Australia commemorated 100 years since the end of the First World War. That date also marked the end of the Anzac Centenary 2014–2018—one of the most important periods of commemoration of the First World War in our nation's history.

The occasion gave all Australians an opportunity to reflect and remember the service and sacrifice of those who fought in the First World War, as well as more than two million Australians who have served in the Australian Defence Force and those on the home front who have cared for and supported them.

DVA was the lead government agency and instrumental in the delivery of the Anzac Centenary 2014–2018. Our work for the Centenary began in 2014 with services to commemorate the departure of first convoy of Australian and New Zealand troops from Albany in Western Australia on 1 November 1914. It concluded with Armistice services at Villers-Bretonneux in France in 2018. Throughout the Centenary DVA has managed safe, solemn and dignified services and commemorations in Australia and overseas.

At dawn on the Gallipoli peninsula in Turkey in 2015, 100 years after the Anzacs had come ashore there, more than 10,000 people took part in a service of commemoration and heard moving tributes to veterans' service and sacrifice from His Royal Highness The Prince of Wales; the Hon Tony Abbott, the then Prime Minister of Australia; and the Rt Hon John Key, the then Prime Minister of New Zealand.

In August 2015, Australia commemorated the 100th anniversary of the Battle of Lone Pine. Between 6 and 10 August 1915, there were more than 2,000 Australian and some 7,000 Turkish casualties. Seven Australians were awarded the Victoria Cross for their actions during that battle.

From 2016 the focus of commemorations was on Australia's role on the Western Front in Europe. Of the more than 295,000 Australians who served on the Western Front between March 1916 and November 1918 in the Australian Imperial Force, some 46,000 were killed and more than 130,000 were wounded.

Over the last few years visitors from Australia, France, the UK and other nations have attended commemorations to mark the 100th anniversaries of significant battles at Fromelles (July 2016), Pozieres (July 2016), Bullecourt (April 2017), Polygon Wood in Belgium (September 2017), Beersheba in Israel (October 2017), Villers-Bretonneux (April 2018), and Hamel (July 2018).

Some of DVA's special activities to mark the Anzac Centenary included the delivery of commemorative grants, an education and community awareness program, the centenary services at Gallipoli in 2015 and five additional commemorative services held on the 100th anniversary of significant battles during the Anzac Centenary 2015–2018 in France and Belgium.

A legacy of the Centenary is that it gave the Australian community a broader understanding of Australia's military experience and its impacts. The lessons from the program will be used to enhance future commemoration programs to carry forward the Anzac spirit and the values of service and sacrifice.

While there has been a focus on the First World War commemorations, there has also been recognition of a Century of Service. More than 102,000 Australians have been killed in wars, conflicts, and peacekeeping operations over the last 100 years. DVA is deeply committed to ensuring that their sacrifice is not forgotten.



“ The lessons from the Anzac Centenary Program will be used to enhance future commemoration programs to carry forward the Anzac spirit and the values of service and sacrifice. ”

Royal Australian Air Force member Leading Aircraftman Michael Fraser plays the Last Post at the Australian National Memorial, Villers-Bretonneux in France.
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DVA Annual Report

18 19

DVA is proud to support veterans and their families, whatever their stage of life.



14,994

welcome emails were
sent to newly enlisted
ADF members



19,907

current or former
ADF members
registered with DVA
through the Early
Engagement Model



80,473

veterans and their
families registered for
MyService, and nearly

53,104

claims were lodged



2 MOBILE

service centres
travelled to

410 LOCATIONS

across Australia



the equivalent of
8.6 KILOMETRES
of veteran records
were digitised by
30 June 2019

Transformation

**Veteran Centric Reform—
Putting veterans and their families first**

**18
19**

Achievements in 2018–19

Improved service delivery

Online services

MyService is DVA's online service portal. Using MyService, veterans and their families are now able to lodge their claims online and, in some circumstances, receive an almost immediate decision on a claim. MyService also enables veterans to go online to apply for free mental health care, update their details and view digital versions of their Veteran Card with a list of accepted conditions.

Streamlined ('straight-through') processing is also available for 40 of the most commonly claimed conditions, with eight conditions able to be instantly approved through computer-based decision-making. Straight-through processing uses a veteran's profile and details of service as evidence that a relevant Statement of Principles factor for a diagnosed condition is met, enabling the claim to be accepted without the need for further investigation.

In 2018–19 DVA expanded MyService functionality. For example, veterans can now go online to lodge a request for a call-back and submit documents after an initial liability claim.

MyService is now accessed through myGov. New proof of identity document options have been added so that veterans have a better success rate in registering for MyService online.

Also, MyService has introduced better tailoring of the claim types to veterans so that they can see the benefits and services they may be eligible for.

Telephone services

In 2018–19 DVA continued to prepare for the introduction of 1800 VETERAN—a call service that will make it easier for veterans and their families to speak to the right person at their first point of contact with DVA. We have removed unnecessary telephone numbers and call queues, reducing the complexity of DVA's telephony system.

We have also introduced a new 'open speech' voice recognition service. The new service allows callers to 'Tell DVA' why they are calling and the system automatically directs their call as required. New technology will continue to be introduced to support the improvement of DVA's telephony system.

Face-to-face services

In early 2018 we commenced trials of enhanced face-to-face services in partnership with Services Australia (previously the Department of Human Services (DHS)). The partnership gives veterans access to DVA information through 24 DHS agents and DHS Mobile Service Centres. In 19 of the agency locations, to promote self-service options like MyService and myGov, staff are available to assist veterans in accessing digital services. Between July 2018 and 30 June 2019, 111 clients accessed the agent service.

The Mobile Service Centres are equipped with the same technology as any Centrelink or Medicare service centre, including self-service facilities. Overall, the popularity of the DVA service has notably increased in the second year of the partnership. The Mobile Service Centres have now serviced a total of 159 veterans and visited 410 locations in rural and regional Australia. These pilots have been extended to 30 June 2020.

In 2017–18 DVA conducted an Australia Post trial under which clients were offered DVA information through Australia Post self-service kiosks. The trial concluded in September 2018. However, we have established several other pilots to increase veterans' access to information about DVA services. For example, we have established partnerships at the Australian War Memorial, the Melbourne Shrine of Remembrance and 23 military museums across Australia—these locations now offer visitors brochures and contact cards for DVA and our veteran counselling service, Open Arms—Veterans & Families Counselling (Open Arms).

Improvements to technology

Enhancements to ICT

In 2018–19 we implemented additional enhancements to our new processing platform to improve the processes for client registration and education payments for veterans' children.

We have designed and delivered new capabilities for DVA client contact and management areas.

We have also introduced a new staff-facing Virtual Assistant tool to allow staff to navigate the new ICT processing platform in an efficient way. This will minimise delays when staff are engaging with veterans and their families.

Other ICT enhancements during the year included enhanced operational and management reporting, including real-time reporting.

In 2019–20, we will extend the new ICT capabilities to further income support clients. This will include a new digital platform for claims relating to the Service Pension, Income Support Supplement for Australian war widows and widowers, other supplements and allowances, Commonwealth Seniors Health Card, and reviews of income support benefits.

Modernised desktop

During 2018–19 a co-located multidisciplinary team of Services Australia and DVA staff worked to prepare for an upgrade to DVA's ageing desktop computer capability and move towards a greater adoption of the shared-service model in technology. The team worked to ensure DVA's business readiness to adopt the new hardware and software environments. Over half of DVA's staff have migrated to the new platform, with the plan to complete DVA's migration to Windows 10 early in the 2019–20 financial year.

Human resources system

The Services Australia payroll and human resources system was implemented in June 2018. In 2018–19 DVA was able to leverage this to take advantage of a number of government initiatives, including a single on-boarding process across Services Australia, DVA and the National Disability Insurance Agency; and a single-touch payroll solution for reporting payroll information to the Australian Taxation Office.

During 2018–19 the agencies also worked together to archive data and decommission DVA's aged human resources solution. DVA's human resource management system data was successfully archived and a reporting solution implemented for access to the archived data.

Improving services using data and analytics

DVA is using data and analytics to gain insights so that we can deliver more effective, evidence-based policies and services which will continue to shape DVA in 2019–20.

In 2018–19 we developed predictive models and tools to provide a forecasting capability that models the future financial impacts of policy decisions. For example, the Priority Investment Approach—Veterans (PIA-V) model is an artificial intelligence (AI) powered actuarial model that simulates the lifetime financial trajectory of clients. The model outputs include annual fiscal expenditure of each DVA client and their average years on benefits—this can be used for costings, budget estimates, client segmentation and policy evaluation. The PIA-V model will inform service design and performance. DVA will continue to review the model and implement improvements.

We also developed a Data Literacy Strategy to improve data literacy across DVA with a focus on people processes, data roles, capabilities and culture. The upskilling will empower DVA staff to use data and tools to support veterans with the right services. Data governance is being strengthened to ensure data is treated as a valuable asset and is appropriately controlled, protected and maintained throughout its life cycle.

Digitisation of veteran records

By the end of 2018–19 the Continuing Digitisation project had digitised nearly 300,000 veteran files, or over 8.6 kilometres of veteran records. The project has given staff the ability to concurrently access veteran files when processing claims, and this has led to reduced times for processing and a significant reduction in DVA's mail and courier costs.

By digitising these important and fragile historical artefacts, we are also protecting them for the future, preserving them for historians and family members in decades to come. Once digitised many of these files will be consigned to the National Archives of Australia as permanently retained records.

Change management

DVA has built on its capacity to manage change by developing change training that has increased understanding of change across all levels of the organisation. In 2018–19, 149 staff participated in 12 sessions held across eight locations nationally. This included Change Management Induction and Foundation courses for staff at all levels; and awareness presentations to DVA's Senior Executive Service cohort.

As a result of these sessions, all participants have gained a deeper awareness of the DVA transformation agenda and the behavioural change levers that are available to deliver that transformation.

DVA has tested the capture and reporting of transformation change activities so that we have a greater understanding of present and future impacts of change. This testing has identified the need to establish better processes and quality assurance regarding change.

In partnership with Services Australia, we have started to develop a suite of applications that inform the direction and impacts of change across the organisation. The learnings from Services Australia, through their own development of a Change Front Door, are informing our efforts to streamline the requirements and implementation of change reporting and communication systems.

Understanding and honouring female veterans and veterans' families

We ask a lot of our military personnel, but we also ask a lot of their families. Women who wear our nation's uniform are also mothers, partners, sisters and daughters. Female veterans with families face their own set of unique challenges.

DVA is seeking to better understand the needs of female veterans and defence families to further improve the services and support provided to women and families affected by defence service. It is important to know what impact military service has on women and families and that they be represented by a united voice. The Female Veterans and Veterans' Families Policy Forum gives female veterans and families a platform for generating ideas to solve issues facing their communities, co-designing DVA products and services, and building networks across represented cohorts.

On 11–12 September 2018 the Female Veterans and Veterans' Families Policy Forum held its third meeting since its establishment in 2016. The 48 participants discussed issues including what is and is not working in the veteran

community; women's health; mental health; recognition and acknowledgment of families; and the importance of networks. They also provided input into DVA projects under development and information on topics of interest.

In December 2018, building on the success of the forum, the Minister for Veterans and Defence Personnel, the Hon Darren Chester MP, announced the creation of a Council for Women and Families United by Defence Service.

The Council will be a formal mechanism through which women and families can provide policy advice directly to the Government. It will investigate matters of concern and develop cohesive solutions with Government for the benefit of all women and families affected by military service.

Gabby Costigan MBE, inaugural chair of the Council for Women and Families United by Defence Service, comes to the role with a wealth of experience as a former Colonel in the Australian Army where she led logistic operations for both the Australian and United States governments internationally. As CEO of British Aerospace (BAE Systems) since January 2018, Ms Costigan is responsible for one of the nation's largest defence companies, which has supported the Australian Defence Force for more than 60 years.

“ DVA is seeking to better understand the needs of female veterans and Defence families to further improve the services and support provided to women and families affected by defence service. ”



The Hon Darren Chester MP, Minister for Veterans and Defence Personnel; Ms Liz Cosson AM CSC, Secretary of DVA and Gabby Costigan, Chair of the Council for Women and Families United by Defence Service.



\$6.3
billion was spent
on compensation and
support services¹



84,974
primary compensation
determinations were
made in 2018-19



52,243
homes were protected
by Defence Service
Homes Insurance



151,543
veterans & veterans'
family members received
income support

Compensation and support

Maintaining and enhancing the quality of life of veterans and their families by improving their financial wellbeing and self-sufficiency.

18
19

¹ This figure represents actual spending rather than accruals

Achievements in 2018–19

Full incapacity payments to veteran students

It is important that veterans are able to focus on their studies and achieve effective rehabilitation outcomes without being concerned about a reduction in their incapacity payments while studying. Therefore, from 1 November 2018 the Government changed requirements for veterans who are undertaking approved full-time study as part of their rehabilitation plan so they can maintain their incapacity payment at 100 per cent of their normal earnings.

The change was introduced as part of the 'Step-up to incapacity payments for veterans studying' measure, announced in the 2018–19 Budget.

There has been a demonstrated interest in the measure, with over 237 veterans approved for this support by early June 2019. The measure continues to 30 June 2022.

This measure is available to veterans with conditions accepted under the *Military Rehabilitation and Compensation Act 2004* (MRCA) and the *Safety, Rehabilitation and Compensation (Defence-related claims) Act 1988* (DRCA).

Increased access to mental health services

The mental health of veterans is an issue of vital importance to DVA. From 2018–19 the Government is providing an additional \$2.2 million over four years to extend access to mental health services for current and former ADF members on a non-liability basis. This will include ADF reservists with part-time disaster relief and border protection service and those who have been involved in a serious training accident.

This measure commenced on 1 July 2018. It builds on the 'Mental Health Treatment for Current and Former Members of the Australian Defence Force—expanded access' measure announced in the 2017–18 Budget.

Expanded eligibility for Annual Veteran Health Checks

Veteran Health Checks are specifically designed for veterans and can help them and their general practitioners (GPs) to identify ways to optimise physical and mental health and wellbeing. Early intervention and appropriate referrals can help veterans to enjoy better health outcomes and manage their health during their transition to civilian life.

From 1 July 2019 all ADF members from both the permanent and reserve forces—those with minimum one day's continuous full-time service—and who have transitioned from the ADF will gain access to a fully-funded, comprehensive Annual Veteran Health Check from their GP every year for the first five years following transition, using their DVA Veteran Card.

A combination of communications, social media, print media, videos and e-news articles shared with provider peak bodies, Defence Community Organisation and the Defence Joint Health Command was developed to promote the new measure.

From early 2020 a Behavioural Insights Trial will be conducted to determine the best strategies to encourage and increase uptake of Annual Veteran Health Checks. The trial will run for three years.

Further information can be found on www.at-ease.dva.gov.au/veteran-health-check.

More services and support for transitioning ADF members

Some ADF members who are transitioning to civilian life have suffered significant mental and physical effects as a result of their service. For some of these veterans the task of seeking support and treatment through DVA can be complex and overwhelming.

As part of the response to the recommendations of the 2017 Senate Foreign Affairs, Defence and Trade Committee inquiry into suicide by veterans and ex-service personnel, the Government allocated \$4 million over two years for the Wellbeing and Support Program.

The Wellbeing and Support Program has been designed for transitioning or recently discharged ADF members who may require extra assistance to find the services or support they need. Between 1 July 2018 and 30 June 2020 DVA will provide case management services for up to 200 veterans.

Each veteran is supported by a dedicated external case manager who acts as a single point of contact for coordinating the veteran's clinical care and facilitating access to DVA and community support. The case manager coordinates the veteran's treatment and promotes greater communication between treating practitioners and earlier identification and intervention; and provides enhanced oversight of the veteran's wellbeing.

The program is being externally evaluated. Findings from the evaluation will inform future services for DVA clients who may require extra assistance to find the services or support they need.

Coordinated Client Support Program evaluation

The Coordinated Client Support Program is a specialised, time-limited program aimed at streamlining communication between veterans or members of veterans' families and DVA. The program gives veterans and their families a single point of contact for the whole of DVA and offers levels of support that fit with their needs.

In 2018 DVA asked the University of New South Wales to evaluate the program. It found that the program meet many but not all of the criteria for successful client coordination in a complex environment. The evaluation highlighted the need to improve DVA business processes, thereby reducing the need for coordinated client supports for many veterans. It suggested that further resources and training are required for the program to be effective and more widely available. It also recommended that the program should be enhanced with access to clinical support for clients with very high needs.

DVA has responded to some elements of the evaluation by:

- using mental health clinicians to support staff and clients
- developing reflective practice guidelines to support staff
- training staff in trauma-informed care
- introducing categories of client segmentation data to better align client presentation with the skillset of staff
- offering staff opportunities to transfer to other business areas to build capability and provide respite from long-term intensive client management.

A new framework for the Coordinated Client Support Program will continue to build on the recommendations of the evaluation.

Enhancements to the client feedback system

On 17 June 2019 Services Australia delivered a new Client Feedback Management System (CFMS) to DVA. It replaced multiple systems and channels that were being used across the department.

CFMS will improve our opportunities to capture, record and report on feedback. The new system will enable us to better understand the feedback we receive, and this will assist us to be more responsive to veterans and their families.

An enhanced range of categories, sources and delivery methods have been included to capture more precisely the reasons that people provide feedback, including complaints, compliments and suggestions.

A key feature of the new system is a greater range of management and operational reports. These will improve our ability to track and analyse feedback data. This will include theme and trend analysis of primary causes of feedback.

Veterans and their families can submit feedback online either through the unauthenticated DVA Website or via the authenticated channel MyService. Clients can also still use traditional contact channels, including phone, email and letter.

By collecting and analysing data more effectively, the new CFMS is improving support and services for veterans and their families and providing DVA staff with a holistic view of clients and the interactions they have had with DVA.

Improved rehabilitation and transition employment services

New operating model for rehabilitation services

In 2018–19 DVA underwent major internal reform to ensure a single, strengthened operating model was created for rehabilitation services.

Before 2018–19 rehabilitation services were delivered using different mechanisms depending on which state or territory the service was delivered in. This year, a single operating model for the delivery of rehabilitation services was developed, resulting in nationally consistent service delivery.

DVA has created internal standard operating procedures that have been rolled out nationally to all rehabilitation delegates. To ensure the new operating procedures are being followed correctly and consistently in all locations, we have created a new quality management framework that provides a nationally consistent training and accreditation process for all delegates and a national quality assurance program. The new framework will allow continual improvement activities to take place in the delivery of rehabilitation services and provide consistent outcomes for clients and providers who access these services.

Veterans' Employment Program

The Prime Minister's Veterans' Employment Program (VEP) continues to raise awareness among employers of the value and experience that ex-service personnel have to offer. In support of this, in 2018–19 the program:

- launched the Veterans Employment Commitment in November 2018, establishing a framework to assist business to publicly commit to support the employment of veterans and spouses
- delivered the second Prime Minister's Veterans' Employment Annual Awards on 5 March 2019
- undertook engagement activities, including showcasing the VEP at Defence Transition Seminars
- provided resources through the VEP website (www.veteransemployment.gov.au), including a new toolkit for jobseekers.

Work continued on the development and implementation of a new program, Support for Employment, which was announced in the 2018–19 Budget. The program will provide additional support to veterans who are finding the transition to the civilian workforce challenging. This program will give veterans practical support, including assistance with skills translation, resume preparation and coaching. It will commence on 1 July 2020.

A new measure was also announced in the 2019–20 Budget to provide grants to not-for-profit organisations (such as ex-service organisations) to deliver innovative programs to assist veterans to find meaningful employment.

For more information on veteran employment initiatives, see the vignette on page 42.

Streamlined claims processing

Increased efficiency through combined benefits processing

In 2018–19 DVA introduced combined benefits processing—a new way of processing certain claims.

Under the new arrangements, for the same client and same claimed conditions, a single claims manager takes responsibility for investigating and determining liability claims; completing the needs assessment; and determining any resulting permanent impairment claims for compensation. Under our earlier operating model, those three tasks may have been processed by three different claims managers.

Combined benefits processing has many advantages—for example, it improves client service and satisfaction levels, eliminates duplication in the evidence-gathering process and reduces claims processing times. The new arrangements are currently being used for claims under the MRCA in all four of our major compensation claims processing locations.

In our Brisbane location we are now also using combined benefits processing for claims under the DRCA. We will apply the new arrangements for DRCA claims in our Perth and Melbourne locations from September 2019 before proceeding to national implementation.

Extension of straight-through claims processing

DVA has commenced work to extend its straight-through processing to a broader range of health conditions.

Straight-through processing uses a veteran's profile and details of service as evidence that a relevant Statement of Principles factor for a diagnosed condition is met, enabling the claim to be accepted without the need for further investigation.

Under these arrangements, straight-through processing will apply for PTSD, adjustment disorder and anxiety disorder for both warlike

operations under the VEA and MRCA and Qualifying Service on declared operations under Schedule 2 of the VEA (where relevant onset time frames under the Statements of Principles are met).

We continue to explore options for further systematic analysis of conditions and their links with service to simplify claims processing.

Using research to improve claims processing

In October 2017 DVA commissioned Bond University to conduct an applied research project on osteoarthritis of the lower limb. The project is now nearing completion. The final report will help us to develop streamlined processing arrangements for this condition for cohorts across all three defence services. It will also provide an evidence base on injury rates during training and initial employment.

In 2018–19 DVA instituted a policy and procedures to help us to identify and establish certain asbestos exposures on Royal Australian Navy vessels between 1940 and 2003 without needing to seek additional confirmation of exposure from Defence. The policy and procedures help to simplify and reduce time taken to process claims relating to asbestos exposure.

Enhancements to claims processing platform

In 2018–19 DVA implemented additional enhancements to its new claims processing platform. The enhancements will improve processes for client registration and education payments for veterans' children. In addition, the platform can now incorporate enhanced operational and management reporting, including real-time reporting.

There has been extensive business engagement in the co-design effort to design and deliver new capabilities for DVA client contact and management areas and for income support transformation.

Partnerships with health providers, peak bodies and associations

Health service providers

Health service providers are a key gateway through which veterans and their families access DVA-funded health care and treatment services.

DVA's transformation focus to date, appropriately, has been on the veteran experience. Attention is now turning to better understanding the provider experience. We want to ensure that providers understand the unique nature of military service and what this means to the design and delivery of health services to DVA clients and their families.

We will continue to work with the Health Providers Partnership Forum to engage on policy development and implementation of health-based projects. Work is underway to develop streamlined avenues for health-sector education and training about DVA client needs.

Health peak bodies and associations

We are continuing to explore opportunities to partner with other organisations, with a focus on strengthening relationships with health peak bodies and associations.

At the sector level, DVA's National Aged and Community Care Forum and the Health Providers Partnership Forum continue to support discussion of veteran health matters with stakeholders.

It is vital that DVA continues to be able to access clinical advice so that we can design and deliver effective, evidence-based care. We also need to ensure that working with DVA is simple and easy for providers. Work is continuing to ensure that medical and allied health providers are supported with:

- accurate, relevant and easy-to-access information and resources when treating DVA patients
- education and training to meet their obligations as DVA providers
- ongoing communications that keep providers up to date about DVA's health arrangements.

Veterans are good for business and good for the community

The Australian Defence Force (ADF) invests heavily in its servicemen and women and they have a broad range of skills and experience. Their proven leadership and problem-solving skills are in strong demand and often transfer readily to civilian employment.

The Government recognises the importance of raising awareness with employers, in both the private and the public sectors, of the value and unique experience of our veterans. The Prime Minister's Veterans' Employment Program supports initiatives to increase awareness of the advantages of employing veterans. Two effective initiatives under the program are the Prime Minister's Veterans' Employment Awards and the Veterans Employment Commitment.

The Prime Minister's Veterans' Employment Awards celebrate the achievements of veterans, the businesses that recognise and benefit from their skills and experience, and those who support spouse employment.

Ben Whitham is the 2019 Prime Minister's Veterans' Employment Awards Veteran Entrepreneur of the Year. Ben is an ex-service member who co-founded Penten—an Australian-owned cyber security company based in Canberra.

Ben actively supports veterans through their transition to civilian employment, and about one-third of the company's 55 staff are veterans. Ben's commitment to his military career and civilian roles after transition show his passion for making a difference to veterans and Australia's security capabilities.

'It's important to highlight to employers the value that veterans can bring to the workplace', Ben says.

Ben and other award winners have been involved in many different types of work since they left the ADF, but they all embody the values and competencies that are high on recruitment wish lists: teamwork, loyalty, respect, diligence and professionalism.

The Veterans Employment Commitment, launched in 2018, helps businesses to make a public commitment to support the employment of veterans. The commitment helps businesses to benefit from the skills and experience of Australia's veterans and makes it easier for veterans to identify businesses that are interested in their unique skills and experience. The commitment is open to all Australian businesses that would like to take advantage of the skillsets that our ex-service men and women offer. More than 100 organisations have signed up in support of veterans' employment.

Further information about the Prime Minister's Veterans' Employment Program is on the program's website (www.veteransemployment.gov.au).



// It's important to highlight to employers the value that veterans can bring to the workplace //

Prime Minister The Hon Scott Morrison MP presenting Ben Whitham, founder of cyber security innovator Penten, the award for 2019 Veteran Entrepreneur of the Year.

Established under the Prime Minister's Veterans' Employment Program, the Veterans' Employment Awards recognise organisations and individuals who make a significant contribution to veteran employment. The inaugural Veteran Entrepreneur of the Year award recognises outstanding achievement by a veteran creating opportunity for Australia through entrepreneurship.



207,160

DVA health cards
were current,

122,536

Gold Cards,

84,624

White Cards



46,927

veterans were living
with a mental
health condition



1,210,032

travel for treatment
trips were funded
through the
booked car with
driver scheme



24,957,361

health services were used,
equivalent to 139 health
services per veteran



155,457

sessions were conducted
by Open Arms

24,830

clients accessed
Open Arms



5 WEBINARS

were attended by 4,119
health professionals



989 PEOPLE

enrolled in the heart
health program



174,943

travel for treatment
reimbursement claims
were processed

540,109

individual trips
99.93% were processed
within 28 days

Health and wellbeing

Maintaining and enhancing the quality of life of clients by improving their physical and mental wellbeing.

18
19

Achievements in 2018–19

Support during transition to civilian life

In 2018–19 DVA continued to work closely with Defence to improve the transition process for veterans and their families, particularly where a member suffers a serious injury or illness or is going through medical separation from the ADF. This ensures that transitioning members and their families can access the right services and support to help them prepare for civilian life.

DVA and Defence use the Early Engagement Model (EEM) to coordinate their response to members who are transitioning to civilian life. Under the EEM, Defence notifies DVA of members who are transitioning for medical reasons.

DVA's On Base Advisory Service then uses the EEM information to ensure that we:

- contact (or attempt to contact) everyone who is transitioning out of the military
- send a White Card to eligible transitioned personnel to cover treatment for any mental health condition, regardless of whether it is service related
- give the transitioning member information about Non-Liability Health Care for all mental health conditions
- check that members with minimum one day of continual full-time service have received and understand how to use their White Card
- make referrals to higher level supports within DVA, such as Case Coordination and Case Management, including the Wellbeing and Support Program.

The Wellbeing and Support Program provides an intensive case management service for transitioning and ex-serving veterans who require additional support. Each veteran is supported by a contracted specialist case manager who coordinates clinical care and helps them to access DVA and community support services.

The case manager works closely with DVA to ensure the veteran receives the right level of support from their treating practitioners and community supports.

In 2018–19 DVA continued to prioritise transitioning personnel under the EEM. We issued White Cards to 2,459 transitioning personnel who had not otherwise made DVA claims.

Reductions in claim processing times for medical, dental and allied health services

In 2018–19, as a result of payments and reimbursements business process improvements, DVA achieved a reduction in time taken to process (TTTP) from an average of 25 days as at 30 June 2018 to an average of 19 days as at 30 June 2019. We also increased the percentage of claims processed within 28 days to 85 per cent.

Also in 2018–19 we streamlined our business processes for the management of declined health entitlement requests and as a result we have improved response times for more complex requests requiring further review.

DVA is undertaking a review of its pharmacy programs to ensure key programs, governance structures and processes are consistent with current industry standards and support the wellbeing of our veterans.

Improved use of medicines and health care services

The Veterans' Medicines Advice and Therapeutic Education Services (Veterans' MATES) program aims to improve the use of medicines and related health services in the veteran community. Veterans' MATES uses DVA's health claims data to identify emerging trends in health care and medicine and provide the latest evidence-based information to the veteran community, the veteran's GP and allied health care providers.

In 2018–19 Veterans' MATES focused on four topics:

- Topic 3, 2018—Proton Pump Inhibitors
- Topic 4, 2018—Dry mouth
- Topic 1, 2019—Cognitive impairment
- Topic 2, 2019—Insomnia.

Veterans' MATES will be focusing on the following topics for the remainder of 2019:

- Topic 3—Renal impairment
- Topic 4—Diabetes.

Enhanced access to rehabilitation aids and appliances

In 2018–19 the Nous Group delivered a report on DVA's rehabilitation appliance services. We will be implementing recommendations that will enhance veterans' access to rehabilitation aids and extend eligibility for some items.

Additional items have also been included on the National Schedule, which has helped us to cater for the wellbeing of eligible clients and facilitate their greater participation in the community. Specifically, eligibility for electric mobility aids has been extended to all veterans who hold a Gold Card and have a medically assessed need for the item. To enable clients to remain independent in their own homes, rails and ramps will now be provided so that individuals can access many more areas of their house, including gardens and sheds.

Health provider compliance audit

DVA conducts assurance reviews of health provider compliance to ensure that veterans receive clinically necessary treatment. We also collaborate with the Department of Health and peak bodies to highlight and improve provider compliance.

In April 2019 DVA engaged Medibank Health Solutions to audit its hospital arrangements. The audit work will assess quality and appropriateness of hospital services, including data analysis for the Preventable Re-admissions Quality Initiative, as well as addressing payment integrity for hospital services.

New Veterans' Home Care assessment agencies

The Veterans' Home Care (VHC) program provides home care services that help veterans to maintain their health, wellbeing and independence. It provides a small amount of practical help to assist veterans to continue to live at home. VHC assessment agencies assess veterans' needs, approve services and arrange for those services to be carried out by a contracted service provider.

In February 2019 following an open tender process, DVA awarded contracts for a new panel of VHC assessment agencies.

Overall, the number of assessment agencies decreased from 12 to seven. This is because of the declining number of VHC clients and the need to maintain the veteran population for each assessment agency at an appropriate level so that VHC businesses can remain viable through the life of the contract.

New Patient Experience Survey

During 2018 DVA developed the new Patient Experience Survey designed to measure a veteran's experience of care while they are an inpatient in a DVA contracted private hospital. The survey aims to improve private hospital care through ongoing feedback. The questionnaire focuses on the patient's overall experience of care and reflects current hospital industry survey standards.

The updated Patient Experience Survey was launched on 1 July 2019 in all DVA contracted private hospitals.

Results of the survey will be presented in survey outcome reports which will assist DVA and hospital providers to better understand the experience of veteran patients during their hospital stay and drive service delivery and quality improvements in hospital services.

New mental and social health program review framework

In 2018–19 DVA established a new national framework to guide the development, delivery and evaluation of current and future mental and social health programs. The framework aims to ensure that we are investing in the right areas, that our investment is effective and that the mental and social health care model continues to appropriately support the health and wellbeing of veterans and their families. It will ensure a simplified and nationally consistent decision-making process for assessing the efficiency and effectiveness of current and new mental and social health initiatives.

The new framework was based on two reviews—the Carer and Volunteer Support review (2016) and the Mental and Social Health Branch programs review (2017). The program logic will be used to support DVA's current and future mental and social health initiatives through the stages of program design and implementation, ensuring that program evaluation is embedded into design thinking.

Streamlined support for vulnerable and at-risk veterans

DVA's Client Support Framework creates a streamlined pathway for timely and individually tailored supports for veterans and families who are identified as vulnerable or at risk. The framework is an enhancement of a number of complex client support initiatives that have been in place for some time—changes have been made incrementally in response to increased awareness of veterans' needs and a number of reviews. The framework was developed as part of the DVA transformation agenda.

In 2018–19 we made several enhancements to the framework. We:

- recruited mental health clinicians and social workers to provide support and case management to veterans who are in complex circumstances and/or who are vulnerable
- developed a more evidence-based assessment of client complexity to ensure support services are provided to veterans across various areas of DVA
- established clearer pathways for referral and collaboration between DVA and Open Arms to ensure that a holistic support service can be provided to veterans who are vulnerable or in crisis.

The Wellbeing and Support Program (formerly the Case Management Pilot) has also been incorporated within the framework to provide intensive and supportive case management services for transitioning and former serving veterans and their families who require additional support.

Support for veterans who have taken anti-malarial medications

In 2018–19 DVA established several initiatives to assist veterans concerned about having taken the anti-malarial medications mefloquine and tafenoquine. The initiatives were implemented through an action plan with four priority areas: consultation forums; online publication of information, resources and points of contact; commissioning of research; and health assessment programs.

Between September and November 2018 DVA hosted a series of mefloquine and tafenoquine consultation forums across Australia. Approximately 110 veterans and members of the veteran community attended the forums.

As part of the 2019–20 Budget, the Government announced a \$2.1 million initiative to provide a national program of comprehensive health assessments for veterans who are concerned about having taken these medications.

The initiative is in response to the concerns heard at the forums, as well as during the Senate inquiry into the use of the anti-malarial drugs mefloquine and tafenoquine in the ADF, which reported in December 2018.

DVA and Defence are continuing to develop initiatives to ensure that current and former serving ADF personnel have access to information and support. We have published web-based information, resources and dedicated points of contact. We also have a webpage on supports and services (www.dva.gov.au/mefloquine) and a designated phone line—1800 MEFLOQUINE (1800 633 567).

In 2018–19 Open Arms continued to develop a Neurocognitive Health Assessment Program, which will provide access to screening, assessment and treatment for any veteran who has symptoms of a neurocognitive disorder or concerns about their cognitive functioning, including those concerned about anti-malarial use. It will commence in Townsville in the second half of 2019.

DVA and Defence commissioned the University of Queensland to use data from 2007–2008 studies of deployment to East Timor, Bougainville and the Solomon Islands to investigate the issue of anti-malarial drugs and long-term health. The final report was published in March 2019 and is available on the DVA website.

New approaches to mental and social health service delivery

In 2018–19 DVA progressed testing of several new approaches to mental and social health service delivery.

The Coordinated Veterans' Care (CVC) Mental Health Pilot is one of two suicide prevention pilots announced in the 2017–18 Budget. The pilot has been operating since August 2018. It is testing whether the use of a digital coaching app can promote better health outcomes for veterans in conjunction with traditional treatment through a GP.

The pilot is leveraging the existing CVC Mental Health Pilot, which uses a team-based model of care, led by a GP and supported by a practice nurse, to provide overall clinical management planning and care coordination.

The pilot is available to eligible DVA White and Gold Card holders under 55 years of age with mild to moderate anxiety or depression and a musculoskeletal condition requiring pain management. The pilot is primarily targeting rural and remote regions where mental health services can be difficult to access, or are limited or unavailable.

During 2018–19 recruitment of eligible participants took place across selected Primary Health Networks in Queensland, New South Wales, Victoria, Tasmania and South Australia. Recruitment for the pilot ceased on 30 June 2019.

As at 30 June 2019, 53 GP practices had registered for the pilot. Of the 240 veterans that enrolled, 197 veterans participated in the pilot and 43 veterans opted out and did not participate.

Veterans enrolled in the pilot have access to coordinated care from their GP for up to 12 months and access to a digital coaching app. The app prompts various health messages along with 'light touch' cognitive behaviour therapy sessions over a six-to-eight-week period.

The pilot concludes in December 2019 and an independent evaluation is scheduled for completion in December 2020.

Veteran Suicide Prevention Pilot

The Veteran Suicide Prevention Pilot—also known as the Mental Health Clinical Management Pilot—is the second of two suicide prevention pilots announced in the 2017–18 Budget.

The pilot is evaluating the benefits of providing intensive, wrap-around support and non-clinical management services to address an ex-serving ADF member's mental and social health needs on discharge from hospital. It is available to veterans who discharge from hospital following a suicide attempt or suicide ideation; or who have a mental health condition and have been clinically assessed as being at an increased risk of suicide. The pilot provides 90 days of support after hospital discharge.

Also, DVA has contracted Beyondblue to adapt its existing suicide prevention service, The Way Back Support Service, to the needs of ex-serving ADF personnel. The pilot is being delivered by Beyondblue, which has subcontracted Richmond Fellowship Queensland to provide services in the greater Brisbane region. As at 30 June 2019, 48 veterans have participated in the pilot.

An independent evaluation of the pilot is scheduled for completion in June 2021.

Reinvigorated veterans and families counselling service

In 2019 the Veterans and Veterans Families Counselling Service was rebranded as Open Arms—Veterans & Families Counselling.

This year, Open Arms completed an evaluation of the Community and Peer Program pilot completed in Townsville as part of Operation Compass—Townsville Veteran Community Suicide Prevention Trial. The key objective was to improve management and support of vulnerable veterans, especially those who are at risk of suicide. Under the pilot, the teams, which included veterans with lived experience of both the military and mental health issues, are employed as mental health peer workers to provide a bridge between clinical services and community-based health and ex-service community supports. The evaluation determined that the model enhanced the military awareness of all staff in Open Arms, reduced barriers to care for clients and improved mental health and wellbeing outcomes for clients and their families. The national rollout of the Community and Peer Program has now commenced.

Open Arms was the lead agency in the provision of mental health support to athletes and families at the 2018 Invictus Games in Sydney. Staff, including mental health peer workers, were on hand 24 hours a day offering individual counselling support, relaxation spaces and wellness activities.

Over the last year Open Arms has increased the number of staff available to provide case management and assertive reach-out to vulnerable individuals. Refreshed and new group treatment programs in the areas of trauma, anger, pain and anxiety have been introduced. The service has also increased its capacity to provide mental health training and is piloting new programs in the area of transition from the ADF.

Open Arms supports all of its mental health professionals to attend relevant mental health professional conferences, seminars and workshops. In 2018–19 it co-hosted the Centenary

of Anzac Practitioners Forum conducted by the Phoenix Australia Centre for Posttraumatic Mental Health; and sponsored clinical staff to complete the APS Institute Foundation of Suicide Prevention online program.

Open Arms is currently working with Defence and Phoenix Australia on three innovative clinical research programs: the Rapid Exposure Supporting Trauma Recovery (RESTORE) Trial, focused on testing a more efficient approach for PTSD treatment; the Stepping Out: Attention Reset (SOAR) Trial, exploring whether a brief attention-training computer task improves wellbeing and adjustment to civilian life for transitioning military personnel; and international research to determine if it is possible to develop a measure of moral injury to be utilised in clinical settings.

For more information about the rebranding and launch of Open Arms, see the vignette on page 54.

New framework to prevent elder abuse of veterans

In 2018–19 DVA developed the Abuse of Older DVA Clients (elder abuse) Responding and Reporting Policy Framework to assist DVA staff to respond to and report allegations of abuse of older veterans.

The framework responds to the National Plan to Respond to the Abuse of Older Australians 2019–2023, released earlier this year—in particular, priority area 3.1, 'Establish and evaluate front-line support services for older people experiencing abuse in a range of locations across the country'. DVA is not a mandatory reporting organisation, but we do have an opportunity to identify and support victims of abuse and work with our service providers to do the same. The framework will be implemented in 2019.

Expanded health and wellbeing online and digital services

AT-Ease portal

AT-Ease is a health and wellbeing online portal for veterans and their families. It provides tailored mental health and wellbeing resources for serving and veteran communities.

During 2018–19 AT-Ease successfully redesigned online services to be more client focused and expanded content to include a new family channel and wellness channel.

Specifically focusing on early intervention for at-risk populations, AT-Ease has increased its traffic by 60 per cent during 2018–19 and is servicing more than 60,000 users annually with self-help information and tools.

AT-Ease Professionals, designed for health providers, saw a significant increase in the use of the clinical tools and professional development opportunities.

AT-Ease is now in the process of merging with Open Arms to provide a single digital service offering allowing veterans and their families to easily find self-help information or be referred to appropriate person-based care such as counselling and group programs.

Mental health webinars

DVA's professional development webinar series 'Mental Health and the Military Experience' aims to support practitioners to better respond to the mental health needs of veterans. The webinar series has been successful in engaging with health professionals who have an interest in treating veterans or who are currently treating veterans.

Over 4,100 health professionals attended the five webinars that took place in 2018–19. Topics of these webinars included pain, research, identity during/after transition, the military experience and mental health, and managing comorbid mental health conditions. This builds on the three webinars that took place in 2017–18 and the four webinars that took place in 2016–17. A further two webinars are scheduled for 2019–20.

Health professionals can access previous webinars and register for any upcoming webinars on the AT-Ease Professionals website.

Redeveloped PTSD Coach Australia mobile app

In 2017–18 DVA conducted an evaluation of the PTSD Coach Australia mobile app. In line with recommendations of the evaluation, in June 2019 we began to redevelop the app. Our work will address underlying technical issues that users are experiencing with the app but will not make any major changes to the tool.

Strategic research to improve our services

DVA commissions research to expand our understanding of the wellbeing of veterans and their families; build an evidence base of effective policy and services; provide actionable outcomes that can be translated into policy and program directions; and evaluate DVA programs.

Research programs

In 2018–19 the Applied Research Program (ARP) has been the primary mechanism of commissioning research. It has enabled our business areas to undertake research projects that contribute to DVA's research priorities and outcomes. All ARP-funded research projects approved by the Research Board were undertaken in accordance with the ARP requirements and governance. From 2019–20 a new mechanism—the Strategic Research Framework—will guide departmental research and detail DVA's analytical and research priorities.

Partnership with Australian Institute of Health and Welfare

In 2018–19 DVA and the Australian Institute of Health and Welfare completed the second year of a four-year strategic partnership. The partnership takes a coordinated, whole-of-population approach to monitoring and reporting on the status and future needs of veterans and their families. During 2018–19 a key output was the publication of *A profile of Australia's veterans 2018*.

The publication draws on data from more than 25 sources to highlight health and welfare information of our veterans and identify data gaps together with opportunities to address these gaps. The report showed that 78 per cent of people who served in the ADF in 2014–15 rated their health as excellent, very good or good. However, the report also recognises that some veterans experience challenges above those of the Australian population due to the unique nature of military service. Supplementing this baseline report over time will allow a greater understanding of veterans and their families; assist in informing policy development; and ensure that services are targeted toward improving the health and welfare of Australia's veterans.

Client consultation forums, workshops and interviews

Understanding the experiences and needs of veterans and their families is at the heart of DVA's transformation agenda. To better understand these experiences and needs, DVA is engaging with a diverse range of veterans and veterans' family members through consultation opportunities and co-design engagements, including new engagement forums, workshops and one-on-one interviews. These engagements focus on understanding the experiences of veterans and their families, discovering opportunities for improvement and developing innovative solutions. This work is ongoing. In 2018–19 DVA consulted and engaged with over 300 veterans and family members using co-design to create programs and services for the future.

Client Satisfaction Survey

The DVA Client Satisfaction Survey is a key activity to assist in measuring the experiences of veterans and their families when they engage with DVA and to track their satisfaction over time.

The 2018 Client Satisfaction Survey involved more than 3,000 randomly selected DVA clients, including current and ex-serving members of the ADF, war widows and widowers, carers and dependants, of all ages, across all Australian states and territories.

The 2018 survey found that DVA's clients value our staff but are challenged by our processes. Overall, satisfaction with DVA's services remains steady at 81 per cent, with older clients remaining more positive about DVA's service delivery compared with younger veterans.

Satisfaction amongst DVA's younger client cohort (aged 45 years and under) rose from 49 per cent in 2016 to 56 per cent in 2018, and dissatisfaction halved from 31 per cent in 2016 to 15 per cent in the 2018.

For clients aged 45 to 64 years, satisfaction has improved from 69 per cent in 2016 to 72 per cent in 2018. Dissatisfaction amongst this group (45 to 64 years) has also reduced, with 2018 results showing that approximately 9 per cent reported being dissatisfied as opposed to 14 per cent in 2016.

The results of this survey will continue to inform DVA's efforts to transform delivery of services to veterans and their families.

Strategic research on a healthy ageing strategy for veterans

Strategic research on healthy ageing helps DVA to answer questions about whether veterans age well, whether the determinants of ageing well differ in veterans, and which interventions might promote healthy ageing in veterans.

In 2018–19 a Rapid Evidence Assessment entitled 'Healthy and Active Ageing in the Veteran Population and Factors and Interventions that Achieve Positive Effect', by La Trobe University, was published on DVA's Evidence Compass.

The assessment sought to determine whether ageing veterans experience challenges and issues that differ from those of the general population and the factors and interventions that positively affect health and wellbeing outcomes for older people (particularly those from military backgrounds). The assessment relied heavily on studies from the United States, noting that there is scope for further Australian research. While the healthy soldier effect—the proposition that military populations are likely to be healthier than other populations—continued for the majority of veterans post-discharge, by the time veterans reach middle age (between 45 and 64) they have an increased risk of poor physical and mental health compared with non-veterans.

During 2018–19, informed by this research, DVA progressed its policy work on developing a healthy ageing strategy for veterans. This will now be considered in conjunction with the creation of a network of Veteran Wellbeing Centres. This work will also be informed by the refresh of the Veterans' Mental Health and Wellbeing Strategy to support a holistic approach to client wellbeing, including prevention, promoting healthy living and social connections, early intervention, and best-practice treatment.

Research to counter homelessness in the veteran community

In 2018–19 we completed a research project, overseen by the Australian Housing and Urban Research Institute (AHURI), on homelessness among former ADF members. The reports from AHURI provide an understanding of the factors that cause homelessness and the experiences of homeless veterans.

In 2018–19 DVA began consultation with stakeholders and service providers to explore future policy settings for homeless veterans and reduce risk factors for veteran homelessness.

DVA also commissioned the Australian Institute of Health and Welfare to undertake further analysis on the use of specialist homelessness services by ex-serving ADF members. We expect this research to be published later in 2019.

Study on transition and wellbeing

The Transition and Wellbeing Research Programme is the most comprehensive study on the impact of military service on the mental, physical and social health of current and transitioned ADF members and their families.

During 2018–19 the program produced five further reports on:

- physical health status
- technology use and wellbeing
- the impact of combat
- family wellbeing
- mental health changes over time: a longitudinal perspective.

Launch of refreshed Open Arms—Veterans & Families Counselling service

In October 2018 a significant legacy of our Vietnam veterans was symbolically passed on to our current veterans and their families when we relaunched the Veterans and Veterans Families Counselling Service as Open Arms—Veterans & Families Counselling. The rebrand, driven by the Minister's independent National Advisory Committee and consultation conducted nationally, was more than just a name change—it reflects a move to a more holistic service offering.

The relaunch was about more than just introducing a more recognisable brand to promote mental health and wellbeing services—it was also a recognition that any ADF member with minimum one day of full-time service and their family can now access an expanded range of mental health services.

The Minister for Veterans and Defence Personnel, the Hon Darren Chester MP, was joined at the launch by Dr David Cockram, a Vietnam veteran, who passed the legacy to the Ambassador for Open Arms, Corporal Mark Donaldson VC (Ret'd).

Open Arms is a very powerful symbol of support, safety, and security. As highlighted by Dr Cockram at the relaunch, Vietnam veterans spent long periods in the jungle during the war. Their lifeline was the Huey helicopter, which they would call in to take them to safety at the end of an operation, for a medical

evacuation or to provide critical supplies. Often, to let the pilot know where to land, one soldier had to stand in a field with raised open arms, completely vulnerable. The new logo is a symbol of the courage it sometimes takes to seek help, while also representing the approach of welcoming those who need support with open arms.

Along with free and confidential face-to-face counselling for individuals, couples and families, the service now offers after-hours telephone counselling, mental health training programs and peer support networks, self-help resources, crisis accommodation support, relationship retreats, group treatment programs, suicide prevention courses, and a new website, www.OpenArms.gov.au.

The counselling service that was originally founded as the Vietnam Veterans Counselling Service has been providing essential face-to-face counselling services and support to Australian veterans and their families since 1982 and will continue into the future as Open Arms.



“The new logo is a symbol of the courage it sometimes takes to seek help, while also representing the approach of welcoming those who need support with open arms.”



The Hon Darren Chester MP, Minister for Veterans and Defence Personnel; Professor Jane Burns, Chair of the National Advisory Committee; Mark Donaldson VC (representing contemporary veterans); Dr David Cockram (representing Vietnam veterans); Dr Stephanie Hodson CSC, National Manager, Open Arms—Veterans' & Families Counselling; Major General Mark Kelly AO DSC, former Commissioner of the Repatriation Commission at the launch of Open Arms—Veterans & Families Counselling.



3,339

visitors attended the
Anzac Day Dawn Services
at Villers-Bretonneux
and Gallipoli



more than

3,400

visitors attended the
Anzac Day Dawn Service
at Port Moresby (Bomana)
War Cemetery and Isurava
Memorial, Papua New Guinea



983

commemorative grants
were approved,
totalling \$8,083,210



49,586

people visited the
Sir John Monash Centre

Commemorations

Acknowledging and commemorating veterans' service and sacrifice and promoting an increased understanding of Australia's wartime history.

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Achievements 2018–19

Successful completion of the Anzac Centenary commemorations

The Anzac Centenary Program marked 100 years since Australia's involvement in the First World War. The program commemorated those who have served Australia and its allies in wars, conflicts and peace operations by promoting recognition of service and sacrifice. It provided recognition, respect and acknowledgement to all Australian veterans, supporting DVA's objectives relating to veteran health and wellbeing.

In 2018 the program was successfully concluded with the 100th anniversary of Armistice, commemorated at the Australian National Memorial near Villers-Bretonneux in France.

For more information on the Anzac Centenary, see the vignette on page 26.

Community engagement projects and publications

DVA produces educational resources and gathers and publishes stories and images of veterans' service to educate the community about Australia's wartime history.

In 2018–19 DVA undertook a number of community engagement projects to increase awareness and appreciation of the service and sacrifice of service men and women:

- 2018 Remembrance Day and 2019 Anzac Day national mail-outs—DVA distributed historical and educational resources to over 17,000 community groups, schools and RSLs around Australia
- 2018 Anzac Day Schools' Awards—this annual competition encourages the study of wartime history in primary and secondary schools through learning activities based on the commemoration of Australian service men and women on Anzac Day. The competition is open to all schools around Australia, with prizes at national, state and special category levels
- 2019 commemorative calendar—DVA produces a commemorative calendar each year. 'Homecoming' was the 2019 theme, with photographs reflecting on the moment when service personnel returned home from theatres of war and conflict, reunited with their loved ones and contemplated their future lives
- *Reflections: capturing veterans' stories*—this new publication focuses on the importance of gathering oral histories.

Three new publications were added to the Anzac Portal:

- *Candour: stories in the words of those who served 1914–1918*
- *Reflections: capturing veterans' stories*
- *Great debates: the Anzac legend*—an inquiry-based learning activity to support debate around the 'Anzac legend'.

We conducted and recorded oral history interviews with veterans, created exhibition materials for the refurbishment of the Hellfire Pass Interpretive Centre, and digitised a number of historical Australian photographs and manuscripts held in overseas archives to increase their accessibility for the Australian community. We also created educational and awareness-raising products in support of DVA's major national and international commemorative services, including speeches, historical essays and audio-visual programs.

Preservation of war graves and memorials

The Office of Australian War Graves (OAWG) cares for and maintains the official commemorations of more than 334,000 Australian service men and women in Australia, Papua New Guinea and the Solomon Islands. This involves more than 2,000 sites around Australia, including 72 war cemeteries and 10 Gardens of Remembrance. In 2018–19 OAWG provided official commemorations for 2,405 Australian veterans.

The Unmarked Graves of First World War Veterans program was launched in February 2019. It assists individuals and associations by providing funding to assist in marking an unmarked grave.

The program has been well received by the Australian community. To date, more than 70 graves have been identified and the process of marking them has commenced.

On 12 December 2018 the refurbished Hellfire Pass Interpretive Centre in Thailand was reopened by the Minister for Veterans and Defence Personnel, the Hon Darren Chester MP. For more information on the refurbishment of the centre, see the vignette on page 60.

The OAWG is developing a strengthened approach to infrastructure asset management for the suite of Australian memorials located around the world. As part of this, there will be a structured preventative maintenance program to guide future investment which considers the existing condition of memorials, climatic circumstances, investment to date and government priorities. Refurbishment of the memorial in Crete, Greece, will be prioritised in accordance with the preventative maintenance program.

The Sir John Monash Centre near Villers-Bretonneux, France, reveals the Australian Western Front experience through a series of interactive media installations and immersive experiences. The centre, which opened in April 2018, seeks to educate a new audience about Australia's early role in international affairs and to share the stories of ordinary Australians doing extraordinary things on the battlefields of the Western Front.

Following a highly successful first year of operation, the Sir John Monash Centre has developed a manual of operating procedures that governs the centre's key operations. This will assist in understanding the ongoing operational requirements of the centre following the Anzac Centenary 2014–2018 and ensuring its continued success as a centrepiece of commemoration with the support and cooperation of local communities, businesses and other stakeholders.

Throughout 2018–19 DVA utilised different options to promote the Australian Remembrance Trail and the Sir John Monash Centre by

establishing new partnerships with other nations and strengthening existing partnerships while continuing to publish multiple articles on both the Remembrance Trail and the centre in magazines, tourism brochures and social media platforms.

Commemoration activities

Services in Australia and overseas

In 2018–19 successful international services were conducted to commemorate:

- the Battle of Hamel, commemorated at the Australian Corps Memorial at Le Hamel in France
- Remembrance Day, 100th anniversary of Armistice, commemorated at the Australian National Memorial near Villers-Bretonneux in France
- the Battle of Villers-Bretonneux, commemorated at an Anzac Day Dawn Service at the Australian National Memorial near Villers-Bretonneux in France
- the Gallipoli campaign, commemorated at an Anzac Day Dawn Service in Turkey.

Successful services conducted in Australia included commemorations of:

- the 65th anniversary of the Korean War Armistice, commemorated at the Australian National Korean War Memorial, Anzac Parade, in Canberra
- the 75th anniversary of Australian work on Hellfire Pass and the completion of the Burma–Thailand Railway, commemorated at the Australian Ex-Prisoners of War Memorial at Ballarat in Victoria
- the 50th anniversary of the Battle of Binh Ba, commemorated at the Vietnam Forces National Memorial, Anzac Parade, in Canberra.

All services were conducted in a safe, respectful and dignified manner befitting the service and sacrifice of Australia's service personnel.

International Anzac Day services

In 2018–19 DVA successfully conducted Anzac Day Dawn Services at Gallipoli in Turkey and Villers-Bretonneux in France; and supported Anzac Day services at other locations, including Hellfire Pass in Thailand, Sandakan in Malaysia, and Post Moresby (Bomana) War Cemetery in Papua New Guinea. For more information about Anzac Day services, see the vignette on page 26.

Armistice Centenary Grants Program

The Armistice Centenary Grants Program provided \$7.4 million in funding for 779 projects throughout the country to commemorate the Centenary of Armistice. All projects have been transitioned to the Community Grants Hub for management and acquittal and all \$7.4 million in payments have been made to the applicants. The Armistice Centenary Grants Program enhanced community awareness of Australia's military heritage and included projects that will leave an enduring memorial to the legacy of service and sacrifice of Australia's military personnel.

Hellfire Pass Interpretive Centre refurbishment

The Hellfire Pass Interpretive Centre and Walking Trail in Kanchanaburi Province, Thailand, are dedicated to Australian and Allied Prisoners of War and Asian labourers (romusha) who suffered and died on the Burma–Thailand Railway and elsewhere in the Asia-Pacific region during the Second World War.

The Hellfire Pass Interpretive Centre, located directly above Hellfire Pass, was originally built and funded by the Australian Government in collaboration with the Government of the Kingdom of Thailand. It opened in 1998. In 2016, the DVA Office of Australian War Graves commenced the refurbishment of the centre and has managed the refurbishment works.

On 12 December 2018 the refurbished Hellfire Pass Interpretive Centre was reopened by the Minister for Veterans and Defence Personnel, the Hon Darren Chester MP.

The refurbished centre features audio-visual content and exhibition pieces designed to explain the railway and educate visitors about what happened there. It presents the history of the Burma–Thailand Railway in a balanced way, focusing on the stories of all those involved in building the railway, and conveying the hardships and suffering endured by so many who were forced to work in extremely harsh conditions. It now also offers an audio guide tour that many visitors and tour groups listen to as they walk

along the path of the railway to the memorial and beyond.

The audio guide, available in English, Dutch and Thai, provides a history of Hellfire Pass and includes first-hand comments from ex-Prisoners of War.

Australia had already been at war for two years when the Pacific War began. From December 1941, the Japanese military swept across Asia and the Western Pacific, shocking the world with the speed of its advance. As nations fell to Japanese occupation, thousands of men and women were taken prisoner and endured years of captivity. Some 22,000 Australians became prisoners of the Japanese.


To build the railway, prisoners were forced to carve through solid limestone and quartz for up to 18 hours a day for some 12 weeks at Hellfire Pass, which received its name from the oil-fired bamboo torches that lit the cutting up like ‘the fires of hell’.

This is a site of great importance to those who worked on the Burma–Thailand Railway as Prisoners of War.

As demonstrated by the more than 160,000 visitors to the site every year, it also holds special significance for many Australian and other visitors.


The 2019 Anzac Day Dawn Service was held below the new Hellfire Pass Interpretive Centre. This year, Harold Martin, at the age of 102 years, recited the Ode of Remembrance at the Dawn Service and again later the same morning at Kanchanaburi War Cemetery. Mr Martin, an ex-Prisoner of War, served in the Second World War and survived the Burma–Thailand Railway. Following the passing of fellow Hellfire Pass Prisoner of War veteran Neil MacPherson OAM, also from Albany in Western Australia, Mr Martin is now the last Australian survivor of the railway. With assistance from the Quiet Lion Tour juniors, he laid a wreath at the Kanchanaburi catafalque.

Following the conclusion of the Anzac Centenary 2014–2018, the Australian Government’s commemorative focus is shifting towards events in the Asia-Pacific region.



“ This is a site of great importance
to those who worked on the
Burma–Thailand Railway as
Prisoners of War. ”

Harold Martin, a 102-year-old veteran and former
Burma–Thailand Railway Prisoner of War, recited the ode
at the 2019 Anzac Day service at Hellfire Pass in Thailand.



Annual performance statements

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Statement by the accountable authority

I, as the accountable authority of the Department of Veterans' Affairs, present the 2018–19 annual performance statements of the Department, as required under section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the Department, and comply with section 39(2) of the PGPA Act.

**Liz Cosson AM CSC**

Secretary

Department of Veterans' Affairs

10 September 2019

Our purposes

To support those who serve or have served in the defence of our nation and commemorate their service and sacrifice through:

- 1. Compensation and support: Maintaining and enhancing the quality of life of clients by improving their financial wellbeing and self -sufficiency.
- 2. Health and wellbeing: Maintaining and enhancing the quality of life of clients by improving their physical and mental wellbeing.
- 3. Commemorations: Acknowledging and commemorating veterans' service and sacrifice, and promoting an increased understanding of Australia's wartime history.

Overview of our purposes, programs and activities

There is a direct relationship between the DVA's three outcomes in the Portfolio Budget Statements 2018–19 and the department's three purposes in the DVA Corporate Plan 2018–2022. DVA achieves its three purposes through the programs shown below.

Purpose 1: Compensation and Support	Purpose 2: Health and Wellbeing	Purpose 3: Commemorations
1.1 Deliver veterans' income support and allowances	2.1 Provide access to general medical consultations and services	3.1 Provide and maintain war graves
1.2 Deliver veterans' disability support	2.2 Provide access to veterans' hospital services	3.2 Deliver commemorative activities
1.3 Deliver assistance to Defence widow/ers and dependants	2.3 Provide access to veterans' pharmaceutical benefits	
1.4 Deliver assistance and other compensation for veterans and dependants	2.4 Provide access to veterans' community care and support	
1.5 Deliver the veterans' children's education scheme	2.5 Provide veterans' counselling and other health services	
1.6 Deliver income support and compensation under MRCA and DRCA	2.6 Provide access to health, rehabilitation and other care services under MRCA and DRCA	
Enabling services		
4.1 Provide a professional, engaged and flexible workforce		
4.2 Deliver sound financial management		
4.3 Provide reliable, responsive, accessible and cost effective digital services		
4.4 Partner with other Commonwealth agencies including Defence, Health and Human Services		
4.5 Engage with stakeholders including ex-service organisations and Defence		
4.6 Undertake a program of strategic research		

Purpose 1: Compensation and Support

Maintain and enhance the quality of life of clients by improving their financial wellbeing and self-sufficiency.

Purpose 1 is about the way we assist veterans and their families to access payments and services. The success of our work under Purpose 1 is measured by our achievements in two categories: timeliness and quality. Our timeliness and quality targets are set out in our Portfolio Budget Statements and Corporate Plan (see Table 1 below).

Performance criteria and results

Table 1: Purpose 1 performance criteria and results

No	Performance criterion	Target	2017–18 Actual result	2018–19 Actual result	Achieved
Program 1.1: Deliver income support and allowances				📖 PBS p 34, CP p 26	
1.1.1	Measurement: The number of days within which 50% of cases will be processed (days)	Claims: 30 PIRs: 10	4 7	8 9	✓ ✓
1.1.2	Quality: Correctness rate	Claims: >95% PIRs: >95%	98.1% 98.0%	98.24% 96.99%	✓ ✓
Program 1.2: Deliver disability support				📖 PBS p 35, CP p 27	
1.2.1	Measurement: The number of days within which 50% of claims will be finalised (days)	100	54 (63) ¹	108	✗
1.2.2	Quality: Correctness rate	>95%	89.4%	93.6%	✗
Program 1.3: Deliver assistance to Defence widow/ers and dependants				📖 PBS p 36, CP p 27	
1.3.1	Measurement: The number of days within which 50% of claims will be finalised (days)	30	19 (21) ¹	27	✓
1.3.2	Quality: Correctness rate	>95%	89.2%	92.0%	✗
Program 1.4: Deliver other compensation				📖 PBS p 37, CP p 27	
Funeral benefits					
1.4.1	Measurement: The number of days within which 50% of claims will be processed (days)	10	1	1	✓
1.4.2	Quality: Correctness rate	>95%	100%	96.0%	✓
Defence home loans					
1.4.3	Measurement: The number of days within which 50% of claims will be finalised (days)	18	4	5	✓
1.4.4	Quality: Correctness rate	>95%	100%	100%	✓
Program 1.5: Deliver the children's education scheme				📖 PBS p 38, CP p 28	
1.5.1	Measurement: The number of days within which 50% of claims will be finalised (days)	28	10 (10) ¹	13	✓
1.5.2	Quality: Correctness rate	>95%	100%	100%	✓

No	Performance criterion	Target	2017-18 Actual result	2018-19 Actual result	Achieved
1.5.3	Quality (Client satisfaction): Percentage of responses to the annual Education Schemes Satisfaction Survey indicating that clients thought the support provided helped the student reach their academic potential	>75%	82.6%	85.1%	✓
1.5.4	Quality (Achieving the schemes' outcomes): Percentage of the education schemes' clients progressing through each level of their education or career training	>85%	90.1%	95.0%	✓
<i>Program 1.6: Deliver income support and compensation under MRCA and DRCA</i>				📖 PBS p 39, CP p 28	
1.6.1	Measurement: The number of days within which 50% of claims determined under DRCA will be finalised (days) – DRCA liability claims – DRCA permanent impairment claims – DRCA incapacity claims	100 100 50	77 (94) ¹ 71 (73) ¹ 36 (38) ¹	130 79 42	✗ ✓ ✓
1.6.2	Quality: Correctness rate of DRCA claims – DRCA liability claims – DRCA permanent impairment claims – DRCA incapacity claims	>95% >95% >95%	93.9% 95.9% 91.2%	94.3% 95.2% 95.1%	✗ ✓ ✓
1.6.3	Measurement: The number of days within which 50% of claims determined under MRCA will be finalised (days) – MRCA liability claims – MRCA permanent impairment claims – MRCA incapacity claims	100 100 50	72 (85) ¹ 78 (91) ¹ 34 (36) ¹	63 83 42	✓ ✓ ✓
1.6.4	Quality: Correctness rate of MRCA claims – MRCA liability claims – MRCA permanent impairment claims – MRCA incapacity claims	>95% >95% >95%	92.7% 90.4% 92.0%	93.0% 87.5% 91.1%	✗ ✗ ✗
✓ Achieved ✗ Not achieved 📖 Performance criteria source: PBS = DVA Portfolio Budget Statements 2018-19					

CP = Corporate Plan 2018-2022; DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*;

MRCA = *Military Rehabilitation and Compensation Act 2004*; PIR = pensioner-initiated review

¹ 2017-18 Time Taken to Process measures results based on the 2018-19 calculation methodology.

Change in the calculation methodology for timeliness measures

In 2018–19 we changed the calculation methodology for timeliness measures.

In previous years we measured the median time taken to process claims using number of claims finalised—this included claims that had been determined as well as those that had been merged or withdrawn.

In 2018–19 we made changes to DVA's digital platform so that, when multiple claims are lodged by a client on the same day, they are bundled into one claim to streamline the investigation and finalisation of the claim. As a result of this bundling process, a significant number of claims appear to have been withdrawn, when in fact they have been bundled with other claims. This potentially affects the accuracy of our reporting of timeliness.

Therefore, the calculation methodology for median time taken to process compensation claims is now based on determined claims only and does not include withdrawn claims.

Performance criterion categories and further information

Table 2: Purpose 1 performance criterion categories and further information

Performance criterion category	Performance criterion No	Further information in the annual report
Timeliness	1.1.1, 1.2.1, 1.3.1, 1.4.1, 1.4.3, 1.5.1, 1.6.1, 1.6.3	Performance: Compensation and support Appendix C: Claims, services and liability provision statistics
Quality	1.1.2, 1.2.2, 1.3.2, 1.4.2, 1.4.4, 1.5.2, 1.5.3, 1.5.4, 1.6.2, 1.6.4	Performance: Compensation and support

Analysis of performance against Purpose 1

Timeliness

DVA's transformation agenda has had a positive impact on compensation claims lodgement by veterans, with a particularly strong focus on:

- utilising MyService
- early intervention supports
- completing comprehensive Needs Assessments for clients
- providing access to mental health treatment (particularly via expanded Non-Liability Health Care provisions).

In 2018–19, as a result of our work on promoting our services to veterans and streamlining claiming processes, we received an increased number of compensation claims. In some instances, because of those increases in claim numbers (under programs 1.2 and 1.6), the time taken to process claims also increased. In particular, timeliness targets were not met for liability claims that fall under performance criterion 1.2.1 (disability support under the *Veterans' Entitlements Act 1986* (VEA)); and performance criterion 1.6.1 (claims under the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA)).

We achieved our timeliness target for new income support claims (under program 1.1) in 2018–19. A critical factor in this success was the electronic link with Department of Defence records, which allows us to almost instantaneously confirm qualifying service. In the past this has been a barrier to achieving timeliness targets for new claims. Work is underway to develop new pension processing systems which, once fully implemented, should provide further processing and client service improvements.

We also achieved our timeliness target for processing pensioner-initiated reviews (PIRs) in 2018–19. This is especially notable given the increasing complexity of clients' personal circumstances and sophistication of their financial affairs, as well as the fluctuating economic climate, all contributing to a need for a greater level of investigation for PIRs. Additional time taken during the investigation process helps to ensure clients continue to receive their correct entitlements.

We processed all Defence Service Homes loan subsidies (program 1.4) well within our target of 18 days. Defence Service Homes clients continue to receive an excellent level of service, reflected in the fact that we received no complaints about timeliness of processing. Half of the requests we received were finalised within five days—this greatly assisted veterans and their families to meet their housing needs.

We processed Veterans' Children Education Scheme claims (program 1.5) well within our target of 28 days.

Currently, DVA reports on timeliness performance by reporting the median number of days it takes to process claims within a target time frame. To simplify timeliness reporting from 2019–20, reporting will move to the percentage of claims processed within the target time frame.

Table 3: Percentage of claims completed within target days, 2018–19

Claim type	Target (days)	% of claims processed within the target
VEA income support new claims	30	71.7
VEA income support PIRs	10	53.2
VEA disability pensions	100	43.9
VEA war widow/ers	30	53.2
VEA funeral benefits	10	86.4
MRCA initial liability	100	67.0
DRCA initial liability	100	37.4
MRCA permanent impairment	100	62.0
DRCA permanent impairment	100	63.7
MRCA incapacity	50	57.0
DRCA incapacity	50	60.6

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

Quality

In 2018–19 we continued to achieve our quality targets for new income support claims and PIRs (program 1.1) as well as for funeral benefits (program 1.4).

We achieved a 100 per cent correctness rate for the Defence Service Homes loans scheme (program 1.4), maintaining its reputation as a well-administered scheme and ensuring that clients receive the highest standard of service. Clients can be confident they are receiving their correct entitlements under the Defence Service Homes loan scheme.

DVA continues to improve the quality of work across all programs under Purpose 1 by using issues and trends identified in the quality assurance program to manage resource allocation, improve training and development packages, target policy and procedural support, improve information technology support, and engage in performance management. As a result, we have improved the quality of decision-making under programs 1.2, 1.3 and 1.6, and we intend to continue to focus on quality into future years.

Under the Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme, 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 also provide for special assistance, student support services, and guidance and counselling for eligible students undertaking primary, secondary and tertiary full-time study within Australia.

The Veterans' Children Education Scheme claims (program 1.5) achieved 100 per cent correctness rates.

The results from the 2019 Education Schemes Satisfaction Survey demonstrate that a very high percentage of recipients believe that the support they received under the schemes was effective or very effective in helping them to reach their academic potential.

Summary

The increased number of compensation claims this year had a significant impact on our timeliness targets for liability claims under the VEA and DRCA. To address this, we are adjusting our staffing to better align with demand.

We are introducing combined benefits processing to further streamline assessment and determination of claims to reduce time taken to process and improve overall productivity. We are also making information and communications technology improvements that will result in more efficient processing. Our continued focus on quality improvement will ensure that clients are receiving the benefits and entitlements to which they are entitled.

Purpose 2: Health and Wellbeing

Maintain and enhance the quality of life of clients by improving their physical and mental wellbeing.

Purpose 2 is about the way we assist in supporting veterans' and their families' quality of life by providing access to services that enhance their physical and mental wellbeing. The success of our work under Purpose 2 is measured by our achievements in four categories: access to health services, travel, counselling and rehabilitation. Our targets in these categories are set out in our Portfolio Budget Statements and Corporate Plan (see Table 4 below).

Performance criteria and results

Table 4: Purpose 2 performance criteria and results

No	Performance criterion	Target	2017–18 Actual result	2018–19 Actual result	Achieved
<i>Program 2.1: Provide access to general medical consultations and services</i>				📖 PBS p 48, CP p 30	
2.1.1	Ensure arrangements are in place for the access to and delivery of quality general and specialist medical and dental services for DVA Health Card holders – Number of clients accessing services versus the number who have registered a complaint in relation to un-met access and/or quality	>99%	100.0%	99.95%	✓
2.1.2	Maintain a schedule of general and specialist medical and dental services to meet the health care needs of DVA Health Card holders and maintain consistency with trends in the delivery of health care services – Number of listed services assessed versus the number of approved unlisted services	>97%	99.9%	99.92%	✓
<i>Program 2.2: Provide access to veterans' hospital services</i>				📖 PBS p 49, CP p 30	
2.2.1	Ensure arrangements are in place for the access to and delivery of quality private and public hospital services for DVA Health Card holders – Number of clients accessing services versus the number who have registered a complaint in relation to un-met access and/or quality	>99%	99.8%	99.94%	✓
<i>Program 2.3: Provide access to veterans' pharmaceutical benefits</i>				📖 PBS p 50, CP p 31	
2.3.1	Ensure arrangements are in place for the access to and delivery of quality pharmaceutical services for DVA Health Card holders – Number of clients accessing services versus the number who have registered a complaint in relation to un-met access and/or quality	>99%	100.0%	99.98%	✓

No	Performance criterion	Target	2017–18 Actual result	2018–19 Actual result	Achieved
Program 2.4: Provide access to veterans' community care and support				📖 PBS p 51, CP p 31	
2.4.1	Ensure arrangements are in place for the access to and delivery of quality community care services for DVA Health Card holders – Number of clients accessing services versus the number who have registered a complaint in relation to un-met access and/or quality	>99%	99.6%	99.59%	✓
Program 2.5: Provide veterans' counselling and other health services				📖 PBS pp 52-53, CP pp 31–32	
Access to Services					
2.5.1	Ensure arrangements are in place for the access and delivery of quality mental and allied health services for DVA Health Card holders – Number of clients accessing services versus the number who have registered a complaint in relation to un-met access and/or quality	>99%	99.3%	99.5%	✓
2.5.2	Maintain a schedule of allied services for DVA Health Card holders that reflects trends in the delivery of health care services – Percentage of total allied services that are accessed through the DVA fee schedule	>97%	100.0%	99.99%	✓
Travel					
2.5.3	Target percentage of claims for reimbursement processed within the Service Charter timeframe (28 days)	100%	99.5 %	99.93%	✗
2.5.4	Degree of complaints about arranged travel relative to the quantity of bookings	<0.05%	0.02%	0.02%	✓
Open Arms					
2.5.5	Percentage of clients in receipt of an episode of care who access an Open Arms clinician (centre based or outreach) within two weeks of intake and assessment occurring	>65%	65.6%	65.8%	✓
2.5.6	Client satisfaction	>80%	94.5%	94.2%	✓
Veterans' Vocational Rehabilitation Scheme					
2.5.7	Clients with successful return to work	>50%	51.3%	68.0%	✓
Program 2.6: Provide access to health, rehabilitation and other care services under MRCA and DRCA				📖 PBS p 54, CP p 32	
2.6.1	Timeliness: The percentage of rehabilitation assessments that were made within 30 days of referral for assessment	75%	Not Met ¹	82.0%	✓

No	Performance criterion	Target	2017–18 Actual result	2018–19 Actual result	Achieved
2.6.2	Quality/Quantity: Percentage of clients where rehabilitation goals were met or exceeded	75%	Not Met ¹	75.0%	✓
2.6.3	Quality: An annual survey of client satisfaction with the rehabilitation program	75%	n/a ²	79.0% ³	✓
✓ Achieved ✗ Not achieved 📖 Performance criteria source: PBS = DVA Portfolio Budget Statements 2018–19					

CP = Corporate Plan 2018–2022; DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*

¹ Data quality issues, due in part to migrating data from DVA's ageing ICT systems, made accurate reporting on the rehabilitation program performance indicators (PPIs) difficult during 2017–18. The rehabilitation PPIs have been reviewed and revised for 2018–19.

² New measure as identified in the Corporate Plan 2018–2022. The new measure is established to assess the effectiveness of the DVA rehabilitation program.

³ Data is aggregated over the year 2018–19 reflecting the date the survey was undertaken, which lags behind rehabilitation case closure.

Performance criterion categories and further information

Table 5: Purpose 2 performance criterion categories and further information

Performance criterion category	Performance criterion No	Further information in the annual report
Access to health services	2.1.1, 2.1.2, 2.2.1, 2.3.1, 2.4.1, 2.5.1, 2.5.2	Performance: Health and wellbeing
Travel	2.5.3, 2.5.4	
Counselling	2.5.5, 2.5.6	
Rehabilitation	2.5.7, 2.6.1, 2.6.2, 2.6.3	

Analysis of performance against Purpose 2

Access to health services

The number of clients making a complaint about unmet access or quality is very low considering the overall number of health services under Purpose 2 programs that DVA clients access. This is an indication that there is currently no widespread issue affecting DVA clients' ability to access clinically necessary treatment.

Travel

DVA records all compliments and complaints in the Client Feedback Management System (CFMS). The CFMS helps us to identify inconsistencies in service delivery and target improvement activities.

The performance target of 100 per cent for reimbursement of travel claims within 28 days (performance criterion 2.5.3) was not met. However, we improved our performance in this area in 2018–19: the processing figure of 99.93 per cent was higher than the processing figure of 99.5 per cent for 2017–18.

In 2018–19 the number of complaints about arranged travel (performance criterion 2.5.4) relative to the quantity of bookings was again less than the target of 0.05 per cent. This indicates a high level of satisfaction with the program.

The consolidation of processing for clients under all three Acts continues to provide improved results.

Counselling

Open Arms—Veterans & Families Counselling (Open Arms) records the period of time between a client's initial intake assessment and their allocation to care with a clinician (centre-based or outreach). This continues to track within the target of 65 per cent. Levels of client satisfaction within Open Arms continue to track well above the target of 80 per cent.

Rehabilitation

In 2018–19 we exceeded our target for Veterans' Vocational Rehabilitation Scheme, with the majority of clients successfully returning to work. This is an improvement against the 2017–18 results.

In 2017–18 we reviewed our performance criteria for rehabilitation (program 2.6); however, data quality issues made accurate reporting on the rehabilitation program performance indicators (PPIs) difficult. In 2018–19 we engaged a data analyst to give us a better understanding of the structure and technical links between rehabilitation data fields in the new ICT system and create a rehabilitation data dictionary. As a result, DVA can report on rehabilitation data for 2018–19.

In 2018–19 we consistently met our targets for the number of rehabilitation assessments made within 30 days of referral; and for the number of rehabilitation clients who have met or exceeded their goals. DVA commenced a satisfaction survey of rehabilitation clients after the closure of their rehabilitation program. This has established a baseline for the new qualitative performance indicator.

Summary

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

Purpose 3: Commemorations

Acknowledge and commemorate veterans' services and sacrifice, and promote an increased understanding of Australia's wartime history.

Purpose 3 is about ensuring that our veterans' service and sacrifice are acknowledged, understood and commemorated. The success of our work under Purpose 3 is measured by our achievements in two categories: war graves and commemorations. Our targets in these two categories are set out in our Portfolio Budget Statements and Corporate Plan (see Table 6 below).

Performance criteria and results

Table 6: Purpose 3 performance criteria and results

No	Performance criterion	Target	2017–18 Actual result	2018–19 Actual result	Achieved
Program 3.1: Provide and maintain war graves				PBS p 58, CP p 33	
3.1.1	The condition of war graves that are the primary place of official commemoration and sites of collective official commemoration that are maintained by OAWG meets CWGC standards	Complaints received relate to 10 or less graves or sites of collective commemoration	Achieved	Achieved	✓
Program 3.2: Deliver commemorative activities				PBS p 59, CP p 34	
3.2.1	Events are delivered safely, on schedule and within budget	<div>The number of safety incidents reported is less than 1% of those in attendance</div> <div>100% of events are delivered on time and with less than a 5% variation in actual expenditure compared to budget</div>	Partially Achieved	Partially Achieved	—
3.2.2	Government is satisfied with quality	The Minister for Veterans' Affairs confirms the Government's satisfaction with the quality of each event	Achieved	Achieved	✓
✓ Achieved — Partially achieved ✗ Not achieved ⓘ Performance criteria source: PBS = DVA Portfolio Budget Statements 2018–19					

CP = Corporate Plan 2018–2022; CWGC = Commonwealth War Graves Commission; OAWG = Office of Australian War Graves

Performance criterion categories and further information

Table 7: Purpose 3 performance criterion categories and further information

Performance criterion category	Performance criterion No	Further information in the annual report
War graves	3.1.1	Performance: Commemorations
Commemorations	3.2.1, 3.2.2	

Analysis of performance against Purpose 3

War graves

The DVA Office of Australian War Graves (OAWG) is the agent of the Commonwealth War Graves Commission (CWGC). It manages 75 war cemeteries and war plots commemorating our war dead in Australia, Papua New Guinea and the Solomon Islands, who are amongst the 1.7 million men and women of the Commonwealth forces who died in the First and Second World Wars and who are at rest in 150 countries around the world. The OAWG also cares for the more than 324,000 other final resting places of post-war dead, and other eligible veterans of wars, conflicts, peace and other operations to which Australia has been committed, in over 2,330 locations.

The OAWG welcomes feedback on the standards of maintenance and presentation of war cemeteries, graves, official commemoration plaques and monuments. In 2018–19 we received fewer than 10 complaints about the maintenance standards, and all issues identified in these complaints were rectified as a priority. This is an excellent result, especially when taking into account the large number of commemorative assets that the OAWG maintains. The OAWG also receives consistent acknowledgement and compliments from clients, their families and the broader Australian community about the high standards of commemorations maintenance.

Commemorations

In 2018–19 DVA delivered four international and three domestic national commemorative services attended by almost 7,000 people. All commemorative services were broadcast nationally to a broad Australian audience and livestreamed over the internet.

All commemorative services were conducted on time with no safety incidents occurring. Feedback from the public and Government on the delivery of the commemorative services was overwhelmingly positive.

There was a 17 per cent underspend for the total budget allocation for the delivery of these commemorative services (program 3.2). There were a number of reasons for this, including lower than predicted attendance numbers, in part due to changes in the security environment for the overseas commemorations; and enhancements in the service delivery model, which led to cost efficiencies in the planning and delivery phases.

Education and awareness

DVA produces educational resources and gathers images and veterans' stories to educate the community about Australian service men and women in wars, conflicts and peace operations.

In 2018–19 DVA continued to deliver community engagement projects to increase the public's awareness of Australia's wartime service and raise the profile of our veteran community. We connected with over 19,000 stakeholders through our biannual mail-outs and produced a number of new educational and commemorative resources. Our products received positive feedback from stakeholders such as school teachers and researchers.

Also, the online community awareness platform, The Anzac Portal (www.anzacportal.dva.gov.au), was updated with new content and features to enhance user experience. The portal will continue to be updated with fresh and more inclusive content in future years.

Summary

Based on performance criteria and stakeholder feedback, in 2018–19 DVA continued to perform well in the areas of commemorations, community engagement and education activities. These activities directly support the acknowledgement of veterans' service and sacrifice and promote greater community understanding of Australia's wartime history and experiences.

Enabling services








Facilitate the delivery of services to business lines through innovative, seamless, efficient and effective use of resources to support organisational capability.

In addition to the three purposes described above, DVA has programs that support the services we offer and enable us to meet performance criteria under our three purposes. These cross-cutting programs are workforce management (program 4.1); financial management (program 4.2); digital services (program 4.3); partnerships with other agencies (program 4.4); stakeholder engagement (program 4.5); and research (program 4.6).

Performance criteria and results

Table 8: Enabling services performance criteria and results

No	Performance criterion	Target	2017–18 Actual result	2018–19 Actual result	Achieved
<i>Enabling 4.1: Provide a professional, engaged and flexible workforce</i>					CP p 35
4.1.1	APS workforce is affordable and within budget	Achieved	Achieved	Achieved	✓
4.1.2	Workforce strategy is in place and reviewed regularly to meet operational requirements	Achieved	Achieved	Achieved	✓
4.1.3	Workforce is engaged and actively participates with attendance rates consistent with like APS agencies	Achieved	Partially Achieved	Partially Achieved	—
4.1.4	Workforce actively participates in Performance Agreements under the Performance Feedback Scheme	>90%	90.0%	85%	—
<i>Enabling 4.2: Deliver sound financial management</i>					CP p 35
4.2.1	The Strategic Financial Plan is in place, and it is reviewed and updated regularly	Achieved	Achieved	Achieved	✓
4.2.2	Unmodified financial statements	Achieved	Achieved	Achieved	✓
4.2.3	Continue to monitor the financial performance of the department to ensure sustainability	Achieved	Achieved	Achieved	✓
<i>Enabling 4.3: Provide reliable, responsive, accessible and cost effective digital services</i>					CP p 36
4.3.1	Percentage of claims lodged through DVA's digital channel MyService	40%	n/a ¹	45.0%	✓
4.3.2	Client satisfaction with MyService	80%	n/a ¹	90%	✓
4.3.3	ICT platform availability				
	– Application	>98%	99.8%	99.8%	✓
	– Network	>98%	98.9%	99.9%	✓
	– Telephone	>98%	99.8%	100%	✓

No	Performance criterion	Target	2017–18 Actual result	2018–19 Actual result	Achieved
<i>Enabling 4.4: Partner with other Commonwealth agencies including Defence, Health and Human Services</i>					 CP p 36
4.4.1a	Governance arrangements are established and reviewed in accordance with respective agency agreements—Defence	Achieved	Achieved	Achieved	✓
4.4.1b	Governance arrangements are established and reviewed in accordance with respective agency agreements—Health	Achieved	Achieved	Partially Achieved	—
4.4.1c	Governance arrangements are established and reviewed in accordance with respective agency agreements—Human Services	Achieved	Achieved	Achieved	✓
<i>Enabling 4.5: Engage with stakeholders including ex-service organisations and Defence</i>					 CP p 37
4.5.1	Consultative fora are established with ESOs and Defence Communities and reviewed in accordance with the National Consultation Framework (NCF)	Achieved	Achieved	Achieved	✓
<i>Enabling 4.6: Undertake a program of strategic research</i>					 CP p 37
4.6.1	Research has been undertaken in accordance with the Applied Research Programme (ARP)	Achieved	Achieved	Achieved	✓
 Achieved  Partially achieved  Not achieved  Performance criteria source: PBS = DVA Portfolio Budget Statements 2018–19					

APS = Australian Public Service; CP = Corporate Plan 2018–2022; ESOs = ex-service organisations;

¹ New measure as identified in the Corporate Plan 2018–2022. The new measure is established to assess the impact of DVA's initiative in enhancing digital client experience.

Analysis of performance against Purposes 1 to 3

Workforce management

In 2018–19 DVA maintained an affordable workforce, thereby achieving its target under performance criterion 4.1.1.

DVA also launched our new workforce strategy in February 2019, achieving our target under performance criterion 4.1.2. The new strategy will ensure that DVA continues to adapt alongside our transformation program. The workforce strategy will be updated regularly to reflect the fact that DVA is continually working towards attracting, retaining and developing a workforce capable of delivering high-quality and connected services to veterans and their families.

DVA partially achieved performance criterion 4.1.3. The 2019 Australian Public Service (APS) State of the Service employee census recorded an employee engagement index of 72 per cent for DVA compared with the average for large operational agencies of 70 per cent and the APS average of 72 per cent. The DVA unscheduled absence rate increased in 2018–19 to an average of 15.5 days compared with an average of 14 days in the previous year. While DVA scored well in employee engagement, its unscheduled absence results were favourable in comparison to only one of the three similar agencies (Services Australia, Department of Health (Health) and Defence), so an overall performance rating of 'partially achieved' for criterion 4.1.3 is appropriate.

In 2018–19 participation in performance agreements under the Performance Feedback Scheme was 85 per cent, which means that we partially achieved performance criterion 4.1.4. The audit measure for achieving this criterion was >90 per cent with partially achieved set as being within 5 per cent of this target. This participation rate is based on data entered into the HR system as at 30 June 2019, noting that additional agreements may exist that were not recorded in the HR system at this date. Mandatory recording of agreements in the HR system will be reinforced with staff in the next performance agreement cycle.

Financial management

The Strategic Financial Plan was reviewed and updated in 2018–19. The plan outlined the financial management strategies, governance and control practices and investment initiatives to maintain DVA's financial sustainability. It also assisted in meeting the services delivery requirements and the Government's commitments identified in the DVA Corporate Plan 2018–2022.

The audit of DVA's 2018–19 financial statements by the Australian National Audit Office resulted in an unmodified audit report.

A financial management report is prepared every month to help the Executive Management Board to monitor DVA's financial performance. The DVA five-year budgeting and forecasting model is updated biannually to assess our financial sustainability and the average staffing level affordability.

In 2018–19 DVA regularly reviewed and identified any emerging risks that would have an impact on the department's financial position. DVA then developed an effective governance process and treatment plans to mitigate these risks..

Digital services

MyService is DVA's new digital channel. Performance criterion 4.3.1 tracks the uptake of MyService by the veteran community. The current measure captures the percentage of *Military Rehabilitation and Compensation Act 2004* (MRCA) liability claims received through MyService in comparison with all MRCA liability claims received by DVA in 2018–19. As MyService expands its offering, this measure may

change to cover more claim types/Acts. In 2018–19 our target for percentage of claims lodged through MyService was 40 per cent. We exceeded this target, scoring 45 per cent.

Performance criterion 4.3.2 is one of a number of data points that DVA uses to track client satisfaction with MyService. When a client completes a transaction, they provide a voluntary star rating (on a five-star rating scale) and feedback via a free text field. This information, along with ongoing user testing and research, is used to continuously improve the MyService product. In 2018–19 the MyService target for user satisfaction was 80 per cent. We exceeded this, scoring 90 per cent.

Levels of stability were high across DVA's digital platforms, exceeding service targets in all months and showing improvements on 2018–19 figures for network and telephony availability.

A small number of business applications experienced instability during August and October 2018. However, improvements were made from that point on. To further assure system availability, we are implementing a Central Operating Facility, which will provide real-time performance and availability monitoring of DVA's critical applications. We will also be making a number of collaborative improvements across Incident Management.

Partnering with other agencies

DVA's partnership with Defence remains strong. DVA and Defence continue to work together to support current and former ADF members as they move out of service and into the next stage of their lives. DVA and Defence have expanded the remit of the Early Engagement Model (EEM), which identifies, engages and offers support to ADF members from the time they enlist. The EEM aims to reduce the time taken to claim and enables DVA to establish a relationship with members at the start of their military career. The EEM will continue to expand to include registration at important junctures, such as when a member has qualifying service or is seriously wounded, injured or ill.

Each agency's role in providing care and support to current and former members of the ADF is defined under an established memorandum of understanding (MOU) in place between those agencies. Three formal committees continue to sit under the MOU to govern and implement the strategic direction: the Defence DVA Executive Committee, the Defence Links Steering Committee and the Information Management Working Group.

Under arrangements agreed between DVA and Health, both departments work closely to provide high-quality hearing and aged care services to DVA clients. Governance arrangements with Health for aged care services will be reviewed and refreshed in 2019–20 (performance criterion 4.4.1b).

DVA has a longstanding partnership with Services Australia for the delivery of services to clients, as well as a range of corporate and back-office services. These include:

- delivery of health and rehabilitation programs
- Services Australia staff serving DVA clients in Services Australia shopfronts
- myGov face-to-face services in myGov premises and online service authentication for clients through myGov
- data exchange services
- corporate back-office capabilities, including payroll processing
- ICT services, including infrastructure, desktop computing, telecommunications and business solutions.

These arrangements are documented in a DVA–DHS Statement of Intent (SOI) and a range of underpinning schedules.

During 2018–19 a review of these arrangements was undertaken and improvements were made to address:

- a Defence request for strengthening data security and privacy considerations
- an increased focus on cyber security considerations
- rationalisation of the schedules under the SOI
- updated governance arrangements.

The ICT Services Schedule was significantly redeveloped to reflect the completion of the transition of DVA's ICT services to Services Australia and to clarify the roles and responsibilities of both DVA and Services Australia.

Stakeholder engagement

The department's National Consultation Framework (NCF) facilitates communication between the veteran community, the Repatriation Commission, the Military Rehabilitation and Compensation Commission and DVA on issues that are significant to the veteran community.

The NCF comprises five fora:

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

Each forum has a different focus—for example, strategic issues for DVA and veterans and their families; systemic issues and ways to maintain policy improvements; the needs of younger veterans and their families, with a focus on mental health support; ways to assist veterans to access aged care services; and the unique needs of female veterans.

The NCF is reviewed every three years to ensure its ongoing effectiveness and relevance. The next review is commencing in August 2019.

In 2018 the then Minister for Veterans and Defence Personnel announced the creation of a Council for Women and Families United by Defence Service. This will commence in August 2019 and will be included in the review of the NCF.

Research

In 2018–19 the Applied Research Program (ARP) was our primary mechanism for commissioning research. It has enabled our business areas to undertake research projects that contribute to DVA's research priorities and outcomes. All ARP-funded research projects approved by the Research Board were undertaken in accordance with the ARP requirements and governance. From 2019–20 a new mechanism—the Strategic Research Framework—will guide departmental research and detail DVA's analytical and research priorities.

Summary

DVA achieved or partially achieved all its enabling services targets in 2018–19. DVA delivered client services programs with the support of its professional and engaged workforce, sound financial management functions and reliable digital services platform. DVA continues to partner with key Commonwealth and stakeholder organisations to help design, implement and deliver effective programs and benefits that enhance the wellbeing of veterans and their families. We continue to focus on research and analytics that enable us to develop better client support and services.

Report of financial performance

The department reported a consolidated operating loss (excluding depreciation) of \$13.65 million in 2018–19. This is against the budget of \$0.65 million surplus reported in the 2018–19 Portfolio Budget Statements. The Defence Service Homes Insurance Scheme (DSHIS) reported an operating loss of \$6.37 million (excluding depreciation) and DVA reported an operating loss of \$7.28 million (excluding depreciation).

DVA's operating loss is primarily driven by an unprecedented growth in compensation claims. DSHIS incurred a technical operating loss largely due to natural catastrophe flooding events. The department has notified the Minister for Finance of the operating loss, and is developing effective budget measures to address current and future claim demand.

DSHIS operates as a separate entity; however, under the Commonwealth financial framework, it is reported as part of DVA. For more details on DSHIS, see Program 1.4 and DSHIS's separate financial statements.

DVA's cash position decreased by \$1.21 million in 2018–19.

DVA's net assets increased by \$5.86 million in 2018–19 (from \$82.70 million in 2017–18 to \$88.56 million in 2018–19) mainly due to a combination of increases in premiums receivable and land and buildings, partially offset by an increase in provision for outstanding claims.

Table 9 highlights the financial relationship between DVA and DSHIS. The table shows the entities separately, then amalgamates their finances to give the total which is used for reporting in the financial statements.

Table 9: Financial performance and financial position for DVA and DSHIS 2016–17 to 2018–19

	DVA (\$m)	DSHIS (\$m)	DVA total (\$m)	DVA (\$m)	DSHIS (\$m)	DVA total (\$m)	DVA (\$m)	DSHIS (\$m)	DVA total (\$m)
	2016–17			2017–18			2018–19		
Surplus/deficit after income tax	-23.59	0.49	-23.10	-26.66	5.61	-21.05	-30.60	-6.44	-37.04
Non-appropriated expenses	23.99	0.08	24.07	23.79	0.08	23.87	23.32	0.07	23.39
Surplus/deficit attributable to the entity	0.41	0.56	0.97	-2.87	5.68	2.81	-7.28	-6.37	-13.65
Cash balance	3.77	2.64	6.41	4.77	3.20	7.97	2.28	4.48	6.76
Net assets	43.04	33.90	76.94	43.19	39.51	82.70	55.49	33.07	88.56

DSHIS = Defence Service Home Insurance Scheme

Management and accountability

18
19

Corporate governance

Governance framework

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

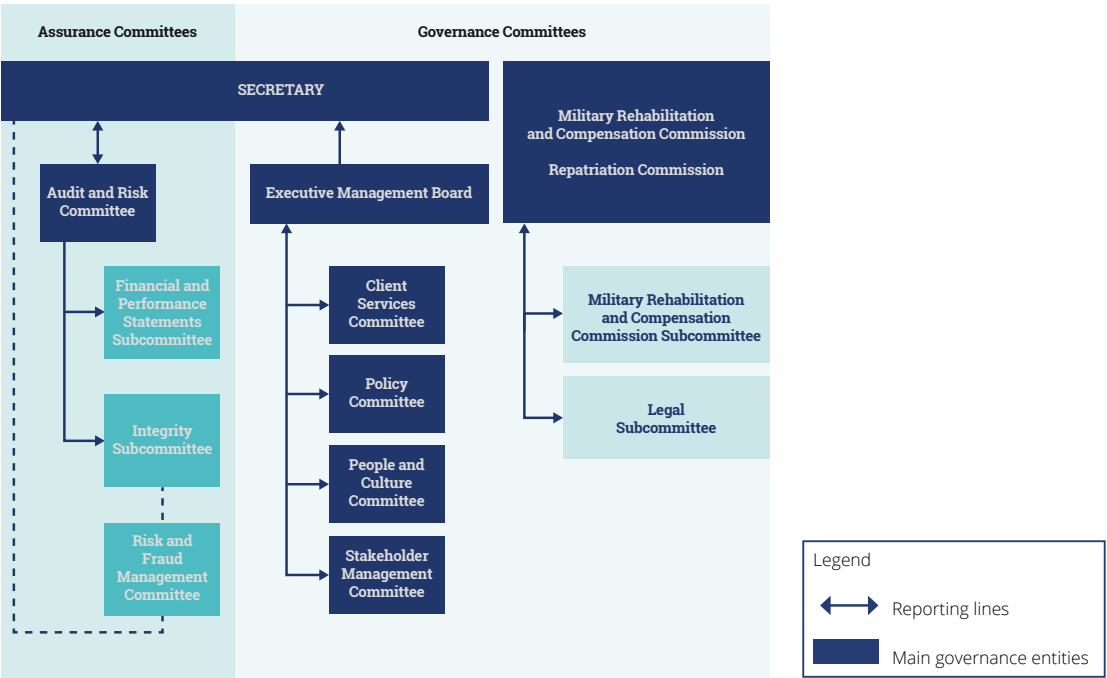
Good governance is an integral part of sound and accountable decision-making and enables us to deliver the Government's outcomes. Ensuring that our governance structures and frameworks are efficient and fit for purpose is a key way in which we can achieve this.

During 2018–19 an external consultancy conducted a review of DVA's governance arrangements in the context of six core elements: committee structures; committee membership; decision-making; oversight; performance monitoring; and committee operations.

An outcome of this review was the design and implementation of a revised DVA governance committee structure (depicted in Figure 4 below). Relative to previous arrangements, this structure has been simplified. It provides a clear purpose for each governance entity, provides for a more efficient use of senior management resources, addresses risk and avoids duplication.

The revised structure supports us in making decisions and implementing the principles and objectives of corporate governance consistent with our obligations under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Figure 4: DVA departmental governance committee structure



Corporate and operational planning

The DVA Corporate Plan is published on our website and covers the next four financial years. The plan is focused on how we can ensure we achieve our strategic priorities and purposes now and into the future, as we set about fulfilling our vision to be a world class veterans' support system. The Corporate Plan is consistent with the requirements under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

DVA conducts continual business planning through annual business plans developed at the division, branch and business unit levels to align our strategic direction with business priorities at all levels of the organisation. The business plans demonstrate how we go about achieving our key activities to deliver programs and benefits for the wellbeing of veterans and their families, respecting and commemorating service and providing strategic and evidence-based policy advice to government.

Risk management

Risk management is an integral part of delivering services to veterans and their families and being accountable to the Government. Our focus on risk management is reflected in the DVA Corporate Plan and the Risk Management Framework.

The Risk Management Framework provides the necessary foundations and organisational arrangements for managing risk across the department. It complies with the PGPA Act and aligns with the Commonwealth Risk Management Policy and the international standard ISO 31000:2018 Risk Management—Guidelines. Business risks and fraud risks receive oversight from internal governance committees and the Audit and Risk Committee.

During 2018–19 DVA continued to embed a strong risk culture and behaviours across all levels of the organisation. DVA reviewed its existing enterprise risks under the oversight of the Executive Management Board and the Audit and Risk Committee. The Risk Management Framework and related policies were reviewed and updated to reflect changes in the department's operating environment.

Benchmarking

The annual Comcover Risk Management Benchmarking Survey gives DVA an opportunity to benchmark our risk management maturity and review and measure the extent to which risk management has been integrated into business operations. The survey also helps us to identify areas for improvement and prioritise our risk management activities.

In the 2019 survey, DVA achieved an overall maturity level of 'Advanced'. This maintains the level achieved in 2018 and is one level above the average maturity of all 2019 survey participants, which was 'Integrated'.

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 to services. It is an integral part of the Risk Management Framework.

During 2018–19 the DVA Business Continuity Plan was not invoked.

Internal audit

In 2018–19 DVA's internal audit services were provided by KPMG contractors based in Canberra. KPMG 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 and non-compliance

DVA has an obligation under the Commonwealth Fraud Control Framework to prevent, detect, investigate and report fraud-related activities and outcomes. We ensure compliance through the community compliance model. This model allows those who want to comply to do so easily, while those who choose not to comply will have appropriate action taken against them, including prosecution where necessary.

During 2018–19 DVA:

- held quarterly meetings of the Risk and Fraud Management Committee, focused on fraud control, policy and activities and fraud awareness issues
- monitored the DVA Fraud Control Plan 2018–2020 and fraud policies to ensure they were up to date and relevant
- revised the Enterprise Fraud Risk Assessment in line with departmental structural changes
- required all staff to undertake appropriate fraud awareness training through two mandatory e-learning courses
- conducted a fraud awareness campaign during International Fraud Awareness Week in November 2018.

DVA identifies potential fraud matters through activities such as post-payment monitoring, data matching and internal audits, and responding to allegations from members of the public. We received 341 allegations of fraud in 2018–19—a slight increase from 333 allegations in 2017–18. The allegations predominantly referred to client and service provider matters.

DVA undertakes fraud investigations and, where appropriate, refers matters to the Commonwealth Director of Public Prosecutions and/or the Australian Federal Police. We referred two cases in 2018–19. As a result of fraud investigations finalised in 2018–19, \$1,548,294 in ineligible payments was identified and referred to the relevant business areas for debt recovery.

Operational governance

In 2018–19 DVA conducted a significant review and update of the operational governance of its integrity and security functions.

The modernisation of DVA's case prioritisation model is entering its final phase, and we expect that a final product will be ready for endorsement and implementation in the first quarter of 2019–20. The model aims to enhance the efficiency of assessing and prioritising allegations of fraud against the Commonwealth.

DVA implemented recent changes to the whole-of-Government Protective Security Policy Framework, including a change from 36 to 16 mandatory requirements. We updated the Agency Security Plan to reflect these changes and ensure compliance. The Security Committee was established, ensuring that best-practice governance structures are in place and that key and arising risks to DVA's information, people and assets are appropriately managed. We are on track to complete our security maturity report on 18 October 2019.

Privacy

Business areas are obliged to notify DVA of any potential privacy breaches.

In 2018–19 DVA received 90 notifications of potential breaches. Following investigation, 41 matters were determined to be privacy breaches and 35 were found not to breach privacy. The remaining cases were still under investigation at the end of 2018–19.

In cases where a privacy breach did occur, staff involved in the breach were counselled and the importance of all staff exercising care and caution when processing matters dealing with personal information was reiterated. In applicable cases, recommendations and changes were made to relevant practices and procedures so as to minimise the risk of future breaches.

DVA is required to report significant privacy breaches to the Office of the Australian Information Commissioner. In 2018–19 we reported no significant breaches to the Commissioner, and the Commissioner made no reports to the Minister under section 30 of the *Privacy Act 1988* about any act or practice of DVA.

External scrutiny

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

Decisions by courts and the tribunals

Most of the litigation in which the department is involved concerns appeals lodged by veterans under the department's portfolio legislation, and typically relates to compensation eligibility and entitlements. A smaller number of cases involve the department in litigation arising out of, for example, contractual arrangements and other administrative law issues.

Where a claimant disagrees with a decision of the Repatriation Commission or the MRCC, it is open to them to appeal the decision under the VEA, the DRCA or the MRCA as set out below.

Appeals relating to compensation matters under the VEA are lodged first with the Veterans' Review Board (VRB).

If the appellant is dissatisfied with the VRB decision, they can lodge an appeal with the Administrative Appeals Tribunal (AAT).

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

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

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

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

AAT applications and outcomes are set out in Table 10. These figures include cases that were remitted by the Federal Court to be considered again by the AAT.

While the number of AAT decisions affirmed at hearing may seem low compared with the number decided, this is because not all were decided following AAT hearing. For example, some were withdrawn and others were resolved by consent without the need for a hearing.

Table 10: VEA, DRCA and MRCA matters considered by the Administrative Appeals Tribunal, 2018–19

Category	Applications decided by AAT	Decisions affirmed, withdrawn, or dismissed by the AAT	Decisions settled by consent of the AAT	Decisions set aside at hearing
VEA	158	92	54	12
DRCA	110	50	58	2
MRCA	86	40	40	6

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

In 2018–19 two applications involving the Repatriation Commission were lodged with the Federal Court of Australia. Both applications were lodged by the veteran and sought appeal of a decision of the AAT. In the same period, the Federal Court published two decisions involving the Repatriation Commission, one of which was favourable to the veteran. A further two matters involving the Repatriation Commission were set aside by consent of the parties and remitted to a tribunal for redetermination.

During 2018–19 two separate applications to the Federal Court under the *Administrative Decisions (Judicial Review) Act 1975* were resolved by consent (an application made against the MRCC and the second against the department).

Further, in 2018–19 the Federal Court dismissed an application where the department was the second respondent in an appeal from the AAT of a decision under the *Privacy Act 1988*.

Additionally, an application involving the department in the Fair Work Division of the Federal Circuit Court was discontinued by the applicant during 2018–19.

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

Decisions by the Australian Information Commissioner

In 2018–19 no decisions under the *Freedom of Information Act 1982* (FOI Act) were handed down by the Australian Information Commissioner in relation to DVA. No determinations were made by the Australian Information Commissioner in 2018–19 under the Privacy Act.

Where an applicant or agency disagrees with a decision issued by the Australian Information Commissioner, they can appeal the decision through the AAT under section 57A of the FOI Act.

On 8 August 2018, in *Burgess; Secretary Department of Veterans' Affairs and (Freedom of Information)* [2018] AATA 2897, the AAT affirmed the decision made by the Australian Information Commissioner, which was that the document in dispute—a schedule attached to a policy of insurance (excluding the particulars of premiums)—was not exempt from disclosure under section 45 of the FOI Act. The document was subsequently released to the access applicant in that matter.

Copies of decisions and determinations made by the Australian Information Commissioner are available at www.oaic.gov.au.

Reports by the Auditor-General

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

In 2018–19 DVA did not participate in any departmental or cross-entity Auditor-General reviews.

Reports by the Auditor-General are available at www.anao.gov.au.

Reports by the Commonwealth Ombudsman

On 16 July 2018 the Commonwealth Ombudsman published its report on the investigation of the actions and decisions of DVA in relation to a complaint made by a veteran, Mr A, and the difficulties he faced in accessing his correct entitlements.

The report found that a minor oversight between Commonwealth agencies culminated in multiple administrative deficiencies, including the raising of large debts and the veteran enduring periods with no financial support, followed by the identification of a significant underpayment to Mr A.

The report makes six recommendations to DVA for systemic changes. The Ombudsman noted that DVA's responses to the recommendations, included in the Ombudsman report, were positive.

DVA has apologised to Mr A and made a decision to waive the overpayment in full. In addition, DVA has implemented a number of changes to address the recommendations from the report. This has included the use of DVA's new single processing system, Integrated Support Hub, to enable data sharing between DVA and Defence. Internal policy and procedural guidelines have been updated. A review has been undertaken regarding DVA cases identified as similar to Mr A's and necessary corrective actions taken as required. DVA is continuing to progress work on data sharing between agencies.

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

Reports by parliamentary committees

Reports by the Joint Committee of Public Accounts and Audit

The Joint Committee of Public Accounts and Audit examines reports of the Auditor-General that are tabled in Parliament.

In 2018–19 DVA made no submissions to the committee.

DVA's Audit and Risk Committee monitors all reports of the committee.

Reports by the Senate Foreign Affairs, Defence and Trade Committee

Inquiry into use of the Quinoline anti-malarial drugs mefloquine and tafenoquine in the ADF

On 19 June 2018 the Senate referred the matter of the use of the Quinoline anti-malarial drugs mefloquine and tafenoquine in the ADF to the Senate Foreign Affairs, Defence and Trade References Committee.

On 4 December 2018 the committee published its report on the inquiry. The report made 14 recommendations to the Government. The committee acknowledged that many of the witnesses to the inquiry and those who advocated for them are unwell. However, the inquiry found that there was insufficient scientific medical evidence of a causal link between the use of these medications and the symptoms that these veterans experienced. The report also acknowledged that, while there is still work to be done, DVA has made significant improvements to how it supports veterans.

On 15 March 2019 the Government tabled its response to the report. The Government largely supported the views of the committee and agreed to 12 of the recommendations and agreed in principle to the remaining two.

The Government announced a new initiative to provide health assessments for veterans who are concerned about having taken these medications. This initiative was a 2019–20 Budget measure; it provides funding of \$2.1 million over four years. The initiative responds to the concerns heard from veterans and their families at both the recent inquiry and the mefloquine and tafenoquine consultation forums which were hosted by DVA across Australia last year.

Inquiry into transition from the ADF

On 30 May 2018 the Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade commenced an inquiry into how members of the ADF can be better supported when transitioning out of the Defence Force.

The inquiry report considers a range of policy, program and service delivery responses to improve the support available to veterans transitioning from the military to civilian life.

On 4 April 2019 the committee tabled its report on the inquiry. The report made 11 overarching recommendations to the Government.

The committee recommended that clear responsibility for transition out of the military be assigned to Defence and that a professional case management approach to support the transition process be provided. It also recommended a reduction in the complexity of transitional programs; the establishment of professional case managers to oversee veterans who are transitioning; and the commissioning of a study on the particular issues facing women veterans. The report also recommended sustained funding for health research and education, Networked Centres of Treatment Excellence for veterans' mental health and comprehensive training packages for veterans, and their families when they are re-entering civilian life.

The Government has stated it will respond to the report together with the Productivity Commission's report *A better way to support veterans* and Veterans' Advocacy and Support Services Scoping Study, both of which have also considered in detail the best ways of supporting veterans and their families.

Inquiry into suicide by veterans and ex-serving personnel: responding to recommendations

Significant progress has been made on implementing the recommendations of the Senate Foreign Affairs, Defence and Trade References Committee's 2017 report *The constant battle: suicide by veterans*. Twenty of the 24 recommendations are completed, and work to complete the remainder is well advanced.

One key outcome was the completion of the Productivity Commission inquiry into compensation and rehabilitation for veterans. The final report of the inquiry, *A better way to support veterans*, was submitted to Government on 27 June 2019 and is now under consideration by Government.

The Government has stated it will consider the reports of the Veterans' Advocacy and Support Services Scoping Study and the inquiry into transition from the ADF together with the Productivity Commission report. Other reviews, such as those on DVA provider and staff training programs and the mental health impacts of compensation claim assessment processes, have been completed and are being considered by DVA. A strategic review of grants that includes consideration of alternative therapies for veterans with mental health conditions is well advanced.

DVA is currently implementing two suicide prevention pilots: one to support vulnerable veterans with mental health conditions who are being discharged from hospital; and one to test a new model of care through the Coordinated Veterans' Care program for veterans with mild to moderate anxiety and depression.

A trial of assistance dogs to support veterans with PTSD is also underway. A wide range of business improvement activities recommended by the Senate inquiry are underway or have been completed, including a case management pilot to support clients with complex needs who are transitioning from the ADF.

Other portfolio reviews and inquiries

Productivity Commission inquiry—A better way to support veterans

The final report of the Productivity Commission's inquiry into compensation and rehabilitation for veterans—*A better way to support veterans*—was submitted to Government on 27 June 2019, ending a 15-month inquiry. The report was tabled in Parliament on 4 July 2019.

During the inquiry, the Productivity Commission received more than 300 written submissions and 160 comments; and conducted 12 public hearings in all capital cities and selected regional centres.

The final report includes 69 recommendations and 26 findings to be considered by the Government. The Productivity Commission report calls for the system of veterans' support to focus on the lifetime wellbeing of veterans and that it be redesigned based on the best-practice features of contemporary workers' compensation and social insurance schemes. The report proposed significant reforms across structures, governance, legislation, policy, delivery operations and front-of-house services.

DVA will work with the Government, Defence, other key agencies and the veteran community to assist the Government to respond to the Productivity Commission report.

Reports by the Productivity Commission are available at www.pc.gov.au.

Veterans' Advocacy and Support Services Scoping Study

DVA commissioned the Veterans' Advocacy and Support Services Scoping Study in response to a recommendation of the 2017 Senate Foreign Affairs, Defence and Trade Committee inquiry into suicide by veterans and ex-service personnel in its report *The constant battle: suicide by veterans*.

The final report of the Veterans' Advocacy and Support Services Scoping Study was provided to Government in December 2018 and publicly released in March 2019. The study aimed to discover ways to assist veterans and their families to access entitlements and services and to improve advocacy services.

In March 2019 written comments on the report were invited, and DVA received 17 responses.

The Government is expected to respond to the study together with the Productivity Commission's report *A better way to support veterans* and the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into transition from the ADF, which have also considered in detail the best ways of supporting veterans and their families.

Jesse Bird joint inquiry: review of the implementation of recommendations

During 2018–19 Emeritus Professor Robin Creyke AO conducted an independent review of implementation of the recommendations of the joint inquiry into the facts surrounding the management of Mr Jesse Bird's case. The review fulfilled a commitment made by the then Minister for Veterans' Affairs, the Hon Dan Tehan MP, on 24 October 2017 for an independent review of progress after 12 months.

A report on the review will be published in due course.

Independent study on the mental health impacts of compensation claim assessment processes

In 2019 Professor Alex Collie of Monash University completed an independent study of the mental health impacts of compensation claim assessment processes. The report was published on the DVA website on 10 April 2019. DVA commissioned the report in response to a recommendation of the 2017 Senate Foreign Affairs, Defence and Trade Committee inquiry into suicide by veterans and ex-service personnel in its report *The constant battle: suicide by veterans*.

The report found there is strong evidence to indicate that compensation claims management processes affect the mental health of people making claims. The report identified areas where DVA could take action to mitigate the potentially negative mental health impacts of the compensation claim assessment processes. We are currently considering the actions that the Senate Committee suggested.

Deregulation Agenda

DVA supports the Government's Deregulation Agenda and is committed to improving the quality of its regulation, including minimising the burden of regulation on individuals, businesses and community organisations. We are achieving this through continuous review of the regulatory requirements established in DVA legislation, by identifying policy options which allow for regulatory requirements to be minimised wherever possible, and by investigating opportunities to make interaction easier for veterans and their families, service providers and the ex-service community. This activity occurs in the context of ensuring that important consumer and other safeguards are maintained. As part of the Defence portfolio, DVA jointly reports its deregulation savings to the Department of Employment, Skills, Small and Family Business.

Freedom of information

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

Legal services

DVA provides a range of legal and assurance services to the Minister, the Repatriation Commission, the MRCC and other areas of the Veterans' Affairs portfolio.

Legislation program

During 2018–19 the Minister's legislation program included a number of important veteran-centric reform measures enacted via amendments to the VEA, the MRCA and other portfolio legislation.

Veterans' Entitlements Amendment Act 2018

This Act amended the VEA to provide DVA with the proper authority to deduct an overpayment of a service pension, income support supplement or social security pension from a bereavement payment paid to the surviving partner, where the partner had the benefit of that overpayment and the overpayment was due to the death of the deceased.

Veterans' Affairs Legislation Amendment (Omnibus) Act 2018

This Act amends various portfolio Acts to implement a number of veteran-centric initiatives:

- It amends the MRCA to enable the Chief of the Defence Force to make a claim for liability on behalf of a current serving ADF member.
- It amends the DRCA to expand the existing power of the MRCC to request certain information.
- It amends the VEA to provide that exempt lump sum determinations made by the Secretary of DSS will apply for the purposes of DVA income support clients.

Treatment Benefits (Special Access) Act 2018; and Treatment Benefits (Special Access) (Consequential Amendments and Transitional Provisions) Act 2018

The Acts extend medical treatment for all conditions, through a DVA treatment card (Gold Card), to members of Australian Civilian Surgical and Medical Teams who provided medical aid, training and treatment to local Vietnamese people during the Vietnam War.

In addition, a number of important veteran-centric reform measures were implemented by legislative instrument.

These included the following instruments made by the Repatriation Commission or the MRCC:

- Veterans' Affairs (Treatment Principles—Veteran Suicide Prevention Pilot) Amendment Instrument 2018
- Military Rehabilitation and Compensation (Catastrophic Injury or Disease) Determination 2018
- Safety, Rehabilitation and Compensation (Defence-related Claims) (Catastrophic Injury) Rules 2018
- Safety, Rehabilitation and Compensation (Defence-related Claims) (Full time Study) Instrument 2018

- Military Rehabilitation and Compensation (Full time Study) Instrument 2018
- Veterans' Affairs (Extended Eligibility for Treatment) Amendment Instrument 2018
- Veterans' Children Education Scheme (Long Tan Bursary) Amendment Instrument 2018
- Veterans' Entitlements (Annual General Practitioner Health Assessment for First Five Years Post-Discharge) Determination 2019
- Veterans' Entitlements (Provisional Access to Medical Treatment) Amendment Determination 2019.

Legal services expenditure

The following information about legal services expenditure is required to be published under paragraph 11.1(ba) of the *Legal Services Directions 2017* issued by the Attorney-General under section 55ZF of the *Judiciary Act 1903*.

In 2018–19 DVA spent a total of \$13.53 million on legal services, compared with \$13.26 million in 2017–18. Expenditure included external and internal legal services.

External legal services

In 2018–19 DVA spent \$7.98 million on external legal services, compared with \$9.44 million in 2017–18. Included were disbursements and the engagement of counsel who advised on litigation, procurement, contracting and management issues.

In accordance with Guidance Note 8 to the Legal Services Directions, Table 11 shows expenditure on total external legal services and details the number of male and female counsel briefed and the value of this work in 2018–19.

Table 11: Expenditure on legal services and male and female counsel briefed, 2018–19

Type		Value (\$m) ¹
Solicitors		6.723
Senior counsel	Female (6)	0.040
	Male (19)	0.144
	Subtotal	0.184
Junior counsel	Female (15)	0.077
	Male (7)	0.040
	Subtotal (47)	0.117
Total counsel		0.301
Other disbursements ²		0.954
Total		7.978

¹ Approximately \$0.4 million in professional fees and \$0.1 million in disbursements were for costs incurred by Administrative Appeals Tribunal / Veterans' Review Board applicants where the department agreed to pay or where costs were awarded against the department.

² These are costs incurred for goods and services that are not counsel or professional fees (for example, filing fees, costs for expert witnesses and costs of administrative tasks such as photocopying).

Internal legal services

DVA provides internal legal services in areas such as:

- legislation administered by the Minister for Veterans and Defence Personnel
- management of the Minister's legislation program
- drafting of legislative instruments and related documentation
- legal advice on DVA's portfolio legislation
- the conduct of all non-military compensation litigation at tribunals and courts for matters involving claims under the VEA, MRCA and DRCA.

The VRB also has internal staff who provide services of a legal nature.

In 2018–19 the total direct and indirect cost for DVA internal legal services was \$5.56 million, compared with \$3.82 million in 2017–18.

People management

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

Workforce planning

Since 2017 DVA has been implementing an ambitious agenda of veteran-centric reform to transform the delivery of services to the veteran community and the way in which we operate.

In recognition of this transformation, we have undertaken significant work to create the DVA Workforce Strategy 2018–2023.

The strategy is updated biannually to ensure that DVA is continually working towards attracting, retaining and developing a workforce that is capable of delivering high-quality and connected services to all generations of veterans and their families and the wider veteran community.

To effectively support DVA's long-term operational objectives, the Workforce Strategy summarises what we are doing now, what our next priorities are, and how we measure our progress.

The strategy identifies five key themes:

- Our people, our processes
- Building our future
- High-performing DVA
- Inclusive, valued and innovative
- Capable and empowered.

All workforce-related initiatives, policies, strategies and actions are reflected under one of the key themes.

The department's effectiveness in attracting, retaining and developing our workforce is measured in the annual performance statements.

Employment arrangements

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

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

The enterprise agreement contains provisions allowing the Secretary and an employee to make an individual flexibility agreement varying the effect of the terms of the enterprise agreement. At 30 June 2019 DVA had in place 27 individual flexibility agreements providing enhanced individual remuneration or benefits.

DVA also had in place 31 determinations made under section 24(1) of the Public Service Act delivering remuneration and conditions for Senior Executive Service (SES) employees.

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

Non-salary benefits provided to SES employees and a small number of high-performing employees may include parking facilities at the workplace or an allowance in lieu of \$1,550 per year, and airline lounge membership. Medical Officers have access to up to five days paid leave per year to undertake professional development activities and are able to claim up to \$4,595 per year in reimbursement for costs associated with their professional development.

Learning and development

DVA is committed to developing its workforce to be capable and empowered to deliver on DVA's objectives, now and in the future. Our approach is defined in the Learning and Development Strategy, which focuses on four key learning and development areas:

- **Leadership**—DVA's leaders are focused on the wellbeing of veterans and their families, value people, promote a culture of respect and positivity, have shared and common goals, and demonstrate inspiring and brave leadership
- **Experience**—70 per cent of capability building happens in the workplace through the experience of day-to-day tasks, challenges and opportunities
- **Social**—20 per cent of capability building happens in social settings through coaching, mentoring, networks and collaboration
- **Education**—10 per cent of capability building happens through attending structured courses and programs, and reading or listening to online lectures, podcasts or other educational sources.

DVA's leaders are supported through various e-learning and face-to-face initiatives including Supervising Teams, Building and Leading High Performance Teams, the Mentoring Program and transformational leadership initiatives including the Leading Transformation Program (LTP) and the ENGAGE initiative. LTP is targeted at DVA's front-line leaders at the executive level with the aim of ensuring that DVA leaders are skilled and capable to lead transformation effectively and behave in a way that encourages and enables change in people, systems, processes and culture necessary to achieve further shifts towards veteran-centricity. ENGAGE is targeted at SES leadership and complements LTP. ENGAGE aims to give DVA's SES a deeper understanding of their performance environment and levers to improve this; to develop a shared vision and clear narrative around DVA transformation; and to shape personal leadership habits to better bring effect to change and transformation.

Experience is targeted through on-the-job tasks and problem solving, appropriate delegations, stretch assignments, opportunities to supervise, participation in transformation groups and activities, and our Intra-Agency Network Program.

Social learning is targeted through the Performance Feedback Scheme, job shadowing, and opportunities to work with role models, including through our formal Mentoring Program and one-on-one coaching initiatives.

Education is targeted through structured activities. The DVA Enterprise Agreement 2019–22 allows employees access to at least five days of structured education activities per year.

DVA evaluates the effectiveness of our learning and development strategies through evaluation surveys, the APS employee census, and the Performance Feedback Scheme. These evaluation methods help DVA to target its strategies to secure the skills and knowledge required and ensure that learnings are applied in the workplace.

DVA's Graduate Program is a structured, 11-month development program designed to give graduates exposure to the broad range of important work that the department undertakes. The program prepares graduates for successful careers within the APS.

The program is based in Canberra and provides networking opportunities to encourage collaboration and excellence within DVA and across government. Those activities are complemented by training and on-the-job development which ensures that graduates acquire practical skills in a supportive and challenging environment.

Diversity and inclusion

DVA is committed to reflecting the diversity of the Australian community in its workforce and building an inclusive culture in which employee backgrounds, skills and views enrich our working environment and quality of work.

Diversity and inclusion artwork

In 2018 DVA's Diversity and Inclusion Staff Network commissioned 22-year-old Kalkadoon artist Chern'ee Sutton to create an artwork representing the many different ways diversity and inclusion is celebrated within DVA and the veteran community we serve.

Ms Sutton's extraordinary artwork was unveiled at DVA's Harmony Day event on 21 March 2019. 'This painting represents The DVA's five key areas of diversity focus and is called *"Diversity and Inclusion"*, Ms Sutton explained. 'In my painting the large community symbol on the top left-hand side represents DVA using blue, aqua, green, grey and maroon—the colours of DVA's culture wheel—which is surrounded by the Southern Cross, which represents Australia. The poppies and rosemary represents ANZAC Day and Remembrance Day and the fallen service men and women that were left behind. The two handprints together represent "Galumbany", "Me, You, We, Together". Each of the 12 red, white and grey circles represent the various war/peace operations the ADF has been involved in.

The artwork is shown on the following page in Figure 5. It is currently on display at DVA's Canberra office.

Figure 5: DVA Diversity and Inclusion artwork



Diversity Strategy

The DVA Diversity Strategy 2018–2023 was developed in 2017–18 and is updated biannually to ensure that DVA is a workplace that is inclusive, values diversity and innovates.

The strategy identifies five key areas of focus:

- Gender equality
- Disability and carers
- Aboriginal and Torres Strait Islander
- Culturally and linguistically diverse
- Lesbian, gay, bisexual, transgender, intersex, queer/questioning and allies.

A dedicated Diversity Officer drives diversity initiatives, with the support of the Diversity Champion, the Indigenous Champion, and the Cultural and Linguistic Champion. The Diversity and Inclusion Staff Network was established in early 2018 to support the implementation of the Diversity Strategy.

Diversity in the workplace activities

DVA's activities to promote diversity in the workplace in 2018–19 included:

- offering an ongoing program of cross-cultural awareness and unconscious bias recognition training for all staff
- participating in government initiatives for Aboriginal and Torres Strait Islander people, such as:
 - » the APS Indigenous Employees Staff Network and an Australian Public Service Commission (APSC) memorandum of understanding on funding for the APS Indigenous Employment Programs 2016–2019, relating to Turning Up the Volume on Indigenous Employment 2018–19
 - » the APSC's Indigenous Graduate Recruitment Program, the Indigenous Mentoring Program, the Indigenous Apprenticeships Program, and the APS Jawun Secondment Program
- attracting, supporting and developing staff with disability through the application of the APS RecruitAbility scheme to all advertised positions, provision of accessible workplaces, and silver membership held with the Australian Network on Disability
- hosting events to promote awareness and understanding of the importance of diversity within the workplace on occasions such as International Women's Day, Harmony Day, Reconciliation Week, NAIDOC Week, the International Day of People with Disability, White Ribbon Day, Wear it Purple Day, and the International Day against Homophobia, Biphobia, Intersexism and Transphobia
- maintaining corporate memberships of Diversity Council Australia and Pride in Diversity.

DVA currently has an Innovate Reconciliation Action Plan—Galumbany. On 30 June 2019 we had 20 ongoing staff members and one non-ongoing staff member (1.3 per cent of total staff) who identified as Indigenous, which was similar to the 2017–18 result of 22 ongoing and one non-ongoing staff identifying as Indigenous (1.2 per cent of total staff).

We also continued to implement our Gender Equality Action Plan 2017–2019. On 30 June 2019, 64 per cent of staff identified as female and 36 per cent as male. This is similar to the 2017–18 result of 63 per cent identifying as female and 37 per cent as male.

Indigenous Veterans' Strategy

Through the Indigenous Veterans' Strategy (IVS), DVA continues to create pathways to identify and connect and engage with Indigenous veterans and their families to ensure they are aware of and can access DVA services and benefits. The IVS also raises awareness about their contribution.

In 2018–19 DVA provided services and programs under the strategy to improve its service delivery to the Indigenous veteran community and improve the cultural knowledge of DVA staff. Community-related activities during the year included:

- ongoing support for Indigenous commemorations. This included events held during Reconciliation Week 2019 in Brisbane, Melbourne and Sydney and attended by DVA representatives, including the National Indigenous Liaison Officer. All DVA staff were encouraged to attend events being held in their regions
- ongoing support for national Indigenous events, including NAIDOC Week. The National Indigenous Liaison Officer, Indigenous Veterans' Liaison Officers and staff in each state use these events as opportunities to connect with Indigenous veterans and the broader Indigenous communities to promote DVA benefits and entitlements and gain a better understanding of Aboriginal and Torres Strait Islander cultures
- the National Indigenous Liaison Officer continuing to meet and engage with Indigenous organisations to raise awareness of veteran entitlements. These organisations include elders groups, Aboriginal and Torres Strait Islander Medical Services, local Aboriginal Land Councils, Torres Strait Islander Corporations, Aboriginal Housing Groups, local and national Indigenous networks, the Queensland Police Service Liaison Officer Network, Indigenous ex-service groups (local and national), and Aboriginal and Torres Strait Islander men's groups.

Indigenous Veterans Forum

As part of the IVS Indigenous veterans engagement process, in November 2018 DVA hosted its second Indigenous Veterans Forum—a roundtable held in Canberra. The purpose of the roundtable was to discuss:

- barriers preventing Indigenous veterans from accessing DVA benefits and entitlements
- the Indigenous perspective on DVA's transformation agenda and veteran-centric reforms
- the Veterans Recognition Program
- improving services to Indigenous veterans and their families
- how DVA can service rural, remote and island Aboriginal and Torres Strait Islander communities.

Ceremonies

DVA continued its support for national and international ceremonies to honour the service and sacrifice of all veterans, including the contributions made by Aboriginal and Torres Strait Islander service men and women in wars, conflicts and peacetime operations.

Cultural awareness training

As a deliverable under the IVS to increase the cultural knowledge and understanding of staff, the National Indigenous Liaison Officer continued to facilitate cultural awareness training. Between 2014 and 2018 around 393 staff attended this training. We will continue to give staff access to this vital training and online cultural awareness training.

Partnerships

DVA continued to strengthen partnerships with Army, Air Force and Navy via each of their Indigenous branches and Indigenous networks. We also continued to strengthen partnerships with the Australian War Memorial to understand, promote and honour the history and stories of Aboriginal and Torres Strait Islander service men and women. We continued to build partnerships with other key stakeholders who work with and in Indigenous communities, including Services Australia, the Department of the Prime Minister and Cabinet and the newly established National Indigenous Australians Agency.

Across the department

All divisions of DVA actively consider Indigenous perspectives in the development of programs and strategies and, when necessary, seek appropriate advice from the Indigenous veterans community, the National Indigenous Liaison Officer, the Indigenous Employee Staff 'Nganana' and the broader Indigenous community.

Disability reporting mechanisms

DVA strives to ensure that its policies and programs are inclusive of people with disability and their families and carers, including veterans and their families, departmental employees, and members of the public. Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the APSC's *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014 and can be found at www.dss.gov.au.

Resource management

DVA's financial accountability responsibilities are set out in the Commonwealth Resource Management Framework, which governs how officials in the Commonwealth public sector use and manage public resources.

Asset management and accommodation

Asset management

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

Accommodation

In 2018–19 DVA continued to review its accommodation requirements across Australia, aiming to minimise the expense and extent of lease accommodation while maintaining quality and service delivery capability. DVA uses a whole-of-Government property provider, Jones Lang LaSalle, to manage its property portfolio. This arrangement delivers a simplified administrative arrangement and leverages the bulk buying power of the whole-of-Government provider.

Financial policies

The Secretary's Instructions are currently being updated in line with the PGPA Act. DVA has consolidated the Accountable Authority Instructions (AAIs) with the Secretary's Instructions into a single overarching set of financial policy directives, which will be referred to as the AAIs. We have also updated the financial delegations and incorporated these into the AAIs. The consolidated AAIs will provide clearer instructions for officials in relation to resource management.

Compliance report

There was one instance of significant non-compliance with the finance law in 2018–19 which was notified to the Minister in accordance with Resource Management Guide No. 214. Departmental transactions totalling \$4.1 million were found to be incorrectly recorded as administered items. They were subsequently transferred to departmental operations.

Purchasing

DVA engages in procurement and contracting activities in accordance with the Commonwealth Procurement Rules (CPRs) and the Commonwealth Procurement Framework. In 2018–19 resources were made available to DVA staff, the Repatriation Commission and the MRCC. These resources included procurement templates, better practice guides, contract management advice, and assistance to ensure compliance with the CPRs, the Commonwealth Procurement Framework and mandatory reporting requirements.

DVA is subject to internal and external (Australian National Audit Office) audits of compliance with the Commonwealth Procurement Framework. We work with the auditors to improve our 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. Its selection processes:

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

During 2018–19 DVA entered into 75 new consultancy contracts involving total actual expenditure of \$20.16 million. In addition, 45 ongoing consultancy contracts were active during 2018–19, involving total actual expenditure of \$8.77 million.

Expenditure on consultancies

Table 12: Expenditure on consultancies, 2016–17 to 2018–19

	2016–17 (\$m)	2017–18 (\$m)	2018–19 (\$m)
Expenditure	16.16	31.50	28.93

Note: Total comprises expenditure paid in departmental and administered programs during the reporting period, inclusive of applicable GST.

AusTender

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the estimated value of contracts and consultancies is available on the AusTender website: www.tenders.gov.au.

Exempt contracts

DVA did not seek any exemptions from gazettal under the FOI Act in 2018–19.

Access clauses

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

Procurement initiatives to support small business

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

Health and wellbeing services are provided to veterans through DVA's arrangements with over 60,000 providers, the majority of which are SMEs.

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

The Indigenous Procurement Policy requires agencies to direct a percentage of business to Indigenous suppliers. The target for DVA in 2018–19 was 31 contracts, which we exceeded by 23 contracts in the period.

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

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

Other mandatory information

As a non-corporate Commonwealth entity, DVA reports on specific aspects of service delivery and management of people and resources, in line with the requirements of the PGPA Act and other legislation.

Grants

Through DVA, the Minister for Veterans and Defence Personnel sets policy and approves successful applications for the grants programs described in Table 13.

DVA grants are administered through the Australian Government Community Grants Hub, except for grants under the Long Tan Bursary Scheme, the Armistice Centenary Grants Program and the Overseas Privately Constructed Memorial Restoration Program, which are administered directly by DVA.

Information on grants awarded by DVA during 2018–19 are listed on GrantConnect at www.grants.gov.au.

Table 13: Grant programs administered by DVA, 2018–19

Grant program	Purpose
<i>Compensation and support</i>	
Building Excellence in Support and Training (BEST) program	<p>The BEST program is designed to support ex-service organisations' pension and welfare practitioners and advocates. It offers grants to help these organisations and practitioners to advise and assist the veteran and defence communities.</p> <p>A BEST grant is intended to be a contribution towards an organisation's costs in providing services to the veteran and defence communities. It is not to offset all costs, and grant recipients are expected to provide in-kind or other support to their pension, welfare and advocacy officers.</p> <p>There is one BEST funding round each year. Funding is for the period of the financial year. Payment of grants is subject to previous funding being acquitted as required.</p> <p>The Community Grants Hub administers the BEST program. DVA maintains the policy and approval processes.</p>
<i>Health and wellbeing</i>	
Grants-in-Aid program	<p>The Grants-in-Aid program forms part of the Government's commitment to support the role of national ex-service organisations, which provide coordinating and representational support within the veteran and defence communities.</p> <p>The maximum annual grant to any national organisation is \$10,000. Grants are subject to accountability requirements. Depending on the demand for funding and the prioritisation of all applications, part funding only may be offered.</p> <p>There is one funding round per year.</p> <p>The Community Grants Hub administers the Grants-in-Aid program. DVA maintains the policy and approval processes.</p>

Grant program	Purpose
Long Tan Bursary Scheme	<p>The Long Tan Bursary Scheme provides funding to children of Australians who served in the Vietnam War, to help them meet the cost of post-secondary education so that they can obtain the formal qualifications and skills they need to pursue their chosen careers.</p> <p>In the 2018–19 Budget, the Australian Government announced that the eligibility criteria for the Long Tan Bursary have been extended to include grandchildren of Vietnam veterans. This change takes effect from 1 July 2019.</p> <p>Each financial year, DVA offers 37 bursaries of up to \$12,000 over three years. In 2018–19, 37 bursaries were offered and accepted.</p> <p>The Long Tan Bursary Scheme is administered by the Australian Veterans' Children Assistance Trust on behalf of DVA.</p>
Supporting Younger Veterans	<p>The Supporting Younger Veterans grants program supports the needs of younger veterans as they leave the ADF and integrate back into civilian life, with all the challenges that accompany that unique transition. Younger veterans are considered to be those with service after 1999.</p> <p>Under this program, applicants are required to be ex-service organisations (ESOs) that specifically provide support and services to veterans with military service post-1999 or are adapting their business model to focus on this cohort. Organisations that are not ESOs will be considered if they are in partnership with at least one ESO that directly provides support and services to veterans with military service post-1999.</p> <p>There is one funding round per year.</p> <p>The Community Grants Hub administers the Supporting Younger Veterans program. DVA maintains the policy and approval processes.</p>
Veteran and Community Grants	<p>Veteran and Community Grants are available to organisations for projects that benefit veterans; their partners, widows/widowers, carers and dependants; and other members of the ex-service community. Projects may also benefit the wider community.</p> <p>The program supports activities and services that sustain and/or enhance health and wellbeing. It provides seeding funds for projects that support a healthy, good-quality lifestyle for members of the veteran community and help them to remain living independently in their own homes. It also provides funding for initiatives that reduce social isolation, support carers and improve access to community services.</p> <p>The program is a rolling round and applications can be submitted at any time. However, grants are assessed in batches throughout the year.</p> <p>The Community Grants Hub administers the Veteran and Community Grants program. DVA maintains the policy and approval processes.</p>

Grant program	Purpose
The Centenary of Anzac Centre	<p>In June 2016, the Australian Government committed to provide \$6 million to Phoenix Australia to establish the Centenary of Anzac Centre to target early-intervention mental health treatment for veterans. The centre was launched in September 2017 in Melbourne. It is funded through a DVA grant that runs over three years to 30 June 2020 under the Support for Veterans and Their Families Program.</p> <p>The Centenary of Anzac Centre is made up of two components:</p> <ul style="list-style-type: none"> – a treatment research centre investigating and testing new treatments for PTSD and other mental health conditions and translate the findings for policy and treatment delivery – a practitioner support service providing expert advice and guidance to practitioners on the treatment and support of veterans with mental health problems. <p>The Centenary of Anzac Centre grant is administered through the Community Grants Hub.</p>
<i>Commemorations</i>	
Overseas Privately Constructed Memorial Program	<p>The Overseas Privately Constructed Memorial Program assists Australian veterans and other individuals to restore and preserve military unit and battle memorials that were privately constructed overseas.</p> <p>To be eligible, memorials must directly commemorate Australia's military involvement in wars, conflicts and peacekeeping operations. Memorials must be pre-existing and on public display. Preference is given to memorials constructed by Australian veterans and Australian veteran associations.</p> <p>Funding is available for restoration, not ongoing maintenance.</p> <p>In 2018–19 a total of \$48,830.38 (GST exclusive) was provided through the program. This comprised payments made on:</p> <ul style="list-style-type: none"> – three existing multi-year applications, totalling \$40,000 – two new applications received during the year, totalling \$8,830.
Saluting their Service Commemorative Grants Program	<p>Saluting Their Service grants are provided to ex-service organisations, local government authorities, museums, schools and other community organisations for projects that commemorate the military service of Australians in wars, conflicts and peace operations.</p> <p>Two categories of grants are available under the program:</p> <ul style="list-style-type: none"> – Community Commemorative Grants of up to \$4,000 for projects of community significance – Major Commemorative Grants for projects of national, state or territory significance. <p>In 2018–19, 28 Major Commemorative Grants were approved, totalling \$386,327 (GST exclusive); and 175 Community Commemorative Grants were approved, totalling \$422,925 (GST exclusive).</p>

Grant program	Purpose
Armistice Centenary Grants Program	<p>The Armistice Centenary Grants Program supported the Australian Government's commitment to acknowledging and commemorating those who served Australia and its allies in wars, conflicts and peace operations.</p> <p>The program provided funding for community-based projects and activities commemorating the end of the First World War, remembering the service of Australian men and women in all conflicts, and celebrating a just and secure peace.</p> <p>In 2018–19, 779 projects were approved for funding, totalling \$7,268,958.</p>
Discretionary grants	The department funded a discretionary grant of \$5,000 (GST exclusive), approved by the Minister.

Other reporting requirements

In addition to the requirements of the enhanced Commonwealth performance framework, as set out in the *Public Governance, Performance and Accountability Rule 2014*, DVA has annual reporting responsibilities under other Commonwealth legislation.

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

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

Financial Statements

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Department of Veterans' Affairs

Financial Statements

For the period ended 30 June 2019

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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 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 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 statements as at 30 June 2019 and for the year then ended:

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

Basis for opinion

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

Key audit matters

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

Key audit matter**Valuation of Personal Benefit and Health Care Provisions**

Refer to Note 4.4 Administered – Provisions

The military compensation provisions balance at 30 June 2019 was \$23.3 billion.

This is 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 2019 which includes potential claims incurred by veterans but not yet reported. This estimate is dependent on a number of key estimates 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 for and the appropriate discount rate over the length of the scheme.

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

How the audit addressed the matter

The audit procedures I applied to address the matter included:

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

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

10 September 2019

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

In our opinion, the attached financial statements for the year ended 30 June 2019 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

10 September 2019



Graeme Rochow
Chief Finance Officer

10 September 2019

DEPARTMENT OF VETERANS' AFFAIRS
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	194,763	198,771	170,886
Suppliers	1.1B	201,744	185,910	210,071
Depreciation and amortisation	3.2A	23,393	23,865	26,399
Impairment of intangible assets	3.2A	597	-	-
Losses from asset disposal	3.2A	11	869	-
Underwriting expenses	1.1C	41,571	27,739	29,700
Total expenses		462,079	437,154	437,056
Own-Source Income				
Own-source revenue				
Net premium revenue	1.1C	37,537	36,125	33,300
Investment revenue	1.1C	1,685	1,518	1,500
Insurance agency revenue	1.1C	3,067	2,891	3,000
Rendering of services	1.2A	7,243	6,866	6,176
Other revenue ¹	1.2B	728	728	727
Total own-source revenue		50,260	48,128	44,703
Total own-source income		50,260	48,128	44,703
Net cost of services		411,819	389,026	392,353
Revenue from Government - departmental appropriations	5.1A	374,778	368,346	366,606
Deficit before income tax on continuing operations		(37,041)	(20,680)	(25,747)
Income tax expense - competitive neutrality		-	372	-
Deficit after income tax on continuing operations		(37,041)	(21,052)	(25,747)
Deficit after income tax		(37,041)	(21,052)	(25,747)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus	3.2A	1,967	654	-
Total other comprehensive income		1,967	654	-
Total comprehensive loss		(35,074)	(20,398)	(25,747)

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

For budgetary reporting information refer to Note 8.2.

¹The original budget figure (\$4.5m) from the PBS is reclassified from 'Other Revenue' to 'Investment Revenue' (\$1.5m), and 'Insurance Agency Revenue' (\$3.0m).

DEPARTMENT OF VETERANS' AFFAIRS
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

		2019	2018	Original Budget
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	6,752	7,974	6,235
Trade and other receivables	3.1B	74,198	75,660	12,400
Premiums and recoveries receivable	3.1C	54,732	15,606	14,000
Investments	3.1D	60,381	64,297	65,000
Total financial assets		196,063	163,537	97,635
Non-financial assets				
Land and buildings	3.2A	31,313	19,694	26,985
Property, plant and equipment	3.2A	495	588	1,758
Intangibles	3.2A	74,813	78,217	73,561
Other non-financial assets	3.2B	4,975	5,356	6,568
Total non-financial assets		111,596	103,855	108,872
Assets held for sale		1,350	1,350	-
Total assets		309,009	268,742	206,507
LIABILITIES				
Payables				
Suppliers	3.3A	64,218	73,555	21,770
Unearned premiums	3.3B	23,502	23,036	23,000
Other payables	3.3C	7,215	9,814	3,126
Total payables		94,935	106,405	47,896
Provisions				
Employee provisions	6.1A	65,795	63,192	62,878
Gross outstanding claims	3.4A	56,652	14,710	18,151
Other provisions	3.4B	3,070	1,734	1,555
Total provisions		125,517	79,636	82,584
Total liabilities		220,452	186,041	130,480
Net assets		88,557	82,701	76,027
EQUITY				
Contributed equity		317,783	276,853	300,327
Reserves		14,309	9,634	11,793
Accumulated deficit		(243,535)	(203,786)	(236,093)
Total equity		88,557	82,701	76,027

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

For budgetary reporting information refer to Note 8.2.

DEPARTMENT OF VETERANS' AFFAIRS
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance		276,853	250,693	276,851
Transactions with owners				
Contributions by owners				
Equity injection - Appropriation		16,080	12,526	9,875
Departmental capital budget		24,850	13,634	13,601
Total transactions with owners		40,930	26,160	23,476
Closing balance as at 30 June		317,783	276,853	300,327
ACCUMULATED DEFICIT				
Opening balance		(203,786)	(185,547)	(208,996)
Comprehensive income				
Deficit for the period		(37,041)	(21,052)	(25,747)
Other comprehensive income		-	-	(1,350)
Total comprehensive income		(37,041)	(21,052)	(27,097)
Transfers between equity components		(2,708)	2,813	-
Closing balance as at 30 June		(243,535)	(203,786)	(236,093)
ASSET REVALUATION RESERVE				
Opening balance		9,634	11,793	11,793
Comprehensive income				
Other comprehensive income		1,967	654	-
Total comprehensive income		1,967	654	-
Transfers between equity components		2,708	(2,813)	-
Closing balance as at 30 June		14,309	9,634	11,793

DEPARTMENT OF VETERANS' AFFAIRS
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	2019 \$'000	2018 \$'000	Original Budget \$'000
TOTAL EQUITY			
Opening balance	82,701	76,939	79,648
Comprehensive income			
Deficit for the period	(37,041)	(21,052)	(25,747)
Other comprehensive income	1,967	654	-
Total comprehensive income	(35,074)	(20,398)	(25,747)
Transactions with owners			
Distributions to owners			
Returns of capital	-	-	(1,350)
Contributions by owners			
Equity injection - Appropriation	16,080	12,526	9,875
Departmental capital budget	24,850	13,634	13,601
Total transactions with owners	40,930	26,160	22,126
Closing balance as at 30 June	88,557	82,701	76,027

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

For budgetary reporting information refer to Note 8.2.

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 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		391,579	346,756	383,678
Rendering of services		9,006	7,197	6,354
Net premium revenue		43,904	43,000	41,500
Insurance agency revenue received		3,062	2,888	4,500
Reinsurance and other recoveries		4,609	1,902	-
Interest		1,725	1,613	-
GST received		16,289	11,505	7,977
Total cash received		470,174	414,861	444,009
Cash used				
Employees		195,096	199,927	177,707
Suppliers		235,466	155,595	217,580
Income tax paid - competitive neutrality		-	372	-
Claim payments		40,228	30,780	35,541
Reinsurance premiums		6,943	6,890	-
Acquisition costs		371	387	-
Fire brigade and emergency services contributions		1,559	1,482	-
Section 74 receipts transferred to the Official Public Account		7,768	6,330	11,653
Total cash used		487,431	401,763	442,481
Net cash (used by)/from operating activities		(17,257)	13,098	1,528
INVESTING ACTIVITIES				
Cash received				
Investments realised		78,417	24,364	1,350
Total cash received		78,417	24,364	1,350
Cash used				
Purchase of leasehold improvements		13,620	9,762	-
Purchase of property, plant and equipment		141	175	-
Purchase of intangibles		15,050	25,632	23,475
Purchase of investments		74,501	26,492	3,000
Total cash used		103,312	62,061	26,475
Net cash (used by) investing activities		(24,895)	(37,697)	(25,125)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		40,930	26,160	23,475
Total cash received		40,930	26,160	23,475
Net cash from financing activities		40,930	26,160	23,475
Net (decrease)/increase in cash held		(1,222)	1,561	(122)
Cash and cash equivalents at the beginning of the reporting period		7,974	6,413	6,357
Cash and cash equivalents at the end of the reporting period	3.1A	6,752	7,974	6,235

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

For budgetary reporting information refer to Note 8.2.

DEPARTMENT OF VETERANS' AFFAIRS
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	2019 \$'m	2018 \$'m	Original Budget \$'m
NET COST OF SERVICES				
Expenses				
Employee benefits		8	8	9
Personal benefits	2.1A	12,369	7,401	5,891
Health care	2.1B	8,254	5,295	4,811
Grants		15	14	13
Depreciation and amortisation		3	-	-
Payments to Australian War Memorial		51	53	51
Other expenses		42	45	42
Total expenses		20,742	12,816	10,817
Income				
Non-taxation revenue				
Recoveries		15	13	21
Health reimbursements		2	4	-
Total non-taxation revenue		17	17	21
Total income		17	17	21
Net cost of services		20,725	12,799	10,796
OTHER COMPREHENSIVE INCOME				
Revaluations transferred (from)/to reserves		(35)	24	-
Total other comprehensive income		(35)	24	-
Total comprehensive loss		(20,760)	(12,775)	(10,796)
The above statement should be read in conjunction with the accompanying notes.				
For budgetary reporting information refer to Note 8.3.				

DEPARTMENT OF VETERANS' AFFAIRS
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2019

	Notes	2019 \$'m	2018 \$'m	Original Budget \$'m
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	73	57	78
Receivables		75	63	79
Equity accounted investments	4.1B	1,439	1,463	1,441
Total financial assets		1,587	1,583	1,598
Non-financial assets				
Buildings	4.2A	54	70	5
Other property, plant & equipment	4.2A	7	-	-
Computer software	4.2A	2	-	-
Other intangibles	4.2A	9	-	-
Total non-financial assets		72	70	5
Total assets administered on behalf of Government		1,659	1,653	1,603
LIABILITIES				
Payables				
Personal benefits payables		184	163	189
Health care payables		49	50	96
Grants payables		1	1	-
Suppliers payables		36	30	-
Total payables		270	244	285
Provisions				
Employee provisions		3	2	2
Personal benefits provisions	4.3A	14,651	8,559	7,682
Health care provisions	4.3B	8,865	4,896	4,532
Total provisions		23,519	13,457	12,216
Total liabilities administered on behalf of Government		23,789	13,701	12,501
Net liabilities		(22,130)	(12,048)	(10,898)
The above statement should be read in conjunction with the accompanying notes.				
For budgetary reporting information refer to Note 8.3.				

DEPARTMENT OF VETERANS' AFFAIRS
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2019

	Notes	2019 \$'m	2018 \$'m
Opening assets less liabilities as at 1 July		(12,048)	(9,869)
Net (cost of)/contribution by services			
Income		17	17
Expenses			
Payments to eligible persons, their dependants and other providers		(20,691)	(12,763)
Payments to Australian War Memorial		(51)	(53)
Other comprehensive income			
Revaluations transferred (from)/to reserves		(35)	24
Transfers from/(to) the Australian Government			
Appropriation transfers from Official Public Account (OPA)			
Administered assets and liabilities appropriations (Australian War Memorial)		11	9
Annual appropriations			
Payments to other entities		111	107
Payments to Australian War Memorial		51	53
Special appropriations (unlimited)			
Payments to eligible persons, their dependants and other providers		10,571	10,560
Special accounts		5	10
Appropriation transfers to OPA			
Transfers to OPA		(60)	(193)
Special accounts		(16)	(15)
Changes in equity			
Asset transfer from the Department of Defence		5	65
Closing assets less liabilities as at 30 June		(22,130)	(12,048)

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by DVA for use by the Government rather than DVA is administered revenue. Collections are transferred to the Official Public Account (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 2019

	Notes	2019 \$'m	2018 \$'m
OPERATING ACTIVITIES			
Cash received			
GST received		50	51
Other		17	26
Total cash received		67	77
Cash used			
Payments to employees		7	8
Personal benefits		6,258	5,934
Health payments		4,347	4,528
Grants		15	14
Payments to Australian War Memorial		51	53
Other		35	82
Total cash used		10,713	10,619
Net cash used by operating activities		(10,646)	(10,542)
INVESTING ACTIVITIES			
Cash used			
Payments to Australian War Memorial		11	9
Total cash used		11	9
Net cash used by investing activities		(11)	(9)
Net decrease in cash held		(10,657)	(10,551)
Cash and cash equivalents at the beginning of the reporting period		57	77
Cash from Official Public Account			
Appropriations		10,744	10,729
Special Accounts		5	5
Total cash from the official public account		10,748	10,734
Cash to Official Public Account			
GST Transferred to Official Public Account		(50)	(51)
Appropriations		(10)	(142)
Special Accounts		(16)	(10)
Total cash to official public account		(75)	(203)
Cash and cash equivalents at the end of the reporting period	4.1A	73	57

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

Notes to and forming part of the financial statements

Overview

Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

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

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

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

The financial statements of Defence Service Homes Insurance Scheme (DSHIS) are consolidated into DVA's financial statements. In this process, all intra-entity transactions and balances are eliminated. For further details refer to Note 1.1C.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

The following new standard was issued prior to sign-off date and are applicable to the current reporting period.

- AASB 9 *Financial Instruments*

Future Australian Accounting Standard requirements

The following new standards will have an impact in future reporting periods.

- AASB 16 *Leases* (preceded by AASB 117 *Leases*)
- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 17 *Insurance Contracts*

Taxation

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

Competitive Neutrality

DVA provides administrative services for the Defence Home Ownership Assistance Scheme and the Defence Home Owner Scheme. The Defence Home Ownership Assistance Scheme is subject to the Australian Government's Competitive Neutrality Policy. The fees charged cover DVA's anticipated costs in providing the service to the Department of Defence and were subject to Competitive Neutrality charges. Under Competitive Neutrality arrangements, DVA is required to make Australian Income Tax Equivalent payments to the Government, in addition to payments for FBT and GST. For 2018-19 the fees were no longer applicable under the new Memorandum of Understanding with the Department of Defence.

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.

Notes to and forming part of the financial statements

Events after the Reporting Period

Departmental

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

Administered

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

Breaches of Section 83 of the Constitution

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

For 2018-19, DVA conducted a section 83 compliance review to identify any new special accounts, changes to legislation, system changes or business activity changes which may impact on the previously identified section 83 control framework. None were detected.

A financial quantification of potential breaches of section 83 was performed by DVA. This review identified that potential breaches were \$24.62 million for 2018-19 financial year (2017-18: \$20.29 million), comprising:

- \$12.79 million identified through the DVA debt register;
- \$3.49 million for 2018-19 financial year from clients moving from treatment pathway 1 to treatment pathway 2 under the *Military Rehabilitation and Compensation Act 2004*;
- \$0.64 million identified through DVA's internal testing of transactions;
- \$4.11 million of departmental expenditure identified as incorrectly recorded as administered; and
- \$3.59 million identified through other review processes.

Further details of the 2018-19 section 83 review are provided in Table A below.

As noted above, potential s83 breaches of \$4.11 million were identified, representing departmental expenditure incorrectly recorded as administered. The breaches were reported to the Minister for Veterans and Defence Personnel as a Notification of significant non-compliance with the finance law, in accordance with Resource Management Guide No. 214. In addition \$4.11 million has been transferred to departmental operations and policies and procedures have been put in place to ensure payments are correctly recorded in future.

DVA's Audit and Risk Committee and Financial and Performance Statements Sub-Committee formed a view that DVA had reviewed its section 83 risk in a manner consistent with the published policy statements from the Department of Finance.

DVA will continue to monitor its level of compliance with section 83 of the Constitution across all legislation for which it is administratively responsible. Where possible, future changes to procedures and amendments to legislation will continue to be progressed to reduce the risk of non-compliance to an acceptably low level across all programs.

Notes to and forming part of the financial statements

Table A – 2018-19 Summary

Appropriations identified as subject to conditions	Expenditure in 2018-19	Review complete? (Yes/No)	Breaches identified to 30 June 2019		Potential breaches to date yet to be resolved		Remedial action taken or proposed ¹
			Were any breaches identified?	Total \$000	Yes/No	Indicative extent \$'000	
	\$'000						
SPECIAL APPROPRIATIONS							
<i>Veterans' Entitlements Act 1986</i>	9,163,129	Yes	No	N/A	Yes	18,144	D,S
<i>Safety, Rehabilitation and Compensation Act 1988 / Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i>	280,538	Yes	No	N/A	Yes	457	D
<i>Military Rehabilitation and Compensation Act 2004</i>	1,114,156	Yes	No	N/A	Yes	6,002	D,L
<i>Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006</i>	11,062	Yes	No	N/A	Yes	21	S
TOTAL	10,568,885					24,624	

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

Notes to and forming part of the financial statements

1. Financial Performance

This section analyses the financial performance of DVA for 30 June 2019.

1.1. Expenses

	2019	2018
	\$'000	\$'000
Note 1.1A: Employee Benefits		
Wages and salaries	138,437	145,555
Superannuation		
Defined contribution plans	8,668	11,135
Defined benefit plans	19,725	17,882
Leave and other entitlements	20,994	16,131
Separation and redundancies	4,059	5,192
Payroll tax equivalent (competitive neutrality)	-	67
Other employee benefits	2,880	2,809
Total employee benefits	194,763	198,771

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships, section 6.1.

Note 1.1B: Suppliers**Goods and services supplied or rendered**

Information technology and communication	11,139	25,184
Claim processing fees	8,593	10,075
Lease expenses	8,745	6,680
Consultants	35,000	42,015
Contractors	61,332	26,933
Shared service arrangement	31,061	27,649
Travel	7,094	8,132
Training and development	2,440	3,360
Postage and office requisition	4,746	4,520
Printing and publications	1,851	2,077
Record management	2,414	3,579
Other	4,714	1,495
Total goods and services supplied or rendered	179,129	161,699

Goods supplied	8,800	7,925
Services rendered	170,329	153,774
Total goods and services supplied or rendered	179,129	161,699

Other suppliers

Operating lease rentals ¹	19,229	20,224
Workers compensation expenses	3,386	3,987
Total other suppliers	22,615	24,211
Total suppliers	201,744	185,910

¹Under AASB 16 *Leases* (effective from 1 July 2019), the 'operating lease rentals' will be replaced by the 'depreciation of the right-of-use (ROU) asset' and 'unwinding expense'.

Notes to and forming part of the financial statements

	2019	2018
	\$'000	\$'000
Leasing commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows		
Within 1 year	20,527	21,090
Between 1 to 5 years	65,431	51,470
More than 5 years	44,037	32,571
Total operating lease commitments (gross)	<u>129,995</u>	<u>105,131</u>

Note: Commitments are GST inclusive where relevant.

Accounting PolicyLeases

Property lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Lease payments are subject to regular fixed increases and are in accordance with upward movements in the Consumer Price Index. Leases for DVA access centres are periods of up to 3 years. The majority of DVA's other lease holdings are for periods of up to ten years.

Note 1.1C: Insurance Activities**Underwriting revenue**

Premium received	44,637	43,037
Total premium revenue	<u>44,637</u>	<u>43,037</u>
Less: Reinsurance expense	(7,100)	(6,912)
Net premium revenue	<u>37,537</u>	<u>36,125</u>

Underwriting expenses

Claims expense	82,170	26,593
Less: Reinsurance and other recoveries	(42,529)	(723)
Net claims expense	<u>39,641</u>	<u>25,870</u>
Fire brigade and emergency services contributions	1,559	1,482
Acquisition costs	371	387
Total underwriting expenses	<u>41,571</u>	<u>27,739</u>

Other operating expenses¹

	7,336	7,365
Underwriting result	<u>(11,370)</u>	<u>1,021</u>

Investment revenue

Interest - deposits	1,685	1,518
Total investment revenue	<u>1,685</u>	<u>1,518</u>

Insurance agency revenue

Insurance agency commission	3,067	2,891
Total insurance agency revenue	<u>3,067</u>	<u>2,891</u>

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

Notes to and forming part of the financial statements

Net claims incurred table

	2019			2018		
	Current year	Prior years	Total	Current year	Prior years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross incurred ¹	78,740	3,430	82,170	21,608	4,985	26,593
Less: Reinsurance and other recoveries	(37,586)	(4,943)	(42,529)	(215)	(508)	(723)
Net claims incurred	41,154	(1,513)	39,641	21,393	4,477	25,870

¹Claims 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* 17.7.1 (b) (iii) for lines of business typically resolved within one year.

Accounting Policy

Insurance Activities

The Defence Service Homes Insurance Scheme (DSHIS) forms part of the operations of the Client Engagement and Support Services Division of DVA. The objective of DSHIS is to provide domestic building insurance in accordance with the *Defence Service Homes Act 1918* and associated Regulations. The operations and objectives of DSHIS are controlled by DVA. The continued existence of DSHIS in its present form is dependent on Government policy.

Underwriting Provisions

Unearned Premiums

The provision for unearned premiums represents the estimated proportion of premiums written in the current year relating to cover provided in the subsequent years. DSHIS'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

DSHIS recognises revenue in advance where the revenue has been received prior to the period in which the revenue relates. DSHIS recognises revenue in advance at nominal value.

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.

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 3.4A) to take in to account incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs).

Reinsurance Arrangements

DSHIS 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 DSHIS.

Notes to and forming part of the financial statements**1.2. Own-Source Income and Gains**

	2019	2018
	\$'000	\$'000

Note 1.2A: Rendering of Services

Rendering of services	7,243	6,866
Total rendering of services	7,243	6,866

Accounting Policy

Revenue from rendering of services is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to DVA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion of costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Rendering of Services are primarily related to the administrative fee and management fee for Defence Home Owner Scheme (DHOS) and Defence Home Ownership Assistance Scheme (DHOAS).

Note 1.2B: Other Revenue

Resources received free of charge - ANAO audit fee ¹	728	728
Total resources received free of charge	728	728

¹The ANAO audit fee represents an amount of \$670,000 for DVA and \$57,500 for DSHIS.

Accounting PolicyResources 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. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Notes to and forming part of the financial statements

2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that DVA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1. Administered - Expenses

	2019	2018
	\$'m	\$'m
Note 2.1A: Personal Benefits		
Direct		
Income support	2,104	2,164
Defence widow/ers support	1,378	1,457
Disability support	1,535	1,530
Military compensation payments	1,229	760
Military compensation movement in provision	6,093	1,461
Children education scheme	16	14
Other	14	15
Total personal benefits	12,369	7,401

Accounting Policy

Payments to eligible veterans and their dependants, and related health care entitlements 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 Australian Defence Force (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.

Notes to and forming part of the financial statements

	2019	2018
	\$'m	\$'m
Note 2.1B: Health Care		
Indirect		
Hospital services	1,303	1,375
Community care and support	1,144	1,211
General medical consultation and services	766	773
Counselling and other health services	613	602
Pharmaceutical benefits	300	321
Military compensation payments	172	175
Military compensation movement in provision	3,956	838
Total health care	8,254	5,295

Notes to and forming part of the financial statements

3. Financial Position

This section analyses the DVA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1. Financial Assets

	2019 \$'000	2018 \$'000
Note 3.1A: Cash and Cash Equivalents		
Cash at bank	2,276	4,776
Cash at bank (DSHS special accounts)	4,476	3,198
Total cash and cash equivalents	6,752	7,974
Note 3.1B: Trade and Other Receivables		
Goods and services receivables	1,243	2,335
Total goods and services receivables	1,243	2,335
Appropriations receivables		
Appropriations receivable	60,942	69,975
Total appropriations receivables	60,942	69,975
Other receivables		
Statutory receivables ¹	1,704	2,520
Salary recoveries	266	256
Other	10,043	574
Total other receivables	12,013	3,350
Total trade and other receivables (net)	74,198	75,660

Credit terms for goods and services were within 30 days (2018: 30 days).

¹Includes amounts owing from June 2019 Business Activity Statement and GST amounts on accrued expenses as at 30 June 2019.

Accounting PolicyReceivables

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.

Note 3.1C: Premiums and Recoveries Receivable

Premiums receivable	15,941	14,735
Reinsurance and other recoveries receivable	38,791	871
Total premiums and recoveries receivable	54,732	15,606

No indicators of impairment were found for premiums and recoveries receivable. Receivables past 90 days are not considered impaired as premiums are cancelled after this period if not paid.

Accounting PolicyReinsurance Receivables

Reinsurance receivables are recorded at discounted estimated value on paid claims and incurred claims not yet paid and recognised as a reduction in the claims expense.

Note 3.1D: Investments

PGPA Act section 58 investments		
Deposits	60,381	64,297
Total investments	60,381	64,297

Notes to and forming part of the financial statements

3.2. Non-Financial Assets**Note 3.2A: 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 2019						
	Land \$'000	Buildings - leasehold improvements \$'000	Other property, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2018						
Gross book value	-	20,599	3,561	215,561	12,900	252,621
Accumulated depreciation/amortisation and impairment	-	(905)	(2,973)	(138,194)	(12,050)	(154,122)
Total as at 1 July 2018	-	19,694	588	77,367	850	98,499
Additions						
Purchase of internally developed	-	13,620	141	15,050	-	28,811
Revaluations and impairments recognised in other comprehensive income	-	3,310	-	-	-	3,310
Depreciation/amortisation	-	(5,311)	(224)	(17,477)	(381)	(23,393)
Other Movements	-	-	1	1	-	2
Disposals	-	-	(11)	(288)	(309)	(608)
Total as at 30 June 2019	-	31,313	495	74,653	160	106,621
Total as at 30 June 2019 represented by						
Gross book value						
Fair value	-	28,311	3,549	-	-	31,860
Work in progress	-	4,021	86	-	-	4,107
Internally developed – in progress	-	-	-	21,826	-	21,826
Internally developed – in use	-	-	-	188,783	-	188,783
Purchased software	-	-	-	-	11,001	11,001
Accumulated depreciation/amortisation and impairment	-	(1,019)	(3,140)	(135,956)	(10,841)	(150,956)
Total as at 30 June 2019	-	31,313	495	74,653	160	106,621

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.

Revaluations

Following initial recognition at cost, property plant and equipment 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. A desktop revaluation was performed by independent valuers as at 30 June 2019.

Revaluation adjustments are made on an asset class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Fair value for each class of asset are determined as shown below:

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

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to DVA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset Class	2019	2018
Buildings - Leasehold improvements	Lesser of estimated life or unexpired lease period	Lesser of estimated life or unexpired lease period
PP&E - Plant and furniture	4-10 years	1-10 years
PP&E - Office equipment	1-9 years	1-10 years
PP&E - Computer equipment	1-5 years	1-5 years

Notes to and forming part of the financial statements**Impairment**

All assets were assessed for impairment at 30 June 2019. 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. 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 1-19 years (2017-18: 1-19 years).

All software assets were assessed for indications of impairment as at 30 June 2019.

	2019	2018
	\$'000	\$'000
Note 3.2B: Other Non-Financial Assets		
Prepayments		
Information technology	1,475	2,162
Rental agreements	2,175	2,148
Health care processing	249	265
Other prepayments	1,076	781
Total other non-financial assets	4,975	5,356

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

Notes to and forming part of the financial statements**3.3. Payables**

	2019	2018
	\$'000	\$'000
Note 3.3A: Suppliers		
Trade creditors and accruals	42,972	58,912
Lease incentive ¹	21,246	14,643
Total suppliers	64,218	73,555
Settlement is usually made within 30 days.		
Note 3.3B: Unearned Premiums		
Unearned premiums	22,974	22,412
Premium received in advance	468	558
Insurance agency revenue received in advance	60	66
Total unearned premiums	23,502	23,036

Accounting PolicyUnearned Premiums

The provision for unearned premiums represents the estimated proportion of premiums written in the current year relating to cover provided in the subsequent year. DSHIS'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. DSHIS recognises revenue in advance at nominal value.

Note 3.3C: Other Payables

Wages and salaries	1,119	1,243
Superannuation	201	215
Separation and redundancies	2,459	5,247
Operating leases straight-lining ¹	2,890	2,698
Reinsurance premiums	546	388
GST payable	-	23
Total other payables	7,215	9,814

¹Under AASB 16 *Leases* (effective from 1 July 2019), a new 'lease liability' and a 'ROU asset' will replace the existing 'lease incentive' and 'operating leases straight-lining' (lease term greater than 12 months) liabilities.

Notes to and forming part of the financial statements

3.4. Provisions

	2019	2018
	\$'000	\$'000
Note 3.4A: Gross Outstanding Claims		
Gross outstanding claims	56,652	14,710
Less: reinsurer's liability	(38,791)	(871)
Net outstanding claims	17,861	13,839
Outstanding claims expected to be settled		
No more than 12 months	17,694	13,677
More than 12 months	167	162
Net outstanding claims	17,861	13,839

DSHS has incurred claims during 2018-19 for which recoveries have and will be made in accordance with reinsurance treaties, which were in force at the date of loss. The effect of these treaties is taken into account in calculating the outstanding claims.

In determining the gross claims outstanding, the actuary has applied a prudential margin of 12% (2018: 12%), to a central estimate of the expected present value of future payments for claims incurred of \$56,651,840 (2018: \$14,710,080), resulting in a risk margin component of \$6,069,840 (2018: \$1,576,080).

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 DSHS'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 DSHS unearned premiums are sufficient to cover expected future claims on unexpired policies at 30 June 2019 and as such, DSHS has recognised no movement (2018: nil) and an unexpired risk liability of nil (2018: nil). 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.

DSHS 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 policy.

DSHS's unadjusted unearned premium liability as at 30 June 2019 was \$22,187,000 (2018: \$21,475,000) and future cash flows relating to future claims under the risk associated with those premiums as advised by DSHS's independent actuaries was \$20,792,000 (2018: \$18,134,000).

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. A report on the adequacy of the provision was prepared by independent actuaries as at 30 June 2019. The methods used to assess the outstanding liability were Projected Case Estimates (PCE) and Payment Per Claims Incurred (PPCI). This methodology meets Actuarial 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 2019 consists of:

- Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2019. 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.
- Initially all estimates are made in 30 June 2019 dollars, but subsequently are increased to allow for inflation from that date to the date of payment.

Notes to and forming part of the financial statements

c) 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) Gross and net liabilities are derived by making adjustments for both third party recoveries and 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 2019:

- a) Inflation rates: 2.25% for 2018-19;
- b) Discount rates: 0.97% for 2018-19;
- c) Claims administration expenses (CAE): 5% of gross outstanding claims liability;
- d) Superimposed inflation: approximately 6.1% 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;
- f) Number of claims for the 2018-19 accident year: approximately 7,891; and
- g) Average claim size (in actual values) for the 2018-19 accident year (net of all recoveries): approximately \$5,877.

The following assumptions were made in determining the net outstanding claims provision as at 30 June 2018:

- a) Inflation rates: 2.79% for 2017-18;
- b) Discount rates: 1.57% for 2017-18;
- c) Claims administration expenses (CAE): 5% of gross outstanding claims liability;
- d) Superimposed inflation: approximately 7.2% 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;
- f) Number of claims for the 2017-18 accident year: approximately 7,005; and
- g) Average claim size (in actual values) for the 2017-18 accident year (net of all recoveries): approximately \$3,678.

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 2019;
- 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;
- e) Prudential margin: selected based on analysis of historical variability within the portfolio;
- f) Number of claims in 2018/19 accident year: derived from actuarial models of past claim reporting patterns; and
- g) Average claim size (in actual values) for 2018/19 accident year: derived as an outcome of all the actuarial models blended to form adopted estimates of outstanding claims and hence total ultimate costs and average claim sizes.

Insurance Risk Management

Insurance risk management policies and practices are disclosed at Note 7.2E – Risk Management.

Process for Determining Risk Margin

The risk margin required for a 75% level of sufficiency has been estimated using various statistical modelling techniques applied to the claim data. An actuarial model (the "chain ladder") has been fitted to 10,000 simulated claim data sets to determine 10,000 estimates of the outstanding claims and hence an approximate distribution of those amounts. The analysis is on the basis prescribed by the Australian Prudential Regulation Authority (APRA) in that it ignores asset risk but takes into account liability risk, including the inflation risk.

Notes to and forming part of the financial statements

	2019	2018
	\$'000	\$'000
Note 3.4B: Other Provisions		
Provision for restoration obligations	<u>3,070</u>	<u>1,734</u>
Total other provisions	<u>3,070</u>	<u>1,734</u>

Reconciliation of other provisions

	Provision for restoration on leased property \$'000
As at 1 July 2018	1,734
Additional provisions made	1,344
Amounts used	(51)
Unwinding of discount or change in discount rate	43
Total as at 30 June 2019	3,070

DVA currently has 17 agreements for the leasing of premises which have provisions requiring DVA to restore the premises to their original condition at the conclusion of the lease. DVA has made a provision to reflect the present value of this obligation.

Notes to and forming part of the financial statements

4. Assets and Liabilities Administered on Behalf of the Government

This section analyses assets used to conduct its operations and the operating liabilities incurred as a result DVA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1. Administered - Financial Assets

	2019	2018
	\$'m	\$'m
Note 4.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	68	41
Cash in special accounts ¹	5	16
Total cash and cash equivalents	73	57

¹The closing balance of cash in special accounts does not include amounts held in trust.
See note 5.2 Special Accounts for more information.

Note 4.1B: Equity Accounted Investments

Investment in Commonwealth authorities

Australian War Memorial ²	1,439	1,463
Total investments accounted for using the equity method	1,439	1,463

²The value shown for the Australian War Memorial is at fair value and is based upon the audited net asset position as at 30 June 2019.

The Commonwealth owns 100% of the investment in the Australian War Memorial whose principal activity is to commemorate the sacrifice of those Australians who have died in war. It does this by assisting Australians to remember, interpret and understand the Australian experience of war and its enduring impact on Australian society.

Accounting Policy

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments other than those held for sale are classified at amortised costs and are measured at their fair value as at 30 June 2019. 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.

Notes to and forming part of the financial statements

4.2. Administered - Non-Financial Assets					
Note 4.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles					
Reconciliation of the opening and closing balances of Property, Plant and Equipment and Intangibles for 2019					
	Buildings	Other property, plant & equipment	Computer software	Other intangibles	Total
	\$'m	\$'m	\$'m	\$'m	\$'m
As at 1 July 2018					
Gross book value	70	-	-	-	70
Other movements - reclassification	(20)	8	3	9	-
Total as at 1 July 2018	50	8	3	9	70
Additions					
Transfer of Sir John Monash Centre from Department of Defence	5	-	-	-	5
Depreciation	(1)	(1)	(1)	-	(3)
Total as at 30 June 2019	54	7	2	9	72
Total as at 30 June 2019 represented by					
Gross value					
Fair value	50	8	3	9	70
Work in progress	5	-	-	-	5
Accumulated depreciation and impairment	(1)	(1)	(1)	-	(3)
Total as at 30 June 2019	54	7	2	9	72

Notes to and forming part of the financial statements

Accounting Policy	
<p>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.</p>	
Acquisition of Assets	
<p>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.</p>	
<p>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.</p>	
Property, Plant and Equipment	
<u>Asset Recognition Threshold</u>	
<p>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).</p>	
<u>Revaluations</u>	
<p>Following initial recognition at cost, property plant and equipment are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend upon the volatility of movements in market values for the relevant assets. DVA is required to value all assets in a class at the same time. An independent valuer will be engaged to revalue all tangible assets triennially.</p>	
<p>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.</p>	
<p>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.</p>	
<p>Fair value for each class of asset are determined as shown below:</p>	
Asset class	Fair value
Buildings	Depreciated replacement cost
Property, plant & equipment	Depreciated replacement cost
<u>Depreciation</u>	
<p>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.</p>	
<p>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.</p>	
<p>Depreciation rates applying to each class of depreciable asset are based on the following useful lives:</p>	

Notes to and forming part of the financial statements

Asset Class	2019	2018
Buildings	35-200 years	n/a
PP&E – Furniture	30 years	n/a
PP&E – AV & computer equipment	3-6 years	n/a
PP&E – Physical collection	100 years	n/a

Impairment

All assets were assessed for impairment at 30 June 2019. 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. 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 3-20 years.

All software assets were assessed for indications of impairment as at 30 June 2019.

Notes to and forming part of the financial statements**4.3. Administered - Provisions**

	2019	2018
	\$'m	\$'m
Note 4.3A: Personal Benefit Provisions		
Military compensation	14,651	8,559
Total personal benefit provisions	14,651	8,559
Personal benefit provisions expected to be settled		
No more than 12 months	1,171	758
More than 12 months	13,480	7,801
Total personal benefit provisions	14,651	8,559
Note 4.3B: Health Care Provisions		
Military compensation	8,649	4,693
Outstanding Treatment Accounts System (TAS) claims	136	152
Repatriation Pharmaceutical Benefits Scheme (RPBS)	19	17
Public Hospitals	61	34
Total health care provisions	8,865	4,896
Total health care provisions expected to be settled		
No more than 12 months	397	349
More than 12 months	8,468	4,547
Total personal benefit provisions	8,865	4,896

Notes to and forming part of the financial statements

	Personal benefits	Health care			
	Military compensation	Military compensation	Outstanding TAS claims	RPBS	Hospitals
	\$'m	\$'m	\$'m	\$'m	\$'m
As at 1 July 2018	8,559	4,693	152	17	34
Actuarial changes in provisions	3,739	1,472	-	-	-
Increase in provisions	1,320	554	136	19	61
Claims paid during the year	(1,163)	(167)	(152)	(17)	(34)
Unwinding of discount	235	121	-	-	-
Change in interest rate	1,961	1,976	-	-	-
As at 30 June 2019	14,651	8,649	136	19	61

Accounting Policy**Military Compensation Provision**

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 2019.

These claims may not be reported until many years after the event and subsequent payments for income support, health and rehabilitation services can extend over a long period of time. The injury profile within the schemes creates dynamic expenditure patterns. Some injuries can be of a temporary nature and give rise to a short term obligation for compensation while others may result in long term entitlements. Historically, expenditure has been highest in the earlier years after the incident giving rise to the claim for compensation, however the on-going entitlement to income support and treatment means that the liability has a long tail with payments expected to be made for the next 50 or more years. Entitlements are still being paid by DVA for dependants of World War 1 veterans, World War 2 veterans and their dependants.

Many sources of uncertainty exist when estimating a "long tail" provision. There are some inherent sources of uncertainty which arise from:

- differences between the actuarial models, methods and assumptions used to estimate the provision and the underlying claims process;
- historical data which may be inaccurate, incomplete or exhibit volatile claims trends;
- differences between the economic and environmental conditions assumed to prevail in future and actual outcomes; and
- the random element in the claims process whereby claim frequency, timing and magnitude cannot be determined with certainty, even if the model and its parameters are accurate.

There are also a range of factors which can complicate the process of setting assumptions, including:

- changes in service delivery which may accelerate or slow down the development and recording of paid or incurred claims, compared with the statistics from previous periods;
- changes in the legal environment; and
- medical and technological developments.

In the case of the military compensation provisions, there are also specific sources of uncertainty arising from the nature of the schemes and the data available:

- the longer lag time between injury and claim, compared with other workers' compensation schemes, presents difficulties in setting assumptions for recent accident years;
- the very long tail in payments means that the estimate of the liability is particularly sensitive to changes in the discount rate;
- the move from DRCA to MRCA is likely to have distorted the claims experience over the transition period, with a jump in DRCA claims immediately prior to closure and markedly lower than expected numbers of MRCA claims in the first few years of its operation;
- the higher level of operational deployments of the Australian defence forces from the 1990s to early 2000s has also almost certainly led to some distortion of claims reporting; and

Notes to and forming part of the financial statements

- MRCA is far from fully mature with experience available for analysis limited to a maximum of fourteen and a half years after the injury date. This needs to be compared with DRCA experience which indicates that payments can extend out to 50 years or more after the injury. While it is necessary to rely on DRCA experience for these later development years in setting many MRCA assumptions, there is increasingly compelling evidence that the claims experience under the two schemes may not be consistent for some heads of damage.

All of these factors create uncertainty around the assumptions adopted for future claims and the resulting estimate of the provision.

The estimate of the DRCA liability as at 2019 derived from the 2018 valuation is around 20% higher than was projected last year (on a constant 5% discount rate basis), driven by experience in the permanent impairment head of damage. The increase in permanent impairment was a result of significantly higher average claim sizes than in prior years. There is still considerable uncertainty about future outcomes for DRCA, in particular, the trajectory of future claim numbers and average size.

For MRCA, significant uncertainty arises not only from the difficulty of setting assumptions for an immature scheme in a changing operational environment, but also from the limitations of the data available for analysis. In particular, the fact that payments are recorded by individual rather than the injury giving rise to the payment and that a substantial proportion of medical and other care transactions are now made using a repatriation health card, means that approximations need to be made that add uncertainty to the estimation process. This uncertainty is likely to be an ongoing feature of the MRCA provision into the future. Given the short history of the scheme and the distortions in experience as a result of deployments over the last decade and a half, the estimate of the liability necessarily relies on DRCA experience in setting assumptions regarding the development of claims at durations for which there is no MRCA data. However, as noted above, there is increasing evidence that the experience may be different under the two schemes, and MRCA data is now being used to set assumptions for the development years where experience is available.

The estimate of the MRCA liability as at 2019 derived from the 2018 valuation is around 50% higher than was projected last year (on a constant 5% discount rate basis), driven by experience in the permanent impairment head of damage. Assumptions underpinning the 2019 liability estimate have been based on unit record data to 31 December 2018. The size and persistence of the growth in MRCA outlays remains a very substantial source of uncertainty around the MRCA liability estimate. Furthermore, it will be a number of years before any significant stabilisation becomes apparent in the data. As such, the present uncertainty will persist. For MRCA, the additional uncertainty associated with the immaturity of the scheme and the distortions in early claims experience will be a feature of the analysis for a decade or more. The scheme liabilities will continue to be reviewed annually while the experience remains unstable.

The value of the provision represents the estimate of the present value of expected future payments against claims incurred (though potentially not reported) at the reporting date. The estimation of the liability in respect of claims which have not yet been received by DVA is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to DVA, where more information about the claim event is likely to be available. However, the nature of the compensation provided, including long term income support and lifetime coverage of relevant medical costs, means that there remains substantial uncertainty around even the latter category of claims.

The military compensation provision is recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The Australian Government Actuary (AGA) was engaged to provide an estimate of the provision as at 30 June 2019 for the estimated cost of claims incurred, but not necessarily reported, at the reporting date.

Notes to and forming part of the financial statements

For the purpose of estimating the provisions the different types of obligations are categorised and labelled as heads of damage. AGA analyses the experience under six heads of damage:

- incapacity payments, split between short term and long term payments;
- permanent impairment, including non-economic loss;
- medical;
- rehabilitation;
- death; and
- other payments, split between medical and legal expenses on the one hand and attendant and household care services on the other.

In calculating the estimated cost of future claims, a variety of estimation techniques are used, generally based upon statistical analyses of historical experience. Implicitly the valuation assumes that the development pattern of the current and future claims will be consistent with the trends apparent in recent experience.

Assumptions

The 30 June 2019 liability estimates are based on the results of the full valuation of the Military Compensation Scheme as at 30 June 2018. This valuation drew on unit record data to 31 December 2018 in setting assumptions. The following key assumptions are made in calculating the provision:

- numbers of new MRCA permanent impairment claimants are based on observed claim rates in the most recent experience from 1 July 2018 to 31 December 2019. This rate is reduced over a 10 year period to return to experience in the 2017 and 2018 calendar years;
- the distribution of impairment points associated with future MRCA claims is based on the most recent observed experience in the 2017 and 2018 calendar years;
- numbers of new incapacity episodes are based on observed claim rates and survival rates are used to project the duration of these episodes, including the proportion of claimants who will progress to long term status. The assumed survival rates vary by age;
- the incapacity exit rates (the rates at which people who have been in receipt of incapacity payments for more than twelve months will exit from payment) vary by age at commencement and have been set by reference to observed rates of exit over the three calendar years from 2016 to 2018;
- DRCA data can be used as the starting point in setting assumptions for MRCA at durations where MRCA experience is not yet available or is unreliable, but MRCA experience should be used where it is available;
- transition probabilities that take account of the individual histories of usage of medical services for up to four years previously can be used to project the number of MRCA claimants who will have medical expenditure in future years
- an allowance is made for payment inflation at rates higher than general price inflation (superimposed inflation) for most heads of damage as shown below;
- where there has been a sustained growth in usage rates, this is generally assumed to continue in the short term, though at a declining rate;
- payments will be made over an extended period (over 50 years); and
- future payments are discounted using interest rates based on a yield curve derived from the yields on Commonwealth bonds of various durations as at 30 June 2019 and extrapolated over the expected payment period (over 50 years);

In accordance with the accounting standards, the provision is calculated by discounting future payments using a yield curve derived from the yields on Commonwealth bonds of various durations as at 30 June 2019. The interest rates forming the yield curve vary from 1.0% in year 1 to a forward rate of 2.4% beyond year 40. These compare to respective rates of 1.9% and 3.5% in 2018. The net result of the change is an increase in the provision of approximately \$3,900 million.

This continues the experience of the previous year, where decreasing yields had led to an increase of \$700 million between 2017 and 2018. The use of the yield curve for discounting purposes is likely to result in continuing volatility in the estimated provision. The impact of these movements and other movements in the provision is reflected in the Administered Statement of Comprehensive Income.

Notes to and forming part of the financial statements

Superimposed inflation represents an estimate of how costs are estimated to increase over and above normal inflation rates. For example, while the legislation provides for permanent impairment payments to be indexed in line with the CPI, in practice average payments for DRCA have grown substantially faster. DVA has therefore allowed for a margin over the standard CPI assumption of 2.5% growth per annum for most heads of damage.

The estimates of the combined nominal rates of inflation (that is, normal inflation plus superimposed inflation) for each head of damage are below:

- short-term incapacity payments – 4.0% (2017-18: 4.0%);
- permanent impairment and non-economic loss (DRCA) – 5.0% (2017-18: 5.0%);
- permanent impairment (MRCA) – 2.5% (2017-18: 2.5%);
- medical – 4.0% (2017-18: 4.0%);
- rehabilitation (DRCA) – 5.0% (2017-18: 5.0%);
- rehabilitation (MRCA) – 4.0% (2017-18: 4.0%);
- death (DRCA) – 4.0% (2017-18: 4.0%);
- death (MRCA) – 2.5% (2017-18: 2.5%);
- other (Medical) (DRCA) – n/a (2017-18: 6.0%);
- other (Legal) (DRCA) – n/a (2017-18: 3.0%);
- other (Medical and Legal) (MRCA) – 4.0% (2017-18: 6.0%); and
- other (Household and Attendant Care) – 4.0% (2017-18: 4.0%).

Account Adjustments

The actuary obtains a balance date estimate for the current year by applying roll-forward factors to a full valuation at 30 June of the preceding financial year. Adjustments are identified to the balances of the provision previously reported.

The adjustments for the last two years are explained below:

Reconciliation of Provision

	2019 \$m	2018 \$m
Projected Liability at beginning of financial year	13,252	10,954
Changes in estimated liability by head of damage		
Incapacity	1,009	219
Permanent impairment (PI) / non-economic loss	2,740	893
Medical	1,439	154
Other	23	15
Total changes in estimated liability by head of damage	5,211	1,281
Revised Projected Liability at beginning of financial year	18,462	12,235
Roll forward adjustment		
Notional premiums	1,874	995
Payments	(1,329)	(886)
Imputed interest	356	200
Projected Liability at 30 June before change in interest rate	19,363	12,544
Change in interest rate	3,937	708
Projected Liability at 30 June	23,300	13,252

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 2018, the allowance for liabilities incurred or met over 2018-19 and the impact of the increase in yields between 30 June 2018 and 30 June 2019.

Notes to and forming part of the financial statements

In terms of modelling and assumption changes, the major factors are:

- an increase in the permanent impairment liability of \$2,740 million, as a result of increasing claims experience;
- an increase in the medical liability of \$1,439 million, primarily attributable to an increased number of claimants in MRCA; and
- an increase in forecast incapacity costs of \$1,009 million in total across both DRCA and MRCA, due primarily to increased projected claim numbers.

It should be noted that the estimate of the liability at the beginning of each year has been calculated using the yield curve for Commonwealth Government securities that applied at that time. Similarly, the notional premium and interest cost are calculated using the yield curve applying at the opening balance date.

Discount Rate

The provision is calculated by the AGA as the discounted value of future cashflows. Cashflows are assumed to extend over a period of more than 50 years and, as a result, the estimate of the provision is very sensitive to the interest rate used for discounting. The choice of discount rate, while not affecting the projected future cash flows themselves, will alter the present value assigned to those cash flows, and hence the estimate of the liability.

Since 2012-13 DVA has adopted a yield curve derived from the yield of Commonwealth bonds of varying duration, for the purposes of discounting estimated future cashflows. For the preparation of the 2018-19 Financial Statements, DVA has used a yield curve derived from the yields on Commonwealth Government securities as at 30 June 2019.

If the yield curve as at 30 June 2018 (rolled forward to 2019) continued to be used the liability would increase to \$19,363 million. Alternatively if the long term discount rate used in the 2018 actuarial review (5.0%) was used, the estimated liability at 30 June 2019 would reduce to \$15,270 million.

Sensitivity Analysis

Given the changes in experience observed over recent years, there is necessarily considerable uncertainty around the assumptions to be adopted. The AGA has provided some advice on the sensitivity of the liability estimate to some of the key assumptions for three of the larger heads of damage.

Permanent Impairment

Claims rates for MRCA permanent impairment have grown year on year, with the largest increase seen to date in the first half of financial year 2018-19. To illustrate the sensitivity of the liability to changes in claim rates, a scenario incorporating additional growth to the heightened experience in the first half of 2018-19 was modelled. This incorporated growth rates of 30%, 20%, and 10% in the following three years to future claim rates before stabilising. Under this scenario, the estimated liability for MRCA PI increases significantly by around 60%.

Incapacity

Exit rates from incapacity declined substantially over the decade to 2014. However, since 2014, there has been a slight increase in exit rates but they remain below the rates that applied a decade ago. To illustrate the sensitivity of the liability to relatively small changes in exit rates, a scenario incorporating higher exit rates has been modelled. Under this scenario, it is assumed that 10% fewer short term recipients aged less than 50 will reach the 12 month duration and transition to long term status, while exit rates for long term recipients aged less than 35 will increase by 20%. The estimated liability for incapacity payments under this scenario reduces by around 7%.

Accrued Component of Medical Liabilities

The approach to modelling the MRCA medical head of damage relies on an assumption around the proportion of future outlays for claimants with at least one incident predating the valuation date that relate to those incidents. That is, it is assumed that a proportion of future expenditure for those claimants will relate to incidents after the valuation date and, hence, does not form part of the accrued liability. However, the available data does not support attribution of MRCA expenditure to individual claims and there is thus significant uncertainty around this

Notes to and forming part of the financial statements

<p>assumption. Assuming that all of the future expenditure relates to claims already incurred, which provides an upper bound on the sensitivity to this assumption, results in an increase in the MRCA medical liability of around 25%.</p> <p>Veterans' Entitlement Act 1986 (VEA)</p> <p>No provision is calculated for future payments under the VEA as this Act differs in nature from both MRCA and DRCA.</p> <p>Outstanding Treatment Accounts System (TAS) claim provision</p> <p>The Outstanding TAS claims provision is an estimate of the liability outstanding for payment of eligible treatment claims on the TAS as at 30 June 2019. 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.</p> <p>Repatriation Pharmaceutical Benefits Scheme (RPBS) provision</p> <p>The RPBS provision is an estimate of the liability outstanding for payment of eligible claims on the RPBS as at 30 June 2019. 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.</p> <p>Provisions for payments to hospitals</p> <p>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. The data may be received well after the services have been delivered and is a consequence of the delays in the information flows from state health departments and ongoing contract management issues, which may give rise to adjustments. 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.</p> <p>This provision is not discounted as all amounts are expected to be paid within the next financial year.</p>
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Notes to and forming part of the financial statements

5. Funding

This section identifies DVA's funding structure.

5.1. Appropriations

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2019

	Annual appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	374,778	7,768	382,546	(394,407)	(11,861)
Capital Budgets ⁴	24,850	-	24,850	(22,022)	2,828
Other services					
Equity	16,080	-	16,080	(16,080)	-
Total departmental	415,708	7,768	423,476	(432,509)	(9,033)
Administered					
Ordinary annual services					
Administered items	116,101	-	116,101	(105,922)	10,179
Payments to Australian War Memorial	50,904	-	50,904	(50,904)	-
Other services					
Payments to Australian War Memorial	11,429	-	11,429	(11,429)	-
Total administered	178,434	-	178,434	(168,255)	10,179

1. There were no funds permanently withheld in 2018-19 for Section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

2. The adjustments to appropriation of \$7,768 million were related to the PGPA Act Section 74 receipts for 2018-19.

3. The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers. The variance of the Departmental Capital Budgets and Equity is due to the timing of investment activities.

4. 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*.

Notes to and forming part of the financial statements

Note 5.1A: Annual Appropriations (Recoverable GST exclusive) (continued)

Annual Appropriations for 2018

	Annual appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	368,346	6,330	374,676	(346,379)	28,297
Capital Budgets ⁴	13,634	-	13,634	(13,469)	165
Other services					
Equity	12,526	-	12,526	(13,068)	(542)
Total departmental	394,506	6,330	400,836	(372,916)	27,920
Administered					
Ordinary annual services					
Administered items	119,821	-	119,821	(103,496)	16,325
Payments to Australian War Memorial	53,040	-	53,040	(53,040)	-
Other services					
Administered assets and liabilities	-	-	-	-	-
Payments to Australian War Memorial	8,980	-	8,980	(8,980)	-
Total administered	181,841	-	181,841	(165,516)	16,325

1. In accordance with Section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the access to the following funds is to be permanently withheld.

(a) In 2016-17, \$0.419 million funds were quarantined from the Administered Appropriations Act (No. 1) as a result of the Movement of Funds process. They were related to the War Graves and Commemorations program.

(b) In 2016-17, \$0.250 million funds were quarantined from the Administered Appropriations Act (No. 3) as a result of the Movement of Funds process. They were related to the *Military Rehabilitation and Compensation Act – Income Support and Compensation* program.

(c) In 2016-17, \$1 million funds were quarantined from the Administered Appropriations Act (No. 3) as a result of the Movement of Funds process. They were related to the Veterans' Counselling and Other Health Services program.

2. The adjustments to appropriation of \$6.330 million were related to the PGPA Act Section 74 receipts for 2017-18.

3. The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers. The variance of the Departmental Capital Budgets and Equity is due to the timing of investment activities.

4. 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.

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 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2019 \$'000	2018 \$'000
Departmental		
Appropriation Act (No. 1) 2017-18 ¹	-	59,319
Appropriation Act (No. 1) 2017-18 (DCB)	-	10,353
Appropriation Act (No. 2) 2017-18	-	3,090
Appropriation Act (No. 3) 2017-18	-	1,997
Appropriation Act (No. 4) 2017-18	-	3,190
Appropriation Act (No. 1) 2018-19 ¹	40,062	-
Appropriation Act (No. 1) 2018-19 (DCB)	1,932	-
Appropriation Act (No. 2) 2018-19	74	-
Appropriation Act (No. 3) 2018-19	8,172	-
Appropriation Act (No. 3) 2018-19 (DCB)	11,249	-
Appropriation Act (No. 4) 2018-19	6,206	-
Total departmental	67,694	77,949
Administered		
Appropriation Act (No. 1) 2015-16	-	2,149
Appropriation Act (No. 3) 2015-16	-	151
Appropriation Act (No. 1) 2016-17	6,187	6,484
Appropriation Act (No. 3) 2016-17	3,599	4,971
Appropriation Act (No. 1) 2017-18	11,232	11,961
Appropriation Act (No. 3) 2017-18	1,583	5,841
Appropriation Act (No. 1) 2018-19	5,367	-
Appropriation Act (No. 3) 2018-19	9,799	-
Total administered	37,767	31,557

¹Departmental: *Appropriation Act (No. 1) 2018-19* includes closing cash balance of \$6,752,000. *Appropriation Act (No. 1) 2017-18* includes closing cash balance of \$7,974,000.

Notes to and forming part of the financial statements**Note 5.1C: Special Appropriations ('Recoverable GST exclusive')**

Authority	Appropriation applied	
	2019	2018
	\$'000	\$'000
<i>Veterans' Entitlements Act 1986, s.199, Administered</i>	9,163,129	9,437,007
<i>Papua New Guinea (Members of the Forces Benefits) Act 1957, s.8A, Administered</i>	21	27
<i>Defence Service Homes Act 1918, s.41, Administered</i>	483	635
<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988, s.160, Administered</i>	280,538	205,838
<i>Military Rehabilitation and Compensation Act 2004, s.423, Administered</i>	1,114,156	728,744
<i>Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006, s.49, Administered</i>	11,062	6,831
<i>Compensation (Japanese Internment) Act 2001, s.13, Administered</i>	-	25
<i>Public Governance, Performance and Accountability Act 2013, s.77, Administered</i>	-	100
<i>Investment of public money: Public Governance, Performance and Accountability Act 2013, s.58, Departmental and Administered</i>	75,461	27,592
<i>Treatment Benefits (Special Access) Act 2019, s.62, Administered</i>	-	-
Total	10,644,850	10,406,799

Note 5.1D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	Department of Social Services	Department of Defence
2019	\$'000	\$'000
Total receipts	47,341	84,763
Total payments	(48,938)	(85,009)
	Department of Social Services	Department of Defence
2018	\$'000	\$'000
Total receipts	47,965	79,888
Total payments	(47,997)	(79,851)

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.

Notes to and forming part of the financial statements

5.2. Special Accounts

Note 5.2A: Special Accounts ('Recoverable GST exclusive')

	Military Death Claim Compensation Special Account (Special Public Money) ¹		Defence Service Homes Insurance Account ² (Departmental) ²		Services for Other Entities and Trust Monies Special Account - Department of Veterans' Affairs ³			Anzac Centenary Public Fund Special Account ⁴	
	2019	2018	2019	2018	2019	2018	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	112	79	3,198	2,642	197	170	16,353	20,866	
Increases									
Royalties received	-	-	-	-	-	-	-	-	-
Realised investments	1,200	1,660	78,417	24,364	-	-	-	-	-
Premiums received	19	22	43,904	42,941	-	-	-	-	-
Other receipts	49	79	9,200	6,746	176	87	5,235	9,837	
Total increases	1,268	1,761	131,521	74,051	176	87	5,235	9,837	
Available for payments	1,380	1,840	134,719	76,693	373	257	21,588	30,703	
Decreases									
Departmental									
Claim payments	-	-	(40,228)	(30,779)	-	-	-	-	-
Reinsurance premiums paid	-	-	(6,943)	(6,889)	-	-	-	-	-
Other payments	-	-	(8,571)	(9,335)	-	-	-	-	-
Total departmental	-	-	(55,742)	(47,003)	-	-	-	-	-
Relevant money									
Payments made for ad-hoc requests	(5)	-	-	-	-	-	-	-	-
Payments made to beneficiaries on attaining 18 years of age	(334)	(628)	-	-	-	-	-	-	-
PGPA Act section 58 investments	(960)	(1,100)	(74,501)	(26,492)	-	-	-	-	-
Other payments made	-	-	-	-	(203)	(60)	(16,455)	(14,350)	
Total relevant money	(1,299)	(1,728)	(74,501)	(26,492)	(203)	(60)	(16,455)	(14,350)	
Total decreases	(1,299)	(1,728)	(130,243)	(73,495)	(203)	(60)	(16,455)	(14,350)	
Total balance carried to the next period	81	112	4,476	3,198	170	197	5,133	16,353	
Balance represented by:									
Cash held in entity bank accounts	81	112	-	-	170	197	-	-	-
Cash held in the Official Public Account	-	-	4,476	3,198	-	-	5,133	16,353	
Total balance carried to the next period	81	112	4,476	3,198	170	197	5,133	16,353	

Notes to and forming part of the financial statements

- 1. Appropriation:** *Public Governance, Performance and Accountability Act 2013, s. 78*
Establishing Instrument: *PGFA Act (Military Death Claim Compensation Special Account 2015 - Establishment) Determination 2015/08*
Purpose: Administration of Death Claim Compensation amounts on behalf of dependants of a Defence Force member after the member's death.

The closing balance of this special account includes amounts held in trust of \$0.1 million (2018: \$0.1 million).
- 2. 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*.
- 3. Appropriation:** *Public Governance, Performance and Accountability Act 2013, s. 78*
Establishing Instrument: *Financial Management and Accountability (Establishment of SOETM Special Account - DVA) Determination 2012/10*
Purpose: To receive donations from veterans and others for the purposes of maintaining and improving OAWG facilities as either specified by the donor or for other general purposes. This account is non-interest bearing and was established on 26 June 2012 by the *Financial Management and Accountability (Establishment of SOETM Special Account - DVA) Determination 2012/10*.
- 4. Appropriation:** *Public Governance, Performance and Accountability Act 2013, s. 78*
Establishing Instrument: *Financial Management and Accountability (Anzac Centenary Public Fund Special Account) Determination 2013/02*
Purpose: To receive gifts or contributions of money to provide funding for events, projects, initiatives and activities relating to the Anzac Centenary. This account is non-interest bearing.

Notes to and forming part of the financial statements**5.3. Contribution Account**

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

Contribution Account	2019	2018
	\$'000	\$'000
<hr/>		
Establishing Instrument - <i>Veterans' Entitlements Act 1986</i>		
Purpose: To record and retain balances of monies received as contributions under section 200 of the <i>Veterans' Entitlements Act 1986</i> .		
<hr/>		
Opening balance	135	126
Receipts	2	9
Closing balance	137	135
Represented by:		
Cash	137	135
Total	137	135

Notes to and forming part of the financial statements

6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1. Employee Provisions

	2019 \$'000	2018 \$'000
Note 6.1A: Employee Provisions		
Annual leave	18,103	18,524
Long service leave	47,315	44,294
Other employee provisions	377	374
Total employee provisions	65,795	63,192
Employee provisions expected to be settled		
No more than 12 months	17,220	17,076
More than 12 months	48,575	46,116
Total employee provisions	65,795	63,192

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 2017. 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 2019 represents outstanding contributions.

Notes to and forming part of the financial statements

6.2. Key Management Personnel Remuneration

	2019	2018
	\$	\$
Short-term employee benefits	1,515,735	1,758,486
Post-employment benefits	157,045	239,424
Other long-term employee benefits	37,355	217,942
Total key management personnel remuneration expenses¹	1,710,135	2,215,852

The total number of key management personnel that are included in the above table is 4. (2018: 7)

¹The key management personnel for 2019 includes the Secretary, the Deputy Secretaries and general manager for DSHIS. As a result of a restructure in 2018-19, DVA's two Deputy Secretaries are responsible for the majority of DVA's operating activities including service delivery, policy development, transformation, and enabling services, which forms 94% of DVA's total departmental budget.

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 entity.

6.3. Related Party Disclosures

Related party relationships

The entity is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister (the Minister for Veterans and Defence Personnel) and Executive.

In accordance with AASB 124 *Related Party Disclosures*, and for the purpose of related party disclosures in the financial statements, key management personnel for the Department include any of the following and their close family members:

- The Minister
- The Secretary
- The Deputy Secretaries
- General Manager, DSHIS
- Close family members of the key management personnel
- Organisations in which the key management personnel have controlling interests.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there no related party transactions to be separately disclosed.

Notes to and forming part of the financial statements

7. Managing Uncertainties

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

7.1. Contingent Assets and Liabilities

Note 7.1A: Departmental - Contingent Assets and Liabilities

	Indemnities		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contingent liabilities				
Balance from previous period	39,508	33,900	39,508	33,900
Re-measurement	(6,440)	5,608	(6,440)	5,608
Total contingent liabilities	33,068	39,508	33,068	39,508
Net contingent liabilities	33,068	39,508	33,068	39,508

Quantifiable Contingencies

The indemnity of \$33,068,000 (2018: \$39,508,000) represents the net assets of Defence Service Homes Insurance Scheme being an indemnity offered to policy holders by the Australian Government under the *Defence Service Homes Act 1918*.

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

7.1B Administered – Contingent Assets and Liabilities

Quantifiable Administered Contingencies

DVA has no contingent liabilities in respect of claims for damages/costs (2018: nil). A small number of claims for damages were outstanding at 30 June 2019. The possible losses relating to these claims have been insured by Comcare or are provided for in the Military Compensation provision (Note 4.3).

Unquantifiable Administered Contingencies

As at 30 June 2019 DVA had a number of legal claims against it that DVA is defending which could give rise to gains or losses. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

Notes to and forming part of the financial statements

7.2. Financial Instruments

	Notes	2019 \$'000	2018 \$'000
Note 7.2A: Categories of Financial Instruments			
Financial Assets under AASB 139			
Held-to-maturity investments			
Investments	3.1D		64,297
Total held-to-maturity investments			64,297
Loans and receivables			
Cash and cash equivalents	3.1A		7,974
Trade receivables	3.1B		2,335
Premiums and recoveries receivables	3.1C		15,606
Other receivables	3.1B		574
Total loans and receivables			26,489
Financial Assets under AASB 9			
Financial assets at amortised cost			
Investments	3.1D	60,381	
Cash and cash equivalents	3.1A	6,752	
Trade receivables	3.1B	1,243	
Premiums and recoveries receivables	3.1C	54,732	
Other receivables	3.1B	10,043	
Total financial assets at amortised cost		133,151	
Total financial assets		133,151	90,786
Financial Liabilities			
Financial liabilities measured at amortised cost			
Payables - suppliers	3.3A	42,972	58,912
Gross outstanding claims	3.4A	56,652	14,710
Other payables - reinsurance premiums	3.3C	546	388
GST payable	3.3C	-	23
Total financial liabilities measured at amortised cost		100,170	74,033
Total financial liabilities		100,170	74,033

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Investments	3.1D	Held-to-maturity	Amortised Cost	64,297	64,297
Cash and cash equivalents	3.1A	Loans and receivable	Amortised Cost	7,974	7,974
Trade receivables	3.1B	Loans and receivable	Amortised Cost	2,335	2,335
Premiums and recoveries receivables	3.1C	Loans and receivable	Amortised Cost	15,606	15,606
Other receivables	3.1B	Loans and receivable	Amortised Cost	574	574
Total financial assets				90,786	90,786

Notes to and forming part of the financial statements

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Held to maturity				
Investments	64,297	-	-	64,297
Loans and receivable				
Cash and cash equivalents	7,974	-	-	7,974
Trade receivables	2,335	-	-	2,335
Premiums and recoveries				
receivables	15,606	-	-	15,606
Other receivables	574	-	-	574
Total amortised cost	90,786	-	-	90,786

Accounting Policy

Financial Assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) 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.

Comparatives have not been restated on initial application.

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.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Notes to and forming part of the financial statements

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 de-recognition event where the write-off directly reduces the gross carrying amount of the financial asset.

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'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

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.

	Notes	2019 \$'000	2018 \$'000
Note 7.2B: Net Gains or Losses from Financial Assets			
Financial assets at amortised cost			
Interest revenue	1.1C	<u>1,685</u>	<u>1,518</u>
Net gains on financial assets at amortised cost		<u>1,685</u>	<u>1,518</u>
Net gains on financial assets		<u>1,685</u>	<u>1,518</u>

Net income/expense from financial assets not at fair value through the profit or loss is nil (2018: nil).

Note 7.2C: Net Gains or Losses from Financial Liabilities

There was no income or expense from financial liabilities.

Notes to and forming part of the financial statements

Note 7.2D: Risk Management

Insurance Risks

The risks inherent in any single insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, these risks are random and unpredictable. In relation to the pricing of individual insurance contracts and the determination of the level of the outstanding claims provision in relation to a portfolio of insurance contracts, the principal risk is that the ultimate claims payments will exceed the carrying amount of the provision established.

Note 7.2E: Sensitivity to Insurance Risk

TABLE A: Analysis of sensitivity of 30 June 2019 net provision to various changes in assumptions

Item	Amount		Change from final estimate				Note
	2019 \$'000	2018 \$'000	2019 \$'000	2019 %	2018 \$'000	2018 %	
Net liability, including prudential margin	18,224	14,286	-	-	-	-	(a)
Inflation +1%	18,253	14,346	29	0.2	60	0.4	(b)
Inflation -1%	18,195	14,226	(29)	-0.2	(60)	-0.4	(b)
Discount +1%	18,153	14,205	(71)	-0.4	(81)	-0.6	(c)
Discount -1%	18,295	14,370	71	0.4	84	0.6	(c)
Superimposed inflation +1%	18,253	14,347	29	0.2	61	0.4	(d)
Superimposed inflation - 1%	18,197	14,226	(27)	-0.2	(60)	-0.4	(d)
10% more IBNR claims in PPCI models	18,259	14,366	35	0.2	80	0.6	(e)
10% less IBNR claims in PPCI models	18,189	14,206	(35)	-0.2	(80)	-0.6	(e)

Notes:

(a) Net provisions, including prudential margin:

	2019 \$'000	2018 \$'000
Estimated gross outstanding claims	61,951	15,463
Less: Estimated outstanding recoveries	43,727	1,177
Net outstanding claims (incl GST and claims administration)	18,224	14,286
Less: GST	5,299	754
Net outstanding claims (incl claims administration expense)	12,925	13,532

Equivalent net provision derived by:

(b) adding/ subtracting 1% p.a. to each future assumed inflation rate.

(c) adding/ subtracting 1% p.a. to each future assumed discount rate.

(d) adding/ subtracting 1% to superimposed inflation assumption.

(e) increasing/ reducing Incurred But Not Reported (IBNR) claims in each of the Payment Per Claims Incurred (PPCI) models by 10%.

This table has been revised to improve the transparency of the reconciliation of net outstanding claims.

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 1.1C Insurance Activities and 7.2E 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 1.1C.

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-.

Notes to and forming part of the financial statements

7.3. Administered – Financial Instruments

		2019 \$'m	2018 \$'m
Note 7.3A: Categories of Financial Instruments			
Financial Assets under AASB 139	Notes		
Loans and receivables			
Cash and cash equivalents	4.1A		57
Total loans and receivables			57
Available-for-sale financial assets			
Investments in Commonwealth entities	4.1B		1,463
Total available-for-sale financial assets			1,463
Financial Assets under AASB 9			
Financial assets at amortised cost			
Cash and cash equivalents	4.1A	73	
Pension Loans Scheme		1	
Total financial assets at amortised cost		74	
Financial assets at fair value through other comprehensive income			
Investments in Commonwealth entities	4.1B	1,439	
Total financial assets at fair value through other comprehensive income		1,439	
Total financial assets		1,513	1,520
Financial Liabilities			
Financial liabilities measured at amortised cost			
Health care payables		49	50
Grants payables		1	1
Other payables		36	30
Total financial liabilities measured at amortised cost		86	81
Total financial liabilities		86	81

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	4.1A	Loans and receivable	Amortised Cost	57	57
Investments in Commonwealth entities	4.1B	Available-for-sale	FVOCI Equity instruments	1,463	1,463
Total financial assets				1,520	1,520

Notes to and forming part of the financial statements

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9				
	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivable				
Cash and cash equivalents	57	-	-	57
Total amortised cost	57	-	-	57
Financial assets at fair value through other comprehensive income				
Available for sale - equity investments				
Investments in Commonwealth entities	1,463	-	-	1,463
Total fair value through other comprehensive income	1,463	-	-	1,463

Notes to and forming part of the financial statements

7.4. Fair Value Measurement

Accounting Policy

DVA engaged an independent valuer to conduct a desktop revaluation of all non-financial assets at 30 June 2019. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different to the fair value. Comprehensive valuations are carried out at least once every three years. The valuer provided written assurance to DVA that the models developed are in compliance with *AASB 13 Fair Value Measurement*. DVA conducted an independent assessment of the indicators of fair value, including a review of relevant industry and Australian Bureau of Statistics indices, Reserve Bank of Australia bond rates and applicable market prices to ensure the requirements of *AASB 13 Fair Value Measurement* were met.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

Note 7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
Non-financial assets		
Leasehold improvements	31,313	19,694
Property, plant and equipment	495	588
Total non-financial assets	31,808	20,282
Total fair value measurements of assets in the statement of financial position	31,808	20,282

A single non-financial asset was measured at fair value on a non-recurring basis as at 30 June 2019 \$1,350,000 (2018: \$1,350,000) as DVA has declared this asset as held for sale. The property is subject to a Heritage Code and identified as a 'Heritage Place – Cultural', which restricts the development potential of the property. This restriction is not regarded as being entity specific and would transfer to a market participant in a hypothetical transaction. The added value of the improvements is considered negligible with asbestos contamination impairing the building asset.

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.

Notes to and forming part of the financial statements

7.5. Administered - Fair Value Measurement**Note 7.5A: Fair Value Measurement**

	Fair value measurements at the end of the reporting period	
	2019	2018
	\$m	\$m
Financial assets		
Equity accounted investments	1,439	1,463
Total financial assets	1,439	1,463
Non-Financial assets		
Buildings	54	70
Property, Plant and Equipment	7	-
Total financial assets	61	70
Total fair value measurements of assets in the statement of financial position	1,500	1,533

Notes to and forming part of the financial statements**8. Other Information**

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

8.1. Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Note 8.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	202,388	162,600
More than 12 months	106,621	106,142
Total assets	309,009	268,742
Liabilities expected to be settled in:		
No more than 12 months	169,624	121,742
More than 12 months	50,828	64,299
Total liabilities	220,452	186,041

	2019	2018
	\$'m	\$'m
Note 8.1B: Administered Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	117	96
More than 12 months	1,542	1,557
Total assets	1,659	1,653
Liabilities expected to be settled in:		
No more than 12 months	1,837	1,352
More than 12 months	21,952	12,349
Total liabilities¹	23,789	13,701

¹Of the total liability, \$23,300 million relates to Military Compensation Provision for both Income Support and Health Care. Changes in the provision balance as a result of AGA annual assessment are captured in 'Military Compensation Movement in Provision' under Note 2.1A and Note 2.1B, and are considered expenses unfunded by appropriation.

Notes to and forming part of the financial statements

8.2. Explanations of Major Departmental Budget Variances

Explanations are provided for major variances between actual results and the original budget. Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10% for departmental; and
- the variance between budget and actual is greater than 2% for administered; or
- an item below this threshold but is considered important for the readers' understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of DVA.

Explanation of major variances	Affected line items (and schedule)
The variance largely reflects the remaining appropriations receivable balances and timing relating to payments to suppliers.	Cash and cash equivalents and Trade and other receivables (Statement of Financial Position)
The variance for land and building, property, plant and equipment (PP&E) and the related depreciation are due to timing of capital projects and revaluation of assets.	Land and buildings (Statement of Financial Position), Changes in asset revaluation surplus (Statement of Comprehensive Income), Equity (Statement of Financial Position), Depreciation and amortisation (Statement of Comprehensive Income), Property, plant and equipment (Statement of Financial Position)
Premiums and recoveries receivables is higher than budget (\$40.7 million). Due to the Townsville Floods DSHIS is able to recover \$32.4m from its reinsurance program which has been taken up under Trade and other receivables.	Premiums and recoveries receivable (Statement of Financial Position)
The variance is related to the reclassification of budget figures in the Portfolio Budget Statements between 'Assets held for sale' and 'Return of capital'.	Assets held for sale (Statement of Financial Position), Return of capital (Statement of Change in Equity)
The suppliers and other payables are higher than budget (\$42.4 million and \$4.1 million) which reflects the additional costs associated with project related work, timing of payments, and separation and redundancies.	Suppliers, Other payables (Statement of Financial Position)
The outstanding claims provision is significantly higher than budget (\$38.5m) due to the Townsville catastrophe event as discussed above.	Underwriting expenses (Statement of Comprehensive Income), Claim payments (Cash Flow Statement)
Employee expenditure is \$23.9 million higher than budgeted is a result of a higher proportion of employee effort utilised to deliver programs than originally anticipated. This was further impacted by the increase in voluntary redundancy costs.	Employee expense (Statement of Comprehensive Income) Employee provision (Statement of Financial Position)
Reinsurance premiums were higher than budgeted due to insurance premiums being higher (reinsurance premiums are paid based on a percentage of premium revenue). This has also affected the adjustment premium for 18-19 which has been accrued in 'other payables'.	Net premium revenue (Statement of Comprehensive Income), Other payables (Statement of Financial Position), Reinsurance premiums (Cash flow Statement)
The rate of return on the investment portfolio has been higher than budgeted due to changes in the investment policy which allows more of the portfolio to be invested in term deposits. Term deposits attract a greater return than negotiable certificates of deposit as they are less liquid.	Investment revenue (Statement of Comprehensive Income), Interest (Cash Flow Statement)

Notes to and forming part of the financial statements

8.3. Explanations of Major Administered Budget Variances

Explanations are provided for major variances between actual results and the original budget. Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10% for departmental; and
- the variance between budget and actual is greater than 2% for administered; or
- an item below this threshold but is considered important for the readers' understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of DVA.

Explanation of major variances	Affected line items (and schedule)
<p>The variance of \$6,478 million is mainly related to movements for the following personal benefits programs:</p> <ul style="list-style-type: none"> - <i>Adjustment to the Military Rehabilitation and Compensation Acts - Income Support and Compensation</i>. The increase of \$5,782 million reflects the military compensation liability provision adjustment calculated by the Australian Government Actuary (AGA) outlined at Note 4.3A. - <i>Military rehabilitation and Compensation Acts - Income Support and Compensation</i>. The \$628 million overspend is mainly related to increased permanent impairment payments driven by an increase in the number of claims as well as average payment per claim. - <i>Veterans' Disability Support</i>. The \$50 million overspend is primarily due to projected recipient population being lower than actual recipient population. 	Personal benefits (Administered Schedule of Comprehensive Income)
<p>The variance of \$3,443 million is mainly related to movements for the following health care programs:</p> <ul style="list-style-type: none"> - <i>Adjustment to the Military Rehabilitation and Compensation Acts Liability Provision - Health and Other Care Services</i>. The increase of \$3,747 million reflects the military compensation liability provision adjustment calculated by the AGA outlined at Note 4.3B. - <i>Veterans' Hospital Services</i>. An underspend of \$143 million is primarily due to a declining treatment population and price stability for public hospitals. - <i>Veterans' Counselling and other Health Services</i>. An underspend of \$81 million is mainly due to the British Nuclear Tests health care program, reduced frequency of claims by providers and veterans in the Travel for Treatment program and reduced provision of rehabilitation appliances. - <i>Veteran's Community Care and Support</i>. An underspend of \$41 million, primarily due to the decreasing number of veteran clients in residential aged care. - <i>Veterans' Pharmaceuticals Benefits</i>. The \$24 million underspend is primarily due to a decline in treatment population combined with the ongoing impact of reduction in prices for pharmaceutical items. 	Health care (Administered Schedule of Comprehensive Income)
The variance of \$35 million reflects the movement in the net asset position of the Australian War Memorial as at 30 June 2019.	Revaluations transferred to Reserves (Administered Statement of Comprehensive Income)
The variance of \$67 million represents the increase in asset balances in relation to the Sir John Monash Centre.	Non-financial assets (Administered Statement of Financial Position)
The variance is related to the adjustment to the military compensation provisions calculated by the AGA as outlined in Note 4.3. It is mainly driven by increased claims experience and low interest rates resulting from a decreased yield curve.	Provisions and payables (Administered Statement of Financial Position)

Defence Service Homes Insurance Scheme

Financial Statements 2018–2019

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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 2019:

- (a) are in all material respects based on, and in agreement with, proper accounts and records;
- (b) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (c) present fairly the financial position of the Entity as at 30 June 2019 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 statements as at 30 June 2019 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 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* (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 the form approved by the Finance Minister, being the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* which incorporates Australian Accounting Standards – Reduced Disclosure Requirements. The Secretary is also responsible for keeping proper accounts and records and 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,

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matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

10 September 2019

Statement by the Secretary and General Manager

The accompanying financial statements of the Defence Service Homes Insurance Scheme for the year ended 30 June 2019 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 2019 comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, and are in all material respects based on, and in agreement with, proper accounts and records.

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, Department of Veterans' Affairs

10 September 2019

Signed 

Karen Pickering
General Manager, Defence Service Homes Insurance Scheme

10 September 2019

Defence Service Homes Insurance Scheme
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

		2019	2018	Original Budget 2019
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Claims expense				
Claims expense	3.1E	82,170	26,593	29,200
Less: Reinsurance and other recoveries	3.1A	(42,529)	(723)	-
Net claims expense		39,641	25,870	29,200
Premium revenue				
Insurance premium revenue	3.1B	44,637	43,037	43,500
Less: Reinsurance expense		(7,100)	(6,912)	(8,200)
Net premium revenue		37,537	36,125	35,300
Operating expense				
Employee benefits equivalent	1.1A	2,752	3,411	3,725
Fire brigade and emergency services contributions		1,559	1,482	2,000
Suppliers	1.1B	4,509	3,879	3,900
Amortisation		75	75	75
Acquisition costs		371	387	500
Impairment loss allowance on financial instruments		-	-	-
Total operating expense		9,266	9,234	10,200
Underwriting result		(11,370)	1,021	(4,100)
Own-Source Income				
Own-source revenue				
Commissions received	1.2A	3,067	2,891	3,100
Interest	1.2B	1,685	1,518	1,400
Resources received free of charge	1.2C	58	58	57
Total own-source revenue		4,810	4,467	4,557
Total own-source income		4,810	4,467	4,557
Net contribution by/(cost of) services		(6,560)	5,488	457
Revenue from Government	1.2D	120	120	120
Surplus/(Deficit) attributable to the Australian Government		(6,440)	5,608	577
Other comprehensive income		-	-	-
Total comprehensive income/(loss) attributable to the Australian Government		(6,440)	5,608	577

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

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

Defence Service Homes Insurance Scheme
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

		2019	2018	Original Budget
	Notes	\$'000	\$'000	2019 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	4,476	3,198	2,500
Trade and other receivables	2.1B	55,493	16,114	14,000
Investments	2.1C	60,381	64,297	65,000
Total financial assets		120,350	83,609	81,500
Non-financial assets				
Intangibles	2.2A	155	230	155
Other non-financial assets		25	98	1,500
Total non-financial assets		180	328	1,655
Total assets		120,530	83,937	83,155
LIABILITIES				
Payables				
Suppliers	2.3A	6,762	6,272	5,600
Unearned revenue	3.1D	23,502	23,036	22,500
Other payables	2.3B	546	411	1,000
Total payables		30,810	29,719	29,100
Provisions				
Gross claims outstanding	3.1C	56,652	14,710	18,151
Total provisions		56,652	14,710	18,151
Total liabilities		87,462	44,429	47,251
Net assets		33,068	39,508	35,904
EQUITY				
Retained surplus		33,068	39,508	35,904
Total equity		33,068	39,508	35,904

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

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

Defence Service Homes Insurance Scheme
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	2019	2018	Original Budget
	\$'000	\$'000	2019
			\$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	39,508	33,900	35,327
Adjustment for errors	-	-	-
Adjustment for changes in accounting policies	-	-	-
Adjusted opening balance	39,508	33,900	35,327
Comprehensive income			
Surplus/(Deficit) for the period	(6,440)	5,608	577
Other comprehensive income	-	-	-
Total comprehensive income	(6,440)	5,608	577
Total comprehensive income attributable to Australian Government	(6,440)	5,608	577
Closing balance at 30 June	33,068	39,508	35,904
Closing balance attributable to Australian Government	33,068	39,508	35,904

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

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

Defence Service Homes Insurance Scheme
CASH FLOW STATEMENT
for the period ended 30 June 2019

			Original Budget 2019
	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Premiums received		43,904	43,000
Commissions received		3,062	2,888
Interest		1,725	1,613
GST received		-	224
Receipts from Government		120	120
Reinsurance and other recoveries		4,609	1,902
Total cash received		53,420	49,747
Cash used			
Claim payments		40,228	30,780
Employees		2,752	3,411
Suppliers		3,889	4,113
Fire brigade and emergency services contributions		1,559	1,482
Reinsurance premiums		6,943	6,890
Net GST paid		316	-
Acquisition costs		371	387
Total cash used		56,058	47,063
Net cash from/(used by) operating activities		(2,638)	3,000
INVESTING ACTIVITIES			
Cash received			
Investments realised		78,417	24,364
Total cash received		78,417	24,364
Cash used			
Purchase of investments		74,501	26,492
Total cash used		74,501	26,492
Net cash from/(used by) investing activities		3,916	(3,000)
Net increase in cash held		1,278	556
Cash and cash equivalents at the beginning of the reporting period		3,198	2,642
Cash and cash equivalents at the end of the reporting period	2.1A	4,476	3,198

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

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2019

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Defence Service Homes Insurance Scheme

Notes to and forming part of the Financial Statements

for the period ended 30 June 2019

Overview

Objectives of Defence Service Homes Insurance Scheme

The Defence Service Homes Insurance Scheme (the Scheme) forms part of the operations of the Client Engagement and Support Services Division of the Department of Veterans' Affairs (the Department). The objective of the Scheme is to provide domestic building insurance in accordance with the *Defence Service Homes Act 1918* and Regulations.

The Scheme operates under the control of the Secretary of the Department of Veterans' Affairs.

The continued existence of the Scheme 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*; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the PGPA Rule, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the Scheme 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, the Scheme 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 3.1B.

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.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2019

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 the Scheme's financial statements.

The following new standards were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Secretary and General Manager which are expected to have a material impact on the entity's financial statements for future reporting periods, the impact of this standard 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 2021	Not yet quantified

Taxation

The Defence Service Homes Insurance Scheme is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses, liabilities and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

Events After the Reporting Period

There were no events occurring after balance date that had a material impact on the financial statements.

Deferred Acquisition Costs

A portion of acquisition costs relating to unearned premium revenue can be deferred in recognition that it represents future benefits to the Scheme. Deferred acquisition assets must have a probability of future economic benefit and be able to be reliably measured. The Scheme does not have the data or reporting to reliably measure the value of this asset, therefore it does not take up a deferred acquisition asset.

The Scheme has chosen not to recognise deferred acquisition costs or assets due to the complexity involved and the amounts being immaterial.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2019

1. Financial Performance

This section analyses the financial performance of DSHIS for the year ended 2019.

1.1. Expenses

	2019 \$'000	2018 \$'000
Note 1.1A: Employee benefits equivalent		
Wages and salaries	2,320	2,885
Superannuation		
Defined contribution plans	125	292
Defined benefit plans	293	216
Leave and other entitlements	14	18
Total employee benefits	2,752	3,411

Accounting Policy

Salary, Wages and Superannuation

The Scheme's salaries, wages, superannuation, long service leave and annual leave are paid by the Department, and the Scheme repays the Department for these expenses 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 to the scheme. Any salaries, wages, superannuation, long service leave and annual leave unpaid as at 30 June 2019 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 the Scheme's employees.

Note 1.1B: Suppliers

Goods and services supplied or rendered

Consultants	442	816
Contractors	3,039	2,042
Travel	57	71
IT services	642	579
Other	329	371
Total goods and services supplied or rendered	4,509	3,879
Goods supplied	118	143
Services rendered	4,391	3,736
Total goods and services supplied or rendered	4,509	3,879

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2019

1.2. Own-Source Income and Gains

Own-Source Revenue	2019	2018
	\$'000	\$'000
Note 1.2A: Commissions received		
Insurance agency commission	3,067	2,891
Total commissions received	3,067	2,891

Accounting Policy

Commissions received revenue is recognised when it becomes due to the Scheme.

Note 1.2B: Interest

Deposits	1,685	1,518
Total Interest	1,685	1,518

Note 1.2C: Resources received free of charge

Remuneration of auditors	58	58
Total resources received free of charge	58	58

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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements.

Note 1.2D: Revenue from Government

Interest appropriations	120	120
Total revenue from Government	120	120

Accounting Policy

Amounts appropriated are recognised as revenue when the Scheme gains control of the appropriation. The Scheme receives appropriation revenue for interest equivalency payments.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2019

2. Financial Position

This section analyses the DSHIS'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

	2019	2018
	\$'000	\$'000
<u>Note 2.1A: Cash and cash equivalents</u>		
Cash at bank	4,476	3,198
Total cash and cash equivalents	4,476	3,198
<u>Note 2.1B: Trade and other receivables</u>		
Goods and services receivables		
Premiums receivable	15,941	14,735
Other receivables		
GST receivable	293	-
Recoveries receivable	38,791	871
Interest receivable	468	508
Total trade and other receivables	55,493	16,114

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

Note 2.1C: Investments

Deposits	60,381	64,297
Total investments	60,381	64,297

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*.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2019

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 2019

	Intangibles \$'000
As at 1 July 2018	
Gross book value	4,088
Accumulated amortisation and impairment	(3,858)
Total as at 1 July 2018	230
 Amortisation expense	 (75)
Total as at 30 June 2019	155
 Total as at 30 June 2019 represented by	
Gross book value	4,088
Accumulated amortisation and impairment	(3,933)
Total as at 30 June 2019	155

No intangibles are expected to be sold or disposed of within the next 12 months.

Accounting Policy

The Scheme'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 the Scheme's software is 10 years (2017-18: 10 years).

Impairment

All intangible assets were assessed for impairment at 30 June 2019. 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 the Scheme 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 fair value or intangibles at cost.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
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2.3. Payables

	2019	2018
	\$'000	\$'000
Note 2.3A: Suppliers		
Trade creditors	4,572	4,440
Accrued expenses	2,190	1,832
Total suppliers	6,762	6,272

Settlement is usually made net 30 days.

Note 2.3B: Other payables

Reinsurance premiums	546	388
GST payable	-	23
Total other payables	546	411

Settlement is usually made net 30 days.

Defence Service Homes Insurance Scheme
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3. Insurance Underwriting Activities

This section describes DSHIS's insurance underwriting activities.

3.1. Insurance Underwriting Activities

	2019	2018
	\$'000	\$'000
Note 3.1A: Reinsurance and other recoveries		
Reinsurance recoveries	42,478	483
Other recoveries	51	240
Total reinsurance and other recoveries	42,529	723

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 3.1B: Insurance premium revenue

Premium revenue	44,637	43,037
Total insurance premium revenue	44,637	43,037

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: Claims outstanding

Gross claims outstanding	56,652	14,710
Less: reinsurers liability	(38,791)	(871)
Net claims outstanding	17,861	13,839

The Scheme has incurred claims during 2018-19 for which recoveries have and will be made in accordance with reinsurance treaties, which were in force at the date of loss.

In determining the gross claims outstanding, the actuary has applied a prudential margin of 12% (2018: 12%), to a central estimate of the expected present value of future payments for claims incurred of \$56,651,840 (2018: \$14,710,080), resulting in a risk margin component of \$6,069,840 (2018: \$1,576,080).

No unexpired risk liability is necessary for 2019 as there is no deficiency.

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 the Scheme'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 the Scheme's unearned premiums are sufficient to cover expected future claims on unexpired policies at 30 June 2019 and as such, the Scheme has recognised no movement (2018: nil) and an unexpired risk liability of nil (2018: nil). 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.

The Scheme 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.

The Scheme's unadjusted unearned premium liability as at 30 June 2019 was \$22,187,000 (2018: \$21,475,000) and future cash flows relating to future claims under the risk associated with those premiums as advised by the Scheme's independent actuaries was \$20,792,000 (2018: \$18,134,000).

Defence Service Homes Insurance Scheme

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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. A report on the adequacy of the provision was prepared by independent actuaries (PricewaterhouseCoopers) as at 30 June 2019. The methods used to assess the outstanding liability were Projected Case Estimates (PCE) and Payment Per Claims Incurred (PPCI). This methodology meets Actuarial 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 2019 consists of:

- Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2019. 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.
- Initially all estimates are made in 30 June 2019 dollars, but subsequently are increased to allow for inflation from that date to the date of payment.
- 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.
- Gross and net liabilities are derived by making adjustments for both third party recoveries and reinsurance recoveries.
- The estimate of liability is increased by a prudential margin.

Actuarial Assumptions

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2019:

- **Inflation rates:** 2.25% for 2018-19;
- **Discount rates:** 0.97% for 2018-19;
- **Claims administration expenses (CAE):** 5% of gross outstanding claims liability;
- **Superimposed inflation:** approximately 6.1% 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;
- **Number of claims for the 2018-19 accident year:** approximately 7,891; and
- **Average claim size (in actual values) for the 2018-19 accident year (net of all recoveries):** approximately \$5,877.

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2018:

- **Inflation rates:** 2.79% for 2017-18;
- **Discount rates:** 1.57% for 2017-18;
- **Claims administration expenses (CAE):** 5% of gross outstanding claims liability;
- **Superimposed inflation:** approximately 7.2% 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;
- **Number of claims for the 2017-18 accident year:** approximately 7,005; and
- **Average claim size (in actual values) for the 2017-18 accident year (net of all recoveries):** approximately \$3,678.

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 2019;
- **Claims administration expenses:** assumed based on industry experience;

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- **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;
- **Number of claims in 2018-19 accident year:** derived from actuarial models of past claim reporting patterns;
- **Average claim size (in actual values) for 2018-19 accident year:** derived as an outcome of all the actuarial models blended to form adopted estimates of outstanding claims and hence total ultimate claim costs and average claim sizes.

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 required for a 75% level of sufficiency has been estimated using various statistical modelling techniques applied to the claim data. An actuarial model (the "chain ladder") has been fitted to 10,000 simulated claim data sets to determine 10,000 estimates of the outstanding claims and hence an approximate distribution of those amounts. The analysis is on the basis prescribed by Australian Prudential Regulation Authority (APRA) in that it ignores asset risk but takes into account liability risk, including inflation risk.

	2019	2018
	\$'000	\$'000
Note 3.1D: Unearned revenue		
Unearned premiums	23,442	22,970
Insurance agency revenue received in advance	60	66
Total unearned revenue	23,502	23,036

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. The Scheme'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. The Scheme recognises revenue in advance at nominal value.

Note 3.1E: Net claims incurred

	2019			2018		
	Current year	Prior years	Total	Current year	Prior years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross incurred*	78,740	3,430	82,170	21,608	4,985	26,593
Less: Reinsurance and other recoveries	(37,586)	(4,943)	(42,529)	(215)	(508)	(723)
Net claims incurred	41,154	(1,513)	39,641	21,393	4,477	25,870

*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 3.1C) to take in to account incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs).

Defence Service Homes Insurance Scheme
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4. Funding

This section identifies DSHIS's funding structure.

4.1. Appropriations

Note 4.1A: Special appropriations applied ('recoverable GST exclusive')

	Appropriation applied	
	2019	2018
Authority	\$'000	\$'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>		
	74,501	26,492
Total special appropriations applied	74,501	26,492

4.2. Special Accounts

Note 4.2A: Special accounts (recoverable GST exclusive)

	Defence Service Homes Insurance Account	
	2019	2018
	\$'000	\$'000
Balance brought forward from previous period	3,198	2,642
Premiums received	43,904	42,941
Other receipts	9,200	6,746
Investments credited to the special account	78,417	24,364
Total increases	131,521	74,051
Available for payments	134,719	76,693
Decreases		
Departmental		
Claim payments	(40,228)	(30,779)
Reinsurance premiums paid	(6,943)	(6,889)
Other payments	(8,571)	(9,335)
PGPA Act section 58 investments	(74,501)	(26,492)
Total departmental	(130,243)	(73,495)
Total decreases	(130,243)	(73,495)
Total balance carried to the next period	4,476	3,198
Balance represented by:		
Cash held in the Official Public Account	4,476	3,198
Total balance carried to the next period	4,476	3,198

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.

Defence Service Homes Insurance Scheme
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5. People and Relationships

5.1. Related Party Disclosures

Related party relationships:

DSHIS is an Australian Government controlled entity. Related parties to DSHIS are Key Management Personnel, who are the General Manager DSHIS and Secretary of Department of Veterans' Affairs.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by DSHIS, it has been determined that there are no related party transactions to be separately disclosed.

Defence Service Homes Insurance Scheme
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6. Managing Uncertainties

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

6.1. Contingent Assets and Liabilities

Quantifiable Contingencies

The Scheme had no quantifiable contingencies as at 30 June 2019 (nil at 30 June 2018).

Unquantifiable Contingencies

The Scheme had no unquantifiable contingencies as at 30 June 2019 (nil at 30 June 2018).

6.2. Financial Instruments

	2019	2018
	\$'000	\$'000
Note 6.2A: Categories of financial instruments		
Financial Assets under AASB 139		
Held-to-maturity investments		
Investments		64,297
Total held-to-maturity investments		64,297
Loans and receivables		
Cash and cash equivalents		3,198
Trade and other receivables		16,114
Total loans and receivables		19,312
Financial Assets under AASB 9		
Financial assets at amortised cost		
Investments	60,381	
Cash and cash equivalents	4,476	
Trade and other receivables	55,200	
Total financial assets at amortised cost	120,057	
Total financial assets	120,057	83,609
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	6,762	6,272
Other payables	546	411
Outstanding claims	56,652	14,710
Total financial liabilities measured at amortised cost	63,960	21,393
Total financial liabilities	63,960	21,393

Defence Service Homes Insurance Scheme
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Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Investments		Held-to-maturity	Amortised Cost	64,297	64,297
Cash and cash equivalents		Loans and receivable	Amortised Cost	3,198	3,198
Trade and other receivables		Loans and receivable	Amortised Cost	16,114	16,114
Total financial assets				83,609	83,609

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Re- measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Held to maturity				
Investments	64,297			64,297
Loans and receivable				
Cash and cash equivalents	3,198			3,198
Trade receivables	16,114			16,114
Total amortised cost	83,609	-	-	83,609

Accounting Policy

Financial Instruments

Financial assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, 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.

Comparatives have not been restated on initial application.

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.

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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.

	2019 \$'000	2018 \$'000
<u>Note 6.2B: Net gains or losses on financial assets</u>		
Financial assets at amortised cost		
Interest revenue	1,685	1,518
Net gains on financial assets at amortised cost	1,685	1,518
Net gains on financial assets	1,685	1,518

The net income/expense from financial assets not at fair value through profit and loss is nil (2018: nil).

Note 6.2C: Net gains or losses on financial liabilities

There was no income or expense from financial liabilities (2018: nil).

Note 6.2D: Financial assets reclassified

During the year there has been no financial assets that have been reclassified.

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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 2019 net provision to various changes in assumptions*

Item	Amount	Amount	Change from final estimate		Change from final estimate		Note
	2019 \$'000	2018 \$'000	2019 \$'000	2019 %	2018 \$'000	2018 %	
Net liability, including prudential margin	18,224	14,286	-	0.0	-	0.0	(a)
Inflation +1%	18,253	14,346	29	0.2	60	0.4	(b)
Inflation -1%	18,195	14,226	(29)	-0.2	(60)	-0.4	(b)
Discount +1%	18,155	14,205	(69)	-0.4	(81)	-0.6	(c)
Discount -1%	18,295	14,370	71	0.4	84	0.6	(c)
Superimposed inflation +1%	18,253	14,347	29	0.2	61	0.4	(d)
Superimposed inflation -1%	18,197	14,226	(27)	-0.2	(60)	-0.4	(d)
10% more IBNR claims in PPCI models	18,259	14,366	35	0.2	80	0.6	(e)
10% less IBNR claims in PPCI models	18,189	14,206	(35)	-0.2	(80)	-0.6	(e)

*Figures extracted from PricewaterhouseCoopers report (Table 40), Defence Service Homes Insurance Scheme Outstanding Claims Liability as at 30 June 2019

Notes: (a) Net provision, including prudential margin.

	2019	2018
	\$'000	\$'000
Estimated Gross Outstanding Claims	61,951	15,463
less: Estimated Outstanding Recoveries	43,727	1,177
Net Outstanding claims (incl GST and claims administration expense)	18,224	14,286
less: GST	5,299	754
Net Outstanding claims (incl claims administration expense)	12,925	13,532

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%.

Defence Service Homes Insurance Scheme

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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 local management practices and regulations within each jurisdiction taking into account the Scheme's underwriting standards.

Pricing of risks is controlled by use of in-house pricing models relevant to market in which the Scheme 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

The Scheme 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

The Scheme's approach to determining the outstanding claims provision and the related sensitivities are set out in note 3.1B.

The Scheme 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 the Scheme 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 3.1B.

Reinsurance counterparty risk

The Scheme reinsures a portion of risks underwritten to control exposure to insurance losses, reduce volatility and protect capital. The Scheme'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 the Scheme'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-. The Scheme currently has no receivables with reinsurance counterparties below A-.

Accounting Policy

Reinsurance Arrangements

The Scheme 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.

Defence Service Homes Insurance Scheme
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7. Other Information

This section provides other disclosures relevant to DSHIS's financial information environment for the year.

7.1. Aggregate Assets and Liabilities

	2019 \$'000	2018 \$'000
Note 7.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	120,375	71,771
More than 12 months	155	12,166
Total assets	120,530	83,937
Liabilities expected to be settled in:		
No more than 12 months	87,295	44,267
More than 12 months	167	162
Total liabilities	87,462	44,429

7.2. Explanations of Major Budget Variances

The following tables provide a comparison between the 2018–19 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2018-19 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.

Explanation of major variances	Affected line items (and statement)
Claims Claims expenses were significantly higher than budget due to the large Townsville Flood catastrophe event in January/February 2019.	Claims expense (Statement of Comprehensive Income), Claim payments (Cash Flow Statement)
Outstanding Claims Provision The outstanding claims provision is significantly higher than budget (\$38.5m) due to the Townsville catastrophe event as discussed above.	Gross claims outstanding (Statement of Financial Position)
Reinsurance Recoveries Due to the Townsville Floods DSHIS is able to recover \$32.4m 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)
Investments Cash Movement Due to the increase in claims expenses from the Townsville Flood catastrophe DSHIS has had to utilise maturing investments to meet claims payments.	Investments realised, Purchase of investments (Cash Flow Statement)
Staffing Due to limited recruitment, DSHIS has been unable to fill all vacant positions, and positions have been filled by labour hires. This, combined with the expansion of the Sales team (with labour hires), has resulted in an underspend in employee expenses and an overspend in suppliers (Contractors).	Employee benefits equivalent, Suppliers (Statement of Comprehensive Income), Employees, Suppliers (Cash Flow Statement)

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Explanation of major variances	Affected line items (and statement)
<u>Interest Rates</u> The rate of return on the investment portfolio has been higher than budgeted due to changes in the investment policy which allows more of the portfolio to be invested in term deposits. Term deposits attract a greater return than negotiable certificates of deposit as they are less liquid.	<i>Interest (Statement of Comprehensive Income), Interest (Cash Flow Statement)</i>
<u>Fire Brigade Contribution</u> In the 2017-18 audit process it was identified that changes to the accounting process for Fire Brigade Contributions were required. The 2018-19 budget was prepared before the required changes were known. As a result of the accounting process corrections, there is no non-financial asset recognised for Fire Brigade Contribution, and a lower than budget expense and cash flow.	<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>Reinsurance Premiums</u> Reinsurance premiums were lower than budgeted due to an oversupply of capital in the reinsurance market and downward pressure on premiums. This also affected the adjustment premium for 2018-19 which has been accrued in 'other payables'.	<i>Reinsurance expense (Statement of Comprehensive Income), Other payables (Statement of Financial Position), Reinsurance premiums (Cash Flow Statement)</i>
<u>Acquisition Costs</u> Advertising and marketing campaigns that were budgeted for 2018-19 did not go ahead resulting in a lower than budgeted amount.	<i>Acquisition costs (Statement of Comprehensive Income), Acquisition costs (Cash flow Statement)</i>
<u>Suppliers</u> The annual payment to DVA is based on FTE and headcount. The cost for 2018-19 was higher than budgeted due to the increase in staffing levels (see Staffing details above). Additionally accruals have been included in 2018-19 actuals for Actuarial work for financial statements and climate change reviews.	<i>Suppliers (Statement of Comprehensive Income), Suppliers (Statement of Financial Position)</i>





Appendixes

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Recipients of the Prime Minister's Veterans' Employment Awards. Each recipient is a proud supporter of veteran employment or has demonstrated outstanding achievements since transitioning from the ADF.

Appendix A: Client overview

Total clients by age group and location

Table A1: Total DVA clients by age group and state as at 30 June 2019

Age range	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Overseas	Total
Under 25	1,642	952	3,044	447	548	136	372	304	26	7,471
25–29	2,179	989	3,421	607	614	138	441	359	28	8,776
30–34	2,679	1,318	3,658	652	858	182	419	492	56	10,314
35–39	2,641	1,468	3,767	621	1,066	312	414	537	91	10,917
40–44	2,698	1,511	3,898	670	1,102	313	331	552	100	11,175
45–49	3,372	1,897	4,926	855	1,477	393	427	744	146	14,237
50–54	3,304	2,050	4,731	889	1,561	411	327	728	157	14,158
55–59	3,723	2,341	5,099	1,095	1,556	505	265	802	160	15,546
60–64	4,338	2,833	5,658	1,386	1,877	546	181	628	150	17,597
65–69	8,137	5,443	9,594	2,736	3,006	985	193	699	183	30,976
70–74	13,099	9,006	14,056	4,072	5,148	1,553	258	1,096	357	48,645
75–79	5,424	3,047	6,111	1,356	2,160	559	116	570	157	19,500
80–84	5,108	2,888	4,586	1,112	1,921	464	49	494	131	16,753
85–89	6,659	4,325	4,570	1,618	1,982	649	49	426	126	20,404
90 or over	15,560	11,177	8,913	4,299	4,051	1,238	46	621	231	46,136
Total	80,575	51,267	86,042	22,421	28,938	8,386	3,889	9,056	2,100	292,674

Note: The total number of DVA clients includes any person in receipt of a pension/allowance from DVA or eligible for treatment or pharmaceuticals paid for by DVA. Clients of unknown age are included in the total but not reported separately.

Number of living veterans

Table A2: Estimated numbers of living veterans, 2014–15 to 2018–19

	At 30 June 2014	At 30 June 2015	At 30 June 2016	At 30 June 2017	At 30 June 2018	At 30 June 2019
Second World War ¹	48,300	39,500	31,700	25,000	19,300	14,600
Korean War, Malayan Emergency and FESR ²	13,000	12,300	11,700	11,000	10,300	9,600
Vietnam War ³	45,200	44,300	43,400	42,500	41,500	40,400
Other pre-1972 conflicts	6,000	5,700	5,400	5,000	4,700	4,400
Cambodia, Gulf War, Namibia, Somalia, Yugoslavia, Rwanda and Bougainville	10,500	10,400	10,400	10,300	10,300	10,200
Post-1999 conflicts ⁴	58,000	58,300	58,400	58,300	58,200	58,100
Peacetime Defence Force ⁵	151,800	150,400	149,000	147,400	145,800	144,000
Total service with VEA eligibility ⁶	331,200	319,500	308,600	298,200	288,700	280,000
Full-time service post 1945 not included in VEA total ⁷	255,700	255,800	254,800	253,900	252,500	250,700
Reservists ⁸	96,100	96,800	97,700	98,900	100,000	101,100
Total Australian service⁹	683 000	672 200	661,100	651,000	641,300	631,800

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 three 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 *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 & Statistics* Volume VI, Figure 6.3, Permanent ADF Enlistments & Separations, page 252.
- The full-time enlistments data for each year from 1996 to 2017 were sourced from published Defence annual reports obtained from the Department of Defence 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 MRCA clients and the expansion of benefits to the widest possible number of (ex-)service ADF personnel necessitated redefinition of the total to include those who were not otherwise eligible under the VEA. This figure includes all living persons who have ever served in the ADF either full time or as reservists.

Benefit recipients

Table A3: Summary of benefit recipient numbers by type of benefit, June 2014 to June 2019

	At 30 June 2014	At 30 June 2015	At 30 June 2016	At 30 June 2017	At 30 June 2018	As at 30 June 2019
Treatment population	217,562	208,181	200,245	193,968	190,967	207,160
Gold Card	163,578	153,033	143,635	135,263	128,517	122,536
White Card	53,984	55,148	56,610	58,705	62,450	84,624
<i>VEA pension and allowances</i>						
Service pension includes	136,168	126,647	118,174	106,970	99,939	94,029
Veterans	71,266	66,016	61,504	55,641	52,011	48,958
Partners	64,902	60,631	56,670	51,329	47,928	45,071
Income support supplement	61,463	56,725	52,292	47,036	42,464	38,403
SSA age pension	3,833	3,658	3,538	3,380	3,225	3,338
Veterans payment	n/a	n/a	n/a	n/a	134	470
Commonwealth Seniors Health Card	5,150	4,698	4,321	7,222	4,098	4,092
Disability pension	101,059	96,493	92,374	88,974	85,811	83,363
War widow/ers pension	81,531	75,536	69,960	64,500	59,001	53,899
POW recognition supplement ¹	513	387	299	217	165	131
Orphan's pension	177	173	150	157	155	148
Attendant allowance	457	403	353	304	273	229
Rent assistance	16,804	15,639	14,694	13,580	12,683	12,256
Remote area allowance	803	741	697	648	648	578
Decoration allowance	414	378	328	289	261	233
Recreation transport allowance	1,262	1,087	936	802	716	622
Vehicle Assistance Scheme	53	43	48	52	43	44
Funeral benefit	5,720	5,211	4,709	4,175	3,704	3,302
Veterans' Children Education Scheme	2,443	2,331	2,288	2,243	2,229	2,106
Clothing allowance	511	449	398	348	322	286

	At 30 June 2014	At 30 June 2015	At 30 June 2016	At 30 June 2017	At 30 June 2018	As at 30 June 2019
<i>Military compensation payments</i>						
Permanent impairment (SRCA) ²	12,091	12,516	12,852	13,400	14,150	15,116
Permanent impairment (MRCA) ²	4,467	6,021	7,659	9,544	12,414	16,021
Incapacity (SRCA)	1,867	1,807	1,777	1,792	1,874	1,920
Incapacity (MRCA)	2,062	2,484	2,689	3,218	3,893	4,717
Wholly dependent partner (MRCA) ²	73	86	91	105	124	150
Eligible young person (MRCA) ²	85	91	97	114	128	144
MRCA Education and Training Scheme	100	153	203	246	390	751
<i>Defence Service Homes</i>						
Homes insured	65,292	62,127	58,825	55,838	53,641	52,243
Housing loan subsidies	12,799	10,296	8,322	6,669	4,960	3,925

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 1985*

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, 2013–14 to 2018–19

	At 30 June 2014	At 30 June 2015	At 30 June 2016	At 30 June 2017	At 30 June 2018	At 30 June 2019
VEA	104,874	100,135	95,983	92,328	89,452	86,565
DRCA	50,153	50,689	51,320	51,956	52,528	54,181
MRCA	16,710	19,538	22,305	25,551	29,577	36,827

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 1985*

Appendix B: Staffing overview

Management of human resources

Table B1: All ongoing employees current report period, 2018-19

	NSW	QLD	SA	TAS	VIC	WA	ACT	NT	External Territories	Overseas	Total
Full-time male	93	94	44	12	90	20	192	4	0	1	550
Part-time male	5	3	0	2	9	1	4	0	0	0	24
Total male	98	97	44	14	99	21	196	4	0	1	574
Full-time female	120	177	56	23	97	56	324	4	0	1	858
Part-time female	22	49	9	8	27	9	58	0	0	0	182
Total female	142	226	65	31	124	65	382	4	0	1	1,040
Full-time indeterminate	0	0	0	0	0	0	0	0	0	0	0
Part-time indeterminate	0	0	0	0	0	0	0	0	0	0	0
Total indeterminate	0	0	0	0	0	0	0	0	0	0	0
Total	240	323	109	45	223	86	578	8	0	2	1,614

Table B2: All non-ongoing employees current report period, 2018-19

	NSW	QLD	SA	TAS	VIC	WA	ACT	NT	External Territories	Overseas	Total
Full-time male	2	16	3	1	2	1	1	0	0	0	26
Part-time male	0	0	0	0	0	0	0	0	0	0	0
Total male	2	16	3	1	2	1	1	0	0	0	26
Full-time female	8	12	10	2	0	1	3	2	0	0	38
Part-time female	0	0	2	0	0	0	1	0	0	0	3
Total female	8	12	12	2	0	1	4	2	0	0	41
Full-time indeterminate	0	0	0	0	0	0	0	0	0	0	0
Part-time indeterminate	0	0	0	0	0	0	0	0	0	0	0
Total indeterminate	0	0	0	0	0	0	0	0	0	0	0
Total	10	28	15	3	2	2	5	2	0	0	67

Table B3: All ongoing employees previous report period, 2017-18

	NSW	QLD	SA	TAS	VIC	WA	ACT	NT	External Territories	Overseas	Total
Full-time male	107	93	44	16	88	24	230	4	0	0	606
Part-time male	3	3	0	2	8	1	7	0	0	0	24
Total male	110	96	44	18	96	25	237	4	0	0	630
Full-time female	113	176	59	24	94	47	349	6	0	0	868
Part-time female	22	46	11	10	27	10	57	1	0	0	184
Total female	135	222	70	34	121	57	406	7	0	0	1,052
Full-time indeterminate	0	0	0	0	0	0	0	0	0	0	0
Part-time indeterminate	0	0	0	0	0	0	0	0	0	0	0
Total indeterminate	0	0	0	0	0	0	0	0	0	0	0
Total	245	318	114	52	217	82	643	11	0	0	1,682

Table B4: All non-ongoing employees previous report period, 2017-18

	NSW	QLD	SA	TAS	VIC	WA	ACT	NT	External Territories	Overseas	Total
Full-time male	8	26	3	3	16	3	9	0	0	0	68
Part-time male	0	0	0	0	0	1	0	0	0	0	0
Total male	8	26	3	3	16	4	9	0	0	0	68
Full-time female	26	39	18	2	17	11	11	2	0	0	126
Part-time female	1	2	2	1	2	0	1	0	0	0	9
Total female	27	41	20	3	19	11	12	2	0	0	135
Full-time indeterminate	0	0	0	0	0	0	0	0	0	0	0
Part-time indeterminate	0	0	0	0	0	0	0	0	0	0	0
Total indeterminate	0	0	0	0	0	0	0	0	0	0	0
Total	35	67	23	6	35	14	21	2	0	0	203

Table B5: Australian Public Service Act ongoing employees current report period, 2018-19

	SES 3	SES 2	SES 1	EL 2	EL 1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	OTHER	TOTAL
Full-time male	2	2	9	65	118	150	115	40	27	13	3	6	550
Part-time male	0	0	0	2	1	7	6	3	5	0	0	0	24
Total male	2	2	9	67	119	157	121	43	32	13	3	6	574
Full-time female	0	4	14	74	165	222	243	64	59	8	0	5	858
Part-time female	0	0	0	6	33	63	45	20	14	0	1	0	182
Total female	0	4	14	80	198	285	288	84	73	8	1	5	1,040
Full-time indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Part-time indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2	6	23	147	317	442	409	127	105	21	4	11	1,614

Table B6: Australian Public Service Act non-ongoing employees current report period, 2018-19

	SES 3	SES 2	SES 1	EL 2	EL 1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	OTHER	TOTAL
Full-time male	0	0	1	0	0	3	4	8	9	1	0	0	26
Part-time male	0	0	0	0	0	0	0	0	0	0	0	0	0
Total male	0	0	1	0	0	3	4	8	9	1	0	0	26
Full-time female	0	0	0	0	0	3	8	6	21	0	0	0	38
Part-time female	0	0	0	0	1	0	1	0	1	0	0	0	3
Total female	0	0	0	0	1	3	9	6	22	0	0	0	41
Full-time indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Part-time indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	1	0	1	6	13	14	31	1	0	0	67

Table B7: Australian Public Service Act ongoing employees previous report period, 2017-18

	SES 3	SES 2	SES 1	EL 2	EL 1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	OTHER	TOTAL
Full-time male	1	3	9	61	128	175	117	49	36	21	2	4	606
Part-time male	0	0	0	2	6	5	5	3	3	0	0	0	24
Total male	1	3	9	63	134	180	122	52	39	21	2	4	630
Full-time female	0	4	12	62	165	239	219	79	75	9	0	4	868
Part-time female	0	0	0	2	31	55	47	26	21	1	1	0	184
Total female	0	4	12	64	196	294	266	105	96	10	1	4	1,052
Full-time indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Part-time indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	7	21	127	330	474	388	157	135	31	3	8	1,682

Table B8: Australian Public Service Act non-ongoing employees previous report period, 2017-18

	SES 3	SES 2	SES 1	EL 2	EL 1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	OTHER	TOTAL
Full-time male	0	0	1	0	1	6	28	9	21	2	0	0	68
Part-time male	0	0	0	0	0	0	0	0	0	0	0	0	0
Total male	0	0	1	0	1	6	28	9	21	2	0	0	68
Full-time female	0	0	0	0	1	3	48	25	49	0	0	0	126
Part-time female	0	0	0	0	0	1	2	0	6	0	0	0	9
Total female	0	0	0	0	1	4	50	25	55	0	0	0	135
Full-time indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Part-time indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total indeterminate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	1	0	2	10	78	34	76	2	0	0	203

Table B9: Australian Public Service Act employees by full-time and part-time status current report period, 2018-19

	SES 3	SES 2	SES 1	EL 2	EL 1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	OTHER	TOTAL
Ongoing full-time	2	6	23	139	283	372	358	104	86	21	3	11	1,408
Ongoing part-time	0	0	0	8	34	70	51	23	19	0	1	0	206
Total ongoing	2	6	23	147	317	442	409	127	105	21	4	11	1,614
Non-ongoing full-time	0	0	1	0	0	6	12	14	30	1	0	0	64
Non-ongoing part-time	0	0	0	0	1	0	1	0	1	0	0	0	3
Total non-ongoing	0	0	1	0	1	6	13	14	31	1	0	0	67
Total	2	6	24	147	318	448	422	141	136	22	4	11	1,681

Table B10: Australian Public Service Act employees by full-time and part-time status previous report period, 2017-18

	SES 3	SES 2	SES 1	EL 2	EL 1	APS 6	APS 5	APS 4	APS 3	APS 2	APS 1	OTHER	TOTAL
Ongoing full-time	1	7	21	123	293	414	336	128	111	30	2	8	1,474
Ongoing part-time	0	0	0	4	37	60	52	29	24	1	1	0	208
Total ongoing	1	7	21	127	330	474	388	157	135	31	3	8	1,682
Non-ongoing full-time	0	0	1	0	2	9	76	34	70	2	0	0	194
Non-ongoing part-time	0	0	0	0	0	1	2	0	6	0	0	0	9
Total non-ongoing	0	0	1	0	2	10	78	34	76	2	0	0	203
Total	1	7	22	127	332	484	466	191	211	33	3	8	1,885

Table B11: Australian Public Service Act employment type by location current report period, 2018–19

	Ongoing	Non-ongoing	Total
NSW	240	10	250
Qld	323	28	351
SA	109	15	124
Tas	45	3	48
Vic	223	2	225
WA	86	2	88
ACT	578	5	583
NT	8	2	10
External Territories	0	0	0
Overseas	2	0	2
Total	1,614	67	1,681

Table B12: Australian Public Service Act employment type by location previous report period, 2017–18

	Ongoing	Non-ongoing	Total
NSW	245	35	280
Qld	318	67	385
SA	114	23	137
Tas	52	6	58
Vic	217	35	252
WA	82	14	96
ACT	643	21	664
NT	11	2	13
External Territories	0	0	0
Overseas	0	0	0
Total	1,682	203	1,885

Table B13: Australian Public Service Act Indigenous employment current report period, 2018–19

	Total
Ongoing	20
Non-ongoing	1
Total	21

Table B14: Australian Public Service Act Indigenous employment previous report period, 2017–18

	Total
Ongoing	22
Non-Ongoing	1
Total	23

Table B15: Australian Public Service Act employment arrangements current report period, 2018–19

	SES	Non-SES	Total
Section 24(l) determinations	31	0	31
Individual Flexibility Agreements	0	27	27
DVA Enterprise Agreement 2019–2022	0	1,617	1,617
Total	31	1,644	1,675¹

¹ Does not include 6 full-time statutory office holders employed under Remuneration Tribunal Determination.

Table B16: Australian Public Service Act employment salary ranges by classification level (minimum/maximum) current report period, 2018–19

	Minimum salary	Maximum salary
SES 3	\$334,599	\$359,181
SES 2	\$232,818	\$269,588
SES 1	\$200,566	\$216,551
EL 2	\$130,565	\$146,958
EL 1	\$108,263	\$118,886
APS 6	\$86,061	\$97,725
APS 5	\$78,301	\$81,601
APS 4	\$70,236	\$74,912
APS 3	\$62,196	\$66,812
APS 2	\$55,098	\$60,268
APS 1	\$47,379	\$53,075
Other	\$92,304	\$185,426

Executive remuneration

Table B17: Remuneration for key management personnel

		Short-term benefits			Post-employment benefits	Other long-term benefits			
Name	Position title	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits	Termination benefits	Total remuneration
Liz Cosson	Secretary	\$690,326	0	0	\$24,999	\$17,342	0	0	\$732,667
Mark Cormack	Deputy Secretary	\$320,250	0	\$26,860	\$61,415	\$9,070	0	0	\$417,595
Mark Cormack	Acting Secretary	\$87,381	0	\$4,041	\$9,239	\$1,364	0	0	\$102,025
Karen Pickering	General Manager DSHI	\$214,057	0	0	\$38,765	\$5,380	0	0	\$258,202
Charles McHardie ¹	Deputy Secretary	\$158,558	0	\$14,262	\$22,627	\$4,199	0	0	\$199,646
Total		\$1,470,572	0	\$45,163	\$157,045	\$37,355	0	0	\$1,710,135

DSHI = Defence Service Homes Insurance

¹ Represents part-year remuneration for period of employment at DVA.

Table B18: Remuneration for senior executives

	Total remuneration bands (\$)					
	0–220,000	220,001–245,000	245,001–270,000	270,001–295,000	295,001–320,000	320,001–345,000
Number of senior executives	6	6	9	8	2	4
<i>Short-term benefits</i>						
Average base salary	\$90,836	\$144,263	\$214,556	\$236,385	\$135,272	\$158,654
Average bonuses	0	0	0	0	0	0
Average other benefits and allowances	\$187	\$166	\$554	0	\$187	\$6,909
<i>Post-employment benefits</i>						
Average superannuation contributions	\$13,943	\$28,850	\$38,293	\$41,160	\$23,485	\$29,946
<i>Other long-term benefits</i>						
Average long service leave	\$2,394	\$4,168	\$5,524	\$6,098	\$3,371	\$4,284
Average other long-term benefits	0	0	0	0	0	0
<i>Termination benefits</i>						
Average termination benefits	0	\$52,964	0	0	\$134,336	\$130,665
<i>Total remuneration</i>						
Average total remuneration	\$107,360	\$230,411	\$258,927	\$283,643	\$296,651	\$330,458

Table B19: Remuneration for other highly paid staff

	Total remuneration bands (\$)						
	220,001– 245,000	245,001– 270,000	270,001– 295,000	295,001– 320,000	320,001– 345,000	345,001– 370,000	370,001– 395,000
Number of senior executives	4	1	0	2	2	0	2
<i>Short-term benefits</i>							
Average base salary	\$97,856	\$222,847	0	\$209,960	\$218,106	0	\$336,437
Average bonuses	0	0	0	0	0	0	0
Average other benefits and allowances	0	0	0	0	0	0	0
<i>Post-employment benefits</i>							
Average superannuation contributions	\$20,005	\$42,587	0	\$25,404	\$35,800	0	\$36,702
<i>Other long-term benefits</i>							
Average long service leave	\$2,716	0	0	\$5,521	\$5,470	0	\$8,561
Average other long-term benefits	0	0	0	0	0	0	0
<i>Termination benefits</i>							
Average termination benefits	\$110,238	0	0	\$65,487	\$78,749	0	0
<i>Total remuneration</i>							
Average total remuneration	\$230,815	\$265,434	0	\$306,372	\$338,125	0	\$381,700

Appendix C: Resource summary tables

Table C1: Agency resource statement 2018–19

	Actual available appropriation for 2018–19 \$'000 (a)	Payments made 2018–19 \$'000 (b)	Balance remaining 2018–19 \$'000 (a)–(b)
<i>Ordinary annual services</i>			
<i>Departmental appropriation</i>			
Departmental appropriation ¹	399,628	408,661	(9,033)
Section 74 relevant agency receipts ¹	6,310	7,768	(1,458)
Total	405,938	416,429	(10,491)
<i>Administered expenses</i>			
Outcome 1	56,577	49,155	
Outcome 2	10,675	10,823	
Outcome 3	48,849	45,944	
Payments to corporate Commonwealth entities	50,904	50,904	
Total	167,005	156,826	
Total ordinary annual services	A 572,943	573,255	
<i>Other services</i>			
<i>Administered expenses</i>			
<i>Specific payments to states, ACT, NT and local government</i>			
Outcome 2	4,000	–	
Total	4,000	–	
<i>Administered non-operating</i>			
Payments to corporate Commonwealth entities—non-operating	11,429	11,429	
Total	11,429	11,429	
<i>Departmental non-operating</i>			
Equity injections	16,080	16,080	–
Total	16,080	16,080	–

		Actual available appropriation for 2018–19 \$'000 (a)	Payments made 2018–19 \$'000 (b)	Balance remaining 2018–19 \$'000 (a)–(b)
Total other services	B	31,509	27,509	
Total available annual appropriations and payments		604,452	600,764	
<i>Special appropriations</i>				
<i>Special appropriations limited by criteria/entitlement</i>				
<i>Outcome 1</i>				
<i>Papua New Guinea (Members of the Forces Benefits) Act 1957</i>			21	
<i>Veterans' Entitlements Act 1986</i>			4,975,455	
<i>Defence Service Homes Act 1918</i>			483	
<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i>			243,477	
<i>Military Rehabilitation and Compensation Act 2004</i>			977,494	
Total Outcome 1			6,196,930	
<i>Outcome 2</i>				
<i>Veterans' Entitlements Act 1986</i>			4,187,674	
<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i>			37,061	
<i>Military Rehabilitation and Compensation Act 2004</i>			136,662	
<i>Australian Participants in British Nuclear Tests (Treatment) Act 2006</i>			11,062	
Total Outcome 2			4,372,459	
Total special appropriations	C		10,569,389	
Total appropriations excluding special accounts		604,452	11,170,153	
Special Accounts²				
Opening balance		19,663		

	Actual available appropriation for 2018–19 \$'000 (a)	Payments made 2018–19 \$'000 (b)	Balance remaining 2018–19 \$'000 (a)–(b)
Appropriation receipts ³	120		
Non-appropriation receipts to special accounts	44,195		
Payments made		72,536	
Total Special Accounts D	63,978	72,536	
Total resourcing and payments A+B+C+D	668,430	11,242,689	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or payments to corporate Commonwealth entities through annual appropriations	62,453	62,453	
Total net resourcing and payments for DVA	605,977	11,180,236	

¹ Does not include appropriation receivable and investment opening balance available for spending in 2018–19.

Departmental appropriation includes an amount of \$24.9 million in 2018–19 for capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

² Does not include 'special public money' held in accounts like 'services for other entities and trust moneys' special accounts.

³ Appropriation receipts from DSHS annual appropriation for 2018–19 included above.

Table C2: Expenses and resources 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.	Budget¹ 2018–19 \$'000 (a)	Actual² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
<i>Program 1.1: Veterans' Income Support and Allowances</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	–	–	–
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	2,112,164	2,108,959	3,205
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	70,661	63,628	7,033
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	4,434	4,010	424
Total for Program 1.1	2,187,259	2,176,597	10,662
<i>Program 1.2: Veterans' Disability Support</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	23,246	20,570	2,676
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	1,485,962	1,514,448	(28,486)
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	51,917	51,133	784
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	3,259	3,223	36
Total for Program 1.2	1,564,384	1,589,374	(24,990)

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 ¹ 2018–19 \$'000 (a)	Actual ² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
<i>Program 1.3: Assistance to Defence Widow/ers and Dependants</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	–	–	–
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	1,358,016	1,378,329	(20,313)
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	14,438	16,303	(1,865)
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	906	1,028	(122)
Total for Program 1.3	1,373,360	1,395,660	(22,300)
<i>Program 1.4: Assistance and Other Compensation for Veterans and Dependants</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	10,842	7,838	3,004
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	9,780	9,679	101
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	30,696	28,115	2,581
Special Accounts	37,920	46,991	(9,071)
Expenses not requiring appropriation in the Budget year	1,927	1,772	155
Total for Program 1.4	91,165	94,394	(3,229)
<i>Program 1.5: Veterans' Children Education Scheme</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	14,645	16,445	(1,800)

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.	Budget¹ 2018–19 \$'000 (a)	Actual² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	–	–	–
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	4,434	5,373	(939)
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	278	339	(61)
Total for Program 1.5	19,357	22,157	(2,800)
<i>Program 1.6: Military Rehabilitation and Compensation Acts—Income Support and Compensation</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	7,891	6,105	1,786
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	1,177,731	1,221,176	(43,445)
Special Accounts	360	628	(268)
<i>Departmental expenses</i>			
Departmental appropriation ³	71,396	67,619	3,777
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	4,482	4,262	220
Total for Program 1.6	1,261,860	1,299,789	(37,929)
<i>Program 1.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision—Income Support and Compensation</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	–	–	–
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	–	–	–
Special Accounts	–	–	–

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 ¹ 2018–19 \$'000 (a)	Actual ² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
Expenses not requiring appropriation in the Budget year	163,600	6,093,000	(5,929,400)
<i>Departmental expenses</i>			
Departmental appropriation ³	–	–	–
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	–	–	–
Total for Program 1.7	163,600	6,093,000	(5,929,400)
<i>Outcome 1 totals by appropriation type</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	56,624	50,957	5,667
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	6,143,653	6,232,591	(88,938)
Special Accounts	360	628	(268)
Expenses not requiring appropriation in the Budget year	163,600	6,093,000	(5,929,400)
<i>Departmental expenses</i>			
Departmental appropriation ³	243,542	232,169	11,373
Special Accounts	37,920	46,991	(9,071)
Expenses not requiring appropriation in the Budget year	15,286	14,633	653
Total expenses for Outcome 1	6,660,985	12,670,970	(6,009,985)
	2017–18	2018–19	
Average staffing level (number)	1,202	1,017	

¹ Full year budget, including any subsequent adjustments made to the 2018–19 Budget at Additional Estimates.

² The actual expense totals may differ from the 2018–19 Financial Statements due to Special Accounts, Competitive Neutrality payments and rounding adjustments.

³ Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

Table C3: Expenses and resources 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.	Budget¹ 2018–19 \$'000 (a)	Actual² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
<i>Program 2.1: General Medical Consultations and Services</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	–	–	–
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	763,668	766,218	(2,550)
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	10,725	8,076	2,649
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	673	509	164
Total for Program 2.1	775,066	774,803	263
<i>Program 2.2: Veterans' Hospital Services</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	–	–	–
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	1,358,336	1,302,058	56,278
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	6,897	15,193	(8,296)
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	433	958	(525)
Total for Program 2.2	1,365,666	1,318,208	47,458

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 ¹ 2018–19 \$'000 (a)	Actual ² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
<i>Program 2.3: Veterans' Pharmaceuticals Benefits</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	–	–	–
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	332,039	299,620	32,419
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	4,169	4,320	(151)
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	262	272	(10)
Total for Program 2.3	336,470	304,213	32,257
<i>Program 2.4: Veterans' Community Care and Support</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	3,304	3,171	133
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	1,212,246	1,143,837	68,409
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	19,971	33,102	(13,131)
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	1,254	2,086	(832)
Total for Program 2.4	1,236,775	1,182,196	54,579
<i>Program 2.5: Veterans' Counselling and Other Health Services</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	7,467	6,300	1,167

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.	Budget¹ 2018–19 \$'000 (a)	Actual² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
Other Services (Appropriation Act No. 2)	4,000	–	4,000
Special appropriations	683,173	619,041	64,132
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	40,018	56,019	(16,001)
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	2,512	3,531	(1,019)
Total for Program 2.5	737,170	684,891	52,279
<i>Program 2.6: Military Rehabilitation and Compensation Acts—Health and Other Care Services</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	–	–	–
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	154,443	168,621	(14,178)
Special Accounts	–	–	–
<i>Departmental expenses</i>			
Departmental appropriation ³	22,737	19,337	3,400
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	1,427	1,219	208
Total for Program 2.6	178,607	189,177	(10,570)
<i>Program 2.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision—Health and Other Care Services</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	–	–	–
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	–	–	–
Special Accounts	–	–	–

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 ¹ 2018–19 \$'000 (a)	Actual ² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
Expenses not requiring appropriation in the Budget year	276,800	3,955,400	(3,678,600)
<i>Departmental expenses</i>			
Departmental appropriation ³	–	–	–
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	–	–	–
Total for Program 2.7	276,800	3,955,400	(3,678,600)
<i>Outcome 2 totals by appropriation type</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	10,771	9,471	1,300
Other Services (Appropriation Act No. 2)	4,000	–	4,000
Special appropriations	4,503,905	4,299,395	204,510
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	276,800	3,955,400	(3,678,600)
<i>Departmental expenses</i>			
Departmental appropriation ³	104,517	136,047	(31,530)
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	6,561	8,575	(2,014)
Total expenses for Outcome 2	4,906,554	8,408,888	(3,502,334)
	2017–18	2018–19	
Average staffing level (number)	587	596	

¹ Full year budget, including any subsequent adjustments made to the 2018–19 Budget at Additional Estimates.

² The actual expense totals may differ from the 2018–19 Financial Statements due to Special Accounts, Competitive Neutrality payments and rounding adjustments.

³ Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

Table C4: Expenses and resources 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.	Budget¹ 2018–19 \$'000 (a)	Actual² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
<i>Program 3.1: War Graves</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	21,693	22,447	(754)
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	–	–	–
Special Accounts	72	203	(131)
Expenses not requiring appropriation in the Budget year	–	3,271	(3,271)
<i>Departmental expenses</i>			
Departmental appropriation ³	11,845	15,837	(3,992)
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	805	998	(193)
Total for Program 3.1	34,415	42,756	(8,341)
<i>Program 3.2: Commemorative Activities</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	27,156	21,594	5,562
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	–	–	–
Special Accounts	6,380	16,455	(10,075)
<i>Departmental expenses</i>			
Departmental appropriation ³	18,809	6,186	12,623
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	1,278	390	888
Total for Program 3.2	53,623	44,625	8,998

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 ¹ 2018–19 \$'000 (a)	Actual ² expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a)–(b)
<i>Outcome 3 totals by appropriation type</i>			
<i>Administered expenses</i>			
Ordinary Annual Services (Appropriation Act No. 1 and 3)	48,849	44,042	4,807
Other Services (Appropriation Act No. 2)	–	–	–
Special appropriations	–	–	–
Special Accounts	6,452	16,658	(10,206)
Expenses not requiring appropriation in the Budget year	–	3,271	(3,271)
<i>Departmental expenses</i>			
Departmental appropriation ³	30,654	22,022	8,632
Special Accounts	–	–	–
Expenses not requiring appropriation in the Budget year	2,083	1,388	695
Total expenses for Outcome 3	88,038	87,381	657
	2017–18	2018–19	
Average staffing level (number)	87	96	

¹ Full year budget, including any subsequent adjustments made to the 2018–19 Budget at Additional Estimates.

² The actual expense totals may differ from the 2018–19 Financial Statements due to Special Accounts, Competitive Neutrality payments and rounding adjustments.

³ Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

Appendix D: Claims, service and liability provision statistics

Tables D1 to D8 provide an overview of the claims processed and transport arranged by DVA under the *Veterans' Entitlements Act 1986* (VEA), the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) and the *Military Rehabilitation and Compensation Act 2004* (MRCA) in 2018–19.

Tables D9 and D10 provide an updated actuarial assessment of movement in the liability for income support, compensation, health and other care services under the DRCA and MRCA.

Veterans' Entitlement Act

Claims processed

Table D1: VEA claims processed, 2017–18 and 2018–19

	2017–18	2018–19
Income support new claims	10,945	10,863
Pensioner-initiated reviews	63,210	58,268
Funeral benefit claims	4,443	3,837

VEA = *Veterans' Entitlements Act 1986*

Note: Where results for 2017–18 are provided for comparison, they have been updated based on information available after the end of the financial year and therefore may differ from the results published in the 2017–18 annual report.

Compensation claims

Table D2: VEA compensation claims, 2017–18 and 2018–19

	2017–18	2018–19
<i>Disability support</i>		
Primary disability claims received ¹	12,267	19,859
Net claims received	n/a	10,748²
Conditions determined ³	14,272	15,858
Proportion of conditions accepted	61.2%	55.8%
Applications for increases in disability pension determined	1,517	1,489
Proportion of increases in disability pension accepted	66.2%	75.2%
Cases on hand at 30 June	2,819	4,640
<i>War widow/ers and dependants</i>		
Claims received	1,316	1,111
Net claims received	n/a	1,003⁴
Claims determined	1,130	982
Proportion of claims accepted	68.1%	64.1%
Cases on hand at 30 June	129	104

VEA = *Veterans' Entitlements Act 1986*

¹ Includes applications for disability pensions, applications for increases in disability pension and assessments/reviews.

² DVA's digital platform allows each condition to be registered as an individual claim. When multiple claims are lodged by a client on the same day, these are bundled into the one claim to streamline the investigation and finalisation of the claim.

³ While a claim can be lodged with one or more conditions, each condition is determined separately.

⁴ This is different from claims received, as withdrawn cases are excluded (for example, automatic entitlement case).

Top 15 claimed conditions

Table D3: Top 15 claimed conditions under the VEA (based on Statements of Principles), 2018–19

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Osteoarthritis	1,068	59.0	742	1,810
Tinnitus	1,123	74.3	389	1,512
Sensorineural hearing loss	1,106	78.1	311	1,417
Lumbar spondylosis	561	62.1	342	903
Posttraumatic stress disorder	391	72.5	148	539
Solar keratosis	453	86.5	71	524
Non-melanotic malignant neoplasm of the skin	397	83.1	81	478
Depressive disorder	276	61.9	170	446
Sprain and strain	207	50.7	201	408
Alcohol use disorder	211	64.1	118	329
Rotator cuff syndrome	76	25.3	224	300
Cervical spondylosis	56	21.5	205	261
Fracture	130	59.1	90	220
Ischaemic heart disease	108	69.7	47	155
Anxiety disorder	84	56.8	64	148
Total	6,247	66.1	3,203	9,450

VEA = *Veterans' Entitlements Act 1986*

Note: in determining the majority of liability cases, DVA refers to the Repatriation Medical Authority Statements of Principles (SOPs). The 15 most frequently used SOPs covered 59.6 per cent of the conditions determined under the VEA in 2018–19.

Safety, Rehabilitation and Compensation (Defence-related Claims) Act

DRCA claims

Table D4: DRCA claims, 2017–18 and 2018–19

	2017–18	2018–19
<i>Liability</i>		
Claims received	10,122	15,842
Net claims received	n/a	7,483 ¹
Conditions determined ²	6,917	9,587
Proportion of conditions accepted	56.0%	75.9%
Cases on hand at 30 June	2,478	3,897
<i>Permanent impairment</i>		
Claims received	6,423	11,494
Net claims received	n/a	9,755 ³
Claims determined	5,453	7,238
Proportion of claims accepted	33.9%	38.8%
One-off lump-sum payments	2,017	2,927
Cases on hand at 30 June	1,344	3,875
<i>Incapacity compensation</i>		
Compensation paid	\$80.3 million	\$93.1 million
Payees	2,185	2,331
<i>Compensation for dependants</i>		
Compensation paid	\$14.6 million	\$31.4 million
Payees	72	117

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

¹ DVA's digital platform allows each condition to be registered as an individual claim. When multiple are claims lodged by a client on the same day, these are bundled into the one claim to streamline the investigation and finalisation of the claim.

² While a claim can be lodged with one or more conditions, each condition is determined separately.

³ This is different from claims received, as it represents a correction of a system issue which incorrectly registered permanent impairment claims prior to the liability determination.

Top 15 most frequently claimed conditions

Table D5: Top 15 most frequently claimed conditions under the DRCA, 2018–19

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Osteoarthritis	920	63.1	539	1,459
Tinnitus	670	71.1	272	942
Sensorineural hearing loss	696	77.0	208	904
Sprain and strain	722	84.1	136	858
Lumbar spondylosis	393	59.5	268	661
Cervical spondylosis	304	80.9	72	376
Depressive disorder	226	66.3	115	341
Non-melanotic malignant neoplasm of the skin	225	67.8	107	332
Posttraumatic stress disorder	225	68.2	105	330
Fracture	256	79.3	67	323
Solar keratosis	217	71.9	85	302
Rotator cuff syndrome	134	47.2	150	284
Alcohol use disorder	88	50.0	88	176
Shin splints	123	88.5	16	139
Joint Instability	108	84.4	20	128
Total	5,307	70.2	2,248	7,555

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

Note: The 15 conditions most frequently claimed covered 78.8 per cent of the conditions determined under the DRCA in 2018–19.

Military Rehabilitation and Compensation Act

MRCA claims

Table D6: MRCA claims, 2017–18 and 2018–19

	2017–18	2018–19
<i>Liability</i>		
Claims received	13,185	29,777
Net claims received	n/a	21,977 ¹
Conditions determined ²	23,222	37,977
Proportion of conditions accepted	79.3%	84.1%
Cases on hand at 30 June	3,308	7,307
<i>Permanent impairment</i>		
Claims received	7,295	14,354
Net claims received	n/a	12,764 ³
Claims determined	6,088	8,833
Proportion of claims accepted	74.7%	64.9%
One-off lump-sum payments	3,398	5,993
Cases on hand at 30 June	1,695	5,673
<i>Incapacity compensation</i>		
Compensation paid	\$153.8 million	\$201.6 million
Payees	4,910	6,185
<i>Compensation for dependants</i>		
Compensation paid	\$35.2 million	\$67.7 million
Payees	165	327

MRCA = *Military Rehabilitation and Compensation Act 2004*

¹ DVA's digital platform allows each condition to be registered as an individual claim. When multiple claims are lodged by a client on the same day, these are bundled into the one claim to streamline the investigation and finalisation of the claim.

² While a claim can be lodged with one or more conditions, each condition is determined separately.

³ This is different from claims received, as it represents a correction of a system issue which incorrectly registered permanent impairment claims prior to the liability determination.

Top 15 most frequently claimed conditions

Table D7: Top 15 most frequently claimed conditions under the MRCA (based on Statements of Principles), 2018–19

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Tinnitus	5,428	99.5	25	5,453
Sprain and strain	3,277	94.3	199	3,476
Osteoarthritis	2,544	96.3	97	2,641
Sensorineural hearing loss	2,373	97.9	50	2,423
Lumbar spondylosis	1,808	98.1	35	1,843
Rotator cuff syndrome	1,398	97.4	37	1,435
Fracture	1,136	90.4	121	1,257
Depressive disorder	1,006	90.9	101	1,107
Posttraumatic stress disorder	754	90.2	82	836
Chondromalacia patella	613	94.6	35	648
Shin splints	620	95.7	28	648
Joint Instability	509	92.4	42	551
Labral tear	516	97.5	13	529
Cervical spondylosis	300	59.5	204	504
Adjustment disorder	443	91.2	43	486
Total	22,725	95.3	1,112	23,837

MRCA = *Military Rehabilitation and Compensation Act 2004*

Note: In determining the majority of liability cases, DVA refers to the Repatriation Medical Authority Statements of Principles (SOPs). The 15 most frequently used SOPs covered 62.8 per cent of the conditions determined under the MRCA in 2018–19.

Repatriation Transport Scheme

Table D8: Claims for reimbursement and arranged transport, 2014–15 to 2018–19

	2014–15	2015–16	2016–17	2017–18	2018–19
Claims for reimbursement	150,871	146,357	143,256	168,970	174,943
Arranged transport trips	1,273,128	1,211,805	1,323,956	1,301,691	1,210,032

Adjustments to the Military Rehabilitation and Compensation Act liability provisions

Tables D9 and D10 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 two years, based on the advice of the Australian Government Actuary. The movement is recognised as an expense in DVA's financial statements. Due to the nature of the liability provision, significant adjustments can occur between years.

Table D9 Movement in DRCA and MRCA liability under Outcome 1, 2017–18 and 2018–19

	2017–18			2018–19		
	DRCA (\$m)	MRCA (\$m)	Total (\$m)	DRCA (\$m)	MRCA (\$m)	Total (\$m)
Changes in valuation assumptions	316.1	759.3	1,075.4	552.4	3,186.9	3,739.3
Movements in income support and compensation payments	-142.7	227.3	84.6	-158.6	551.0	392.4
Interest rate	46.0	253.7	299.7	345.7	1,615.4	1,961.1
Total expenses	219.4	1,240.3	1,459.7	739.5	5,353.3	6,092.8

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*

Table D10: Movement in DRCA and MRCA liability under Outcome 2, 2017–18 and 2018–19

	2017–18			2018–19		
	DRCA (\$m)	MRCA (\$m)	Total (\$m)	DRCA (\$m)	MRCA (\$m)	Total (\$m)
Changes in valuation assumptions	76.8	128.8	205.6	58.9	1,412.6	1,471.5
Movements in income support and compensation payments	-26.2	250.6	224.4	-26.1	534.8	508.7
Interest rate	56.5	351.5	408.0	226.9	1,748.6	1,975.5
Total expenses	107.1	730.9	838.0	259.7	3,696.0	3,955.7

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*

Appendix E: Data Matching Program

The Data Matching Program is a program of computer matching of identity and income data held by relevant 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 Data-matching Act requires participating agencies to provide annual and three-yearly reports to Parliament on the operation of the program. DVA's most recent three-yearly report was submitted in 2016, so this year's report is a three-yearly report, focusing on the operation of the program within DVA for the financial years 2016–17, 2017–18 and 2018–19.

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
- 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

DVA runs income matching in every cycle. 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 need to contact the client.

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 this Act to comply, then a further seven 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 provided by the client, the payment rate is corrected and, where appropriate, overpayments are calculated, raised and recovered.

Further information may be obtained from Commonwealth, state or territory governments 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 govern the collection, storage, use and disclosure of personal information.

Actions under the Data-matching Act

This section contains information required by paragraphs 9(i) and 9(vi) of the Data-matching Program (Assistance and Tax) Guidelines.

Table E1 details the discrepancies in the past three years 2018–19 and the ensuing actions.

Table E1: Actions under the Data-matching Act, 2016–17 to 2018–19

Discrepancies and actions	2016–17	2017–18	2018–19
Total number of records read	1,082,216	1,012,485	955,384
Matches that resulted in discrepancies ¹	7,930	6,387	5,885
Proportion of matches that resulted in discrepancies	0.73%	0.63%	0.61%
Number of discrepancies referred for investigation	2,571	1,069	2,287
Number of discrepancies referred for investigation that resulted in a notice under section 11 of the Data-matching Act being sent	147	127	128
Number of cases where the section 11 letter was followed up by action being undertaken ²	131	105	105
Proportion of discrepancies that resulted in action being undertaken	1.65%	1.64%	1.79%
Proportion of discrepancies which did not proceed to action after a section 11 letter was sent	10.88%	17.33%	17.70%
Number of overpayments raised ³	146	129	123
Cases where debt was fully recovered ⁴	156	122	104
Number of pensions reduced	122	93	87
Number of pensions cancelled or suspended	23	19	20
Number of pensions that were continued	56	37	48
Number of pensions that were increased	9	21	20

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 the department 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 DVA's Fraud Investigation Unit for an initial case assessment, prioritisation and further action, if appropriate.

Where sufficient evidence is obtained from an investigation, the Fraud Investigation Unit makes recommendations to senior management on the appropriateness of referring the matter to the CDPP.

Table E2 details the prosecutions prompted by the Data Matching Program in the past three years.

Table E2: Prosecutions prompted by the Data Matching Program, 2016–17 to 2018–19

Cases	2016–17	2017–18	2018–19
Cases referred to the Fraud Investigation Section identified through data matching	0	1	1
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	1
Cases finalised by the Fraud Investigation Section without CDPP referral ¹	0	1	n/a

CDPP = Commonwealth Director of Public Prosecutions

¹ Figures may include cases that were identified in previous financial years.

Costs and benefits

This section contains information required by paragraph 9(i) of the Data-matching Program (Assistance and Tax) Guidelines.

DVA's involvement in the program has shown substantial savings can be gained through comparison of data held by different agencies.

Expenses

Table E3 sets out the costs to DVA of operating the program in the past three years.

Table E3: Costs to DVA of operating the program, 2016–17 to 2018–19

Detail	2016–17 (\$)	2017–18 (\$)	2018–19 (\$)
Salary costs	93,051	95,914	97,650
Administrative overheads	26,153	26,153	26,357
Support costs for data matching processing system	1,547	1,578	1,720
TOTAL	120,751	123,645	125,727

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 the Department of Human Services to calculate savings.

Tables E4 and E5 set out the pension adjustments resulting in projected savings; and the total savings achieved in the past three years. Table E6 shows savings achieved through the program in the past three years.

Table E4: Pension adjustments resulting in projected savings, 2016–17 to 2018–19

Pension adjustments	2016–17	2017–18	2018–19
Number of pensions reduced	122	93	87
Number of pensions suspended/cancelled	23	19	20
Total	145	112	107

Table E5: Total savings achieved through the Data Matching Program, 2016–17 to 2018–19

Detail	2016–17	2017–18	2018–19
Number of pensions cancelled/reduced/suspended ¹	145	112	107
Number of potential overpayments identified ²	102	83	81
Number of overpayments raised ³	146	129	123
Number of debts fully recovered	156	122	105
Value of overpayments raised	\$997,939	\$959,980	\$834,065
Debts waived or written off	\$12,586	\$15,658	\$33,610
Subtotal	\$985,353	\$944,322	\$800,455
Value of projected savings	\$766,222	\$673,369	\$643,262
Total gross savings	\$1,751,575	\$1,617,691	\$1,443,717
Departmental expenses	\$120,751	\$123,645	\$125,727
Net savings	\$1,630,824	\$1,494,046	\$1,317,990

¹ The number of cases that result in projected savings. Although a person's pension may be cancelled, reduced or suspended, an overpayment may not necessarily exist.

² Where a case officer believes there may be an overpayment, a potential debt identifier is registered. The figure reflects the number of potential debts identified.

³ The discrepancy between the number of overpayments identified and the number of overpayments raised is due to several factors:

- Where a potential overpayment has been identified, further investigation may result in a determination that no debt existed.
- Debts may be raised and consequently recovered separately for both members of a couple.
- Overpayments raised during each financial year may have been identified in previous financial years.

Table E6: Cumulative savings achieved through the Data Matching Program, 2016–17 to 2018–19

Detail	2016–17 (\$)	2017–18 (\$)	2018–19 (\$)
Value of overpayments raised	997,939	959,980	834,065
Debts waived or written off	–12,586	–15,658	–33,610
Value of projected savings	766,222	673,369	643,262
Total gross savings	1,751,575	1,617,691	1,443,717
Departmental expenses	–120,751	–123,645	–125,727
Net savings	1,630,824	1,494,046	1,317,990
Cumulative net savings	32,162,915	33,656,961	34,974,951

Note: For full explanation of previous years' savings, this table should be read in conjunction with previous data-matching annual reports.

Appendix F: Advertising and market research

In 2018–19 DVA undertook advertising and market research to assist in the development of policy and programs and to inform the public about services, entitlements and commemorative activities. DVA also placed tenders, public notices and recruitment advertisements.

DVA did not undertake any major advertising campaigns or make any payments to creative advertising agencies or polling organisations.

Tables F1 to F3 report DVA's expenditure on market research, direct mail services and media advertising in accordance with section 311A of the *Commonwealth Electoral Act 1918*. Payments of less than \$13,800 have not been included.

Table F1: Payments to market research agencies, 2018–19

Organisation	Service provided	Amount paid (including GST) (\$)
ORIMA Research Pty Ltd	Research services for 2018 Client Satisfaction Survey	203,016.00
ORIMA Research Pty Ltd	Survey and analysis services for the Community Nursing Program	15,358.75
ORIMA Research Pty Ltd	Qualitative research to inform the development of the Veterans' Employment Program, website development and resource development	106,561.00
PWC	Rehabilitation services pricing analysis—Phase 1: Industry research and service mapping.	46,587.20
SODA Strategic	Marketing plan for Defence Service Homes Insurance	31,075.00
SODA Strategic	VVCS—Veterans and Veterans Families Counselling Service rebrand research and development	121,310.75
Screencraft Media	Promotional videos	39,714.54
Total		563,623.24

Table F2: Payments to direct mail organisations, 2018–19

Organisation	Service provided	Amount paid (including GST) (\$)
PMP Print Pty Ltd	<i>Vetaffairs</i> newspaper packaging and lodgement	53,959.96
National Mail and Marketing	2018 Remembrance Day	51,853.03
National Mail and Marketing	2019 Anzac Day	71,695.21
Decipha Pty Ltd	Secretary's Letter to Transitioning ADF Personnel	7,539.00
Total		185,047.20

Table F3: Payments to media advertising agencies, 2018–19

Organisation	Service provided	Amount paid (including GST) (\$)
Universal McCann	Advertising, public notices and recruitment	154,500.84
Dentsu X Australia Pty Ltd	Advertising, public notices and recruitment	207,213.08
Total		361,713.92

Appendix G: 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 also includes reporting and consultation obligations for certain Australian Public Service agencies.

Awareness and understanding

Section 7(1) of the Carer Recognition Act requires each public service agency to 'take all practicable measures to ensure that its employees and agents have an awareness and understanding of the Statement for Australia's Carers'.

DVA's employment policies articulate the requirement to make employees aware of their obligations under the Act.

DVA provides respite services to members of the veteran community and their carers through the Veterans' Home Care program. The program's procedure manuals for assessment agencies and service providers refer to the rights of carers and the Statement for Australia's Carers.

Open Arms—Veterans & Families Counselling (Open Arms) (formerly known as Veterans and Veterans Families Counselling Service) provides relationship and family counselling to veterans, their families and those who face the unique challenges of caring for those exposed to the military lifestyle.

The new Family Support Package for veterans and their families, which came into effect from 1 May 2018, provides additional support for families of *Military Rehabilitation and Compensation Act 2004* veterans.

Information for carers, including links to the contact details for a range of carer service, is provided on DVA's website (www.dva.gov.au/carers).

Human resource policies

Section 7(2) of the Carer Recognition Act requires each public service entity's internal human resource policies, so far as they may significantly affect an employee's caring role, to be developed with due regard for the Statement for Australia's Carers.

DVA supports staff with caring responsibilities and considers the principles contained in the statement when developing 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, 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, resources from the Families at Work information service and counselling services from the Employee Assistance Program.

Reflecting the principles

Section 8(1) of the Carer Recognition Act requires each public service agency to 'take all practicable measures to ensure that it, and its employees and agents, take action to reflect the principles of the Statement for Australia's Carers in developing, implementing, providing or evaluating care supports'.

A carer awareness self-paced learning package is available for download from DVA's website as support material for all interested individuals and organisations, including contracted service providers. The package assist in understanding the issues and needs of carers, the Carer Recognition 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

In order to meet requirements under section 8(2) of the Carer Recognition Act, public service care agencies are required to 'consult carers, or bodies that represent carers, when developing or evaluating care supports'.

DVA conducts consultation with carers primarily through the DVA National Consultation Framework, which comprises national, state and territory forums. The national forums include the Ex-Service Organisation Round Table, which meets three times a year. The roundtable membership includes organisations that advocate for carers of veterans, such as the Partners of Veterans Association of Australia. Consultation focuses on policy, including carer issues policy; program matters; and the operations of DVA.

Additionally, the National Aged and Community Care Forum 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 H: Work health and safety

DVA's work health and safety (WHS) policies and procedures foster an environment of physical and psychological safety for staff. The WHS system supports continual improvement by reducing the risk of injury, identifying potential risks and controls, and following best practice.

DVA prides itself on implementing and maintaining effective WHS systems and practices in line with legislative compliance and industry standards.

The National WHS Committee, supported by state-based subcommittees, continues to promote effective consultation and communication between managers and workers in relation to health and safety.

All committees meet quarterly and promote, encourage and support the health and wellbeing of workers.

WHS is paramount for DVA, and Senior Officers have signed the Safety Leadership Compact Statement demonstrating their commitment to WHS.

Initiatives

A range of services and activities to promote health and wellbeing were in place in 2018–19, including:

- the DVA Wellbeing Strategy 2018–2023
- an early intervention and rehabilitation management system to support and assist staff to stay at work by providing appropriate support for illness and injury
- the Employee Assistance Program, which provides access to free and confidential counselling to support the psychological wellbeing of staff and their families
- the Harassment Response and the Domestic Family Violence (DFV) telephone contact lines
- the DFV Policy and the appointment of DFV contact officers to support staff and managers
- the Blended Workforce Guide to demonstrate commitment to an inclusive workplace regardless of the nature or duration of employment
- training programs such as Mental Health First Aid, Building Resilience, Strengthen for Life—Suicide Awareness, Unconscious Bias, Cultural Ambassador and Appropriate Behaviour
- annual flu vaccinations, eyesight and hearing tests, subsidy for glasses and software designed to encourage rest breaks from continual computer use
- ergonomic assessments and equipment to support staff in maintaining safe work practices, including the assessment of furniture needs during refurbishment/relocation of offices
- the Healthy Lifestyle Subsidy to encourage participation in fitness and promote healthy lifestyle activities
- accredited training for health and safety representatives, harassment contact officers, first aid officers and emergency wardens
- emergency evacuations drills
- Safe Work Month activities
- accreditation as a Breastfeeding Friendly Workplace and support
- workplace inspections to promote and ensure safety with hazard and risk reporting
- audit and assurance activities in WHS and rehabilitation case management.

Outcomes

As a result of DVA's WHS initiatives in 2018–19, we achieved:

- a significant reduction in the workers' compensation premium
- proactive management and use of early intervention strategies that have improved the overall health and return to work outcomes for employees
- improved awareness of WHS hazards and available strategies to mitigate risks to maintain a safe and healthy workplace
- a greater understanding of risks and an ongoing focus on hazard reporting to ensure proactive risk management
- zero investigations and no notices under Part 5 or Part 10 of the *Work Health and Safety Act 2011*.

Appendix I: Ecologically sustainable development and environmental performance

The following summary of DVA's environmental management activities and performance is provided in accordance with section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

Environmental commitment statement

DVA is committed to integrating environmental sustainability into its business by:

- complying with relevant legislation and policies
- minimising its carbon footprint
- using resources effectively
- minimising waste and reducing energy and resource consumption
- creating a culture in which environmental considerations are integrated into business activities
- considering the environmental aspects of procurement.

Outcomes for ecologically sustainable development

DVA's outcomes contribute to the principles of ecologically sustainable development as set out in section 3A of the EPBC Act. In 2018–19 DVA's contribution is in the effective delivery of Australian Government services with as little environmental impact as possible.

Environmental impact of operations

DVA has taken measures to minimise the impact of its operations on the environment, as set out in the EPBC Act.

Fleet and fuel usage

At the end of 2018–19 DVA had 40 fleet vehicles, which it continues to replace at lease end with smaller, more fuel-efficient vehicles. Eight vehicles (20 per cent of the DVA fleet) are cost-effective hybrids and the use of e10 fuel is encouraged. DVA has adopted an in-vehicle asset management system for monitoring fleet usage and identifying underutilised vehicles.

Travel

DVA reduces the requirement for air travel by using videoconferencing and teleconferencing facilities in each main office location. DVA is currently upgrading older video conference facilities to improve the service.

Environmentally friendly purchasing

DVA's procurement processes promote consideration of environmental issues. In 2018–19, 100 per cent of the standard copy/printer paper purchased by the department had a recycled component.

Water consumption at commemorative sites

The location of war cemeteries and Gardens of Remembrance often means that supplementary water is required to achieve active plant growth. Various types of irrigation systems, including automatic systems, and various water sources are used. At many sites, water has become progressively less available. In response, the Office of Australian War Graves (OAWG) employs best-practice horticultural standards, sourcing both non-potable water at some sites, and has reduced its water consumption while striving to maintain the longstanding features and standards of presentation.

OAWG maintains the Sir John Monash Centre at the Australian National Memorial in France. The recently completed centre incorporates a number of sustainable design systems to reduce water and energy consumption. A geothermal system is used for heating and cooling the building and its mechanical systems. The system draws on the consistent temperature of the earth by using heat-exchange pumps to cycle water up to 185 metres below the ground. Rain and stormwater runoff is also collected in a series of tanks for grey water use.

Appendix J: Corrections to previous annual report

Data Matching Program appendix

In *DVA Annual Report 2016–17*—Appendix C: Data Matching Program, Table C2: Prosecutions prompted by the Data Matching Program, on page 264 reported that:

- one case had been referred to the Personnel, Security and Investigations Section identified though data matching;
- one case was under investigation by the Personnel, Security and Investigations Section
- one case had been finalised by the Personnel, Security and Investigations Section without Commonwealth Director of Public Prosecutions referral.

In each instance, this should have read zero cases.

In *DVA Annual Report 2017–18*—Appendix D: Data Matching Program, Table D2: Prosecutions prompted by the Data Matching Program 2017–18, on page 232, reported that zero cases had been referred to the Personnel, Security and Investigations Section identified though data matching. In this instance, this should have read one case.

Subsequent examination of records associated with the Data Matching Program has indicated that the numbers reported at this time were incorrect.

Management and accountability chapter: External scrutiny

The release of the Government's responses to the Senate Foreign Affairs, Defence and Trade References Committee's 2017 report *The constant battle: suicide by veterans* was mentioned a number of times in *DVA Annual Report 2017–18*, including the Secretary's reports (page 4), the Chief Operating Officer's report (page 7) and Part 1, Performance (pages 50, 53 and 66).

The release of the inquiry report and the Government's response to that report was omitted from the 'External scrutiny' section of Part 2, Management and accountability (page 97). This has been corrected on the DVA website and is set out below.

Reports by the Senate Foreign Affairs, Defence and Trade References Committee

The Foreign Affairs, Defence and Trade Committees cover the Defence (including Veterans' Affairs), Foreign Affairs and Trade portfolios.

On 1 September 2016 the Senate referred the matter of suicide by veterans and ex-service personnel to the Foreign Affairs, Defence and Trade References Committee for inquiry and report.

DVA provided a written submission to the inquiry, and participated in public hearings.

On 15 August 2017 the committee tabled its report on the inquiry, *The constant battle: suicide by veterans*, which made 24 recommendations to the Government.

On 24 October 2017 the Government tabled its response to the report. The response noted the Government accepted 22 of the recommendations, and accepted in principle two of the recommendations.

DVA is responding to the recommendations by taking a range of actions, including:

- reviewing its veteran-specific online training programs for health professionals
- reviewing the service delivery training of departmental staff
- conducting consultation forums for veterans who are concerned about their use of mefloquine while in service
- realigning its mental and social health strategies with Defence and whole-of-Government strategies to enable a stronger focus on suicide prevention
- delivering the outcomes of research into homelessness in the veteran community
- delivering the Family Support Package.

Appendix K: List of requirements

PGPA Rule reference	Description	Requirement	Page Number
17AD(g)	Letter of transmittal		
17AI	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	iii–v
17AD(h)	Aids to access		
17AJ(a)	Table of contents.	Mandatory	vi–vii
17AJ(b)	Alphabetical index.	Mandatory	267–276
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	265–266
17AJ(d)	List of requirements.	Mandatory	255–259
17AJ(e)	Details of contact officer.	Mandatory	ii
17AJ(f)	Entity's website address.	Mandatory	ii
17AJ(g)	Electronic address of report.	Mandatory	ii
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity.	Mandatory	viii–xi
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	3–4
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	6
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	5
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan.	Mandatory	2
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority.	Mandatory	xi
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority.	Mandatory	xi
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	17
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments –mandatory	3–4

PGPA Rule reference	Description	Requirement	Page Number
17AE(2)	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	Not applicable
17AD(c)	Report on the Performance of the entity		
	<i>Annual Performance Statements</i>		
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	62–81
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	82
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	218–220
17AF(2)	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	82
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)	Information on compliance with section 10 (fraud systems).	Mandatory	86
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	v
17AG(2)(b)(ii)	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	v
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	v
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	84
17AG(2)(d)–(e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, mandatory	102
	<i>External Scrutiny</i>		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	87–92

PGPA Rule reference	Description	Requirement	Page Number
17AG(3)(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	87–88
17AG(3)(b)	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	89–91
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	91–92
<i>Management of Human Resources</i>			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	95–97
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and nonongoing basis, including the following: a. statistics on fulltime employees; b. statistics on parttime employees; c. statistics on gender d. statistics on staff location.	Mandatory	208–209
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and nonongoing basis, including the following: • Statistics on staffing classification level; • Statistics on fulltime employees; • Statistics on parttime employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous.	Mandatory	210–214
17AG(4)(c)	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	96, 214
17AG(4)(c)(i)	Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	214
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	215
17AG(4)(c)(iii)	A description of nonsalary benefits provided to employees.	Mandatory	96
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	Not applicable
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	Not applicable
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	Not applicable

PGPA Rule reference	Description	Requirement	Page Number
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, mandatory	Not applicable
	<i>Assets Management</i>		
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	101
	<i>Purchasing</i>		
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	102
	<i>Consultants</i>		
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	102
17AG(7)(b)	A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".	Mandatory	102
17AG(7)(c)	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	102
17AG(7)(d)	A statement that "Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."	Mandatory	103
	<i>Australian National Audit Office Access Clauses</i>		
17AG(8)	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 AuditorGeneral 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	103
	<i>Exempt contracts</i>		
17AG(9)	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	103

PGPA Rule reference	Description	Requirement	Page Number
<i>Small business</i>			
17AG(10)(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	103
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	103
17AG(10)(c)	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	103
<i>Financial Statements</i>			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	109–200
<i>Executive Remuneration</i>			
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory	215–217
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	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	Not applicable
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	245
17AH(1)(b)	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	104
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	101
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	93
17AH(1)(e)	Correction of material errors in previous annual report.	If applicable, mandatory	253–254
17AH(2)	Information required by other legislation.	Mandatory	239–252

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Glossary

allied health—Fields of medical work that are not medicine, dentistry or nursing. Examples include radiography, occupational therapy, pharmacy and psychology.

contemporary veterans—Veterans of wars, conflicts and peace operations more recent than the Second World War.

corporate governance—A corporate entity's framework of authority, accountability, leadership, direction and management of human and other resources.

delegate—A person who has legal authority to make decisions on behalf of a higher authority, such as the Secretary of the Department, the Repatriation Commission, the Military Rehabilitation and Compensation Commission or the Minister.

ex-service organisation—An organisation whose members include veterans within Australia and/or persons within the Commonwealth of Nations who are receiving or eligible to receive pensions under Part II of the *Veterans' Entitlements Act 1986* (VEA) as dependants of veterans. The organisation's objectives will include representing those persons throughout the Commonwealth.

Gold Card—The DVA health treatment card that provides eligible persons with access to health services for all medical conditions.

memorandum of understanding—An agreement made between two entities, outlining the roles and responsibilities to be assumed by each party, and providing a framework for cooperation.

Non-Liability Health Care—A DVA program that funds treatment for certain medical conditions without the need for the conditions to be accepted as service related.

outcomes and programs—Programs are government actions taken to deliver stated outcomes; outcomes are desired results, impacts or consequences for the community.

portfolio budget statements—Statements explaining the provisions of the Appropriation Bills (Budget Bills), including how appropriated funds are going to be spent, and performance targets and measures.

Statements of Principles—Legislative instruments that define the factors to establish a connection between a medical condition and service in the Australian Defence Force, used to determine liability for injuries, diseases and deaths under the *Military Rehabilitation and Compensation Act 2004* and the *Veterans' Entitlements Act 1986*.

White Card—The DVA health treatment card that provides eligible persons with access to health services for specific conditions accepted as related to their military service.

Acronyms and abbreviations

AAT	Administrative Appeals Tribunal
ADF	Australian Defence Force
AIHW	Australian Institute of Health and Welfare
ANU	Australian National University
APS	Australian Public Service
APSC	Australian Public Service Commission
ARP	Applied Research Program
ATO	Australian Taxation Office
BEST	Building Excellence in Support and Training
BETA	Behavioural Economics Team of the Australian Government
CCS	Coordinated Client Support
CDPP	Commonwealth Director of Public Prosecutions
CJTF 633	Commander Joint Task Force 633
CVC	Coordinated Veterans' Care
Data-matching Act	<i>Data-matching Program (Assistance and Tax) Act 1990</i>
Defence	Refers to the Australian Defence Force and the Department of Defence
DHS	Department of Human Services
DRCA	<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i>
DSHI	Defence Service Homes Insurance
DSS	Department of Social Services
DTA	Digital Transformation Agency
DVA	Department of Veterans' Affairs
FOI Act	<i>Freedom of Information Act 1982</i>
GP	general practitioner
GST	goods and services tax
ICT	information and communications technology
MOU	memorandum of understanding

MRCA	<i>Military Rehabilitation and Compensation Act 2004</i>
MRCC	Military Rehabilitation and Compensation Commission
NCF	National Consultation Framework
NLHC	Non-Liability Health Care
OAWG	Office of Australian War Graves
OBAS	On Base Advisory Service
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PTSD	post-traumatic stress disorder
RMA	Repatriation Medical Authority
SES	Senior Executive Service
SFP	Strategic Financial Plan
SMEs	small and medium enterprises
SMRC	Specialist Medical Review Council
SOF	Special Operations Forces
SOPs	Statements of Principles
SRCA	<i>Safety, Rehabilitation and Compensation Act 1988</i>
VAN	Veterans' Access Network
VEA	<i>Veterans' Entitlements Act 1986</i>
Veterans' MATES	Veterans' Medicines Advice and Therapeutics Education Services
VIS	Veterans' Information Service
VRB	Veterans' Review Board
WCS	Veterans and Veterans Families Counselling Service
WHS	work health and safety

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