



Australian Government  
Department of Veterans' Affairs

Repatriation Commission

Military Rehabilitation and  
Compensation Commission

Department of Veterans' Affairs

# Annual Reports 2019 – 20



## AUSTRALIAN DEFENCE VETERANS' COVENANT

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

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

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

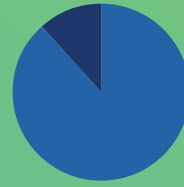
*For what they have done, this we will do.*

# DVA fast facts 2019–20

DVA supported

**225,546**  
veterans

**103,806**  
dependants



**199,547**  
male veterans  
**25,999**  
female veterans

## ENHANCE WELLBEING



**214,743**

Open Arms services provided

**30,894**

veterans and their family  
members accessed  
Open Arms services

**163,927**

visits to the  
Open Arms website



**250,611**

DVA health cards

**117,072**

Gold Cards

**133,539**

White Cards



**113,000+**

people provided  
health services



**1,046,071**

instances of travel  
to treatment

**\$4.1b**

spend on health  
and wellbeing



**84,499**

new users to  
MyService

**110,713**

claims lodged  
through MyService



**142,222\***

eligible veterans or  
dependants received  
income support



**95,667**

primary compensation  
determinations

**159,839\***

compensation clients  
supported



**51,415**

homes protected under  
DSH Insurance

**\$6.5b**

spend on compensation  
and support

## UNDERSTAND AND RESPECT



**22,465\***

war graves maintained



**326,596\***

post war  
commemorations



**17,000**

community stakeholders  
received educational  
resources



**99,648**

veterans received a Veterans'  
Recognition Package

**800+**

organisations  
providing discounts  
to veterans



**1,750**  
employees



**\$30m**

spend on  
commemorations

**\$11.1**  
billion  
2019–20  
actual

\* As at 30 June 2020

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

# About this report

## Enquiries about the annual report

Enquiries and comments about this report should be directed to:

### Assistant Secretary

Parliamentary and Governance  
GPO Box 9998, Brisbane QLD 4001

**Email:** [CMBART@dva.gov.au](mailto:CMBART@dva.gov.au)

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

## Contact details

**Telephone:** 1800 VETERAN (1800 838 372)

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

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

**Website:** [dva.gov.au](http://dva.gov.au)

**Social media:**  [facebook.com/DVAAus](https://facebook.com/DVAAus)  
 [twitter.com/DVAAus](https://twitter.com/DVAAus)  
 [youtube.com/DVAAus](https://youtube.com/DVAAus)

Information on other ways to contact DVA, including media and provider enquiries, is available at [www.dva.gov.au/contact](http://www.dva.gov.au/contact).

## Open Arms—Veterans & Families Counselling

Open Arms—Veterans & Families Counselling (Open Arms) is a 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](http://www.OpenArms.gov.au)

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## Cover images

**Front cover photo:** ACT Rural Fire Service (RFS) volunteer Andrew Harrold and his son Isaac.

**Back cover photo:** Andrew Harrold's service medals (from left): Australian Service Medal (SE Asia Clasp); National Medal (for his service with the RAAF and RFS); Australian Defence Medal.

Andrew served with the RAAF as a photographer from 1984 to 1995. His work was enormously varied, ranging from portraiture to crash-scene investigations and surveillance. He served in Malaysia.

Andrew left because the constant travel and frequent postings were hard on his young family. However, he found transitioning back into civilian life very difficult. Now a building investigator for the ACT Government, Andrew joined the RFS in 2009. The opportunity to give back to the community was a turning point in terms of finding my place in the world,' he says. 'I would encourage anyone who's struggling [with transition] to look at ways of serving outside the ADF.'

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# Department of Veterans' Affairs letter of transmittal



Australian Government  
Department of Veterans' Affairs  
OFFICE OF THE SECRETARY

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

Dear Minister

I am pleased to present the annual report of the Department of Veterans' Affairs for the 2019–20 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 2020

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*Saluting Their Service*

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# Secretary's review

The purpose of the Department of Veterans' Affairs (DVA) is to support the wellbeing of those who serve or have served in defence of our nation, and their families. We aim to deliver services that support transitioning Australian Defence Force (ADF) members, veterans and their families, helping to ensure they can live healthy and productive lives.

As I present to you the *Department of Veterans' Affairs Annual Report 2019–20*, it is important to reflect on what DVA has achieved to improve the lives of the veteran community.

During military service it is important to be 'fit to fight'. At DVA we have been working hard to ensure our veterans are 'fit for life'. To that end, DVA has been driving a wide range of changes to shift to a wellness focus (rather than an illness model) by providing services and supports that are appropriate, integrated and effective across all the domains of wellbeing.

During 2019–20 DVA has made significant improvements in mental health and wellbeing services and support, employment and transition services, respecting and recognising our veterans and continuing the department's transformation journey.

I am also very proud of the way DVA has supported veterans and their families through unprecedented crises such as the 2019–2020 bushfires across several states and the COVID-19 pandemic.

## DVA's transformation

In 2017, DVA commenced the most significant reform program in its history to ensure serving personnel, veterans and their families can access the services they need, when they need them.

DVA's transformation puts veterans and their families at the heart of everything we do.

In 2019–20, veterans and their families continued to benefit from simpler, faster and better experiences with DVA. Thanks to initiatives such as our digital platform MyService, a new website and intuitive phone technology, we are making it easier than ever before to engage with DVA and connect to services and support.

Our transformation is all about knowing, connecting, supporting and respecting those who serve or have served in the ADF, and their families.



## Mental health support and veteran suicide prevention

In 2019–20 we implemented a range of initiatives to better support mental health and reduce the risk of suicide among veterans.

In February 2020, the Government announced the establishment of a new National Commissioner for Defence and Veteran Suicide Prevention to inquire into suicides of serving and former ADF members. The National Commissioner will identify and understand the factors and identify any systemic issues that may be contributing to suicide risk among serving and former ADF members; and make recommendations to government about actions and strategies to prevent future suicides. The Office of the National Commissioner will be part of the Attorney-General's portfolio.

The Government also announced the establishment of a Veteran Family Advocate (VFA) to place the perspective of veteran families at the heart of policy and decision-making. This will help improve the design of all veteran programs and services and promote better mental health outcomes for the veteran community.

The VFA will be an additional member of the Repatriation Commission and, subject to legislative amendments, the Military Rehabilitation and Compensation Commission, and will give a voice to veterans' families and the important role they play in veteran and family health and wellbeing. The VFA will also work closely with the National Commissioner for Defence and Veteran Suicide Prevention so that the National Commissioner's findings can be rapidly translated into action to mitigate suicide risk factors for veterans and their families.

In May 2020, a new four-year Veteran Mental Health and Wellbeing Strategy and National Action Plan was launched. It aims to ensure that veterans and their families have the support they need, when and where they need it. It also recognises that good mental health is supported by whole-of-life wellbeing.

During the reporting period, DVA also reached an important milestone. We provided the first psychiatric assistance dogs to eligible veterans to help manage their post-traumatic stress disorder (PTSD). The program is available to

eligible veterans who have a diagnosis of PTSD and forms part of their PTSD management plan.

In addition, we have been implementing the Government's commitment to establish a national network of Veteran Wellbeing Centres in Townsville, Perth, Darwin, Nowra, Adelaide and Wodonga. The centres will help connect veterans and their families to core services including support for transition, employment, health and social connection. Each centre is at a different stage of development and we are working closely with the community to maximise the benefits for veterans and their families.

## Improving the transition from military to civilian life

DVA and the Department of Defence are working more closely together than ever before. DVA continues to focus on its role in improving the transition from military to civilian life.

During 2019–20, the Government announced a significant funding boost to two programs that support veterans as they transition from the ADF. It is investing \$6.4 million, over four years, in the Coordinated Client Support program for an additional 10 case managers to support vulnerable younger transitioning members. A team of case managers has been established to assist veterans to access their DVA entitlements and to facilitate access to the services they need, including Open Arms.

The Government also boosted the resources of the Personalised Career Employment Program by \$5.6 million and expanded eligibility requirements to include another 1,600 ADF members each year looking for career development and job placement support as they set up for civilian life.

DVA is also delivering a \$15 million one-off package of grants to Soldier On, Disaster Relief Australia (formerly known as Team Rubicon Australia) and the Returned and Services League of Australia (RSL National) to roll out employment-related programs for veterans.

In addition, service members who transitioned out of the ADF from 1 July 2019 are eligible for a DVA-funded Annual Veteran Health Check with their general practitioner for the first five years after transition.

Since its establishment in 2016, the Prime Minister's Veterans' Employment Program has also been playing an important role. The program increases employment opportunities for veterans by making organisations more aware of the value that veterans can bring to their workplaces and encourages them to hire and support veterans. Every year we have seen the program grow. In 2019–20, 129 nominations for the 2020 Prime Minister's Veterans' Employment Awards were received. This is the highest number of nominations in the three-year history of the awards and a sign that the positive message about employing veterans is being heard.

## Supporting veterans and their families through crises

DVA has maintained continuity of service delivery to veterans and families against a backdrop of significant challenges, including the widespread bushfires in 2019–2020 and the COVID-19 pandemic.

We took steps to ensure veterans and their families were supported physically, mentally and emotionally during these crises. DVA did its best to support the veteran community, whether it be through medical assistance, financial support, finding accommodation, mental health support, housing insurance, help with shopping or help with cleaning up fire-affected properties. Throughout this time, veterans were reminded they could access free mental health care, and Open Arms was available for 24/7 support.

There is no doubt these crises have driven innovation across our service spectrum.

## Family violence support for veterans and their families

This year we launched the DVA Family and Domestic Violence Strategy 2020–25. This strategy will help veterans and their families, as well as DVA staff, who are affected by family and domestic violence.

DVA will work closely with key stakeholders, including the Council for Women and Families United by Defence Service, over the next five years to build the supports that survivors of family and domestic violence need, and assist perpetrators of violence to change their behaviour and support opportunities for reconnection with their family and community.

## Respect and recognition

During 2019–20, an important and historic step was achieved when the Australian Defence Veterans' Covenant was enacted in legislation.

The *Australian Veterans' Recognition (Putting Veterans and their Families First) Act 2019* provides symbolic recognition for all veterans. The Covenant now includes an oath, a new Veteran Card, and a Veteran Lapel Pin or a Reservist Lapel Pin.

The Veteran Benefits Program offers eligible Veteran Card holders a free web-based subscription service for access to business offers throughout Australia. Business offers from over 800 organisations, including large national retailers, are a tangible way in which the community can thank veterans for their service. In 2019–20, 63,200 Veteran Card holders accessed the Veteran Benefits Program.

These items will mean that, every single day of the year, employers, businesses, community groups and sporting organisations will be able to recognise the service and sacrifice of the men and women who have served their country.

## Commemorations

An important part of DVA's role is to undertake domestic and overseas commemorative activities to ensure that the service and sacrifice of veterans is appropriately acknowledged and commemorated.

In 2019–20 DVA has supported commemorative events around the world for Remembrance Day and marked significant anniversaries such as the 25th anniversary of Operation TAMAR in Rwanda and the 50th anniversary of Operation Hammersley in Vietnam.

When overseas services for Anzac Day 2020 were cancelled due to COVID-19, DVA supported a range of activities to enable Australians to mark the day in a solemn, dignified and appropriate way from their own homes in line with health advice on coronavirus. As a veteran myself, I found it to be an Anzac Day like no other. We may have physically stood apart, but we were all together in so many ways.

In recent times our attention has been focused on the 75th anniversary of the end of the Second World War, which was successfully commemorated on 15 August 2020—Victory in the Pacific Day. A nationally televised commemorative service took place at the Australian War Memorial. DVA also produced a Commemorative Medallion and Certificate of Commemoration, which every living veteran of the Second World War can apply to receive.

While Australia can never repay the debt we owe the almost one million Australians who served, this medallion and certificate are a small but meaningful way we can thank living veterans of the largest global conflict of the 20th century.

## Performance

I draw your attention to our reported variance from our original budget on page 155. 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 look to the future, we will continue to work with veterans, their families and ex-service organisations to continue to enhance the services and support DVA provides to veterans and their families.

Next year, the 2021 Census will include a question about service in the ADF. The Census data will enable us to add to the data and analytics we already use to deliver more effective, evidence-based policies and services.

As Secretary of the department, I have witnessed continuous change, innovation and improvement in our business processes, systems, culture and operating model that has enabled us to provide more efficient and effective delivery of services to the veteran community.

I would like to express my appreciation to the dedicated staff of DVA, the Repatriation Commission and the Military Rehabilitation and Compensation Commission and acknowledge their commitment to the people we serve—veterans and their families.

### Liz Cosson AM CSC

Secretary, Department of Veterans' Affairs





# 01

## Overview

## About us

### Purpose

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

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

### Outcomes and programs

In 2019–20, DVA administered the following outcomes and programs.

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

The relationship between our outcomes, programs and purposes is shown on page 30.

## Who we support



**225,546**  
**VETERANS**



FEMALE

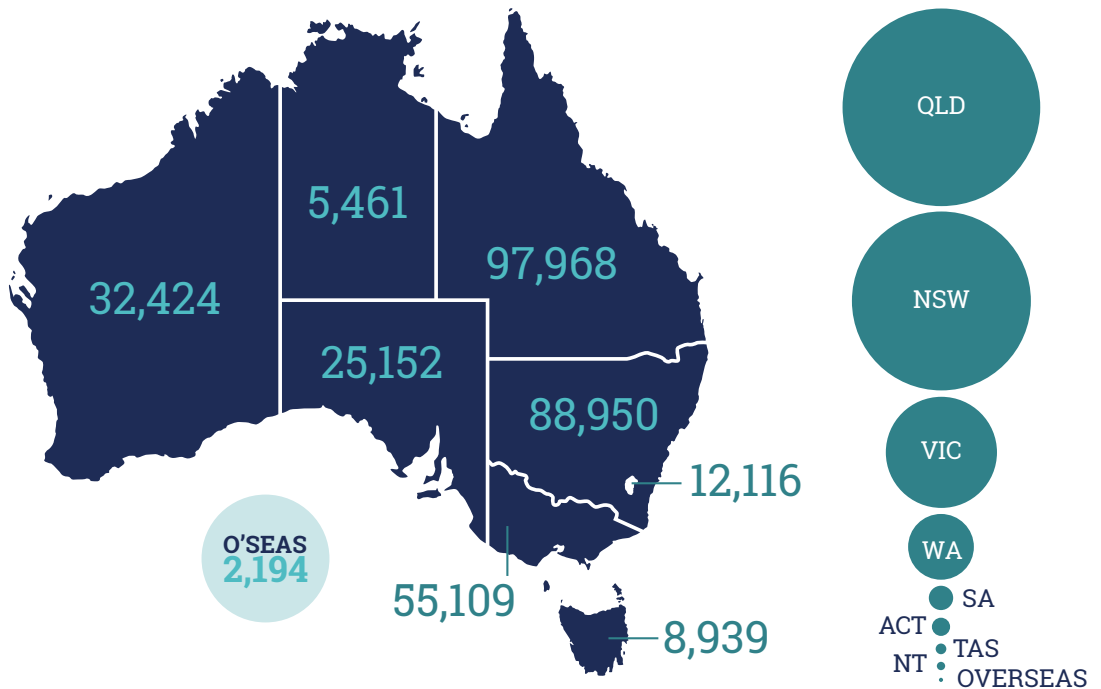


**103,806**  
**DEPENDANTS**

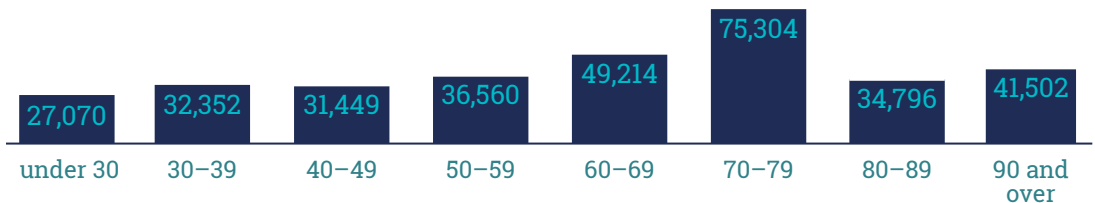


MALE

## Veterans and their family members by location



## Veterans and their family members by age



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



## Approach to service delivery

### What wellbeing means to DVA

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

DVA's veteran-centred wellbeing approach, based on the Australian Institute of Health and Welfare's person-centred wellbeing model, reflects the aspects of veterans' lives that influence their wellbeing today and into the future. It includes assumptions that wellbeing is holistic, is centred on the individual, and changes across the whole-of-life continuum.

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

DVA provides support and services which aim to improve wellbeing outcomes. To achieve our purpose we will do our best to collaborate with other organisations and agencies on behalf of veterans and their families to ensure their particular needs are considered.

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

**Figure 1: Wellbeing model**



### 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 at [www.dva.gov.au/documents-and-publications/dva-service-charter](http://www.dva.gov.au/documents-and-publications/dva-service-charter).

## Engaging with the veteran community

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

### Online

MyService, DVA's 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, request their Veterans' Recognition Package, update their personal details and view digital versions of their Veteran Card with a list of accepted conditions.

DVA launched its new website in March 2020. The website was co-designed with our veteran community, and includes a digital assistant chatbot, 'Pat', to assist visitors to navigate to the right information.

## Telephone

1800 VETERAN, DVA's call service, makes it easier for veterans 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 also introduced a voice recognition service which means that veterans and their families can ask for the service they need and be automatically directed to the right person or place to assist them. This removes the need for them to listen and select from long lists of pre-recorded options and allows them to express in their own words what they need assistance with, resulting in improved engagement with our veterans and their families.

## Face to face

DVA's Veterans' Access Network (VAN) and Veteran Support Officers (VSOs) are face-to-face access points for our veteran community and DVA. VANs provide the direct interface and support for members of the veteran community at departmental premises, at select Services Australia locations, and through outreach to local communities. In partnership with Services Australia, DVA also supports the Mobile Services Centre Pilot Program, which continues to provide access to DVA services in rural and regional areas around the country.

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

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

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

## Ex-service consultation

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

The NCF comprises six forums:

- Ex-Service Organisation Round Table
- Operational Working Party
- Younger Veterans—Contemporary Needs Forum
- National Aged and Community Care Forum
- Council for Women and Families United by Defence Service
- 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.

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

The NCF is reviewed every three years to ensure its ongoing effectiveness and relevance. The review provides recommendations about the future structure of the NCF to improve consultation and facilitate a more open and consultative environment within the

contemporary ex-service veteran landscape. The current review commenced with a public survey in June 2020. The final report of the 2020 NCF review will be completed in late 2020.

On 5 February 2020, the Government announced the establishment of a Veteran Family Advocate to directly engage with the families of veterans and to improve the design of all veteran programs and services, including mental health supports and services.

## Provider engagement

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

We are working strategically to improve the experience of contracted practitioners and health peak bodies who engage with veterans and their families. We are clarifying what providers can expect of DVA, and creating

opportunities for them to give feedback about their experience supporting the veteran community. Through our transformation, we are ensuring that providers are consistently and meaningfully informed, involved and consulted, and know what to expect when engaging with the department.

## State and territory partnerships

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

## Transforming DVA

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

In Year 3 of the Veteran Centric Reform—Putting Veterans and their Families First Program we have delivered significant improvements to our website, telephony and service delivery, resulting in improved access for veterans and their families to the right information, services and supports at the right time.

We continue to work with our Services Australia partners in the re-use and delivery of modern ICT system solutions and have seen a number of 'behind the scenes' system enhancements and changes during the year to strengthen our capability and system security.

## 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.

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

### Portfolio minister

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

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

### Accountable authority

Ms Liz Cosson AM CSC, Secretary of the Department of Veterans' Affairs, was the department's accountable authority throughout 2019–20.

### Department and statutory commissions

This annual report covers the work of three key 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 and conducting commemorative programs to acknowledge the service and sacrifice of Australian servicemen and women. Programs are developed and delivered in accordance with the *Veterans' Entitlements Act 1986* (VEA), the *Military Rehabilitation and Compensation Act 2004* (MRCA), the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA), the *Defence Service Homes Act 1918* and the *War Graves Act 1980*.

- Repatriation Commission—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.

### 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.

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

### Veterans' Review Board

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

## Repatriation Medical Authority

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

## Specialist Medical Review Council

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

## Organisation

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

See Figure 2 for DVA's organisational structure at 30 June 2020.

DVA's senior leadership team at 30 June 2020.

Back from left:  
Kate Pope PSM,  
Deputy President;  
Don Spinks AM,  
Repatriation  
Commissioner;  
Prof Jenny Firman,  
Chief Medical Officer.  
Front from left:  
Vicki Rundle PSM,  
Deputy Secretary;  
Liz Cosson AM CSC,  
Secretary.



## Legislation

Most of DVA's work in 2019–20 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 Veterans' Recognition (Putting Veterans and their Families First) Act 2019*
- *Australian War Memorial Act 1980*
- *Compensation (Japanese Internment) Act 2001*
- *Defence Act 1903* in relation to paragraph 124(1)(qba), relating to service graves
- *Defence Service Homes Act 1918*
- *Military Memorials of National Significance Act 2008*
- the MRCA, except to the extent administered by the Minister for Defence
- *Papua New Guinea (Members of the Forces Benefits) Act 1957*
- *Protection of the word 'Anzac' Act 1920*
- the DRCA
- *Treatment Benefits (Special Access) Act 2019*
- the VEA
- *Veterans' Entitlements (Clarke Review) Act 2004*
- *War Graves Act 1980*.

**Figure 2: DVA organisational structure at 30 June 2020**

<div>President, Repatriation Commission</div> <div>Chair, Military Rehabilitation and Compensation Commission</div> <div>Secretary, DVA Liz Cosson, AM CSC</div>	<div>Deputy President Kate Pope PSM, Acting</div>	<div>Veterans' Services Design FAS, Kate Pope PSM</div>	Wellbeing Policy AS, Moira Campbell
			Policy Development AS, Veronica Hancock
			Community Policy AS, Alison Hale
			External Scrutiny Policy Performance AS, Carly Partridge
			Data & Insights AS / CDO, Dr Paul Nicolarakis
			Special Adviser Productivity Commission Neil Bayles
	<div>Commissioner —Veterans Engagement Don Spinks AM</div>		
	<div>Chief Health Officer Prof Jenny Firman</div>	Deputy Chief Health Officer Dr Trish Batchelor	
		Clinical Advisors	
		Principal Medical Advisor, Compensation Dr Fletcher Davis	
		Open Arms—Veterans & Families Counselling National Manager, Dr Stephanie Hodson CSC	
		Deputy National Manager Dr Anna Colwell	
	<div>Deputy Secretary Veterans &amp; Families Services Vicki Rundle PSM</div>	<div>Transformation FAS, Rachel Goddard</div>	Enterprise Program Office AS, Lyndall Moore (Acting)
			Transformation, Change & Capability AS, Kylie Perrin
			Channel Strategy & Digital Enablement AS, vacant
		<div>Clients' Benefits FAS, Natasha Cole</div>	Compensation Processing & Payments DC WA / AS, Peter King
			Claims Assessment & Management DC NSW/ACT / AS, Victoria Benz
			VEA Compensation & Support DC Vic/AS, Jenny Cotton CSC
			Income Support DC SA / AS, Janice Silby
			Business Improvement & Quality Assurance DC Tas / AS, Luke Brown
			Processing & DSHO DC Qld / AS, Tara Hatzismalis
		<div>Client Engagement &amp; Support Services FAS, Leanne Cameron</div>	Client Coordination & Support AS, Leonie Nowland
			Client Access & Rehabilitation AS, Tim Evans
			Provider Engagement & Management AS, Karen Pickering
			Client Programs AS, Mark Garrity
		Deputy Commissioner NT Meghan Bailey	
		General Counsel Bronwyn Worswick	
	<div>Chief Operating Officer Mark Harrigan</div>	Finance & Property (CFO) AS / CFO, Graeme Rochow	
		People Services AS, Roger Winzenberg	
		Integrity, Assurance & Security AS, Rodger McNally	
		Shared Services & Technology AS, Joumana El Hassan	
		Legal Services & Audit AS, Bronwyn Worswick	
	<div>Commemorations, Communications &amp; Parliamentary FAS, Mark Fraser AO CVO</div>	Communications AS, Catherine McDonald	
		Parliamentary & Governance AS, Liane Pettitt	
		Office of Australian War Graves Director, Paul Nothard AM CSC CSM	
		Commemorations vacant	

AS = Assistant Secretary; CDO = Chief Data Officer; CFO = Chief Finance Officer; DC = Deputy Commissioner; FAS = First Assistant Secretary







# 02

## **Repatriation Commission Annual Report**

## Repatriation Commission letter of transmittal



27 August 2020

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

Dear Minister

The Repatriation Commission submits its report for the year ended 30 June 2020, as required under section 215 of the *Veterans' Entitlements Act 1986*.

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

Liz Cosson AM CSC  
President

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

Kate Pope PSM  
Acting Deputy President

A handwritten signature in blue ink, appearing to read "Don Spinks".

Don Spinks AM  
Commissioner

## Functions and powers

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

The general functions of the Repatriation Commission are to:

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

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

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

## Structure

The Repatriation Commission has three full-time members appointed by the Governor-General: the President, the Deputy President and the Services Member. The President is also Secretary of the Department of Veterans' Affairs. 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 and is selected from nominations submitted to the Minister by ex-service organisations. The Repatriation Commissioner has a key role in managing veteran engagement.

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.

## Membership



### **Liz Cosson AM CSC, President**

Liz Cosson was appointed as Secretary of the Department of Veterans' Affairs (DVA) in May 2018. She is also President of the Repatriation Commission and Chair

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

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

In 2010 Liz became First Assistant Secretary, Client and Commemorations Division, at DVA. In that role she implemented the Anzac Centenary Board, which was responsible for laying the foundations of the Anzac Centenary National Program. Between 2012 and 2016 she held the positions of Deputy Secretary at the Department of Immigration and Citizenship and Deputy Secretary / Chief Operating Officer at the Department of Health, leading the implementation of major cultural and behavioural reform activities.

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

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



### **Charles McHardie AM, acting Deputy President**

Charles McHardie commenced as acting Deputy President of the Repatriation Commission and member of the MRCC on 5 November

2019. An extension to this acting arrangement was agreed by the Minister for Veterans' Affairs on 22 April 2020.

Before joining the Australian Public Service, Charles enjoyed a long and distinguished career in the Royal Australian Navy, retiring in April 2015 after 30 years of service.

While in his role as acting Deputy President of the Repatriation Commission, Charles was also the Deputy Secretary, Transformation and Enabling Services at DVA. In that role he was responsible for the digital-enabled and business-led transformation of services delivered to veterans and their families under Veteran Centric Reform. In March 2020, he was seconded to Services Australia to support the Government's COVID-19 response. He continued as acting Deputy President and MRCC member until 11 May 2020, when he joined Services Australia permanently as Deputy CEO, Transformation Projects.

Before joining DVA, Charles was the Acting Chief Information Officer and Chief Technology Officer at the Department of Human Services.

Charles was appointed a Member of the Order of Australia in 2011 for services to naval warfare. He was also awarded a commendation for distinguished service in maritime counter-terrorism operations based in Bahrain.



### **Kate Pope PSM, acting Deputy President**

Kate Pope has been acting as the Deputy President of the Repatriation Commission since 11 May 2020 and is an acting member of the

MRCC. She is also the First Assistant Secretary of the Veterans' Services Design Division.

Kate joined DVA in 2016 to lead the Transformation and Organisational Performance Division.

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

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



### **Don Spinks AM, Commissioner**

Don Spinks commenced his appointment as Services Member on 1 February 2019. On 1 July 2019 he was appointed a member of the MRCC.

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

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

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

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

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

## Relationship with DVA

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

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

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

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

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

## Activity in 2019–20

In 2019–20 the Repatriation Commission held 14 formal meetings to consider 46 submissions, compared with 10 formal meetings and 57 submissions in 2018–19. As DVA continues to embrace significant change, the commission considered a range of policy and legislative improvements.

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

- amendments to treatment principles and delegation of commission powers
- high-level policy and procedures relating to the VEA
- possible amendments to the VEA and advice on new police proposals
- the DVA Strategic Research Framework and associated research proposals
- operational issues which need to take account of Defence policies and practices.

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







A large graphic on the left side of the page, consisting of a green triangle at the top and a teal triangle at the bottom, separated by a diagonal line.

# 03

## **Military Rehabilitation and Compensation Commission Annual Report**

## Military Rehabilitation and Compensation Commission letter of transmittal



Australian Government  
Military Rehabilitation and  
Compensation Commission

27 August 2020

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

Dear Minister

The Military Rehabilitation and Compensation Commission submits its report for the year ended 30 June 2020, as required under section 385 of the *Military Rehabilitation and Compensation Act 2004* and section 161 of the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*.

Liz Cosson AM CSC  
Chair

Kate Pope PSM  
Acting Member

Don Spinks AM  
Member

Susan Weston PSM  
Member

Natasha Fox AM CSC  
Major General  
Member

Sarah Sharkey AM CSC RAN  
Rear Admiral  
Member

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GPO BOX 9998 CANBERRA ACT 2601

## Functions and powers

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

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

- make determinations on the acceptance of liability for service-related conditions, the payment of compensation and the provision of treatment and rehabilitation
- minimise the duration and severity of service-related conditions and promote the return to suitable civilian work
- promote research on the health of members and former members, the prevention of injury and disease, and rehabilitation
- provide advice and information on the operation of the MRCA to ministers and departmental secretaries of 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* gives the MRCC similar functions and powers to determine and manage claims under the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) that relate to relevant defence service before 1 July 2004.

## Structure

The MRCC has 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 the Department of 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.



### **Charles McHardie**

Charles McHardie was acting Deputy President of the Repatriation Commission from 5 November 2019 to 11 May 2020. His biographical information is provided in the Repatriation Commission's annual report.



### **Kate Pope PSM**

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



### **Don Spinks AM**

Don Spinks is a Commissioner of the Repatriation Commission. 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 and retired from the MRCC on 4 December 2019.

As Commander Joint Health, Tracy was 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 was 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.

Natasha 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 from 2012 to 2013. Along with her distinguished military career, she holds a Bachelor of Arts and a Master of Business Administration, Management in Defence Studies, and Politics and Policy.



### **Susan Weston PSM**

Susan Weston was an acting member of the MRCC from 29 July 2019. She commenced a five-year term on 3 October 2019.

Susan is the Chief Executive Officer of

Comcare, the national work health and safety and workers compensation authority.

Before her appointment to Comcare, she held senior positions in the Australian Government across a number of portfolios.



### **Rear Admiral Sarah Sharkey AM CSC RAN**

Rear Admiral Sarah Sharkey was appointed to the MRCC on 12 December 2019.

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

## Relationship with DVA

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

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

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

## Activity in 2019–20

In 2019–20 the full commission held nine formal meetings and considered 32 submissions. The subcommittee of the commission held four meetings and considered six submissions.

Matters considered during 2019–20 included:

- high-level policy and procedures relating to the MRCA amendments to treatment principles
- amendment to treatment principles and delegation of commission powers
- possible amendments to the MRCA and advice on new policy proposals
- the DVA Strategic Research Model and associated research proposals
- operational issues which need to take account of Defence policies and practices.

Over the past five years, the number of matters considered by the MRCC has declined substantially, from 71 submissions in 2015–16 to 38 in 2019–20. Much of the decline has been because of the development of full MRCC policies and guidelines to support decision-making by the MRCC delegates.







# 04

## **Annual performance statements**

## Statement by the accountable authority

I, as the accountable authority of the Department of Veterans' Affairs, present the 2019–20 annual performance statements of the department, as required under paragraph 39(1)(a) and 39(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the department, and comply with subsection 39(2) of the PGPA Act.

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

**Liz Cosson AM CSC**

Secretary

Department of Veterans' Affairs

18 September 2020

## Overview of our purpose, outcomes, programs and activities

The annual performance statements present our achievements against the outcomes, programs, performance measures and targets set out in the DVA Portfolio Budget Statements 2019–20 (PBS) and the Corporate Plan 2019–2023.

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

In 2019–20, DVA pursued its purpose and key activities by implementing appropriate budget programs that deliver our three outcomes on behalf of the Australian Government.

### Changes to DVA's performance measures

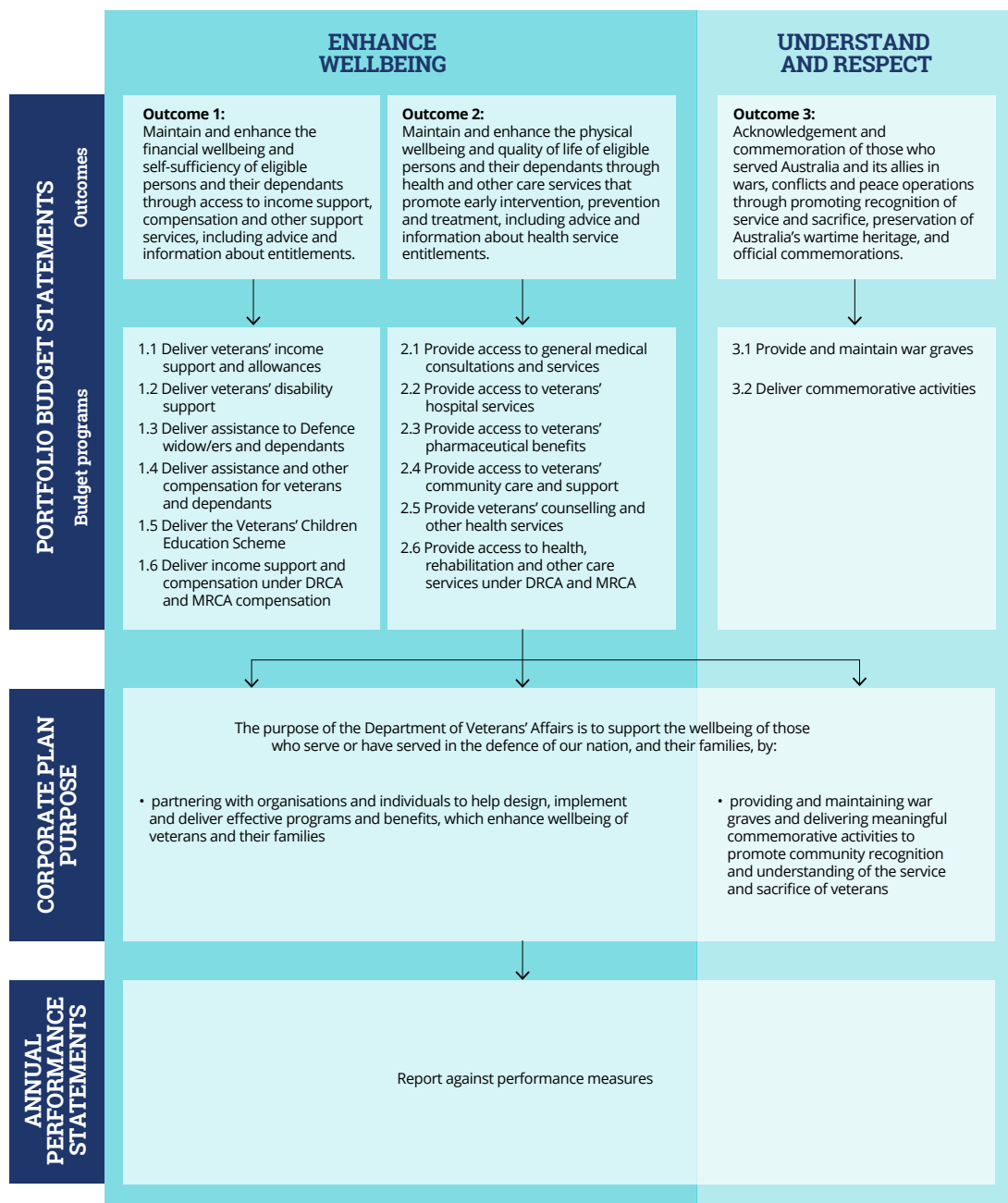
During 2019–20 DVA undertook a review of its Corporate Plan 2019–2023 and performance measures. Areas of improvement were identified for DVA's purpose, key activities and performance measures. As a result, DVA clarified its purpose statement to clearly articulate how it will achieve its purpose and the outcome of achieving its purpose. Also, we:

- ensured our activities were more closely aligned to the purpose
- removed additional information that detracted from the purpose (the vision and mission statement) and revised the purpose and key activities
- included additional explanatory material with the performance measures to improve understanding
- removed reporting against 23 performance measures that did not directly align to our purpose.

As this review took place in June 2020 it was considered not appropriate to reissue the Corporate Plan 2019–2023. Therefore the revised purpose, key activities and performance measures have been incorporated into the Corporate Plan 2020–2021. These changes were important to provide a clearer picture to readers of DVA's purpose and how it will measure its performance.

The relationship between performance information in the PBS, corporate plan and annual performance statements is outlined in Figure 3.

**Figure 3: Relationship between performance information in the portfolio budget statements, corporate plan and annual performance statements**



## How we measure performance

DVA's performance measures assess all aspects of the department's performance. The annual performance statements show what the department has achieved under its performance measures and against the purpose set out in the Corporate Plan 2019–2023, noting the changes which were made as discussed on page 29. The DVA annual performance statements were developed in accordance with the PGPA Act and Department of Finance guidelines and structured to mirror the layout of the performance measures in the corporate plan.

The majority of our performance is measured through:

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

### Timeliness

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

### Quality correctness rate

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

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

### Client satisfaction

Client satisfaction is measured through a quarterly independent survey by ORIMA Research. This is either a survey of clients statistically selected at random or a census of all clients within a program. The survey has a confidence interval of 95 per cent. Over 6,000 clients were surveyed in 2019–20 through an online survey.<sup>1</sup>

### Quality of service

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

<sup>1</sup> This is a specific survey for clients receiving benefits. DVA also undertakes an annual Client Satisfaction Survey on a broad range of topics. The results of the Client Satisfaction Survey are available on the DVA website.

## Efficiency

The timeliness of delivering services is an efficiency proxy—it can give an indication of efficiency over time, as we are able to process more claims in a shorter time frame. Due to a range of factors, such as increasing volumes and backlogs, and the time taken by third parties to provide supporting evidence for claims, the percentage of claims decided within target time frames for many programs has deteriorated. However, our efficiency can also be demonstrated through the funding we receive from Government to deliver our programs and the level of output of those programs. In 2019–20 we saw efficiency improvements in our claims processing through the average cost per decision falling by approximately 16 per cent over all *Veterans Entitlements Act 1986* (VEA), *Military Rehabilitation and Compensation Act 2004* (MRCA) and *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) decisions. This indicates that we are becoming more efficient at claims processing, as we are able to deliver more decisions at a lower unit cost.

Efficiency measures are key to demonstrating we are improving our processes and systems, and becoming more efficient over time while maintaining quality standards. This is a key part of our transformation journey through our Veteran Centric Reform work. We are investigating ways to measure efficiency and will look to introduce formal efficiency measures in the 2020–21 annual performance statements.

## Overview of performance

In 2019–20, DVA initiatives enhanced the physical and financial wellbeing of veterans and their families. We successfully connected veterans to the quality, evidence-based services and supports they needed at the time they needed them most. Through government investment in claims processing, we achieved considerable success in improving outcomes for veterans and their families.

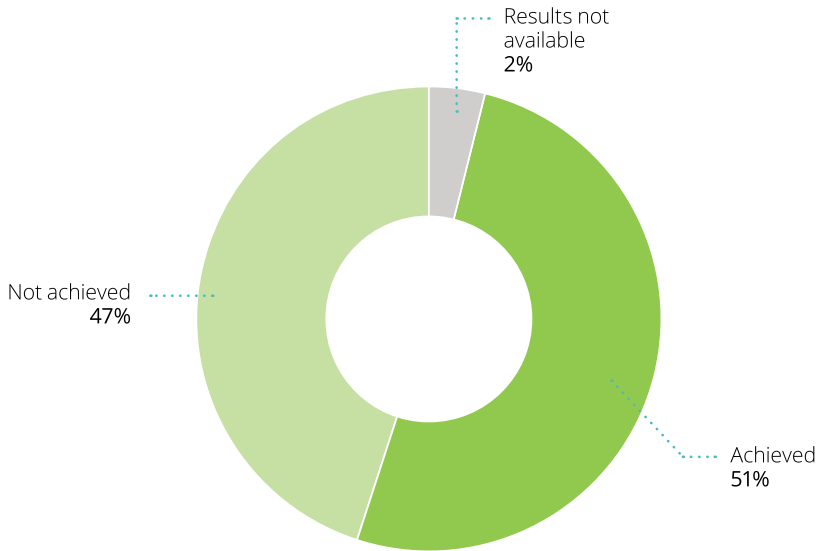
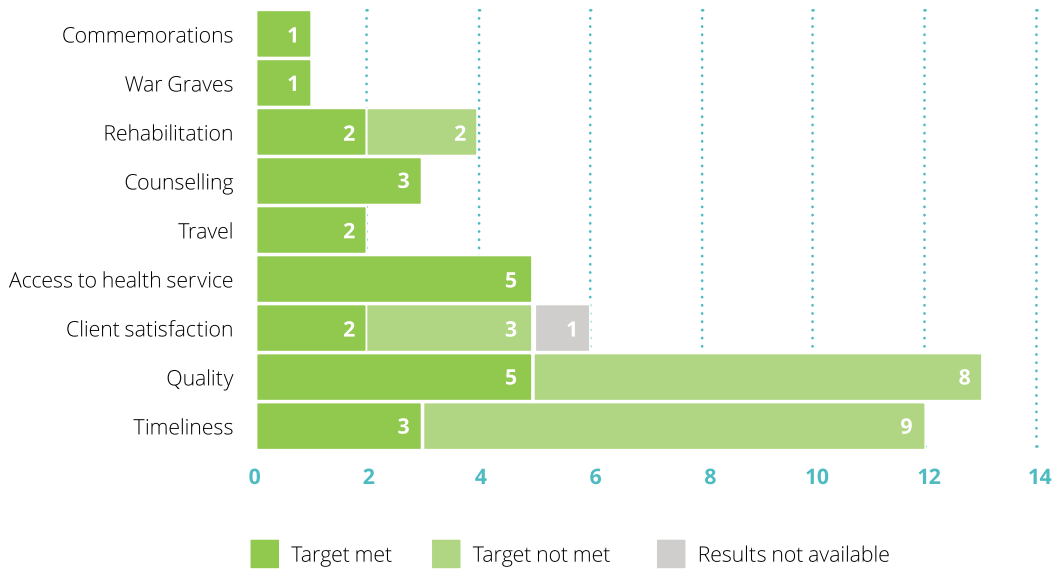
DVA successfully delivered all three outcomes across our purpose and key activities. We achieved 51 per cent (24 measures) of our performance measures reported in these statements, while 47 per cent (22 measures) were not achieved and another 2 per cent (one measure) were not available to report on. Twenty-three measures were not reported on, as discussed on page 29.

Of the 22 performance measures that did not meet their target, 20 related to outcome 1 and two related to outcome 2. However it should be noted there were eight measures, all relating to outcome 1, which were within 5 percentage points of reaching their target. The majority of targets not met related to timeliness measures (nine) and quality measures (eight). Significant increases in the number of claims affected our ability to meet timeliness targets for many of these claim types. We are committed to reducing these time frames.

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

Figure 4 provides a snapshot of our overall performance. The achievement ratings reflect the percentage of yearly measures achieved and not achieved; and the results that are not available to report across our purposes of ‘enhance wellbeing’ and ‘understand and respect’.



**Figure 4: Performance snapshot, 2019–20****Performance by measures**

## Enhance wellbeing

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

### Outcome 1

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

### Key performance results

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

Our PBS and the Corporate Plan 2019–2023 set out performance measures and targets for each program under outcome 1. Table 1 shows our results against our targets for each criterion in 2019–20.

**Table 1: Outcome 1 performance measures and results**

No	Performance criterion	Target	2018–19 Actual result	2019–20 Actual result	Achieved
<b>Program 1.1: Deliver veterans' income support and allowances</b>			PBS pp 36, CP p 17		
1.1.1.1	<b>Timeliness:</b> The percentage of new claims processed within 30 days <sup>1</sup>	Claims: >71.7%	71.7%	<b>80.20%</b>	✓
1.1.1.2	<b>Timeliness:</b> The percentage of pensioner-initiated reviews (PIRs) processed within 10 days <sup>1,2</sup>	PIRs: >53.2%	53.2%	<b>49.35%</b>	✗
1.1.2	<b>Quality:</b> Correctness rate	Claims: >95%	98.24%	<b>97.58%</b>	✓
		PIRs: >95%	96.99%	<b>98.82%</b>	✓
1.1.3	<b>Client satisfaction:</b> The percentage of clients satisfied with the level of customer service they received when accessing their entitlements <sup>5</sup>	80%	n/a	<b>65.70%</b>	✗
<b>Program 1.2: Deliver veterans' disability support</b>			PBS p 37, CP p 17		
1.2.1	<b>Timeliness:</b> The percentage of claims processed within 100 days <sup>1</sup>	>43.9%	43.9%	<b>33.83%</b>	✗
1.2.2	<b>Quality:</b> Correctness rate	>95%	93.6%	<b>91.10%</b>	✗
1.2.3	<b>Client satisfaction:</b> The percentage of clients satisfied with the level of customer service they received when accessing their entitlements <sup>5</sup>	80%	n/a	<b>66.85%</b>	✗
<b>Program 1.3: Deliver assistance to Defence widow/ers and dependants</b>			PBS p 38, CP p 18		
1.3.1	<b>Timeliness:</b> The percentage of claims processed within 30 days <sup>1</sup>	>53.2%	53.2%	<b>51.40%</b>	✗
1.3.2	<b>Quality:</b> Correctness rate	>95%	92%	<b>93.40%</b>	✗
1.3.3	<b>Client satisfaction:</b> The percentage of clients satisfied with the level of customer service they received when accessing their entitlements <sup>5</sup>	80%	n/a	<b>88.24%</b>	✓

No	Performance criterion	Target	2018-19 Actual result	2019-20 Actual result	Achieved
Program 1.4: Deliver assistance and other compensation for veterans and dependants			PBS p 39, CP p 18		
Funeral benefits					
1.4.1.1	Timeliness: The percentage of claims processed within 10 days <sup>1</sup>	>86.4%	86.4%	84.23%	✗
1.4.1.2	Quality: Correctness rate	>95%	96.0%	98.08%	✓
1.4.1.3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements <sup>5</sup>	80%	n/a		Unavailable <sup>7</sup>
Defence Home Loans					
1.4.2.1	Timeliness: The number of days within which 50% of claims will be finalised (days)		This measure has been removed and will no longer be reported <sup>6</sup>		
1.4.2.2	Quality: Correctness rate		This measure has been removed and will no longer be reported <sup>6</sup>		
Program 1.5: Deliver the Veterans' Children Education Scheme			PBS p 40, CP p 19		
1.5.1	Timeliness: The percentage of claims processed within 28 days <sup>1</sup>	>89.5%	89.5%	53.76%	✗
1.5.2	Quality: Correctness rate	>95%	100%	96.30%	✓
1.5.3	Client satisfaction: Percentage of responses to the annual Education Schemes Satisfaction Survey indicating that clients thought the support provided helped the student reach their academic potential <sup>3</sup>	>75%	85.1%	88.46%	✓
1.5.4	Quality (Achieving the Schemes' Outcomes): Percentage of the Education Schemes' clients progressing through each level of their education or career training <sup>4</sup>	>85%	95%	99.04%	✓
Program 1.6: Deliver income support and compensation under MRCA and DRCA			PBS p 41, CP pp 19-20		
1.6.1.1	Timeliness: The percentage of DRCA liability claims processed (determined) within 100 days <sup>1</sup>	>37.4%	37.4%	28.20%	✗
1.6.1.2	Timeliness: The percentage of DRCA permanent impairment (PI) claims processed (determined) within 100 days <sup>1</sup>	>63.7%	63.7%	23.83%	✗
1.6.1.3	Timeliness: The percentage of DRCA incapacity claims processed (determined) within 50 days <sup>1</sup>	>60.6%	60.6%	62.69%	✓
1.6.2	Quality: Correctness rate of DRCA claims				
	- DRCA liability claims	>95%	94.3%	92.80%	✗
	- DRCA permanent impairment claims	>95%	95.2%	90.30%	✗
	- DRCA incapacity claims	>95%	95.1%	89.80%	✗
1.6.3.1	Timeliness: The percentage of MRCA liability claims processed (determined) within 100 days <sup>1</sup>	>67%	67%	41.62%	✗

No	Performance criterion	Target	2018–19 Actual result	2019–20 Actual result	Achieved
1.6.3.2	<b>Timeliness:</b> The percentage of MRCA permanent impairment claims processed (determined) within 100 days <sup>1</sup>	>62%	62.0%	<b>25.80%</b>	✗
1.6.3.3	<b>Timeliness:</b> The percentage of MRCA incapacity claims processed (determined) within 50 days <sup>1</sup>	>57%	57.0%	<b>67.76%</b>	✓
1.6.4	<b>Quality:</b> Correctness rate of MRCA claims				
	- MRCA liability claims	>95%	93.0%	<b>90.20%</b>	✗
	- MRCA permanent impairment claims	>95%	87.5%	<b>83.20%</b>	✗
	- MRCA incapacity claims	>95%	91.1%	<b>85.80%</b>	✗
1.6.5	<b>Client satisfaction:</b> The percentage of clients satisfied with the level of customer service they received when accessing their entitlements <sup>5</sup>	80%	n/a	<b>65.65%</b>	✗

CP = Corporate Plan 2019–2023; DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*; PBS = Portfolio Budget Statements 2019–20

<sup>1</sup> Timeliness performance reporting measures have been changed from the median number of days to process claims within a target time frame to the percentage of claims processed within the target time frame for 2019–20.

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

<sup>3</sup> All clients are sent an online survey to complete each year. The survey asks clients to rate the support provided to them by DVA staff on a scale of: 'made no difference to academic outcomes'; 'effective'; or 'very effective'.

<sup>4</sup> A student's level of education is collected and compared in November and March to identify whether the student has progressed in their education—that is, advanced from one year level to the next. Progression indicates the scheme is supporting clients to achieve their education goals.

<sup>5</sup> This is a new measure for 2019–20. The new measure is established to assess the client experience in attempting to access their legal entitlements.

<sup>6</sup> This measure has been removed as a result of the review of DVA's performance measures. For further information refer to page 29.

<sup>7</sup> The results of this survey have been delayed due to the delivery method changing from online to paper based.

**Table 2: Outcome 1 performance criterion categories**

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

## Analysis of performance against outcome 1

### Timeliness

In 2019–20, we continued to exceed our timeliness targets for new income support claims (program 1.1), DRCA incapacity claims (program 1.6.1.3) and MRCA incapacity claims (program 1.6.3.3). Significant improvements could be seen across each of these programs. We also came within a 5 per cent variance of meeting timeliness targets for pensioner-initiated reviews (PIRs) (program 1.1), war widow/ers pension (program 1.3.1) and funeral benefits (program 1.4.1).

DVA has continued to experience an increase in claim numbers as a result of the success of the Veteran Centric Reform—Putting Veterans and their Families First Program and the changing nature of our veteran population and defence campaigns. In 2019–20 there was a further increase of approximately 13,600 claims (15 per cent) across the four major contemporary compensation streams, in addition to the 83 per cent increase in 2018–19. In these streams, we were unable to meet the timeliness targets set.

To address the increase in claims, in late 2019 the Government invested an additional \$20 million to enable DVA to hire additional contracted staff, including former employees with claims processing experience. In addition, an internal taskforce of DVA staff was redeployed to assist with claims processing.

The additional funding and staffing helped us to achieve excellent results. For example, there was a 35 per cent increase in the number of MRCA permanent impairment claims (program 1.6.3.2) decided since January 2020 compared to 2018–19 levels. The number of active MRCA permanent impairment claims under investigation is now the lowest since June 2019. While this outcome is not reflected in the timeliness results for the year, we are positioned well to improve on our performance in 2020–21.

Building on this success, the Government will invest a further \$11.6 million in 2020–21 for DVA to recruit additional contracted staff to focus on liability claims. We expect to see similar improvements in the numbers of decisions made and active cases under investigation.

In addition to increased claims processing resources, DVA is implementing a range of business and process improvements to support timely decisions. Examples are a national standardised framework for funeral benefits (program 1.4.1) and the automation of qualifying service claims in MyService for new income support claims (program 1.1). As a result of business improvements in pensioner-initiated reviews (PIRs), timeliness improved throughout the year even though the increasing complexity of clients' personal circumstances, the increasing sophistication of their financial affairs and the fluctuating economic climate meant that a greater level of investigation for these reviews was required.

Under the *Australian Veterans' Recognition (Putting Veterans and their Families First) Act 2019*, the Government made a commitment to process MRCA liability and permanent impairment claims within 90 days. This came into effect on 1 November 2019. The timeliness achieved for those claims lodged on or after 1 November 2019 was 30.81 per cent for MRCA initial liability claims and 23.64 per cent for MRCA permanent impairment claims.

## Quality

In 2019–20 we continued to exceed our quality targets for new income support claims, PIRs (program 1.1), funeral benefits (program 1.4) and the Veterans' Children Education Scheme (program 1.5).

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

The quality results in veteran disability support (program 1.2.2), MRCA incapacity claims (program 1.6.3.3) and DRCA permanent impairment claims (program 1.6.2.2) continued to improve over the year. However, our results in other areas, such as VEA war widows (program 1.3.2) and the Veterans' Children Education Scheme (1.5.2), declined in the second half of the year. The quality of decision-making under outcome 1 programs was affected by the increased intake of compensation claims, the engagement of additional contracted staff and the focus on addressing processing times.

In 2019–20 we focused on training new staff and cross-skilling staff across the Acts. This work will have a positive effect on quality in the future and ensure that clients are receiving the benefits and entitlements to which they are entitled.

## Client satisfaction

In 2019–20 a new qualitative measure was introduced to assess the level of satisfaction amongst clients in their dealings with DVA when accessing their entitlements. In 2020 a new Client Benefits Client Satisfaction Survey was undertaken by ORIMA Research Pty Ltd on behalf of DVA. The survey gathered client feedback on their claims experiences between 1 April 2019 and 31 March 2020. The online survey was completed by 1,674 veterans, representing a 16 per cent response rate. The preliminary results indicate that around two-thirds of veterans are satisfied with the customer service they receive when dealing with DVA delegates. The key areas for improvement include time taken to process claims and being informed of progress with their claim. ORIMA is also undertaking a mail-out survey on behalf of DVA of clients accessing funeral benefits for the same period 1 April 2019 to 31 March 2020. These survey results are expected to be available later in 2020.

Under the Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme (the Schemes), an education allowance is paid to eligible children of Australian Defence Force (ADF) members who have died or been severely injured as a result of service. DVA understands each of the recipients' academic goals are unique. Therefore, the Schemes also provide for special assistance, student support services, and guidance and counselling for eligible primary, secondary and tertiary full-time study students within Australia.

In the 2020 Education Schemes Satisfaction Survey (1.5.3), 88.46 per cent of respondents felt the support they received under the Schemes was effective or very effective in helping them reach their individual academic potential. This is a 3.5 per cent increase from the 2019 survey and surpasses the target satisfaction rate of 75 per cent.

Over the next 12 months, DVA will be evaluating the Schemes to ensure the support provided to eligible students is targeted and meets their educational needs now and into the future. This work may result in the Schemes' performance measures being adjusted.

## Achievements in 2019–20

### More services and support

DVA continued to provide services to veterans and their families as well as delivering a range of additional payments and services in response to natural disasters and the global COVID-19 pandemic.

Over 26,000 DVA clients who receive a means-tested income support payment lived in areas affected by the 2019–2020 summer bushfires. Natural disaster protocols were implemented to ensure that these clients were supported—we prioritised decisions on granting or increasing payments and reviews of existing debt recovery arrangements; and we paused the issuing of new debt notices.

During the COVID-19 pandemic, DVA delivered government support payments to approximately 233,000 clients who received the Economic Support Payment. The total amount paid as part of this government stimulus package was \$167.4 million. This payment will be ongoing for any client who becomes eligible due to a backdated grant or a qualifying benefit on or before 12 April 2020.

As part of the Australian Government's response to the economic impact of COVID-19, students who receive payments under the Schemes at similar rates to students on Youth Allowance are eligible for the temporary Coronavirus Supplement. This covers students aged 16 and over who are receiving education allowance at any rate and those receiving education allowance at the living away from home, homeless or double orphan rate. From 27 April to 30 June 2020, 1,266 recipients of Schemes payments received the Coronavirus Supplement.

The Provisional Access to Medical Treatment Trial enables eligible veterans to receive medical and allied health treatment on a provisional basis for one or more of the 20 most commonly accepted conditions for ex-serving members of the ADF. The trial was extended in 2019–20 to ensure veterans continue to be able to access medical treatment while we work to reduce the backlog of liability claims.

We were able to achieve these initiatives and many others at a time when DVA staff were transitioning to working from home in response to the COVID-19 pandemic. During the transition, timeliness and quality performance were maintained, and for many programs they increased.

### Partner Service Pension eligibility alignment

The Australian Government provides continuing financial support to people who separate from their veteran partner. From 20 September 2019, as part of the 2019–20 Budget, \$6.2 million was provided to change the eligibility rules for Partner Service Pension (PSP) to ensure former partners of veterans, regardless of marital status, receive equitable treatment in respect of PSP, including in situations involving domestic violence. Previously, a married PSP recipient could continue to receive payment for 12 months after separating from their veteran partner or until they divorced or entered into a new de facto relationship, whichever occurred first. However, de facto PSP recipients ceased to be eligible for the payment as soon as the relationship with the veteran partner ended. As of 20 September 2019, PSP is available to de facto former partners as well as married ones. Former partners can receive payments for up to 12 months post-separation. Where special domestic circumstances such as domestic violence apply, PSP also allows former partners (including de facto partners) to remain on PSP after the 12-month period until they enter a new relationship, thereby ensuring continuing support for partners separating due to domestic violence.

### Veterans' Employment Program

The Prime Minister's Veterans' Employment Program (VEP) increases employment opportunities for veterans by raising awareness across industry of the skills and experience veterans can bring to the civilian workplace. In 2019–20:

- the number of organisations making a public commitment to support the employment of veterans by signing the Veterans Employment Commitment increased to over 280
- the third Prime Minister's Veterans' Employment Awards were held. Due to COVID-19 restrictions, the awards were delivered successfully via an online channel for the first time
- engagement activities, including showcasing the VEP at Defence Transition Seminars, were conducted
- resources were provided through the VEP website ([www.veteransemployment.gov.au](http://www.veteransemployment.gov.au)). Resources included veteran success stories to further reinforce the message that hiring a veteran is good for business.

Work continued on the Support for Employment (SFE) program, which was announced in the 2018–19 Budget. The program will provide additional support to veterans who are finding it challenging to transition to the civilian workforce. The SFE program will give veterans practical assistance, including assistance with skills translation, resume preparation and coaching. Legislative authority to enable the commencement of SFE has been delayed due to the impact of COVID-19 on Parliament sitting weeks. However, the program will commence in 2020–21.

In 2019–20 the new Enhanced Employment for Veterans grants program was successfully introduced. The program was announced in the 2019–20 Budget. The Government announced that grants will be provided to RSL Australia (\$6 million), Soldier On (\$6 million) and Disaster Relief Australia (formerly known as Team Rubicon Australia) (\$3 million) to deliver innovative programs to assist veterans to find meaningful employment. Payments to these organisations commenced from January 2020. However, they have all had to adjust their project schedules due to the impact of COVID-19 restrictions.

### Summary

DVA has had a remarkable year. We have continued to see unprecedented levels of claims being lodged as a result of the connection to and engagement with veterans and their families because of the success of the Veteran Centric Reform—Putting Veterans and Their Families First Program. More than 110,000 claims were lodged through MyService in 2019–20.

This ongoing significant increase in claims has affected our ability to meet timeliness targets in many of these claim types. DVA is committed to reducing these time frames and, through government investment in claims processing, has achieved considerable success in improving outcomes for veterans and their families. At the same time, we continue to focus on increased training, procedural support and policy advice to deliver quality decisions in accordance with the Acts. Our continued focus on quality improvement will ensure that clients are receiving the benefits and entitlements to which they are entitled.

## Outcome 2

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

### Key performance results

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

Our PBS and corporate plan set out performance measures and targets for each program under outcome 2. Table 3 shows our results against our targets for each criterion in 2019–20.

**Table 3: Outcome 2 performance measures and results**

No	Performance criterion	Target	2018–19 Actual result	2019–20 Actual result	Achieved
<b>Program 2.1: Provide access to general medical consultations and services</b>				📖 PBS p 50, CP p 20	
2.1.1	<b>Quality of service:</b> 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%	99.95%	<b>99.95%</b>	✓
2.1.2	Maintain a schedule of general and specialist medical and dental services for DVA Health Card holders that reflects trends in the delivery of health care services - Percentage of total medical and dental services that are assessed through the DVA fee schedule		This measure has been removed and will no longer be reported <sup>6</sup>		
<b>Program 2.2: Provide access to veterans' hospital services</b>				📖 PBS p 51, CP p 21	
2.2.1	<b>Quality of service:</b> 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%	99.94%	<b>99.96%</b>	✓



No	Performance criterion	Target	2018-19 Actual result	2019-20 Actual result	Achieved
Program 2.3: Provide access to veterans' pharmaceutical benefits				📖 PBS p 52, CP p 21	
2.3.1	<b>Quality of service:</b> 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%	99.98%	<b>99.99%</b>	✓
Program 2.4: Provide access to veterans' community care and support				📖 PBS p 53, CP p 21	
2.4.1	<b>Quality of service:</b> 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%	99.59%	<b>99.61%</b>	✓
Program 2.5: Provide veterans' counselling and other health services				📖 PBS p 54, CP p 22	
Access to services					
2.5.1	<b>Quality of service:</b> 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%	99.5%	<b>99.55%</b>	✓
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		This measure has been removed and will no longer be reported <sup>6</sup>		
Travel					
📖 PBS 55, CP p 22					
2.5.3	Target percentage of claims for reimbursement processed within the Service Charter timeframe (28 days) <sup>2</sup>	95%	99.93%	<b>99.94%</b>	✓
2.5.4	Degree of complaints about arranged travel relative to the quantity of bookings	<0.05%	0.02%	<b>0.03%</b>	✓
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%	65.8%	<b>90.15%</b>	✓
2.5.6	Client satisfaction <sup>1</sup>	>80%	94.2%	<b>90.52%</b>	✓
2.5.9	Open Arms Client Assist Contact Centre responsiveness capability <sup>3</sup>	80%	n/a	<b>98.24%</b>	✓
2.5.10	Consultation and Community Engagement is maintained annually		This measure has been removed and will no longer be reported <sup>6</sup>		
2.7.1	Accreditation as a Mental Health Service is maintained		This measure has been removed and will no longer be reported <sup>6</sup>		
Veterans' Vocational Rehabilitation Scheme					
2.5.7	Clients with successful return to work <sup>4</sup>	>50%	68.0%	<b>73.91%</b>	✓

No	Performance criterion	Target	2018–19 Actual result	2019–20 Actual result	Achieved
<b>Program 2.6: Provide access to health, rehabilitation and other care services under DRCA and MRCA</b>				📖 PBS p 56, CP p 23	
2.6.1	<b>Timeliness:</b> The percentage of rehabilitation assessments that were made within 30 days of referral for assessment	75%	82.0%	<b>88.20%</b>	✓
2.6.2	<b>Quality:</b> Percentage of clients where rehabilitation goals were met or exceeded	75%	75.0%	<b>68.88%</b>	✗
2.6.3	<b>Client satisfaction:</b> An annual survey of client satisfaction with the rehabilitation program <sup>5</sup>	75%	79.03%	<b>68.30%</b> <sup>7</sup>	✗
<b>A1.1: Partner with other Commonwealth agencies including Defence, Health and Services Australia (previously the Department of Human Services)</b>				📖 CP p 23	
A1.1	Governance arrangements are established and reviewed in accordance with respective agency agreements		This measure has been removed and will no longer be reported <sup>6</sup>		
<b>A1.2: Engage with stakeholders including ex-service organisations (ESOs) and Defence</b>				📖 CP p 23	
A1.2	Consultative fora are established with ESOs and Defence communities and reviewed in accordance with the NCF		This measure has been removed and will no longer be reported <sup>6</sup>		

CP = Corporate Plan 2019–2023; DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*; MRCA = *Military Rehabilitation and Compensation Act 2004*; NCF = National Consultation Framework; PBS = Portfolio Budget Statements 2019–20; Open Arms = Open Arms—Veterans & Families Counselling

<sup>1</sup> Client satisfaction is measured by a questionnaire. Satisfaction questionnaires are offered by clinicians at the end of the period of counselling. All clients who answer 'satisfied' or 'very satisfied' to the question 'How satisfied were you with the counselling provided to you?' will be measured as satisfied. The questionnaire is not compulsory for clients to complete.

<sup>2</sup> The target percentage for this performance criterion has been changed from 100% to 95%.

<sup>3</sup> This was a new measure for 2019–20. It assesses the percentage of calls received by the Open Arms Client Assist Contact Centre answered in less than 180 seconds.

<sup>4</sup> This measure is assessed by calculating the number of clients who returned to any form of work at the closure of the rehabilitation plan, over the total number of plan closures for the period.

<sup>5</sup> Client satisfaction is measured through a monthly independent survey by ORIMA Research of DVA clients who have recently completed the rehabilitation program.

<sup>6</sup> This measure has been removed as a result of the review of DVA's performance measures. For further information refer to page 29.

<sup>7</sup> This figure is based on July 2019 to May 2020 rehabilitation case closures and a simplified calculation methodology relative to the result for 2018–19. Therefore any variation in results from 2018–19 to 2019–20 cannot be interpreted as a trend in changes to overall client satisfaction with the DVA rehabilitation program.

**Table 4: Outcome 2 performance criterion categories**

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

## Analysis of performance against outcome 2

### Access to health services

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

In 2019–20 the number of clients who registered complaints was less than 1 per cent of the total number of clients who accessed services under these programs. This indicates a high level of satisfaction with the treatment available on the schedules. Complaints relating to these programs are usually made where requests for treatment that is outside the schedules have been declined. In most cases this is because there are services available within the schedules that are considered more clinically appropriate.

### Travel

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

In 2019–20 the number of complaints about arranged travel, relative to the quantity of bookings, was 0.03 per cent. This figure is lower than the target of 0.05 per cent per quantity of bookings. This indicates a high level of satisfaction with the Repatriation Transport Scheme and the ability of DVA to address issues quickly and efficiently.

The Service Charter time frame for processing claims for reimbursement is 28 days. The performance target for reimbursement of 95 per cent of travel claims within 28 days was met and the processing figure of 99.94 per cent was better than the processing figure of 99.3 per cent for 2018–19. The performance target was previously 100 per cent within 28 days. However, this target was varied for the 2019–20 financial year to accommodate potential external impacts on processing activities.

The change in performance target has not affected our processing activities. In 2019–20 our processing percentages improved, and they remained in the high 99 per cent range for the financial year.

It is pleasing to note that performance targets and quality of service have not been hindered by the fact that MRCA and DRCA claims are processed manually rather than by an automated processing system.

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

### Counselling

The Client Assist Contact Centre (Client Assist) national intake call centre was established in February 2018. Client Assist has proven to be effective in simplifying the client experience and connecting individuals to services more efficiently. The tailored and consistent Client Assist model was expanded in April 2020 to deliver after-hours support.

Throughout 2019–20, each month Open Arms—Veterans & Families Counselling (Open Arms) has maintained over 93 per cent of total calls answered in under 180 seconds (program 2.5.6), exceeding the measure target of 80 per cent.

In 2019–20 there was a significant increase in demand for Open Arms services. Open Arms supported a total of 30,894 clients—a 24 per cent increase from 2018–19. Open Arms has simplified the way in which this measure is calculated. Open Arms is tracking above the target measure, with 90.15 per cent of individuals allocated an appointment with a clinician within two weeks of their initial intake.

During 2019–20 Open Arms maintained a high level of client satisfaction, exceeding their 80 per cent target and achieving 90 per cent satisfaction.

## Rehabilitation

During 2019–20, DVA undertook extensive work to improve the quality of services delivered by rehabilitation providers. For example, we:

- engaged rehabilitation providers in a formal contractual arrangement, which includes performance measures and monitoring, and clear expectations about how rehabilitation services should be delivered for DVA clients
- published a series of updated procedural guidelines to support rehabilitation providers to deliver consistent and quality services on behalf of DVA
- established a digital community for rehabilitation providers via GovTeams, enabling DVA to deliver targeted and consistent messaging, information, training and resources to support service delivery
- proactively identified provider education and training needs, establishing a forward plan for training delivery, and continued to deliver relevant education and training via a dedicated Stakeholder Engagement Manager.

As a result of these initiatives, in 2019–20 DVA exceeded the Veterans' Vocational Rehabilitation Scheme target (program 2.5.7), with the majority of clients successfully returning to work after completing their rehabilitation plan. The 2019–20 result was a further improvement on the positive result we achieved in 2018–19. DVA also met targets for the number of rehabilitation assessments made within 30 days of referral (program 2.6.1). Performance on this metric has improved compared with 2018–19.

In 2019–20 DVA fell short of the target for the number of rehabilitation clients who have met or exceeded their rehabilitation goals (program 2.6.2). This represents a downward shift compared with 2018–19. There are a number of possible reasons why a client's rehabilitation goals may not have been met—for example, clients may cease to participate in rehabilitation prematurely due to a change in their health; and there may be data entry issues with the goal attainment information. In the first half of 2020 we undertook significant work to engage with DVA's rehabilitation providers about goal setting and scoring using the Goal Attainment Scale.

Client satisfaction (program 2.6.3) is calculated through a survey of clients who have completed the rehabilitation program. We use the information captured by the survey to identify and pursue opportunities for targeted business improvements and as an evidence base to inform program reform in the future. Survey questions were revised throughout 2019–20 to provide DVA with a more comprehensive understanding of the client experience of the rehabilitation program. Due to the change in survey questions throughout 2019–20 DVA was unable to use the methodology for calculating the 2018–19 metric. To calculate performance measure 2.6.3 across the changing survey questions, a simplified methodology was used. Owing to the significant difference in calculation methodology, any variation in results from 2018–19 to 2019–20 cannot be interpreted as a trend in changes to overall client satisfaction with the DVA Rehabilitation program.

## Achievements in 2019–20

### Early Engagement Model

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

### Mental and social health initiatives

In 2019–20 DVA delivered on a range of mental and social health initiatives to enhance the wellbeing of veterans and their families. Access to early health treatment and support was expanded under programs 2.1 and 2.2 through implementation of the following activities:

- health checks for veterans every year for five years after service
- preparation of health assessment materials to support veterans affected by anti-malarial medication
- completion of mental health pilots to improve outcomes for vulnerable veterans through coordinated care.

Under program 2.5, DVA promoted wellbeing through the following social support and connection activities:

- delivery of trauma recovery programs in hospitals
- progressing a research trial of post-traumatic stress disorder (PTSD) assistance dogs
- providing targeted support for children of veterans through Kookaburra Kids.

We enhanced community involvement, health literacy and participation through a range of social health programs, including:

- Heart Health
- Veterans' Health Week
- Health and Wellbeing funding
- Men's Health Peer Education.

To assist clinicians to better meet veterans' mental health needs, DVA provided mental health online training and practitioner support through the Centenary of Anzac Centre.

### Post-traumatic stress disorder assistance dogs

DVA is working with La Trobe University to trial psychiatric assistance dogs as an adjunct to evidence-based treatment for veterans with PTSD. The trial commenced in mid-2018 and is expected to run until June 2022.

During 2019–20, a total of 20 veteran participants were recruited to join the trial. The first seven veterans progressed through the initial phases of training and had received their assistance dogs by May 2020. The remaining dogs will be handed over by the end of 2020.

The trial has remained on schedule despite the challenges of the COVID-19 pandemic. Participants began reporting improvements in their general health and wellbeing immediately after receiving their dogs.

An independent evaluation of the trial is being conducted in parallel to contribute to the international evidence base on the use of assistance dogs as an adjunct to clinical therapy for veterans with PTSD.

In September 2019, DVA also launched the Psychiatric Assistance Dog Program to assist veterans who are suffering with PTSD while La Trobe University is conducting its four-year trial. The program has been incredibly positive, with close to 100 veterans assessed as eligible to receive an assistance dog and five dogs matched with veterans by the end of the financial year.

The psychiatric assistance dog is quite different from other types of assistance animals. The dogs are specifically trained to perform tasks that contribute to the management of a veteran's PTSD. A task is a trained behaviour that alleviates post-traumatic stress symptoms by doing something the veteran cannot do themselves but is required for them to reach their clinical recovery goals—for example, waking them up if they are experiencing distress in their sleep, or nuzzling to distract from emotionally disabling symptoms.

The program is expected to grow in 2020–21, with plans in place to expand the existing panel of contracted providers to ensure national coverage. An open market request for tender was released in November 2019; the outcome of this process is expected to be announced in August 2020.

### **Assistance for veterans prescribed anti-malarial medications**

In December 2019 we engaged health care company Bupa to deliver a national program to veterans who are concerned about the effect on their health of having taken the anti-malarial medications mefloquine and tafenoquine. The program will deliver a comprehensive health assessment and provide a health support recommendation report that includes recommended clinical and diagnostic testing and appropriate treatment pathways for coordination by the veteran's general practitioner (GP).

DVA and Bupa are developing the program and assessment materials in consultation with clinicians and the veteran community. The first health assessments are expected to be available by the end of 2020.

### **Veteran Health Check**

The Veteran Health Check enables veterans to access a comprehensive health assessment with a GP to identify ways to optimise their physical and mental health and wellbeing. It was introduced on 1 July 2019.

Early intervention and appropriate referrals can help veterans to enjoy better health outcomes and manage their health during their transition to civilian life. There are two types of Veteran Health Checks available:

- One-off Veteran Health Check—available to all former serving ADF members who left the ADF before 30 June 2019
- Annual Veteran Health Check—available each year for the first five years for veterans who transitioned from the ADF after 1 July 2019.

### **Suicide prevention pilots**

In 2019–20 DVA completed two suicide prevention pilots—the Coordinated Veterans' Care (CVC) Mental Health Pilot and the Veteran Suicide Prevention Pilot. The pilots were announced in the 2017–18 Budget.

The CVC Mental Health Pilot tested 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 primarily targeted veterans in rural and remote regions where mental health services can be difficult to access or are limited or unavailable. The pilot commenced in August 2018 and was completed by 31 December 2019. A total of 184 veterans participated.

The Veteran Suicide Prevention Pilot was an adaptation of Beyond Blue's The Way Back Support Service. The pilot tested the benefits of providing intensive, wraparound support and non-clinical management services to address an ex-serving ADF member's mental and social health needs on discharge from hospital. It included referrals for veterans who had attempted suicide or had experienced suicidal ideation; and those who had a mental health condition and had been clinically assessed as being at an increased risk of suicide. The pilot provided 90 days of support (or longer if required) after hospital discharge. The pilot commenced in July 2018 and ended on 30 June 2020. A total of 109 veterans participated.

An independent evaluation of each pilot is underway and scheduled for completion in late 2020. Findings and outcomes from the pilots will be used to inform the design and implementation of DVA's future mental health and suicide prevention policy, programs and services.

### **Trauma Recovery Programs**

Trauma Recovery Programs for PTSD (TRP-PTSD) provide holistic, time-limited and evidence-informed treatment for veterans and current ADF members who are living with PTSD and other comorbidities, in order to support psychological growth and recovery. DVA has funded TRP-PTSD in public and private hospitals across Australia since 1996. There are currently 17 contracted TRP-PTSD providers, including 15 private hospitals and two public hospitals.

In 2019–20, 170 veterans and 47 current ADF members participated in TRP-PTSD at 12 hospitals nationally. In April 2020, due to the COVID-19 pandemic, DVA approved the temporary delivery of mental health and rehabilitation day programs through telehealth arrangements where clinically appropriate. Some TRP-PTSD providers chose to take advantage of this approach, as it allowed for minimal disruption to these valuable services.

### **Mental health webinars**

DVA's professional development webinar series 'Mental Health and the Military Experience' supported practitioners to better respond to the mental health needs of veterans. It completed in April 2020. The series was successful in engaging with health professionals who treat veterans and those who are interested in veteran mental health. Over 13,800 health professionals attended the 15-part webinar series.

The webinars covered topics such as identity during/after transition, treating PTSD, managing comorbid mental health conditions, pain, research, and suicide prevention and safety planning.

Information about the webinars and how to access them is provided on the Open Arms website.

### **Heart Health Program**

DVA continued to provide the Heart Health Program, under which veterans and peacekeepers with operational service overseas can access a one-off, 52-week gym-based exercise and health education program. It is provided on behalf of DVA by Corporate Health Management.

In 2019–20, group and individual programs were held in several states and territories. Because of the restrictions introduced by the COVID-19 pandemic, DVA supported telephonic health coaching so that interested group participants could continue the program.



## Veterans' Health Week

Veterans' Health Week aims to highlight the importance of good mental health and raise awareness of health and wellbeing generally in the veteran and Defence community.

DVA provides funding, support and/or event promotion to ex-service organisations and community groups to run relevant, local events that encourage veterans and their families to take care of their health.

In October 2019, more than 270 registered events were held across Australia for veterans, current serving personnel and their families with the theme of 'Mental Wellness'. Events included golf days, group walking events, presentations about mental wellness, and workshops to help with stress management. The number of events held this year was more than double that of 2018.

## Open Arms—Veterans & Families Counselling

Open Arms strives to meet its mission—to excel in the provision of nationally consistent yet locally responsive, evidence-based mental health and wellbeing support services to veterans and their families. Over the past year, Open Arms' key achievements include improved services to better support the mental health and wellbeing of the veteran community.

## National Community and Peer Program

The Community and Peer Program provides clients with access to veteran and family Community and Peer Advisors (Peers) who have a lived experience of mental health issues, recovery and military service. Peers connect with veterans and their families, providing a bridge to clinical services. They engage with clients to identify and assist individuals who are in need of services, improving mental health outcomes for those at risk of suicide and those with complex support needs.

The program was implemented nationally in July 2019, and there are now a total of 40 Peers working in Open Arms centres across Australia. Through the work of Peers, Open Arms can connect with individuals in need and expand our reach in the local community. The program has received an overwhelmingly positive response from the veteran community.

## Safe Zone—anonymous counselling

Safe Zone Support is a free and anonymous counselling line that is available 24/7 for current and former members of the ADF and their families. DVA launched the service in April 2020 in response to emerging issues in the veteran community. Safe Zone Support provides access to specialised counsellors with an understanding of military culture and experience. The service offers care without the need for individuals to identify themselves or be concerned that their call will be recorded.

## Mental health support during the black summer bushfires and COVID-19

In 2019–20 DVA implemented a number of initiatives to ensure that veterans and their families had several alternative ways to access support during the black summer bushfires and COVID-19 pandemic. For example, we:

- introduced a secure mental health telephone and video counselling platform
- accelerated the commencement of 24/7 Client Assist operation, which ensures that consistent crisis support is available at any time
- developed and implemented the online group treatment programs Doing Anger Differently, Understanding Anxiety, Recovery from Trauma and Managing Pain
- released the online training program Suicide Prevention Start.



Also, all Open Arms clinicians were given online training to implement the SafeSide Suicide Risk Prevention Framework. The framework is used to prioritise problem solving with clients at risk of suicide to mitigate risk factors. This training assisted clinicians to create a future focus and enhance safety planning at a time when many clients were vulnerable.

### **Trauma-focused innovation and support**

DVA works closely with the Phoenix Australia Centre for Posttraumatic Mental Health, an internationally recognised leader in trauma-related mental health and wellbeing. This relationship allows us to leverage our expertise to support clients, particularly those with trauma-related mental health conditions. Phoenix Australia supports Open Arms clinicians by facilitating monthly sessions about the application of trauma-focused interventions with clients who present with PTSD symptoms.

Open Arms is currently working with Defence and Phoenix Australia on two trials with a trauma focus: the Rapid Exposure Supporting Trauma Recovery (RESTORE) Trial and the Moral Injury Outcomes Scale (MIOS).

The RESTORE Trial is investigating whether the intensive delivery of prolonged exposure (PE) therapy will deliver comparable outcomes to the gold standard PE therapy treatment. If proven effective, it will increase the accessibility of trauma-related treatment for veterans.

MIOS explores the mental health outcomes associated with a potentially morally injurious event and the development of a validated international military moral injury and outcome measure. If this outcome measure proves to be successful, it will be utilised as part of routine mental health assessment and treatment. MIOS is an international research collaboration with Canada, the United States, the United Kingdom and Australia.

### **Summary**

In 2019–20 DVA initiatives enhanced the wellbeing of veterans and their families by successfully connecting many veterans to the quality, evidence-based services and supports they need, at the time they need them most.

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

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

## Understand and respect

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

### Outcome 3

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

### Key performance results

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

Our PBS and corporate plan set out performance measures and targets for each program under outcome 3. Table 5 shows our results against our targets for each criterion in 2019–20.

**Table 5: Outcome 3 performance measures and results**

No	Performance criterion	Target	2018-19 Actual result	2019-20 Actual result	Achieved
Program 3.1: Provide and maintain war graves				PBS p 60, CP p 24	
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 <sup>1</sup>	Complaints received relate to 10 or less graves or sites of collective commemoration	Achieved	Achieved	✓
Program 3.2: Deliver commemorative activities				PBS p 61, CP p 24	
3.2.1	Events are delivered safely, on schedule and within budget	The number of safety incidents reported is less than 1% of those attendance  100% of events are delivered on time and with less than a 5% variation in actual expenditure compared to budget	This measure has been removed and will no longer be reported <sup>2</sup>		
3.2.2	Government is satisfied with quality <sup>1</sup>	The Minister for Veterans' Affairs confirms the Government's satisfaction with the quality of each event	Achieved	Achieved	✓

CP = Corporate Plan 2019–2023; CWGC = Commonwealth War Graves Commission; OAWG = Office of Australian War Graves; PBS = Portfolio Budget Statements 2019–20

<sup>1</sup> These measures have been replaced in 2020–21 with quantitative measures which ensure war graves are maintained in accordance with standards; and commemorative activities are appropriate and engage with a broad audience.

<sup>2</sup> This measure has been removed as a result of the review of DVA's performance measures. For further information refer to page 29.

**Table 6: Outcome 3 performance criterion categories**

Performance criterion category	Performance criterion number
<b>War graves</b>	3.1.1
<b>Commemorations</b>	3.2.2

## Analysis of performance against outcome 3

### Office of Australian War Graves

The Office of Australian War Graves (OAWG) is the agent of the Commonwealth War Graves Commission (CWGC). The OAWG manages 76 war cemeteries and war plots commemorating our war dead in Australia, Papua New Guinea and the Solomon Islands. The OAWG also cares for the more than 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 2019–20, the OAWG received three complaints about the standard of an official commemoration; these issues were rectified as a priority. This is a pleasing result considering the large number of commemorative assets the OAWG maintains. The OAWG regularly receives acknowledgement and compliments from veterans, their families and the broader Australian community about the high standards of commemorations maintenance.

More than two million Australians have served in our defence forces since federation, although not all Australian veterans are eligible for an official commemoration. In 2019–20, an additional 2,122 eligible veterans received an official commemoration.

Despite experiencing significant delays to routine inspections and maintenance due to devastating bushfires and the COVID-19 pandemic, operations of the OAWG were well managed and standards maintained. The OAWG was also able to deliver two key renovation projects at the Goulburn War Cemetery and at the Rookwood Cemetery in Sydney.

The CWGC's Goulburn War Cemetery contains nine Commonwealth burials of Australian service personnel from the First World War and 32 from the Second World War. They are among the 13,000 Australians who served in the two world wars who died and are at rest at home in Australia. The redevelopment involved consultation with the local sub-branch of the Returned and Services League (RSL), and the work was completed by OAWG staff and local contractors in late 2019.

The Old Army Anglican Section 'EE' at the Rookwood Necropolis is a heritage-listed site containing the graves and memorials of 112 Australian service personnel from Australia and the Cook Islands. Established in 1888, the Old Army section represents a microcosm of Australia's military and social history from colonial times to the Vietnam War. The refurbishment includes new stone walls, plaques, seating, interpretative and wayfinding signage, garden beds, irrigation and turf. The works were completed in time for Anzac Day 2020 and are a tribute to the partnerships between OAWG, the Rookwood General Cemetery, family and friends, and a dedicated cohort of Vietnam veterans, particularly members of the Kirribilli sub-branch of the RSL.

## Commemorations

In 2019–20 commemorative services were successfully conducted for:

- the 50th anniversary of the Battle of Long Hai (Operation Hammersley) at the Australian Vietnam Forces National Memorial, Anzac Parade, Canberra
- the 25th anniversary of the United Nations Assistance Mission in Rwanda (Operation TAMAR) at the Australian Peacekeeping Memorial, Anzac Parade, Canberra.

## International Anzac Day services

In 2019–20 overseas Anzac Day ceremonies in Gallipoli, Turkey; Villers-Bretonneux, France; Hellfire Pass, Thailand; and Sandakan Memorial Park, Malaysia, were not held due to the global COVID-19 pandemic. Australians were encouraged to mark Anzac Day at home by watching a televised national service from the Australian War Memorial.

The Anzac Portal is DVA's perpetual digital commemorative presence. In 2019–20 DVA continued to refresh the content on the Anzac Portal; new First World War content was progressively uploaded over the year, and new content for the Second World War and later wars and conflicts will be progressively added over 2020–21. The Anzac Portal played an important role on Anzac Day 2020, when commemorative services were cancelled due to COVID-19 restrictions. The resources on the portal, including draft orders of service, commemorative music and poetry, posters and books, assisted the community to commemorate at home.

DVA also conducted two regular mail-outs for Anzac Day and Remembrance Day. The mail-outs provided educational resources for students and teachers, historical posters and books, and engaging digital products to tell the stories of veterans' service. They went to over 17,000 stakeholders around Australia, including schools, libraries, RSLs and other ex-service organisations, aged care facilities, and parliamentary representatives.

DVA will continue to deliver program activities that enhance the community's awareness and recognition of service and sacrifice and the preservation of Australia's wartime heritage.

## Achievements in 2019–20

### Australian Defence Veterans' Covenant increases recognition of veterans

The nationally recognised Australian Defence Veterans' Covenant was established following the passage of legislation on 31 October 2019. Under the Veterans' Covenant, veterans can apply for a Veterans' Recognition Package and Veteran Benefits Program.

The Veterans' Recognition Package gives eligible veterans a new Veteran Card, an Australian Veteran Lapel Pin or Reservist Lapel Pin, and a copy of the Covenant Oath. The cards and lapel pins give the opportunity for the public to acknowledge the contribution that veterans have made to Australia and for our veterans to connect with the broader Australian community. The package was launched on 3 November 2019. Since then we have distributed 95,844 Veterans' Recognition Packages with Veteran Lapel Pins and 2,349 with Reserve Lapel Pins to applicants. The automated online application process has contributed significantly to the ease with which veterans can access the Veteran Card. The uptake of Veterans' Recognition Packages has resulted in around one-fifth of applicants making contact with DVA for the first time.

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

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

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

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

The Veteran Benefits Program offers eligible veterans and their families a free web-based subscription service for access to discounts and offers from businesses throughout Australia. These discounts and offers from over 800 organisations, including large national retailers, are a tangible way in which the community can thank veterans for their service. In 2019–20, 63,200 Veteran Card holders accessed the Veteran Benefits Program, and the number of organisations involved continues to increase. DVA is continuing to expand the program through a service delivery partnership, advertising on targeted media and social media channels, and communication with the ex-service community and local peak bodies. More information is available at [www.recognition.dva.gov.au/veteran-card](http://www.recognition.dva.gov.au/veteran-card).

The introduction of the Veterans' Recognition Package and Veteran Benefits Program were key achievements for DVA in 2019–20. DVA will consider how best to measure the performance of these programs in the future and will look to introduce performance measures in the 2021–22 PBS.

## Preservation of war graves and memorials

In addition to the care of official commemorations in cemeteries and gardens of remembrance throughout Australia, Papua New Guinea and the Solomon Islands, OAWG is also responsible for the care and maintenance of 40 official Australian memorials in 16 different overseas nations and the operation of three interpretive sites in France, Thailand and Malaysia. The presentation and structural integrity of the commemorative memorials and sites were maintained at a high standard throughout the year and were not significantly impacted during the COVID-19 pandemic.

Due to the pandemic and enforced in-country restrictions from March 2020, OAWG safely managed the closure of the Hellfire Pass Interpretive Centre in Thailand; the Sandakan Memorial Park in Malaysia; and the Sir John Monash Centre in France. With the implementation of appropriate social distancing and hygiene measures, the Sir John Monash Centre and the Sandakan Memorial Park were safely reopened in June 2020.

In 2019–20, OAWG completed the Government's election commitment to undertake a scoping study for a commemorative site on the Greek island of Lemnos. Lemnos was a key location for the Allies during the Gallipoli campaign in 1915, particularly for the provision of medical treatment and recuperation. The report will be provided for government consideration in 2020–21.

OAWG has also re-energised its social media engagements, seeking to educate and inform a broader audience regarding commemorations, commemorative events, significant anniversaries, veterans' stories and all aspects of service and sacrifice.

## Summary

DVA, through the OAWG, continued to meet the high standards that the Australian community and the CWGC expect for the care and maintenance of official commemorations and memorials in Australia and overseas. OAWG staff, field teams, contractors and other partners are to be commended for their achievements in the past year, particularly during a challenging period that included devastating bushfires in Australia and a global pandemic.

We continued to support community engagement by providing grants to community organisations for commemoration and through online and hard-copy products and resources. This has enabled opportunities for poignant, solemn and individual reflections in COVID-safe environments.

The Australian Defence Veterans' Covenant recognises and acknowledges the unique nature of military service and the contribution of veterans and their families. The Veteran Card, lapel pins and Oath allow all Australians to identify veterans when they are not in uniform or wearing their medals and offer respect to them and their families. The Covenant also provides a framework that enables veterans and their families to better connect with their community.

## Policy

Providing strategic and evidence-based policy advice to government.

### Removal of activity and measures

As discussed on page 29, following a review of our corporate plan we made improvements to our purpose and key activities to provide a clearer alignment to our purpose. As a result of this review we removed our policy key activity from our Corporate Plan 2020–21 and the reporting against the corresponding performance measures below. Table 7 shows our targets as stated in the Corporate Plan 2019–23.

**Table 7: Policy performance measures**

No	Performance criterion	Target	2018–19 Actual result	2019–20 Actual result	Achieved
<b>A3.1: Develop and provide strategic base policy advice</b>					CP p 25
A3.1.1	DVA publishes a Strategic Intent articulating how it will support the wellbeing of veterans and their families	Achieved	This measure has been removed and will no longer be reported		
A3.2.1	DVA provides evidence-based policy advice based on a well-defined approach that supports the Strategic Intent	50% 2019–20 <sup>1,2</sup> 75% 2020–21 <sup>1,2</sup> 95% 2021–22 <sup>2</sup> 95% 2022–23 <sup>2</sup>	This measure has been removed and will no longer be reported		
A3.3.1	Assessment by the Minister's office that policy advice received is grounded either in contemporary evidence and/or, emerging research and/or, cognisant of community expectations, and aligned to the Strategic Intent	Medium-High 2019–20 Medium-High 2020–21 Medium-High 2021–22 High 2022–23	This measure has been removed and will no longer be reported		
<b>A3.2: Undertake a program of strategic research</b>					CP p 25
A3.2	Alignment of research activities with the Strategic Research Framework (SRF) principles and priorities	Achieved	This measure has been removed and will no longer be reported		

CP = Corporate Plan 2019–2023; PBS = Portfolio Budget Statements 2019–20

<sup>1</sup> First two years' targets remain at lower level while DVA embeds this new process and approach.

<sup>2</sup> Percentage of policy advice that is grounded either in contemporary evidence and/or emerging research and/or cognisant of community expectations, and aligned to the Strategic Intent.

## Enabling services

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

### Removal of activity and measures

As discussed on page 29, following a review of our corporate plan we made improvements to our purpose and key activities to provide a clearer alignment to our purpose. As a result of this review we removed our enabling services key activity in our Corporate Plan 2020–21 and the reporting against the corresponding performance measures below. Table 8 shows our targets as stated in the Corporate Plan 2019–23.

**Table 8: Enabling services performance measures**

No	Performance criterion	Target	2018–19 Actual result	2019–20 Actual result	Achieved
<b>E4.1: Provide a professional, engaged and flexible workforce</b>					CP p 27
4.1.1	APS workforce is affordable and within budget	Achieved	This measure has been removed and will no longer be reported		
4.1.2	Workforce Strategy is in place and reviewed regularly to meet operational requirements <sup>1</sup>	Achieved	This measure has been removed and will no longer be reported		
4.1.3	Workforce is engaged and actively participates with attendance rates consistent with like APS agencies	Achieved	This measure has been removed and will no longer be reported		
4.1.4	Workforce actively participates in Performance Agreements under the Performance Feedback Scheme	>90%	This measure has been removed and will no longer be reported		
<b>E4.2: Deliver sound financial management</b>					CP p 27
4.2.1	The Financial Strategy is in place and it is reviewed and updated regularly	Achieved	This measure has been removed and will no longer be reported		
4.2.2	Unqualified financial statements	Achieved	This measure has been removed and will no longer be reported		
4.2.3	Continue to monitor the financial performance of the department to ensure sustainability	Achieved	This measure has been removed and will no longer be reported		
<b>E4.3: Provide reliable, responsive, accessible and cost effective digital services</b>					CP p 28
4.3.1	Percentage of claims lodged through DVA's digital channel MyService	60% 2019–20 70% 2020–21 75% 2021–22 78% 2022–23	This measure has been removed and will no longer be reported		
4.3.2	Client satisfaction with MyService	82% 2019–20 84% 2020–21 86% 2021–22 88% 2022–23	This measure has been removed and will no longer be reported		
4.3.3	ICT platform availability	>98%	This measure has been removed and will no longer be reported		

APS = Australian Public Service; CP = Corporate Plan 2019–2023; ICT = information and communications technology;

PBS = Portfolio Budget Statements 2019–20; .

<sup>1</sup> The Workforce Strategy is scheduled to be reviewed as a minimum every 18 months.

# Supporting veterans and their families through crisis

## Black summer bushfires

During the 2019–2020 bushfire season, severe bushfires affected Australians in every state and territory. More than 50,000 DVA clients and their families were directly affected by the fires.

Over the summer season, DVA did whatever it could to support those clients—giving medical assistance, finding accommodation and offering mental health support, financial assistance and housing insurance, and help in cleaning up fire-affected properties.

DVA prioritised affected veterans' claims. We also paused debt recovery and offered rent assistance or crisis payments. DVA identified 128 at-risk veterans managed within the Client Support Framework and reached out to make sure they received the support they needed. We also worked closely with contracted service providers to ensure we were aware of veterans who were impacted and find out how we could most effectively support them.

We used multiple communication channels to encourage veterans and their families to maintain their health and wellbeing during the bushfires. Our social media channels promoted the services and support available from DVA and reminded people that we are here to help.

***Open Arms—Veterans & Families Counselling (Open Arms) reached out to our veteran community and ex-service organisations in disaster-affected areas to offer information on the support available.***

Our newspaper, *Vetaffairs*, is mailed to more than 250,000 veterans across Australia. In its autumn 2020 edition the newspaper ran a 'Bushfires in focus' feature covering topics such as dealing with poor air quality, resilience, recovery, and replacement of lost medals. There were also some uplifting stories on the amazing work that veterans, Reservists and ADF members did to help their fellow Australians during this difficult time, including as part of the ADF's Operation Bushfire Assist, Team Rubicon Australia and Operation Vet Assist.

Many veterans and their families had property in the bushfire zones, and insurance was an important issue for them. Defence Service Homes Insurance (DSH Insurance) provides building insurance to eligible veterans and ADF members. During the bushfire period DSH Insurance worked overtime to assist those affected—there were over 5,000 policyholders with properties at risk in exposure zones. A dedicated team was established to support policyholders and ensured information was provided promptly and claims lodged swiftly. Every claiming policyholder was also offered counselling through Open Arms.



*'We work very closely with DVA and they've been amazing. When these fires were happening, we had DVA ringing us saying, "In all the areas you're working in, if you find a veteran who's been affected, ring us straight away." All stops were pulled out.'*



Members of Team Rubicon Australia helping clear rubble on a property. ©Disaster Relief Australia

## Veterans helping with disaster relief

Team Rubicon Australia (TRA) (now Disaster Relief Australia) is a veteran organisation that utilises the skills and experiences of ADF veterans and first responders in disaster relief operations around the globe. Its mission is 'to be the pre-eminent disaster relief organisation in the Asia-Pacific Region, and in doing so, change the narrative around what it means to be a veteran in Australia'.

During the widespread Australian summer bushfires of 2019–2020, TRA was a vital component of the response for those affected. In mid-February 2020 TRA was working at capacity.

***More than 3,000 volunteers were operating throughout Australia, particularly in bushfire-ravaged areas including East Gippsland, south-east New South Wales, the Adelaide Hills and Kangaroo Island.***

Geoff Evans, Chief Executive Officer and cofounder of TRA, says, 'Veterans are ideally suited to working in the disaster relief environment because of their skills and experience. If you can operate in a war zone you can operate in a disaster zone'. He says the value veterans bring include highly developed leadership skills, initiative, resourcefulness, self-sufficiency and an inherent attitude of service above self.

TRA's DVA-funded mental health training, as well as the veterans' own experiences, meant that some TRA volunteers were able to identify people affected by the bushfires who were suicidal and then successfully intervene.

The Government has provided \$15 million to TRA, Soldier On and the Returned and Services League of Australia (RSL) to roll out employment-related programs through a one-off grants package. Mr Evans is grateful for the support, and for DVA's funding of TRA's expansion program so they could respond to the Cudlee Creek bushfire in the Adelaide Hills in South Australia.

# The COVID-19 pandemic

In early 2020, the COVID-19 pandemic reached Australia, resulting in major social, health and economic challenges for all Australians. DVA's priority during this time has been to ensure that all of our veterans and their families are supported physically, mentally and emotionally in every way we can.

With the outbreak of COVID-19 our immediate focus was to ensure all of DVA's client-facing services could be delivered in a safe and responsible way. We adapted some services to ensure critical support was available to our veterans and their families throughout the pandemic. DVA also wrote to more than 70,000 of its most vulnerable veterans and sent out over 27,000 SMS text messages to remind people that DVA's services and support were still available.

We also made changes to our service delivery including the temporary suspension of face-to-face services and the introduction of scheduled appointments only via the Veterans Access Network.

DVA made sure veterans were not at risk of potential exposure to COVID-19 via accessed health services. We wrote to 20,000 GPs to remind them that they could bill against telehealth services. Vulnerable eligible veterans were able to order their Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme prescriptions online and have their medicines home-delivered. Veterans who receive DVA-funded community nursing services could also speak to their provider about developing an individual pandemic plan to help them stay well during the pandemic. Rehabilitation providers also used telehealth to ensure rehabilitation plans continued.

During the pandemic, DVA delivered government support payments to over 220,000 DVA clients who received the \$750 Economic Support Payment and more than 1,200 dependants who received the \$550 a fortnight Coronavirus Supplement. DVA also paused debt recovery for six months, ending September 2020, to allow veterans to focus on their health and wellbeing.

We use multiple communication channels and developed a social media campaign with the message 'physically apart, socially connected' to foster positive mental health.

Veterans were reminded they could access free mental health care, and Open Arms remained available for 24/7 support during the COVID-19 period. DVA issued special e-news bulletins to over 150,000 veterans to keep them informed of the support that was available. We also established a dedicated COVID-19 webpage to provide ongoing up-to-date information for veterans and health providers.

With social distancing measures in place, supermarkets around the country implemented a range of priority services to ensure vulnerable Australians could continue to shop safely. DVA worked with retailers to ensure Gold Card holders were provided access to these priority services including home delivery, collection and online ordering to obtain their everyday grocery essentials.

The pandemic response meant that overseas and domestic Anzac Day 2020 services and commemorations had to be cancelled. To ensure that this special day in the lives of veterans and their families did not go unmarked, DVA organised a range of activities to help Australians commemorate Anzac Day from their own homes and in line with health advice on coronavirus—for example, 1.8 million television viewers watched the national service from the Australian War Memorial and another three million live streamed it.

From the outset, DVA has reassured the veteran community that we are focused on maintaining services and support and that we remain 'open for business' during the pandemic.



Syd Kinsman with his grandson, Ben Bruce, a 15-year veteran, at their driveway dawn service. Photo: Tricia Bruce



Syd Kinsman pays tribute in his driveway at dawn on Anzac Day. Photo: Moogie Curtis

## Syd Kinsman's special Anzac Day commemorations

COVID-19 restrictions may have forced the cancellation of traditional Anzac Day commemorations, but many veterans across Australia were undeterred, finding new and creative ways to mark the day.

Syd Kinsman, a 99-year-old Alice Springs veteran and Rat of Tobruk, made an Anzac Day tribute in his front garden. 'We've got a tall pine tree trunk in our front yard we use for a Christmas lights display,' Mr Kinsman said. 'About a week before, the family came around and put up a scrap of timber on it.

'It had the ode on it with one of my Akubra hats and a lot of poppies down below and on the tree.'

For Mr Kinsman, Anzac Day started with a driveway dawn service with his children, grandchildren and two great grandchildren, distanced across the road. They listened to the national dawn service and another service, pre-recorded by local ABC Radio, in which Mr Kinsman recited the ode.

Alice Springs residents then took part in an Anzac Day 'drive-by tribute' past Mr Kinsman's home. The drive-by was organised on social media as a tribute to Mr Kinsman, the town's oldest veteran. An estimated 750 cars took part in the 'drive by', led by a Kenworth prime mover painted with Passchendaele scenes and a large red poppy.

'It was unbelievable, it brought tears to your eyes,' Mr Kinsman said. 'There were cars of all different shapes and sizes, cars you only see at displays and the fire brigade, you had to be here to believe what was going on. It was a wonderful recognition for all veterans.'

***Syd's daughter Tricia Bruce said her father had been sad at being unable to remember his mates in his usual Anzac Day fashion, but 'the day evolved into something we will all never forget'.***

Syd Kinsman with his Anzac Day tribute to fallen comrades and veterans and their families. Photo: Moogie Curtis







# 05

## **Management and accountability**

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

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

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

The department's highest governance body is the Executive Management Board (EMB). The EMB provides senior leadership and strategic direction, makes key decisions (consistent with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)) and reviews risks for the department. The EMB's primary focus is strategic planning in policy and operational matters, achieving client service excellence, stakeholder connection, performance monitoring, culture and resource allocation. It regularly reviews organisational health based on a range of indicators, including financial performance, staff management, human resources and data capability.

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

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

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

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

The Audit and Risk Committee (ARC) is an external advisory committee that reports directly to the Secretary. The ARC is required under the PGPA Act. Resource Management Guide 202 sets out the ARC's requirements, and these are reflected in the ARC Charter. The ARC essentially looks at four major functions:

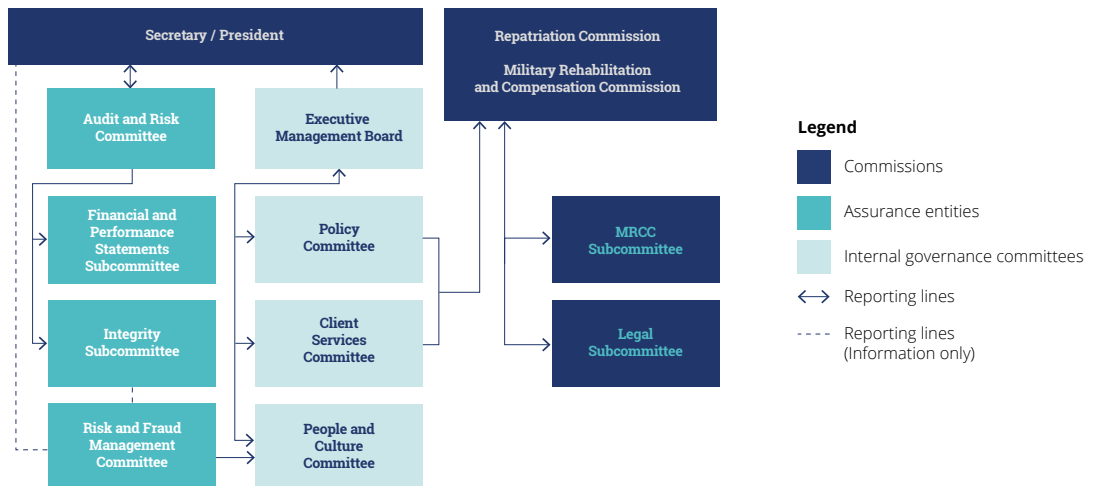
- financial reporting
- performance reporting
- risk oversight and management
- system of internal control.

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

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

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

**Figure 5: DVA departmental governance committee structure**



## Corporate and operational planning

The DVA corporate plan is DVA's primary planning document. It sets out DVA's purpose, its operating context, the key activities it intends to pursue in order to achieve its purpose, and how performance will be measured and assessed. The corporate plan is consistent with the requirements under paragraph 35(1)(b) of the PGPA Act. It is published on our website and covers the next four financial years.

DVA conducts business planning through annual business plans developed at the division, branch and business unit levels to align our strategic direction with business priorities at all levels of the organisation. The business plans demonstrate how DVA will go about undertaking its key activities to achieve its purposes. In addition, throughout the year the department reports on its performance to high-level governance committees.

## Conflict of interest

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

## Risk management

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. Enterprise, business and fraud risks receive oversight from internal governance committees such as the EMB and RFMC and external assurance from the ARC.

During 2019–20 DVA continued to embed a positive risk culture and behaviours across all levels of the organisation through the Chief Risk Officer and other senior executive messaging; and a Risk Awareness Week, held from 22 to 26 July 2020. The Risk Management Framework and related policy and guidance were reviewed and updated to reflect changes in the department's operating environment. Enterprise and business risk assessments were comprehensively reviewed, taking into account the impacts of a COVID-19 environment and DVA structural changes. A new mandatory risk management training course, specifically tailored for DVA, was also developed and implemented.

Due to the impact of the COVID-19 pandemic on DVA's strategic and operational landscape, there was a positive focus on managing the current issues and risks through our existing Risk Management Framework and through the activities of the Pandemic Management Response Team.

## Business continuity

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

During 2019–20 the DVA Business Continuity Plan was not invoked. However, Annexure D to the Business Continuity Plan was invoked by the Chief Health Officer in response to the COVID-19 pandemic.



Business Continuity Plan training was undertaken in the latter half of 2019. Departmental representatives and inter-agency representatives participated in an exercise scenario based on a pandemic originating in Asia and eventually spreading to overwhelm health services in Australia. Outcomes and learning from the training activity were used to update the Business Continuity Plan in December 2019 through to January 2020. This work was fortuitous given the emergence of COVID-19 in early 2020.

## Internal audit

In 2019–20 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 prevention and control

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

During 2019–20, DVA operated for several months in a COVID-19 environment. During this time we:

- held quarterly meetings of the Risk and Fraud Management Committee, focused on fraud control, policy and activities, and fraud-awareness issues. We ensured DVA was compliant on fraud control and fraud-awareness issues
- began a review of the DVA Fraud Control Plan and fraud policies to cover the period 2021 to 2023
- comprehensively reviewed the Enterprise Fraud Risk Assessment as required by the DVA Fraud Control Plan, including working in a COVID-19 environment and taking account of DVA structural changes
- continued the comprehensive compliance program, ensuring staff undertake mandatory online fraud and risk awareness.

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 319 allegations of fraud in 2019–20—a slight decrease from 341 allegations in 2018–19. 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 2019–20 for consideration of prosecution and/or law enforcement action.

As a result of fraud investigations finalised in 2019–20, 27 cases were referred to business areas for consideration of administrative response such as debt recovery, education or other compliance activities. In addition \$623,020 in ineligible payments was identified as a direct result of investigation activities and referred to the relevant business areas for debt recovery.

## Audit and Risk Committee

The ARC provides advice to the Secretary in order to give confidence in connection with the appropriateness of the four functions listed in subsection 17(2) of the PGPA Rule: financial reporting, performance reporting, system of risk oversight and management, and system of internal control. It was established in compliance with section 45 of the PGPA Act and PGPA Rule 17, Audit Committee for Commonwealth Entities.

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

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

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

The Audit and Risk Committee Charter is available at [www.dva.gov.au/documents-and-publications/audit-and-risk-committee-charter](http://www.dva.gov.au/documents-and-publications/audit-and-risk-committee-charter).

**Table 9: Audit and Risk Committee members, 2019–20**

Member name	Qualifications	Number of meetings attended / total number of meetings	Total annual remuneration
Elizabeth Montano	Elizabeth Montano has over 20 years experience as chair, deputy chair and member of boards and audit committees across a range of government and not-for-profit entities. She has broad-ranging experience in governance and the machinery of government, including in financial and performance reporting, risk, assurance, and program and project management and oversight. She is a former chief executive officer in the Commonwealth and senior financial services lawyer with King & Wood Mallesons. She holds the degrees of Bachelor of Arts and Bachelor of Laws (UNSW) and is a Fellow of the Australian Institute of Company Directors.	7/8	\$28,307
Gayle Ginnane	Gayle Ginnane is a former chief executive officer of the Private Health Insurance Administration Council, the financial regulator for the private health insurance sector, and former chair of the National Blood Authority. She has extensive current and relevant experience as a director in both public and private sectors and as a chair and a member of audit committees in the public and private sectors. She holds a Bachelor of Arts (Maths, Stats), a Bachelor of Economics and a Masters in Defence Studies. She is a Fellow of the Australian Institute of Company Directors and an Affiliate Member of IAAust.	8/8	\$26,819

Member name	Qualifications	Number of meetings attended / total number of meetings	Total annual remuneration
Andrew Stuart	Andrew Stuart is a former deputy secretary in the Australian Department of Health. He was at one time the chief operating officer of that department and was responsible for its internal reform and efficiency program as well as the establishment of a portfolio shared services centre, covering 20 agencies. He has also been responsible for the management of the Medicare program, private health insurance and the Pharmaceutical Benefits Scheme, with total expenditure of \$45 billion per annum. He holds a Master of Social Science and Statistics from the Australian National University.	8/8	\$21,462
Neil Bayles	Neil Bayles has extensive management experience in a variety of policy, operational and corporate roles over a long career in DVA. His experience includes three years as DVA chief finance officer, and two to three years as a member of the Financial Statements Sub-Committee of the DVA Audit and Risk Committee. He holds a Bachelor of Arts.	8/8	\$0
Mark Garrity	Mark Garrity has 14 years' experience as an SES officer in the Australian Public Service. He holds a Master of Business Administration and a Master of Government and Commercial Law.	8/8	\$0

## External scrutiny

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

### Reports by the Auditor-General

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

In 2019–20, DVA participated in one cross-entity Auditor-General review, relating to bilateral agreement arrangements between Services Australia and other entities.

Reports by the Auditor-General are available at [www.anao.gov.au](http://www.anao.gov.au).

### Reports by the Commonwealth Ombudsman

DVA did not receive any reports issued by the Ombudsman under sections 15, 16, 17 or 19 of the *Ombudsman Act 1976* in relation to DVA during the financial year.

Copies of decisions and determinations made by the Commonwealth Ombudsman are available at [www.ombudsman.gov.au](http://www.ombudsman.gov.au).

## Reports by parliamentary committees

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

On 11 June 2020 the Senate Scrutiny of Bills Committee sought the Minister's advice in relation to a measure in the Veterans' Affairs Legislation Amendment (Supporting the Wellbeing of Veterans and Their Families) Bill 2020. Through regulations, the measure would provide support to former members of the Australian Defence Force (ADF) to assist them to transition to civilian employment.

The committee queried why the operational detail of this assistance would be provided through regulations rather than primary legislation. The committee also sought advice on the sort of documentation that may be incorporated into the regulations and whether this information would be publicly available.

On 19 June 2020 the Minister explained that the use of primary legislation to provide assistance under the Support for Employment (SFE) program would not allow DVA to be responsive when details of the program need to be quickly changed or updated. He also noted that delegated legislation is often used to prescribe details of assistance provided to veterans. The Minister undertook to provide this rationale in an addendum to the Bill's Explanatory Memorandum.

The Minister also explained that relevant content from SFE policy may be incorporated into the regulations, and that the policy may be updated from time to time to ensure the flexibility of employment-related programs to respond to veterans' employment-related training needs and provide relevant assistance and benefits which reflect contemporary thinking and research on what former ADF members require to successfully transition to civilian employment.

### Report on annual reports

Under Senate Standing Order 25(20), the annual reports of departments and agencies in the portfolios allocated to the Senate Foreign Affairs, Defence and Trade Legislation Committee are referred to the committee for examination.

On 23 July 2020 the committee published its *Annual reports (No. 1 and No. 2 of 2019) report*. In this report the committee noted that the external scrutiny section of the *Department of Veterans' Affairs Annual Report 2017-18* did not reference the Senate Foreign Affairs, Defence and Trade References Committee inquiry into suicide by veterans, tabled on 24 October 2017. As this inquiry concerned the welfare of veterans and looked at the operations of DVA, reference to the inquiry in this section of the report would be expected. The committee also recommended the amendment of the *Veterans' Entitlements Act 1986* (VEA) to include a clause requiring the Repatriation Medical Authority to table an annual report.

On 28 October 2020, the Minister for Veterans' Affairs responded to the committee, agreeing that, at an opportune time, an amendment to the VEA would be made.

In addition, the *Department of Veterans' Affairs Annual Report 2018-19* and the DVA website included a correction to its previous report in relation to the section on external scrutiny.

### DVA response to the Senate inquiry into current barriers to patient access to medicinal cannabis in Australia

On 14 November 2019, the Senate referred an inquiry into the current barriers to patient access to medicinal cannabis in Australia to the Senate Community Affairs References Committee. On 25 March 2020, the committee tabled its report on the inquiry to the Senate. The report made 20 recommendations and is now under consideration by government.

On 27 February 2020, DVA provided a submission to the committee.

## Other portfolio reviews and inquiries

In 2019–20, DVA continued a substantial body of work to implement and progress the responses to previous reviews and inquiries. These reviews and inquiries offered key recommendations that have underpinned DVA's transformation and provided the opportunity to renew DVA's framework to meet the future needs of veterans and their families.

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

## Productivity Commission inquiry—Compensation and Rehabilitation for Veterans

The final report of the Productivity Commission's inquiry into the system of compensation and rehabilitation for veterans and their families, *A better way to support veterans*, was tabled in Parliament on 4 July 2019. The report made 69 recommendations and 26 findings about the system of support for veterans and their families. The Government and DVA received extensive feedback on the report from the veteran community. DVA has been assisting the Government in formulating its response.

## Decisions by courts and tribunals

### Veteran appeals

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

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

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.

**Table 10: VEA, DRCA and MRCA matters considered by the Administrative Appeals Tribunal, 2019–20**

Category	Applications decided by AAT	Withdrawn by applicant / dismissed by AAT	Affirmed by consent of parties	Set aside / varied by consent of parties	Affirmed following hearing	Set aside / varied following hearing
VEA	160	79	0	41	24	16
DRCA	81	40	9	18	12	2
MRCA	34	16	0	16	1	1
Other	4	1	0	0	2	1

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

In 2019–20, four applications were lodged with the Federal Court of Australia, of which three were lodged by a veteran. Of those applications, two were appealing decisions of the AAT and two were made under the *Administrative Decisions (Judicial Review) Act 1977*.

During the same period, the Federal Court published six decisions, three of which were favourable to the veteran. Two applications were set aside by the consent of the parties and remitted to the AAT for redetermination and one further application was dismissed by the consent of the parties.

Of significance, on 8 November 2019, the Federal Court issued its decision in the matter of *Shafran v Repatriation Commission* [2019] FCA 1833 (*Shafran*). In that matter, the Federal Court considered the operation of section 137 of the VEA and found that the VRB's relevant practice directions were not consistent with the legislation. Section 137 governs the process and timing of the provision of relevant material to the VRB in relation to appeals under both the VEA and, by application, the MRCA. Importantly, the Court decided that the Repatriation Commission has primary responsibility for giving policy guidance and direction under the VEA. The Court's decision in *Shafran* provides a valuable opportunity to clarify the respective roles and responsibilities of DVA and the VRB in relation to matters that go on appeal to the VRB. The Court's decision is also an important reminder of the characteristics and legislative authorities underpinning the relationship between the Repatriation Commission, the VRB and DVA.

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.

### Administrative Appeals Tribunal (freedom of information)

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

On 22 May 2020, in *Francis and Department of Veterans' Affairs (Freedom of Information)* [2020] AATA 1419, the AAT affirmed a decision made by DVA that there were no grounds for making any of the amendments that the applicant sought to have made to a document held by DVA. The AAT directed that, instead, an annotation be made in the form recommended by the AAT or as agreed with the applicant. This AAT review was one in which the Australian Information Commissioner exercised its discretion to not review under section 54W(b) of the FOI Act.

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

### Decisions by the Australian Information Commissioner

In 2019–20, the Australian Information Commissioner handed down one decision under the FOI Act in relation to DVA.

On 6 January 2020, in *'RN' and Department of Veterans' Affairs (Freedom of information)* [2020] AICmr 2, the Australian Information Commissioner affirmed an FOI decision made by DVA that DVA's searches were adequate and all relevant documents subject to the FOI request were identified. The Information Commissioner was satisfied that DVA took all reasonable steps to find documents within the scope of the request and that if any further documents existed they would have been found.

Copies of FOI decisions and privacy determinations made by the Australian Information Commissioner are available at [www.oaic.gov.au](http://www.oaic.gov.au).

## Freedom of information

### Information Publication Scheme

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

In 2019–20, DVA listed 33 items on its FOI Disclosure Log. Details of the information released in response to those 33 FOI requests and how to obtain copies of that information is available at [www.dva.gov.au/about-us/overview/reporting/freedom-information/foi-disclosure-log](http://www.dva.gov.au/about-us/overview/reporting/freedom-information/foi-disclosure-log).

### Information access requests

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

In 2019–20, DVA processed 6,493 requests for information. This represents a 3.7 per cent reduction in requests compared to 2018–19. In 2019–20, DVA received 16.7 per cent fewer FOI requests than the previous year and processed 114.5 per cent more requests administratively. Compared to 2018–19, DVA received 84.8 per cent fewer requests for internal review of FOI decisions and saw an 87.2 per cent decrease in the number of applications made to the Australian Information Commissioner for external review.

**Table 11: Breakdown of access requests received in 2019–20**

Category	DVA	Open Arms	Total	Differential from 2018–19 (%)
FOI requests	2,443	10	<b>2,453</b>	<b>16.7</b>
Comcare and CSC	1,814	0	<b>1,814</b>	<b>21.6</b>
APP 12 requests	396	966	<b>1,362</b>	<b>14.6</b>
Administrative access requests	507	0	<b>507</b>	<b>114.5</b>
DRCA and MRCA requests	183	0	<b>183</b>	<b>14.2</b>
Subpoenas and notices to produce	48	126	<b>174</b>	<b>23.4</b>
<b>Total</b>	<b>5,391</b>	<b>1,102</b>	<b>6,493</b>	<b>3.7</b>

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

Of these requests, 38 per cent were processed under the FOI Act, 28 per cent were in response to notices issued by Comcare or Commonwealth Superannuation Corporation, 21 per cent were processed under APP 12 and 8 per cent were managed administratively. The remaining 6 per cent arose under the DRCA or the MRCA or in response to other lawfully issued subpoenas and notices to produce.

## Staffing and external legal expenditure

A total of 24 staff managed DVA's information access functions and were all designated FOI decision-makers. This is an increase of six staff compared with 2018–19. Table 12 shows the staffing composition at the end of 2019–20 (noting how much time those staff spent on FOI functions).

**Table 12: Staffing composition and time spent on FOI functions, 2019–20**

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

Table 12 does not include the number of staff across DVA business areas, including SES, who assisted the 24 key personnel to manage this function.



DVA incurred a total of \$81,102 in external legal expenditure to manage FOI functions for 2019–20. This does not include costs incurred in seconding lawyers from external legal service providers—this is detailed further below.

## FOI requests

In 2019–20, DVA received 2,451 requests to access information and two requests for amendment of personal records under the FOI Act. DVA finalised 2,341 FOI requests in 2019–20, with 2,044 FOI decisions issued, 287 requests withdrawn and 10 requests transferred to other agencies to process.

**Table 13: Breakdown of FOI decision outcomes in 2019–20**

Category	Total	Differential from 2018–19 (%)
Requests granted in full	1,977	0.7
Requests granted in part	43	18.4
Requests refused	24	65.7
Requests that were withdrawn	287	18.7
Requests that were transferred out to other agencies	10	21.9
Requests refused due to practical refusal reasons <sup>1</sup>	4	81.0
Requests where charges were notified <sup>2</sup>	1	83.4
Requests that were made within the statutory time frame (including where extensions of time were applied) <sup>3</sup>	2,023	2.9
Requests that were up to 30 days over the statutory time frame	15	76.6
Requests that were up to 60 days over the statutory time frame	1	88.7
Requests that were up to 90 days over the statutory time frame	2	45.8
Requests that were more than 90 days over the statutory time frame	3	306.6

<sup>1</sup> The FOI Act enables an agency to refuse a request where it is too large to process and the work involved in processing the request would substantially and unreasonably divert an agency's resources or where the request does not sufficiently identify the documents being sought.

<sup>2</sup> An agency is able to charge a fee to process an FOI request. This does not apply to individuals seeking access to their own personal information.

<sup>3</sup> Agencies are required to finalise FOI requests within 30 days of receiving the request. This time frame can be extended with an applicant's agreement, where third party consultations are required or where an extension is granted by the Australian Information Commissioner.

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

DVA received seven requests for internal review in 2019–20, being 84.8 per cent fewer requests than in 2018–19. One additional internal review was also carried over from 2018–19. Of those eight internal reviews, seven were finalised in 2019–20. Greater access was granted in five reviews, DVA affirmed the primary decision in one review, and one internal review request was withdrawn. One internal review remained outstanding at the end of 2019–20.

## Freedom of information consultations

In accordance with the Australian Information Commissioner's FOI Guidelines, Commonwealth agencies may consult with other agencies where FOI requests involve information concerning the affairs of other agencies. In 2019–20, DVA responded to nine of those courtesy consultations under the FOI Act. DVA also responded to two inter-jurisdictional consultations that were made under the South Australian *Freedom of Information Act 1991*.

## The Australian Information Commissioner

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

In 2019–20, there was an 87.2 per cent decrease in the number of applications made to the Information Commissioner for review of DVA FOI decisions. DVA was notified of six applications for Information Commissioner review in 2019–20. In addition to the decision made in *'RN' and Department of Veterans' Affairs (Freedom of information)* [2020] AICmr 2, the Information Commissioner also advised DVA that three Information Commissioner reviews had been finalised in 2019–20:

- two applications were withdrawn by the applicant
- one matter was closed at the discretion of the Information Commissioner under section 54W(b) of the FOI Act, on the basis that the interests of the administration of the FOI Act made it desirable that the reviewable decision be considered by the AAT.

DVA was also notified of one FOI complaint having been made to the Information Commissioner in 2019–20. No DVA complaints were finalised during 2019–20.

In 2019–20, the Information Commissioner released a public consultation paper, *Disclosure of public servants' names and contact details*. This paper concerned disclosures of public servants' details in response to FOI requests and when requests are being processed. DVA provided a submission in response to this paper, which can be found on the Information Commissioner's website at [www.oaic.gov.au/engage-with-us/consultations/disclosure-of-public-servants-names-and-contact-details/submissions/](http://www.oaic.gov.au/engage-with-us/consultations/disclosure-of-public-servants-names-and-contact-details/submissions/).

## Privacy

### Client records and personal information

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

DVA received 1,362 personal information (APP 12) access requests in 2019–20; 396 were for DVA records; and the remaining 966 requests were to access records held by Open Arms—Veterans & Families Counselling. A total of 1,419 requests were finalised in 2019–20. Of those, 1,358 access decisions were made and 61 requests were withdrawn. The majority of information released under the Privacy Act were documents from clients' files and clinical records held by Open Arms.

**Table 14: Breakdown of DVA APP 12 request outcomes, 2019–20**

Category	Total	Proportion of all APP 12 requests for 2019–20 (%)
Requests granted in full	1,351	99.5
Requests refused	7	0.5
Requests that were made within the statutory time frame (including where extensions of time were applied) <sup>1</sup>	1,277	94.0
Requests that were up to 30 days over the statutory time frame	64	4.8
Requests that were up to 60 days over the statutory time frame	2	0.1
Requests that were up to 90 days over the statutory time frame	15	1.1
Requests that were more than 90 days over the statutory time frame	0	0

<sup>1</sup> In accordance with APP 12, agencies have 30 days to finalise a personal information access request.

## Privacy incidents

DVA investigates all privacy incidents reported internally and directly by clients. In 2019–20 DVA registered 132 potential privacy incidents. This is an increase of 46.7 per cent from 2018–19. Following investigation, 50 matters were determined to be privacy breaches and 10 matters were found not to breach privacy. The remaining matters were still under investigation at the end of 2019–20.

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

## Privacy Impact Assessments

In accordance with the Australian Government Agencies Privacy Code, DVA is required to undertake a Privacy Impact Assessment for all 'high privacy risk' projects or initiatives that involve a new or changed way of handling personal information.

DVA finalised four Privacy Impact Assessments in 2019–20. One assessment was in relation to the development of a chatbot feature for DVA's new website. Two assessments were related to procurement activities: Registration, Ticketing and Accreditation Services for Commemorative Events in France and Turkey (an event that did not proceed); and DVA's Community Nursing Quality and Safety Audit Provider Tender (a tender that did not proceed). The final assessment was in relation to information sharing between DVA and Defence (Early Engagement Model data and claims data). Details of these assessments are available on DVA's website at [www.dva.gov.au/about-us/overview/legal-resources/privacy](http://www.dva.gov.au/about-us/overview/legal-resources/privacy).

## The Australian Information Commissioner

During 2019–20, DVA was notified of three privacy complaints made to the Information Commissioner. This is 62.5 per cent fewer complaints than in 2018–19. Two of those complaints have been finalised. The Information Commissioner found that DVA had not interfered with the complainants' privacy and that investigations were not warranted. The remaining complaint is currently under investigation by the Information Commissioner.

The Information Commissioner did not issue any privacy determinations in relation to DVA during 2019–20, and there were no reports made to the Minister for Veterans' Affairs under section 30 of the Privacy Act about any act or practice of DVA.

Under the Notifiable Data Breaches Scheme, DVA is required to notify individuals and the Information Commissioner when a data breach is likely to result in serious harm to an individual whose personal information is involved. During 2019–20, there were no reportable data breaches.

## Legal services

### Legislation program

During 2019–20 the Minister's legislation program included a number of important Veteran Centric Reform measures enacted through amendments to the VEA; the MRCA; the *Defence Service Homes Act 1918*; and a new Act—the *Australian Veterans' Recognition (Putting Veterans and their Families First) Act 2019*.

### Australian Veterans' Recognition (Putting Veterans and their Families First) Act 2019

This Act is part of the Veterans' Recognition Package designed to provide recognition to veterans and their families. It includes the Australian Defence Veterans' Covenant, which recognises the unique nature of military service. The Act includes a commitment by the Government to the MRCC deciding a claim under the MRCA within 90 days from when the MRCC receives the claim or within 90 days of any requested information being provided.

### Military Rehabilitation and Compensation (Single Treatment Pathway) Act 2020

This Act amended the MRCA to ensure that all DVA clients will have access to health care without the need to pay up-front and later seek reimbursement. This aligns the MRCA treatment options with those in the VEA and the DRCA.

### Veterans' Affairs Legislation Amendment (Partner Service Pension and Other Measures) Act 2019

This Act made amendments to portfolio Acts to:

- extend eligibility under the VEA for Partner Service Pension to all former partners of veterans, regardless of marital status, for 12 months post separation and indefinitely where there are specified circumstances such as domestic violence or after the death of a former partner. The amendment removed inequities in eligibility which existed between separated married and non-married former partners to receive the pension post separation
- provide additional benefits to former ADF members who served on Submarine Special Operations between 1 January 1993 and 12 May 1997, including Service Pension at age 60 and a Gold Card at age 70
- amend the definition of 'widow' and 'widower' in the *Defence Service Homes Act 1918* and the VEA to ensure consistency with changes to the definition of marriage made by the *Marriage Amendment (Definition and Religious Freedoms) Act 2017*.

## Defence Service Homes Amendment Act 1918

This Act extends eligibility for insurance under the Defence Service Homes Insurance Scheme to include any former or current member of the ADF with at least one continuous day of service, including Reservists, peacekeepers and the widows and widowers of current and former ADF members. Eligible people will benefit from the concessional home building insurance provided through the scheme to reduce their costs of living.

## COVID-19 response legislation

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

### *Coronavirus Economic Response Package Omnibus Act 2020*

The Act consequentially amended the VEA to enable certain DVA payment recipient groups, including recipients of service pension, income support supplement and veteran payment and all holders of a Commonwealth Senior's Health Card under the VEA, to receive two economic support payments of \$750. The Act also provided that the cash flow boost for employers (as provided for in the *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020*) was not income in relation to a person for the purposes of the Act.

### *Coronavirus Economic Response Package Omnibus (Measures No 2) Act 2020*

The Act amended the VEA to enable the Minister to extend the COVID-19 supplement payment to additional recipient groups and vary the qualification or eligibility requirements and payments of recipients. It ensured that the Minister has similar powers to those provided to the Minister for Families and Social Services in the *Coronavirus Economic Response Package Omnibus Act 2020* so that DVA payment recipients retain parity with Department of Social Services payment recipients to receive additional financial support provided in response to the coronavirus.

## Legislative instruments

In addition, a number of important Veteran Centric Reform measures were implemented by legislative instruments. These included the following instruments made by the Repatriation Commission and the MRCC:

- Safety, Rehabilitation and Compensation (Defence-related Claims) Regulations 2019: The regulations repealed the Safety, Rehabilitation and Compensation Regulations 2002 as in force for the purposes of the DRCA and created new regulations under the DRCA in relation to determination of compensation; prescribed appropriate officers for the purposes of relevant definitions in the DRCA; and prescribed additional health professionals who can provide medical treatment as defined in the DRCA.
- Military Rehabilitation and Compensation Regulations 2020: The regulations remade and revised the Military Rehabilitation and Compensation Regulations 2004, which were automatically repealed on 1 April 2020 under the sunset provisions of the *Legislation Act 2003*.
- Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Regulations 2020: The regulations prescribed the method for converting lump-sum amounts previously paid to a person under the DRCA into weekly amounts for the purposes of the *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Act 2004*.

In addition, COVID-19 measures were implemented by legislative instrument, including:

- Veterans' Children Education Schemes (COVID-19 Supplement) Amendment Determination 2020: The instrument provided for the payment of the COVID-19 supplement (\$550 payable fortnightly from 27 April 2020 to 25 September 2020) to eligible students receiving an education allowance under the Veterans' Children Education Scheme or the MRCA Education and Training Scheme. The provision of the payment under both schemes ensures that eligible students would not be disadvantaged because they were not eligible for the supplement under the *Social Security Act 1991* and other Acts.

### Ongoing consequential amendment instruments

The legislation program also included consequential amendments to DVA legislation and new or amended legislative instruments mirroring changes by the Department of Social Services to the income and assets tests for social security recipients and mirroring changes by the Department of Health to the Pharmaceutical Benefits Scheme.

## Legal services expenditure

### Reporting obligations

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

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

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

### DVA's legal services

DVA's Legal Services and Audit Branch is responsible for supporting portfolio clients by providing current and effective legislative and legal advice to assist them in the delivery of corporate goals. The branch is also responsible for overseeing DVA's privacy and freedom of information obligations, case management for claims made under the Scheme for Compensation for Detriment Caused by Defective Administration, managing DVA's litigation, and assisting with audit, assurance and fraud services within DVA.

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

### Legal expenditure for 2019–20

In 2019–20 DVA spent a total of \$11.91 million on internal and external legal services. This is a 12 per cent reduction from the previous year's total of \$13.53 million.

DVA's legal expenditure has steadily decreased over the last few years in relation to veteran appeals to the AAT. Particular emphasis was given in 2019–20 to finding opportunities for resolving AAT claims through an early resolution process. This process reduced the need for matters to progress to hearings and, consequently, reduced DVA's legal expenditure.

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

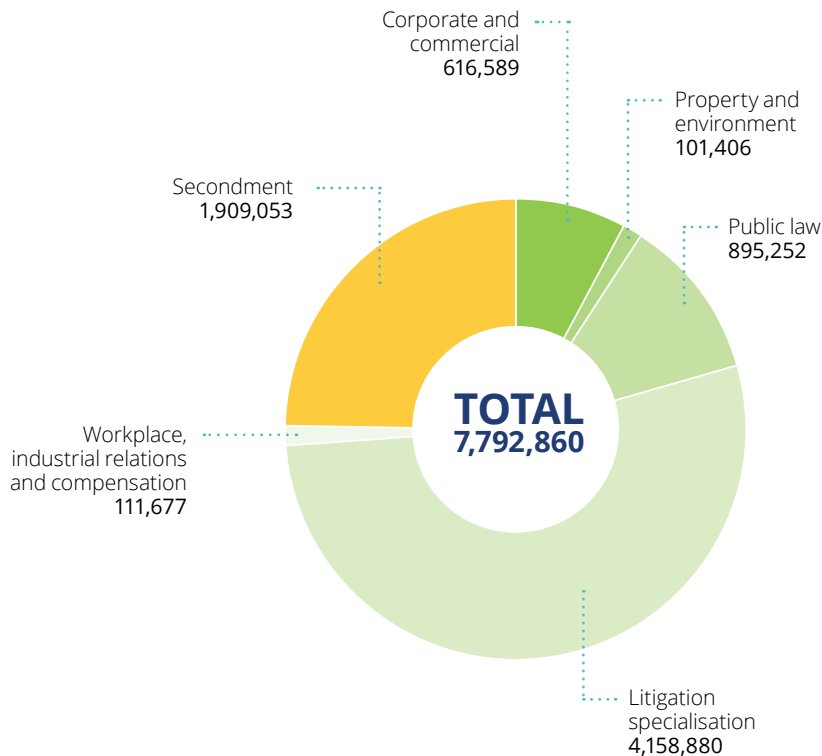
- instructing external legal practitioners to appear in the AAT on behalf of DVA, the Repatriation Commissioner and the MRCC
- secondments with external legal service providers, to bring expertise in-house and support DVA to manage its day-to-day legal workload
- specialised legal advice and expertise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

### External legal expenditure

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

In 2019–20 DVA spent \$7.83 million on external legal services. Of the 72 matters briefed out to counsel, 61.1 per cent were briefed to female counsel and 30.6 per cent were briefed to junior counsel. Less than 25 per cent of the total expenditure went towards seconding 15 external lawyers over the last financial year and just over 12 per cent comprised disbursements and costs paid to applicants.

**Figure 6: Overview of DVA's external legal expenditure across legal work disciplines, 2019–20**



**Table 15: Expenditure on legal services and male and female counsel briefed, 2019–20**

Type		Value (\$m)
<b>Costs incurred by DVA</b>		
Solicitors		4.686
Seconded lawyers		1.909
Senior counsel	Male (27)	0.124
	Female (23)	0.086
	Subtotal (50)	0.210
Junior counsel	Male (2)	0.003
	Female (20)	0.079
	Subtotal (22)	0.082
	Total counsel (72)	0.292
Disbursements		0.572
<b>Total legal expenditure incurred by DVA</b>		<b>7.460</b>
<b>Costs paid to applicants</b>		
Solicitors		0.298
Disbursements		0.074
<b>Total costs paid to applicants</b>		<b>0.372</b>
<b>Total external legal expenditure</b>		<b>7.831</b>

### Internal legal expenditure

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

In 2019–20 DVA spent a total of \$4.08 million on direct and indirect internal legal services. This expenditure mostly comprised the salaries for 22 ongoing APS staff.

DVA has a small internal legal practice to assist in areas such as:

- legislation administered by the Minister for Veterans' Affairs
- management of the Minister's legislation program
- drafting of legislative instruments and related documentation
- legal support and advice relating to DVA's portfolio legislation
- compliance and case management relating to matters arising under non-DVA-specific Commonwealth and state-based legislation
- the conduct of all non-military compensation litigation at tribunals and courts for matters involving claims under the VEA, MRCA and DRCA.



## 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.

To enable effective workforce planning through this transformation, DVA created an Enterprise Strategic Workforce Plan 2019–2023. This plan provides a workforce capacity and capability assessment of transformation's impact on DVA, considering how to maintain business-as-usual outcomes while transforming for the future.

In addition to the department's core functions of service delivery and policy development, the plan identifies key skill sets and roles DVA will require in the future. It also identifies a number of workforce risk mitigation activities that DVA must undertake to ensure its workforce is appropriately supported during this change.

The plan focuses on four areas of risk, with mitigation strategies identified for each:

1. **The journey ahead**—DVA must proactively minimise capacity constraints in order to minimise the impact of transformation on the workforce. This will include governance frameworks around systems and processes to ensure effective knowledge management.
2. **The right skills**—DVA's workforce will need to be adaptive to change and strengthened in critical skills, which will require effective talent management, supported by strategic sourcing decisions. Six critical skills were identified that are either required by a significant number of staff, or require a long lead time to build competency:
  - digital ability
  - stakeholder engagement
  - research and analysis
  - change management
  - leadership
  - business process improvement.

DVA will develop these skills through its Organisational Capability Strategy (in development).

3. **The right place**—DVA will require principles to guide recruitment activity across Australia, and support consistent decision-making regarding DVA's geographic footprint and achievement of workforce outcomes.
4. **Productive and engaged workforce**—DVA's staff experience must be aligned to our defined objectives to ensure staff are retained and motivated to deliver high-quality work. Culture and ways of working must embrace innovation, supported by a robust ICT infrastructure.

The plan will be reviewed annually to ensure that, while accounting for changes in DVA's operating environment, it is continually working towards attracting, retaining and developing a workforce that is capable of delivering high-quality and connected services to all generations of veterans and their families and the wider veteran community.

The plan is supported by divisional workforce plans that employ the same four areas of risk identified above but focus on mitigating issues that are particular to each of DVA's operating divisions. These plans are operationally focused and have a 12- to 18-month life cycle. These will also be regularly reviewed by their respective owners.

## Outcomes

Success is primarily measured through staff responses captured within the annual APS employee census. DVA recorded positive responses in the most recent APS employee census. Seventy-four per cent of staff reported believing that their supervisor ensures their work group delivers on what it is responsible for and 81 per cent identified a clear connection between their job and DVA's purpose.

The COVID-19 pandemic presented unprecedented challenges in managing our workforce. Over a very short period of time DVA successfully transitioned from a predominately office-based organisation to an organisation working virtually to deliver on our commitments to veterans. Staff were provided with extensive support during this time, and surveys indicated responses in the 70th to 90th percentiles regarding staff feeling connected, with staff reporting a positive change to health and wellbeing. Staff were satisfied with the information they had received on DVA's plan for re-emergence and their ability to manage performance.

## 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 2020, DVA had 28 individual flexibility agreements in place providing enhanced individual remuneration or benefits to those individuals.

DVA also had in place 36 determinations made under section 24(1) of the Public Service Act on 30 June 2020 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 of paid leave per year to undertake professional development activities and are able to claim up to \$4,678 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, virtual and face-to-face initiatives, including Mentoring, Building and Leading High-Performance Teams, Management in Action, Supervisor Basics and Transformational Leadership Initiatives, including the Leading Transformation Program (LTP) and the ENGAGE initiative.

LTP is targeted at DVA's executive-level frontline leaders. It aims to ensure they 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 the 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 Mobility Program.

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

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 course activities. The DVA Enterprise Agreement 2019–22 gives employees access to at least five days of structured education activities per year, covering mandatory training, foundational/critical skills and technical/role specific learning requirements.

## Outcomes

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

The most recent APS employee census identified positive results with regard to learning and development. Seventy-four per cent of staff agreed that they have a clear understanding of their development needs, 76 per cent agreed that their manager provides time for them to attend learning programs, and 74 per cent agreed that their work group has the appropriate skills, capabilities and knowledge to perform well. It is expected that future results will reflect the challenges encountered in delivering learning opportunities during COVID-19 and the difficulties faced in transitioning from a predominantly face-to-face offering to virtual offerings in a constricted period of time.

DVA is in the process of developing an Organisation Capability Strategy to support DVA to meet goals in the new operational model and to define streams for staff skills development and talent retention, to achieve the department's broader strategic drivers and longer term high performance vision. The new capability strategy will support the Future Business Operating Model and Enterprise Strategic Workforce Plan in addressing critical skill gaps across the organisation, support the attraction and retention of high-performing talent, provide meaningful measures for success and align the business to proactively manage capability development into the future. Once finalised, this will replace the Learning and Development Strategy and will be operationalised through a Learning and Development Plan. The plan will include increased virtual and online offerings in response to COVID-19.

## Disability reporting mechanisms

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

The National Disability Strategy 2010–2020 is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

All levels of government will continue to be held accountable for the implementation of the strategy through progress reporting. Progress reports can be found at [www.dss.gov.au](http://www.dss.gov.au).

Disability reporting is included in the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au).

## Resource management

### Asset management

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

### Accommodation

In 2019–20, DVA continued to review its accommodation requirements across Australia, aiming to minimise the expense and footprint of leased accommodation without impacting essential services to veterans and their families. DVA uses a whole-of-government property provider, Jones Lang LaSalle, to manage its property portfolio. This arrangement delivers a simplified administrative arrangement and leverages the bulk buying power of the whole-of-government provider.

### Purchasing

The Procurement Support team is available to the Repatriation Commission, the MRCC and all areas of the department engaged in procurement to provide services in support of procurement and contracting activities in accordance with the Commonwealth Procurement Framework. Its services include developing a Procurement and Contract Management Framework designed to build procurement and contract management capability across the department through the provision of resource tools, an updated self-directed intranet site, and a dedicated team to provide specialist support and guidance to ensure compliance prior to committing funds.

The department 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. DVA's selection processes:

- observe government and departmental procurement policies
- are publicly defensible, promoting fair competition and effective service

- are based on predetermined selection criteria
- realise best value for money.

During 2019–20, DVA entered into 51 new consultancy contracts involving total actual expenditure of \$18.0 million. In addition, 29 ongoing consultancy contracts were active during 2019–20, involving total actual expenditure of \$9.2 million.

### **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 at [www.tenders.gov.au](http://www.tenders.gov.au).

### **Exempt contracts**

DVA did not seek any exemptions from gazettal under the FOI Act in 2019–20.

### **Australian National Audit Office access clauses**

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

### **Procurement initiatives to support small business**

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

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

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

The Indigenous Procurement Policy requires agencies to direct a percentage of business to Indigenous suppliers. The target for DVA in 2019–20 was 36 contracts and a value of \$2.5 million, which it exceeded in the period with 56 contracts and a total value of \$5.7 million.

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

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

### **Compliance with finance law report**

There were no significant instances of non-compliance with the finance law in 2019–20.

## Grants

Through DVA, the Minister for Veterans' Affairs sets policy and approves successful applications for the grants programs described in Table 16.

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

Information on grants awarded by DVA during 2019–20 are listed on GrantConnect at [www.grants.gov.au](http://www.grants.gov.au).

**Table 16: Grant programs administered by DVA, 2019–20**

Grant program	Purpose
<b>Enhance wellbeing</b>	
Building Excellence in Support and Training (BEST) program	<p>The BEST program assists the veteran and defence communities by providing support and resources to ex-service organisation practitioners for pensions, advocacy and/or welfare work. It assists ex-service organisations by providing a contribution to the work of these practitioners. It does not fully fund an organisation. In 2019–20, 139 ex-service organisations received BEST grants, totalling \$4,115,000.</p> <p>The Community Grants Hub administers the BEST program. DVA maintains the policy and approval processes.</p>
Enhanced Employment Support for Veterans (EESV) program	<p>The EESV program provides grants to not-for-profit organisations to deliver innovative programs to support veterans to gain meaningful employment.</p> <p>The allocation of grant funding under the EESV program reflects the Australian Government's 2019 election commitment to support three organisations—Soldier On, Disaster Relief Australia (formerly known as Team Rubicon Australia) and the Returned and Services League of Australia (RSL)—over four years in their work to provide employment-related services and programs for veterans and their families.</p> <p>In 2019–20, these organisations received funding totalling \$3,672,107.</p> <p>The Community Grants Hub administers the EESV program. DVA maintains the policy and approval processes.</p>
Grants-in-Aid (GIA) program	<p>The GIA program funds discrete projects or activities by ex-service organisations that address a specific problem or issue and will achieve a clear benefit to the ex-service and defence communities.</p> <p>In 2019–20, 15 ex-service organisations received GIA grants, totalling \$145,000. The Community Grants Hub administers the GIA 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. Bursaries help them to meet the cost of post-secondary education so that they can obtain the formal qualifications and skills they need to pursue their chosen careers.</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 2019–20, an additional 13 bursaries were offered and accepted, increasing the total number of bursaries to 50 for the year.</p> <p>The Long Tan Bursary Scheme is administered by the Australian Veterans' Children Assistance Trust on behalf of DVA.</p>
Supporting Younger Veterans (SYV) program	<p>The SYV program supports the needs of younger veterans as they leave the ADF and integrate back into civilian life, with all the challenges that accompany that unique transition. Younger veterans are considered to be those with service after 1999.</p> <p>In 2019–20, eight organisations received SYV grants, totalling \$1,001,000.</p> <p>The Community Grants Hub administers the SYV program. DVA maintains the policy and approval processes.</p>
Veteran and Community Grants (V&CG) program	<p>The V&amp;CG program aims to maintain and improve the independence and quality of life of members of the Australian veteran community by providing funding for projects that sustain or enhance health and wellbeing.</p> <p>In 2019–20, 81 organisations received V&amp;CG grants, totalling \$2,360,000.</p> <p>The Community Grants Hub administers the V&amp;CG program. DVA maintains the policy and approval processes.</p>
Veteran Wellbeing Centres Program	<p>The Veteran Wellbeing Centres Program is a new initiative established in 2019 providing \$30 million in funding for six centres located in Townsville, Perth, Adelaide, Wodonga, Nowra and Darwin.</p> <p>The program seeks to deliver integrated support to veterans and their families from government, business and community partnerships. Once established, the centres will help connect veterans and their families to a range of core services that will include support for transition, employment, health and social connection.</p> <p>The program is only for the purpose of the establishing the six centres. It consists of \$20 million grant funding, with the remaining \$10 million provided to the relevant state government through Special Purpose Payments.</p> <p>During 2019–20, lead organisations were identified for each centre, and agreements were entered into with the Queensland Government, the South Australian Government, and RSL Western Australia to deliver the centres in Townsville, Adelaide and Perth.</p> <p>All centres will be fully operational by mid-2022.</p>

Grant program	Purpose
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"> <li>• a treatment research centre investigating and testing new treatments for post-traumatic stress disorder and other mental health conditions and translating the findings for policy and treatment delivery</li> <li>• a practitioner support service providing expert advice and guidance to practitioners on the treatment and support of veterans with mental health problems.</li> </ul> <p>The Centenary of Anzac Centre grant is administered through the Community Grants Hub.</p>
<b>Understand and respect</b>	
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 2019–20 a total of \$49,486 (GST exclusive) was provided through the program, comprising payments made on four applications for restoration and preservation.</p>
Saluting Their Service Commemorative Grants Program	<p>Saluting Their Service grants are provided to ex-service organisations, local and state government authorities, museums, schools and other community organisations for projects that commemorate the military service of Australians in wars, conflicts and peace operations.</p> <p>Two categories of grants are available under the program:</p> <ul style="list-style-type: none"> <li>• Community Grants of up to \$10,000 for local, community-based projects and activities</li> <li>• Major Grants of between \$10,001 and \$150,000 for projects of national, state, territory and/or regional significance.</li> </ul> <p>In 2019–20, three batches of the grants program were conducted. From these, 37 Major Grants and 276 Community Grants were approved, totalling \$3,472,300. These grants were distributed across all states and territories, across a wide range of organisations.</p>



## Other mandatory information

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



# 06

## **Financial statements**



## Report of financial performance

The department reported a consolidated operating loss of \$35.85 million in 2019–20. The loss includes DVA's operating loss of \$28.30 million (excluding impact of depreciation and lease accounting treatment), and the Defence Service Homes Insurance Scheme's (DSHIS) operating loss of \$7.55 million (excluding depreciation). The loss also includes a technical loss as a result of other accounting treatments.

DVA's operating loss is primarily driven by an unprecedented growth in permanent impairment, incapacity and other compensation claims, as well as increased shared services costs. DSHIS incurred an operating loss largely due to various natural catastrophe events (bushfires, storms, hail and flooding). The department notified the Minister for Finance of the operating loss.

DVA's net assets decreased by \$30.68 million in 2019–20 (from \$88.56 million in 2018–19 to \$57.88 million in 2019–20) and is mainly due to the accounting treatment to recognise the right-of-use assets and lease liabilities.

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 financial statements.

Table 17 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 17: Financial performance and financial position for DVA and DSHIS 2017–18 to 2019–20**

	2017–18			2018–19			2019–20		
	DVA (\$m)	DSHIS (\$m)	DVA total (\$m)	DVA (\$m)	DSHIS (\$m)	DVA total (\$m)	DVA (\$m)	DSHIS (\$m)	DVA total (\$m)
Surplus/deficit after income tax	-26.66	5.61	<b>-21.05</b>	-30.60	-6.44	<b>-37.04</b>	-54.28	-7.63	<b>-61.91</b>
Non-appropriated expenses	23.79	0.08	<b>23.87</b>	23.32	0.07	<b>23.39</b>	25.98	0.08	<b>26.06</b>
Surplus/deficit attributable to the entity	-2.87	5.68	<b>2.81</b>	-7.28	-6.37	<b>-13.65</b>	-28.30	-7.55	<b>-35.85</b>
Cash balance	4.77	3.20	<b>7.97</b>	2.28	4.48	<b>6.76</b>	3.14	3.43	<b>6.57</b>
Net assets	43.19	39.51	<b>82.70</b>	55.49	33.07	<b>88.56</b>	32.44	25.44	<b>57.88</b>

DSHIS = Defence Service Homes Insurance Scheme

## Department of Veterans' Affairs financial statements 2019–20

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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 2020:

- (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 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 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 (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

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

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

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

The personal benefit provision balance at 30 June 2020 was \$19.815 billion and the health care provision balance at 30 June 2020 was \$14.545 billion

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

The provision is measured by estimating the present value of the future payments of claims incurred at 30 June 2020 which includes potential claims incurred by veterans but not yet reported. This estimate is dependent on a number of key assumptions and judgements, including the number of new claims not yet reported, the rates at which qualified veterans are expected to receive payments over their lifetime, future inflation in medical costs, the length of time payments are made to a veteran and the appropriate discount rate over the length of the scheme.

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

**How the audit addressed the matter**

The audit procedures I applied to address the matter included:

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

**Accountable Authority's responsibility for the financial statements**

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

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

**Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it



exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

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

Australian National Audit Office



Rebecca Reilly  
Executive Director

Delegate of the Auditor-General

Canberra  
4 September 2020

**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 2020 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

3 September 2020



Graeme Rochow  
Chief Finance Officer

3 September 2020

**DEPARTMENT OF VETERANS' AFFAIRS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2020*

		2020	2019	Original
	Notes	\$'000	\$'000	Budget
				\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	192,485	194,763	178,153
Suppliers	1.1B	189,940	201,744	176,658
Finance costs	1.1C	1,217	-	-
Depreciation and amortisation	3.2A	43,697	23,393	25,099
Impairment of intangible assets	3.2A	2,664	597	-
Losses from asset disposal	3.2A	-	11	-
Underwriting expenses	1.1D	42,231	41,571	33,524
<b>Total expenses</b>		<b>472,234</b>	<b>462,079</b>	<b>413,434</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Net premium revenue	1.1D	37,885	37,537	38,522
Investment revenue	1.1D	1,045	1,685	1,600
Insurance agency revenue	1.1D	3,604	3,067	3,100
Revenue from contracts with customers	1.2A	6,600	7,243	6,586
Other revenue <sup>1</sup>	1.2B	795	728	727
<b>Total own-source revenue</b>		<b>49,929</b>	<b>50,260</b>	<b>50,535</b>
<b>Total own-source income</b>		<b>49,929</b>	<b>50,260</b>	<b>50,535</b>
<b>Net cost of services</b>		<b>422,305</b>	<b>411,819</b>	<b>362,899</b>
Revenue from Government - departmental appropriations	5.1A	360,396	374,778	340,216
<b>Deficit before income tax on continuing operations</b>		<b>(61,909)</b>	<b>(37,041)</b>	<b>(22,683)</b>
Income tax expense - competitive neutrality		-	-	193
<b>Deficit after income tax on continuing operations</b>		<b>(61,909)</b>	<b>(37,041)</b>	<b>(22,876)</b>
<b>Deficit after income tax</b>		<b>(61,909)</b>	<b>(37,041)</b>	<b>(22,876)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus	3.2A	2,913	1,967	-
<b>Total other comprehensive income</b>		<b>2,913</b>	<b>1,967</b>	<b>-</b>
<b>Total comprehensive loss</b>	5.4	<b>(58,996)</b>	<b>(35,074)</b>	<b>(22,876)</b>

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

For budgetary reporting information refer to Note 8.2.

<sup>1</sup>The original budget figure (\$4.7m) from the PBS is reclassified from "Other Revenue" to "Investment" (\$1.6m), and "Insurance Agency Revenue" (\$3.1m).

**DEPARTMENT OF VETERANS' AFFAIRS**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2020*

		2020	2019	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1A	6,567	6,752	6,185
Trade and other receivables	3.1B	44,200	74,198	13,536
Premiums and recoveries receivable	3.1C	34,029	54,732	31,485
Investments	3.1D	57,000	60,381	55,850
<b>Total financial assets</b>		<b>141,796</b>	<b>196,063</b>	<b>107,056</b>
<b>Non-financial assets<sup>1</sup></b>				
Land and buildings	3.2A	150,718	31,313	35,137
Property, plant and equipment	3.2A	447	495	1,325
Intangibles	3.2A	71,414	74,813	62,110
Other non-financial assets	3.2B	2,615	4,975	6,176
<b>Total non-financial assets</b>		<b>225,194</b>	<b>111,596</b>	<b>104,748</b>
Assets held for sale		1,350	1,350	-
<b>Total assets</b>		<b>368,340</b>	<b>309,009</b>	<b>211,804</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	54,277	64,218	49,840
Unearned premiums	3.3B	25,246	23,502	24,000
Other payables	3.3C	5,248	7,215	1,355
<b>Total payables</b>		<b>84,771</b>	<b>94,935</b>	<b>75,195</b>
<b>Interest bearing liabilities</b>				
Leases	3.4A	117,566	-	-
<b>Total interest bearing liabilities</b>		<b>117,566</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>				
Employee provisions	6.1A	69,601	65,795	56,288
Unexpired risk liability	3.5A	2,956	-	-
Gross outstanding claims	3.5B	33,103	56,652	21,111
Other provisions	3.5C	2,461	3,070	442
<b>Total provisions</b>		<b>108,121</b>	<b>125,517</b>	<b>77,841</b>
<b>Total liabilities</b>		<b>310,458</b>	<b>220,452</b>	<b>153,036</b>
<b>Net assets</b>		<b>57,882</b>	<b>88,557</b>	<b>58,768</b>
<b>EQUITY</b>				
Contributed equity		321,968	317,783	317,354
Reserves		16,259	14,309	9,634
Accumulated deficit		(280,345)	(243,535)	(268,220)
<b>Total equity</b>		<b>57,882</b>	<b>88,557</b>	<b>58,768</b>

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

For budgetary reporting information refer to Note 8.2.

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

**DEPARTMENT OF VETERANS' AFFAIRS**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>				
Opening balance		317,783	276,853	302,277
Adjusted opening balance		317,783	276,853	302,277
<b>Transactions with owners</b>				
<b>Distributions to owners</b>				
Returns of capital <sup>1</sup>		(18,019)	-	(1,331)
<b>Contributions by owners</b>				
Equity injection - Appropriation		5,748	16,080	2,780
Departmental capital budget		16,456	24,850	13,628
<b>Total transactions with owners</b>		<b>4,185</b>	<b>40,930</b>	<b>15,077</b>
<b>Closing balance as at 30 June</b>		<b>321,968</b>	<b>317,783</b>	<b>317,354</b>
<b>RETAINED EARNINGS</b>				
Opening balance		(243,535)	(203,786)	(245,342)
Adjustment on initial application of AASB 16		24,136	-	-
Adjusted opening balance		(219,399)	(203,786)	(245,342)
<b>Comprehensive income</b>				
Deficit for the period		(61,909)	(37,041)	(22,878)
<b>Total comprehensive income</b>		<b>(61,909)</b>	<b>(37,041)</b>	<b>(22,878)</b>
Transfers between equity components		963	(2,708)	-
<b>Closing balance as at 30 June</b>		<b>(280,345)</b>	<b>(243,535)</b>	<b>(268,220)</b>
<b>ASSET REVALUATION RESERVE</b>				
Opening balance		14,309	9,634	9,634
Adjusted opening balance		14,309	9,634	9,634
<b>Comprehensive income</b>				
Other comprehensive income		2,913	1,967	-
<b>Total comprehensive income</b>		<b>2,913</b>	<b>1,967</b>	<b>-</b>
Transfers between equity components		(963)	2,708	-
<b>Closing balance as at 30 June</b>		<b>16,259</b>	<b>14,309</b>	<b>9,634</b>

<sup>1</sup>Movements relate to the Section 51 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), the access to the funds permanently withheld. Details refer to the Appropriations Note 5.1.

**DEPARTMENT OF VETERANS' AFFAIRS**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2020*

	<b>2020</b>	2019	Original Budget
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>TOTAL EQUITY</b>			
Opening balance	88,557	82,701	66,569
Adjustment on initial application of AASB 16	24,136	-	-
<b>Adjusted opening balance</b>	<b>112,693</b>	<b>82,701</b>	<b>66,569</b>
<b>Comprehensive income</b>			
Deficit for the period	(61,909)	(37,041)	(22,876)
Other comprehensive income	2,913	1,967	-
<b>Total comprehensive income</b>	<b>(58,996)</b>	<b>(35,074)</b>	<b>(22,876)</b>
<b>Transactions with owners</b>			
<b>Distributions to owners</b>			
Returns of capital <sup>1</sup>	(18,019)	-	(1,333)
<b>Contributions by owners</b>			
Equity injection - Appropriation	5,748	16,080	2,780
Departmental capital budget	16,456	24,850	13,628
<b>Total transactions with owners</b>	<b>4,185</b>	<b>40,930</b>	<b>15,075</b>
<b>Closing balance as at 30 June</b>	<b>57,882</b>	<b>88,557</b>	<b>58,768</b>

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

For budgetary reporting information refer to Note 8.2.

<sup>1</sup>Movements relate to the Section 51 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), the access to the funds permanently withheld. Details refer to the Appropriations Note 5.1.

**Accounting Policy**

Equity Injections

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

Application of AASB 16

DVA adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019.

**DEPARTMENT OF VETERANS' AFFAIRS**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		370,308	391,579	383,678
Rendering of services		17,638	9,006	7,402
Net premium revenue		45,587	43,904	46,155
Insurance agency revenue received		3,587	3,062	5,240
Reinsurance and other recoveries		24,408	4,609	-
Interest		1,315	1,725	-
GST received		14,408	16,289	7,977
Other payments received		480	-	-
<b>Total cash received</b>		<b>477,731</b>	<b>470,174</b>	<b>450,452</b>
<b>Cash used</b>				
Employees		188,682	195,096	178,122
Suppliers		194,544	235,466	217,503
Interest payments on lease liabilities		1,217	-	-
Claim payments		62,096	40,228	42,499
Reinsurance premiums		8,350	6,943	-
Acquisition costs		157	371	-
Fire brigade and emergency services contributions		1,753	1,559	-
Section 74 receipts transferred to the OPA		6,603	7,768	11,653
<b>Total cash used</b>		<b>463,402</b>	<b>487,431</b>	<b>449,777</b>
<b>Net cash from operating activities</b>		<b>14,329</b>	<b>(17,257)</b>	<b>675</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Investments realised		68,634	78,417	1,350
<b>Total cash received</b>		<b>68,634</b>	<b>78,417</b>	<b>1,350</b>
<b>Cash used</b>				
Purchase of leasehold improvements		6,083	13,620	-
Purchase of property, plant and equipment		4	141	-
Purchase of intangibles		16,370	15,050	16,408
Purchase of investments		65,253	74,501	2,148
<b>Total cash used</b>		<b>87,710</b>	<b>103,312</b>	<b>18,556</b>
<b>Net cash used by investing activities</b>		<b>(19,076)</b>	<b>(24,895)</b>	<b>(17,206)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		22,203	40,930	16,408
<b>Total cash received</b>		<b>22,203</b>	<b>40,930</b>	<b>16,408</b>
<b>Cash used</b>				
Principal payments of lease liabilities		17,641	-	-
<b>Total cash used</b>		<b>17,641</b>	<b>-</b>	<b>-</b>
<b>Net cash used by financing activities</b>		<b>4,562</b>	<b>40,930</b>	<b>16,408</b>
<b>Net (decrease) in cash held</b>		<b>(185)</b>	<b>(1,222)</b>	<b>(123)</b>
Cash and cash equivalents at the beginning of the reporting period		6,752	7,974	6,308
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>6,567</b>	<b>6,752</b>	<b>6,185</b>

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 2020*

		2020	2019	Original Budget
	Notes	\$'m	\$'m	\$'m
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits		11	8	10
Personal benefits	2.1A	11,675	12,369	6,406
Health care payments	2.1B	9,733	8,254	4,622
Grants		24	15	16
Depreciation and amortisation	4.2A	4	3	-
Payments to Australian War Memorial		46	51	46
Other expenses		27	42	81
<b>Total expenses</b>		<b>21,520</b>	<b>20,742</b>	<b>11,181</b>
<b>Income</b>				
<b>Non-taxation revenue</b>				
Recoveries		19	15	21
Health reimbursements		-	2	-
<b>Total non-taxation revenue</b>		<b>19</b>	<b>17</b>	<b>21</b>
<b>Total income</b>		<b>19</b>	<b>17</b>	<b>21</b>
<b>Net cost of services</b>		<b>21,501</b>	<b>20,725</b>	<b>11,160</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Revaluations transferred to reserves		6	(35)	-
<b>Total other comprehensive income</b>		<b>6</b>	<b>(35)</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(21,495)</b>	<b>(20,760)</b>	<b>(11,160)</b>

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 2020*

	Notes	2020 \$'m	2019 \$'m	Original Budget \$'m
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4.1A	49	73	58
Receivables		65	75	65
Equity accounted investments	4.1B	1,478	1,439	1,510
<b>Total financial assets</b>		<b>1,592</b>	<b>1,587</b>	<b>1,633</b>
<b>Non-financial assets</b>				
Buildings	4.2A	56	54	70
Other property, plant & equipment	4.2A	6	7	-
Computer software	4.2A	1	2	-
Other intangibles	4.2A	9	9	-
<b>Total non-financial assets</b>		<b>72</b>	<b>72</b>	<b>70</b>
<b>Total assets administered on behalf of Government</b>		<b>1,664</b>	<b>1,659</b>	<b>1,703</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Personal benefits payables		193	184	159
Health care payables		63	49	81
Grants payables		2	1	-
Suppliers payables		17	36	-
<b>Total payables</b>		<b>275</b>	<b>270</b>	<b>240</b>
<b>Provisions</b>				
Employee provisions		3	3	2
Personal benefits provisions	4.3A	19,815	14,651	9,079
Health care provisions	4.3B	14,545	8,865	5,444
<b>Total provisions</b>		<b>34,363</b>	<b>23,519</b>	<b>14,525</b>
<b>Total liabilities administered on behalf of Government</b>		<b>34,638</b>	<b>23,789</b>	<b>14,765</b>
<b>Net liabilities</b>		<b>(32,974)</b>	<b>(22,130)</b>	<b>(13,062)</b>

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 2020*

	Notes	2020 \$'m	2019 \$'m
<b>Opening assets less liabilities as at 1 July</b>		<b>(22,130)</b>	(12,048)
<b>Net (cost of)/contribution by services</b>			
Income		19	17
Expenses			
Payments to eligible persons, their dependants and other providers		(21,474)	(20,691)
Payments to Australian War Memorial		(46)	(51)
<b>Other comprehensive income</b>			
Revaluations transferred to reserves		6	(35)
<b>Transfers (to)/from the Australian Government</b>			
Appropriation transfers from Official Public Account (OPA)			
Administered assets and liabilities appropriations (Australian War Memorial)		37	11
Annual appropriations			
Payments to other entities		99	111
Payments to Australian War Memorial		46	51
Special appropriations (unlimited)			
Payments to eligible persons, their dependants and other providers		10,669	10,571
Special accounts		19	5
Appropriation transfers to OPA			
Transfers to OPA		(196)	(60)
Special accounts		(24)	(16)
<b>Changes in equity</b>			
Asset transfer from the Department of Defence		1	5
<b>Closing assets less liabilities as at 30 June</b>		<b>(32,974)</b>	(22,130)

**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 2020*

	Notes	2020 \$'m	2019 \$'m
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
GST received		51	50
Other		18	17
<b>Total cash received</b>		<b>69</b>	<b>67</b>
<b>Cash used</b>			
Payments to employees		11	7
Personal benefits		6,504	6,258
Health payments		4,074	4,347
Grants		23	15
Payments to Australian War Memorial		46	51
Other		48	35
<b>Total cash used</b>		<b>10,706</b>	<b>10,713</b>
<b>Net cash used by operating activities</b>		<b>(10,637)</b>	<b>(10,646)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Payments to Australian War Memorial		37	11
<b>Total cash used</b>		<b>37</b>	<b>11</b>
<b>Net cash used by investing activities</b>		<b>(37)</b>	<b>(11)</b>
<b>Net decrease in cash held</b>		<b>(10,674)</b>	<b>(10,657)</b>
Cash and cash equivalents at the beginning of the reporting period		73	57
<b>Cash from Official Public Account</b>			
Appropriations		10,851	10,744
Special Accounts		19	5
<b>Total cash from the official public account</b>		<b>10,870</b>	<b>10,749</b>
<b>Cash to Official Public Account</b>			
GST Transferred to Official Public Account		(52)	(50)
Appropriations		(144)	(10)
Special Accounts		(24)	(16)
<b>Total cash to official public account</b>		<b>(220)</b>	<b>(76)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	4.1A	<b>49</b>	<b>73</b>

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 1.1D.

#### New Accounting Standards

The following new standards were issued prior to sign-off date and are applicable to the current reporting period.

- AASB 15 - *Revenue from Contracts with Customers*
- AASB 1058 - *Income of Not-for-Profit Entities*
- AASB 16 - *Leases*
- AASB 1059 - *Service Concession Arrangements: Grantor*

Standard/Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 15 <i>Revenue from Contracts with Customers</i> / AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i>	AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.
	AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i> , AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i> . The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
	AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received</i> .
AASB 16 <i>Leases</i>	The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.
	AASB 16 became effective on 1 July 2019.
AASB 16 <i>Leases</i>	This new standard has replaced AASB 117 <i>Leases</i> , Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i> , Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i> . AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.

## Notes to and forming part of the financial statements

### **Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities**

DVA adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated.

Under the new income recognition model DVA determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), DVA applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, DVA considers whether AASB 1058 applies. In relation to AASB 15, DVA applied the new standard to all new and uncompleted contracts from the date of initial application. The aggregate effect of all of the contract modifications that occur before the date of initial application was assessed as nil. In terms of AASB 1058, DVA recognised volunteer services at fair value as if those services would have been purchased if not provided voluntarily, and the fair value of those services can be measured reliably.

#### **Impact on Transition of AASB 15**

	1 July 2019
<b>Departmental</b>	\$'000
<b>Assets</b>	
Receivables	(9,976)
Contract assets	9,976
<b>Total assets</b>	-
<b>Total adjustment recognised in retained earnings</b>	-

### **Application of AASB 16 Leases**

DVA adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. DVA applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, DVA previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, DVA recognises right-of-use assets and lease liabilities for most leases. However, DVA has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, DVA recognised right-of-use assets and lease liabilities in relation to leases of office space, car parks and automobiles, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 July 2019. An entity's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

The right-of-use assets were measured as follows:

Office space, car parks and automobiles: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

All other leases: the carrying value that would have resulted from AASB 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

## Notes to and forming part of the financial statements

### Impact on Transition of AASB 16

	1 July 2019
<b>Departmental</b>	<b>\$'000</b>
Right-of-use assets - property, plant and equipment	105,041
Lease liabilities	103,688
Retained earnings	(24,136)

The following table reconciles the Departmental minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	<b>\$'000</b>
Minimum operating lease commitment at 30 June 2019	129,995
Less: short-term leases not recognised under AASB 16	(2,197)
Less: effect of GST component in lease commitments	(10,141)
Less: other impact <sup>1</sup>	(9,664)
<b>Undiscounted lease payments</b>	<b>107,993</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(4,305)
<b>Lease liabilities recognised at 1 July 2019</b>	<b>103,688</b>

<sup>1</sup>The balance includes new leases committed before transition date and straight-lining and incentive impacts under the previous standard AASB 117.

### Taxation

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

### Foreign Currency

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

### Events After the Reporting Period

#### Departmental

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

#### Administered

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

### Breaches of Section 83 of the Constitution

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

For 2019-20, 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 \$15.68 million for 2019-20 financial year (2018-19: \$24.62 million), comprising:

- \$8.41 million identified through debt register and fraud investigations;
- \$4.44 million for clients moving from treatment pathway 1 to treatment pathway 2 under the *Military Rehabilitation and Compensation Act 2004* – The relevant legislation received Royal Assent from 12 December 2019;
- \$2.39 million through DVA's internal testing of transactions and internal controls; and
- \$0.44 million relating to the payment of Quarterly Energy Supplements to British Nuclear Test participants and members of the British Commonwealth Occupation Force (BNT/BCOF).

## Notes to and forming part of the financial statements

Further details of the 2019-20 section 83 review are provided in Table A below.

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.

**Table A – 2019-20 Summary**

Appropriation identified are subject to conditions	Expenditure in 2019-20	Breaches identified to 30 June 2019		Potential breaches to date yet to be resolved		Remedial action taken or proposed <sup>1</sup>
	\$'000	Were any breaches identified?	Total \$'000	Yes/No	Indicative extent \$'000	
SPECIAL APPROPRIATIONS						
<i>Veterans' Entitlements Act 1986</i>	8,778,981	No	N/A	Yes	10,635	D,S
<i>Safety, Rehabilitation and Compensation Act 1988 / Safety, Rehabilitation and Compensation (Defence related Claims) Act 1988</i>	333,661	No	N/A	Yes	163	D
<i>Military Rehabilitation and Compensation Act 2004</i>	1,410,151	No	N/A	Yes	4,443	D,S
<i>Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006</i>	12,853	No	N/A	Yes	440	L
<i>Total</i>	10,535,646				15,681	

<sup>1</sup> 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 2020.

**1.1. Expenses**

	2020	2019
	\$'000	\$'000
<b>Note 1.1A: Employee Benefits</b>		
Wages and salaries	140,561	138,437
Superannuation		
Defined contribution plans	9,436	8,668
Defined benefit plans	17,790	19,725
Leave and other entitlements	19,433	20,994
Separation and redundancies	2,075	4,059
Other employee benefits	3,190	2,880
<b>Total employee benefits</b>	<b>192,485</b>	<b>194,763</b>

**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	9,174	11,139
Claim processing fees	7,841	8,593
Lease expenses	9,666	8,745
Consultants	19,408	35,000
Contractors	82,106	61,332
Shared service arrangement	36,620	31,061
Travel	3,660	7,094
Training and development	1,866	2,440
Postage and office requisition	4,121	4,746
Printing and publications	1,590	1,851
Record management	2,168	2,414
Other	5,606	4,714
<b>Total goods and services supplied or rendered</b>	<b>183,826</b>	<b>179,129</b>

Goods supplied	10,628	8,800
Services rendered	173,198	170,329
<b>Total goods and services supplied or rendered</b>	<b>183,826</b>	<b>179,129</b>

**Other suppliers**

Operating lease rentals <sup>1</sup>	-	19,229
Short-term leases	3,721	-
Low value leases	9	-
Variable lease payments	406	-
Workers compensation expenses	1,978	3,386
<b>Total other suppliers</b>	<b>6,114</b>	<b>22,615</b>
<b>Total suppliers</b>	<b>189,940</b>	<b>201,744</b>

<sup>1</sup>DVA has applied AASB 16 using the modified retrospective approach, therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C, 3.2A, 3.3C and 3.4A.



## Notes to and forming part of the financial statements

	2020 \$'000	2019 \$'000
<b>Note 1.1C: Finance Costs</b>		
Interest on lease liabilities <sup>1</sup>	<u>1,217</u>	<u>-</u>
<b>Total finance costs</b>	<u>1,217</u>	<u>-</u>

<sup>1</sup>DVA has applied AASB 16 using the modified retrospective approach, therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 3.2A, 3.3C and 3.4A.

**Accounting Policy***Short-term leases and leases of low-value assets*

DVA has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2020 \$'000	2019 \$'000
<b>Note 1.1D: Insurance Activities</b>		
<b>Underwriting revenue</b>		
Premium received	<u>46,676</u>	<u>44,637</u>
<b>Total premium revenue</b>	<u>46,676</u>	<u>44,637</u>
Less: Reinsurance expense	<u>(8,791)</u>	<u>(7,100)</u>
<b>Net premium revenue</b>	<u>37,885</u>	<u>37,537</u>
<b>Underwriting expenses</b>		
Claims expense	<u>38,547</u>	<u>82,170</u>
Less: Reinsurance and other recoveries	<u>(1,529)</u>	<u>(42,529)</u>
<b>Net claims expense</b>	<u>37,018</u>	<u>39,641</u>
Fire brigade and emergency services contributions	<u>1,753</u>	<u>1,559</u>
Acquisition costs	<u>157</u>	<u>371</u>
Movement in unexpired risk liability	<u>3,303</u>	<u>-</u>
<b>Total underwriting expenses</b>	<u>42,231</u>	<u>41,571</u>
<b>Other operating expenses<sup>2</sup></b>	<u>8,114</u>	<u>7,336</u>
<b>Underwriting result</b>	<u>(12,460)</u>	<u>(11,370)</u>
<b>Investment revenue</b>		
Interest - deposits	<u>1,045</u>	<u>1,685</u>
<b>Total investment revenue</b>	<u>1,045</u>	<u>1,685</u>
<b>Insurance agency revenue</b>		
Insurance agency commission	<u>3,604</u>	<u>3,067</u>
<b>Total insurance agency revenue</b>	<u>3,604</u>	<u>3,067</u>

<sup>2</sup>The expenses are included in Notes 1.1A and 1.1B and are reproduced here solely for the purpose of presenting the underwriting result.

## Notes to and forming part of the financial statements

### Net claims incurred table

	2020			2019		
	Current year	Prior years	Total	Current year	Prior years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross incurred <sup>1</sup>	28,393	10,154	38,547	78,740	3,430	82,170
Less: Reinsurance and other recoveries	(13,436)	11,907	(1,529)	(37,586)	(4,943)	(42,529)
<b>Net claims incurred</b>	<b>14,957</b>	<b>22,061</b>	<b>37,018</b>	<b>41,154</b>	<b>(1,513)</b>	<b>39,641</b>

<sup>1</sup>Claims are not subject to discount.

Building insurance claims are typically resolved within one year. No claims development table is required under AASB 1023 *General Insurance Contracts* 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 Health & Community 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.

#### Premium Revenue

Premium revenue comprises amounts charged to policyholders, excluding amounts collected on behalf of third parties, principally GST in full. The earned portion of premiums received and receivable, including unclosed business, is recognised as revenue. Premium revenue is recognised as earned from the date of attachment of risk.

The pattern of recognition over the policy or indemnity periods is based on time which is considered to closely approximate the pattern of risks underwritten.

#### Reinsurance Arrangements

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**

	2020	2019
	\$'000	\$'000
<b>Own-Source Revenue</b>		
<b>Note 1.2A: Revenue from contracts with customers</b>		
Rendering of services	6,600	7,243
<b>Total revenue from contracts with customers</b>	<b>6,600</b>	<b>7,243</b>
<b>Disaggregation of revenue from contracts with customers</b>		
<b>Major product / service line:</b>		
Service delivery	6,510	6,980
Other	90	263
	<b>6,600</b>	<b>7,243</b>
<b>Type of customer:</b>		
Australian Government entities (related parties)	6,282	6,625
State and Territory Governments	3	4
Non-government entities	315	614
	<b>6,600</b>	<b>7,243</b>
<b>Timing of transfer of goods and services:</b>		
Over time	6,049	5,926
Point in time	551	1,317
	<b>6,600</b>	<b>7,243</b>

**Accounting Policy**

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

When a contract is in scope of AASB 15, DVA determines if the performance obligations are required by an enforceable contract and they are sufficiently specific to enable DVA to determine when they have been satisfied. In relation to AASB 1058, DVA assesses the detail timing of recognition in regards to whether a transaction gives rise to a performance obligation, liability or contribution by owners. DVA is also to disclose the judgements, changes in judgements, in applying AASB 1058 that affects the determination of the amount and timing of income arising from transfers to enable DVA to acquire or construct a non-financial asset.

The following is a description of principal activities from which DVA generates its revenue:

Defence Home Ownership Assistance Scheme (DHOAS) and Defence Home Owner Scheme (DHOS) administrative fees

Administrative service in support of DHOS and DHOAS activities in providing home loan assistance to certain members of the AFD based on a MOU with Defence. Service obligation is satisfied over time for a fixed annual fee. Revenue recognition on a monthly basis in line with timing of fee payment stated in the MOU.

Australian Defence Force (ADF) counselling service

Administrative activities in support of the provision of mental health support services by the Open Arms to the ADF personnel as agreed in the MOU between DVA and Defence. Service obligation is satisfied at a point in time for counselling services performed or reports written. Revenue recognition occurs on a monthly basis for services performed in line with timing of invoice payment by Defence as per the MOU.

**Note 1.2B: Other Revenue**

Resources received free of charge - ANAO audit fee	795	728
<b>Total resources received free of charge</b>	<b>795</b>	<b>728</b>

**Accounting Policy**Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. 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**

	2020	2019
	\$'m	\$'m
<b>Note 2.1A: Personal Benefits</b>		
<b>Direct</b>		
Income support	2,168	2,104
Defence widow/ers support	1,270	1,378
Disability support	1,547	1,535
Military compensation payments	1,502	1,229
Military compensation - movement in provision	5,164	6,093
Children education scheme	14	16
Other	10	14
<b>Total personal benefits</b>	<b>11,675</b>	<b>12,369</b>

**Accounting Policy**

Payments to eligible veterans, their partners, war widow(er)s and dependants are made in accordance with the *Veterans' Entitlements Act 1986* (VEA) and associated legislation. Payments to eligible serving and former serving members of the Defence Force are made in accordance with the *Military Rehabilitation and Compensation Act 2004* (MRCA) and the *Safety, Rehabilitation and Compensation Act 1988* (SRCA).

From 12 October 2017, the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) replaced SRCA for current and former 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.

**Note 2.1B: Health Care Payments****Indirect**

Hospital services	1,227	1,303
Community care and support	982	1,144
General medical consultation and services	699	766
Counselling and other health services	631	613
Pharmaceutical benefits	303	300
Military compensation payments	238	172
Military compensation - movement in provision	5,653	3,956
<b>Total health care payments</b>	<b>9,733</b>	<b>8,254</b>

## 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**

	2020	2019
	\$'000	\$'000
<b>Note 3.1A: Cash and Cash Equivalents</b>		
Cash at bank	3,142	2,276
Cash at bank (DSHS special accounts)	3,425	4,476
<b>Total cash and cash equivalents</b>	<b>6,567</b>	<b>6,752</b>

**Accounting Policy**

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

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

**Note 3.1B: Trade and Other Receivables**

Goods and services receivables	832	1,243
Contract assets <sup>1</sup>	511	-
<b>Total goods and services receivables</b>	<b>1,343</b>	<b>1,243</b>

**Appropriations receivables**

Appropriations receivable <sup>2</sup>	39,615	60,942
<b>Total appropriations receivables</b>	<b>39,615</b>	<b>60,942</b>

**Other receivables**

Statutory receivables <sup>3</sup>	2,391	1,704
Salary recoveries	270	266
Other	581	10,043
<b>Total other receivables</b>	<b>3,242</b>	<b>12,013</b>
<b>Total trade and other receivables (net)</b>	<b>44,200</b>	<b>74,198</b>

Credit terms for goods and services were within 30 days (2019: 30 days).

<sup>1</sup>DVA has applied AASB 15 using the modified retrospective approach, therefore comparative information has not been restated and continues to be reported under AASB 118.

<sup>2</sup>Movements mainly relate to the Section 51 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), the access to the funds permanently withheld. Details refer to the Appropriations Note 5.1.

<sup>3</sup>Includes amounts owing from June 2020 Business Activity Statement and GST amounts on accrued expenses as at 30 June 2020.

**Accounting Policy**

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest that are not provided at below-market interest rates, are classified as subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

The contract assets are primarily associated with administrative services performed under MOUs with Defence in relation to mental health counselling and home loan assistance schemes.

## Notes to and forming part of the financial statements

	2020 \$'000	2019 \$'000
<b>Note 3.1C: Premiums and Recoveries Receivable</b>		
Premiums receivable	18,453	15,941
Reinsurance and other recoveries receivable	15,576	38,791
<b>Total premiums and recoveries receivable</b>	<b>34,029</b>	<b>54,732</b>
<b>Total premiums and recoveries receivable (net)</b>	<b>34,029</b>	<b>54,732</b>

No indicators of impairment were found for premiums and recoveries receivable. Receivables past 90 days are not considered impaired as premiums are cancelled after this period if not paid.

**Accounting Policy**Reinsurance Receivables

Reinsurance receivables are recorded at discounted estimated value on paid claims and incurred claims not yet paid and recognised as a reduction in the claims expense.

**Note 3.1D: Investments**

PGPA Act section 58 investments

Deposits	57,000	60,381
<b>Total investments</b>	<b>57,000</b>	<b>60,381</b>

## 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 2020						
	Land \$'000	Buildings - leasehold improvements \$'000	Other property, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2019</b>						
Gross book value	-	32,332	3,635	210,609	11,001	257,577
Accumulated depreciation/amortisation and impairment	-	(1,019)	(3,140)	(135,956)	(10,841)	(150,956)
<b>Total as at 1 July 2019</b>	-	31,313	495	74,653	160	106,621
Recognition of right of use asset on initial application of AASB 16	-	104,868	174	-	-	105,042
<b>Adjusted total as at 1 July 2019</b>	-	136,181	669	74,653	160	211,663
Additions						
Purchase or internally developed	-	38,170	4	16,370	-	54,544
Revaluations and impairments recognised in other comprehensive income	-	2,734	-	-	-	2,734
Impairments recognised in net cost of services	-	-	-	(2,663)	-	(2,663)
Depreciation/amortisation	-	(5,926)	(139)	(17,025)	(81)	(23,171)
Depreciation on right-of-use assets	-	(20,441)	(87)	-	-	(20,528)
<b>Total as at 30 June 2020</b>	-	150,718	447	71,335	79	222,579
<b>Total as at 30 June 2020 represented by</b>						
Gross book value						
Fair value	-	164,197	985	-	-	165,182
Work in progress	-	7,272	-	-	-	7,272
Internally developed – in progress	-	-	-	20,063	-	20,063
Internally developed – in use	-	-	-	199,403	-	199,403
Purchased software	-	-	-	-	11,001	11,001
Accumulated depreciation/amortisation and impairment	-	(20,751)	(538)	(148,131)	(10,922)	(180,342)
<b>Total as at 30 June 2020</b>	-	150,718	447	71,335	79	222,579
<b>Carrying amount of right-of-use assets</b>	-	116,514	87	-	-	116,601

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C, 3.3C and 3.4A.

## Notes to and forming part of the financial statements

### Accounting Policy

#### *Acquisition of Assets*

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Non-financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

#### *Property, Plant and Equipment*

##### Asset Recognition Threshold

Purchases of property, plant and equipment (PP&E) are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000 (with the exception of leasehold improvements where the threshold is \$50,000), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are material in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make-good' provisions in property leases taken up by DVA where there exists an obligation to restore the property to its original condition. These costs are included in the value of DVA's leasehold improvements with a corresponding provision for the 'make-good' recognised.

##### Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16, DVA has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

##### Revaluations

Following initial recognition at cost, PP&E are carried at fair value (or an amount not materially different from fair value). Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend upon the volatility of movements in market values for the relevant assets.

A desktop revaluation was performed by independent valuer as at 30 June 2020.

Revaluation adjustments are made on an asset class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Fair value for each class of asset are determined as shown below:

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



## Notes to and forming part of the financial statements

### Depreciation

Depreciable PP&E assets are written-off to their estimated residual values over their estimated useful lives to DVA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable assets are based on the following useful lives as per table below. The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Asset Class	2020	2019
Buildings - Leasehold improvements	Lesser of estimated life or unexpired lease period	Lesser of estimated life or unexpired lease period
PP&E – Plant and Equipment	4-10 years	4-10 years
PP&E – Furniture & Office equipment	2-10 years	1-9 years
PP&E – Computer equipment	3-5 years	1-5 years

### Impairment

All assets were assessed for impairment at 30 June 2020. 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 of internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of DVA's software is usually 3-21 years (2018-19: 1-19 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

	2020 \$'000	2019 \$'000
<b>Note 3.2B: Other Non-Financial Assets</b>		
<b>Prepayments</b>		
Information technology	1,233	1,475
Rental agreements	456	2,175
Health care processing	249	249
Other prepayments	677	1,076
<b>Total other non-financial assets</b>	<b>2,615</b>	<b>4,975</b>

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

## Notes to and forming part of the financial statements

**3.3. Payables**

	2020	2019
	\$'000	\$'000
<b>Note 3.3A: Suppliers</b>		
Trade creditors and accruals	54,277	42,972
Lease incentive <sup>1</sup>	-	21,246
<b>Total suppliers</b>	<b>54,277</b>	<b>64,218</b>
Settlement is usually made within 30 days.		
<b>Note 3.3B: Unearned Premiums</b>		
Unearned premiums	25,204	23,442
Insurance agency revenue received in advance	42	60
<b>Total unearned premiums</b>	<b>25,246</b>	<b>23,502</b>

**Accounting Policy**Unearned Premiums

Unearned premiums represents the estimated proportion of premiums written in the current year relating to cover provided in the subsequent year. DSHIS' 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	2,454	1,119
Superannuation	419	201
Separation and redundancies	907	2,459
Operating leases straight-lining <sup>1</sup>	-	2,890
Reinsurance premiums	988	546
Other payable	480	-
<b>Total other payables</b>	<b>5,248</b>	<b>7,215</b>

<sup>1</sup> DVA has applied AASB 16 using the modified retrospective approach, therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C, 3.2A and 3.4A.

**3.4. Leases**

	2020	2019
	\$'000	\$'000
<b>Note 3.4A: Leases</b>		
Lease Liabilities	117,566	-
<b>Total leases</b>	<b>117,566</b>	<b>-</b>

DVA has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1C, 3.2A and 3.3C.

Total cash outflow for leases for the year ended 30 June 2020 were \$1,217,228 for interest payments and \$17,641,000 for principal payments.

**Accounting Policy**

Refer to Overview section for accounting policy on AASB 16 *Leases*.

## Notes to and forming part of the financial statements

**3.5. Provisions**

	2020 \$'000	2019 \$'000
<b>Note 3.5A: Movement in Unexpired Risk Liability</b>		
Unexpired risk liability as at 1 July	-	-
Recognition of additional unexpired risk liability	3,303	-
Release of unexpired risk liability	-	-
<b>Unexpired risk liability as at 30 June</b>	<b>3,303</b>	<b>-</b>
<b>Deficiency recognised in the statement of comprehensive income</b>		
Movement in unexpired risk liability	3,303	-
<b>Total deficiency recognised in statement of comprehensive income</b>	<b>3,303</b>	<b>-</b>
<b>Calculation of deficiency</b>		
Expected future claims per actuary report	28,068	-
Less: recorded unearned premiums	(25,112)	-
<b>Unexpired risk liability</b>	<b>2,956</b>	<b>-</b>
<b>Note 3.5B: Gross Outstanding Claims</b>		
Gross outstanding claims	33,103	56,652
Less: recoveries receivable	(15,576)	(38,791)
<b>Net outstanding claims</b>	<b>17,527</b>	<b>17,861</b>
<b>Outstanding claims expected to be settled</b>		
No more than 12 months	16,534	17,694
More than 12 months	993	167
<b>Net outstanding claims</b>	<b>17,527</b>	<b>17,861</b>

DSHIS has incurred claims during 2019-20 for which recoveries have and will be made in accordance with reinsurance treaties, which were in force at the date of loss.

The gross claims outstanding amounts to \$33,103,720 as at 30 June 2020. In determining this amount, the actuary has applied a risk margin of 12% (2019: 12%) to a central estimate of the expected present value of future payments for claims incurred. The resulting risk margin amounts to \$3,546,720 (2019: \$6,069,840) and is included in the gross claims outstanding (\$33,103,720).

**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 DSHIS' 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 DSHIS' unearned premiums are insufficient to cover expected future claims on unexpired policies at 30 June 2020 and as such, DSHIS has recognised a expense of \$3,302,685 (2019: nil) and an unexpired risk liability of \$2,956,000 (2019: 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.

DSH Insurance's unadjusted unearned premium liability as at 30 June 2020 was \$25,112,000 (2019: \$22,187,000) and prior to the recognition of unexpired risk liability DSH Insurance had recognised \$346,685 in deferred acquisition costs (2019: nil) with the net of these two figures being \$24,765,315. Future cash flows relating to future claims under the risk associated with those premiums as advised by DSH Insurance's independent actuaries was \$28,068,000 (2019: \$20,792,000).

## Notes to and forming part of the financial statements

The entire deficiency of \$3,302,685 has been recognised in the statement of comprehensive income, then in line with AASB 1023 *General Insurance Contracts*, DSHIS has written down the recognised \$346,685 held in deferred acquisition costs, and recognised the remaining liability in the statement of financial position as an unexpired risk liability of \$2,956,000.

DSHIS has not taken into account the income from invested retained surpluses or agency commissions which are used to subsidise costs associated with the building insurance policies.

### Outstanding Claims

The provision for outstanding claims has been determined on a case by case approach in respect of all claims reported. The liability for outstanding claims includes claims incurred but not yet paid, incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs). The provision includes the expected administration costs of settling those claims. The valuation of the DSHIS outstanding claims liability provision as at 30 June 2020 was prepared by independent actuaries (KPMG). The methods used to assess the outstanding liability were Projected Case Estimates (PCE), Payment Per Claims Incurred (PPCI), Incurred Chain Ladder (ICL) and Incurred Bornhuetter Ferguson (IBF). This methodology meets Actuarial Professional Standard PS 300 *Valuation of General Insurance Claims*.

### Actuarial Methods

The methodology for the estimation of the net outstanding claims provision as at 30 June 2020 consists of:

a) Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2020. Separate predictions by claim type (Liability, Catastrophe and Other) are made in respect of each combination of accident quarter and financial quarter of payment. The future cash flow predictions are derived from several actuarial models of the various claim processes. That is, actuarial models are constructed for numbers of claims reported, average payments per claim incurred, development of case estimates and payments as a proportion of case estimates. The results of the models are blended based on their individual characteristics to produce a single estimate of the outstanding claims.

b) Initially all estimates are made in 30 June 2020 dollars, but subsequently are increased to allow for inflation from that date to the date of payment.

c) The gross of reinsurance liability for outstanding claims is estimated by:

- discounting these inflated claim payments to allow for investment return at risk free rates;
- adjusting for the effect of GST; and
- adding an allowance to provide for associated claims administration expenses.

d) The net outstanding claims liability is derived by allowing for expected reinsurance recoveries.

e) The estimate of liability is increased by a prudential margin.

### Actuarial Assumptions

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2020:

- a) Inflation rates: 2.00% for 2019-20;
- b) Discount rates: 0.24% for 2019-20;
- c) Claims administration expenses (CAE): 5% of gross outstanding claims liability;
- d) Superimposed inflation: approximately 1.50% p.a. in the actuarial model with explicit superimposed inflation assumption; and
- e) Prudential margin: 12% of central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency.

The following assumptions were made in determining the net outstanding claims provision as at 30 June 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

## Notes to and forming part of the financial statements

g) Average claim size (in actual values) for the 2018-19 accident year (net of all recoveries): approximately \$5,877.

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 2020;
- c) Claims administration expenses: assumed based on industry experience;
- d) Superimposed inflation: derived from actuarial models based on the long term average of past experience for all non-catastrophe claims; and
- e) Prudential margin: selected based on analysis of historical variability within the portfolio.

Insurance Risk Management

Insurance risk management policies and practices are disclosed at Note 7.2D – Risk Management.

Process for Determining Risk Margin

The risk margin required for a 75% level of sufficiency was previously 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.

	2020	2019
	\$'000	\$'000
<b>Note 3.5C: Other Provisions</b>		
Provision for restoration obligations	<u>2,461</u>	<u>3,070</u>
<b>Total other provisions</b>	<u>2,461</u>	<u>3,070</u>

**Reconciliation of other provisions**

	Provision for restoration on leased property \$'000
<b>As at 1 July 2019</b>	<b>3,070</b>
Additional provisions made	275
Amounts used	(770)
Amounts revalued	(179)
Unwinding of discount or change in discount rate	65
<b>Total as at 30 June 2020</b>	<b>2,461</b>

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

	2020	2019
	\$'m	\$'m
<b>Note 4.1A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	49	68
Cash in special accounts <sup>1</sup>	-	5
<b>Total cash and cash equivalents</b>	<b>49</b>	<b>73</b>

<sup>1</sup>The closing balance of cash in special accounts does not include amounts held in trust.  
Refer to Note 5.2 Special Accounts for more information.

#### Note 4.1B: Equity Accounted Investments

##### Investment in Commonwealth authorities

Australian War Memorial <sup>2</sup>	1,478	1,439
<b>Total investments accounted for using the equity method</b>	<b>1,478</b>	<b>1,439</b>

<sup>2</sup>The value shown for the Australian War Memorial is at fair value and is based upon the audited net asset position as at 30 June 2020.

The Commonwealth owns 100% of the investment in the Australian War Memorial whose principal activity is to commemorate the sacrifice of those Australians who have died in war. It does this by assisting Australians to remember, interpret and understand the Australian experience of war and its enduring impact on Australian society.

### Accounting Policy

#### Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments, other than those held for sale are classified as amortised costs and are measured at their fair value as at 30 June 2020. 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

<b>4.2. Administered - Non-Financial Assets</b>					
<b>Note 4.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles</b>					
<b>Reconciliation of the opening and closing balances of Property, Plant and Equipment and Intangibles for 2020</b>					
	<b>Buildings</b>	<b>Other property, plant &amp; equipment</b>	<b>Computer software</b>	<b>Other intangibles</b>	<b>Total</b>
	<b>\$'m</b>				<b>\$'m</b>
<b>As at 1 July 2019</b>					
Gross book value	55	8	3	9	75
Accumulated depreciation and impairment	(1)	(1)	(1)	-	(3)
<b>Total as at 1 July 2019</b>	<b>54</b>	<b>7</b>	<b>2</b>	<b>9</b>	<b>72</b>
<b>Additions</b>					
Transfer of Sir John Monash Centre from Department of Defence	1	-	-	-	1
Other movements - Reclassification	(1)	-	-	1	-
Revaluations and impairments recognised in other comprehensive income	3	-	-	-	3
Depreciation	(1)	(1)	(1)	(1)	(4)
<b>Total as at 30 June 2020</b>	<b>56</b>	<b>6</b>	<b>1</b>	<b>9</b>	<b>72</b>
<b>Total as at 30 June 2020 represented by</b>					
Gross value					
Fair value	55	6	3	10	74
Work in progress	1	-	-	-	1
Accumulated depreciation and impairment	-	-	(2)	(1)	(3)
<b>Total as at 30 June 2020</b>	<b>56</b>	<b>6</b>	<b>1</b>	<b>9</b>	<b>72</b>

## Notes to and forming part of the financial statements

### Accounting Policy

Administered non-financial assets consist entirely of the Sir John Monash Centre located in France that commemorates Australian servicemen and women who served on the Western front during the First World War. The Sir John Monash Centre was transferred to the custodianship of DVA in the 2017-18 financial year as an asset under construction from the Department of Defence, and reported as various administered asset classes from 1 July 2018.

### Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Non-financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

### Property, Plant and Equipment

#### Asset Recognition Threshold

Purchases of property, plant and equipment (PP&E) are recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are material in total).

#### Revaluations

Following initial recognition at cost, PP&E are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend upon the volatility of movements in market values for the relevant assets. DVA is required to value all assets in a class at the same time. An independent valuer will be engaged to revalue all tangible assets triennially.

A desktop revaluation was performed by an independent valuer as at 30 June 2020.

Revaluation adjustments are made on an asset class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Fair value for each class of asset are determined as shown below:

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

#### Depreciation

Depreciable assets are written-off to their estimated residual values over their estimated useful lives to DVA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:



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

<b>Asset Class</b>	<b>2020</b>	<b>2019</b>
Buildings	35-200 years	35-200 years
PP&E – Furniture	30 years	30 years
PP&E – AV & computer equipment	3-6 years	3-6 years
PP&E – Physical collection	100 years	100 years

**Impairment**

All assets were assessed for impairment at 30 June 2020. 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 2020.

## Notes to and forming part of the financial statements

<b>4.3. Administered - Provisions</b>		
	<b>2020</b>	<b>2019</b>
	<b>\$'m</b>	<b>\$'m</b>
<b>Note 4.3A: Personal Benefit Provisions</b>		
Military compensation	<b>19,815</b>	14,651
<b>Total personal benefit provisions</b>	<b>19,815</b>	14,651
<b>Personal benefit provisions expected to be settled</b>		
No more than 12 months	<b>1,547</b>	1,171
More than 12 months	<b>18,268</b>	13,480
<b>Total personal benefit provisions</b>	<b>19,815</b>	14,651
<b>Note 4.3B: Health Care Provisions</b>		
Military compensation	<b>14,302</b>	8,649
Outstanding Treatment Accounts System (TAS) claims	<b>134</b>	136
Repatriation Pharmaceutical Benefits Scheme (RPBS)	<b>20</b>	19
Public Hospitals	<b>89</b>	61
<b>Total health care provisions</b>	<b>14,545</b>	8,865
<b>Total health care provisions expected to be settled</b>		
No more than 12 months	<b>492</b>	397
More than 12 months	<b>14,053</b>	8,468
<b>Total personal benefit provisions</b>	<b>14,545</b>	8,865

## 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
<b>As at 1 July 2019</b>	<b>14,651</b>	<b>8,649</b>	<b>136</b>	<b>19</b>	<b>61</b>
Actuarial changes in provisions	3,632	3,422	-	-	-
Increase in provisions	1,980	1,830	134	20	89
Claims paid during the year	(1,333)	(220)	(136)	(19)	(61)
Unwinding of discount	191	132	-	-	-
Change in interest rate	694	489	-	-	-
<b>As at 30 June 2020</b>	<b>19,815</b>	<b>14,302</b>	<b>134</b>	<b>20</b>	<b>89</b>

**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 2020. 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;

## Notes to and forming part of the financial statements

- 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
- MRCA is far from fully mature with experience available for analysis limited to a maximum of fifteen and a half years after the injury date. This needs to be compared with DRCA experience which indicates that payments can extend out to 50 years or more after the injury. While it is necessary to rely on DRCA experience 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 2020 derived from the 2019 valuation is around 35% 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 claim numbers and average claim size 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 2020 derived from the 2019 valuation is around 30% higher than was projected last year (on a constant 5% discount rate basis), driven by experience in the medical, incapacity, and permanent impairment heads of damage. Assumptions underpinning the 2020 liability estimate have been based on unit record data to 31 December 2019. 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*.

## Notes to and forming part of the financial statements

The Australian Government Actuary (AGA) was engaged to provide an estimate of the provision as at 30 June 2020 for the estimated cost of claims incurred, but not necessarily reported, at the reporting date.

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 2020 liability estimates are based on the results of the full valuation of the Military Compensation Scheme as at 30 June 2019. This valuation drew on unit record data to 31 December 2019 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 January 2017 to 31 December 2019. An additional growth factor was applied to account for an existing backlog of unprocessed claims and to account for the most recent levels of lodged, but not necessarily completed, claims;
- 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 three 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;
- 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 2020 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 2020. The interest rates forming the yield curve vary from 0.2% in year 1 to a forward rate of approximately 2.5% beyond year 40. These compare to respective rates of 1.0% and 2.4% in 2019. The net result of the change is an increase in the provision of approximately \$1,200 million.

This continues the experience of the previous year, where decreasing yields had led to an increase of \$3,900 million between 2018 and 2019. The use of the yield curve for discounting purposes is likely to result in

## Notes to and forming part of the financial statements

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.

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% (2018-19: 4.0%);
- permanent impairment and non-economic loss (DRCA) – 5.0% (2018-19: 5.0%);
- permanent impairment (MRCA) – 2.5% (2018-19: 2.5%);
- medical – 4.0% (2018-19: 4.0%);
- rehabilitation (DRCA) – 3.0% (2018-19: 5.0);
- rehabilitation (MRCA) – 3.0% (2018-19: 4.0%);
- death (DRCA) – 4.0% (2018-19: 4.0%);
- death (MRCA) – 2.5% (2018-19: 2.5%);
- other (Medical) (DRCA) – 3.0% (2018-19: n/a);
- other (Legal) (DRCA) – 3.0% (2018-19: n/a);
- other (Medical and Legal) (MRCA) – 3.0% (2018-19: 4.0%); and
- other (Household and Attendant Care) – 4.0% (2018-19: 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

	2020	2019
	\$m	\$m
<b>Projected Liability at beginning of financial year</b>	<b>23,300</b>	<b>13,252</b>
<b>Changes in estimated liability by head of damage</b>		
Incapacity	1,795	1,009
Permanent impairment (PI) / non-economic loss	1,733	2,740
Medical	3,288	1,439
Other	241	23
Total changes in estimated liability by head of damage	<b>7,056</b>	<b>5,211</b>
<b>Revised Projected Liability at beginning of financial year</b>	<b>30,356</b>	<b>18,462</b>
<b>Roll forward adjustment</b>		
Notional premiums	3,809	1,874
Payments	(1,553)	(1,329)
Imputed interest	323	356
<b>Projected Liability at 30 June before change in interest rate</b>	<b>32,934</b>	<b>19,363</b>
Change in interest rate	<b>1,183</b>	<b>3,937</b>
<b>Projected Liability at 30 June</b>	<b>34,117</b>	<b>23,300</b>

The movement in the liability is the net effect of changes in assumptions as a result of analysis of new data that was not available as at 30 June 2019, the allowance for liabilities incurred or met over 2019-20 and the impact of the increase in yields between 30 June 2019 and 30 June 2020.

## Notes to and forming part of the financial statements

In terms of modelling and assumption changes, the major factors are:

- an increase in the medical liability of \$3,288 million, primarily attributable to an increased number of claimants in MRCA and higher utilisation of benefits by claimants;
- an increase in forecast incapacity costs of \$1,795 million in total across both DRCA and MRCA, due primarily to increased projected claim numbers; and
- an increase in the permanent impairment liability of \$1,733 million, as a result of increasing claims across both MRCA and DRCA.

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 2019-20 Financial Statements, DVA has used a yield curve derived from the yields on Commonwealth Government securities as at 30 June 2020.

If the yield curve as at 30 June 2019 (rolled forward to 2020) continued to be used the liability would increase to \$32,934 million. Alternatively if the long term discount rate used in the 2019 actuarial review (5.0%) was used, the estimated liability at 30 June 2020 would reduce to \$21,473 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 experience in the 18 months to 31 December 2019 particularly marked. To illustrate the sensitivity of the liability to changes in claim rates, a scenario incorporating additional growth of 30% to the current level of lodged claims was modelled. This incorporated additional processing capacity to remove the existing backlog of PI claims as well as a permanent increase to processing capacity to be in line with the assumed higher level of lodged claims. Under this scenario, the estimated liability for MRCA PI increases significantly by around 50%.

### Incapacity

Exit rates from incapacity have remained persistently low since 2014. 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%. Should exit rates decrease further by 10% for all incapacity recipients, the estimated liability increases by around 6%.

### 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

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 27%.

### ***Veterans' Entitlement Act 1986 (VEA)***

No provision is calculated for future payments under the VEA as this Act differs in nature from both MRCA and DRCA.

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

The Outstanding TAS claims provision is an estimate of the liability outstanding for payment of eligible treatment claims on the TAS as at 30 June 2020. An estimation methodology has been applied for calculating the approximate amount of outstanding claims which will be paid in future years. This provision is not discounted as all amounts are expected to be paid within the next financial year.

### ***Repatriation Pharmaceutical Benefits Scheme (RPBS) provision***

The RPBS provision is an estimate of the liability outstanding for payment of eligible claims on the RPBS as at 30 June 2020. An estimation methodology has been applied for calculating the amount of outstanding claims which will be paid in future years. This provision is not discounted as all amounts are expected to be paid within the next financial year.

### ***Provisions for payments to hospitals***

A provision has been made for outstanding eligible hospital payments. Due to the uniqueness of each state's approach to the delivery of health care services in public institutions there is an element of uncertainty in the provision. Specifically, DVA funds veteran services in the state public hospital sector on the basis of estimating the expected cost, advancing funds based on that estimate and then receiving data after services have been provided. 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.

This provision is not discounted as all amounts are expected to be paid within the next financial year.



## 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 2020

	Annual appropriation¹ \$'000	Adjustments to appropriation² \$'000	Total appropriation \$'000	Appropriation applied in 2020 (current and prior years) \$'000	Variance³ \$'000
<b>Departmental</b>					
Ordinary annual services	360,396	6,603	366,999	(370,308)	(3,309)
Capital Budgets⁴	16,456	-	16,456	(16,456)	-
Other services					
Equity	5,748	-	5,748	(5,748)	-
<b>Total departmental</b>	<b>382,600</b>	<b>6,603</b>	<b>389,203</b>	<b>(392,512)</b>	<b>(3,309)</b>
<b>Administered</b>					
Ordinary annual services					
Administered items	135,485	-	135,485	(110,910)	24,575
Payments to Australian War Memorial	46,371	-	46,371	(46,371)	-
Other services					
Payments to Australian War Memorial	37,046	-	37,046	(37,046)	-
<b>Total administered</b>	<b>218,902</b>	<b>-</b>	<b>218,902</b>	<b>(194,327)</b>	<b>24,575</b>

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 2018-19, \$1.932 million funds were quarantined from the Departmental Appropriations Act 1 (DCB) as a result of the Movement of Funds process.

(b) In 2018-19, \$11.249 million funds were quarantined from the Departmental Appropriations Act 3 (DCB) as a result of the Movement of Funds process.

(c) In 2018-19, \$4.838 million funds were quarantined from the Departmental Appropriations Act 4 as a result of the Movement of Funds process.

(d) In 2018-19, \$0.115 million funds were quarantined from the Administered Appropriations Act 1 as a result of the Movement of Funds process. They were related to the Veterans' Community Care and Support program.

(e) In 2019-20, \$0.119 million funds were quarantined from the Administered Appropriations Act 1 as a result of the Movement of Funds process. They were related to the Assistance and Other Compensation for Veterans and Dependents program.

(f) In 2018-19, \$0.849 million funds were quarantined from the Administered Appropriations Act 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 \$6.603 million were related to the PGPA Act Section 74 receipts for 2019-20.

3. The variance of the ordinary annual services predominately reflects timing differences associated with the payment of beneficiaries and suppliers.

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 2019

	Annual appropriation <sup>1</sup> \$'000	Adjustments to appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance <sup>3</sup> \$'000
Departmental					
Ordinary annual services	374,778	7,768	382,546	(394,407)	(11,861)
Capital Budgets <sup>4</sup>	24,850	-	24,850	(22,022)	2,828
Other services	16,080	-	16,080	(16,080)	-
Equity					
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

**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')**

	<b>2020</b>	2019
	<b>\$'000</b>	<b>\$'000</b>
<b>Departmental</b>		
Appropriation Act (No. 1) 2018-19 <sup>1</sup>	-	40,062
Appropriation Act (No. 1) 2018-19 (DCB)	-	1,932
Appropriation Act (No. 2) 2018-19	<b>74</b>	74
Appropriation Act (No. 3) 2018-19	-	8,172
Appropriation Act (No. 3) 2018-19 (DCB)	-	11,249
Appropriation Act (No. 4) 2018-19	<b>1,368</b>	6,206
Appropriation Act (No. 1) 2019-20 <sup>1</sup>	<b>24,584</b>	-
Appropriation Act (No. 3) 2019-20	<b>20,156</b>	-
<b>Total departmental</b>	<b>46,181</b>	67,694
<b>Administered</b>		
Appropriation Act (No. 1) 2016-17	-	6,187
Appropriation Act (No. 3) 2016-17	-	3,599
Appropriation Act (No. 1) 2017-18	<b>11,232</b>	11,232
Appropriation Act (No. 3) 2017-18	<b>1,583</b>	1,583
Appropriation Act (No. 1) 2018-19	<b>4,889</b>	5,367
Appropriation Act (No. 3) 2018-19	<b>8,781</b>	9,799
Appropriation Act (No. 1) 2019-20	<b>19,873</b>	-
Appropriation Act (No. 3) 2019-20	<b>1,840</b>	-
Supply Act (No. 1) 2019-20	<b>3,275</b>	-
<b>Total administered</b>	<b>51,473</b>	37,767

<sup>1</sup>Departmental: *Appropriation Act (No. 1) 2019-20* includes closing cash balance of \$6,567,000. *Appropriation Act (No. 1) 2018-19* includes closing cash balance of \$6,752,000.

## Notes to and forming part of the financial statements

## Note 5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Appropriation applied	
	2020 \$'000	2019 \$'000
<i>Veterans' Entitlements Act 1986, s.199, Administered</i>	8,778,981	9,163,129
<i>Papua New Guinea (Members of the Forces Benefits) Act 1957, s.8A, Administered</i>	23	21
<i>Defence Service Homes Act 1918, s.41, Administered</i>	400	483
<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988, s.160, Administered</i>	333,661	280,538
<i>Military Rehabilitation and Compensation Act 2004, s.423, Administered</i>	1,410,151	1,114,156
<i>Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006, s.49, Administered</i>	12,853	11,062
<i>Treatment Benefits (Special Access) Act 2019, s.62, Administered</i>	767	-
<i>Investment of public money: Public Governance, Performance and Accountability Act 2013, s.58, Departmental and Administered</i>	66,194	75,461
<i>Compensation (Japanese Internment) Act 2001, s.13, Administered</i>	-	-
<i>Public Governance, Performance and Accountability Act 2013, s.77, Administered</i>	-	-
<b>Total</b>	<b>10,603,030</b>	<b>10,644,850</b>

## Note 5.1D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	Department of Social Services	Department of Defence
2020	\$'000	\$'000
Total receipts	47,829	77,747
Total payments	(47,772)	(78,948)

	Department of Social Services	Department of Defence
2019	\$'000	\$'000
Total receipts	47,341	84,763
Total payments	(48,938)	(85,009)

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) <sup>1</sup>		Defence Service Homes Insurance Account (Departmental) <sup>2</sup>		Services for Other Entities and Trust Monies Special Account - Department of Veterans' Affairs <sup>3</sup>		Anzac Centenary Public Fund Special Account <sup>4</sup>	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance brought forward from previous period</b>	81	112	4,476	3,198	170	197	5,133	16,353
<b>Increases</b>								
Appropriation credited to special account	-	-	-	-	-	-	18,300	-
Realised investments	1,380	1,200	68,634	78,417	-	-	-	-
Premiums received	9	19	45,578	43,904	-	-	-	-
Other receipts	55	49	29,537	9,200	74	176	830	5,235
<b>Total increases</b>	<b>1,444</b>	<b>1,268</b>	<b>143,749</b>	<b>131,521</b>	<b>74</b>	<b>176</b>	<b>19,130</b>	<b>5,235</b>
<b>Available for payments</b>	<b>1,525</b>	<b>1,380</b>	<b>148,225</b>	<b>134,719</b>	<b>244</b>	<b>373</b>	<b>24,263</b>	<b>21,588</b>
<b>Decreases</b>								
<b>Departmental</b>								
Claim payments	-	-	(62,096)	(40,228)	-	-	-	-
Reinsurance premiums paid	-	-	(8,349)	(6,943)	-	-	-	-
Other payments	-	-	(9,101)	(8,571)	-	-	-	-
<b>Total departmental</b>	<b>-</b>	<b>-</b>	<b>(79,546)</b>	<b>(55,742)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Relevant money</b>								
Payments made for ad-hoc requests	(5)	(5)	-	-	-	-	-	-
Payments made to beneficiaries on attaining 18 years of age	(74)	(334)	-	-	-	-	-	-
PGPA Act section 58 investments	(940)	(960)	(65,254)	(74,501)	-	-	-	-
Other payments made	-	-	-	-	(128)	(203)	(24,263)	(16,455)
<b>Total relevant money</b>	<b>(1,019)</b>	<b>(1,299)</b>	<b>(65,254)</b>	<b>(74,501)</b>	<b>(128)</b>	<b>(203)</b>	<b>(24,263)</b>	<b>(16,455)</b>
<b>Total decreases</b>	<b>(1,019)</b>	<b>(1,299)</b>	<b>(144,800)</b>	<b>(130,243)</b>	<b>(128)</b>	<b>(203)</b>	<b>(24,263)</b>	<b>(16,455)</b>
<b>Total balance carried to the next period</b>	<b>506</b>	<b>81</b>	<b>3,425</b>	<b>4,476</b>	<b>116</b>	<b>170</b>	<b>-</b>	<b>5,133</b>
<b>Balance represented by:</b>								
Cash held in entity bank accounts	506	81	-	-	116	170	-	-
Cash held in the Official Public Account	-	-	3,425	4,476	-	-	-	5,133
<b>Total balance carried to the next period</b>	<b>506</b>	<b>81</b>	<b>3,425</b>	<b>4,476</b>	<b>116</b>	<b>170</b>	<b>-</b>	<b>5,133</b>

## Notes to and forming part of the financial statements

**1. Appropriation:** *Public Governance, Performance and Accountability Act 2013, s. 78*

**Establishing Instrument:** *PGPA Act (Military Death Claim Compensation Special Account 2015 - Establishment) Determination 2015/08*

**Purpose:** Administration of Death Claim Compensation amounts on behalf of dependants of a Defence Force member after the member's death. The closing balance of this special account includes amounts held in trust of \$0.5 million (2019: \$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.

**4. Appropriation:** *Public Governance, Performance and Accountability Act 2013, s. 78*

**Establishing Instrument:** *Financial Management and Accountability (Anzac Centenary Public Fund Special Account) Determination 2013/02*

**Purpose:** To receive gifts or contributions of money to provide funding for events, projects, initiatives and activities relating to the Anzac Centenary. This account is non-interest bearing.

The special account had a balance of nil at 30 June 2020 and revocation process is in progress.

## 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*.

<b>Contribution Account</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
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> .		
Opening balance	137	135
Receipts	1	2
Other payments	(1)	-
<b>Closing balance</b>	<b>137</b>	<b>137</b>
<b>Represented by:</b>		
Cash	137	137
<b>Total</b>	<b>137</b>	<b>137</b>

**5.4. Net Cash Appropriation Arrangements**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Deficit attributable to the Australian Government less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(35,853)</b>	<b>(13,648)</b>
Changes in asset revaluation reserve	2,913	1,967
<b>Total comprehensive loss less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(32,940)</b>	<b>(11,681)</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(23,169)	(23,393)
Plus: depreciation on right-of-use assets	(20,528)	-
Less: principal repayments - leased assets	17,641	-
<b>Total comprehensive loss - as per the Statement of Comprehensive Income</b>	<b>(58,996)</b>	<b>(35,074)</b>

## 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**

	2020	2019
	\$'000	\$'000
<b>Note 6.1A: Employee Provisions</b>		
Annual leave	20,363	18,103
Long service leave	48,787	47,315
Other employee provisions	451	377
<b>Total employee provisions</b>	<b>69,601</b>	<b>65,795</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	18,018	17,220
More than 12 months	51,583	48,575
<b>Total employee provisions</b>	<b>69,601</b>	<b>65,795</b>

**Accounting Policy**

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

**Leave**

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including DVA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion, inflation and enterprise agreement.

**Separation and Redundancy**

Provision is made for separation and redundancy benefit payments. DVA recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

**Superannuation**

DVA's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

DVA makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. DVA accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June 2020 represents outstanding contributions.



## Notes to and forming part of the financial statements

### 6.2. Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The Department has determined the key management personnel to be the Secretary, the Deputy Secretaries, and the General Manager (GM) DSHIS. They are responsible for the majority of DVA's operating activities including service delivery, policy development, transformation, and enabling services.

	2020 \$	2019 \$
	Substantive managers	Substantive managers
Short-term employee benefits	1,757,994	1,515,735
Post-employment benefits	191,157	157,045
Other long-term employee benefits	42,336	37,355
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>1,991,487</b>	<b>1,710,135</b>

<sup>1</sup>The total number of key management personnel that are included in the above table is 5 (2019:4), being three substantive officers who held the positions for the full year, two substantive officers who held the positions for part of the year.

The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

### 6.3. Related Party Disclosures

#### Related party relationships

The Department is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister (the Minister for Veterans' Affairs) and Executive.

In accordance with AASB 124 *Related Party Disclosures*, and for the purpose of related party disclosures in the financial statements, key management personnel for the Department include any of the following and their close family members:

- The Minister
- The Secretary
- The Deputy 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Contingent liabilities</b>				
Balance from previous period	33,068	39,508	33,068	39,508
Re-measurement	(7,626)	(6,440)	(7,626)	(6,440)
<b>Total contingent liabilities</b>	<b>25,442</b>	33,068	<b>25,442</b>	33,068
<b>Net contingent liabilities</b>	<b>25,442</b>	33,068	<b>25,442</b>	33,068

**Quantifiable Contingencies**

The indemnity of \$25,442,000 (2019: \$33,068,000) 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 (2019: nil).

**Unquantifiable Administered Contingencies**

As at 30 June 2020 DVA had no legal claims against it that DVA is defending which could give rise to gains or losses.

## Notes to and forming part of the financial statements

<b>7.2. Financial Instruments</b>			
	<b>Notes</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
<b>Note 7.2A: Categories of Financial Instruments</b>			
<b>Financial Assets under AASB 9</b>			
<b>Financial assets at amortised cost</b>			
Investments	3.1D	<b>57,000</b>	60,381
Cash and cash equivalents	3.1A	<b>6,567</b>	6,752
Trade receivables	3.1B	<b>1,343</b>	1,243
Premiums and recoveries receivables	3.1C	<b>34,029</b>	54,732
Other receivables	3.1B	<b>245</b>	10,043
<b>Total financial assets at amortised cost</b>		<b>99,184</b>	133,151
<b>Total financial assets</b>		<b>99,184</b>	133,151
<b>Financial Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Payables - suppliers	3.3A	<b>54,277</b>	42,972
Gross outstanding claims	3.5B	<b>33,103</b>	56,652
Other payables - reinsurance premiums and other	3.3C	<b>1,468</b>	546
<b>Total financial liabilities measured at amortised cost</b>		<b>88,848</b>	100,170
<b>Total financial liabilities</b>		<b>88,848</b>	100,170
<b>Note 7.2B: Net Gains or Losses from Financial Assets</b>			
<b>Financial assets at amortised cost</b>			
Interest revenue	1.1D	<b>1,045</b>	1,685
<b>Net gains on financial assets at amortised cost</b>		<b>1,045</b>	1,685
<b>Net gains on financial assets</b>		<b>1,045</b>	1,685

Net income/expense from financial assets not at fair value through the profit or loss is nil (2019: 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.

**TABLE A: Analysis of sensitivity of 30 June 2020 net provision to various changes in assumptions**

Item	Amount		Change from final estimate				Note
	2020 \$'000	2019 \$'000	2020 \$'000	2020 %	2019 \$'000	2019 %	
Net liability, including CAE and GST and excluding prudential margin	20,080	18,224	-	-	-	-	(a)
Inflation +1%	20,341	18,253	261	1.3	29	0.2	(b)
Inflation -1%	19,823	18,195	(257)	-1.3	(29)	-0.2	(b)
Discount +1%	19,821	18,155	(259)	-1.3	(69)	-0.4	(c)
Discount -1%	20,350	18,295	270	1.3	71	0.4	(c)
Superimposed inflation +1%	20,342	18,253	262	1.3	29	0.2	(d)
Superimposed inflation - 1%	19,823	18,197	(257)	-1.3	(27)	-0.2	(d)
10% more IBNR claims in PPCI models	20,301	18,259	221	1.1	35	0.2	(e)
10% less IBNR claims in PPCI models	19,859	18,189	(221)	-1.1	(35)	-0.2	(e)

#### Notes:

(a) Net provisions, including prudential margin:

	2020 \$'000	2019 \$'000
Gross Central Estimate (including GST and claims administration expense, excluding risk margin)	32,512	61,951
Less: Estimated outstanding recoveries	12,432	43,727
Central estimate (incl GST and claims administration expense)	20,080	18,224
Less: GST	1,825	5,299
Central Estimate (incl claims administration expense)	18,255	12,925

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 1.1D Insurance Activities and 7.2D Sensitivity to Insurance Risk.

DVA seeks to ensure the adequacy of its outstanding claims provision by reference to the following controls:

- experienced claims managers work with underwriters on coverage issues and operate within the levels of delegation issued to them in respect of the settlement of claims;
- processes exist to ensure that all claims advices are captured and updated on a timely basis and with a realistic assessment of the ultimate claims cost; and
- the aggregate outstanding claims provision for DVA is reviewed by an external actuary annually.

Despite the rigour involved in the establishment and review of the outstanding claims provision, the provision is subject to significant uncertainty for the reasons set out in Note 1.1D.

### 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

<b>7.3. Administered – Financial Instruments</b>			
		<b>2020</b>	<b>2019</b>
		<b>\$'m</b>	<b>\$'m</b>
<b>Note 7.3A: Categories of Financial Instruments</b>			
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	4.1A	<b>49</b>	<b>73</b>
Pension Loans Scheme		<b>2</b>	<b>1</b>
<b>Total financial assets at amortised cost</b>		<b>51</b>	<b>74</b>
<b>Financial assets at fair value through other comprehensive income</b>			
Investments in Commonwealth entities	4.1B	<b>1,478</b>	<b>1,439</b>
<b>Total financial assets at fair value through other comprehensive income</b>		<b>1,478</b>	<b>1,439</b>
<b>Total financial assets</b>		<b>1,529</b>	<b>1,513</b>
<b>Financial Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Health care payables		<b>63</b>	49
Grants payables		<b>2</b>	1
Other payables		<b>17</b>	36
<b>Total financial liabilities measured at amortised cost</b>		<b>82</b>	86
<b>Total financial liabilities</b>		<b>82</b>	86

## 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 2020. 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	
	2020 \$'000	2019 \$'000
<b>Non-financial assets</b>		
Leasehold improvements	34,203	31,313
Property, plant and equipment	359	495
<b>Total non-financial assets</b>	<b>34,562</b>	<b>31,808</b>
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>34,562</b>	<b>31,808</b>

DVA's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

## 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	
	2020	2019
	\$m	\$'m
<b>Financial assets</b>		
Equity accounted investments	1,478	1,439
<b>Total financial assets</b>	<b>1,478</b>	<b>1,439</b>
<b>Non-Financial assets</b>		
Buildings	56	54
Property, Plant and Equipment	6	7
<b>Total financial assets</b>	<b>62</b>	<b>61</b>
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>1,540</b>	<b>1,500</b>



## 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**

	2020	2019
	\$'000	\$'000
<b>Note 8.1A: Aggregate Assets and Liabilities</b>		
<b>Assets expected to be recovered in:</b>		
No more than 12 months	143,762	202,388
More than 12 months	224,578	106,621
<b>Total assets</b>	<b>368,340</b>	<b>309,009</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	138,540	169,624
More than 12 months	171,918	50,828
<b>Total liabilities</b>	<b>310,458</b>	<b>220,452</b>

	2020	2019
	\$'m	\$'m
<b>Note 8.1B: Administered Aggregate Assets and Liabilities</b>		
<b>Assets expected to be recovered in:</b>		
No more than 12 months	79	117
More than 12 months	1,585	1,542
<b>Total assets</b>	<b>1,664</b>	<b>1,659</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	2,315	1,837
More than 12 months	32,323	21,952
<b>Total liabilities</b>	<b>34,638</b>	<b>23,789</b>

## 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. During the 2019-20 Portfolio Budget Estimates Statements (PAES) an additional \$20.1 million was received for veterans' claims processing.	Trade and other receivables (Statement of Financial Position), Revenue from Government (Statement of Comprehensive Income)
The variance of \$120.4 million in the 'Total non-financial assets' mainly relates to the recognition of the Right to Use Assets as a result of the implementation of AASB16 Leases.	Land and buildings (Statement of Financial Position), Equity (Statement of Financial Position), Depreciation and amortisation (Statement of Comprehensive Income), Property, plant and equipment (Statement of Financial Position, Other non-financial assets (Statement of Financial Position).
The variance is related to the Section 51 of PGPA Act funds permanently withheld (\$18.0 million), as well as the reclassification of budget figures (\$1.3 million) 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 variance of \$3.9 million reflects the additional costs associated with accrued salaries, separation and redundancies, and DSHIS' adjusted premiums.	Other payables (Statement of Financial Position)
The variance of \$117.5 million is related to the implementation of the AASB 16 Leases to recognise the lease liability.	Leases (Statement of Financial Position), Interest (Cash Flow Statement), Principal payments of lease liabilities (Cash Flow Statement)
DSHIS' claim expenses were higher than budgeted by \$8.4 million. It is due to the various large catastrophe events (Bushfires, Storms, Hail and Flooding) from December 2019 through to February 2020.	Underwriting expenses (Statement of Comprehensive Income), Claim payments (Cash Flow Statement)
The outstanding claims provision is higher than budgeted by \$12.0 million. It is due to the various catastrophe events as discussed above.	Gross outstanding claims (Statement of Comprehensive Income), Claim payments (Cash Flow Statement)
Employee provision is \$13.3 million higher than the original budget due to budgeting for reductions in FTE not achieved. This was further impacted by the reduction in the 10 year bond rate.	Employee provision (Statement of Financial Position)
As a result of the Actuarial Valuation, DSHIS has recognised an Unexpired Risk Liability. This is due to the actuarial assessment of an increase in claim costs for the unexpired risk period and growth in premiums.	Unexpired risk liability (Statement of Financial Position)
DSHIS' rate of return on its investment portfolio has been lower than budgeted as a result of reduced investment portfolio and a reduction in the interest rates on offer from institutions.	Investment revenue (Statement of Comprehensive Income), Interest (Cash Flow Statement)
DSHIS' has seen higher commission revenue as a result of selling higher numbers of policies through the agency agreement than budgeted.	Insurance agency 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 \$5,269 million (overspend) is mainly related to movements for the following personal benefits programs:</p> <p>- <i>Adjustment to the Military Rehabilitation and Compensation Acts Liability Provision - Income Support and Compensations</i>. An increase of \$4,807 million reflects the military compensation liability provision adjustment calculated by the Australian Government Actuary (AGA) outlined in Note 4.3A.</p> <p>- <i>Military rehabilitation and Compensation Acts - Income Support and Compensation</i>. An overspend of \$303 million is mainly related to increased payments for MRCA permanent impairment claims. This is due to an increase in the number of claims.</p> <p>- <i>Veterans' Income Support and Allowances</i>. An overspend of \$103 million is mainly driven by the Economic Support payments to address the COVID-19 pandemic.</p>	<p>Personal benefits (Administered Schedule of Comprehensive Income)</p>
<p>The variance of \$5,111 million (overspend) is mainly related to movements for the following health care programs:</p> <p>- <i>Adjustment to the Military Rehabilitation and Compensation Acts Liability Provision - Health and Other Care Services</i>. The increase of \$5,436 million reflects the military compensation liability provision adjustment calculated by the Australian Government Actuary (AGA) outlined in Note 4.3B.</p> <p>- <i>Veteran's Community Care and Support</i>. An underspend of \$144 million is primarily due to the reduction in the veteran population in residential aged care, as well as reduction in the costs of services provided.</p> <p>- <i>Veterans' Counselling and Other Health Services</i>. An underspend of \$51 million is primarily driven by reduction in travel for treatment and reduction in utilisation of services as a result of the natural decline in population.</p> <p>- <i>Veterans' Hospital Services</i>. An underspend of \$54 million is primarily due to a temporary suspension of non-urgent elective surgery due to COVID-19 pandemic and the natural decline in treatment population.</p> <p>- <i>General Medical Consultations and Services</i>. An underspend of \$60 million is primarily due to the reduction in the veteran population and a temporary closure of clinics due to COVID-19.</p>	<p>Health care payments (Administered Schedule of Comprehensive Income)</p>
<p>The variance of \$54 million is primarily driven by a \$45 million budget reduction in the 2019-20 PAES, and a \$9 million underspend in commemorative activities due to rescheduled events as a result of COVID-19.</p>	<p>Other expenses (Administered Schedule of Comprehensive Income)</p>
<p>The variance of \$30m reflects the movement in the net asset position of the Australian War Memorial as at 30 June 2020.</p>	<p>Equity accounted investments (Administered Statement of Financial Position)</p>
<p>The variance of \$34 million represents the increase in payable balance in relation to timing of pension payments, which was slightly higher than budgeted balance.</p>	<p>Personal Benefits Payables (Administered Statement of Financial Position)</p>
<p>The variance is related to the adjustment to the military compensation provisions calculated by the AGA as outlined in Note 4.3.</p>	<p>Provisions and payables (Administered Statement of Financial Position)</p>

## Defence Service Homes Insurance Scheme financial statements 2019–20

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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 2020:

- (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 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statement by the Secretary and Acting General Manager;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Notes to the Financial Statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

#### Basis for opinion

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

#### 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 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



Rebecca Reilly  
Executive Director  
Delegate of the Auditor-General  
Canberra  
3 September 2020

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### Statement by the Secretary and Acting General Manager

The accompanying financial statements of the Defence Service Homes Insurance Scheme for the year ended 30 June 2020 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 2020 comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, and are based on properly maintained financial records as per subsection 41(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In our opinion, at the date of this statement, there are reasonable grounds to believe that Defence Service Homes Insurance Scheme will be able to pay its debts as and when they fall due.

Signed 

Liz Cosson AM CSC  
Secretary

3 September 2020

Signed 

Angela-Grace Kelly  
Acting General Manager, Defence Service Homes  
Insurance Scheme

3 September 2020

**Defence Service Homes Insurance Scheme**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2020*

	Notes	2020 \$'000	2019 \$'000	Original Budget 2019 \$'000
<b>NET COST OF SERVICES</b>				
<b>Claims expense</b>				
Claims expense	3.1F	38,547	82,170	31,024
Less: Reinsurance and other recoveries	3.1A	(1,529)	(42,529)	-
<b>Net claims expense</b>		<b>37,018</b>	<b>39,641</b>	<b>31,024</b>
<b>Premium revenue</b>				
Insurance premium revenue	3.1B	46,676	44,637	46,522
Less: Reinsurance expense		(8,791)	(7,100)	(8,000)
<b>Net premium revenue</b>		<b>37,885</b>	<b>37,537</b>	<b>38,522</b>
Unexpired risk liability expense	3.1C	3,303	-	-
<b>Operating expense</b>				
Employee benefits equivalent	1.1A	2,938	2,752	3,600
Fire brigade and emergency services contributions		1,753	1,559	2,000
Suppliers	1.1B	5,101	4,509	4,052
Amortisation		75	75	75
Acquisition costs		157	371	500
<b>Total operating expense</b>		<b>10,024</b>	<b>9,266</b>	<b>10,227</b>
<b>Underwriting result</b>		<b>(12,460)</b>	<b>(11,370)</b>	<b>(2,729)</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Commissions received	1.2A	3,604	3,067	3,100
Interest	1.2B	1,045	1,685	1,600
Resources received free of charge	1.2C	65	58	57
<b>Total own-source revenue</b>		<b>4,714</b>	<b>4,810</b>	<b>4,757</b>
<b>Total own-source income</b>		<b>4,714</b>	<b>4,810</b>	<b>4,757</b>
<b>Net contribution by/(cost of) services</b>		<b>(7,746)</b>	<b>(6,560)</b>	<b>2,028</b>
Revenue from Government	1.2D	120	120	120
<b>Surplus/(Deficit) attributable to the Australian Government</b>		<b>(7,626)</b>	<b>(6,440)</b>	<b>2,148</b>
Other comprehensive income		-	-	-
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>		<b>(7,626)</b>	<b>(6,440)</b>	<b>2,148</b>

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

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.



**Defence Service Homes Insurance Scheme**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2020*

		2020	2019	Original Budget
	Notes	\$'000	\$'000	2019 \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	3,425	4,476	2,500
Trade and other receivables	2.1B	34,747	55,493	31,485
Investments	2.1C	57,000	60,381	55,850
<b>Total financial assets</b>		<b>95,172</b>	<b>120,350</b>	<b>89,835</b>
<b>Non-financial assets</b>				
Intangibles	2.2A	80	155	80
Other non-financial assets		107	25	100
<b>Total non-financial assets</b>		<b>187</b>	<b>180</b>	<b>180</b>
<b>Total assets</b>		<b>95,359</b>	<b>120,530</b>	<b>90,015</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	7,144	6,762	6,630
Unearned revenue	3.1E	25,246	23,502	24,000
Other payables	2.3B	1,468	546	500
<b>Total payables</b>		<b>33,858</b>	<b>30,810</b>	<b>31,130</b>
<b>Provisions</b>				
Gross claims outstanding	3.1D	33,103	56,652	21,111
Unexpired risk liability	3.1G	2,956	-	-
<b>Total provisions</b>		<b>36,059</b>	<b>56,652</b>	<b>21,111</b>
<b>Total liabilities</b>		<b>69,917</b>	<b>87,462</b>	<b>52,241</b>
<b>Net assets</b>		<b>25,442</b>	<b>33,068</b>	<b>37,774</b>
<b>EQUITY</b>				
Retained surplus		25,442	33,068	37,774
<b>Total equity</b>		<b>25,442</b>	<b>33,068</b>	<b>37,774</b>

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

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

**Defence Service Homes Insurance Scheme**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2020*

	2020	2019	Original Budget
	\$'000	\$'000	2019 \$'000
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	33,068	39,508	35,626
Adjustment for errors	-	-	-
Adjustment for changes in accounting policies	-	-	-
<b>Adjusted opening balance</b>	<b>33,068</b>	<b>39,508</b>	<b>35,626</b>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(7,626)	(6,440)	2,148
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>(7,626)</b>	<b>(6,440)</b>	<b>2,148</b>
Total comprehensive income attributable to			
Australian Government	(7,626)	(6,440)	2,148
<b>Closing balance at 30 June</b>	<b>25,442</b>	<b>33,068</b>	<b>37,774</b>
<b>Closing balance attributable to Australian Government</b>	<b>25,442</b>	<b>33,068</b>	<b>37,774</b>

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

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

**Defence Service Homes Insurance Scheme**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2020*

			Original Budget 2019 \$'000
	Notes	2020 \$'000	2019 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Premiums received		45,587	43,904
Commissions received		3,587	3,062
Interest		1,315	1,725
GST received		109	-
Receipts from Government		120	120
Reinsurance and other recoveries		24,408	4,609
Other payments received		480	-
<b>Total cash received</b>		<b>75,606</b>	<b>53,420</b>
<b>Cash used</b>			
Claim payments		62,096	40,228
Employees		2,938	2,752
Suppliers		4,744	3,889
Fire brigade and emergency services contributions		1,753	1,559
Reinsurance premiums		8,350	6,943
Net GST paid		-	316
Acquisition costs		157	371
<b>Total cash used</b>		<b>80,038</b>	<b>56,058</b>
<b>Net cash from/(used by) operating activities</b>		<b>(4,432)</b>	<b>2,148</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Investments realised		68,634	78,417
<b>Total cash received</b>		<b>68,634</b>	<b>78,417</b>
<b>Cash used</b>			
Purchase of investments		65,253	74,501
<b>Total cash used</b>		<b>65,253</b>	<b>74,501</b>
<b>Net cash from/(used by) investing activities</b>		<b>3,381</b>	<b>(2,148)</b>
<b>Net increase / (decrease) in cash held</b>		<b>(1,051)</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		4,476	3,198
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>3,425</b>	<b>2,500</b>

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

For budgetary reporting information refer to Note 7.2. Budget figures are as per the original PBS.

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

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## Defence Service Homes Insurance Scheme

### Notes to and forming part of the Financial Statements

for the period ended 30 June 2020

#### Overview

##### Objectives of Defence Service Homes Insurance Scheme

Defence Service Homes Insurance (DSH Insurance) is a self-funded insurance scheme that provides building insurance to eligible veterans and Australian Defence Force (ADF) personnel. DSH Insurance forms part of the operations of the Client Engagement and Support Services Division of the Department of Veterans' Affairs (Department). The objective of DSH Insurance is to provide domestic building insurance in accordance with the *Defence Service Homes Act 1918 and Regulations*.

DSH Insurance operates under the control of The Secretary of the Department of Veterans' Affairs. The continued existence of DSH Insurance in its present form is dependent on Government policy.

##### Basis of Preparation of the Financial Statements

The financial statements are required by Section 50B of the *Defence Service Homes Act 1918*. The financial statements are general purpose financial statements.

The statements have been prepared in accordance with:

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

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the PGPA Rule, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to DSH Insurance or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the statement of comprehensive income, when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

##### Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, DSH Insurance has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The value of outstanding claims and estimated future claims on unexpired premiums has been estimated by an independent actuary. The actuary has used the methods and assumptions detailed in note 3.1.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

## Defence Service Homes Insurance Scheme

### Notes to and forming part of the Financial Statements

for the period ended 30 June 2020

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#### New Australian Accounting Standards

All new accounting standards, revised standards, amending standards and/or interpretations that were issued prior to the signing of the statements by the Secretary and Acting General Manager, and are applicable to the current reporting period did not have a material effect on DSH Insurance's financial statements.

Application of AASB 16 Leases – no impact as there are no leases held by DSH Insurance.

Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities – no impact as the material revenue of DSH Insurance (Insurance Premium) is governed by AASB 1023 Insurance Contracts.

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 2023	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 DSH Insurance. Deferred acquisition assets must have a probability of future economic benefit and be able to be reliably measured.

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

## 1. Financial Performance

This section analyses the financial performance of DSH Insurance for the year ended 2020.

### 1.1. Expenses

	2020	2019
	\$'000	\$'000
<b>Note 1.1A: Employee benefits equivalent</b>		
Wages and salaries	2,499	2,320
Superannuation		
Defined contribution plans	144	125
Defined benefit plans	281	293
Leave and other entitlements	14	14
<b>Total employee benefits</b>	<b>2,938</b>	<b>2,752</b>

#### Accounting Policy

##### Salary, Wages and Superannuation

DSH Insurance's salaries, wages, superannuation, long service leave and annual leave are paid by the Department, and are repaid to the Department as a supplier on 30 day terms. These expenses paid to the Department are recorded as wages, salaries, superannuation and leave in order to represent the nature of the expenses. Any salaries, wages, superannuation, long service leave and annual leave unpaid as at 30 June 2020 are recorded as unpaid supplier expenses.

All long service and annual leave liabilities are recorded by the Department of Veterans' Affairs.

Staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or a superannuation scheme of their choice.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. The liability is reported by the Department of Finance as an administered item.

The Department makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of DSH Insurance's employees.

### Note 1.1B: Suppliers

#### Goods and services supplied or rendered

Consultants	603	442
Contractors	3,611	3,039
Travel	57	57
IT services	555	642
Other	275	329
<b>Total goods and services supplied or rendered</b>	<b>5,101</b>	<b>4,509</b>
Goods supplied	131	118
Services rendered	4,970	4,391
<b>Total goods and services supplied or rendered</b>	<b>5,101</b>	<b>4,509</b>

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

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

Own-Source Revenue	2020	2019
	<b>\$'000</b>	<b>\$'000</b>

**Note 1.2A: Commissions received**

Insurance agency commission	<b>3,604</b>	3,067
<b>Total commissions received</b>	<b>3,604</b>	<b>3,067</b>

**Accounting Policy**

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

**Note 1.2B: Interest**

Deposits	<b>1,045</b>	1,685
<b>Total Interest</b>	<b>1,045</b>	<b>1,685</b>

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

Remuneration of auditors	<b>65</b>	58
<b>Total resources received free of charge</b>	<b>65</b>	<b>58</b>

**Accounting Policy**

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

**Note 1.2D: Revenue from Government**

Interest appropriations	<b>120</b>	120
<b>Total revenue from Government</b>	<b>120</b>	<b>120</b>

**Accounting Policy**

Amounts appropriated are recognised as revenue when DSH Insurance gains control of the appropriation. DSH Insurance receives appropriation revenue for interest equivalency payments.



**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

## 2. Financial Position

This section analyses the DSH Insurance's assets used to generate financial performance and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.1. Financial Assets

	2020 \$'000	2019 \$'000
<b><u>Note 2.1A: Cash and cash equivalents</u></b>		
Cash at bank	3,425	4,476
<b>Total cash and cash equivalents</b>	<b>3,425</b>	<b>4,476</b>
<b><u>Note 2.1B: Trade and other receivables</u></b>		
<b>Goods and services receivables</b>		
Premiums receivable	18,453	15,941
<b>Other receivables</b>		
GST receivable	184	293
Recoveries receivable	15,576	38,791
Interest receivable	198	468
Other receivable	336	-
<b>Total trade and other receivables</b>	<b>34,747</b>	<b>55,493</b>

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

### **Note 2.1C: Investments**

Deposits	57,000	60,381
<b>Total investments</b>	<b>57,000</b>	<b>60,381</b>

Monies invested in term deposits and negotiable certificates of deposit with various approved institutions under Section 58 of the *Public Governance, Performance and Accountability Act 2013*.

The accounting policy for Cash and cash equivalents, Trade and other receivables and Investments is detailed within Note 6.2A.

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

**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 2020**

	Intangibles \$'000
<b>As at 1 July 2019</b>	
Gross book value	4,088
Accumulated amortisation and impairment	(3,933)
<b>Total as at 1 July 2019</b>	<b>155</b>
 Amortisation expense	 (75)
<b>Total as at 30 June 2020</b>	<b>80</b>
 <b>Total as at 30 June 2020 represented by</b>	
Gross book value	4,088
Accumulated amortisation and impairment	(4,008)
<b>Total as at 30 June 2020</b>	<b>80</b>

No intangibles are expected to be sold or disposed of within the next 12 months.

**Accounting Policy**

The DSH Insurance's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of DSH Insurance's software is 10 years (2018-19: 10 years).

**Impairment**

All intangible assets were assessed for impairment at 30 June 2020. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if DSH Insurance were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for intangible assets at cost.

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

**2.3. Payables**

	2020	2019
	\$'000	\$'000
<b><u>Note 2.3A: Suppliers</u></b>		
Trade creditors	5,103	4,572
Accrued expenses	2,041	2,190
<b><i>Total suppliers</i></b>	<b>7,144</b>	<b>6,762</b>

Settlement is usually made net 30 days.

**Note 2.3B: Other payables**

Reinsurance premiums	988	546
Other payables	480	-
<b><i>Total other payables</i></b>	<b>1,468</b>	<b>546</b>

Settlement is usually made net 30 days.

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

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

### 3. Insurance Underwriting Activities

This section describes DSH Insurance's insurance underwriting activities.

#### 3.1. Insurance Underwriting Activities

	2020	2019
	\$'000	\$'000
<b>Note 3.1A: Reinsurance and other recoveries</b>		
Reinsurance recoveries	1,326	42,478
Other recoveries	203	51
<b>Total reinsurance and other recoveries</b>	<b>1,529</b>	<b>42,529</b>

#### Accounting Policy

##### Reinsurance Receivable

Reinsurance receivables are recorded at discounted estimated value on paid claims and incurred claims not yet paid and recognised as a reduction in the claims expense.

#### **Note 3.1B: Insurance premium revenue**

Premium revenue	46,676	44,637
<b>Total insurance premium revenue</b>	<b>46,676</b>	<b>44,637</b>

#### Accounting Policy

##### Premium Revenue:

Premium revenue comprises amounts charged to policyholders, excluding amounts collected on behalf of third parties, principally GST in full. The earned portion of premiums received and receivable, including unclosed business, is recognised as revenue. Premium revenue is recognised as earned from the date of attachment of risk.

The pattern of recognition over the policy or indemnity periods is based on time which is considered to closely approximate the pattern of risks underwritten.

#### **Note 3.1C: Movement in unexpired risk liability**

Unexpired risk liability as at 1 July	-	-
Recognition of unexpired risk liability expense	3,303	-
Release of unexpired risk liability	-	-
<b>Unexpired risk liability expense as at 30 June</b>	<b>3,303</b>	<b>-</b>

#### **Deficiency recognised in the statement of comprehensive income**

Unexpired risk liability expense	3,303	-
<b>Total deficiency recognised in statement of comprehensive income</b>	<b>3,303</b>	<b>-</b>

#### **Calculation of deficiency**

Expected future claims per actuary report	28,068	-
Less: recorded unearned premiums	(25,112)	-
Less: deferred acquisition costs	347	-
<b>Unexpired risk liability expense</b>	<b>3,303</b>	<b>-</b>

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

Gross claims outstanding	33,103	56,652
Less: recoveries receivable	(15,576)	(38,791)
<b>Net claims outstanding</b>	<b>17,527</b>	<b>17,861</b>

DSH Insurance has incurred claims during 2019-20 for which recoveries have and will be made in accordance with reinsurance treaties, which were in force at the date of loss.

## Defence Service Homes Insurance Scheme

### Notes to and forming part of the Financial Statements

for the period ended 30 June 2020

The gross claims outstanding amounts to \$33,103,720 as at 30 June 2020. In determining this amount, the actuary has applied a risk margin of 12% (2019: 12%) to the central estimate of the expected present value of future payments for claims incurred. The resulting risk margin amounts to \$3,546,720 (2019: \$6,069,840) and is included in the gross claims outstanding (\$33,103,720).

#### Accounting Policy

##### Liability Adequacy Test and Unexpired Risk Liability

AASB 1023 General Insurance Contracts requires the application of a liability adequacy test upon unearned premiums. Where this test indicates that DSH Insurance's unearned premiums are insufficient to cover the expected future claims under the policies associated with those premiums, the difference is recognised in the Statement of Comprehensive Income as an Unexpired Risk Liability. The result of this test indicates that DSH Insurance's unearned premiums are insufficient to cover expected future claims on unexpired policies at 30 June 2020 and as such, DSH Insurance has recognised an expense of \$3,302,685 (2019: nil) and an unexpired risk liability of \$2,956,000 (2019: 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.

DSH Insurance's unadjusted unearned premium liability as at 30 June 2020 was \$25,112,000 (2019: \$22,187,000) and prior to the recognition of unexpired risk liability DSH Insurance had recognised \$346,685 in deferred acquisition costs (2019: nil) with the net of these two figures being \$24,765,315. Future cash flows relating to future claims under the risk associated with those premiums as advised by DSH Insurance's independent actuaries was \$28,068,000 (2019: \$20,792,000).

The entire deficiency of \$3,302,685 has been recognised in the statement of comprehensive income, then in line with AASB 1023 Insurance Contracts, DSH Insurance has written down the recognised \$346,685 held in deferred acquisition costs, and recognised the remaining liability in the statement of financial position as an unexpired risk liability of \$2,956,000.

DSH Insurance has not taken into account the income from invested retained surpluses or agency commissions which are used to subsidise costs associated with the building insurance policies.

#### Outstanding Claims

The provision for outstanding claims has been determined on a case by case approach in respect of all claims reported. The liability for outstanding claims includes claims incurred but not yet paid, incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs). The provision includes the expected administration costs of settling those claims. The valuation of the DSHIS outstanding claims liability provision as at 30 June 2020 was prepared by independent actuaries (KPMG). The methods used to assess the outstanding liability were Projected Case Estimates (PCE), Payment Per Claims Incurred (PPCI), Incurred Chain Ladder (ICL) and Incurred Bornhuetter Ferguson (IBF). This methodology meets Actuarial Professional Standard PS 302 *Valuation of General Insurance Claims*.

##### Actuarial Methods

The methodology for the estimation of the net outstanding claims provision as at 30 June 2020 consists of:

- Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2020. 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 on a net of third party recoveries basis.
- Initially all estimates are made in 30 June 2020 dollars, but subsequently are increased to allow for inflation from that date to the date of payment.
- The gross of reinsurance liability for outstanding claims is estimated by:
  - discounting these inflated claim payments to allow for investment return at risk free rates;
  - adjusting for the effect of GST; and
  - adding an allowance to provide for associated claims administration expenses.
- The net outstanding claims liability is derived by allowing for expected reinsurance recoveries.
- The estimate of liability is increased by a prudential margin.

## Defence Service Homes Insurance Scheme

### Notes to and forming part of the Financial Statements

for the period ended 30 June 2020

#### Actuarial Assumptions

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2020:

- **Inflation rates:** 2.00% p.a.;
- **Discount rates:** 0.24% p.a.;
- **Claims administration expenses (CAE):** 5% of gross outstanding claims liability;
- **Superimposed inflation:** approximately 1.50% p.a. in the actuarial model with explicit superimposed inflation assumptions;
- **Prudential margin:** 12% of net central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency;

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

#### 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 2020;
- **Claims administration expenses:** assumed based on DSH Insurance's own experience as well as industry experience;
- **Superimposed inflation:** derived from actuarial models based on the long term average of past experience for all non-catastrophe claims;
- **Prudential margin:** selected based on analysis of estimated historical variability within the portfolio;

#### Insurance Risk Management

Insurance risk management policies and practices are disclosed at Note 6.3 – Risk management.

#### Process for Determining Risk Margin

The risk margin required for a 75% level of sufficiency was previously 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.

	2020	2019
	\$'000	\$'000
<b>Note 3.1E: Unearned revenue</b>		
Unearned premiums	25,204	23,442
Insurance agency revenue received in advance	42	60
<b>Total unearned revenue</b>	<b>25,246</b>	<b>23,502</b>

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

**Accounting Policy**

Unearned Revenue

Unearned premiums represents the estimated proportion of premiums written in the current year relating to cover provided in the subsequent year. DSH Insurance's system allows for the unearned proportion to be calculated for each individual policy in accordance with AASB 1023 General Insurance Contracts.

Revenue in Advance

Revenue in advance is recognised where the revenue has been received prior to the period in which the revenue relates. DSH Insurance recognises revenue in advance at nominal value.

**Note 3.1F: Net claims incurred**

	2020			2019		
	Current year \$'000	Prior years \$'000	Total \$'000	Current year \$'000	Prior years \$'000	Total \$'000
Gross incurred*	28,393	10,154	38,547	78,740	3,430	82,170
Less: Reinsurance and other recoveries	(13,436)	11,907	(1,529)	(37,586)	(4,943)	(42,529)
<b>Net claims incurred</b>	<b>14,957</b>	<b>22,061</b>	<b>37,018</b>	<b>41,154</b>	<b>(1,513)</b>	<b>39,641</b>

\*Claims are not subject to discount

Building insurance claims are typically resolved within one year. No claims development table is required under AASB 1023 17.7.1 (b) (iii) for lines of business typically resolved within one year.

**Accounting Policy**

Gross incurred:

Gross incurred (claims expense) represents all claims paid during the reporting period and the movement in open claims recognised through the outstanding claims liability. The gross incurred is adjusted for claims development based on actuarial modelling (see note 3.1D) to take in to account incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs).

**Note 3.1G: Unexpired risk liability**

	2020 \$'000	2019 \$'000
Unexpired risk liability	<b>2,956</b>	-
<b>Total unexpired risk liability</b>	<b>2,956</b>	-
Expected future claims per actuary report	<b>28,068</b>	-
Less: recorded unearned premiums	<b>(25,112)</b>	-
<b>Unexpired risk liability</b>	<b>2,956</b>	-

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

#### 4. Funding

This section identifies DSH Insurance's funding structure.

##### 4.1. Appropriations

**Note 4.1A: Special appropriations applied ('recoverable GST exclusive')**

	Appropriation applied	
	2020	2019
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>	<b>65,254</b>	74,501
<b>Total special appropriations applied</b>	<b>65,254</b>	74,501

##### 4.2. Special Accounts

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

	Defence Service Homes Insurance Account	
	2020	2019
	\$'000	\$'000
<b>Balance brought forward from previous period</b>	<b>4,476</b>	3,198
Premiums received	<b>45,578</b>	43,904
Other receipts	<b>29,537</b>	9,200
Investments credited to the special account	<b>68,634</b>	78,417
<b>Total increases</b>	<b>143,749</b>	131,521
<b>Available for payments</b>	<b>148,225</b>	134,719
<b>Decreases</b>		
<b>Departmental</b>		
Claim payments	<b>(62,096)</b>	(40,228)
Reinsurance premiums paid	<b>(8,349)</b>	(6,943)
Other payments	<b>(9,101)</b>	(8,571)
PGPA Act section 58 investments	<b>(65,254)</b>	(74,501)
<b>Total departmental</b>	<b>(144,800)</b>	(130,243)
<b>Total decreases</b>	<b>(144,800)</b>	(130,243)
<b>Total balance carried to the next period</b>	<b>3,425</b>	4,476
<b>Balance represented by:</b>		
Cash held in the Official Public Account	<b>3,425</b>	4,476
<b>Total balance carried to the next period</b>	<b>3,425</b>	4,476

**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**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

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## **5. People and Relationships**

### **5.1. Related Party Disclosures**

**Related party relationships:**

DSH Insurance is an Australian Government controlled entity. Related parties to DSH Insurance are Key Management Personnel, who are the General Manager DSH Insurance and Secretary of Department of Veterans' Affairs.

**Transactions with related parties:**

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by DSH Insurance, it has been determined that there are no related party transactions to be separately disclosed.

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
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## 6. Managing Uncertainties

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

### 6.1. Contingent Assets and Liabilities

#### Quantifiable Contingencies

During the year ended 30 June 2020, DSHI noted two matters requiring assessment in relation to premium pricing, specifically regarding the application of premium pricing tables and the premium pricing methodology. The financial statements reflect adjustments made by DSHI to both the earned and unearned premium revenue to reflect the intended application of pricing tables to premiums during 2019-20 based on management's analysis. These adjustments are considered to be probable and the amounts measurable. The amounts have been determined based on generally accepted pricing methodology and reflect of information available to management for the 30 June 2020 balance date. In relation to the pricing methodology matter, management is currently assessing the related impact on policyholders and the assessment is still in progress.

#### Unquantifiable Contingencies

DSH Insurance had no unquantifiable contingencies as at 30 June 2020 (nil at 30 June 2019).

### 6.2. Financial Instruments

	2020	2019
	\$'000	\$'000
<b><u>Note 6.2A: Categories of financial instruments</u></b>		
<b>Financial assets at amortised cost</b>		
Investments	57,000	60,381
Cash and cash equivalents	3,425	4,476
Trade and other receivables	34,227	55,200
<b>Total financial assets at amortised cost</b>	<b>94,652</b>	<b>120,057</b>
<b>Total financial assets</b>	<b>94,652</b>	<b>120,057</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	7,144	6,762
Other payables	1,468	546
Outstanding claims	33,103	56,652
<b>Total financial liabilities measured at amortised cost</b>	<b>41,715</b>	<b>63,960</b>
<b>Total financial liabilities</b>	<b>41,715</b>	<b>63,960</b>

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

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**Accounting Policy**

**Financial Instruments**

Financial assets

The entity classifies its financial assets as financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

**Defence Service Homes Insurance Scheme**  
**Notes to and forming part of the Financial Statements**  
*for the period ended 30 June 2020*

**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.

	2020	2019
	\$'000	\$'000
<b><u>Note 6.2B: Net gains or losses on financial assets</u></b>		
<b>Financial assets at amortised cost</b>		
Interest revenue	1,045	1,685
<b>Net gains on financial assets at amortised cost</b>	<b>1,045</b>	<b>1,685</b>
 <b>Net gains on financial assets</b>	 <b>1,045</b>	 <b>1,685</b>

The net income/expense from financial assets not at fair value through profit and loss is nil (2019: nil).

**Note 6.2C: Net gains or losses on financial liabilities**

There was no income or expense from financial liabilities (2019: nil).

**Note 6.2D: Financial assets reclassified**

During the year there has been no financial assets that have been reclassified.

## Defence Service Homes Insurance Scheme

### Notes to and forming part of the Financial Statements

for the period ended 30 June 2020

#### 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 2020 net provision to various changes in assumptions\*

Item	Amount	Amount	Change from final estimate		Change from final estimate		Note
	2020 \$'000	2019 \$'000	2020 \$'000	2020 %	2019 \$'000	2019 %	
Net liability, including CAE and GST and excluding prudential margin	20,080	18,224	-	0.0	-	0.0	(a)
Inflation +1%	20,341	18,253	261	1.3	29	0.2	(b)
Inflation -1%	19,823	18,195	(257)	-1.3	(29)	-0.2	(b)
Discount +1%	19,821	18,155	(259)	-1.3	(69)	-0.4	(c)
Discount -1%	20,350	18,295	270	1.3	71	0.4	(c)
Superimposed inflation +1%	20,342	18,253	262	1.3	29	0.2	(d)
Superimposed inflation -1%	19,823	18,197	(257)	-1.3	(27)	-0.2	(d)
10% more IBNR claims in PPCI models	20,301	18,259	221	1.1	35	0.2	(e)
10% less IBNR claims in PPCI models	19,859	18,189	(221)	-1.1	(35)	-0.2	(e)

\*Figures extracted from KPMG report (Table 12.1), Defence Service Homes Insurance Scheme Outstanding Claims Liability as at 30 June 2020

Notes: (a) Net provision, including prudential margin.

	2020 \$'000	2019 \$'000
Gross Central Estimate (including GST and claims administration expense, excluding risk margin)	32,512	61,951
less: Estimated Outstanding Reinsurance Recoveries	12,432	43,727
Central estimate (incl GST and claims administration expense)	20,080	18,224
less: GST	1,825	5,299
Central Estimate (incl claims administration expense)	18,255	12,925

##### 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

### Notes to and forming part of the Financial Statements

for the period ended 30 June 2020

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#### Underwriting risks

##### *Selection and pricing of risks*

Risks insured are limited to dwelling houses owned by persons eligible under the *Defence Service Homes Act 1918*. Insurance policies are written in accordance with management practices and regulations taking into account DSH Insurance's underwriting standards.

Pricing of risks is controlled by use of in-house pricing models relevant to market in which DSH Insurance operates. Experienced underwriters and actuaries maintain historical pricing and claims analysis and this is combined with a knowledge of current developments in the market.

##### *Concentration risk*

DSH Insurance manages exposure to concentration risk by issuing policies across all Australian locations. Reinsurance is purchased to reduce potential exposure to catastrophe losses.

##### *Claims management and claims provisioning risk*

DSH Insurance's approach to determining the outstanding claims provision and the related sensitivities are set out in note 3.1B.

DSH Insurance seeks to ensure the adequacy of its outstanding claims provision by reference to the following controls:

- Experienced claims managers work with underwriters on coverage issues and operate within the levels of delegation issued to them in respect of the settlement of claims.
- Processes exist to ensure that all claims advices are captured and updated on a timely basis and with a realistic assessment of the ultimate claims cost.
- The aggregate outstanding claims provision for DSH Insurance is reviewed by an external actuary annually.

Despite the rigour involved in the establishment and review of the outstanding claims provision, the provision is subject to significant uncertainty for the reasons set out in note 3.1D.

##### *Reinsurance counterparty risk*

DSH Insurance reinsures a portion of risks underwritten to control exposure to insurance losses, reduce volatility and protect capital. DSH Insurance's strategy in respect of the selection, approval and monitoring of reinsurance arrangements is addressed by the following protocols:

- Treaty or facultative reinsurance is placed in accordance with the requirements of DSH Insurance's reinsurance management strategy.
- Reinsurance arrangements are regularly reassessed to determine their effectiveness based on current exposures, historical losses and potential future losses.
- Exposure to reinsurance counterparties and the credit quality of those counterparties is actively monitored.

Strict controls are maintained over reinsurance counterparty exposures. Reinsurance is placed with counterparties that have a Standard & Poor's credit rating of A- or above. Credit risk exposures are calculated regularly and compared with authorised credit limits, and the arrangements discontinued from the day the counterparty's Credit rating falls below A-. At 30 June 2020 DSH Insurance had no receivables with reinsurance counterparties below A-.

#### **Accounting Policy**

##### Reinsurance Arrangements

DSH Insurance purchases reinsurance each year for dwelling per risk, catastrophe risk and legal liability risk. Premium ceded to reinsurers is recognised as an expense and is measured at nominal value in accordance with the pattern of reinsurance service received.

## Defence Service Homes Insurance Scheme

### Notes to and forming part of the Financial Statements

for the period ended 30 June 2020

## 7. Other Information

This section provides other disclosures relevant to DSH Insurance's financial information environment for the year.

### 7.1. Aggregate Assets and Liabilities

	2020 \$'000	2019 \$'000
<b>Note 7.1A: Aggregate Assets and Liabilities</b>		
<b>Assets expected to be recovered in:</b>		
No more than 12 months	93,280	120,375
More than 12 months	2,079	155
<b>Total assets</b>	<b>95,359</b>	<b>120,530</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	68,924	87,295
More than 12 months	993	167
<b>Total liabilities</b>	<b>69,917</b>	<b>87,462</b>

### 7.2. Explanations of Major Budget Variances

The following tables provide a comparison between the 2019–20 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2019-20 financial statements. The Budget is not audited.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- the variance between budget and actual is greater than 2% of the relevant category (Income, Expenses and Equity totals); or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

Variance	Affected Items on Statements
<b>Claims</b> Claims expenses were significantly higher than budget due to the various large catastrophe events, (Bushfires, Storms, Hail and Flooding) over the summer period from December 2019 through to February 2020.	Claims expense (Statement of Comprehensive Income), Claim payments (Cash Flow Statement)
<b>Outstanding Claims Provision</b> The outstanding claims provision is significantly higher than budget (\$12.0m) due to the various catastrophe events as discussed above.	Gross claims outstanding (Statement of Financial Position)
<b>Reinsurance Recoveries</b> Due to the catastrophe events in the current year, and also remaining recoveries due from Townsville Floods in 2018-19, DSH Insurance is able to recover \$15.6m 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)
<b>Investments Cash Movement</b> Due to the increase in claims expenses from the various catastrophe events over Summer, DSH Insurance has had to utilise maturing investments to meet claims payments.	Investments realised, Purchase of investments (Cash Flow Statement)
<b>Staffing</b> The creation of a project team to meet the Election Commitment to expand DSH Insurance's eligibility (with labour hires), combined with limited recruitment which required that vacant positions be filled with labour hires, has resulted in the underspend of employee expenses and an overspend in suppliers (Contractors).	Employee benefits equivalent, Suppliers (Statement of Comprehensive Income), Employees, Suppliers (Cash Flow Statement)

**Defence Service Homes Insurance Scheme**  
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<b>Variance</b>	<b>Affected Items on Statements</b>
<u>Interest Rates</u> The rate of return on the investment portfolio has been lower than budgeted due to a reduction in the balance of the portfolio due to high claims expenses, as well as a downturn in the interest rates on offer from institutions.	<i>Interest (Statement of Comprehensive Income), Interest (Cash Flow Statement)</i>
<u>Fire Brigade Contribution</u> The calculation of Fire Brigade Contribution is complex and relates to the percentage DSH Insurance policyholders make-up of the total NSW population. The 2019-20 budget was prepared before DSH Insurance estimated 2019-20 costs were known. As a result there is 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 higher than budgeted due to insurance premiums being higher (reinsurance premiums are paid based on a percentage of premium revenue).	<i>Reinsurance expense (Statement of Comprehensive Income), Other Payables (Statement of Financial Position), Reinsurance premiums (Cash Flow Statement)</i>
<u>Other Payables</u> Other payables were higher than budgeted due the 2019-20 adjustment to the reinsurance premium. DSH Insurance has also recognised an Other payable amount for amounts expected to be returned to policyholders in the next 12 months.	<i>Other Payables (Statement of Financial Position), Reinsurance premiums &amp; Other Payments Received (Cash Flow Statement), Reinsurance expense (Statement of Comprehensive Income)</i>
<u>Acquisition Costs</u> Acquisition Costs were deferred and then written down as part of the Liability Adequacy Test and recognition of the Unexpired Risk Liability.	<i>Acquisition costs and Suppliers (Statement of Comprehensive Income), Acquisition costs (Cash flow Statement)</i>
<u>Suppliers</u> The 2019-20 Budget was prepared prior to the Election Commitment for DSH Insurance to expand its eligibility. The cost for 2019-20 suppliers was higher than budgeted due to the increase in staffing levels (see Staffing details above) and additional costs in relation to expanding and modernising DSH Insurance.	<i>Suppliers (Statement of Comprehensive Income), Suppliers (Statement of Financial Position)</i>
<u>Unexpired Risk Liability</u> As a result of the Actuarial Valuation performed at year-end DSH Insurance has been required to recognise an Unexpired Risk Liability. This is due to the actuarial assessment of an increase in claim costs for the unexpired risk period and growth in premium for DSH Insurance.	<i>Movement in Unexpired Risk Liability (Statement of Comprehensive Income), Unexpired Risk Liability (Statement of Financial Position)</i>
<u>Commission</u> There has been higher commission revenue to DSH Insurance as a result of selling higher numbers of policies through the agency agreement than budgeted	<i>Commissions Received (Statement of Comprehensive Income), Commissions Received (Statement of Financial Position)</i>







# 07

## Appendixes

## Appendix A: Veteran and claims statistics

### Veteran statistics

#### Total clients by age group and location

**Table A1: Total DVA clients by age group and state as at 30 June 2020**

Age range	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Overseas	Total
<b>Under 18</b>	549	281	1094	128	229	64	17	48	17	2,427
<b>19-24</b>	2,400	1,417	3,513	792	613	137	681	935	12	10,500
<b>25-29</b>	3,768	1,527	5,081	1,026	998	209	887	612	35	14,143
<b>30-34</b>	4,459	2,020	5,528	1,129	1,336	241	718	919	73	16,423
<b>35-39</b>	4,064	2,030	5,295	1,020	1,578	374	591	856	121	15,929
<b>40-44</b>	3,547	1,967	4,847	930	1,363	398	426	893	125	14,496
<b>45-49</b>	4,156	2,234	5,672	1,079	1,759	462	443	984	164	16,953
<b>50-54</b>	4,208	2,465	5,894	1,171	2,018	491	436	1,056	180	17,919
<b>55-59</b>	4,465	2,816	6,017	1,354	1,854	596	324	1,039	176	18,641
<b>60-64</b>	4,554	3,120	6,279	1,484	2,128	573	209	787	156	19,290
<b>65-69</b>	7,851	5,168	9,211	2,634	2,979	965	193	760	163	29,924
<b>70-74</b>	13,484	9,500	14,948	4,384	5,473	1,598	265	1,085	330	51,067
<b>75-79</b>	6,625	4,081	7,442	1,781	2,620	703	133	674	178	24,237
<b>80-84</b>	5,132	2,929	4,920	1,131	1,972	473	49	492	132	17,230
<b>85-89</b>	5,715	3,564	4,063	1,311	1,785	563	43	413	109	17,566
<b>90 or over</b>	13,962	9,970	8,154	3,792	3,708	1,090	44	560	222	41,502
<b>Total</b>	<b>88,950</b>	<b>55,109</b>	<b>97,965</b>	<b>25,152</b>	<b>32,424</b>	<b>8,939</b>	<b>5,461</b>	<b>12,116</b>	<b>2,194</b>	<b>328,310<sup>1</sup></b>

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.

<sup>1</sup> Some clients are both veterans and dependants, therefore the total number of clients supported does not equal the total number of veterans plus the total number of dependants.

## Number of living veterans

**Table A2: Estimated numbers of living veterans, 2015–16 to 2019–20**

	At 30 June 2016	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020
Second World War <sup>1</sup>	31,700	25,000	19,300	14,600	10,800
Korean War, Malayan Emergency and FESR <sup>2</sup>	11,700	11,000	10,300	9,600	8,900
Vietnam War <sup>3</sup>	43,400	42,500	41,500	40,400	39,300
Other pre-1972 conflicts	5,400	5,000	4,700	4,400	4,000
Cambodia, Gulf War, Namibia, Somalia, Yugoslavia, Rwanda and Bougainville	10,400	10,300	10,300	10,200	10,100
Post-1999 conflicts <sup>4</sup>	58,400	58,300	58,200	58,100	57,900
Peacetime Defence Force <sup>5</sup>	149,000	147,400	145,800	144,000	142,100
<b>Total service with VEA eligibility<sup>6</sup></b>	<b>308,600</b>	<b>298,200</b>	<b>288,700</b>	<b>280,000</b>	<b>272,000</b>
Full-time Service post 1945 not included in VEA total <sup>7</sup>	254,800	253,900	252,500	250,700	248,400
Reservists <sup>8</sup>	97,700	98,900	100,000	101,100	102,100
<b>Total Australian service<sup>9</sup></b>	<b>661,100</b>	<b>651,000</b>	<b>641,300</b>	<b>631,800</b>	<b>622,500</b>

FESR = Far East Strategic Reserve; VEA = *Veterans' Entitlements Act 1986*

<sup>1</sup> Based on nominal roll data.

<sup>2</sup> Where the veteran has service in more than one conflict, they are recorded by most recent conflict.

<sup>3</sup> Based on nominal roll data.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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 and statistics* Volume VI, Figure 6.3, Permanent ADF Enlistments and Separations, page 252.
- The full-time enlistments data for each year from 1996 to 2017 were sourced from published Defence annual reports obtained from 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.

<sup>8</sup> Includes all living persons who have ever served as a Reservist in the ADF with neither continuous full-time nor qualifying service.

<sup>9</sup> 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 recipients by type of benefit, June 2015 to June 2020**

	At 30 June 2015	At 30 June 2016	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020
<b>Treatment population</b>	<b>208,181</b>	<b>200,245</b>	<b>193,968</b>	<b>190,967</b>	<b>207,160</b>	<b>250,611</b>
Gold Card	153,033	143,635	135,263	128,517	122,536	117,072
White Card	55,148	56,610	58,705	62,450	84,624	133,539
<b>VEA pension and allowances</b>						
Service pension includes	126,647	118,174	106,970	99,939	94,029	88,764
• veterans	66,016	61,504	55,641	52,011	48,958	46,244
• partners	60,631	56,670	51,329	47,928	45,071	42,520
Income support supplement	56,725	52,292	47,036	42,464	38,403	34,571
SSA age pension	3,658	3,538	3,380	3,225	3,338	3,379
Veterans payment	n/a	n/a	n/a	134	470	709
Commonwealth Seniors Health Card	4,698	4,321	7,222	4,098	4,092	3,954
Disability pension	96,493	92,374	88,974	85,811	83,363	81,918
War widow/ers pension	75,536	69,960	64,500	59,001	53,899	49,000
POW recognition supplement <sup>1</sup>	387	299	217	165	131	107
Orphan's pension	173	150	157	155	148	136
Attendant allowance	403	353	304	273	229	210
Rent assistance	15,639	14,694	13,580	12,683	12,256	11,480
Remote area allowance	741	697	648	648	578	522
Decoration allowance	378	328	289	261	233	219
Recreation transport allowance	1,087	936	802	716	622	551
Vehicle Assistance Scheme	43	48	52	43	44	49
Funeral benefit	5,211	4,709	4,175	3,704	3,302	3,296
Veterans' Children Education Scheme	2,331	2,288	2,243	2,229	2,106	2,073
Clothing allowance	449	398	348	322	286	265

	At 30 June 2015	At 30 June 2016	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020
<b>Military compensation payments</b>						
Permanent impairment (DRCA) <sup>2</sup>	12,516	12,852	13,400	14,150	15,116	16,181
Permanent impairment (MRCA) <sup>2</sup>	6,021	7,659	9,544	12,414	16,021	22,564
Incapacity (DRCA)	1,807	1,777	1,792	1,874	1,920	2,305
Incapacity (MRCA)	2,484	2,689	3,218	3,893	4,717	5,913
Wholly dependant partner (MRCA) <sup>2</sup>	86	91	105	124	150	168
Eligible young person (MRCA) <sup>2</sup>	91	97	114	128	144	168
MRCA Education and Training Scheme	153	203	246	390	751	1,103
<b>Defence Service Homes</b>						
Homes insured	62,127	58,825	55,838	53,641	52,243	51,415
Housing loan subsidies	10,296	8,322	6,669	4,960	3,925	3,173

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (previously the *Safety, Rehabilitation and Compensation Act 1988*); MRCA = *Military Rehabilitation and Compensation Act 2004*; POW = prisoner of war; SSA = *Social Security Act 1991*; VEA = *Veterans' Entitlements Act 1986*

<sup>1</sup> 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.

<sup>2</sup> Clients receiving a commuted or periodic (MRCA only) payment.

## Veterans with accepted disability

**Table A4: Number of veterans with accepted disability by Act, 2014–15 to 2019–20**

	At 30 June 2015	At 30 June 2016	At 30 June 2017	At 30 June 2018	At 30 June 2019	At 30 June 2020
VEA	100,135	95,983	92,328	89,452	86,565	84,935
DRCA	50,689	51,320	51,956	52,528	54,181	56,279
MRCA	19,538	22,305	25,551	29,577	36,827	43,116

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

## Claims, service and liability provision statistics

Tables A5 to A11 provide an overview of the claims processed under the *Veterans' Entitlements Act 1986*, the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) and the *Military Rehabilitation and Compensation Act 2004* (MRCA) in 2019–20.

### Veterans' Entitlements Act

#### Claims processed

**Table A5: VEA claims processed, 2018–19 and 2019–20**

	2018–19	2019–20
Income support new claims	10,863	24,995
Pensioner-initiated reviews	58,268	52,945
Funeral benefit claims	3,837	3,829

VEA = *Veterans' Entitlements Act 1986*

#### Compensation claims

**Table A6: VEA compensation claims, 2018–19 and 2019–20**

	2018–19	2019–20
<b>Disability support</b>		
Primary disability gross claims received <sup>1</sup>	19,859	19,563
Net claims received <sup>2</sup>	10,748	9,411
Conditions determined <sup>3</sup>	15,858	17,517
Proportion of conditions accepted	55.8%	62.6%
Applications for increases in disability pension determined	1,489	1,870
Proportion of increases in disability pension accepted	75.2%	72.3%
Cases on hand at 30 June <sup>4</sup>	4,640	5,662
<b>War widow/ers and dependants</b>		
Gross claims received	1,111	846
Net claims received <sup>5</sup>	1,003	815
Claims determined	982	721
Proportion of claims accepted	64.1%	61.7%
Cases on hand at 30 June <sup>4</sup>	104	117

VEA = *Veterans' Entitlements Act 1986*

<sup>1</sup> Includes applications for disability pensions, applications for increases in disability pensions and assessments/reviews.

<sup>2</sup> Net claims does not include claims that have been withdrawn. A claim can be withdrawn for a number of reasons. Most commonly, this occurs when DVA combines multiple claims that are lodged online on the same day by the same claimant into a single claim with multiple conditions, with the consent of the claimant.

<sup>3</sup> While a claim can be lodged with one or more conditions, each condition is determined separately.

<sup>4</sup> Includes cases both in progress and not yet commenced.

<sup>5</sup> This is different from claims received as withdrawn cases are excluded (for example, automatic entitlement case).



*Top 15 claimed conditions***Table A7: Top 15 claimed conditions under the VEA (based on Statements of Principles), 2019–20**

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Osteoarthritis	1,580	64.8	860	2,440
Tinnitus	1,505	79.7	383	1,888
Sensorineural hearing loss	1,453	81.4	333	1,786
Lumbar spondylosis	749	65.3	398	1,147
Posttraumatic stress disorder	537	73.8	191	728
Depressive disorder	450	63.0	264	714
Sprain and strain	403	59.8	271	674
Non-melanotic malignant neoplasm of the skin	509	81.8	113	622
Solar keratosis	500	83.3	100	600
Alcohol use disorder	310	67.4	150	460
Cervical spondylosis	85	20.7	325	410
Rotator cuff syndrome	101	26.4	281	382
Fracture	212	67.1	104	316
Anxiety disorder	126	56.8	96	222
Erectile dysfunction	128	59.5	87	215
<b>Total</b>	<b>8,648</b>	<b>68.6</b>	<b>3,956</b>	<b>12,604</b>

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 72 per cent of the conditions determined under the VEA in 2019–20.

## Safety, Rehabilitation and Compensation (Defence-related Claims) Act

### DRCA claims

**Table A8: DRCA claims, 2018–19 and 2019–20**

	2018–19	2019–20
<b>Liability</b>		
Gross claims received	16,001 <sup>1</sup>	16,990
Net claims received <sup>2</sup>	7,6421	8,418
Conditions determined <sup>3</sup>	9,587	14,472
Proportion of conditions accepted	75.9%	65.9%
Cases on hand at 30 June <sup>4</sup>	3,897	5,421
<b>Permanent impairment</b>		
Gross claims received	11,494	14,314
Net claims received <sup>5</sup>	9,755	12,020
Claims determined	7,238	9,012
Proportion of claims accepted	38.8%	36.9%
One-off lump-sum payments	2,927	3,533
Cases on hand at 30 June <sup>4</sup>	3,875	6,883
<b>Incapacity compensation</b>		
Compensation paid	\$93.1 million	\$146.7 million
Payees	2,331	2,588
<b>Compensation for dependants</b>		
Compensation paid	\$31.4 million	\$21.8 million
Payees	117	93

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

<sup>1</sup> Includes sequela claims, which are new conditions that arise out of the effects of an accepted condition. The figures for both gross and net claims received in 2018–19 have been revised to include 159 sequela claims.

<sup>2</sup> Net claims does not include claims that have been withdrawn. A claim can be withdrawn for a number of reasons. Most commonly, this occurs when DVA combines multiple claims that are lodged online on the same day by the same claimant into a single claim with multiple conditions, with the consent of the claimant.

<sup>3</sup> While a claim can be lodged with one or more conditions, each condition is determined separately.

<sup>4</sup> Includes cases both in progress and not yet commenced.

<sup>5</sup> 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 A9: Top 15 most frequently claimed conditions under the DRCA, 2019–20**

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Osteoarthritis	1,339	82.7	281	1,620
Tinnitus	1,190	99.2	9	1,199
Sensorineural hearing loss	1,144	99.3	8	1,152
Sprain and strain	879	94.2	54	933
Lumbar spondylosis	574	82.4	123	697
Posttraumatic stress disorder	346	81.0	81	427
Non-melanotic malignant neoplasm of the skin	355	83.3	71	426
Cervical spondylosis	363	86.2	58	421
Depressive disorder	293	71.8	115	408
Fracture	290	81.5	66	356
Solar keratosis	279	91.5	26	305
Rotator cuff syndrome	160	59.9	107	267
Alcohol use disorder	128	53.8	110	238
Anxiety disorder	115	76.2	36	151
Thoracic spondylosis	112	83.0	23	135
<b>Total</b>	<b>7,567</b>	<b>86.6</b>	<b>1,168</b>	<b>8,735</b>

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

Note: The 15 conditions most frequently claimed covered 60.4 per cent of the conditions determined under the DRCA in 2019–20.

## Military Rehabilitation and Compensation Act

### MRCA claims

**Table A10: MRCA claims, 2018–19 and 2019–20**

	2018–19	2019–20
<b>Liability</b>		
Gross claims received	29,777	42,293
Net claims received <sup>1</sup>	21,977	33,784
Conditions determined <sup>2</sup>	37,977	36,262
Proportion of conditions accepted	84.1%	85.8%
Cases on hand at 30 June <sup>3</sup>	7,307	21,944
<b>Permanent impairment</b>		
Gross claims received	14,354	12,052
Net claims received <sup>4</sup>	12,764	9,974
Claims determined	8,833	11,324
Proportion of claims accepted	64.9%	83.3%
One-off lump-sum payments	5,993	6,766
Cases on hand at 30 June <sup>3</sup>	5,673	4,323
<b>Incapacity compensation</b>		
Compensation paid	\$201.6 million	\$321.2 million
Payees	6,185	7,395
<b>Compensation for dependants</b>		
Compensation paid	\$67.7 million	\$83.1 million
Payees	327	227

MRCA = *Military Rehabilitation and Compensation Act 2004*

<sup>1</sup> Net claims does not include claims that have been withdrawn. A claim can be withdrawn for a number of reasons. Most commonly, this occurs when DVA combines multiple claims that are lodged online on the same day by the same claimant into a single claim with multiple conditions, with the consent of the claimant.

<sup>2</sup> While a claim can be lodged with one or more conditions, each condition is determined separately.

<sup>3</sup> Includes cases both in progress and not yet commenced.

<sup>4</sup> 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 A11: Top 15 most frequently claimed conditions under the MRCA (based on Statements of Principles), 2019–20**

Condition	Number accepted	Acceptance rate (%)	Number not accepted	Total
Tinnitus	5,935	98.5	92	6,027
Sprain and strain	2,975	97.4	79	3,054
Osteoarthritis	2,323	90.1	255	2,578
Sensorineural hearing loss	2,458	96.3	95	2,553
Lumbar spondylosis	1,594	94.6	91	1,685
Rotator cuff syndrome	1,298	97.5	33	1,331
Depressive disorder	1,122	87.7	158	1,280
Posttraumatic stress disorder	849	84.8	152	1,001
Fracture	926	95.0	49	975
Alcohol use disorder	552	88.2	74	626
Shin splints	589	98.0	12	601
Chondromalacia patella	535	94.0	34	569
Erectile dysfunction	475	87.8	66	541
Cervical spondylosis	329	62.7	196	525
Anxiety disorder	429	89.6	50	479
<b>Total</b>	<b>22,389</b>	<b>94.0</b>	<b>1,436</b>	<b>23,825</b>

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 65.7 per cent of the conditions determined under the MRCA in 2019–20.

### Repatriation Transport Scheme

**Table A12: Claims for reimbursement and arranged transport, 2015–16 to 2019–20**

	2015–16	2016–17	2017–18	2018–19	2019–20
Claims for reimbursement	146,357	143,256	168,970	174,943	156,202
Arranged transport trips	1,211,805	1,323,956	1,301,691	1,210,032	1,046,071

## Adjustments to the Military Rehabilitation and Compensation Act liability provisions

Tables A13 and A14 show the movement in the long-term liability for income support and compensation and health and other care services under the DRCA and MRCA over the past 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 A13: Movement in DRCA and MRCA liability under outcome 1, 2018–19 and 2019–20**

	2018–19			2019–20		
	DRCA (\$m)	MRCA (\$m)	Total (\$m)	DRCA (\$m)	MRCA (\$m)	Total (\$m)
Changes in valuation assumptions	552.4	3,186.9	<b>3,739.3</b>	1,553.6	2,078.6	<b>3,632.2</b>
Movements in income support and compensation payments	-158.6	551.0	<b>392.4</b>	-246.7	1,084.3	<b>837.6</b>
Interest rate	345.7	1,615.4	<b>1,961.1</b>	158.6	535.2	<b>693.8</b>
<b>Total expenses</b>	<b>739.5</b>	<b>5,353.3</b>	<b>6,092.8</b>	<b>1,465.5</b>	<b>3,698.1</b>	<b>5,163.6</b>

**Table A14: Movement in DRCA and MRCA liability under outcome 2, 2018–19 and 2019–20**

	2018–19			2019–20		
	DRCA (\$m)	MRCA (\$m)	Total (\$m)	DRCA (\$m)	MRCA (\$m)	Total (\$m)
Changes in valuation assumptions	58.9	1,412.6	<b>1,471.5</b>	-208.5	3,632.3	<b>3,423.8</b>
Movements in health and other care services	-26.1	534.8	<b>508.7</b>	-29.7	1,770.4	<b>1,740.7</b>
Interest rate	226.9	1,748.6	<b>1,975.5</b>	42.7	446.2	<b>488.9</b>
<b>Total expenses</b>	<b>259.7</b>	<b>3,696.0</b>	<b>3,995.7</b>	<b>-195.5</b>	<b>5,848.9</b>	<b>5,653.4</b>

## Appendix B: Staffing overview

### Management of human resources

**Table B1: All ongoing employees current report period, 2019–20**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	95	3	98	120	21	141	0	0	0	239
Qld	101	3	104	198	47	245	0	0	0	349
SA	44	0	44	66	13	79	0	0	0	123
Tas	16	1	17	25	9	34	0	0	0	51
Vic	90	8	98	118	23	141	0	0	0	239
WA	21	1	22	59	11	70	0	0	0	92
ACT	177	6	183	347	45	392	0	0	0	575
NT	3	0	3	7	0	7	0	0	0	10
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	1	0	1	0	0	0	1
<b>Total</b>	<b>547</b>	<b>22</b>	<b>569</b>	<b>941</b>	<b>169</b>	<b>1,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,679</b>

**Table B2: All non-ongoing employees current report period, 2019-20**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	1	0	1	4	1	5	0	0	0	<b>6</b>
Qld	11	0	11	16	0	16	0	0	0	<b>27</b>
SA	2	0	2	9	1	10	0	0	0	<b>12</b>
Tas	0	0	0	0	0	0	0	0	0	<b>0</b>
Vic	4	0	4	1	0	1	0	0	0	<b>5</b>
WA	0	0	0	0	0	0	0	0	0	<b>0</b>
ACT	7	1	8	11	2	13	0	0	0	<b>21</b>
NT	0	0	0	0	0	0	0	0	0	<b>0</b>
External Territories	0	0	0	0	0	0	0	0	0	<b>0</b>
Overseas	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total</b>	<b>25</b>	<b>1</b>	<b>26</b>	<b>41</b>	<b>4</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71</b>

**Table B3: All ongoing employees previous report period, 2018-19**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	93	5	98	120	22	142	0	0	0	<b>240</b>
Qld	94	3	97	177	49	226	0	0	0	<b>323</b>
SA	44	0	44	56	9	65	0	0	0	<b>109</b>
Tas	12	2	14	23	8	31	0	0	0	<b>45</b>
Vic	90	9	99	97	27	124	0	0	0	<b>223</b>
WA	20	1	21	56	9	65	0	0	0	<b>86</b>
ACT	192	4	196	324	58	382	0	0	0	<b>578</b>
NT	4	0	4	4	0	4	0	0	0	<b>8</b>
External Territories	0	0	0	0	0	0	0	0	0	<b>0</b>
Overseas	1	0	1	1	0	1	0	0	0	<b>2</b>
<b>Total</b>	<b>550</b>	<b>24</b>	<b>574</b>	<b>858</b>	<b>182</b>	<b>1,040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,614</b>



**Table B4: All non-ongoing employees previous report period, 2018–19**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	2	0	2	8	0	8	0	0	0	<b>10</b>
Qld	16	0	16	12	0	12	0	0	0	<b>28</b>
SA	3	0	3	10	2	12	0	0	0	<b>15</b>
Tas	1	0	1	2	0	2	0	0	0	<b>3</b>
Vic	2	0	2	0	0	0	0	0	0	<b>2</b>
WA	1	0	1	1	0	1	0	0	0	<b>2</b>
ACT	1	0	1	3	1	4	0	0	0	<b>5</b>
NT	0	0	0	2	0	2	0	0	0	<b>2</b>
External Territories	0	0	0	0	0	0	0	0	0	<b>0</b>
Overseas	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total</b>	<b>26</b>	<b>0</b>	<b>26</b>	<b>38</b>	<b>3</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>

**Table B5: Australian Public Service Act ongoing employees current report period, 2019–20**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 3	2	0	2	1	0	1	0	0	0	<b>3</b>
SES 2	1	0	1	3	0	3	0	0	0	<b>4</b>
SES 1	8	0	8	18	0	18	0	0	0	<b>26</b>
EL 2	56	1	57	79	4	83	0	0	0	<b>140</b>
EL 1	135	1	136	176	26	202	0	0	0	<b>338</b>
APS 6	146	7	153	254	64	318	0	0	0	<b>471</b>
APS 5	121	6	127	252	36	288	0	0	0	<b>415</b>
APS 4	32	4	36	79	23	102	0	0	0	<b>138</b>
APS 3	28	3	31	66	15	81	0	0	0	<b>112</b>
APS 2	12	0	12	5	0	5	0	0	0	<b>17</b>
APS 1	2	0	2	0	1	1	0	0	0	<b>3</b>
Other	4	0	4	8	0	8	0	0	0	<b>12</b>
<b>Total</b>	<b>547</b>	<b>22</b>	<b>569</b>	<b>941</b>	<b>169</b>	<b>1,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,679</b>

**Table B6: Australian Public Service Act non-ongoing employees current report period, 2019–20**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	<b>0</b>
SES 2	0	0	0	0	0	0	0	0	0	<b>0</b>
SES 1	0	0	0	0	0	0	0	0	0	<b>0</b>
EL 2	3	1	4	1	1	2	0	0	0	<b>6</b>
EL 1	1	0	1	2	1	3	0	0	0	<b>4</b>
APS 6	6	0	6	4	1	5	0	0	0	<b>11</b>
APS 5	6	0	6	9	0	9	0	0	0	<b>15</b>
APS 4	6	0	6	13	0	13	0	0	0	<b>19</b>
APS 3	3	0	3	12	1	13	0	0	0	<b>16</b>
APS 2	0	0	0	0	0	0	0	0	0	<b>0</b>
APS 1	0	0	0	0	0	0	0	0	0	<b>0</b>
Other	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total</b>	<b>25</b>	<b>1</b>	<b>26</b>	<b>41</b>	<b>4</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71</b>

**Table B7: Australian Public Service Act ongoing employees previous report period, 2018–19**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 3	2	0	2	0	0	0	0	0	0	<b>2</b>
SES 2	2	0	2	4	0	4	0	0	0	<b>6</b>
SES 1	9	0	9	14	0	14	0	0	0	<b>23</b>
EL 2	65	2	67	74	6	80	0	0	0	<b>147</b>
EL 1	118	1	119	165	33	198	0	0	0	<b>317</b>
APS 6	150	7	157	222	63	285	0	0	0	<b>442</b>
APS 5	115	6	121	243	45	288	0	0	0	<b>409</b>
APS 4	40	3	43	64	20	84	0	0	0	<b>127</b>
APS 3	27	5	32	59	14	73	0	0	0	<b>105</b>
APS 2	13	0	13	8	0	8	0	0	0	<b>21</b>
APS 1	3	0	3	0	1	1	0	0	0	<b>4</b>
Other	6	0	6	5	0	5	0	0	0	<b>11</b>
<b>Total</b>	<b>550</b>	<b>24</b>	<b>574</b>	<b>858</b>	<b>182</b>	<b>1,040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,614</b>

**Table B8: Australian Public Service Act non-ongoing employees previous report period, 2018–19**

	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	1	0	1	0	0	0	0	0	0	1
EL 2	0	0	0	0	0	0	0	0	0	0
EL 1	0	0	0	0	1	1	0	0	0	1
APS 6	3	0	3	3	0	3	0	0	0	6
APS 5	4	0	4	8	1	9	0	0	0	13
APS 4	8	0	8	6	0	6	0	0	0	14
APS 3	9	0	9	21	1	22	0	0	0	31
APS 2	1	0	1	0	0	0	0	0	0	1
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>26</b>	<b>0</b>	<b>26</b>	<b>38</b>	<b>3</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>

**Table B9: Australian Public Service Act employees by full time and part time status current report period, 2019–20**

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	
SES 3	3	0	3	0	0	0	3
SES 2	4	0	4	0	0	0	4
SES 1	26	0	26	0	0	0	26
EL 2	135	5	140	4	2	6	146
EL 1	311	27	338	3	1	4	342
APS 6	400	71	471	10	1	11	482
APS 5	373	42	415	15	0	15	430
APS 4	111	27	138	19	0	19	157
APS 3	94	18	112	15	1	16	128
APS 2	17	0	17	0	0	0	17
APS 1	2	1	3	0	0	0	3
Other	12	0	12	0	0	0	12
<b>Total</b>	<b>1,488</b>	<b>191</b>	<b>1,679</b>	<b>66</b>	<b>5</b>	<b>71</b>	<b>1,750</b>

**Table B10: Australian Public Service Act employees by full time and part time status previous report period, 2018–19**

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	
SES 3	2	0	2	0	0	0	<b>2</b>
SES 2	6	0	6	0	0	0	<b>6</b>
SES 1	23	0	23	1	0	1	<b>24</b>
EL 2	139	8	147	0	0	0	<b>147</b>
EL 1	283	34	317	0	1	1	<b>318</b>
APS 6	372	70	442	6	0	6	<b>448</b>
APS 5	358	51	409	12	1	13	<b>422</b>
APS 4	104	23	127	14	0	14	<b>141</b>
APS 3	86	19	105	30	1	31	<b>136</b>
APS 2	21	0	21	1	0	1	<b>22</b>
APS 1	3	1	4	0	0	0	<b>4</b>
Other	11	0	11	0	0	0	<b>11</b>
<b>Total</b>	<b>1,408</b>	<b>206</b>	<b>1,614</b>	<b>64</b>	<b>3</b>	<b>67</b>	<b>1,681</b>

**Table B11: Australian Public Service Act employment type by location current report period, 2019–20**

	Ongoing	Non-ongoing	Total
NSW	239	6	<b>245</b>
Qld	349	27	<b>376</b>
SA	123	12	<b>135</b>
Tas	51	0	<b>51</b>
Vic	239	5	<b>244</b>
WA	92	0	<b>92</b>
ACT	575	21	<b>596</b>
NT	10	0	<b>10</b>
External Territories	0	0	<b>0</b>
Overseas	1	0	<b>1</b>
<b>Total</b>	<b>1,679</b>	<b>71</b>	<b>1,750</b>

**Table B12: Australian Public Service Act employment type by location previous report period, 2018–19**

	Ongoing	Non-ongoing	Total
NSW	240	10	<b>250</b>
Qld	323	28	<b>351</b>
SA	109	15	<b>124</b>
Tas	45	3	<b>48</b>
Vic	223	2	<b>225</b>
WA	86	2	<b>88</b>
ACT	578	5	<b>583</b>
NT	8	2	<b>10</b>
External Territories	0	0	<b>0</b>
Overseas	2	0	<b>2</b>
<b>Total</b>	<b>1,614</b>	<b>67</b>	<b>1,681</b>

**Table B13: Australian Public Service Act Indigenous employment current report period, 2019–20**

	Total
Ongoing	20
Non-ongoing	1
<b>Total</b>	<b>21</b>

**Table B14: Australian Public Service Act Indigenous employment previous report period, 2018–19**

	Total
Ongoing	20
Non-ongoing	1
<b>Total</b>	<b>21</b>

**Table B15: Australian Public Service Act employment arrangements current report period, 2019–20**

	SES	Non-SES	Total
Section 24(1) determinations	32	4	36
Individual flexibility agreements	0	28	28
DVA Enterprise Agreement 2019–2022	0	1,681	1,681
<b>Total</b>	<b>32</b>	<b>1,713</b>	<b>1,745<sup>1</sup></b>

<sup>1</sup> Does not include 5 full-time statutory office holders employed under a Remuneration Tribunal determination.

**Table B16: Australian Public Service Act employment salary ranges by classification level (minimum/maximum) current report period, 2019–20**

	Minimum salary	Maximum salary
<b>SES 3</b>	341,291	366,365
<b>SES 2</b>	237,474	274,980
<b>SES 1</b>	204,577	220,882
<b>EL 2</b>	133,176	149,897
<b>EL 1</b>	110,428	121,264
<b>APS 6</b>	87,783	99,680
<b>APS 5</b>	79,867	83,233
<b>APS 4</b>	71,641	76,410
<b>APS 3</b>	63,439	68,148
<b>APS 2</b>	56,200	61,473
<b>APS 1</b>	48,327	54,136
<b>Other</b>	94,150	189,134
<b>Minimum/maximum range</b>	94,150	366,365

## Executive remuneration

**Table B17: Information about remuneration for key management personnel**

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Liz Cosson	Secretary	\$707,446	0	\$2,394	\$25,193	\$17,831	0	0	\$752,864
Mark Cormack	Deputy Secretary	\$377,521	0	\$31,136	\$67,671	\$9,676	0	0	\$486,004
Mark Cormack	Acting Secretary	\$62,294	0	\$0	\$7,487	\$1,070	0	0	\$70,851
Karen Pickering	General Manager DSH Insurance	\$214,209	0	\$2,394	\$42,446	\$5,653	0	0	\$264,702
Vicki Rundle <sup>1</sup>	Deputy Secretary	\$18,837	0	\$1,380	\$3,084	\$518	0	0	\$23,819
Charles McHardie <sup>1</sup>	Deputy Secretary	\$311,497	0	\$28,886	\$45,276	\$7,588	0	0	\$393,247
<b>Total</b>		<b>\$1,691,804</b>	<b>0</b>	<b>\$66,190</b>	<b>\$191,157</b>	<b>\$42,336</b>	<b>0</b>	<b>0</b>	<b>\$1,991,487</b>

DSH Insurance = Defence Service Homes Insurance

<sup>1</sup> Represents part-year remuneration for period of employment at DVA.

**Table B18: Information about remuneration for senior executives**

Total remuneration bands (\$)	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
0–220,000	7	\$102,487	0	\$2,918	\$15,231	\$2,665	0	\$3,916	\$127,217
220,001–245,000	5	\$195,642	0	\$3,649	\$32,923	\$5,052	0	0	\$237,267
245,001–270,000	9	\$210,020	0	\$4,434	\$35,859	\$5,440	0	0	\$255,753
270,001–295,000	5	\$191,151	0	\$4,091	\$34,359	\$4,762	0	\$48,959	\$283,321
295,001–320,000	5	\$252,496	0	\$3,031	\$44,351	\$6,309	0	0	\$306,187
320,001–345,000	2	\$274,796	0	\$2,394	\$49,287	\$7,121	0	0	\$335,597
345,001–370,000	2	\$240,595	0	\$2,783	\$41,780	\$5,942	0	\$56,188	\$347,288
370,001–395,000	0	0	0	0	0	0	0	0	0
395,001–420,000	1	\$46,206	0	\$2,394	\$7,688	\$1,103	0	\$348,165	\$405,556
420,001–445,000	0	0	0	0	0	0	0	0	0
445,001–470,000	1	\$169,333	0	\$2,394	\$26,025	\$4,096	0	\$243,334	\$445,182
470,001–495,000	0	0	0	0	0	0	0	0	0
495,001–...	0	0	0	0	0	0	0	0	0



**Table B19: Information about remuneration for other highly paid staff**

Total remuneration bands (\$)	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
225,001–245,000	0	0	0	0	0	0	0	0	0
245,001–270,000	5	\$77,860	0	\$27,386	\$10,826	\$2,030	0	\$139,812	\$257,915
270,001–295,000	2	\$138,060	0	\$1,197	\$11,666	\$3,433	0	\$136,653	\$291,009
295,001–320,000	2	\$75,070	0	\$64,438	\$11,062	\$1,859	0	\$146,623	\$299,053
320,001–345,000	1	\$295,008	0	\$2,394	\$21,176	\$7,326	0	0	\$325,903
345,001–370,000	2	\$204,101	0	\$12,842	\$37,095	\$4,556	0	\$105,176	\$363,770
370,001–395,000	1	\$321,320	0	\$3,876	\$49,633	\$8,253	0	0	\$383,083
395,001–420,000	0	0	0	0	0	0	0	0	0
420,001–445,000	0	0	0	0	0	0	0	0	0
445,001–470,000	1	\$354,507	0	\$27,506	\$66,681	\$9,136	0	0	\$457,830
470,001–495,000	0	0	0	0	0	0	0	0	0
495,001–...	0	0	0	0	0	0	0	0	0

## Appendix C: Resource summary tables

**Table C1: Agency resource statement, 2019–20**

	Actual available appropriation for 2019–20 \$'000 (a)	Payments made 2019–20 \$'000 (b)	Balance remaining 2019–20 \$'000 (a)–(b)
<b>Departmental</b>			
Annual appropriations—ordinary annual services <sup>1,2</sup>	451,159	386,764	64,395
Annual appropriations—other services—non-operating <sup>3</sup>	5,748	5,748	–
<b>Total departmental annual appropriations</b>	<b>456,907</b>	<b>392,512</b>	<b>64,395</b>
Special accounts <sup>4</sup>	57,158	79,546	(22,388)
<b>Total special accounts</b>	<b>57,158</b>	<b>79,546</b>	<b>(22,388)</b>
<i>Less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	120	120	–
<b>Total departmental resourcing</b>	<b>513,945</b>	<b>471,938</b>	<b>42,007</b>
<b>Administered</b>			
Annual appropriations—ordinary annual services <sup>1</sup>	182,004	157,281	24,723
Annual appropriations—other services—non-operating <sup>3</sup>	37,046	37,046	–
Annual appropriations—other services—specific payments to states, ACT, NT and local government	2,700	2,700	–
<b>Total administered annual appropriations</b>	<b>221,750</b>	<b>197,027</b>	<b>24,723</b>
Administered special appropriations	10,773,846	10,536,836	237,010
<b>Total administered special appropriations</b>	<b>10,773,846</b>	<b>10,536,836</b>	<b>237,010</b>
Special accounts <sup>4</sup>	24,957	24,391	566
<b>Total special accounts receipts</b>	<b>24,957</b>	<b>24,391</b>	<b>566</b>
<i>Less administered appropriations drawn from annual/special appropriations and credited to special accounts</i>	18,300	18,300	–
<i>Less payments to corporate entities from annual/special appropriations</i>	83,417	83,417	–
<b>Total administered resourcing</b>	<b>10,918,836</b>	<b>10,656,537</b>	<b>262,299</b>
<b>Total resourcing and payments for DVA</b>	<b>11,432,781</b>	<b>11,128,475</b>	<b>304,306</b>

<sup>1</sup> Appropriation Act (No. 1) 2019–20 and Appropriation Act (No. 3) 2019–20. This also includes prior-year departmental appropriation and budgeted section 74 external revenue.

<sup>2</sup> Departmental capital budgets are not separately identified in Appropriation Act (No.1, 3) and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.

<sup>3</sup> Appropriation Act (No. 2) 2019–20 and Appropriation Act (No. 4) 2019–20.

<sup>4</sup> Excludes trust moneys held in Services for Other Entities and Trust Moneys (SOETM) and other special accounts.

**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.	Budget* 2019–20 \$'000 (a)	Actual expenses 2019–20 \$'000 (b)	Variation 2019–20 \$'000 (a)–(b)
<b>Program 1.1: Veterans' Income Support and Allowances</b>			
<i>Administered expenses</i>			
Special appropriations	2,003,134	2,169,804	(166,670)
<b>Administered total</b>	<b>2,003,134</b>	<b>2,169,804</b>	<b>(166,670)</b>
<i>Departmental expenses</i>			
Departmental appropriation	49,382	57,078	(7,696)
Expenses not requiring appropriation in the budget year <sup>1</sup>	6,529	3,846	2,683
<b>Departmental total</b>	<b>55,911</b>	<b>60,925</b>	<b>(5,014)</b>
<b>Total expenses for Program 1.1</b>	<b>2,059,045</b>	<b>2,230,729</b>	<b>(171,684)</b>
<b>Program 1.2: Veterans' Disability Support</b>			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1 and 3)	21,252	19,201	2,051
Special appropriations	1,515,728	1,527,874	(12,146)
<b>Administered total</b>	<b>1,536,980</b>	<b>1,547,075</b>	<b>(10,095)</b>
<i>Departmental expenses</i>			
Departmental appropriation	32,818	42,809	(9,991)
Expenses not requiring appropriation in the budget year <sup>1</sup>	4,353	2,885	1,468
<b>Departmental total</b>	<b>37,171</b>	<b>45,694</b>	<b>(8,523)</b>
<b>Total expenses for Program 1.2</b>	<b>1,574,151</b>	<b>1,592,769</b>	<b>(18,618)</b>
<b>Program 1.3: Assistance to Defence Widow/ers and Dependants</b>			
<i>Administered expenses</i>			
Special appropriations	1,222,568	1,270,162	(47,594)
<b>Administered total</b>	<b>1,222,568</b>	<b>1,270,162</b>	<b>(47,594)</b>
<i>Departmental expenses</i>			
Departmental appropriation	9,845	11,891	(2,046)
Expenses not requiring appropriation in the budget year <sup>1</sup>	1,306	801	505
<b>Departmental total</b>	<b>11,151</b>	<b>12,693</b>	<b>(1,542)</b>
<b>Total expenses for Program 1.3</b>	<b>1,233,719</b>	<b>1,282,854</b>	<b>(49,135)</b>

Outcome 1: Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation, and other support services, including advice and information about entitlements.	Budget* 2019–20 \$'000 (a)	Actual expenses 2019–20 \$'000 (b)	Variation 2019–20 \$'000 (a)–(b)
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#### Program 1.4: Assistance and Other Compensation for Veterans and Dependants

<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and 3)	13,203	9,431	3,772
Special appropriations	8,514	8,812	(298)
<b>Administered total</b>	<b>21,717</b>	<b>18,243</b>	<b>3,474</b>
<b>Departmental expenses</b>			
Departmental appropriation	26,254	24,575	1,679
Special accounts	39,336	48,885	(9,549)
Expenses not requiring appropriation in the budget year <sup>1</sup>	3,482	1,656	1,826
<b>Departmental total</b>	<b>69,072</b>	<b>75,117</b>	<b>(6,045)</b>
<b>Total expenses for Program 1.4</b>	<b>90,789</b>	<b>93,360</b>	<b>(2,571)</b>

#### Program 1.5: Veterans' Children Education Scheme

<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and 3)	15,500	14,254	1,246
<b>Administered total</b>	<b>15,500</b>	<b>14,254</b>	<b>1,246</b>
<b>Departmental expenses</b>			
Departmental appropriation	6,564	5,946	618
Expenses not requiring appropriation in the budget year <sup>1</sup>	871	401	470
<b>Departmental total</b>	<b>7,435</b>	<b>6,346</b>	<b>1,089</b>
<b>Total expenses for Program 1.5</b>	<b>22,935</b>	<b>20,600</b>	<b>2,335</b>

#### Program 1.6: Military Rehabilitation and Compensation Acts—Income Support and Compensation

<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and 3)	7,400	5,949	1,451
Special appropriations	1,581,244	1,496,208	85,036
Special accounts	60	79	(19)
<b>Administered total</b>	<b>1,588,704</b>	<b>1,502,237</b>	<b>86,467</b>
<b>Departmental expenses</b>			
Departmental appropriation	85,636	86,014	(378)
Expenses not requiring appropriation in the budget year <sup>1</sup>	8,706	5,796	2,910
<b>Departmental total</b>	<b>94,342</b>	<b>91,810</b>	<b>2,532</b>

Outcome 1: Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation, and other support services, including advice and information about entitlements.	Budget* 2019–20 \$'000 (a)	Actual expenses 2019–20 \$'000 (b)	Variation 2019–20 \$'000 (a)–(b)
<b>Total expenses for Program 1.6</b>	<b>1,683,046</b>	<b>1,594,047</b>	<b>88,999</b>
<b>Program 1.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision—Income Support and Compensation</b>			
<i>Administered expenses</i>			
Expenses not requiring appropriation in the budget year <sup>1</sup>	523,100	5,163,600	(4,640,500)
<b>Administered total</b>	<b>523,100</b>	<b>5,163,600</b>	<b>(4,640,500)</b>
<b>Total expenses for Program 1.7</b>	<b>523,100</b>	<b>5,163,600</b>	<b>(4,640,500)</b>
<b>Outcome 1 totals by appropriation type</b>			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1 and 3)	57,355	48,835	8,520
Special appropriations	6,331,188	6,472,860	(141,672)
Special accounts	60	79	(19)
Expenses not requiring appropriation in the budget year <sup>1</sup>	523,100	5,163,600	(4,640,500)
<b>Administered total</b>	<b>6,911,703</b>	<b>11,685,375</b>	<b>(4,773,672)</b>
<i>Departmental expenses</i>			
Departmental appropriation	210,499	228,314	(17,815)
Special accounts	39,336	48,885	(9,549)
Expenses not requiring appropriation in the budget year <sup>1</sup>	25,247	15,386	9,861
<b>Departmental total</b>	<b>275,082</b>	<b>292,584</b>	<b>(17,502)</b>
<b>Total expenses for Outcome 1</b>	<b>7,186,785</b>	<b>11,977,959</b>	<b>(4,791,174)</b>
	<b>2019–20</b>	<b>2019–20</b>	
<b>Average staffing level (number)</b>	<b>942</b>	<b>935</b>	<b>7</b>

\* Full-year budget, including any subsequent adjustment made to the 2019–20 Budget at Additional Estimates.

<sup>1</sup> Expenses not requiring appropriation in the budget year are made up of adjustments of the movements in military compensation provisions, depreciation expenses, net of ROU asset depreciation expenses and lease principal payments and audit fees.

**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.	Budget*	Actual	Variation
	2019–20 \$'000 (a)	expenses 2019–20 \$'000 (b)	2019–20 \$'000 (a)–(b)
<b>Program 2.1: General Medical Consultations and Services</b>			
<i>Administered expenses</i>			
Special appropriations	744,767	698,519	46,248
<b>Administered total</b>	<b>744,767</b>	<b>698,519</b>	<b>46,248</b>
<i>Departmental expenses</i>			
Departmental appropriation	13,127	15,459	(2,332)
Expenses not requiring appropriation in the budget year <sup>1</sup>	1,741	1,042	699
<b>Departmental total</b>	<b>14,868</b>	<b>16,500</b>	<b>(1,632)</b>
<b>Total expenses for Program 2.1</b>	<b>759,635</b>	<b>715,019</b>	<b>44,616</b>
<b>Program 2.2: Veterans' Hospital Services</b>			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1 and 3)	2,700	2,700	–
Special appropriations	1,256,021	1,227,264	28,757
<b>Administered total</b>	<b>1,258,721</b>	<b>1,229,964</b>	<b>28,757</b>
<i>Departmental expenses</i>			
Departmental appropriation	13,127	17,044	(3,917)
Expenses not requiring appropriation in the budget year <sup>1</sup>	1,741	1,149	592
<b>Departmental total</b>	<b>14,868</b>	<b>18,193</b>	<b>(3,325)</b>
<b>Total expenses for Program 2.2</b>	<b>1,273,589</b>	<b>1,248,157</b>	<b>25,432</b>
<b>Program 2.3: Veterans' Pharmaceuticals Benefits</b>			
<i>Administered expenses</i>			
Special appropriations	297,971	302,628	(4,657)
<b>Administered total</b>	<b>297,971</b>	<b>302,628</b>	<b>(4,657)</b>
<i>Departmental expenses</i>			
Departmental appropriation	3,282	3,171	111
Expenses not requiring appropriation in the budget year <sup>1</sup>	435	214	221
<b>Departmental total</b>	<b>3,717</b>	<b>3,385</b>	<b>332</b>
<b>Total expenses for Program 2.3</b>	<b>301,688</b>	<b>306,012</b>	<b>(4,324)</b>

**Outcome 2: Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.**

Budget*	Actual	Variation
2019–20	expenses	2019–20
\$'000	\$'000	\$'000
(a)	(b)	(a)–(b)

#### **Program 2.4: Veterans' Community Care and Support**

<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and 3)	13,621	8,669	4,952
Special appropriations	1,106,240	982,229	124,011
<b>Administered total</b>	<b>1,119,861</b>	<b>990,898</b>	<b>128,963</b>
<b>Departmental expenses</b>			
Departmental appropriation	22,972	30,521	(7,549)
Expenses not requiring appropriation in the budget year <sup>1</sup>	3,047	2,057	990
<b>Departmental total</b>	<b>26,019</b>	<b>32,578</b>	<b>(6,559)</b>
<b>Total expenses for Program 2.4</b>	<b>1,145,880</b>	<b>1,023,475</b>	<b>122,405</b>

#### **Program 2.5: Veterans' Counselling and Other Health Services**

<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and 3)	7,858	6,552	1,306
Special appropriations	662,310	639,154	23,156
<b>Administered total</b>	<b>670,168</b>	<b>645,706</b>	<b>24,462</b>
<b>Departmental expenses</b>			
Departmental appropriation	50,405	61,835	(11,430)
Expenses not requiring appropriation in the budget year <sup>1</sup>	6,529	4,167	2,362
<b>Departmental total</b>	<b>56,934</b>	<b>66,002</b>	<b>(9,068)</b>
<b>Total expenses for Program 2.5</b>	<b>727,102</b>	<b>711,708</b>	<b>15,394</b>

#### **Program 2.6: Military Rehabilitation and Compensation Acts—Health and Other Care Services**

<b>Administered expenses</b>			
Special appropriations	222,401	236,736	(14,335)
<b>Administered total</b>	<b>222,401</b>	<b>236,736</b>	<b>(14,335)</b>
<b>Departmental expenses</b>			
Departmental appropriation	16,409	17,837	(1,428)
Expenses not requiring appropriation in the budget year <sup>1</sup>	2,176	1,202	974
<b>Departmental total</b>	<b>18,585</b>	<b>19,039</b>	<b>(454)</b>
<b>Total expenses for Program 2.6</b>	<b>240,986</b>	<b>255,775</b>	<b>(14,789)</b>

**Outcome 2: Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.**

Budget*	Actual	Variation
2019–20	expenses	2019–20
\$'000	2019–20	2019–20
(a)	\$'000	\$'000
	(b)	(a)–(b)

**Program 2.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision—  
Health and Other Care Services**

<b>Administered expenses</b>			
Expenses not requiring appropriation in the budget year <sup>1</sup>	671,700	5,653,400	(4,981,700)
<b>Administered total</b>	<b>671,700</b>	<b>5,653,400</b>	<b>(4,981,700)</b>
<b>Total expenses for Program 2.7</b>	<b>671,700</b>	<b>5,653,400</b>	<b>(4,981,700)</b>

**Outcome 2 totals by appropriation type**

<b>Administered expenses</b>			
Ordinary annual services (Appropriation Act No. 1 and 3)	21,479	15,221	6,258
Other services (Appropriation Act No. 2) <sup>2</sup>	2,700	2,700	–
Special appropriations	4,289,710	4,086,529	203,181
Expenses not requiring appropriation in the budget year <sup>1</sup>	671,700	5,653,400	(4,981,700)
<b>Administered total</b>	<b>4,985,589</b>	<b>9,757,850</b>	<b>(4,772,261)</b>
<b>Departmental expenses</b>			
Departmental appropriation	119,322	145,867	(26,545)
Expenses not requiring appropriation in the budget year <sup>2</sup>	15,669	9,830	5,839
<b>Departmental total</b>	<b>134,991</b>	<b>155,697</b>	<b>(20,706)</b>
<b>Total expenses for Outcome 2</b>	<b>5,120,580</b>	<b>9,913,546</b>	<b>(4,792,966)</b>

	2019–20	2019–20	
<b>Average staffing level (number)</b>	<b>579</b>	<b>598</b>	<b>(19)</b>

\* Full-year budget, including any subsequent adjustment made to the 2019–20 Budget at Additional Estimates.

<sup>1</sup> Expenses not requiring appropriation in the budget year are made up of adjustments of the movements in military compensation provisions, depreciation expenses, net of ROU asset depreciation expenses and lease principal payments and audit fees.

<sup>2</sup> Relates to specific purpose payments sought for the State, ACT, NT and local governments.



**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.	Budget* 2019–20 \$'000 (a)	Actual expenses 2019–20 \$'000 (b)	Variation 2019–20 \$'000 (a)–(b)
<b>Program 3.1: War Graves</b>			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1)	19,053	18,961	92
Special accounts	72	128	(56)
Expenses not requiring appropriation in the budget year <sup>1</sup>	–	3,414	(3,414)
<b>Administered total</b>	<b>19,125</b>	<b>22,504</b>	<b>(3,379)</b>
<i>Departmental expenses</i>			
Departmental appropriation	13,127	14,296	(1,169)
Expenses not requiring appropriation in the budget year <sup>1</sup>	1,741	935	806
<b>Departmental total</b>	<b>14,868</b>	<b>15,231</b>	<b>(363)</b>
<b>Total expenses for Program 3.1</b>	<b>33,993</b>	<b>37,735</b>	<b>(3,742)</b>
<b>Program 3.2: Commemorative Activities</b>			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1)	34,793	10,639	24,154
Special accounts	18,300	24,263	(5,963)
Less special account expenses funded by annual appropriation	(18,300)	–	(18,300)
<b>Administered total</b>	<b>34,793</b>	<b>34,902</b>	<b>(109)</b>
<i>Departmental expenses</i>			
Departmental appropriation	6,564	7,942	(1,378)
Expenses not requiring appropriation in the budget year <sup>1</sup>	871	520	351
<b>Departmental total</b>	<b>7,435</b>	<b>8,462</b>	<b>(1,027)</b>
<b>Total expenses for Program 3.2</b>	<b>42,228</b>	<b>43,363</b>	<b>(1,135)</b>
<b>Outcome 3 totals by appropriation type</b>			
<i>Administered expenses</i>			
Ordinary annual services (Appropriation Act No. 1)	53,846	29,600	24,246
Special accounts	18,372	24,391	(6,019)
Less special account expenses funded by annual appropriation	(18,300)	–	(18,300)
Expenses not requiring appropriation in the budget year <sup>1</sup>	–	3,414	(3,414)
<b>Administered total</b>	<b>53,918</b>	<b>57,405</b>	<b>(3,487)</b>
<i>Departmental expenses</i>			
Departmental appropriation	19,691	22,238	(2,547)
Expenses not requiring appropriation in the budget year <sup>1</sup>	2,612	1,455	1,157

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* 2019–20 \$'000 (a)	Actual expenses 2019–20 \$'000 (b)	Variation 2019–20 \$'000 (a)–(b)
<b>Departmental total</b>	<b>22,303</b>	<b>23,693</b>	<b>(1,390)</b>
<b>Total expenses for Outcome 3</b>	<b>76,221</b>	<b>81,098</b>	<b>(4,877)</b>

	2019–20	2019–20	
<b>Average staffing level (number)</b>	<b>94</b>	<b>92</b>	<b>2</b>

\* Full-year budget, including any subsequent adjustment made to the 2019–20 Budget at Additional Estimates.

<sup>1</sup> Expenses not requiring appropriation in the budget year are made up of adjustments of the movements in military compensation provisions, depreciation expenses, net of ROU asset depreciation expenses and lease principal payments and audit fees.

## Appendix D: Data Matching Program

The Data Matching Program is a program of computer matching of identity and income data held by certain government agencies, including DVA, to detect incorrect payments in the income support system.

The legal authority for the data matching is contained in the *Data-matching Program (Assistance and Tax) Act 1990* (Data-matching Act). The Office of the Australian Information Commissioner oversees the implementation of the Act through guidelines for the conduct of the Data Matching Program.

Section 12 of the 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 2019, so this year's report is an annual report, focusing on the operation of the program within DVA during 2019–20.

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 between DVA and the ATO is facilitated by Services Australia. During 2019–20, Services Australia was required to respond to other government initiatives arising from the COVID-19 pandemic. Therefore, only three data-matching cycles were run in 2019–20, compared with the normal four cycles.

### 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 the Data-matching 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 D1: Actions under the Data-matching Act, 2019–20**

Discrepancies and actions	2019–20
Total number of records read	682,773
Matches that resulted in discrepancies <sup>1</sup>	4,303
Proportion of matches that resulted in discrepancies	0.63%
Number of discrepancies referred for investigation	794
Number of discrepancies referred for investigation that resulted in a notice under section 11 of the Act being sent	105
Number of cases where the section 11 letter was followed up by action being undertaken <sup>2</sup>	81
Proportion of discrepancies that resulted in action being undertaken	1.88%
Proportion of discrepancies which did not proceed to action after a section 11 letter was sent	22.86%
Number of overpayments raised <sup>3</sup>	85
Cases where debt was fully recovered <sup>4</sup>	79
Number of pensions reduced	47
Number of pensions cancelled or suspended	9
Number of pensions that were continued	52
Number of pensions that were increased	24

<sup>1</sup> 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.

<sup>2</sup> Refers to the action set out in section 10 of the Act—a pension was reduced, cancelled, increased or continued.

<sup>3</sup> Overpayments raised include some for cases where section 11 action took place in a previous financial year.

<sup>4</sup> 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 the Integrity and Security Section within the Integrity Assurance and Security Branch for an initial case assessment, prioritisation and further action, if appropriate.

Where sufficient evidence is obtained from an investigation, the Integrity and Security Section makes recommendations to senior management on the appropriateness of referring the matter to the CDPP.

**Table D2: Prosecutions prompted by the Data Matching Program, 2019–20**

Cases	2019–20
Cases referred to the Fraud Investigation Section identified through data matching	0
Cases referred to the CDPP identified through data matching	0
Successfully prosecuted	n/a
Dismissed by the CDPP due to insufficient evidence or not in the public interest	n/a
Cases with the CDPP pending consideration	0
Cases still under investigation by the Fraud Investigation Section	0
Cases finalised by the Fraud Investigation Section without CDPP referral <sup>1</sup>	1

CDPP = Commonwealth Director of Public Prosecutions

<sup>1</sup> Figures may include cases that were identified in previous financial years.

## Costs and benefits

This section contains information required by paragraph 9(i) of the Data-matching Program (Assistance and Tax) Guidelines.

DVA's involvement in the program has shown that substantial savings can be gained through comparison of data held by different agencies.

## Expenses

**Table D3: Costs to DVA of operating the program, 2019–20**

Detail	2019–20 (\$)
Salary costs	98,708
Administrative overheads	27,999
Support costs for data matching processing system	1,985
<b>Total</b>	<b>128,692</b>

## Projected savings

DVA calculates savings for clients whose payments are suspended, cancelled or reduced. For clients in receipt of a pension, it is assumed that they would have continued to receive the same rate of payment for 52 fortnights. These savings are in line with the methodology used by Services Australia to calculate savings.

**Table D4: Pension adjustments resulting in projected savings, 2019–20**

Pension adjustments	2019–20
Number of pensions reduced	47
Number of pensions suspended/cancelled	9
<b>Total</b>	<b>56</b>

**Table D5: Total savings achieved through the Data Matching Program, 2019–20**

Detail	2019–20
Number of pensions cancelled/reduced/suspended <sup>1</sup>	54
Number of potential overpayments identified <sup>2</sup>	56
Number of overpayments raised <sup>3</sup>	85
Number of debts fully recovered	79
Value of overpayments raised	\$808,711
Debts waived or written off	\$1,121
<b>Subtotal</b>	<b>\$807,590</b>
Value of projected savings	\$412,273
<b>Total gross savings</b>	<b>\$1,219,863</b>
Departmental expenses	\$128,692
<b>Net savings</b>	<b>\$1,081,171</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> The discrepancy between the number of overpayments identified and the number of overpayments raised is due to several factors:

- Where a potential overpayment has been identified, further investigation may result in a determination that no debt existed.
- Debts may be raised and consequently recovered separately for both members of a couple.
- Overpayments raised during each financial year may have been identified in previous financial years.

**Table D6: Cumulative savings achieved through the Data Matching Program, 2017–18 to 2019–20**

Detail	2017–18 (\$)	2018–19 (\$)	2019–20 (\$)
Value of overpayments raised	959,980	834,065	808,711
Debts waived or written off	–15,658	–33,610	–1,121
Value of projected savings	673,369	643,262	412,273
Total gross savings	1,617,691	1,443,717	1,219,863
Departmental expenses	–123,645	–125,727	–128,692
Net savings	1,494,046	1,317,990	1,081,171
Cumulative net savings	33,656,961	34,974,951	36,056,122

## Appendix E: Advertising and market research

In 2019–20 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 E1 to E3 report DVA's expenditure on market research, direct mail services and media advertising in accordance with section 311A of the *Commonwealth Electoral Act 1918*. Payments of less than \$14,000 have not been included.

**Table E1: Payments to market research agencies, 2019–20**

Organisation	Service provided	Amount paid (including GST) (\$)
ORIMA Research Pty Ltd	Survey and analysis services for the Community Nursing Program	30,893.50
ORIMA Research Pty Ltd	Rehabilitation Program Client Satisfaction Survey	66,737.00
ORIMA Research Pty Ltd	Rehabilitation Program outcome measures evaluation	17,160.00
<b>Total</b>		<b>114,790.50</b>

**Table E2: Payments to direct mail organisations, 2019–20**

Organisation	Service provided	Amount paid (including GST) (\$)
Growing Positive Solutions Pty Ltd	Graphic design, printing, packaging and distribution services for the Veterans' Recognition Program	249,433.00
Blue Star Print	Mail-out of educational material for the Treatment Cycle	19,195.00
<b>Total</b>		<b>268,628.00</b>

**Table E3: Payments to media advertising agencies, 2019–20**

Organisation	Service provided	Amount paid (including GST) (\$)
Universal McCann	Advertising, public notices and recruitment	154,357.76
<b>Total</b>		<b>154,357.76</b>



## Appendix F: Carer recognition

The *Carer Recognition Act 2010* sets out the Statement for Australia's Carers, which establishes the principle that carers should have the same rights, choices and opportunities as other Australians. The Act 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 provides relationship and family counselling to veterans, their families and those who face the unique challenges of caring for those exposed to the military lifestyle.

Information for carers, including links to the contact details for a range of carer services, is provided on DVA's website at [www.dva.gov.au/carers](http://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 to 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, such as resources through 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 assists 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 G: Work health and safety

In 2020, the COVID-19 pandemic created a vastly different working environment. DVA had to quickly and effectively deal with a rapidly changing workplace, conduct risk assessments to modify existing practices and create new work health and safety (WHS) practices for a largely dispersed and remote workforce. DVA ensured healthy and safe workplaces for staff and clients as well as complying with legislative obligations by drawing on existing WHS systems and practices and creating new practices and processes in response to COVID-19.

DVA has well-developed WHS policies and procedures that aim to foster an environment of physical and psychological safety for staff. DVA's WHS system supports continual improvement by reducing the risk of injury, identifying potential risks and controls, and following best practice.

In 2019–20, DVA's National WHS Committee continued to promote effective consultation and communication between managers and staff in relation to health and safety throughout the pandemic, with committees meeting quarterly using phone and web-based technology. This committee is supported by state-based subcommittees and additional stakeholder forums.

During the COVID-19 pandemic, DVA has provided specific information and guidance to Senior Officers to ensure that they are best equipped to meet their obligations and duty of care under the *Work Health and Safety Act 2011* in their stewardship of staff during the pandemic. The department also engaged regularly with other APS agencies and shared experiences and learnings with them on pandemic-related workforce challenges.

### Initiatives

A range of services and activities were in place in 2019–20 to support the physical and psychological wellbeing of DVA staff and their families.

### Wellbeing

The DVA Wellbeing Strategy 2018–2023 underpins wellbeing activities conducted at DVA. During 2019–20 these included staff having access to annual flu vaccinations, eyesight and hearing tests, subsidised eyewear and access to the DVA Healthy Lifestyle Subsidy (which encourages staff participation in fitness and promotes healthy lifestyle activities). Access to free and confidential counselling was also available to staff through the Employee Assistance Program.

Employees participated in wellness activities run in all DVA offices, ranging from guest speakers talking about domestic violence and life after service in the Australian Defence Force to morning teas, barbeque lunches and fundraising for charities.

DVA remains an Accredited Breastfeeding Friendly Workplace.

### Intervention, management and compliance activities

DVA focuses on prevention of WHS incidents by:

- providing ergonomic assessments, ergonomic equipment and software designed to encourage rest breaks
- participating in Safe Work Month activities such as annual risk and hazard inspections, Safety Toolbox discussions and promotion of health and safety in the workplace
- conducting annual workplace inspections, including hazard and risk reporting, to promote and ensure safety
- conducting emergency evacuation drills.

DVA's early-intervention program assists staff to stay at work and our Rehabilitation Management System assists staff to return to work after injury or illness. To ensure compliance with Comcare requirements, DVA audits the Rehabilitation Management System annually.

DVA had two notifiable incidents for 2019–20 under Part 3 of the WHS Act. This is consistent with previous years. No Comcare investigations were conducted and no notices were given under Part 5 or Part 10 of the WHS Act.

### **Training and development**

WHS training and development programs provided opportunities for staff to engage in DVA WHS initiatives and build WHS awareness and competency of staff and management. These included face-to-face workshops such as Building Resilience; Mental Health First Aid accreditation; Unconscious Bias training; and Mental Health and Suicide in High Risk Organisations. In addition, a suicide awareness e-learning module and a newly introduced Resilience webinar were available to support staff during the COVID-19 pandemic.

Nationally accredited training is provided for health and safety representatives, harassment contact officers, first aid officers and emergency fire wardens prior to staff formally taking on the role to ensure officers are able to fulfil their duties in the role.

### **Outcomes**

As a result of DVA's WHS initiatives in 2019–20, proactive management and use of early-intervention strategies, DVA has improved the overall health and return to work outcomes for employees. This is shown by a significant reduction in the workers compensation premium.

DVA's continued engagement with staff on WHS matters is creating a culture of awareness and risk mitigation among staff, which results in a safer and healthier workplace as staff are confident to quickly identify and raise concerns so they can be addressed.

## Appendix H: Ecologically sustainable development and environmental performance

### Environmental commitment statement

DVA is committed to integrating environmental sustainability into its business by:

- complying with relevant legislation and policies
- minimising its carbon footprint
- using resources effectively
- minimising waste and reducing energy and resource consumption
- creating a culture in which environmental considerations are integrated into business activities
- considering the environmental aspects of procurement.

### Outcomes for ecologically sustainable development

DVA's outcomes contribute to the principles of ecologically sustainable development as set out in section 3A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). In 2019–20 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 2019–20 DVA had 33 fleet vehicles, which it continues to replace at lease end with smaller, more fuel-efficient vehicles. Eight vehicles (25 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

Following a significant technology upgrade, most staff now have videoconferencing capability at their workstations. DVA's updated domestic travel policy now only allows travel if it can be demonstrated that teleconferencing and videoconferencing are ineffective options and that there exists a demonstrated business need for travel.

### Environmentally friendly purchasing

DVA's procurement processes promote consideration of environmental issues. In 2019–20, 100 per cent of the standard copy/printer paper purchased by the department had a recycled component.

### Environmental performance / water consumption at commemorative sites

The locations of war cemeteries and gardens of remembrance often mean 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 employs best-practice horticultural standards, sourcing non-potable water at some sites and, wherever possible, reducing water consumption while maintaining the longstanding features and standards of presentation.





# 08

**Aids to access**

## List of requirements

PGPA Rule Reference	Description	Requirement	Page No.
<b>17AD(g)</b>	<b>Letter of transmittal</b>		
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
<b>17AD(h)</b>	<b>Aids to access</b>		
17AJ(a)	Table of contents.	Mandatory	iv–v
17AJ(b)	Alphabetical index.	Mandatory	239–246
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	237–238
17AJ(d)	List of requirements.	Mandatory	232–236
17AJ(e)	Details of contact officer.	Mandatory	ii
17AJ(f)	Entity's website address.	Mandatory	ii
17AJ(g)	Electronic address of report.	Mandatory	ii
<b>17AD(a)</b>	<b>Review by accountable authority</b>		
17AD(a)	A review by the accountable authority of the entity.	Mandatory	vi–ix
<b>17AD(b)</b>	<b>Overview of the entity</b>		
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	7
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	9
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	2
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	7
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority	Mandatory	7
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	7
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory	7
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	29
<b>17AD(c)</b>	<b>Report on the performance of the entity</b>		
	<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	28–55



PGPA Rule Reference	Description	Requirement	Page No.
17AD(c)(ii)	<i>Report on financial performance</i>		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	93
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	210
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.	93
<b>17AD(d)</b>	<b>Management and accountability</b>		
	<i>Corporate governance</i>		
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	iii
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iii
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	iii
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	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	62–63
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	85
	<i>Audit committee</i>		
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	66
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	66–67
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	66–67
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	66–67
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	66–67
	<i>External scrutiny</i>		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	67–69
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	69–71
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	67

PGPA Rule Reference	Description	Requirement	Page No.
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	69
	<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	81–83
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	199–201
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	201–205
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 <i>Public Service Act 1999</i> .	Mandatory	206
17AG(4)(c)(i)	Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	206
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	206
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	82
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
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	84
	<i>Purchasing</i>		
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	84

PGPA Rule Reference	Description	Requirement	Page No.
<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	84–85
17AG(7)(b)	A statement that <i>“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].”</i>	Mandatory	85
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	84–85
17AG(7)(d)	A statement that <i>“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.”</i>	Mandatory	85
<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	85
<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	85
<i>Small business</i>			
17AG(10)(a)	A statement that <i>“[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.”</i>	Mandatory	85
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	85
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>“[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.”</i>	If applicable, mandatory	85
<i>Financial statements</i>			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	94–155

PGPA Rule Reference	Description	Requirement	Page No.
	<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	207–209
<b>17AD(f)</b>	<b>Other mandatory information</b>		
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	224
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	86
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	84
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	71
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	Not applicable
17AH(2)	Information required by other legislation	Mandatory	219–229

## Acronyms and abbreviations

<b>AAT</b>	Administrative Appeals Tribunal
<b>AGD</b>	Attorney-General's Department
<b>ADF</b>	Australian Defence Force
<b>APP 12</b>	Australian Privacy Principle 12
<b>APS</b>	Australian Public Service
<b>ARC</b>	Audit and Risk Committee
<b>BEST</b>	Building Excellence in Support and Training
<b>CDPP</b>	Commonwealth Director of Public Prosecutions
<b>CVC</b>	Coordinated Veterans' Care
<b>CWGC</b>	Commonwealth War Graves Commission
<b>Data-matching Act</b>	<i>Data-matching Program (Assistance and Tax) Act 1990</i>
<b>Defence</b>	Australian Defence Force and Department of Defence
<b>DRCA</b>	<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i>
<b>DSHI</b>	Defence Service Homes Insurance
<b>DVA</b>	Department of Veterans' Affairs
<b>EESV</b>	Enhanced Employment Support for Veterans
<b>EMB</b>	Executive Management Board
<b>ESOs</b>	ex-service organisations
<b>FESR</b>	Far East Strategic Reserve
<b>FOI Act</b>	<i>Freedom of Information Act 1982</i>
<b>GIA</b>	Grants-in-Aid
<b>GP</b>	general practitioner
<b>GST</b>	goods and services tax
<b>ICT</b>	information and communications technology
<b>IPS</b>	Information Publication Scheme
<b>LTP</b>	Leading Transformation Program
<b>MIOS</b>	Moral Injury Outcomes Scale
<b>MRCA</b>	<i>Military Rehabilitation and Compensation Act 2004</i>
<b>MRCC</b>	Military Rehabilitation and Compensation Commission
<b>NCF</b>	National Consultation Framework
<b>OAWG</b>	Office of Australian War Graves
<b>PBS</b>	Portfolio Budget Statements
<b>PE</b>	prolonged exposure

<b>PGPA Act</b>	<i>Public Governance, Performance and Accountability Act 2013</i>
<b>PSP</b>	Partner Service Pension
<b>PTSD</b>	post-traumatic stress disorder
<b>RESTORE</b>	Rapid Exposure Supporting Trauma Recovery
<b>RFMC</b>	Risk and Fraud Management Committee
<b>RMA</b>	Repatriation Medical Authority
<b>RSL</b>	Returned and Services League
<b>SES</b>	Senior Executive Service
<b>SFE</b>	Support for Employment program
<b>SMEs</b>	small and medium enterprises
<b>SOPs</b>	Statements of Principles
<b>TRP-PTSD</b>	Trauma Recovery Programs for PTSD
<b>VAN</b>	Veterans' Access Network
<b>V&amp;CG</b>	Veteran and Community Grants
<b>VEA</b>	<i>Veterans' Entitlements Act 1986</i>
<b>VEP</b>	Veterans' Employment Program
<b>VFA</b>	Veteran Family Advocate
<b>VRB</b>	Veterans' Review Board
<b>VSO</b>	Veteran Support Officer
<b>WHS</b>	work health and safety

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