



Australian Government
Department of Veterans' Affairs

Repatriation Commission

Military Rehabilitation and Compensation Commission

Department of Veterans' Affairs

Annual Reports 2022–23



About this report

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Written requests for permission, comments or enquiries about the report should be addressed to:

Assistant Secretary
Portfolio Management Branch
GPO Box 9998, Brisbane, Qld 4001

Or email to: CMBART@dva.gov.au

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





Contact details

Telephone: 1800 838 372. The telephone enquiries service is available between 8:00 am and 5:00 pm, Monday to Friday. A call back can be requested through the Department of Veterans' Affairs (DVA) website or through MyService.

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

Website: www.dva.gov.au

Social media:

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-  au.linkedin.com/company/australian-government-department-of-veterans%27-affairs

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

Open Arms – Veterans & Families Counselling

Open Arms – Veterans & Families Counselling (Open Arms) is a nationally accredited mental health service that provides 24-hour free and confidential counselling, group programs, peer support and suicide prevention training for current and ex-serving Australian Defence Force personnel and their families. Open Arms is available 24/7 on 1800 011 046. www.OpenArms.gov.au

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Acknowledgement of Country

The Department of Veterans' Affairs acknowledges the Traditional Custodians of Country throughout Australia. We pay our respects to Elders past and present.

We recognise and celebrate Aboriginal and Torres Strait Islander people as the First Peoples of Australia and their continuing spiritual and cultural connection to land, sea and community.

Acknowledgement of Service

We respect and give thanks to all who have served in our Defence Force and their families.

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

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

For what they have done, this we will do.



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 2022–23

As at 30 June 2023



265,719
veterans¹



80,089
dependants¹



344,867
total clients¹



Enhance wellbeing

OPEN ARMS Veterans & Families Counselling

323,874

Open Arms services provided

43,134

veterans & their family members accessed Open Arms services

311,000

visits to the Open Arms website



283,907

DVA Health cards

104,148 **179,759**

Gold Cards White Cards



190,828

clients received health services

118,923

service providers delivered health services



997,208

instances of travel for treatment²

\$3.9 billion

spend on health and wellbeing



231,015

MyService users³

27,163

initial liability⁴ claims lodged through MyService⁵



106,484

eligible veterans or dependants received income support



128,864

primary compensation determinations⁶

154,999

compensation clients supported



47,160

homes protected under DSH Insurance

\$6.6 billion

spend on compensation and support

Recognition and respect



1,750

new commemorations provided for eligible veterans in the reporting period

331,750

official commemorations maintained in Australia, Papua New Guinea and Solomon Islands



More than 17,500

community stakeholders received educational resources



17,952

veterans received the Veterans' Recognition Package

3,455

organisations providing discounts to veterans



\$45 million

spend on commemorations

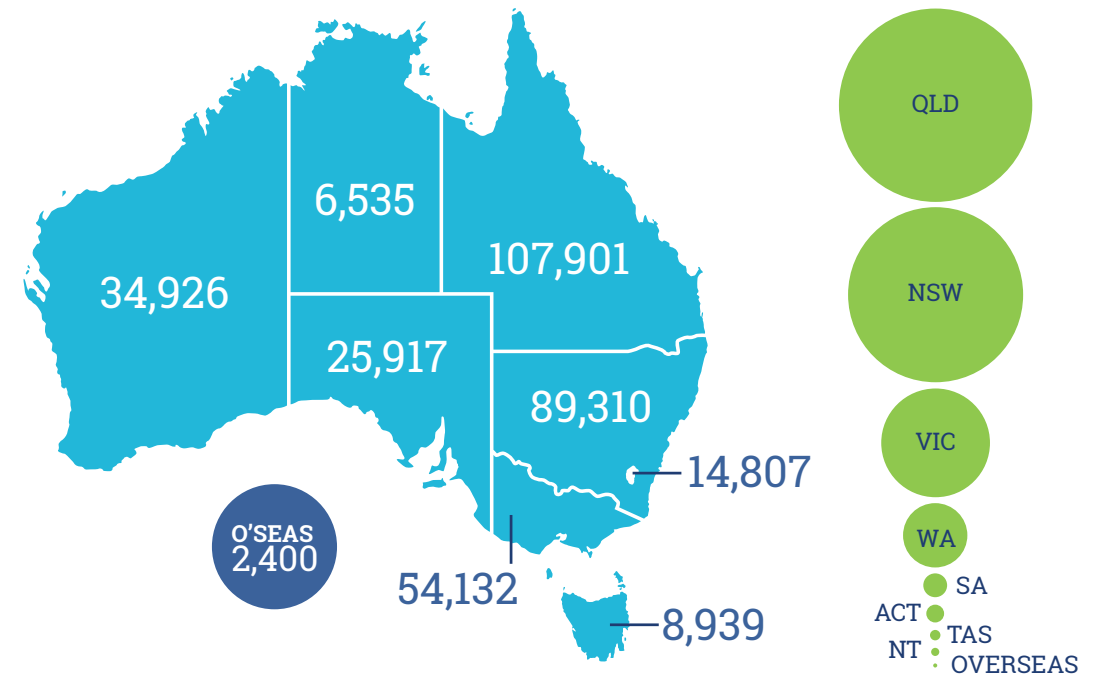
3,085 employees⁷

\$11 billion 2022–23 actual

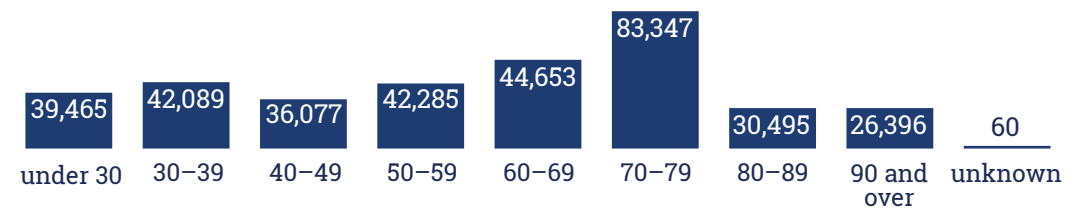
Who we support

As at 30 June 2023

Veterans and their family members by location



Veterans and their family members by age



¹ Some clients are eligible as both a veteran and a dependant.

² Includes arranged transport trips, ambulance trips and automated claims for reimbursement. Manually processed claims are not included in this figure due to system limitations.

³ Overall total, not limited to 2022–23 financial year.

⁴ Initial liability is gross claims and includes MRCA and DRCA initial liability, and VEA disability compensation payment claims but excludes VEA application for increase, and claims for compensation following death (under MRCA and DRCA).

⁵ Other types of claims can also be lodged through MyService.

⁶ The number of conditions determined at the initial liability stage and the number of other compensation claims processed.

⁷ Does not include non Australian Public Service (APS) labour hire and contractors.

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Department of Veterans' Affairs letter of transmittal



The Hon. Matt Keogh MP
Minister for Veterans' Affairs
Minister for Defence Personnel
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present the annual report of the Department of Veterans' Affairs for the 2022–23 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

Handwritten signature of Alison Frame in black ink.

Alison Frame
Secretary

12 October 2023

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Saluting Their Service



Secretary's review

The Department of Veterans' Affairs (DVA) has been proudly supporting veterans and families since 1918, starting with providing war pensions, vocational training and medical support. Today, the department contributes in a broader range of ways – from providing services and support programs to delivering commemoration activities that carry the stories of our diggers into the future. Those who serve in the Australian Defence Force (ADF) make a commitment to serve and defend Australia. It is our nation's duty to repay that commitment in kind.

It is a great privilege to now lead this department to support the wellbeing of those who serve or have served in the defence of our nation, and their families.

I am honoured to present the Department of Veterans' Affairs Annual Report 2022–23 – my first as Secretary.

Among the significant events during this reporting period were the tabling in parliament of the interim report of the Royal Commission into Defence and Veteran Suicide and the release of the Government's response to its recommendations. Implementing these recommendations was a priority for the department while continuing to support the veteran community.

Over the reporting period, we made significant progress to improve our frontline services to veterans and families, reduce the veteran compensation claims backlog, propose reform of legislation for veterans' entitlements, modernise DVA's information technology, and plan for the future.

Claims processing

In 2022–23, DVA continued to enlist support for delivering on our strong commitment to reduce the claims backlog. Since June 2022, 451 new staff have joined the DVA compensation claims workforce. This effort was invigorated in the October 2022–23 Budget with the Government investing \$233 million over 4 years to employ 500 additional frontline staff to process claims. A further

\$64.1 million was allocated in the 2023–24 Budget to maintain a suitably sized and skilled workforce to meet demand.

These investments had an immediate effect, with a reduction of the backlog by more than 20% since its peak in September 2022. As we clear the backlog and prioritise determining the oldest claims, the 2022–23 average time taken to process determined claims remains considerably higher than the target, but is likely to reduce over 2023–24.

While we still have a way to go until the backlog reaches zero, I have confidence that DVA will achieve this in the near future. Our workforce is now larger, and we are investing in growing our capability. A number of initiatives, including the introduction of claims support officers, are already demonstrating significant efficiency gains and process improvements.

Since 25 November 2022 the veteran community and the public have been able to monitor DVA's progress in claims processing. A new dedicated webpage on the DVA website shows our progress in reducing the backlog, as well as up-to-date information on what to expect with claims processing times.

Veterans' legislation reform

DVA supports the veteran community by providing compensation, rehabilitation and other entitlements to veterans and families. The eligibility requirements are currently set out in 3 separate pieces of legislation. This results in undue complexity for the veteran community and also for DVA's administration of the legislation.

The Australian Government has provided \$9.5 million over 2 years to create a pathway for legislative improvement to address these longstanding complexities in the veteran support system. As the *Military Rehabilitation and Compensation Act 2004* (MRCA) covers the majority of claims, a proposed pathway is to consolidate the separate legislation into the MRCA, from which all new veteran claims will be assessed going forward. This proposal includes transitional arrangements and ensures all benefits for existing conditions under the current schemes will continue unaffected.

During the reporting period, DVA undertook a consultation process on these proposed changes and engaged with veterans, serving ADF members, families, advocates and other key stakeholders on the proposed pathway. The public consultation occurred between 16 February and 12 May 2023.

I thank everyone involved in the consultation process. We appreciate your generosity in giving your time and views. DVA is now working with the Minister for Veterans' Affairs to reflect the consultation feedback in the simplification of the legislative framework.

Modernising information technology

How DVA delivers services to the veteran community is one of my key areas of focus. One way DVA can contribute to supporting the veteran community is by making our processes as easy and seamless as possible so that veterans and families receive the support and services they need in a timely way and can live their lives without being subject to unnecessary red tape.

DVA's information and communications technology (ICT) systems have a significant impact on the experience of veterans and families interacting with DVA.

For this reason, the department continues to make targeted enhancements to its ICT systems, especially to implement initiatives to help veterans and families lodge more complete claims, better track the progress of their claims, and receive more tailored support.

During the reporting period, DVA has been assisted by the Government's funding injection of \$87 million over 2 years to improve the administration of the claims processing system. The 2023–24 Budget provides an additional \$254.1 million over 4 years to modernise and sustain our ageing ICT systems and ensure more timely payments and access to services.

Urgently upgrading our inefficient and legacy ICT systems will provide staff with technology that better supports them in doing their jobs and will improve our service delivery. These upgrades will position DVA well for ongoing modernisation of the claims administration system, enabling greater efficiency and agility into the future.

Planning for the future

The veteran community and their needs are evolving. To be better placed to predict future demand for DVA services and avoid backlogs, we must be able to anticipate what the veteran community will look like.

DVA needs to have better data and modelling capabilities to improve our ability to forecast future demand and our resourcing requirements. During the reporting period, the Government provided \$11.1 million to enhance the demand-driven funding model. DVA is implementing upgrades to our modelling capabilities to help improve our understanding of the serving and ex-serving community and the needs of veterans in the future.

Royal Commission into Defence and Veteran Suicide

DVA has continued to support the important work of the Royal Commission into Defence and Veteran Suicide by responding to the Commission's inquiries in a timely and transparent manner and through staff regularly appearing as witnesses.

Reflecting on my appearance as a witness in Hearing Block 10, I was thankful to have had the opportunity to acknowledge in front of the Royal Commission that DVA has not always got it right and to apologise for this to veterans and their families.

During the reporting period, we implemented changes to address a number of recommendations in the interim report, such as the new DVA webpage on claims processing. We also worked closely with the Department of Defence to implement 5 recommendations to improve access to information for ADF members, veterans and families, which were delivered by April 2023.

Veterans' and Families' Hubs

DVA has continued to expand the Veterans' and Families' Hubs Program to support more veterans, current serving ADF personnel, Reservists and families across Australia. The expansion of the program reflects our commitment to deliver practical support that improves the wellbeing of veterans and their families, building on the services currently available.

Veterans' and Families' Hubs are established in partnership with ex-service and veteran focused organisations and offer a one-stop shop for local veteran services, which may include mental and physical health services, wellbeing support, advocacy, employment and housing advice, and social connection.

Eight new hubs are being established in locations with significant Defence and veteran communities in south-west Perth, northern Adelaide, Ipswich, Queanbeyan, the Hawkesbury region, the Hunter region, the Tweed/North Coast region and the Surf Coast/Geelong region. During the reporting period, DVA completed consultations with the veteran community, ex-service organisations and service providers regarding the establishment of the 8 new hubs. Organisations were also selected to develop the business cases for all of the 8 new hubs.

The work underway to establish hubs in Tasmania and south-east Queensland (Caboolture) is also continuing. The new hubs will complement the 6 established hubs, which are delivering support to veterans and families in Perth, Townsville, Adelaide, Darwin, Wodonga and Nowra.

01

Overview

Commemorations

DVA plays a key role in acknowledging and commemorating all those who have served Australia, by promoting recognition of their service and sacrifice.

During the reporting period, a wide range of commemorative activities were undertaken to honour the contribution of our service men and women. These included a national commemorative service on 14 September 2022 to recognise the 75th anniversary of Australia's involvement in international peacekeeping operations.

On Anzac Day 2023, it was uplifting to see more people attending commemorative services since the disruptions caused by the COVID-19 pandemic. The overseas services delivered by DVA were well attended, including those in Türkiye and France.

To mark the 50th anniversary of the end of Australia's involvement in the Vietnam War, DVA conducted a range of activities throughout 2023, including making available a commemorative medallion and a certificate of recognition to every Vietnam War veteran or a family member.

Performance

DVA strives to achieve departmental performance targets. We continue to prioritise the timely processing of claims and the delivery of high-quality services, support and commemorations that meet the needs of veterans and families. The DVA annual performance statements in Chapter 4 provide detailed analysis of our performance against each of the department's 43 targets. We are investing in our people, systems and frameworks to build on our strengths and to improve in those areas where we have not met our targets.

The future

Implementing the Australian Government's response to the interim report of the Royal Commission into Defence and Veteran Suicide will continue to be one of DVA's top priorities. We look forward to progressing the important reforms we have underway. The Royal Commission's final report is expected by 17 June 2024, and DVA stands ready to implement the Government's response.

DVA will continue to engage closely and work alongside ex-service organisations and the veteran community as part of our commitment to better support Australia's veterans and families.

Acknowledgements

I would like to thank my predecessor, Liz Cosson AM CSC, for the transformational changes she made to DVA, and acknowledge her role in delivering the outcomes described in this annual report.

Since joining DVA at the start of the year, I have been impressed by the dedication and passion of the staff of DVA, the Repatriation Commission and the Military Rehabilitation and Compensation Commission. I thank them for the work that they do each and every day to support the veteran community.



Alison Frame

Secretary, Department of Veterans' Affairs

About us

Purpose

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

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

Outcomes and programs

In 2022–23, 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 their dependants
	1.4: Deliver assistance and other compensation for veterans and dependants
	1.5: Deliver the Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training 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 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

Portfolio

Portfolio overview

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

Portfolio ministers

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

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

Accountable authority

The Secretary of the Department of Veterans' Affairs is the department's accountable authority.

Ms Liz Cosson AM CSC was the Secretary of the Department of Veterans' Affairs until her retirement on 22 January 2023.

Ms Alison Frame was appointed as Secretary of the Department of Veterans' Affairs on 23 January 2023.

Department and statutory commissions

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

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

Other portfolio bodies

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

Veterans' Review Board

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

Office of Australian War Graves

Established under the *War Graves Act 1980*, the Office of Australian War Graves (OAWG) within DVA is responsible for the delivery of the Australian Government's program of official commemoration. The OAWG has commemorated 1,750 veterans during the reporting period and now cares for the final resting places of more than 331,750 eligible veterans and war dead of the wars, conflicts, peace and other operations to which Australia has been committed in more than 2,400 commemorative sites around Australia.

The OAWG is also the agent of the Commonwealth War Graves Commission (CWGC) in the region. On the CWGC's behalf the Australian Government has established and cares for the resting places of 21,000 Australian and 678 Commonwealth war dead of other nations in Australia, Papua New Guinea and Solomon Islands.¹

Repatriation Medical Authority

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

Specialist Medical Review Council

The Specialist Medical Review Council (the SMRC) is an independent statutory body that reviews the RMA's decisions on SOPs and directs or recommends that the RMA amend the SOPs. The SMRC consists of eminent medical practitioners and medical scientists appointed as councillors by the Minister for Veterans' Affairs. The convener of the SMRC 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

The SMRC gazetted notifications to carry out the review of malignant neoplasm of the breast on 10 March 2022, and the review of Hashimoto thyroiditis on 27 September 2022. It completed the review of malignant neoplasm of the breast and published its declaration on 18 May 2023. The SMRC is continuing to prepare its review of Hashimoto thyroiditis. The notifications and declaration are gazetted in the Australian Government Federal Register of Legislation at www.legislation.gov.au

¹ 21,000 Australian and 678 Commonwealth war dead are included in and not additional to the 331,750 commemorations cared for by the OAWG.

Defence Service Homes Insurance Scheme

The Defence Service Homes Insurance Scheme (DSH Insurance) has existed for over 100 years and operates pursuant to the *Defence Service Homes Act 1918*. DSH Insurance provides affordable home building insurance and claims support tailored to eligible members, including all veterans, veterans' widow(ers) and serving ADF members with at least one day of active service (including Reservists). DSH Insurance is self-funded through premiums paid by policyholders, commissions and investment income. All funds generated by DSH Insurance are invested into operating the scheme and providing support to policyholders in times of need.

Australian War Memorial

The purpose of the Australian War Memorial is to commemorate the sacrifice of Australians who have died in war or on operational service and those who have served our nation in times of conflict. Its mission is leading remembrance and understanding of Australia's wartime experience. As a shrine, archive and museum, the Australian War Memorial is committed to leading historical research, museum practices and community engagement. Further information on the Australian War Memorial is available at www.awm.gov.au

Legislation

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

- *Anzac Day Act 1995*
- *Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006*
- *Australian Veterans' Recognition (Putting Veterans and Their Families First) Act 2019*
- *Australian War Memorial Act 1980*
- *Compensation (Japanese Internment) Act 2001*
- *Defence Act 1903*, in relation to paragraph 124(1)(qba)
- *Defence Service Homes Act 1918*
- *Families, Community Services and Indigenous Affairs and Other Legislation (2006 Budget and Other Measures) Act 2006*, Item 33 of Schedule 7
- *Families, Community Services and Indigenous Affairs and Veterans' Affairs Legislation Amendment (2006 Budget Measures) Act 2006*, Items 44 and 45 of Schedule 1
- *Household Stimulus Package Act (No. 2) 2009*, Schedule 4 insofar as it relates to legislation administered by the Minister responsible for Veterans' Affairs
- *Military Memorials of National Significance Act 2008*
- *Military Rehabilitation and Compensation Act 2004*, except to the extent administered by the Minister responsible for Defence
- *Military Rehabilitation and Compensation (Consequential and Transitional Provisions) Act 2004*
- *Papua New Guinea (Members of the Forces Benefits) Act 1957*
- *Protection of Word "Anzac" Act 1920*
- *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

02

Repatriation Commission Annual Report

Repatriation Commission letter of transmittal



31 August 2023

The Hon. Matt Keogh MP
Minister for Veterans' Affairs
Minister for Defence Personnel
Parliament House
CANBERRA ACT 2600

Dear Minister

The Repatriation Commission submits its report for the year ended 30 June 2023, as required under section 215 of the *Veterans' Entitlements Act 1986*.

Alison Frame
Chair

Kate Pope PSM
Member

Don Spinks AM
Member

Gwen Cherne
Member

GPO BOX 9998, BRISBANE QLD 4001, AUSTRALIA

Overview

Functions and powers

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

The general functions of the Repatriation Commission are to:

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

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

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

Structure

The Repatriation Commission has not fewer than 4 and not more than 5 full-time members appointed by the Governor-General. As at 30 June 2023, there were 4 members of the Repatriation Commission: the President, the Deputy President, a person nominated by organisations representing veterans (known as the Services Member or Repatriation Commissioner) and a person who the Minister is satisfied will represent families (known as the Veteran Family Advocate Commissioner). The position of Defence Engagement Commissioner is vacant.

The President is the Secretary of the Department of Veterans' Affairs (DVA). The Deputy President and other commissioners assist the Secretary in the management of the department. The Secretary is also the part-time Chair of the Military Rehabilitation and Compensation Commission (MRCC), ensuring consistency between the 2 commissions and the department. The Repatriation Commission commissioners are also part-time members of the MRCC.

Relationship with DVA

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

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

The importance of the interdependent relationship between the Repatriation Commission and DVA, as well as its historical significance, was highlighted by Justice Logan in the Federal Court decision of *Shafran v Repatriation Commission* [2019] FCA 1833. In this decision, Justice Logan explained that: *a feature of Australian legislative provision for veterans' pensions and other entitlements ever since 1920 has been that Parliament has always intended that, subject to Ministerial responsibility, the general administration of the relevant legislation be by a statutory corporation, not directly by a department of State.*

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

Activity in 2022–23

In 2022–23 the Repatriation Commission held 11 formal meetings to consider 48 submissions, compared with 12 formal meetings and 68 submissions in 2021–22. As DVA continues to embrace significant change, the Repatriation Commission considered a range of policy and legislative improvements.

Matters that the Repatriation Commission considered in 2022–23 included:

- provision of support for individual cases and circumstances
- high-level policy and procedures relating to the VEA and advice on new policy proposals
- the DVA Strategic Research Model and associated research proposal
- delegation of Repatriation Commission powers and amendments to treatment principles
- contracting and tendering for the supply of a range of health and support services.

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

Membership



Alison Frame, President

Alison Frame was appointed Secretary of the Department of Veterans' Affairs, President of the Repatriation Commission and Chair of the MRCC from 23 January 2023. She was initially appointed as President of the Repatriation Commission and Chair of the MRCC for an interim acting period until her substantive appointments commenced on 13 April 2023. Prior to this, Alison was Deputy Secretary, Social Policy in the Department of the Prime Minister and Cabinet from August 2020. This work included leading the partnerships between the Commonwealth and state and territory jurisdictions on delivering social policy and services outcomes for all Australians. A key priority was providing sustained leadership and coordination across government to manage Australia's response to the COVID-19 pandemic.

Alison has led social policy initiatives and reform across both the Commonwealth and the New South Wales governments as a senior executive for over 16 years.

Alison holds a Bachelor of Speech–Language Pathology and a Bachelor of Arts in Political Science from the University of Queensland and a Master of Public Administration from the London School of Economics and Political Science.



Liz Cosson AM CSC

Liz Cosson commenced as Secretary of DVA in May 2018. She was also President of the Repatriation Commission and Chair of the MRCC. Liz completed her tenure as Secretary of DVA, President of the Repatriation Commission and Chair of the MRCC on 22 January 2023.



Kate Pope PSM, Deputy President

Kate Pope was appointed as the Deputy President of the Repatriation Commission and as a member of the MRCC on 6 August 2020, for a period of 5 years. Kate joined DVA in 2016 to lead the Transformation and Organisation Performance division and as at 30 June 2023 managed the Veteran and Family Policy Group.

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



Don Spinks AM, Commissioner

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

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



Gwen Cherne, Commissioner

Gwen Cherne was appointed as a Commissioner of the Repatriation Commission, to the inaugural position known as the Veteran Family Advocate Commissioner, on 6 August 2020 for a period of 5 years.

On 2 March 2021, following legislative reform, Gwen was also appointed as a member of the MRCC.

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

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

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



Stuart Smith AO DSC, Commissioner, Defence Engagement

Stuart Smith commenced his appointment as the inaugural Defence Engagement Commissioner with the Repatriation Commission on 31 August 2020. On 17 January 2022, he took an extended leave of absence from the Repatriation Commission, moving into the role of Deputy Secretary of the Department of Veterans' Affairs.

03

Military Rehabilitation and Compensation Commission Annual Report

Military Rehabilitation and Compensation Commission letter of transmittal



Australian Government
Military Rehabilitation and Compensation Commission

31 August 2023

The Hon. Matt Keogh MP
Minister for Veterans' Affairs
Minister for Defence Personnel
Parliament House
CANBERRA ACT 2600

Dear Minister

The Military Rehabilitation and Compensation Commission submits its report for the year ended 30 June 2023, as required under section 385 of the *Military Rehabilitation and Compensation Act 2004* and subsection 161(1) of the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*.

Alison Frame
Chair

Kate Pope PSM
Member

Gwen Cherne
Member

Sarah Sharkey AM CSC RAN
Rear Admiral
Member

Don Spinks AM
Member

Greg Vines
Acting Member

Wade Stohart DSC AM CSC
Major General
Member

GPO BOX 9998, BRISBANE QLD 4001, AUSTRALIA

Overview

Functions and powers

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

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

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

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

Structure

The MRCC has 7 members:

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

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

Relationship with DVA

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

The Chair of the MRCC is also President of the Repatriation Commission and Secretary of DVA. The 3 other members of the MRCC are also full-time members of the Repatriation Commission. This close working relationship between the 2 commissions enables them to work collaboratively.

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

Activity in 2022–23

In 2022–23 the MRCC held 6 formal meetings and considered 34 submissions. The MRCC subcommittee held 4 meetings and considered 4 submissions.

Matters considered during 2022–23 included:

- high-level policy and procedures relating to the MRCA and advice on new policy proposals
- the DVA Strategic Research Model and associated research proposals
- delegation of MRCC powers and amendments to treatment principles
- provision of support for individual cases and circumstances
- contracting and tendering for the supply of a range of health and support services.

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

Membership

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



Rear Admiral Sarah Sharkey AM CSC RAN

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



Major General Wade Stothart DSC AM CSC

Major General Wade Stothart commenced a 5-year term on 13 December 2021. He is currently the Head of Military Personnel in the Department of Defence. As such he is responsible for Australian Defence Force recruitment, career management and transition.



Gregory (Greg) Vines

Greg Vines commenced his acting appointment to the MRCC on 23 June 2023. Greg is Comcare's Chief Executive Officer. Comcare is the federal work health and safety and workers' compensation authority.

Michael (Mick) Duke

Michael Duke served as an acting member of the MRCC from 20 March 2023 until 19 June 2023.

Aaron Hughes

Aaron Hughes served as an acting member of the MRCC from 6 April 2022 until 5 January 2023.

04

Annual performance statements

Statement by the accountable authority

I, as the accountable authority of the Department of Veterans' Affairs, present the 2022–23 annual performance statements of the department, as required under Section 39(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these annual performance statements accurately reflect the performance of the department, and comply with Section 39(2) of the PGPA Act.



Alison Frame

Secretary

Department of Veterans' Affairs

28 September 2023

Introduction

The DVA Annual Performance Statements 2022–23 present achievements against the outcomes, key activities, programs, performance measures and targets set out in the DVA Portfolio Budget Statements 2022–23 (PBS) and DVA Corporate Plan 2022–23 (CP).

Changes to DVA's performance measures

DVA continues to improve and evolve the way it reports on performance, and the business processes underpinning its reporting. A number of changes have been made since the publication of the Corporate Plan 2022–23 in order to:

- streamline the performance suite by removing 3 performance measures (1.5-3, 2.5-3, and 2.6-2) which are adequately covered by remaining measures
- increase clarity through the simplification of some measure descriptions and targets
- increase transparency by amending 12 'timeliness' performance measure targets from percentage increase on previous year to a numerical target.

Details of these changes are set out in Annexure 1: Performance measure changes.

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

CORPORATE PLAN PURPOSE	Our Purpose The purpose of the Department of Veterans' Affairs is to support the wellbeing of those who serve or have served in the defence of our nation, and families, by: Partnering with organisations and individuals to help design, implement and deliver effective programs and benefits, which enhance wellbeing of veterans and families.			Providing and maintaining war graves and delivering meaningful commemorative activities to promote community recognition and understanding of the service and sacrifice of veterans.
	PORTFOLIO BUDGET STATEMENTS	ENHANCE WELLBEING		RECOGNITION AND RESPECT
Outcomes		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.	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	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 programs		1.1 Veterans' Income Support and Allowances 1.2 Veterans' Disability Support 1.3 Assistance to Defence widow/ers and Dependants 1.4 Assistance and Other Compensation for Veterans and Dependants 1.5 Veterans' Children Education Scheme 1.6 Military Rehabilitation and Compensation Acts Payments – Income Support and Compensation	2.1 General Medical Consultations and Services 2.2 Veterans' Hospital Services 2.3 Veterans' Pharmaceutical Benefits 2.4 Veterans' Community Care and Support 2.5 Veterans' Counselling and Other Health Services 2.6 Military Rehabilitation and Compensation Acts – Health and Other Care Services	3.1 War Graves 3.2 Commemorative Activities
ANNUAL PERFORMANCE STATEMENTS	Report against performance measures			
Performance information	Performance measure Performance measures established to assess that DVA is enhancing the financial wellbeing of eligible persons and their dependants through access to income support, compensation and other support services.	Performance measure Performance measures established to assess that DVA is enhancing the physical wellbeing of eligible persons and their dependants by having arrangements in place for all of our clients to have timely access to high-quality health care, counselling and rehabilitation services.	Performance measure Performance measures established to assess that DVA cares for and maintains official commemorations and sites of collective official commemoration to the standards and acknowledges and commemorates those who served Australia and its allies in wars, conflicts and peace operations.	

How we measure performance

The annual performance statements illustrate our achievements against our purpose set out in the corporate plan, noting the changes to DVA's performance measures, as discussed above. This is done through the use of our performance measures. These annual performance statements were developed in accordance with the PGPA Act and Department of Finance guidelines.

Our PBS and corporate plan set out performance measures and targets for each program. For Outcome 1 and Outcome 2, performance is measured by assessing timeliness, quality and client satisfaction. For Outcome 3, performance is measured by assessing war graves and commemorations.

The following tables demonstrate the use of a mix of qualitative and quantitative measures.

TABLE 1: OUTCOME 1 PERFORMANCE MEASURE CATEGORIES

Performance category	Performance measure number
Timeliness	1.1-1, 1.1-2, 1.2-1, 1.3-1, 1.4-1, 1.5-1, 1.6-1, 1.6-2, 1.6-3, 1.6-7, 1.6-8, 1.6-9
Quality	1.1-3, 1.1-4, 1.2-2, 1.3-2, 1.4-2, 1.5-2, 1.6-4, 1.6-5, 1.6-6, 1.6-10, 1.6-11, 1.6-12
Client satisfaction	1.1-5, 1.2-3, 1.3-3, 1.4-3, 1.4-4, 1.6-13

TABLE 2: OUTCOME 2 PERFORMANCE MEASURE CATEGORIES

Performance category	Performance measure number
Timeliness	2.5-2, 2.5-4, 2.6-1
Quality of service	2.1-1, 2.2-1, 2.3-1, 2.4-1, 2.5-1,
Client satisfaction	2.5-5, 2.6-3

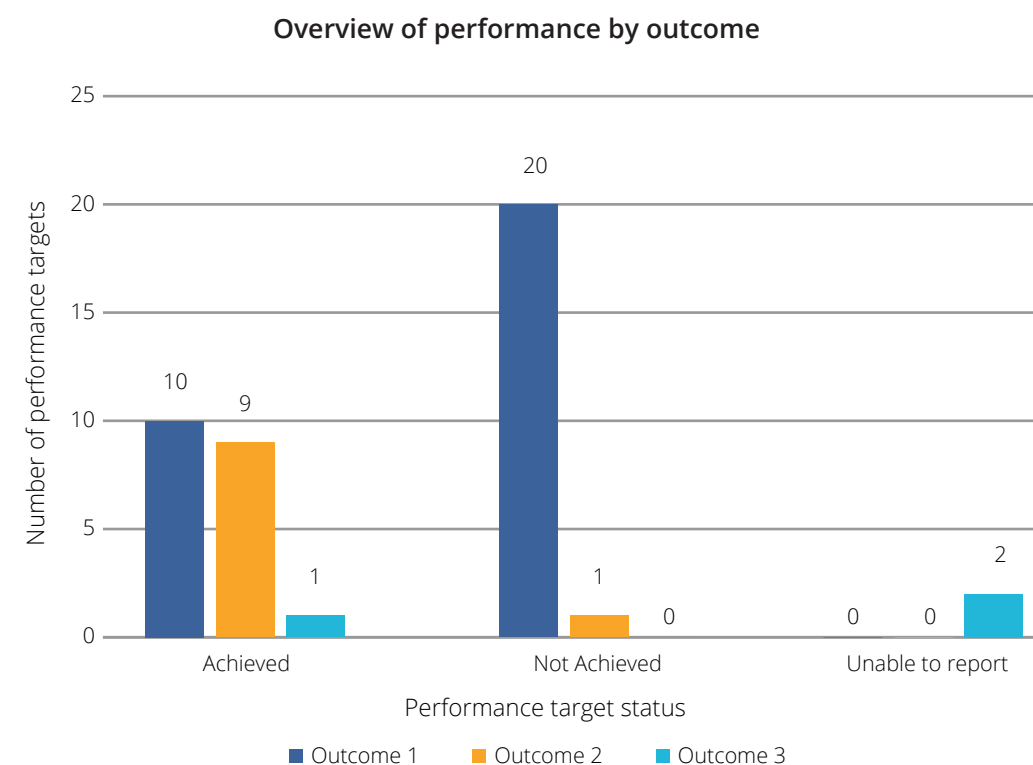
TABLE 3: OUTCOME 3 PERFORMANCE MEASURE CATEGORIES

Performance category	Performance measure number
War graves	3.1-1, 3.1-2
Commemorations	3.2-1

Overview of performance

Of DVA's 43 performance measures, we achieved the targets for 20, did not achieve the targets for 21 during the reporting period, and are unable to report on 2 measures related to commemorations. Figure 3 provides a snapshot of our overall performance, summarising the number of targets met across our 3 outcomes.

FIGURE 3: PERFORMANCE SNAPSHOT, 2022-23



For Outcome 1, DVA achieved 2 of the 12 timeliness measure targets, 6 of the 12 quality measure targets, and 2 of the 6 client satisfaction targets. DVA continued to recruit and train additional frontline staff throughout 2022-23, with an additional 451 claims processing staff coming on board through the year. This is having a positive impact on the department's ability to process claims more quickly and work through the backlog. At 30 June 2023 the backlog was 20% lower than at its peak in September 2022. While the department still has work to do, the trajectory of claims processing is now headed in the right direction, especially for initial liability claims, which are the gateway into services and supports from DVA.

The recruitment of staff was challenging due to tight labour markets. DVA delivers a comprehensive blended training program (e-learning, classroom, coaching and networking) for claims-processing delegates, with an emphasis on on-the-job training. On-the-job training ensures staff members are supported while undertaking different activities, reinforcing their learning and building capability.

New teams and processing procedures were introduced during the year, such as, an expanded standalone claims support team. This team assists in gathering the evidence for submitted claims, making them more 'decision ready' when they are allocated to a delegate. A pilot Combined Benefits Processing program was established to train staff across all Acts (VEA, DRCA and MRCA) and in both initial liability and permanent impairment claims. This initiative aims to reduce claims wait time significantly and streamline the end-to-end process for veterans by allocating a single delegate to a veteran. Ongoing improvements are expected as staff continue to move through training and accreditation.

For Outcome 2, DVA achieved all 5 quality measure targets, all 3 timeliness measure targets, and 1 of the 2 client satisfaction targets. This reflects DVA's successful delivery of programs to maintain and enhance the wellbeing of veterans and families. Throughout 2022–23 veterans and their families were connected to high-quality, evidence-based and responsive services funded through Outcome 2. DVA ensured clients had timely access to high-quality health care, counselling and rehabilitation services; and maintained and developed services that supported the holistic wellbeing of veterans and families. DVA continues to review and improve business practices and enabling systems to ensure programs are delivered efficiently and effectively.

For Outcome 3, while DVA is unable to report reliably on performance measures 3.1-1 and 3.1-2 due to limitations of the War Graves System, a planned and regular program of maintenance and inspections are managed by the Office of Australian War Graves (OAWG) field staff in each state each year. In 2 to 3 years, DVA is seeking to implement a new system to enable reporting. In the interim, from 2023–24, DVA will report on 2 new measures for Program 3.1 that do not rely on data from the existing War Graves System.

In 2022–23, DVA delivered a number of commemorative events and activities that were well received by the Australian and international communities. The department remains committed to caring for and maintaining official commemorations and memorials to required standards.

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.

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

Outcome 1 performance measures and results

Program 1.1: Veterans' Income Support and Allowances

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

Key activities:

- Provide income and financial support and compensation payments to eligible veterans and families.

TABLE 4: PROGRAM 1.1 VETERANS' INCOME SUPPORT AND ALLOWANCES – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021–22 Actual result	2022–23 Actual result	Achieved
1.1-1	Timeliness: The percentage of claims processed within 30 days ^{1,2,23}	≥50% ³	68%	69%	Yes
1.1-2	Timeliness: The percentage of change of circumstances processed within 10 days ^{1,4}	≥50% ³	44%	39%	No
1.1-3	Quality: Correctness rate of processing of new claims ^{2,5,6}	≥95%	97%	97%	Yes
1.1-4	Quality: Correctness rate of processing change of circumstances ^{4,5,6}	≥95%	99%	99%	Yes
1.1-5	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlement ^{7,8,9}	≥80%	68%	68%	No

(PBS p 33, CP p 19)

Program 1.2: Veterans' Disability Support

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

Key activities:

- Provide disability support and compensation payments to eligible veterans.

TABLE 5: PROGRAM 1.2 VETERANS' DISABILITY SUPPORT – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
1.2-1	Timeliness: The percentage of claims processed within 100 days ^{1,2,3}	≥50% ³	22%	16%	No
1.2-2	Quality: Correctness rate of processed claims ^{5,6,11}	≥95%	97%	94%	No
1.2-3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlement ^{9,11,12}	≥80%	56%	49%	No

(PBS p 35, CP p 20)

Program 1.3: Assistance to Defence Widow/ers and Dependants

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

Key activities:

- Provide income and financial support and compensation payments to eligible dependants.

TABLE 6: PROGRAM 1.3 ASSISTANCE TO DEFENCE WIDOW/ERS AND DEPENDANTS – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
1.3-1	Timeliness: The percentage of claims processed within 30 days ^{1,13}	≥50% ³	52%	40%	No
1.3-2	Quality: Correctness rate of processed claims ^{5,6,14}	≥95%	98%	98%	Yes
1.3-3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements ^{9,15}	≥80%	68%	93%	Yes

(PBS p 36, CP p 20)

Program 1.4: Assistance and Other Compensation for Veterans and Dependants

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

Key activities:

- Provide income and financial support and compensation payments to eligible veterans and families.
- Enable veterans and families to access housing-related support via the Defence Home Ownership Assistance Scheme and Defence Service Homes Insurance.

TABLE 7: PROGRAM 1.4 ASSISTANCE AND OTHER COMPENSATION FOR VETERANS AND DEPENDANTS – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
Funeral benefits					
1.4-1	Timeliness: The percentage of claims processed within 10 days ^{1,16,2,3}	≥50% ³	74%	89%	Yes
1.4-2	Quality: Correctness rate of processed claims ^{5,6,16}	≥95%	97%	100%	Yes
1.4-3	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements ^{9,16,17}	≥80%	78%	90%	Yes
Defence Service Homes Insurance					
1.4-4	Policyholder satisfaction: The percentage of policyholders satisfied with the service provided when their claim for damage to their home has been finalised ¹⁸	≥90% ¹⁰	88%	88%	No

(PBS p 37, CP pp 21)

Program 1.5: Veterans' Children Education Scheme

Under the Veterans' Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme, education allowances are paid to eligible children of Australian Defence Force (ADF) members who have died or been severely injured as a result of service. The schemes provide financial assistance, student support services, guidance and counselling for eligible students undertaking primary, secondary and tertiary full-time study within Australia.

Key activities:

- Provide eligible children of veterans and families with financial assistance and support to access education and skills development.

TABLE 8: PROGRAM 1.5 VETERANS' CHILDREN EDUCATION SCHEME – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021–22 Actual result	2022–23 Actual result	Achieved
1.5-1	Timeliness: The percentage of claims processed within 28 days ^{1,19}	≥50% ³	42%	17%	No
1.5-2	Quality: Correctness rate of processed claims ^{5,6}	≥95%	100%	100%	Yes

(PBS p 38, CP p 22)

Program 1.6: Military Rehabilitation and Compensation Acts Payments – Income Support and Compensation

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

Key activities:

- Provide income and financial support and compensation payments to eligible veterans and families.

TABLE 9: PROGRAM 1.6 MILITARY REHABILITATION AND COMPENSATION ACTS PAYMENTS – INCOME SUPPORT AND COMPENSATION – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021–22 Actual result	2022–23 Actual result	Achieved
1.6-1	Timeliness: The percentage of DRCA liability claims processed (determined) within 100 days ¹	≥50% ³	16%	10%	No
1.6-2	Timeliness: The percentage of DRCA permanent impairment claims processed (determined) within 100 days ¹	≥50% ³	27%	18%	No
1.6-3	Timeliness: The percentage of DRCA incapacity claims processed (determined) within 50 days ¹	≥50% ³	54%	38%	No
1.6-4	Quality: Correctness rate of processed DRCA liability claims ^{5,6}	≥95%	90%	90%	No
1.6-5	Quality: Correctness rate of processed DRCA permanent impairment claims ^{5,6}	≥95%	95%	96%	Yes
1.6-6	Quality: Correctness rate of processed DRCA incapacity claims ^{5,6}	≥95%	93%	90%	No
1.6-7	Timeliness: The percentage of MRCA liability claims processed (determined) within 90 days ^{1,20,21}	≥50% ³	26%	20%	No
1.6-8	Timeliness: The percentage of MRCA permanent impairment claims processed (determined) within 90 days ^{1,20}	≥50% ³	16%	13%	No
1.6-9	Timeliness: The percentage of MRCA incapacity claims processed (determined) within 50 days ^{1,20}	≥50% ³	53%	33%	No
1.6-10	Quality: Correctness rate of processed MRCA liability claims ^{5,6}	≥95%	90%	89%	No
1.6-11	Quality: Correctness rate of processed MRCA permanent impairment claims ^{5,6}	≥95%	78%	90%	No
1.6-12	Quality: Correctness rate of processed MRCA incapacity claims ^{5,6}	≥95%	95%	94%	No
1.6-13	Client satisfaction: The percentage of clients satisfied with the level of customer service they received when accessing their entitlements ^{9,22}	≥80%	49%	47%	No

(PBS p 39–40, CP p 23)

Notes on Outcome 1 tables

PBS = DVA Portfolio Budget Statements 2022–23; CP = DVA Corporate Plan 2022–23; VEA = *Veterans' Entitlements Act 1986*

- 1 DVA use timeliness measures as proxy tools to assess our efficiency. These timeliness measures can give an indication of efficiency over time.
- 2 This measure considers the following claim types under the VEA and the *Social Security Act 1991*: Service Pension, Income Support Supplement, Veteran Payment, Age Pension, Qualifying Service, Gold Card, Orange Card, Commonwealth Seniors Health Card, and Home Equity Assurance Scheme (formally Pension Loan Scheme).
- 3 This target has changed from 'Percentage is the same or greater than previous year' to a numerical value to increase transparency. All processing timeliness targets for Outcome 1 have been set at ≥50% to enable the reader to easily understand and compare the department's performance in processing the different claim types.
- 4 Change of circumstances includes personal changes (e.g. phone number, relationship status, accommodation, financial circumstances).
- 5 This performance measure has been amended to include the word 'processed' or 'processing'.
- 6 Quality correctness rates for claims are based on a random sample of claim decisions extracted from the Quality Assurance Sampling & Recording System for manual checking by a suitably qualified DVA staff member not involved in the decision-making process.
- 7 This measure considers the following claim types under the VEA: Service Pension, Veteran Payment, and Income Support Supplement. It also considers Age Pension claims under the Social Security Act.
- 8 The response rate for 2022–23 was 25% (441 clients) for Program 1.1.
- 9 Client satisfaction is measured through an annual independent Client Benefits Client Satisfaction Survey conducted by ORIMA Research, which covers the period 1 April 2022 to 31 March 2023. The survey asks clients to rate their level of satisfaction with their experience making a claim, on a scale of 'Very satisfied', 'Satisfied', 'Somewhat satisfied', 'Somewhat dissatisfied', 'Dissatisfied' or 'Very dissatisfied'. Responses of 'Very satisfied', 'Satisfied' and 'Somewhat satisfied' are counted as satisfied for this measure. The overall survey response rate for 2022–23 was 26% (3,369 clients).
- 10 The target has been changed from >90% to ≥90% to clarify the intent.
- 11 This measure considers the following claim types under the VEA: disability compensation payment claims (including initial liability), applications for increase, assessments, and reviews.
- 12 The response rate for 2022–23 was 31% (1,088 clients) for Program 1.2.
- 13 This measure considers the war widow/er claims under the VEA. The methodology has been adjusted to be consistent with other timeliness measures. The results now reflect the time taken between the date of receipt and the date of determination. The results had previously been measured as the time taken between the date of registration and the determination date.
- 14 This measure considers death claims under the VEA.
- 15 This measure considers War Widows Pension claims under the VEA. The response rate for 2022–23 was 35% (129 clients) for Program 1.3.
- 16 This measure considers funeral benefits claims.
- 17 The response rate for funeral benefits for 2022–23 was 25% (326 clients) for Program 1.4.
- 18 Policyholder satisfaction is measured through a monthly survey sent to 100 randomly selected policyholders who have recently had a claim finalised (approved). The survey asks respondents to rate their satisfaction with the claims process and outcome. Policyholders responding 'Very happy' or 'Happy' are considered satisfied. The response rate for 2022–23 was 31%. The survey results span 1 June 2022 to 31 May 2023.
- 19 Internal testing indicated that there had been an incorrect recording of the date of receipt in 8% of transactions. However, this did not alter the result reported. The department is modifying procedures to ensure that the date of receipt is correctly recorded, including the issuance of task cards, and has enhanced its training in this area.
- 20 The *Australian Veterans' Recognition (Putting Veterans and their Families First) Act 2019* includes a commitment by the government to deciding a claim under the MRCA within 90 days from when DVA receives the claim, or within 90 days of any requested information being provided. This came into effect on 1 November 2019.
- 21 Internal testing indicated that there had been an incorrect recording of the determination date in 16% of transactions. The department is modifying procedures to ensure that the date of determination is correctly recorded, including by updating standard operating procedures and conducting more sampling and checking of claims, and has enhanced its training in this area.
- 22 This measure considers the following claim types: MRCA and DRCA initial liability, MRCA and DRCA permanent impairment, and MRCA and DRCA incapacity. The response rate for 2022–23 was 24% (1,385 clients) for Program 1.6.

23 A process error resulted in a delay registering some claims that had been received via post. These did not impact whether DVA met the target for this measure.

Analysis of performance against Outcome 1

Outcome 1 provides veterans and their families with access to income support, compensation and other support services. DVA achieved 2 of the 12 timeliness measure targets, 6 of the 12 quality measure targets, and 2 of the 6 client satisfaction targets.

Timeliness

DVA has experienced an increase in claims for compensation over the past few years which has led to a backlog of claims across many compensation streams, and longer wait times for veterans. This is reflected in DVA's results against its timeliness targets for 2022–23. Timeliness of claims processing remains the department's main priority and is the subject of extensive external scrutiny, in particular the backlog of compensation claims and its subsequent impacts on the timeliness of claims processing.

The timeliness measures provide an assessment of the department's claims processing performance against the targets set for the department. Comparing the results over time provides a view of the efficiency of the department in processing claims. To improve the transparency of the department's achievement of these measures, the target has been changed from 'percentage is the same or greater than previous year' to '≥50%'. DVA notes that past achievement across Outcome 1 timeliness measures has been varied. To bring consistency across these measures and to make them easier to understand and compare, now and in the future, the same target has been used for all timeliness measures. This has meant that in some instances a benchmark has been set at a level lower than previous achievement. Although this is the case, DVA continues to strive to improve its performance and is committed to clearing the backlog and ensuring that it does not occur again.

Claims can be made under 3 Acts depending on the year and the circumstances of service at the time the injury or illness was caused: *Veterans' Entitlements Act 1986* (VEA), *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) and *Military Rehabilitation and Compensation Act 2004* (MRCA). The time taken to finalise claims is dependent on a number of variables, with many being outside the control of DVA. This includes factors such as:

- the complexity of the claim, including the number of conditions claimed
- the number of Acts the veteran has eligibility under
- whether supporting medical and other evidence has been provided with the claim
- reliance on third parties for supporting information.

FIGURE 4: TIMELINESS: THE PERCENTAGE OF CLAIMS PROCESSED AGAINST BENCHMARK OF 50%

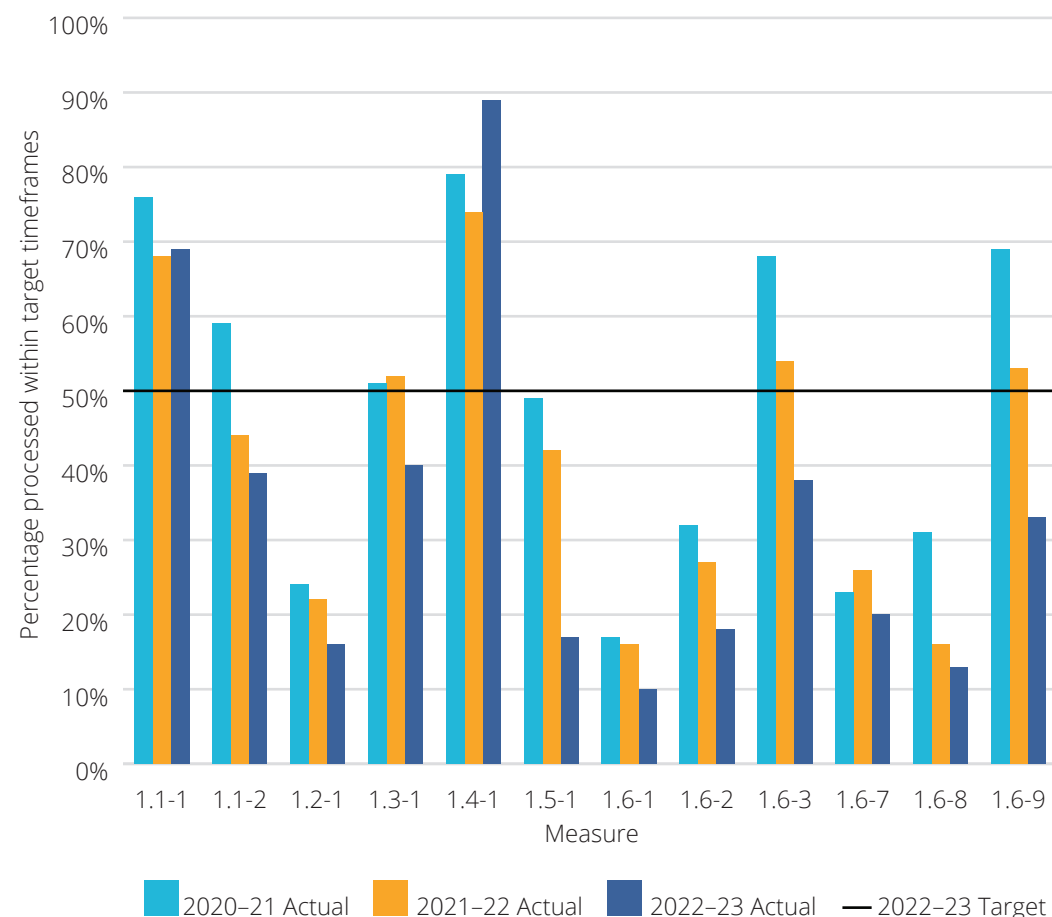


Figure 4 shows the 3-year trend of performance against each of the timeliness measures. Additional claims processing data can be found at Appendix A and on DVA's website.

Overall, the timeliness of processing declined in 2022-23 compared to the previous year, with 10 of the 12 timeliness measures not achieved. This occurred despite the recruitment of an additional 451 staff. The percentage of claims processed within the standard will remain low while upskilling of the additional staff continues and older claims are processed. The department has made substantial progress in clearing the backlog, especially for initial liability claims, which open up access to other DVA services and supports for veterans. The overall backlog is down by more than 20% since its peak in September 2022, and the initial liability backlog is on track to be cleared by the end of 2023-24. Improvements in claims processing times and productivity are expected over the coming year as a result of the significant investment in recruiting and training new staff. Other initiatives have also been implemented to improve processing times and ongoing communication with veterans during the claims process, such as using claims support teams to assist in gathering evidence so that claims are more 'decision ready', using the same delegate to assess multiple claims by veterans, and trialling combined benefits processing.

For Veterans' Children Education Schemes (measure 1.5-1), DVA processed 17% of claims within 28 days, down from 42% in the prior year. Increases in the numbers of students applying at the commencement of the 2023 academic year resulted in a reduction in the number of claims processed within the 28-day timeframe. Additional staff will be on-boarded before the 2024 academic year to better support timely processing of claims.

The target for MRCA initial liability claims processing (measure 1.6-7) was not achieved in 2022-23. In 2022-23 the average number of days between the lodgement of an MRCA initial liability claim and the claim being decided was 441. Performance for MRCA initial liability claims was slightly below the prior year's performance, at 20% of claims processed within 90 days in 2022-23 compared with 26% in 2021-22. This is largely a result of prioritising older claims in the backlog and the impact of training new staff. DVA saw an 8.6% increase in the net number of MRCA initial liability claims, with 34,346 claims received in 2022-23 compared to 31,613 claims received in 2021-22. In late May 2022 an improvement to DVA's systems was introduced, to allow multiple conditions to be attached to a single claim, rather than separate claims being required for each condition. This means that clients only need to lodge one claim rather than multiple claims. This also improves end to end processing times, outcomes, overall user experience and satisfaction, and provides cost savings to the department due to efficiency gains and reduced client enquiries.

There was a 52.8% increase in the number of MRCA initial liability conditions determined, with a total of 69,486 conditions determined during 2022-23, compared with 45,476 in 2021-22. Refer to Appendix A of this report for more information. Other factors also impacted on the timeliness of processing; for instance, the target for VEA war widow/er claims (measure 1.3-1) was not met due to delegates waiting on evidence such as coroner reports or death certificates, and DVA changing the commencement time from date of registration to date of lodgement/receipt to be consistent with other claims processing measures. This change in method has impacted the overall processing time; however, it is unlikely the target would have been met using the old methodology.

The incoming claim volumes exceeding available resources caused delays in processing claims and resulted in timeliness targets not being achieved for VEA disability support claims (measure 1.2-1) and DRCA initial liability claims (measure 1.6-1). The increased focus on determining initial liability claims and the subsequent flow-through to permanent impairment and/or incapacity claims resulted in timeliness targets not being achieved for permanent impairment claims (measures 1.6-2 and 1.6-8) and incapacity claims (measures 1.6-3 and 1.6-9) under the MRCA and DRCA.

Funeral benefits (measure 1.4-1) and new claims processed within 30 days (measure 1.1-1) timeliness targets were achieved in 2022-23. The funeral benefits (measure 1.4-1) processing timeliness target was exceeded as a result of improving processing systems and training additional delegates. The target to meet 50% of new claims processed within 30 days (measure 1.1-1) was achieved and performance is expected to continue to improve as a result of creating temporary work groups to target identified priority transaction types.

Quality (correctness rates)

In 2022–23, DVA exceeded the ≥95% quality (correctness rate) targets for 6 of 12 measure under Outcome 1. This includes income support new claims (measure 1.1-3), change of circumstances requests (measure 1.1-4) and funeral benefits (measure 1.4-2). In the delivery of compensation, DVA achieved the quality targets for war widow/er claims (measure 1.3-2), Veterans' Children Education Schemes (measure 1.5-2) and DRCA permanent impairment (measure 1.6-5). DVA came within 1% of achieving the quality targets for 2 other quality measures – MRCA incapacity payments (measure 1.6-12), and VEA veterans' disability support claims (measure 1.2-2).

DVA did not achieve targets for the following measures, which continue to be impacted by the increase in claim volumes and complexity (e.g. claims with multiple conditions or assessed under multiple Acts): correctness rate of processed claims (measure 1.2-2), DRCA liability claims (measure 1.6-4), DRCA incapacity claims (measure 1.6-6), MRCA liability claims (measure 1.6-10), MRCA permanent impairment claims (measure 1.6-11) and MRCA incapacity claims (measure 1.6-12).

DVA has enhanced its quality assurance in some areas of the department and continues to use the issues and trends identified by the Quality Assurance Program to target the improvement of policy and procedures, ICT enhancements and the training of new and existing staff to help enable continuous improvement of both the quality and the timeliness of claims processing. Through this quality assurance DVA has become aware of the error rate associated with Veterans' Children Education Schemes and MCRA liability claims and is striving to improve this with the implementation of additional internal quality assurance and training.

Client satisfaction

In 2022–23, DVA exceeded the ≥95% quality (correctness rate) targets for 6 of 12 measure under Outcome 1. An independent Client Benefits Client Satisfaction Survey, conducted by ORIMA Research over the period 1 April 2022 to 31 March 2023, measures client satisfaction for measures 1.1-5 (income support), 1.2-3 (disability support), 1.3-3 (war widow/ers), 1.4-3 (funeral benefits) and 1.6-13 (safety, rehabilitation and compensation – DRCA and MRCA).

The survey methodology comprised both random selection of clients, and for some programs a census of all clients within a program. In 2022–23 the Client Benefits Client Satisfaction Survey was completed by 3,369 clients, representing a response rate of 26% (compared to 31% in 2021–22 and 21% in 2020–21).

Payments not meeting expectations and claims processing time were key factors that contributed to the low level of client satisfaction, most notably among MRCA/DRCA and disability support clients. Younger clients continued to report lower satisfaction rates than older cohorts. DVA is investing additional resources to improve the time taken to process all claim types and to improve communication about the progress of claims throughout the entire process.

Defence Service Homes (DSH) Insurance policyholder satisfaction (measure 1.4-4) was 88%, so DVA did not achieve the ≥90% target for this measure. The survey was sent to 100 randomly selected policyholders who had recently had a claim finalised. The survey asked respondents to rate their satisfaction with the claims process and outcome. Those responding 'Very happy' or 'Happy' are considered satisfied. The response rate for 2022–23 was 31%. The survey results span 1 June 2022 to 31 May 2023. In 2021–22 DSH Insurance added a QR code to allow responses to be provided electronically. However, this has not increased the survey response rates as expected.

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.

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

Outcome 2 performance measures and results

Program 2.1: General Medical Consultations and Services

DVA has arrangements in place with medical and allied health practitioners in both the public and private sectors to deliver a comprehensive range of services throughout Australia, provided in hospitals, in providers' rooms and in the homes of veterans and families. To ensure that eligible veterans and dependants can access necessary services, DVA will either pay for travel to the nearest service provider or pay a provider to travel to other locations to provide services to eligible veterans and dependants.

Key activities:

- Work with a range of medical, dental, hearing and allied health providers throughout Australia to ensure veterans and families have access to a comprehensive range of services.

TABLE 10: PROGRAM 2.1 GENERAL MEDICAL CONSULTATIONS AND SERVICES – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
2.1-1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality ¹	<1% ²	0%	0%	Yes

(PBS p 49, CP p 24)

Program 2.2: Veterans' Hospital Services

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

Key activities:

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

TABLE 11: PROGRAM 2.2 VETERANS' HOSPITAL SERVICES – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
2.2-1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality ¹	<1% ²	0%	0%	Yes

(PBS p 50, CP p 24)

Program 2.3: Veterans' Pharmaceutical Benefits

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

Key activities:

- Provide eligible veterans with access to a broader range of medicines and wound care items at a concession rate.

TABLE 12: PROGRAM 2.3 VETERANS' PHARMACEUTICAL BENEFITS – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
2.3-1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality ¹	<1% ²	0%	0%	Yes

(PBS p 51, CP p 25)

Program 2.4: Veterans' Community Care and Support

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

Key activities:

- Provide a range of care and support in the home to assist eligible veterans and families to remain independent for longer.

TABLE 13: PROGRAM 2.4 VETERANS' COMMUNITY CARE AND SUPPORT – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
2.4-1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality ¹	<1% ²	0%	0%	Yes

(PBS pp 52, CP p 25)

Program 2.5: Veterans' Counselling and Other Health Services

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

Key activities:

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

TABLE 14: PROGRAM 2.5 VETERANS' COUNSELLING AND OTHER HEALTH SERVICES – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
Access to services					
2.5-1	Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality ¹	<1% ²	0%	0%	Yes
Travel					
2.5-2	Timeliness: Target percentage of claims for reimbursement processed within 28 days ³	≥95%	100%	100%	Yes
Open Arms – Veterans & Families Counselling services					
2.5-4	Percentage of clients allocated to an Open Arms clinician within two weeks of initial intake ⁴	≥65%	87%	92%	Yes
2.5-5	Client satisfaction ⁵	≥80%	89%	91%	Yes

(PBS pp 53-54, CP p 26)

Program 2.6: Military Rehabilitation and Compensation Acts – Health and Other Care Services

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

Key activities:

- Provide veterans with access to medical management, psychosocial and vocational rehabilitation programs and support for employment.

TABLE 15: PROGRAM 2.6 MILITARY REHABILITATION AND COMPENSATION ACTS – HEALTH AND OTHER CARE SERVICES – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
2.6-1	Timeliness: The percentage of rehabilitation assessments completed within 30 days of assessment referral ^{3,6}	≥75%	88%	99%	Yes
2.6-3	Client satisfaction: An annual survey of client satisfaction with the rehabilitation program ⁷	≥75%	81%	70%	No

(PBS p 55, CP p 27)

Notes on Outcome 2 tables

PBS = DVA Portfolio Budget Statements 2022-23; CP = DVA Corporate Plan 2022-23

- 1 Complaints are registered in the Client Feedback Management System when they are received by DVA.
- 2 The target for 2022-23 and actual results for 2021-22 has been changed from >99% to <1% to make this measure more understandable. DVA is measuring the proportion of clients who have registered a complaint in relation to unmet access and/or quality compared to the total number of clients accessing services.
- 3 DVA use timeliness measures as proxy tools to assess our efficiency. These timeliness measures can give an indication of efficiency over time.
- 4 The intake process is not systemised and is a manual process.
- 5 Client satisfaction is measured by a questionnaire. Satisfaction questionnaires are offered by clinicians at the end of an episode of care. All clients who answer 'Satisfied' or 'Very satisfied' to the question 'How satisfied are you with the counselling provided to you?' are measured as satisfied. The questionnaire is not compulsory for clients to complete. The final result for 2022-23 was 91% based on a total of 418 survey responses. DVA is unable to determine how many surveys were distributed for response for 2022-23; however, the systems have been modified to enable future reporting. In 2022-23 there were 29,535 episodes of care closed.
- 6 This measure is a calculation of percentage of rehabilitation assessments undertaken during 2022-23 that were conducted by rehabilitation providers within 30 days of the assessment being requested by DVA. The assessment date is recorded in DVA systems by a delegate based on the assessment date reported by the provider. The 2022-23 corporate plan erroneously included a target of ≥88.50%. The target should have been ≥75% per the 2022-23 Portfolio Budget Statements. The wording of this measure has changed slightly from 'The percentage of rehabilitation assessments that were made within 30 days of referral for assessment' in the 2022-23 corporate plan to 'The percentage of rehabilitation assessments completed within 30 days of assessment referral'.
- 7 Client satisfaction is measured through a monthly independent survey by ORIMA Research of DVA clients who have recently completed the rehabilitation program. Client satisfaction for this measure is calculated through the responses to 7 questions in the survey, which assess participants' overall views of the program as well as the rehabilitation plan commencement, implementation and closure process. The 2022-23 performance result is based on rehabilitation case closures from 1 June 2022 to 31 May 2023. Survey participation is voluntary. Neutral responses are excluded from the results for this measure. The response rate for 2022-23 at May 2023 was 23%, which is an increase from 21% in 2021-22.

Analysis of performance against Outcome 2

In 2022–23 DVA continued the journey to shift from an illness model and adopt a wellbeing outcomes approach that empowers veterans to achieve greater independence for themselves and their families. DVA is committed to understanding veterans' wellbeing needs, connecting them and their families to relevant services and supports, and enabling them to make informed decisions based on what matters to them. DVA's achievement of this is measured through the quality, timeliness and client satisfaction results for the services provided under Outcome 2.

For Outcome 2, DVA achieved all 5 quality measure targets, all 3 timeliness measure targets, and 1 of the 2 client satisfaction targets. This reflects DVA's successful delivery of programs to maintain and enhance the wellbeing of veterans and families. Throughout 2022–23, veterans and their families were connected to high-quality, evidence-based and responsive services funded through Outcome 2. DVA ensured clients had timely access to high-quality health care, counselling and rehabilitation services; and maintained and developed services that supported the holistic wellbeing of veterans and families. DVA continues to review and improve business practices and enabling systems to ensure programs are delivered efficiently and effectively.

Quality of service

The quality of service for most of DVA Outcome 2 measures are assessed by comparing the number of complaints registered by clients to the number of clients who accessed services. In 2022–23 DVA met all of the quality of service targets, including for access to general medical consultations and services (measure 2.1-1), access to veterans' hospital services (measure 2.2-1), access to veterans' pharmaceutical benefits (measure 2.3-1), access to veterans' community care and support (measure 2.4-1) and access to veterans' counselling and other health services (measure 2.5-1). This reflects DVA's ongoing commitment to providing high-quality services and supports to veterans and their families.

DVA recognises that health providers are key partners in optimising health and wellbeing outcomes for veterans, through the delivery of quality services. We are actively engaging with providers to create greater awareness of DVA services, programs and entitlements available to veterans and families beyond the Medicare Benefits Scheme and the Pharmaceutical Benefits Scheme.

Timeliness

Under the Repatriation Transport Scheme, DVA can reimburse some travel costs where veterans have paid to travel to medical appointments or to get medical evidence. In 2022–23, DVA reimbursed all travel claims within 28 days, thereby achieving the performance measure target (measure 2.5-2).

Open Arms has been the Australian Government's response to veteran mental health support for 40 years. Founded by Vietnam veterans, Open Arms is a nationally accredited mental health service that provides 24-hour free and confidential mental health support. There has been an improvement in the timeliness of allocation to Open Arms clinicians from that achieved in 2021–22. In 2022–23, 92% of Open Arms clients were allocated to an Open Arms clinician within 2 weeks of their initial intake (measure 2.5-4), compared to 87% for 2021–22, due to streamlining processes to ensure faster allocation to regional clinicians. The target of 65% has been consistently exceeded each month over the financial year.

DVA exceeded the target (75%) for the percentage of rehabilitation assessments that were made within 30 days of referral for assessment (measure 2.6-1). A number of possible reasons may have contributed to this achievement. These include:

- increased flexibility in the facilitation of assessments, with improved remote support options assisting with the timeliness in assessment coordination
- continued support and training resources for rehabilitation providers, ensuring a clear understanding of timeliness and requirements associated with conducting assessments.

Client satisfaction

Open Arms improved the level of client satisfaction, exceeding the 80% target with a result of 91% of clients satisfied with services provided compared to 89% in 2021–22 (measure 2.5-5). This improvement in satisfaction can be attributed to streamlined processes, reduced wait times and increased staff training. This result was calculated from the 418 client questionnaires received in 2022–23. Questionnaires were distributed to clients via email, by post and in person following an episode of care. A client may not receive a survey for administrative reasons – for example, the closure of an episode of care while services are continuing. The client satisfaction survey is a voluntary system and there is no process to follow up with clients to encourage or increase participation and completion.

In 2022–23 DVA did not achieve the 75% target for client satisfaction with the rehabilitation program (measure 2.6-3). The score achieved of 70% reflects a decrease from the 2021–22 reporting period which may be explained by a change in the calculation methodology which removed neutral responses. Other factors which may impact satisfaction include personal, environmental, social and policy changes. Efforts to improve the response rate from the rehabilitation client satisfaction survey continued, including the use of SMS and email reminders. These efforts resulted in an improvement in the response rate from 1 June 2022 to 31 May 2023 of 23%, which was an increase from the previous financial year of 21%.

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.

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

Program 3.1: War Graves

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

Key activities:

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

TABLE 16: PROGRAM 3.1 WAR GRAVES – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
3.1-1	95% of official commemorations are inspected at least once annually to ensure they continue to meet the CWGC standards ¹	≥95%	Not able to report ²	Not able to report ²	N/A
3.1-2	Percentage of official commemorations that meet the CWGC standard compared to the previous year	Percentage is the same or greater than previous year	Not able to report ²	Not able to report ²	N/A

(PBS p 59, CP p 28)

Program 3.2: Commemorative Activities

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

Key activities:

- Deliver domestic and international commemorative events to enable the community to better understand, acknowledge and commemorate the service and sacrifice of those who have served Australia in wars, conflicts and peace operations.

TABLE 17: PROGRAM 3.2 COMMEMORATIVE ACTIVITIES – PERFORMANCE MEASURES AND RESULTS

No	Performance measure	Target	2021-22 Actual result	2022-23 Actual result	Achieved
3.2-1	Commemorative event quality: Commemorative events are conducted to commemorate veterans' service in a dignified, solemn and respectful manner ³	The number of discrete complaints is less than 1% of the estimated audience for any one event	0%	0%	Yes

(PBS p 60, CP p 28)

Notes on Outcome 3 tables

PBS = DVA Portfolio Budget Statements 2022-23; CP = DVA Corporate Plan 2022-23

- 1 Particular specifications apply for each commemoration type (graves, commemoration markers, bronze plaques).
- 2 Due to limitations of the data source, a result for this measure cannot accurately be reported.
- 3 Complaints are registered in the Client Feedback Management System. Estimated television audiences viewing commemorative events are sourced from ABC TV. Total estimated audience for 2022-23 was 1.86 million.

Analysis of performance against Outcome 3

While DVA is unable to report reliably on performance measures 3.1-1 and 3.1-2 due to limitations of the War Graves System, a planned and regular program of maintenance and inspections are managed by OAWG field staff in each state each year. Maintenance and inspections are conducted by a combination of service providers and OAWG field staff and cover over 90% of the commemorative assets OAWG is responsible for maintaining. However, data integrity issues limit DVA's ability to report against these measures. DVA intends to implement a new system to enable reporting however implementation of the new system is estimated to take 2 to 3 years. In the interim, from 2023-24, DVA will report on 2 new measures for Program 3.1 that do not rely on data from the existing War Graves System.

War graves

Established under the *War Graves Act 1980*, the Office of Australian War Graves within DVA is responsible for the delivery of the Australian Government's program of official commemoration. OAWG provides care and maintenance of the final resting places of more than 331,750 eligible veterans and war dead of the wars, conflicts, peacekeeping and other operations to which Australia has been committed, in more than 2,400 commemorative sites throughout Australia. This includes a further 1,750 commemorations established in 2022–23.

OAWG manages a complex program of care and maintenance of each of these commemorations, 76 CWGC cemeteries and plots, 4 Australian Military Cemeteries and 10 Gardens of Remembrance. The annual work program is managed by a combination of 186 maintenance contracts and 10 standing offers, 36 employed staff and over 600 individual contractors across all states and territories, at a cost of \$24 million in 2022–23.

During 2022–23, the impacts of trade skills shortages and a variable climate, including extreme and unseasonable weather, affected the provision, inspection, repair and rebuilding of official commemorations.

OAWG, like the broader cemetery and crematoria sector, has experienced significant challenges to recruitment and retention in 2022–23. Both the horticultural services and stonemasonry sectors remain fragile trade skills markets. OAWG is investigating collaborative opportunities with other government agencies, such as the National Indigenous Australians Agency, to supplement its existing workforce and support delivery of the program of official commemoration.

OAWG also manages overseas commemorations including interpretive centres in Thailand (Hellfire Pass), Malaysia (Hellfire Pass) and France (Villers-Bretonneux), and the resting places of nearly 22,000 Australian and Commonwealth war dead in Papua New Guinea and Solomon Islands.

Commemorative activities

Australians have served as peacekeepers in countries around the world since 1947, when Australians were the first peacekeepers deployed in a United Nations mission to the Netherlands East Indies. The National Commemorative Service to mark the 75th anniversary of Australian peacekeeping took place on 14 September 2022 and was broadcast nationally on the ABC. Approximately 350 people attended the ceremony (numbers were impacted by the passing of Her Majesty Queen Elizabeth II), and 88,000 viewers tuned in to the ABC to watch the service.

Anzac Day commemorative services were held at Gallipoli (Türkiye) and Villers-Bretonneux (France) on 25 April 2023 to honour the service of all Australian men and women who have served our nation in times of war, conflict and peace operations, ensuring their commitment and sacrifice is remembered by us all. These services were also supported by an ABC broadcast across Australia.

The 2023 international Anzac Day commemorations were conducted successfully in both countries. The Dawn Service at Villers-Bretonneux was attended by 1,711 people and had a broadcast viewership of 282,000, and the Dawn Service at Gallipoli was attended by 1,507 people and had a broadcast viewership of 405,000.

Annexure 1: Performance measure changes

Program / key activity / performance measure	Explanation
<p>Program 1.1 – Veterans' Income Support and Allowances</p> <ul style="list-style-type: none"> 1.1-1 Timeliness: The percentage of claims processed within 30 days 1.1-2 Timeliness: The percentage of change of circumstances processed within 10 days 	<p>Target changed from percentage improvement from previous year to $\geq 50\%$ to more clearly articulate and track performance over time.</p> <p>The same target has been used across all measures assessing the timeliness of claims processing to improve reader clarity and compare the department's performance in processing the different claim types.</p>
<p>Program 1.2 – Veterans' Disability Support</p> <ul style="list-style-type: none"> 1.2-1 Timeliness: The percentage of claims processed within 100 days 	<p>For some of these timeliness measures, the numerical target is lower than the previous year's performance, effectively lowering the target for that measure for this year. The intent is to increase transparency and to enable the reader to easily understand and compare the department's performance in processing the different claim types. Therefore, all processing timeliness targets for Outcome 1 have been set at $\geq 50\%$. Additional information has been provided in the analysis section for Outcome 1 to ensure transparency.</p>
<p>Program 1.3 – Assistance to Defence Widow/ers and Dependents</p> <ul style="list-style-type: none"> 1.3-1 Timeliness: The percentage of claims processed within 30 days 	
<p>Program 1.4 – Assistance and Other Compensation for Veterans and Dependents</p> <ul style="list-style-type: none"> 1.4-1 Funeral Benefits: Timeliness: The percentage of claims processed within 10 days 	
<p>Program 1.5 – Veterans' Children Education Scheme</p> <ul style="list-style-type: none"> 1.5-1 Timeliness: The percentage of claims processed within 28 days 	
<p>Program 1.6 Military Rehabilitation and Compensation Acts Payments – Income Support and Compensation</p> <ul style="list-style-type: none"> 1.6-1 Timeliness: The percentage of DRCA liability claims processed (determined) within 100 days 1.6-2 Timeliness: The percentage of DRCA permanent impairment claims processed (determined) within 100 days 1.6-3 Timeliness: The percentage of DRCA incapacity claims processed (determined) within 50 days 1.6-7 Timeliness: The percentage of MRCA liability claims processed (determined) within 90 days 1.6-8 Timeliness: The percentage of MRCA permanent impairment claims processed (determined) within 90 days 1.6-9 Timeliness: The percentage of MRCA incapacity claims processed (determined) within 50 days 	

Program / key activity / performance measure	Explanation
Program 1.1 – Veterans' Income Support and Allowances <ul style="list-style-type: none"> 1.1-3 Quality: Correctness rate of <i>processing</i> of new claims 1.1-4 Quality: Correctness rate of <i>processing</i> change of circumstances 	<p>The target has been changed from >95% to ≥95% to clarify the intent.</p> <p>Additional words (shown in <i>italic</i> in this table) have been added to make the measure clearer.</p>
Program 1.2 - Veterans' Disability Support <ul style="list-style-type: none"> 1.2-2 Quality: Correctness rate of <i>processed claims</i> 	
Program 1.3 – Assistance to Defence Widow/ers and Dependants <ul style="list-style-type: none"> 1.3-2 Quality: Correctness rate of <i>processed claims</i> 	
Program 1.4 – Assistance and Other Compensation for Veterans and Dependants <ul style="list-style-type: none"> 1.4-2 Funeral Benefits: Quality: Correctness rate of <i>processed claims</i> 	
Program 1.5 – Veterans' Children Education Scheme <ul style="list-style-type: none"> 1.5-2 Quality: Correctness rate of <i>processed claims</i> 	
Program 1.6 Military Rehabilitation and Compensation Acts Payments – Income Support and Compensation <ul style="list-style-type: none"> 1.6-4 Quality: Correctness rate of <i>processed</i> DRCA liability claims 1.6-5 Quality: Correctness rate of <i>processed</i> DRCA permanent impairment claims 1.6-6 Quality: Correctness rate of <i>processed</i> DRCA incapacity claims 1.6-10 Quality: Correctness rate of <i>processed</i> MRCA liability claims 1.6-11 Quality: Correctness rate of <i>processed</i> MRCA permanent impairment claims 1.6-12 Quality: Correctness rate of <i>processed</i> MRCA incapacity claims 	
Program 1.4 – Assistance and Other Compensation for Veterans and Dependants <ul style="list-style-type: none"> 1.4-4 Defence Service Homes Insurance: Policyholder satisfaction: The percentage of policyholders satisfied with the service provided when their claim for damage to their home has been finalised 	<p>The target has been changed from >90% to ≥90% to clarify the intent.</p>
Program 2.1 – General Medical Consultations and Services <ul style="list-style-type: none"> 2.1-1 Quality of Service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality 	<p>The target has been reversed from >99% to <1% to ensure the intent of the measure is maintained and is easier to understand.</p>

Program / key activity / performance measure	Explanation
Program 2.2 – Veterans' Hospital Services <ul style="list-style-type: none"> 2.2-1 Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality 	<p>The target has been reversed from >99% to <1% to ensure the intent of the measure is maintained and is easier to understand.</p>
Program 2.3 – Veterans' Pharmaceutical Benefits <ul style="list-style-type: none"> 2.3-1 Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality 	<p>The target has been reversed from >99% to <1% to ensure the intent of the measure is maintained and is easier to understand.</p>
Program 2.4 – Veterans' Community Care and Support <ul style="list-style-type: none"> 2.4-1 Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality 	<p>The target has been reversed from >99% to <1% to ensure the intent of the measure is maintained and is easier to understand.</p>
Program 2.5 – Veterans' Counselling and Other Health Services <ul style="list-style-type: none"> 2.5-1 Access to Services: Quality of service: The proportion of clients accessing services against the total number of clients who have registered a complaint in relation to unmet access and/or quality 2.5-4 Open Arms: Percentage of clients allocated to an Open Arms clinician within two weeks of initial intake 	<p>The target has been reversed from >99% to <1% to ensure the intent of the measure is maintained and is easier to understand.</p> <p>The target has been changed from >65% to ≥65% to clarify the intent.</p>

Program / key activity / performance measure	Explanation
The following performance measures have been removed	
Program 1.5 – Veterans’ Children Education Scheme <ul style="list-style-type: none"> 1.5-3 Client satisfaction: Percentage of responses to the annual Education Schemes Satisfaction Survey indicating that students thought the support provided helped them reach their academic potential 	<p>This measure used a survey, asking students or their parents to what extent the scheme has helped them reach their academic potential, to demonstrate the achievement of the Veterans’ Children Education Scheme and the Military Rehabilitation and Compensation Act Education and Training Scheme outcomes.</p> <p>This is no longer considered a suitable indicator due to the small number of respondents and an absence of causation between actions of the department and the academic goals of individuals being reached.</p> <p>The measure has been removed to streamline the remaining performance measures which adequately cover the performance of the program.</p>
Program 2.5 – Veterans’ Counselling and Other Health Services <ul style="list-style-type: none"> 2.5-3 Client satisfaction: Degree of complaints about arranged travel relative to the quantity of bookings 	<p>This measure assessed how well the department assisted eligible veterans and their attendants with transport when travelling for approved medical treatment. Satisfaction with this program was assessed through the level of complaints in relation to being unable to access services or the quality of the service.</p> <p>This measure has been removed to streamline the remaining performance measures which adequately cover the performance of the program.</p>
Program 2.6 – Military Rehabilitation and Compensation Acts Payments – Health and Other Care Services <ul style="list-style-type: none"> 2.6-2 Quality: Percentage of clients where rehabilitation goals were met or exceeded 	<p>This measure assesses whether the program is supporting clients to successfully meet rehabilitation goals set by clients as part of their rehabilitation plans.</p> <p>This measure is no longer considered a suitable indicator of performance as it relies on factors outside of DVA’s control. For instance, the setting of rehabilitation goals relies on medical professionals and the client’s capacity to work towards them.</p> <p>This measure has been removed to streamline the remaining performance measures which adequately cover the performance of the program.</p>

Program / key activity / performance measure	Explanation
The following key activities have been removed	
<p>Make it easier for veterans and families to access the right information, services and support by continuing to improve and enhance systems and processes.</p> <p><i>Programs: 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 2.1, 2.2, 2.3, 2.4, 2.6</i></p> <p>Engage with ex-service organisations and representatives of veterans and families to deliver support and services, which respond to their needs.</p> <p><i>Programs: 1.3, 1.4, 1.6</i></p> <p>Monitor the Provider Engagement Framework for ongoing effectiveness of our engagement and communication activities with DVA’s health providers. Proactively drive continuous improvement building on the strong foundations provided under the framework, with a focus on enabling DVA and providers to deliver effective programs that enhance the wellbeing of veterans and families.</p> <p><i>Programs: 2.1, 2.2, 2.4</i></p> <p>Provide veterans with access to medical management, psychosocial and vocational rehabilitation programs and supports for employment.</p> <p><i>Program: 2.5</i></p> <p>Develop and distribute digital and hard copy educational and commemorative resources and information to promote an increased understanding in the community of Australia’s experience of service and wartime history.</p> <p><i>Program: 3.2</i></p>	<p>These key activities have been removed as they do not directly relate to the program/s.</p> <p>The intention is to more clearly articulate key activities by including only those that directly relate to the particular program.</p>

05

Management and accountability

Corporate governance

Governance framework

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

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

The framework is designed to ensure our staff understand their accountabilities and our department delivers outcomes in a controlled, transparent and accountable manner, in line with relevant legislation and government policy:

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

Governance bodies

The department's highest level governance body is the Executive Management Board (EMB). The EMB provides senior leadership and strategic direction, reviews risks, and supports the Secretary in discharging their duties as the accountable authority for the department. The EMB is focused primarily on strategic planning in policy and operational matters, client service excellence, stakeholder connection, performance monitoring, culture, and resource allocation. It regularly reviews organisational health based on a range of indicators, including financial performance, staff management, human resources and data capability.

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

Corporate and operational planning

The DVA Corporate Plan is our primary planning document. Updated each reporting year, the corporate plan 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. Consistent with the requirements of section 35 of the PGPA Act, the corporate plan is published on DVA's website www.dva.gov.au/documents-and-publications/dva-corporate-plans

DVA conducts business planning through annual business plans. The plans are developed at the division and branch level so that our business priorities are aligned with our strategic direction as set out in the corporate plan. They set out how DVA will undertake its key activities to achieve its purpose. They flow directly into individual performance plans for employees, which are assessed mid-year and at year end, with ongoing feedback provided as required. In addition, throughout the year, the department reports on its performance against its targets to high-level governance committees.

Conflict of interest

Under the *Public Service Act 1999*, our staff have obligations to avoid actual, perceived or potential conflicts of interest. All Senior Executive Service (SES) officers complete a conflict of interest declaration at least annually. All staff, including contractors and labour hire workers, must complete conflict of interest declarations when undertaking particular activities such as procurement and recruitment processes. We ensure that our staff are aware of and know how to meet those obligations through regular communication and education.

Risk management

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

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

In 2022–23 DVA regularly reported on its risk profile and risk management framework to internal and external assurance committees, including the Audit and Risk Committee, the Integrity Sub-committee and the EMB, which provided assurance of the effectiveness and appropriateness of DVA's risk oversight and management. We contribute to the ongoing maturity of risk management across DVA by continually reviewing DVA's strategic and operational environment and maintaining a positive focus on managing current and emerging risks.

Business continuity

DVA's Business Continuity Plan is reviewed annually and 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. While the Business Continuity Plan was not activated during 2022–23, the department maintained an active response to COVID-19 in line with relevant public health orders and public health directions across jurisdictions. In 2022–23 the focus has been on preparedness to respond to emerging risks in areas such as cyber security.

Internal audit

Ernst & Young (EY) provided the internal audit services to DVA during 2022–23. EY carried out independent and objective assurance activities in accordance with DVA's Internal Audit Work Plan and the Institute of Internal Auditors standards. These activities included performance, finance and program reviews; ICT audits; and assistance and advice relating to fraud control, risk management and corporate governance, including compliance with the Protective Security Policy Framework and leave management and workforce recruitment practices.

Fraud prevention and control

DVA is committed to reducing the impacts of serious fraud and noncompliance with legislative instruments and policies, and takes a zero tolerance approach to fraud and corruption. DVA takes all reasonable measures to prevent, detect, respond to, and report on fraud and corruption related activities and outcomes, in accordance with obligations under the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) and the *National Anti-Corruption Commission Act 2022*.

The Fraud and Corruption Control System is DVA's strategic plan for fraud prevention and control. This document is one element of DVA's fraud control framework and has a direct relationship with other fraud risk documents and processes.

Fraud and corruption prevention is the responsibility of all DVA staff, guided by our Fraud and Corruption Control System and Fraud and Corruption Control Strategy Statement. All new staff and contractors are required to complete mandatory fraud and corruption control training annually, with refresher training at least every 2 years. Staff are also exposed to regular fraud awareness communications via a comprehensive education and awareness campaign designed to achieve a strong counter-fraud culture in the department.

A core component of DVA's preventive approach to fraud and corruption control is to engage with our counterparts across the Australian Government. With an increase in engagement during 2022–23, DVA strengthened its ability to address the risks associated with an evolving fraud landscape. Improved alignment with best practice models both domestically and internationally resulted in an increase in capability to protect our programs, information and assets from fraud and corruption.

In 2022–23 DVA expanded its use of data analytics to proactively identify irregularities and indicators of fraud and corruption, and applied a risk-based, data-driven approach to developing robust countermeasures and analytics products.

DVA also refreshed its Fraud and Corruption Risk Register, which assesses, monitors and maintains a record of the enduring fraud and corruption risks and controls for the department. A continuous suite of program-level fraud risk assessments commenced, helping us to better understand DVA's fraud exposures, associated risks and existing controls.

DVA continues to mature its approach to the identification and management of fraud and noncompliance through advancements in pre- and post-payment monitoring, intelligence, and investigations. DVA continues to detect potential fraud matters through allegations from members of the public. DVA also undertakes fraud investigations and, where appropriate, refers matters to the Commonwealth Director of Public Prosecutions and/or the Australian Federal Police.

During 2022–23 DVA continued to report regularly on fraud-related activities and outcomes to its Audit and Risk Committee and Integrity Sub-Committee. DVA also complied with its annual reporting requirements to the annual Australian Institute of Criminology.

Audit and Risk Committee

The Audit and Risk Committee (ARC) was established in compliance with section 45 of the PGPA Act and PGPA Rule 17, Audit Committee for Commonwealth Entities. The ARC provides advice to the Secretary on the appropriateness of the 4 functions listed in subsection 17(2) of the PGPA Rule: financial reporting, performance reporting, system of risk oversight and management, and the system of internal control.

Central to providing robust and impartial advice is the ARC'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 ARC reviews the information provided by DVA's management, the internal auditors, and external bodies such as the Australian National Audit Office. In order to understand and review processes and systems, the ARC actively pursues information from relevant areas of DVA.

In providing advice to the Secretary, including through annual written statements for the 4 functions, the ARC must include details of the activities undertaken in order to discharge its review function in accordance with its charter. As well as providing a view on appropriateness, these written statements must include a list of any issues that would indicate that the functions are not appropriate, as well as references and suggestions for systems and process improvement if required.

The Audit and Risk Committee Charter is available at www.dva.gov.au/documents-and-publications/audit-and-risk-committee-charter

TABLE 18: AUDIT AND RISK COMMITTEE MEMBERS

Member name	Qualifications	Meetings attended/ Total meetings	Total amount of remuneration (GST inc.) \$	Additional information (including role on committee)
Elizabeth Montano	Elizabeth Montano has over 20 years' experience as chair, deputy chair and member of boards and audit committees across a range of government and not-for-profit entities. She has broad-ranging experience in government and the machinery of government, including in financial and performance reporting, risk, assurance and program and project management and oversight. As a former CEO of AUSTRAC, she was the first woman to lead a Commonwealth law enforcement/regulatory agency. Prior to that appointment, she was a consultant and senior lawyer with King & Wood Mallesons. She holds the degrees of Bachelor of Arts and Bachelor of Laws (UNSW) and is a Fellow of the Australian Institute of Company Directors.	8/8	62,253	Chair, Audit and Risk Committee
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 the public and private sectors and as a chair and a member of audit committees in the public and private sectors. She holds a Bachelor of Arts (Maths, Stats), a Bachelor of Economics and a Masters in Defence Studies. She is a Fellow of the Australian Institute of Company Directors and an Affiliate Member of IAAust.	8/8	31,657	Independent Member, Audit and Risk Committee Chair, Financial and Performance Statements Sub-committee
Andrew Stuart	Andrew Stuart is a former deputy secretary in the Australian Government Department of Health. He was at one time the chief operating officer of that department and was responsible for its internal reform and efficiency program as well as the establishment of a portfolio shared services centre covering 20 agencies. He has also been responsible for the management of the Medicare program, private health insurance and the Pharmaceutical Benefits Scheme, with a total expenditure of \$45 billion per annum. He holds a Master of Social Science and Statistics from the Australian National University.	6/8	16,772	Independent Member, Audit and Risk Committee Chair, Integrity Sub-committee
David Bryant	David Bryant has experience and understanding of ICT governance and risk management as well as the delivery of ICT projects and services in the public sector environment. He is qualified in program management and project management (Accredited Practitioner PRINCE2 (A1122), MSP (A2894), Benefits Management (A249), P30 (A706)) and is an Australian Computer Society Certified Professional (ACS PCP) and Certified Practising Project Director, Australian Institute of Project Management (AIPM CPPD). He has a Doctor of Philosophy in Management Information Systems, an MBA in Technology Management and a Bachelor of Information Technology.	7/8	41,439	Independent Member, Audit and Risk Committee Independent Member, Financial and Performance Statements Sub-committee

External scrutiny

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

Reports by the Auditor-General

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

In 2022–23 the Australian National Audit Office tabled 3 reports in parliament which involved DVA:

- Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2022 (tabled 15 December 2022)
- Audits of the Annual Performance Statements of Australian Government Entities – 2021–22 (tabled 9 February 2023)
- Interim Report on Key Financial Controls of Major Entities (tabled 25 May 2023).

Reports by the Commonwealth Ombudsman

Under the Commonwealth Ombudsman legislation the Office of the Commonwealth Ombudsman investigates complaints about Australian Government agencies and may conduct its own investigations into agency administration. It reports the findings of these investigations under sections 15, 16, 17 or 19 of the *Ombudsman Act 1976*. There were no Ombudsman reports with adverse findings relating to DVA in 2022–23.

Reports by parliamentary committees

Senate Finance and Public Administration References Committee inquiry into the management and assurance of integrity by consulting services

On 1 May 2023 DVA provided a written submission to the Senate Standing Committee on Finance and Public Administration inquiry into the management and assurance of integrity by consulting services. The committee expects to deliver its report on 30 November 2023.

Senate Foreign Affairs, Defence and Trade References Committee inquiry into adaptive sport programs for Australian Defence Force veterans

DVA provided input into the Department of Defence's written submission to the Senate Standing Committee on Foreign Affairs, Defence and Trade inquiry into adaptive sport programs for Australian Defence Force veterans. DVA officials attended a hearing on 31 March 2023 and provided responses to 3 questions taken on notice at the hearing. The committee delivered its report on 8 May 2023.

Joint Committee of Public Accounts and Audit inquiry into the Annual Performance Statements 2021–22

On 5 May 2023 DVA provided a written submission to the Joint Committee of Public Accounts and Audit inquiry into the Annual Performance Statements 2021–22.

Senate Community Affairs Legislation Committee inquiry into the Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022

On 12 August 2022 DVA provided a written submission to the Senate Standing Committee on Community Affairs inquiry into the Social Services and Other Legislation Amendment (Lifting the Income Limit for the Commonwealth Seniors Health Card) Bill 2022. The committee released its report in August 2022.

Senate Community Affairs Legislation Committee inquiry into the Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022

On 19 August 2022 DVA provided a submission to the Senate Standing Committee on Community Affairs inquiry into the Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022. DVA officials attended the hearing on 19 September 2023. The committee released its report in September 2022.

Senate Community Affairs Legislation Committee inquiry into the Improving Access to Medicinal Cannabis Bill 2023

On 12 May 2023 DVA provided a written submission to the Senate Standing Committee on Community Affairs inquiry into the Improving Access to Medicinal Cannabis Bill 2023. The committee is expected to deliver its report by 1 September 2023.

Senate Select Committee into the Provision of and Access to Dental Services in Australia

On 7 June 2023 DVA provided a written submission to the Senate Select Committee into the Provision of and Access to Dental Services in Australia. The committee presented an interim report on 20 June 2023 and is expected to deliver its final report by 28 November 2023.

Other portfolio reviews and inquiries

Royal Commission into Defence and Veteran Suicide

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

On 26 November 2021 the Royal Commission commenced proceedings with a ceremonial hearing. As at 30 June 2023, there have been 9 public hearings held in Sydney, Canberra, Townsville, Hobart, Darwin, Wagga Wagga and Perth.

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

As at 30 June 2023 DVA has:

- responded to a total of 139 notices to produce, notices to give information and notices to give witness statements to the Royal Commission
- produced over 366,000 pages in response to these notices.

DVA has a dedicated team to facilitate timely and accurate responses to the Royal Commission. DVA will continue to respond to notices and provide evidence from officials at public hearings as required, until the Royal Commission concludes.

Supporting veterans and families remains a priority for DVA during the period of the Royal Commission. We continue our commitment to reduce the claims backlog, support veterans' mental health and wellbeing programs, enable effective service delivery, and undertake ongoing transformation initiatives.

The Royal Commission delivered its interim report on 11 August 2022. The report contains 13 recommendations, which centre on issues identified by the Royal Commission as requiring urgent and immediate action.

The Australian Government's response to the interim report was tabled in parliament on 26 September 2022. In its response, the Australian Government agreed to 9 recommendations; agreed in principle to another; noted 2; and advised that it had implemented one, Recommendation 5, by removing the average staffing level cap for all Australian Government agencies, including DVA.

DVA has made substantial progress in implementing the interim report's recommendations.

Of the 9 recommendations relevant to DVA, 5 (recommendations 9 to 13) have now been implemented with Defence, through changes to improve how members of the Australian Defence Force, veterans and families access their information from Defence and DVA.

In the 2023–24 Budget the Australian Government provided \$318.2 million to further support DVA's implementation of Royal Commission recommendations 1 to 4, comprising:

- \$254.1 million over 4 years to modernise and sustain DVA IT systems that ensure timely payments, access to services, and support for veterans and families
- \$64.1 million in 2023–24 to retain over 480 DVA staff to help address the claims backlog in the time frame specified by the Royal Commission and support downstream client services.

This is in addition to the \$354.8 million provided in the October 2022–23 Budget to support initiatives in response to the Royal Commission's interim report, comprising:

- \$9.5 million over 2 years for the Legislative Pathway to Support Veterans and Families initiative to create a pathway for legislative improvements to address longstanding complexities in the veteran support system
- \$87.0 million over 2 years for the Modernisation to Reduce Wait Times to Access Support and Services initiative to improve the administration of the claims processing system and services to veterans
- \$11.1 million over the forward estimates to expand the Demand Driven Funding Model initiative to improve DVA's modelling capabilities to better forecast future demand for services and to support its operations
- \$13.2 million in 2022–23 for an additional 108 staff to support critical services experiencing high demand
- \$233.9 million over the forward estimates (plus ongoing funding) for the Investing in Front Line Service Delivery initiative to recruit 500 additional frontline DVA staff to help eliminate the compensation claims backlog and support the wellbeing of veterans and families.

DVA has also established an intergovernmental Royal Commission Program Advisory Board to provide us with strategic advice and oversee our progress in implementing Royal Commission recommendations. The board is chaired by DVA, with membership from the Department of Defence, Department of the Prime Minister and Cabinet, Attorney-General's Department, Department of Finance and Services Australia.

The Royal Commission's final report is due to be presented to the Governor-General by 17 June 2024.

Decisions by courts and tribunals

Veteran appeals

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

In 2022–23, 5 applications were lodged by veterans in the Federal Court of Australia. One matter involved an appeal from a decision of the AAT, and the other 4 matters were applications for judicial review under the *Administrative Decisions (Judicial Review) Act 1977* and/or the *Judiciary Act 1903*.

During the reporting period, one Federal Court matter was discontinued by the consent of the parties, and one matter was dismissed by consent. The Federal Court did not publish any decisions involving the Repatriation Commission, the MRCC or DVA.

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

TABLE 19: VEA, DRCA AND MRCA MATTERS CONSIDERED BY THE ADMINISTRATIVE APPEALS TRIBUNAL, 2022–23

Category	Applications decided by AAT	Withdrawn by applicant/dissmissed by AAT	Affirmed by consent of parties	Set aside/ varied by consent of parties	Affirmed following hearing	Set aside/ varied following hearing
VEA	45	24	0	9	5	7
DRCA	92	47	5	26	10	4
MRCA	24	10	0	9	4	1
Other	2	0	0	0	2	0

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

Administrative Appeals Tribunal (freedom of information)

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

There were 2 decisions issued by the AAT concerning DVA's FOI decision-making in 2022–23.

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

Decisions by the Australian Information Commissioner

In 2022–23 DVA received 56 notices from the Office of the Australian Information Commissioner (OAIC) for review of DVA decisions.

The Information Commissioner's FOI and privacy determinations are available at www.oaic.gov.au and www.austlii.edu.au

Freedom of information

Information Publication Scheme

Agencies subject to the FOI Act are required to publish on their websites a plan describing published information in accordance with the requirements of the Information Publication Scheme. DVA's plan is available at www.dva.gov.au/about-us/overview/reporting/freedom-information/information-publication-scheme

In 2022–23 DVA listed 70 items on its FOI Disclosure Log. Details of the information released in response to those FOI requests and instructions on how to obtain copies of that information are available at 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 *Military Rehabilitation and Compensation Act 2004* (MRCA) and section 59 of the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA); under Australian Privacy Principle (APP) 12; through subpoenas and notices to produce; and through the FOI Act.

In 2022–23 DVA received 5,363 requests for access to information. Of these:

- 70.3% of requests were granted
- 9% of requests were withdrawn by the applicant
- 3.9% of requests were not granted
- one matter was referred to another agency.

The remaining 16.8% of request cases were not due to be finalised in 2022–23.

TABLE 20: ACCESS REQUESTS RECEIVED IN 2022–23

Category	Total
FOI requests	1,608
Comcare and CSC requests	1,542
APP 12 requests	148
Administrative access requests	1,629
DRCA and MRCA requests	73
Subpoenas and notices to produce	300
Total	5,363

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

Of these requests, 30.3% were processed under the FOI Act, 29.1% were in response to notices issued by Comcare or Comsuper, 2.8% were processed under APP 12 and 30.8% were managed administratively. The remaining 7% arose under the DRCA or the MRCA or in response to other lawfully issued subpoenas and notices to produce.

Staffing and external legal expenditure

In 2022–23, 23.8 staff managed DVA's information access functions as designated FOI decision-makers. Table 21 shows the staffing composition at the end of 2022–23 and the percentage of time FOI decision-makers spent on FOI functions.

TABLE 21: STAFFING COMPOSITION AND TIME SPENT ON FOI FUNCTIONS, 2022–23

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
SES Band 1	0	1
EL 2	0	1
EL 1	1	2
APS 6	3	2
APS 5	2.8	2
APS 4	0	9
APS 3	0	1
APS 2	0	0

Table 21 does not include the number of staff across DVA business areas who assisted the 7 key personnel to manage this function. No staff work exclusively on FOI requests; instead, all staff help manage DVA's broader information access work.

DVA incurred a total of \$0.2 million in external legal expenditure to manage FOI functions for 2022–23. This includes costs incurred in seconding paralegals and lawyers from external legal service providers during early 2022–23 to support the FOI function.

Freedom of information requests

In 2022–23 DVA received 1,608 requests for information under the FOI Act. During the same period 1,508 requests were finalised – with 1,109 FOI decisions made, 398 requests withdrawn, and one request transferred to another agency to process. Fifteen requests were either withdrawn or refused for practical refusal reasons (see note * to Table 22) under section 24 of the FOI Act.

In 2022–23 DVA processed 95.7% of FOI requests within the prescribed statutory time frame, with DVA granting access to documents sought in 92.2% of the 1,109 FOI decisions made.

TABLE 22: FOI DECISION OUTCOMES IN 2022–23

Decision outcome	Total 2021–22	Total 2022–23
Request granted in full	883	210
Request granted in part	662	813
Request refused	73	86
Request withdrawn	214	398
Request transferred to another agency	2	1
Request refused for practical refusal reasons*	12	15
Request where charges were notified**	0	0
Request made within the statutory time frame (including where extensions of time were applied)***	1,598	1,062
Request up to 30 days over the statutory time frame	18	24
Request up to 60 days over the statutory time frame	3	7
Request up to 90 days over the statutory time frame	0	8
Request more than 90 days over the statutory time frame	1	8

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

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

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

In 2022–23 DVA received 46 requests for internal review and issued 38 decisions at internal review. Greater access was granted in 7 reviews. DVA affirmed the primary decision in the remaining 31 reviews. A total of 6 internal review requests were withdrawn and 2 internal reviews remained outstanding at the end of 2022–23.

Freedom of information consultations

In accordance with the OAI's FOI guidelines, Commonwealth agencies may consult with other agencies where FOI requests involve information concerning the affairs of other agencies.

In 2022–23 DVA responded to 28 such courtesy consultations under the FOI Act.

Office of the Australian Information Commissioner

In 2022–23 DVA was notified of 86 applications for OAI review of DVA FOI decisions.

Of the OAI reviews finalised in 2022–23:

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

DVA was also notified of 3 privacy complaints having been made to the OAIC in 2022–23. No complaints registered in 2021–22 were withdrawn in 2022–23.

Privacy

DVA continued to work cooperatively with the OAIC throughout 2022–23, to comply with its obligations under the *Privacy Act 1988* and provide assurance to the Australian public that their personal information is protected. The OAIC assessment reports and departmental responses are published on the OAIC website at www.oaic.gov.au/privacy/privacy-assessments-and-decisions/privacy-assessments

Client records and personal information

DVA received 148 personal information (APP 12) access requests in 2022–23. A total of 131 requests were finalised in 2022–23. Of those, 109 access decisions were issued and 22 requests were withdrawn.

Privacy incidents

DVA considers all privacy incidents reported internally and directly by affected clients. In 2022–23 DVA registered approximately 296 potential privacy incidents. All incidents registered in 2022–23 have been reviewed. DVA reported no eligible data breaches in 2022–23.

Privacy impact assessments

In accordance with the Privacy (Australian Government Agencies – Governance) APP Code 2017, DVA is required to undertake a Privacy Impact Assessment for all 'high privacy risk projects'. A project may be a high privacy risk project if it involves a new or changed way of handling personal information that is likely to have a significant impact on the privacy of individuals.

DVA finalised one privacy impact assessment in 2022–23. Details of past assessments are available on DVA's website at www.dva.gov.au/about-us/overview/legal-resources/privacy

Office of the Australian Information Commissioner privacy complaints

In 2022–23 DVA received 4 privacy complaints from the OAIC. Of these, 3 remain open. The OAIC made one privacy determination relating to DVA in 2022–23.

Legal services

Legislative and regulatory reform

In 2022–23, 5 portfolio bills were introduced to the Australian Parliament. During the same period, 5 bills passed both houses of parliament and received royal assent. An additional 15 legislative instruments were made. Amendment Acts, regulations and other legislative instruments are available on the Federal Register of Legislation.

Legal services expenditure

Reporting obligations

The Legal Services Directions 2017 require all non-corporate Commonwealth entities and most corporate Commonwealth entities regulated by the PGPA Act to report their legal services expenditure to the Office of Legal Services Coordination (OLSC) within the Attorney-General's Department by no later than 60 days after the end of the financial year (29 August 2023).

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

OLSC reports are available at www.ag.gov.au. The figures to be published by OLSC are also published below.

DVA's legal services

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

Legal expenditure for 2022–23

In 2022–23 DVA spent a total of \$19.50 million on internal and external legal services. The figure for 2021–22 was \$19.06 million.

The cost of veteran appeals in 2022–23 legal expenditure was \$3.62 million, compared with \$3.32 million in 2021–22.

The key areas of DVA legal expenditure were:

- legal support to supplement DVA's in-house lawyers to assist the Royal Commission
- instructing external legal practitioners to appear in the AAT on behalf of DVA, the Repatriation Commissioner and the MRCC
- contracting external legal service providers to work alongside our in-house lawyers to bring in specialist expertise and to manage DVA's day-to-day legal workload
- specialised legal advice and expertise to manage DVA's privacy compliance, commercial, procurement and intellectual property matters. Similar services were also required to address DVA's legislative compliance, grants and funding arrangements.

External legal expenditure

External legal services expenditure comprises the total value of briefs to counsel, the total value of disbursements (excluding counsel), and the total value of professional fees in accordance with the guidance issued by OLSC. These costs are incurred where DVA seeks legal specialists and expert assistance from external legal service providers and where DVA contracts lawyers from external legal service providers to work alongside our in-house lawyers.

In 2022–23 DVA spent \$10.06 million on external legal services. Of the 70 matters briefed out to counsel, 77% were briefed to female counsel and 23% were briefed to junior counsel.

Approximately 44% of the total external expenditure went towards seconding 19 external lawyers to work alongside our in-house lawyers over the last financial year.

Internal legal expenditure

Internal legal expenditure comprises the total amount DVA spent on legal work undertaken by in-house lawyers.

The reported cost includes both direct and indirect cost. The methodology of ascertaining total cost was based on the Australian National Audit Office Better Practice Guide *Legal services arrangements in Australian Government agencies* (August 2006).

In 2022–23 DVA spent \$9.44 million on direct and indirect internal legal services. This expenditure mostly comprised the salaries for 51.96 full-time equivalent APS lawyers and legal support staff as well as contracted legal support staff.

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

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

TABLE 23: LEGAL EXPENSES INCURRED BY DVA, 2022–23

Type	Value (\$m)
Cost incurred by DVA	
Solicitors	4.84
Seconded lawyers	4.44
Briefs to male counsel	.11
Briefs to female counsel	.18
Disbursements	.49
Total costs incurred by DVA (A)	10.06
Costs paid to applicants	
External legal expenditure (A)	10.06
Internal legal expenditure (B)	9.44
Total legal expenditure (A) + (B)	19.5

Royal Commission expenditure

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

In 2022–23 the total legal cost incurred to support the Royal Commission was \$2.25 million. This was made up of \$1.03 million in external legal expenditure and \$1.22 million in internal legal expenditure.

People management

DVA supports managers and staff through a wide range of people management services to achieve its objectives. DVA's people management practices are guided by the corporate plan to ensure employees and managers are capable and effective in their roles.

Workforce planning

The DVA workforce grew substantively in 2022–23 to support the elimination of the claims backlog. DVA's total workforce grew by 551 staff. DVA's reliance on a labour hire workforce reduced with the increased staffing budget. The labour hire and contractor workforce reduced from 34.3% of the workforce to 25.4% by the end of 2022–23. Note: these staffing figures are headcount including non-APS labour hire and contractors.

DVA maintained its commitment to facilitating entry-level employment pathways, introducing numerous fresh recruits into programs like the Graduate Development Program (10), Indigenous Graduate Development Program (1), Indigenous Australian Government Development Program (1), and Indigenous Apprenticeship Program (15). In 2022, DVA initiated the Veteran Employment Pathway initiative, which successfully placed 14 participants in different roles within the organisation. The positive assessment of the program has generated interest across the APS, and DVA plans to collaborate with multiple agencies in 2024 to bring on board 60 former veterans into APS positions.

Following on from COVID lockdown periods, DVA employees returned to offices for a minimum of 2 days per week. Returning to the office allowed 66% of employees to maintain their connection to the workplace culture and maintain some flexible work practices while 32% of employees returned to the office full time. DVA offers a variety of flexible working options, including part-time work, job sharing, compressed working hours and flexible working hours. Maintaining flexible working practices assisted DVA in attracting and retaining experienced employees.

Employment arrangements

All non-SES employee remuneration, and most leave and other entitlements, are provided under the DVA Enterprise Agreement 2019–22 (EA). SES and equivalent employees have their remuneration and conditions set by individual determinations under section 24(1) of the *Public Service Act 1999*. The Secretary and statutory office holders have their remuneration and conditions set by determinations made by the Remuneration Tribunal.

Some entitlements, including superannuation, maternity leave and long service leave, are governed by various Commonwealth Acts rather than the EA. DVA does not have any Australian Workplace Agreements in place, and performance pay is not available to DVA employees. Non-salary benefits available to staff through different employment instruments and salary packaging include paid leave such as annual leave and personal/carer's leave; flexible working arrangements; superannuation; car parking; airline lounge membership; novated car leasing; healthy lifestyle subsidy; influenza vaccination; telephony hearing check; ergonomic workstation assessment; screen-based eye test and related eyewear contribution; professional registration reimbursement or payment; continuous professional development; study assistance through leave and financial support; and learning and development opportunities.

The EA commenced on 25 February 2019 and reached its nominal end date on 24 February 2022. On 25 February 2022, DVA's remuneration determination came into effect. This determination (under section 24(1) of the *Public Service Act 1999*) provides for salary and allowance increases to supplement the terms and conditions in the EA, which continues in force following its nominal expiry. Salary increases under the determination were aligned with the immediately preceding year to June Wage Price Index – Private Sector (WPI-Private). However, following release of the Public Sector Interim Workplace Arrangements 2022, the determination was adjusted to provide a 3% pay increase on 25 February 2023 rather than the WPI-Private rate of 2.7% as at 30 June 2022.

The EA contains provisions allowing the Secretary and an employee to make an individual flexibility arrangement (IFA) supplementing the terms of the EA. At 30 June 2023, DVA had 34 IFAs in place providing individual remuneration and/or benefits. There were also 45 individual determinations for SES and for equivalent Senior DVA Medical Officer Level 5 and 6 staff.

Information on the salaries available to staff is at Appendix B: Staffing overview.

Capability development, learning and development

The DVA Organisational Capability Strategy 2021–2025 (OCS) helps to define corporate-level areas of skills development and talent retention for our workforce. Future OCS priorities include defining needs in leadership, career pathways, talent identification and performance management. The OCS aligns with DVA's strategic planning framework, which seeks to address critical skill gaps, support attraction and retention, provide meaningful measures of success, and proactively manage future capability development.

The annual Capability Development Needs Analysis assesses the current capability of DVA's workforce against future requirements. In 2022–23 the top 3 capability needs were relationship management, stakeholder engagement and service delivery. The annual corporate learning and development calendar was shaped around these needs to enable staff to meet DVA's objectives.

DVA increased the number of opportunities to participate in the client service induction program, Serve Virtual, and the new It's Why We're Here leaders program to help build empathic, client-centred and trauma-informed teams. In addition, specific training in client-based legislation and processes is provided in respective business areas. Staff are supported in managing their own wellbeing and assisting clients through the new mental health and wellbeing suite of programs.

Following a successful pilot, the DVA Management Development Program was rolled out and made available to mid-level management in 2022–23, providing a pathway for DVA's current and future managers to build knowledge, skills and capabilities. Eighty staff are enrolled in the current round and 30 workshops have been completed. This program complements the service delivery focused leadership program Empowering Excellence. A new mentoring program expands the department's approach to leadership capability development by focusing on learning through relationships. It provides a structured framework over a 9-month period, and includes mentoring training, group learning workshops, pair coaching and self-directed development activities to support the attainment of learning objectives.

Acknowledging a significant increase in DVA staff numbers in the later part of 2022–23, the national Corporate Induction Program was moved online. The program delivers just-in-time induction to new staff regardless of location or time of recruitment. It is a mix of e-learning, videos and written material which complements local induction programs conducted in DVA offices across the country.

Disability reporting mechanisms

DVA has a strong focus on ensuring its policies and programs are inclusive of people with disability, including veterans and their families, departmental employees, and members of the public.

Australia's Disability Strategy 2021–2031 (the Strategy) is the overarching framework for inclusive policies, programs and infrastructure that supports people with disability to participate in all areas of Australian life. The Strategy sets out practical changes to be made in improving the lives of people with disability in Australia. It seeks 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 (including DVA) have committed to deliver more comprehensive and visible reporting under the Strategy. A range of reports detailing progress of the Strategy's actions and outcome areas are available at www.disabilitygateway.gov.au/ads

Disability reporting for DVA is also included in the Australian Public Service Commission (APSC) State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au

DVA monitors its performance in meeting the APSC Disability Strategy target of 7% of the APS workforce identifying as living with disability. The DVA 2022 Employee Census results indicate that 10% of the total APS workforce identify as living with disability.

Resource management

Asset management

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

Purchasing

DVA's approach to procuring goods and services, including consultancies, is consistent with the principles of the Commonwealth Procurement Rules (CPRs). These rules are applied to activities through the department's Accountable Authority Instructions and the DVA Procurement Management Framework. Information on significant procurements anticipated or planned for 2022–23 was published in the department's annual procurement plan, available on the AusTender website at www.tenders.gov.au

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

Consultants

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

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

Reportable consultancy contracts

A reportable consultancy contract is an arrangement that is published in AusTender as a consultancy.

During 2022–23, 29 new reportable consultancy contracts were entered into involving total actual expenditure of \$7.7 million (inclusive of GST). In addition, 35 ongoing reportable consultancy contracts were active during 2022–23 involving total actual expenditure of \$3.4 million (inclusive of GST).

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

TABLE 24: EXPENDITURE ON REPORTABLE CONSULTANCY CONTRACTS, 2022–23

	Number	Expenditure \$'000 (GST inc.)
New contracts entered into during the reporting period	29	7,719
Ongoing contracts entered into during a previous reporting period	35	3,390
Total	64	11,109

TABLE 25: TOP 5 ORGANISATIONS RECEIVING A SHARE OF REPORTABLE CONSULTANCY CONTRACT EXPENDITURE, 2022–23

Name of organisation	Organisation ABN	Expenditure \$'000 (GST inc.)
KPMG	51194660183	5,417
AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE	16515245497	2,050
NOUS GROUP	66086210344	980
THE UNIVERSITY OF ADELAIDE	61249878937	409
BOND UNIVERSITY	88010694121	359

Reportable non-consultancy contracts

During 2022–23, 1,650 new reportable non-consultancy contracts were entered into involving total actual expenditure of \$93.5 million (inclusive of GST). In addition, 1,595 ongoing reportable non-consultancy contracts were active during 2022–23 involving total actual expenditure of \$136.5 million (inclusive of GST).

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

TABLE 26: EXPENDITURE ON REPORTABLE NON-CONSULTANCY CONTRACTS, 2022–23

	Number	Expenditure \$'000 (GST inc.)
New contracts entered into during the reporting period	1,650	93,534
Ongoing contracts entered into during a previous reporting period	1,595	136,478
Total	3,245	230,013

TABLE 27: TOP 5 ORGANISATIONS RECEIVING A SHARE OF REPORTABLE NON-CONSULTANCY CONTRACT EXPENDITURE, 2022–23

Name of organisation	Organisation ABN	Expenditure \$'000 (GST inc.)
HAYS SPECIALIST RECRUITMENT	47001407281	26,955
BUPA HEALTH SERVICES PTY LTD	50003098655	24,782
RANDSTAD PTY LTD	28080275378	14,694
HUDSON GLOBAL RESOURCES (AUST) P/L	21002888762	9,695
DFP Recruitment	47001407281	8,534

Exempt contracts

During 2022–23, DVA did not seek any exemptions from gazettal under the *Freedom of Information Act 1982*.

Australian National Audit Office access clauses

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

Procurement initiatives to support small business

DVA supports small business participation in the Commonwealth Government procurement market.

Small and medium enterprise (SME) and small enterprise participation statistics are available on the Department of Finance website at www.finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts

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

DVA recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Businesses are available on the Treasury website at www.treasury.gov.au/publication/p2023-372139

NB: Paragraphs 5.5 to 5.7 of the CPRs deal with the requirements for procurement practices of Commonwealth entities to support small and medium enterprises.

Compliance with finance law

A significant non-compliance with the finance law, covering multiple instances, was identified in 2022–23 and notified to the Minister in accordance with Resource Management Guide 214. Procurements as part of the Open Arms program did not comply with the CPRs. Corrective actions are being undertaken to ensure the department complies with the CPRs when procuring services, including considering the establishment of a panel through formal procurement processes.

Grants

Information on grants awarded by DVA during 2022–23 is available at GrantConnect at www.grants.gov.au. These include a range of services and support to benefit the veteran community.

Other reporting requirements

Additional legislative requirements

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

The appendices of this annual report provide detailed information on DVA's:

- compliance with obligations under the *Data-matching Program (Assistance and Tax) Act 1990* (Appendix D)
- statement of particulars as required by section 311A of the *Commonwealth Electoral Act 1918* (Appendix E)
- compliance with obligations under the *Carer Recognition Act 2010* (Appendix F)
- compliance with matters as required by section 4 of the *Work Health and Safety Act 2011* (Appendix G)
- compliance with activities as required by section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (Appendix H).

06

Financial statements

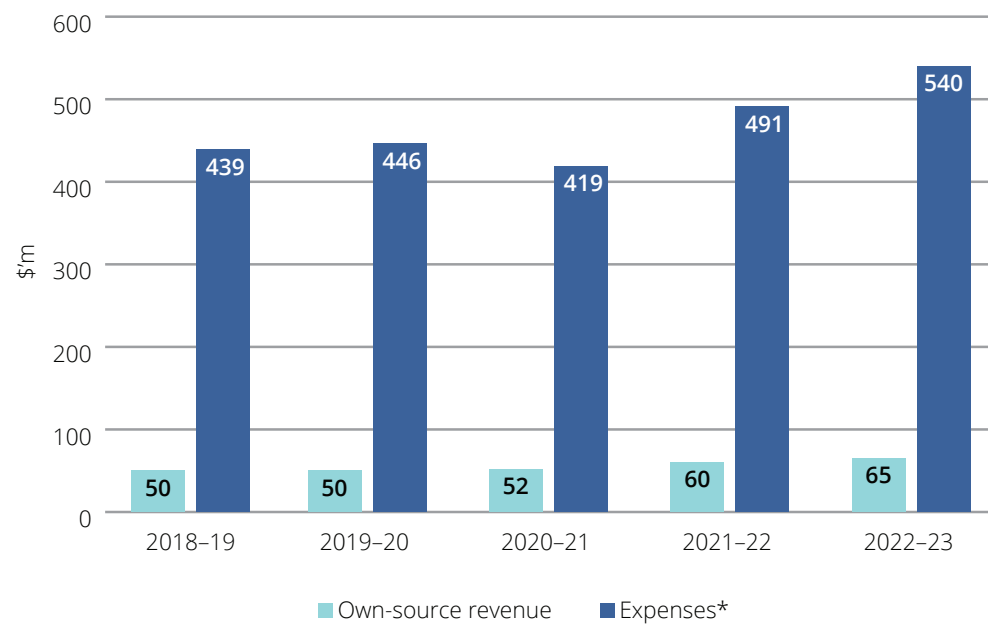
Report on financial performance

Report on financial performance – departmental

For the 2022–23 financial year, the department recorded a consolidated net cash surplus of \$44.6 million. The surplus includes DVA's operating surplus of \$36.7 million (excluding depreciation, amortisation and right of use assets), and the DSH Insurance operating surplus of \$7.9 million (excluding depreciation).

Under the Commonwealth Financial Framework, DSH Insurance is reported as part of DVA. For more details on DSH Insurance, see program 1.4 and DSH Insurance financial statements.

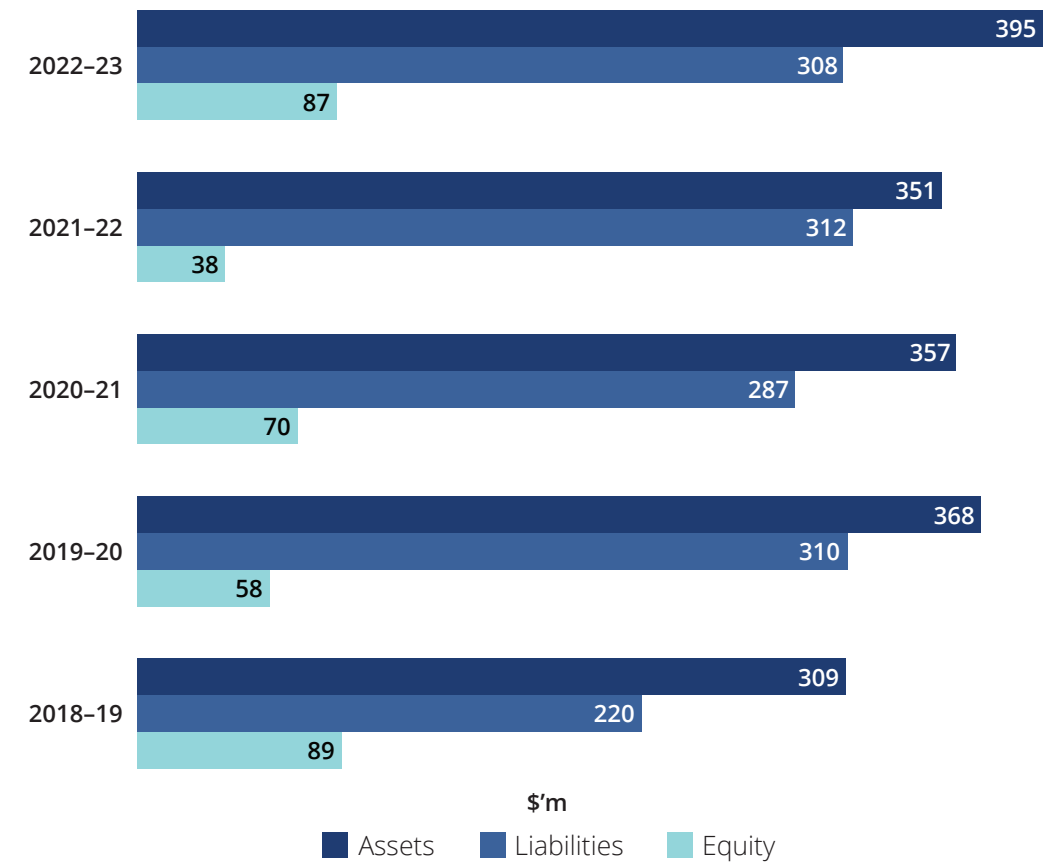
FIGURE 5: DEPARTMENTAL FINANCIAL PERFORMANCE



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

The department's financial position as at 30 June 2023 remains consistent with prior years, with total assets of \$394.6 million exceeding total liabilities of \$307.9 million. The department had sufficient financial assets to meet payables as at 30 June 2023. Non-financial assets were \$173.5 million at 30 June 2023, primarily reflecting the department's IT systems and office fit-outs.

FIGURE 6: DEPARTMENTAL FINANCIAL POSITION



Report on financial performance – administered

In 2022–23, total administered expenses on behalf of the Government was \$24.2 billion, primarily made up of:

- \$6.6 billion in personal benefits related to various income support and compensation payments
- \$3.9 billion in a range of health care payments covering medical, hospitals, counselling and other wellbeing services
- \$45.0 million for commemorations and recognition programs
- \$13.6 billion to reflect movement in the provision for the Military Compensation Scheme (MCS) that relates to personal benefits and health care.

The administered liabilities of \$56.1 billion (30 June 2022: \$42.4 billion) have increased predominantly due to movements in the personal benefits and health care provisions of the MCS. The increase in the provision has been driven by the claims experience as well as changes to key assumptions in the modelling. This is discussed in more detail in Note 8.3 of the DVA financial statements.

Department of Veterans' Affairs financial statements 2022–23

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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 2023:

- comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- present fairly the financial position of the Entity as at 30 June 2023 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 2023 and for the year then ended:

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

Basis for opinion

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

Key audit matters

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

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

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

The personal benefit provision balance at 30 June 2023 was \$31.41 billion and the health care provision balance at 30 June 2023 was \$24.47 billion. Included within these provisions is a total of \$55.69 billion provision for Military Compensation.

I draw attention to the accounting policies described in Note 8.3 Administered Provisions that describe the inherent uncertainty associated with a number of the assumptions used in the calculation of these provisions and to the section titled Sensitivity Analysis which describes the sensitivity of the valuation of the provision to changes in these assumptions.

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

The provision is measured by estimating the present value of the future payments of claims incurred at 30 June 2023 which includes potential claims incurred by veterans but not yet reported. This estimate is dependent on a number of key assumptions and judgements, including the number of new claims not yet reported, the rates at which qualified veterans are expected to receive payments over their lifetime, future inflation in medical costs, the length of time payments are made to a veteran and the appropriate discount rate over the length of the scheme. In addition, the department has applied a risk adjustment of \$6.28 billion. The Australian Accounting Standards include requirements for the presentation and disclosure of major assumptions made concerning future events.

How the audit addressed the matter

The audit procedures I applied to address the matter included:

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

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

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

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the financial statements and my auditor's report thereon.

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

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



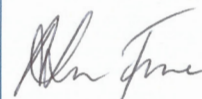
Sean Benfield
Senior Executive Director
Delegate of the Auditor-General

Canberra
15 September 2023

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

In our opinion, the attached financial statements for the year ended 30 June 2023 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.



Alison Frame
Secretary

14 September 2023



Glen Casson
Chief Financial Officer

14 September 2023

DEPARTMENT OF VETERANS' AFFAIRS
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	304,781	237,366	288,519
Suppliers	1.1B	173,005	188,260	227,719
Finance costs	1.1C	1,173	909	1,396
Underwriting expenses	1.1D	39,627	41,927	39,845
Write-down and impairment of assets		95	74	-
Depreciation and amortisation	2.2A	43,929	44,699	47,840
Other Expenses	1.1E	-	1,799	-
Total expenses		562,610	515,034	605,319
Own-source revenue				
Net premium revenue	1.1D	50,393	45,961	47,524
Investment revenue	1.1D	1,800	324	-
Insurance agency revenue	1.1D	4,095	3,497	3,898
Revenue from contracts with customers	1.2A	7,694	9,113	7,993
Resources received free of charge	1.2B	1,063	935	845
Total own-source revenue		65,045	59,830	60,260
Net cost of services		497,565	455,204	545,059
Revenue from Government ¹	3.1A	519,281	404,658	519,281
Surplus/(deficit) on continuing operations		21,716	(50,546)	(25,778)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	2.2A/ 2.5C	9,275	-	-
Total other comprehensive income		9,275	-	-
Total comprehensive income/(loss)	3.3	30,991	(50,546)	(25,778)

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

For budgetary reporting information refer to Note 6.2.

¹ Revenue from Government does not include \$1.519 million funds that were permanently withheld in accordance with Section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Refer to Note 3.1

DEPARTMENT OF VETERANS' AFFAIRS
STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	28,226	11,309	8,318
Trade and other receivables	2.1B	99,723	52,021	75,322
Premiums and recoveries receivable	2.1C	44,825	65,640	36,204
Investments	2.1D	47,014	54,876	53,640
Total financial assets		219,788	183,846	173,484
Non-financial assets¹				
Land and buildings	2.2A	109,871	103,182	133,216
Property, plant and equipment	2.2A	379	249	200
Intangibles	2.2A	55,936	59,818	51,606
Other non-financial assets	2.2B	7,314	2,184	2,349
Total non-financial assets		173,500	165,433	187,371
Assets held for sale		1,350	1,350	-
Total assets		394,638	350,629	360,855
LIABILITIES				
Payables				
Suppliers	2.3A	55,085	49,814	38,986
Revenue received in advance	2.3B	-	1,300	-
Unearned premiums	2.3C	36,378	32,834	35,075
Other payables	2.3D	10,302	7,055	9,349
Total payables		101,765	91,003	83,410
Interest bearing liabilities				
Leases	2.4A	81,950	79,906	110,126
Total Interest bearing liabilities		81,950	79,906	110,126
Provisions				
Employee provisions	4.1A	81,558	73,151	74,392
Unexpired risk liability	2.5A	5,741	4,248	4,248
Gross outstanding claims	2.5B	35,668	60,109	55,916
Other provisions	2.5C	1,259	3,840	3,840
Total provisions		124,226	141,348	138,396
Total liabilities		307,941	312,257	331,932
Net assets		86,697	38,372	28,923
EQUITY				
Contributed equity		378,546	361,217	378,546
Reserves		26,684	17,409	17,409
Accumulated deficit		(318,533)	(340,254)	(367,032)
Total equity		86,697	38,372	28,923

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

For budgetary reporting information refer to Note 6.2.

¹ 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 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance		361,217	342,258	361,217
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		3,504	5,252	3,504
Departmental capital budget		13,825	13,707	13,825
Total transactions with owners		17,329	18,959	17,329
Closing balance as at 30 June		378,546	361,217	378,546
RETAINED EARNINGS				
Opening balance		(340,254)	(289,708)	(340,254)
Adjustment for changes in accounting policies	5	-	-	-
Adjusted opening balance		(340,249)	(289,708)	(340,254)
Comprehensive income				
Surplus/(deficit) for the period		21,716	(50,546)	(25,778)
Other comprehensive income		-	-	(1,000)
Total comprehensive income		21,716	(50,546)	(26,778)
Transfers between equity components		-	-	-
Closing balance as at 30 June		(318,533)	(340,254)	(367,032)
ASSET REVALUATION RESERVE				
Opening balance		17,409	17,409	17,409
Other comprehensive income		9,275	-	-
Closing balance as at 30 June		26,684	17,409	17,409
TOTAL EQUITY				
Opening balance		38,372	69,959	38,372
Adjustment for changes in accounting policies	5	-	-	-
Adjusted opening balance		38,377	69,959	38,372
Comprehensive income				
Surplus/(deficit) for the period		21,716	(50,546)	(25,778)
Other comprehensive income		9,275	-	(1,000)
Total comprehensive income		30,991	(50,546)	(26,778)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		3,504	5,252	3,504
Departmental capital budget		13,825	13,707	13,825
Total transactions with owners		17,329	18,959	17,329
Closing balance as at 30 June		86,697	38,372	28,923

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

Accounting Policy

Equity Injections

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

DEPARTMENT OF VETERANS' AFFAIRS
CASH FLOW STATEMENT
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		477,102	428,137	537,002
Rendering of services		10,151	5,948	8,237
Net premium revenue		66,003	58,549	46,423
Insurance agency revenue		4,105	3,512	3,283
Reinsurance and other recoveries		26,403	14,353	-
Interest		1,409	251	371
GST received		13,480	11,545	7,921
Total cash received		598,653	522,295	603,237
Cash used				
Employees		293,392	230,167	285,466
Suppliers		188,056	193,808	245,374
Interest payments on lease liabilities		1,173	879	1,046
Insurance claim payments		63,115	49,873	44,030
Reinsurance premiums		14,746	12,262	-
Acquisition costs		171	257	-
Fire brigade and emergency services contributions		1,937	1,439	-
Section 74 receipts transferred to the OPA		6,880	8,280	10,050
Total cash used		569,470	496,965	585,966
Net cash from operating activities		29,183	25,330	17,271
INVESTING ACTIVITIES				
Cash received				
Investments realised		74,000	50,635	53,640
Proceeds from sales of non-financial assets		-	-	1,000
Total cash received		74,000	50,635	54,640
Cash used				
Purchase of leasehold improvements		5,316	3,007	8,722
Purchase of property, plant and equipment		214	113	21
Purchase of intangibles		10,434	13,696	9,021
Purchase of investments		66,138	53,510	52,404
Total cash used		82,102	70,326	70,168
Net cash used by investing activities		(8,102)	(19,691)	(15,528)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		16,841	16,032	17,329
Total cash received		16,841	16,032	17,329
Cash used				
Principal payments of lease liabilities		21,005	20,312	22,063
Total cash used		21,005	20,312	22,063
Net cash (used by)/from financing activities		(4,164)	(4,280)	(4,734)
Net increase/(decrease) in cash held				
Cash and cash equivalents at the beginning of the reporting period		11,309	9,950	11,309
Cash and cash equivalents at the end of the reporting period	2.1A	28,226	11,309	8,318

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

DEPARTMENT OF VETERANS' AFFAIRS
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 ¹ \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits		16,322	12,395	10,790
Personal benefits	7.1A	6,593,144	6,216,513	7,150,541
Health care payments	7.1B	3,881,211	3,805,020	4,232,492
Grants		26,056	29,073	57,817
Depreciation and amortisation	8.2A	3,462	3,168	2,879
Payments to Australian War Memorial		42,828	46,093	42,828
Interest expense		1,141,100	(28,400)	-
Other expenses		47,154	35,513	73,324
Movement of military compensation provisions		12,407,600	-	1,964,800
Total expenses		24,158,877	10,119,375	13,535,471
Income				
Non-taxation revenue				
Recoveries and reimbursements		17,719	19,900	18,443
Total non-taxation revenue		17,719	19,900	18,443
Gains				
Gain from movement of military compensation provisions		-	3,956,300	-
Total gains		-	3,956,300	-
Total income		17,719	3,976,200	18,443
Net cost of services		24,141,158	6,143,175	13,517,028
OTHER COMPREHENSIVE INCOME				
Changes in revaluation reserve		(116,024)	(2,168)	-
Total other comprehensive income		(116,024)	(2,168)	-
Total comprehensive loss		(24,257,182)	(6,145,343)	(13,517,028)

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

For budgetary reporting information refer to Note 11.3.

¹ Presentation of comparative amounts has changed in prior year due to reclassification of line items related to the military compensation provisions. Unwinding of discounts in the provisions are reported separately as an interest expense and the net movement in the provisions is reported as a gain or expense. For further details refer to Note 8.3. The net cost of services has not changed.

DEPARTMENT OF VETERANS' AFFAIRS
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	8.1A	55,851	106,854	106,854
Receivables	8.1B	89,057	97,210	97,249
Equity accounted investments	8.1C	1,699,234	1,683,695	1,815,258
Total financial assets		1,844,142	1,887,759	2,019,361
Non-financial assets				
Buildings	8.2A	54,992	55,643	54,786
Other property, plant and equipment	8.2A	3,155	4,658	3,210
Intangibles	8.2A	7,634	8,712	10,557
Total non-financial assets		65,781	69,013	68,553
Total assets administered on behalf of Government		1,909,923	1,956,772	2,087,914
LIABILITIES				
Payables				
Personal benefits payables		102,181	39,675	47,069
Health care payables		38,863	43,212	43,227
Grants payables		51	-	10
Supplier and other payables		45,168	20,963	20,963
Total payables		186,263	103,850	111,269
Provisions				
Employee provisions		4,200	3,511	3,375
Personal benefits provisions	8.3A	31,406,500	22,520,800	23,081,298
Health care provisions	8.3B	24,465,664	19,784,343	21,194,366
Total provisions		55,876,364	42,308,654	44,279,039
Total liabilities administered on behalf of Government		56,062,627	42,412,504	44,390,308
Net liabilities		(54,152,704)	(40,455,732)	(42,302,394)

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

For budgetary reporting information refer to Note 11.3.

**DEPARTMENT OF VETERANS' AFFAIRS
ADMINISTERED RECONCILIATION SCHEDULE**
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Opening assets less liabilities as at 1 July		(40,455,732)	(44,654,141)
Net (cost of)/contribution by services			
Income		17,719	3 976 200
Expenses			
Payments to eligible persons, their dependants and other providers		(24,116,049)	(10,073,282)
Payments to Australian War Memorial		(42,828)	(46,093)
Other comprehensive income			
Revaluations transferred (from)/to reserves		(116,024)	(2,168)
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account (OPA)			
Administered assets and liabilities appropriations (DVA)		230	-
Administered assets and liabilities appropriations (Australian War Memorial)		131,563	143,409
Annual appropriations			
Payments to other entities		116,375	109,460
Payments to Australian War Memorial		42,828	46,093
Special appropriations (unlimited)			
Payments to eligible persons, their dependants and other providers		10,404,118	10,103,566
Special accounts ¹		-	62
Appropriation transfers to OPA			
Transfers to OPA		(134,904)	(59,133)
Special accounts ¹		-	(71)
Changes in equity			
Asset transfer from the Department of Defence		-	366
Closing assets less liabilities as at 30 June		(54,152,704)	(40,455,732)

¹ Income and expenses relating to Special Accounts are now captured in the Administered Statement of Comprehensive Income
The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

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

Revenue collected for use by the Government is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held 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 2023

	Notes	2023 \$'000	2022 \$'000
OPERATING ACTIVITIES			
Cash received			
GST received		62,375	55,492
Other		11,135	16,872
Total cash received		73,510	72,364
Cash used			
Employees		15,525	12,177
Personal benefits		6,534,490	6,207,407
Health payments		3,909,084	3,868,883
Grants		26,005	34,242
Payments to Australian War Memorial		42,828	46,093
Other		24,998	30,107
Total cash used		10,552,930	10,198,909
Net cash used by operating activities		(10,479,420)	(10,126,545)
INVESTING ACTIVITIES			
Cash used			
Buildings		230	-
Payments to Australian War Memorial		131,563	143,409
Total cash used		131,793	143,409
Net cash used by investing activities		(131,793)	(143,409)
Net decrease in cash held		(10,611,213)	(10,269,954)
Cash and cash equivalents at the beginning of the reporting period		106,854	33,422
Cash from Official Public Account			
Appropriations		10,695,114	10,402,528
Special Accounts ¹		-	62
Total cash from the official public account		10,695,114	10,402,590
Cash to Official Public Account			
GST Transferred to Official Public Account		(63,045)	(56,106)
Appropriations		(71,859)	(3,027)
Special Accounts ¹		-	(71)
Total cash to official public account		(134,904)	(59,204)
Cash and cash equivalents at the end of the reporting period	8.1A	55,851	106,854

¹ Cash received and used by Special Accounts are now captured in operating activities

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

Overview

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

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

The continued existence of the entity in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the entity's administration and programs.

Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

- Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

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

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standard. These amending standards have been adopted for the 2022-23 reporting period.

The following amending standards were issued prior to the signing of the statements by the accountable authority and Chief Financial Officer, were applicable to the current reporting period:

AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i> (AASB 2021-2)	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.
AASB 2021-6 <i>Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i> (AASB 2021-6)	AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2.

These amending standards are not expected to have a material impact on the entity's financial statements for the current reporting period or future reporting periods.

Overview

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.

The department has primary responsibility for administering legislation related to veterans and their families. The department made payments totalling \$10.6 billion during 2022-23 (excluding Movement in military compensation provisions and Depreciation and amortisation). Payments are administered by the department and made by Services Australia. If an overpayment occurs, a breach of Section 83 could result despite future payments being adjusted to recover the overpayment. In addition, simple administrative errors can lead to breaches of Section 83.

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

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

During 2022-23, the department has identified potential section 83 breaches totalling \$58.2 million resulting from occurrences of overpayments of pensions, benefits or allowances. These potential breaches primarily impact the Veteran's Entitlements Act 1986 (\$29.8 million), the Military Rehabilitation and Compensation Act 2004 (\$16.8 million) and the Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988 (\$9.4 million) and residual amount (\$2.2 million).

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

Departmental - Notes to and forming part of the financial statements

1. Financial Performance

This section analyses the financial performance of DVA for the year ended 30 June 2023.

1.1. Expenses

	2023	2022
	\$'000	\$'000
Note 1.1A: Employee Benefits		
Wages and salaries	230,055	177,413
Superannuation		
Defined contribution plans	16,938	13,264
Defined benefit plans	24,798	21,803
Leave and other entitlements	28,921	20,050
Separation and redundancies	1,238	1,270
Other employee benefits	2,831	3,566
Total employee benefits	304,781	237,366

Accounting Policy

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

	2023	2022
	\$'000	\$'000
Note 1.1B: Suppliers¹		
Goods and services supplied or rendered		
Consultants	9,579	8,100
Contractors	56,689	66,082
Information technology and communication	18,746	18,324
Legal	1,621	3,567
Postage and office	2,897	3,243
Printing and publications	1,694	1,689
Property operating	9,745	9,407
Records management	1,582	4,999
Shared services	54,215	61,809
Training and development	3,201	3,160
Travel	3,037	1,358
Other	4,315	4,608
Total goods and services supplied or rendered	167,321	186,346
Goods supplied	10,636	10,699
Services rendered	156,685	175,647
Total goods and services supplied or rendered	167,321	186,346
Other suppliers		
Short-term leases	2,802	654
Workers compensation expenses	2,882	1,260
Total other suppliers	5,684	1,914
Total suppliers	173,005	188,260

DVA has short-term lease commitments of \$1,645,870 as at 30 June 2023 (2022: \$842,355).

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

¹ Changes to comparatives are a result of the reclassification of some line items.

Departmental - Notes to and forming part of the financial statements

Accounting Policy

All borrowing costs are expensed as incurred.

Short-term leases and leases of low-value assets

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

	2023	2022 ¹
	\$'000	\$'000
Note 1.1C: Finance Costs		
Unwinding of discount	74	30
Interest on lease liabilities	1,099	879
Total finance costs	1,173	909

¹ Changes to comparatives are a result of the reclassification of some line items.

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

	2023	2022
	\$'000	\$'000
Note 1.1D: Insurance Activities		
Underwriting revenue		
Premium received	65,415	58,188
Total premium revenue	65,415	58,188
Less: Reinsurance expense	(15,022)	(12,227)
Net premium revenue	50,393	45,961
Underwriting expenses		
Claims expense	38,674	75,942
Less: Reinsurance and other recoveries	(2,818)	(36,955)
Net claims expense	35,856	38,987
Fire brigade and emergency services contributions	1,937	1,439
Acquisition costs	171	257
Movement in unexpired risk liability	1,663	1,244
Total underwriting expenses	39,627	41,927
Other operating expenses¹	8,872	8,281
Underwriting result	1,894	(4,247)
Investment revenue		
Interest - deposits	1,800	324
Total investment revenue	1,800	324
Insurance agency revenue		
Insurance agency commission	4,095	3,497
Total insurance agency revenue	4,095	3,497

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

Departmental - Notes to and forming part of the financial statements

Net claims incurred table

	2023			2022		
	Current year	Prior years	Total	Current year	Prior years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross incurred ¹	25,427	13,247	38,674	69,060	6,882	75,942
Less: Reinsurance and other recoveries	(7,505)	4,687	(2,818)	(33,987)	(2,968)	(36,955)
Net claims incurred	17,922	17,934	35,856	35,073	3,914	38,987

¹ Claims are not subject to discount.

Building insurance claims are typically resolved within one year. No claims development table is required under AASB 1023 *General Insurance Contracts* paragraph 17.7.1(b)(iii) for lines of business typically resolved within one year.

Accounting Policy

Insurance Activities

The DSH Insurance operations form part of the operations of DVA. The objective of DSH Insurance is to provide domestic building insurance in accordance with the *Defence Service Homes Act 1918* and associated Regulations.

Premium Revenue

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

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

Reinsurance Arrangements

DSH Insurance purchases reinsurance each year for dwelling per risk, catastrophe risk and legal liability risk. Premium ceded to reinsurers is recognised as an expense and is measured at nominal value in accordance with the pattern of reinsurance service received.

Commissions Received Revenue

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

	2023	2022
	\$'000	\$'000
Note 1.1E: Other Expenses		
Decontamination costs	-	1,799
Total other expenses	-	1,799

Departmental - Notes to and forming part of the financial statements

1.2. Own-Source Income and Gains

	2023	2022
	\$'000	\$'000
Own-Source Revenue		
Note 1.2A: Revenue from contracts with customers		
Rendering of services	7,694	9,113
Total revenue from contracts with customers	7,694	9,113
Disaggregation of revenue from contracts with customers		
Major product / service line:		
Service delivery	7,665	9,111
Other	29	2
	7,694	9,113
Type of customer:		
Australian Government entities	7,113	8,846
State and Territory Governments	1	2
Non-government entities	580	265
	7,694	9,113
Timing of transfer of goods and services:		
Over time	6,978	6,385
Point in time	716	2,728
	7,694	9,113

Accounting Policy

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

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

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

Australian Defence Force (ADF) counselling service

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

Note 1.2B: Resources received free of charge

Resources received free of charge - ANAO audit fee	942	845
Resources received free of charge - Seconded staff	121	90
Total resources received free of charge	1,063	935

Audit fees comprise of the DVA financial statements audit (\$882,000) and DSHI financial statements audit (\$60,000).

Accounting Policy

Resources received free of charge

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

Departmental - Notes to and forming part of the financial statements

2. Financial Position

This section analyses DVA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

2.1. Financial Assets

	2023	2022
	\$'000	\$'000
Note 2.1A: Cash and Cash Equivalents		
Cash at bank	1,597	2,769
Cash at bank (DSH Insurance special account)	26,629	8,540
Total cash and cash equivalents	28,226	11,309

Accounting Policy

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

- cash on hand; and
- cash in special accounts.

Note 2.1B: Trade and Other Receivables

Goods and services	2,409	4,086
Contract assets from contracts with customers	548	587
Total goods and services receivables	2,957	4,673

Appropriations receivable

Appropriations receivable	94,366	44,819
Total appropriations receivable	94,366	44,819

Other receivables

Statutory receivables	1,760	2,353
Salary recoveries	4	15
Other	636	161
Total other receivables	2,400	2,529
Total trade and other receivables (net)	99,723	52,021

Credit terms for goods and services were within 30 days (2022: 30 days).

Accounting Policy

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

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

Departmental - Notes to and forming part of the financial statements

	2023	2022
	\$'000	\$'000
Note 2.1C: Premiums and Recoveries Receivable		
Premiums receivable	27,239	24,403
Reinsurance and other recoveries receivable	17,586	41,237
Total premiums and recoveries receivable (net)	44,825	65,640

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.

	2023	2022
	\$'000	\$'000
Note 2.1D: Investments		
Deposits	47,014	54,876
Total investments	47,014	54,876

Monies invested in term deposits and negotiable certificates of deposit with various approved institutions under Section 58 of the *Public Governance, Performance and Accountability Act 2013*.

Departmental - Notes to and forming part of the financial statements

2.2. Non-Financial Assets

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

	Buildings - leasehold improvements \$'000	Property, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2022					
Gross book value	174,762	1,060	183,244	512	359,578
Accumulated depreciation/amortisation and impairment	(71,580)	(811)	(123,443)	(495)	(196,329)
Total as at 1 July 2022	103,182	249	59,801	17	163,249
Additions					
Purchase or internally developed	28,636	214	10,434	-	39,284
Revaluations and impairments recognised in other comprehensive income	8,079	-	-	-	8,079
Depreciation/amortisation	(7,175)	(86)	(14,295)	(5)	(21,561)
Depreciation on right-of-use assets	(22,368)	-	-	-	(22,368)
Other Movements	-	2	1	-	3
Other Movements of right-of-use assets	(410)	-	-	-	(410)
Disposals	(73)	-	(17)	-	(90)
Total as at 30 June 2023	109,871	379	55,924	12	166,186
Total as at 30 June 2023 represented by					
Gross book value	191,504	1,091	-	-	192,595
Fair value	1,935	-	3,902	-	5,837
Work in progress	-	-	171,282	-	171,282
Internally developed	-	-	-	389	389
Purchased software	(83,568)	(712)	(119,260)	(377)	(203,917)
Accumulated depreciation/amortisation and impairment	109,871	379	55,924	12	166,186
Carrying amount of right-of-use assets	76,695	-	-	-	76,695

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

Departmental - Notes to and forming part of the financial statements

Accounting Policy

Acquisition of Assets

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

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

Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment (PP&E) are recognised 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 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, except for those noted in 1.1B, and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

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

Revaluations

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

A desktop revaluation was performed by independent valuer as at 30 June 2023.

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

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

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

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

Departmental - Notes to and forming part of the financial statements

Depreciation

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

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

Depreciation rates applying to each class of depreciable assets are based on the following useful lives as per the department's Asset Management Policy, an extract of which is in the table below. The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Asset Class	Useful Life
Buildings - Leasehold improvements	Lesser of estimated life or unexpired lease period
PP&E – Plant and Equipment	3–10 years
PP&E – Furniture & Office equipment	3–10 years
PP&E – Computer equipment	3–5 years

Impairment

All assets were assessed for impairment at 30 June 2023. Where indications of impairment exist, the assets recoverable amount is estimated and an impairment adjustment made if the assets recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Where the future economic benefit of an asset is not primarily dependent on the assets ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

Intangibles are recognised initially at cost in the statement of financial position with the thresholds below:

Asset class	Threshold
Externally purchased software	\$50,000
Internally developed software - new system developments	\$250,000
Internally developed software - enhancement to existing systems	\$100,000

DVA's intangibles comprise of internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of DVA's software is 3–20 years (2022: 3–20 years).

All software assets were assessed for indications of impairment as at 30 June 2023.

	2023	2022
	\$'000	\$'000
Note 2.2B: Other Non-Financial Assets		
Prepayments		
Information technology	6,513	1,348
Other prepayments	801	836
Total other non-financial assets	7,314	2,184

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

Departmental - Notes to and forming part of the financial statements

2.3. Payables

	2023	2022
	\$'000	\$'000
Note 2.3A: Suppliers		
Trade creditors and accruals	55,085	49,814
Total suppliers	55,085	49,814

Settlement is usually made within 20 days (2022: 20 days).

Note 2.3B: Revenue Received in Advance

Revenue received in advance	-	1,300
Total revenue received in advance	-	1,300

Note 2.3C: Unearned Premiums

Unearned premiums	36,309	32,775
Insurance agency revenue received in advance	69	59
Total unearned premiums	36,378	32,834

Accounting Policy

Unearned Premiums

Unearned premiums represents the estimated proportion of premiums written in the current year relating to cover provided in the subsequent year. DSH Insurance's system allows for the unearned proportion to be calculated for each individual policy in accordance with AASB 1023 *General Insurance Contracts*.

Revenue in Advance

Revenue in advance is recognised where the revenue has been received prior to the period in which the revenue relates. DSH Insurance recognises revenue in advance at nominal value.

	2023	2022
	\$'000	\$'000
Note 2.3D: Other Payables		
Wages and salaries	7,687	4,569
Superannuation	1,199	819
Separation and redundancies	265	792
Reinsurance premiums	1,151	875
Total other payables	10,302	7,055

Departmental - Notes to and forming part of the financial statements

2.4. Leases

	2023	2022
	\$'000	\$'000
Note 2.4A: Leases		
Lease Liabilities	81,950	79,906
Total leases	81,950	79,906

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

Total cash outflows for leases for the year ended 30 June 2023 were \$1,098,680 for interest payments (2022: \$878,870) and \$21,005,027 for principal payments (2022: \$20,311,482).

	2023	2022
	\$'000	\$'000
Note 2.4B: Leases - Maturity		
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	23,654	16,275
Between 1 to 5 years	55,211	52,734
More than 5 years	5,238	13,383
Total leases	84,103	82,392

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

Accounting Policy

DVA in its capacity as lessee, is engaged in significant leasing arrangements for its National and State offices. For all new contracts entered into, DVA considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Departmental - Notes to and forming part of the financial statements

2.5. Provisions

	2023	2022
	\$'000	\$'000

Note 2.5A: Movement in Unexpired Risk Liability

Deficiency recognised in the statement of comprehensive income

Unexpired risk liability expense	1,663	1,244
Total deficiency recognised in statement of comprehensive income	1,663	1,244

Calculation of deficiency

Expected future claims per actuary report	41,012	36,088
Less: recorded unearned premiums	(35,272)	(31,840)
Less: deferred acquisition costs	170	429
Less: unexpired risk liability provision as at 1 July	(4,247)	(3,432)
Unexpired risk liability expense	1,663	1,245

Total unexpired risk liability provision

	5,741	4,248
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Note 2.5B: Gross Outstanding Claims

Gross outstanding claims	35,668	60,109
Less: recoveries receivable	(17,586)	(41,237)
Net outstanding claims	18,082	18,872

Outstanding claims expected to be settled

No more than 12 months	18,082	18,343
More than 12 months	-	529
Net outstanding claims	18,082	18,872

DSH Insurance has incurred claims during 2022–23 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 \$35,667,722 as at 30 June 2023 (2022: \$60,108,160). In determining this amount, the actuary has applied a risk margin of 12% (2022: 12%) to a central estimate of the expected present value of future payments for claims incurred. The resulting risk margin amounts to \$3,821,542 (2022: \$6,440,160) which is included in the gross claims outstanding.

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 2023 and as such, DSH Insurance has recognised an expense of \$1,662,877 (2022: \$1,224,243) and an adjusting increase to the existing unexpired risk liability of \$1,244,288 bringing the closing unexpired risk liability to \$5,910,578 (2022: \$4,227,655). 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 2023 was \$35,271,630 (2022: \$31,860,300) and prior to the recognition of unexpired risk liability DSH Insurance had recognised \$169,913 in deferred acquisition costs (2022: \$428,588) with the net of these two figures being \$35,101,717. Future cash flows relating to future claims under the risk associated with those premiums as advised by DSH Insurance's independent actuaries was \$41,012,295 (2022: \$36,088,000).

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

Departmental - Notes to and forming part of the financial statements

Outstanding Claims

The provision for outstanding claims has been determined on a case by case approach in respect of all claims reported. The liability for outstanding claims includes claims incurred but not yet paid, incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs). The provision includes the expected administration costs of settling those claims. The valuation of the DSH Insurance outstanding claims liability provision as at 30 June 2023 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 2023 consists of:

- Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2023. Separate predictions by claim type (Liability, Catastrophe and Other) are made in respect of each combination of accident quarter and financial quarter of payment. The future cash flow predictions are derived from several actuarial models of the various claim processes. That is, actuarial models are constructed for numbers of claims reported, average payments per claim incurred, development of case estimates and payments as a proportion of case estimates. The results of the models are blended based on their individual characteristics to produce a single estimate of the outstanding claims.
- Initially all estimates are made in 30 June 2023 dollars, but subsequently are increased to allow for inflation from that date to the date of payment.
- The gross of reinsurance liability for outstanding claims is estimated by:
 - discounting these inflated claim payments to allow for investment return at risk free rates;
 - adjusting for the effect of GST; and
 - adding an allowance to provide for associated claims administration expenses.
- The net outstanding claims liability is derived by allowing for expected reinsurance recoveries.
- The estimate of liability is increased by a prudential margin.

Actuarial Assumptions

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2023:

- Inflation rates: 5.50%;
- Discount rates: 4.35%;
- Claims administration expenses (CAE): 4% of gross outstanding claims liability;
- Superimposed inflation: approximately 2.00% p.a. in the actuarial model with explicit superimposed inflation assumption; and
- 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 2022:

- Inflation rates: 3.50%;
- Discount rates: 2.00%;
- Claims administration expenses (CAE): 4% of gross outstanding claims liability;
- Superimposed inflation: approximately 2.00% p.a. in the actuarial model with explicit superimposed inflation assumption;
- Prudential margin: 12% of central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency;

Departmental - Notes to and forming part of the financial statements

Process for Determining Assumptions

The process for determining each of the assumptions is as follows:

- Inflation rates: are taken as an average of Consumer Price Index (housing) and Average Weekly Earnings inflation expectations which are based on internal and external forecast of future rate;
- Discount rates: derived from a yield curve fitted to the actual yields on Commonwealth Government bonds as at 30 June 2023;
- Claims administration expenses: assumed based on DSH Insurance's own experience as well as industry experience;
- Superimposed inflation: derived from actuarial models based on the long term average of past experience for all non-catastrophe claims; and
- Prudential margin: selected based on analysis of historical variability within the portfolio.

Insurance Risk Management

Insurance risk management policies and practices are disclosed at Note 5.2D – Risk Management.

Process for Determining Risk Margin

The risk margin is intended to provide an adequacy to the 75% percentile of probability of sufficiency. In determining the risk margin assumption, the analysis of the variability of historical claims data was conducted, industry benchmark was considered and judgement was applied in the selection of assumptions. The approach adopted aligns with the framework recommended by the Institute of Actuaries Risk Margin Taskforce. There is no benefit from the diversification of risks.

	2023 \$'000	2022 \$'000
Note 2.5C: Other Provisions		
Provision for restoration obligations	918	2,041
Provision for decontamination	341	1,799
Total other provisions	1,259	3,840

Reconciliation of other provisions

	Provision for restoration on leased property \$'000	Provision for Decontamination \$'000	Total \$'000
As at 1 July 2022	2,041	1,799	3,840
Amounts used	-	(1,458)	(1,458)
Amounts revalued	(1,197)	-	(1,197)
Unwinding of discount or change in discount rate	74	-	74
Total as at 30 June 2023	918	341	1,259

Accounting Policy

Provision for Decontamination

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

Departmental - Notes to and forming part of the financial statements

3. Funding

This section identifies DVA's funding structure.

3.1. Appropriations

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

Annual Appropriations for 2023

	Annual appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2023 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	520,800	6,880	527,680	(478,321)	49,359
Capital Budgets ³	13,825	-	13,825	(16,841)	(3,016)
Other services Equity ⁴	3,504	-	3,504	-	3,504
Total departmental	538,129	6,880	545,009	(495,162)	49,847

¹ The adjustments to appropriation of \$6.880 million were related to the PGPA Act Section 74 receipts for 2022-23.

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

³ In accordance with Section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the access to the following funds is permanently withheld.

(a) \$1.519 million funds were quarantined from the Departmental Appropriations Supply Act (No. 3) 2022-23.

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.

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

Annual Appropriations for 2022

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

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

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

³ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

⁴ In accordance with Section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the access to the following funds is to be permanently withheld:

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

Departmental - Notes to and forming part of the financial statements

Accounting Policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when DVA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

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

	2023 \$'000	2022 \$'000
Departmental		
Appropriation Act (No. 1) 2021-22	-	31,524
Appropriation Act (No. 1) 2021-22 (DCB)	-	8,151
Appropriation Act (No. 2) 2021-22	2,084	3,704
Appropriation Act (No. 3) 2021-22	-	3,060
Appropriation Act (No. 1) 2022-23	83,643	-
Appropriation Act (No. 1) 2022-23 (DCB)	-	-
Appropriation Act (No. 2) 2022-23	2,846	-
Supply Act (No. 2) 2022-23	275	-
Supply Act (No. 3) 2022-23 ¹	1,519	-
Supply Act (No. 3) 2022-23 (DCB)	5,135	-
Supply Act (No. 4) 2022-23	383	-
Cash at bank	1,597	2,769
Total departmental	97,482	49,208

¹ In accordance with Section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the access to the following funds is permanently withheld:

(a) \$1.519 million funds were quarantined from the Departmental Appropriations Supply Act (No. 3) 2022-23.

Note 3.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Appropriation applied	
	2023 \$'000	2022 \$'000
<i>Investment of public money: Public Governance, Performance and Accountability Act 2013, s.58, Departmental¹</i>	86,085	57,510
Total²	86,085	57,510

¹ Investments of public money consists of the Defence Service Homes Insurance (DSHI) Account. For details, please refer to Note 3.2 Special Accounts (DSHI).

² Comparative figure has been adjusted to conform with changes in presentation in the current year to enhance comparability. Specifically, the comparative figure has been adjusted by \$4 million to adjust for amounts previously disclosed as 'Cash held in the Official Public Account' that were in the nature of section 58 investments.

Departmental - Notes to and forming part of the financial statements

3.2. Special Accounts

Note 3.2A: Special Accounts ('Recoverable GST exclusive')

	Defence Service Homes Insurance Account (Departmental)	
	2023 \$'000	2022 \$'000
Balance brought forward from previous period	4,540	6,451
Increases		
Realised investments	65,942	50,635
Premiums received	32,145	58,549
Other receipts	78,000	18,252
Total increases	176,087	127,436
Available for payments	180,627	133,887
Decreases		
Departmental		
Claim payments	(63,115)	(49,873)
Reinsurance premiums paid	(14,746)	(12,262)
Other payments	(9,999)	(9,702)
Total departmental	(87,860)	(71,837)
Relevant money		
PGPA Act section 58 investments	(86,085)	(57,510)
Total relevant money	(86,085)	(57,510)
Total decreases	(173,945)	(129,347)
Total balance carried to the next period	6,682	4,540
Balance represented by:		
Cash held in the Official Public Account	6,682	4,540
Total balance carried to the next period¹	6,682	4,540

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.

¹ Comparative figures have been adjusted to conform with changes in presentation in the current year to enhance comparability. Specifically, the comparative figures relating to 'PGPA Act section 58 investments' and 'Cash held in the Official Public Account' have been adjusted by \$4 million to adjust for amounts previously disclosed as 'Cash held in the Official Public Account' that were in the nature of section 58 investments.

Departmental - Notes to and forming part of the financial statements

3.3. Net Cash Appropriation Arrangements

	2023 \$'000	2022 \$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	30,991	(50,546)
Less: Changes in asset revaluation reserve	(9,275)	-
Total comprehensive income/(loss) less changes in asset revaluation reserve	21,716	(50,546)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections)	21,561	23,183
Plus: depreciation on right-of-use assets	22,368	21,516
Less: lease principal repayments	(21,005)	(20,312)
Net Cash Operating Surplus/(Deficit)	44,640	(26,159)

Departmental - Notes to and forming part of the financial statements

4. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

4.1. Employee Provisions

	2023	2022
	\$'000	\$'000
Annual leave	29,760	26,492
Long service leave	51,390	46,250
Other	408	409
Total employee provisions	81,558	73,151

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 2023. 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 2023 represents outstanding contributions.

Departmental - Notes to and forming part of the financial statements

4.2. Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The Department has determined the key management personnel to be the Secretary, the Deputy Secretaries, and the General Manager DSH Insurance. They are responsible for DVA's operating activities including service delivery, policy development, transformation, and enabling services.

	2023	2022
	\$	\$
Short-term employee benefits	1,805,077	1,510,700
Post-employment benefits	246,175	144,386
Other long-term employee benefits	48,621	37,542
Termination benefits	359,710	-
Total key management personnel remuneration expenses¹	2,459,583	1,692,628

The total number of key management personnel that are included in the above table is 7 (2022: 4).

¹ The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Department.

4.3. Related Party Disclosures

Related party relationships

The Department is an Australian Government controlled entity. Related parties to the Department are Key Management Personnel including the Portfolio Minister (the Minister for Veterans' Affairs), Executive and other Australian Government entities.

In accordance with AASB 124 *Related Party Disclosures*, and for the purpose of related party disclosures in the financial statements, key management personnel for the Department include any of the following and their close family members:

- The Minister
- The Secretary
- The Deputy Secretary of Veteran and Family Services Group
- The Deputy Secretary of Enabling Services and Commemorations Group
- The General Manager DSH Insurance Scheme
- Close family members of the key management personnel
- Organisations in which the key management personnel have controlling interests.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.

Departmental - Notes to and forming part of the financial statements

5. Managing Uncertainties

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

5.1. Contingent Assets and Liabilities

	Indemnities		Total	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Contingent liabilities				
Balance from previous period	23,145	23,386	23,145	23,386
Re-measurement	7,969	(241)	7,969	(241)
Total contingent liabilities	31,114	23,145	31,114	23,145
Net contingent liabilities	31,114	23,145	31,114	23,145

Quantifiable Contingencies

The indemnity of \$31,114,000 (2022:\$23,145,000) represents the net assets of Defence Service Homes Insurance Scheme being an indemnity offered to policy holders by the Australian Government under the *Defence Service Homes Act 1918*.

Unquantifiable Contingencies

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

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Departmental - Notes to and forming part of the financial statements

5.2. Financial Instruments

	Notes	2023 \$'000	2022 \$'000
Note 5.2A: Categories of Financial Instruments			
Financial assets at amortised cost			
Investments	2.1D	47,014	54,876
Cash and cash equivalents	2.1A	28,226	11,309
Trade receivables	2.1B	2,957	4,673
Premiums and recoveries receivables	2.1C	44,825	65,640
Other receivables	2.1B	636	161
Total financial assets at amortised cost		123,658	136,659
Total financial assets		123,658	136,659
Financial Liabilities			
Financial liabilities measured at amortised cost			
Payables - suppliers	2.3A	55,085	49,814
Gross outstanding claims	2.5B	35,668	60,109
Other payables - reinsurance premiums	2.3D	1,151	875
Total financial liabilities measured at amortised cost		91,904	110,798
Total financial liabilities		91,904	110,798

Accounting Policy

Financial assets

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

- Financial assets at fair value through profit and loss;
- Financial assets at fair value through other comprehensive income; and
- Financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial liabilities

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

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

Note 5.2B: Net Gains or Losses from Financial Assets

Financial assets at amortised cost

Interest revenue	1.1D	1,800	324
Net gains on financial assets at amortised cost		1,800	324
Net gains on financial assets		1,800	324

Net income/expense from financial assets not at fair value through the profit or loss is nil (2022: nil).

Note 5.2C: Net Gains or Losses from Financial Liabilities

There were no gains or losses from financial liabilities.

Departmental - Notes to and forming part of the financial statements

Note 5.2D: Risk Management

Insurance Risks

The risks inherent in any single insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, these risks are random and unpredictable. In relation to the pricing of individual insurance contracts and the determination of the level of the outstanding claims provision in relation to a portfolio of insurance contracts, the principal risk is that the ultimate claims payments will exceed the carrying amount of the provision established.

TABLE A: Analysis of sensitivity of 30 June 2023 net provision to various changes in assumptions

Item	Amount		Change from final estimate				Note
	2023 \$'000	2022 \$'000	2023 \$'000	2023 %	2022 \$'000	2022 %	
Net liability, including CAE and excluding prudential margin	24,320	24,427	-	-	-	-	(a)
Inflation +1%	24,511	24,715	191	-	288	1.2	(b)
Inflation -1%	24,131	24,139	(189)	-	(288)	(1.2)	(b)
Discount +1%	24,511	24,136	191	-	(291)	(1.2)	(c)
Discount -1%	24,131	24,725	(189)	-	298	1.2	(c)
Superimposed inflation +1%	24,511	24,715	191	-	288	1.2	(d)
Superimposed inflation - 1%	24,131	24,139	(189)	-	(288)	(1.2)	(d)
10% more IBNR claims in PPCI models	24,321	24,469	-	-	42	0.2	(e)
10% less IBNR claims in PPCI models	24,320	24,385	-	-	(42)	(0.2)	(e)

Notes:

(a) Net provisions, including prudential margin:

	2023 \$'000	2022 \$'000
Gross Central Estimate (including GST and claims administration expense, excluding risk margin)	35,030	59,035
less: Estimated Outstanding Reinsurance Recoveries	8,279	34,608
Central estimate (incl GST and claims administration expense)	26,752	24,427
Less: GST	2,432	2,221
Central Estimate (incl claims administration expense)	24,320	22,206

Equivalent net provision derived by:

(b) adding/ subtracting 1% p.a. to each future assumed inflation rate.

(c) adding/ subtracting 1% p.a. to each future assumed discount rate.

(d) adding/ subtracting 1% to superimposed inflation assumption.

(e) increasing/ reducing Incurred But Not Reported (IBNR) claims in each of the Payment Per Claims Incurred (PPCI) models by 10%.

Departmental - Notes to and forming part of the financial statements

Underwriting risks

Selection and pricing of risks

Risks insured are limited to dwelling houses owned by persons eligible under the *Defence Service Homes Act 1918*. Insurance policies are written in accordance with local management practices and regulations within each jurisdiction taking into account DVA's underwriting standards.

Pricing of risks is controlled by use of in-house pricing models relevant to the market in which DVA operates. Experienced underwriters and actuaries maintain historical pricing and claims analysis and these are combined with a knowledge of current developments in the market.

Concentration risk

DVA manages exposure to concentration risk by issuing policies across all Australian states and territories. Reinsurance is purchased to reduce potential exposure to catastrophe losses.

Claims management and claims provisioning risk

DVA's approach to determining the outstanding claims provision and the related sensitivities are set out in Note 1.1D Insurance Activities and 5.2D Sensitivity to Insurance Risk.

DVA seeks to ensure the adequacy of its outstanding claims provision by reference to the following controls:

- experienced claims managers work with underwriters on coverage issues and operate within the levels of delegation issued to them in respect of the settlement of claims;
- processes exist to ensure that all claims advices are captured and updated on a timely basis and with a realistic assessment of the ultimate claims cost; and
- the aggregate outstanding claims provision for DVA is reviewed by an external actuary annually.

Despite the rigour involved in the establishment and review of the outstanding claims provision, the provision is subject to significant uncertainty for the reasons set out in Note 2.5B.

Reinsurance counterparty risk

DVA reinsures a portion of risks underwritten to control exposure to insurance losses, reduce volatility and protect capital. DVA's strategy in respect of the selection, approval and monitoring of reinsurance arrangements is addressed by the following protocols:

- treaty or facultative reinsurance is placed in accordance with the requirements of DVA's reinsurance management strategy,
- reinsurance arrangements are regularly reassessed to determine their effectiveness based on current exposures, historical losses and potential future losses, and
- exposure to reinsurance counterparties and the credit quality of those counterparties is actively monitored.

Strict controls are maintained over reinsurance counterparty exposures. Reinsurance is placed with counterparties that have a Standard & Poor's credit rating of A- or above. Credit risk exposures are calculated regularly and compared with authorised credit limits, and the arrangements discontinued from the day the counterparties' credit rating falls below A-. DVA currently has no receivables with reinsurance counterparties below A-.

Departmental - Notes to and forming part of the financial statements

5.3. Fair Value Measurement

Accounting Policy

DVA engaged an independent valuer to conduct a materiality review of all non-financial assets at 30 June 2023. 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.

	2023	2022
	\$'000	\$'000
Non-financial assets		
Leasehold improvements	33,175	27,029
Property, plant and equipment	378	249
Total non-financial assets	33,553	27,278
Total fair value measurements of assets in the statement of financial position	33,553	27,278

DVA's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

Departmental - Notes to and forming part of the financial statements

6. Other Information

This section provides other disclosures relevant to DVA's financial information environment for the year ending 30 June 2023.

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

	2023	2022
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	28,226	11,309
Investments	46,014	54,876
Trade and other receivables	99,055	52,021
Premiums and recoveries receivable	45,493	65,640
Asset held for sale	1,350	1,350
Other non-financial assets	7,314	2,184
Total no more than 12 months	227,452	187,380
More than 12 months		
Land and buildings	109,871	103,182
Property, plant and equipment	379	249
Intangibles	55,936	59,818
Investments	1,000	-
Total more than 12 months	167,186	163,249
Total assets	394,638	350,629
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	55,084	49,814
Revenue received in advance	-	1,300
Unearned premiums	36,378	32,834
Other payables	10,303	7,055
Gross outstanding claims	35,668	59,580
Unexpired risk liability	5,741	4,248
Leases	22,677	16,275
Employee provisions	24,225	21,651
Other provisions	537	2,233
Total no more than 12 months	190,613	194,990
More than 12 months		
Leases	59,273	63,631
Employee provisions	57,333	51,500
Other provisions	722	1,607
Gross outstanding claims	-	529
Total more than 12 months	117,328	117,267
Total liabilities	307,941	312,257

Departmental - Notes to and forming part of the financial statements

6.2. Explanations of Major Departmental Budget Variances

The table below provides explanations for significant variances between DVA's original departmental budget estimates, as published in the 2022–23 Portfolio Budget Statements, and the actual financial performance and position for the year. The budget is not audited. Variances are treated as significant when it is considered important for a reader's understanding or is relevant to an assessment of the discharge of accountability and for the analysis of DVA's performance. The nature and timing of the Commonwealth budget process can also contribute to the variances.

Explanation of major variances	Affected line items (and schedule)
Employee benefits are \$16.3 million greater than budget due to the recruitment of additional staff and conversion of labour hire staff to address the claims backlog.	Employee benefits (Statement of Comprehensive Income)
Suppliers are \$54.7 million under budget largely due to the conversion of labour hire contractors to permanent APS staff and delays in IT projects.	Suppliers (Statement of Comprehensive Income)
Trade and other receivables was \$24.4 million higher than budgeted due to DVA's surplus in 2022-23, driven by the Supplier underspend.	Trade and other receivables (Statement of Financial Position)
Premiums and recoveries are \$8.6 million greater than budget due to the nature and unpredictability of catastrophe events impacting DSH Insurance recoveries.	Premiums and recoveries receivables (Statement of Financial Position)
Cash and cash equivalents is \$19.9m greater than budget due to the re-categorisation of some DSH Insurance short-term investments.	Cash and cash equivalents (Statement of Financial Position)
Investments are \$6.6 million less than budget due to short term investments being re-categorised as cash and cash equivalents.	Investments (Statement of Financial Position)
Land and Buildings are \$23.3 million less than budget due to the Gnabra building lease in Canberra being renewed for a shorter period than previously planned.	Land and buildings (Statement of Financial Position)
Suppliers payable are \$16.1 million above budget primarily due to accrued payments for services provided by Services Australia.	Suppliers (Statement of Financial Position)
Leases are \$28.2 million less than budget due to the Gnabra building lease in Canberra being renewed for a shorter period than previously planned.	Leases (Statement of Financial Position)
The Unexpired risk liability is \$1.5 million more than budget due to the expected increase in claim costs, growth in premiums, and increase in reinsurance costs for DSH Insurance.	Unexpired risk liability (Statement of Financial Position)
Gross outstanding claims is under budget by \$20.2m largely due to no major catastrophe events during the financial year impacting DSH Insurance.	Gross outstanding claims (Statement of Financial Position)
Other provisions was \$2.6 million less than budget due to the unwinding of the decontamination provision for Greenslopes, and a downward revaluation of the make good provision.	Other provisions (Statement of Financial Position)

Administered - Notes to and forming part of the financial statements

7. Income and Expenses Administered on Behalf of Government

This section analyses the activities that DVA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

7.1. Administered - Expenses

	2023 \$'000	2022 \$'000
Note 7.1A: Personal Benefits		
Direct		
Income support	1,777,542	1,878,379
Defence widow/ers support	1,031,768	1,084,593
Disability support	1,612,444	1,536,128
Military compensation payments	2,147,834	1,694,222
Children education scheme	13,870	14,338
Other	9,686	8,853
Total personal benefits	6,593,144	6,216,513
Note 7.1B: Health Care Payments		
Indirect		
Hospital services	942,357	1,033,964
Community care and support	869,775	838,900
General medical consultation and services	676,882	659,161
Counselling and other health services	686,560	671,088
Pharmaceutical benefits	334,560	313,602
Military compensation payments	371,077	288,305
Total health care payments	3,881,211	3,805,020

Accounting Policy

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

From 12 October 2017, the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA) replaced SRCA for current and former ADF members who have injuries or illnesses arising from their service prior to 1 July 2004.

Each of these Acts imposes an obligation on eligible recipients to disclose to DVA information about financial and personal circumstances that affect their entitlement to benefits. In the absence of this obligation, the cost of delivery of DVA's services would increase as a result of the requirement to verify information provided by eligible recipients in relation to these benefits.

Unreported changes in circumstances can lead to incorrect payment, even if no deliberate fraud is intended. However, risks associated with relying on voluntary disclosure by clients are mitigated by a comprehensive risk management plan which minimises the potential for incorrect payment by a variety of review processes.

While DVA acts promptly to address material risks as they emerge, DVA accepts that a proportion of non-compliance may go undetected. However, given the 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.

Open Arms has a number of small leased premises around Australia for delivering counselling services. Lease payments are recognised as expenses under Counselling and other health services. Due to the short term nature of many of the leases and the immaterial overall value of the leases DVA has chosen not to apply AASB 16 Leases.

Administered - Notes to and forming part of the financial statements

8. Assets and Liabilities Administered on Behalf of the Government

This section analyses assets used to conduct its operations and the operating liabilities incurred as a result DVA does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

8.1. Administered - Financial Assets

	2023	2022
	\$'000	\$'000
Note 8.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	55,561	106,591
Cash in special accounts ¹	290	263
Total cash and cash equivalents	55,851	106,854

¹The closing balance of cash in special accounts does not include amounts held in trust (2023: \$431,000, 2022: \$223,000).

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

Note 8.1B: Receivables

Pensions	70,432	62,638
GST receivables	6,241	5,571
Other receivables	16,669	32,814
Total receivables (gross)	93,342	101,023

Less impairment loss allowance

Pensions	(4,285)	(3,813)
Total impairment loss allowance	(4,285)	(3,813)
Total receivables (net)	89,057	97,210

Note 8.1C: Equity Accounted Investments

Investment in Commonwealth authorities

Australian War Memorial ²	1,699,234	1,683,695
Total investments accounted for using the equity method	1,699,234	1,683,695

²The value shown for the Australian War Memorial is at fair value and is based upon the audited net asset position as at 30 June 2023.

The Commonwealth owns 100% of the investment in the Australian War Memorial whose principal activity is to commemorate the sacrifice of those Australians who have died in war. It does this by assisting Australians to remember, interpret and understand the Australian experience of war and its enduring impact on Australian society.

Accounting Policy

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

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

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments, other than those held for sale are classified as amortised costs and are measured at their fair value as at 30 June 2023. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at end of reporting period.

Administered - Notes to and forming part of the financial statements

8.2. Administered - Non-Financial Assets

Note 8.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances of Property, Plant and Equipment and Intangibles for 2023

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2022				
Gross book value	56,501	6,106	13,787	76,394
Accumulated depreciation and impairment	(858)	(1,448)	(5,075)	(7,381)
Total as at 1 July 2022	55,643	4,658	8,712	69,013
Other movements - reclassification				-
Adjusted total as at 1 July 2022	55,643	4,658	8,712	69,013
Additions	230	-	-	230
Depreciation	(881)	(1,503)	(1,078)	(3,462)
Total as at 30 June 2023	54,992	3,155	7,634	65,781
Total as at 30 June 2023 represented by				
Gross value				
Fair value	56,501	6,106	13,787	76,394
Work in progress	230	-	-	230
Accumulated depreciation and impairment	(1,739)	(2,951)	(6,153)	(10,843)
Total as at 30 June 2023	54,992	3,155	7,634	65,781

Administered - Notes to and forming part of the financial statements

Accounting Policy

Administered non-financial assets consist of two overseas commemorative centres. The Sir John Monash Centre located in France commemorates Australian servicemen and women who served on the Western front during the First World War and the Sandakan Memorial in Thailand which commemorates the Australian and British prisoners of war held by the Japanese during the Second World War.

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 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 at cost in the statement of financial position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are material in total).

Revaluations

Following initial recognition at cost, PP&E are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend upon the volatility of movements in market values for the relevant assets. DVA is required to value all assets in a class at the same time. An independent valuer will be engaged to revalue all tangible assets every three years.

A desktop revaluation was performed by an independent valuer as at 30 June 2023.

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

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

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

Asset class	Fair value
Buildings	Depreciated replacement cost
PP&E	Depreciated replacement cost

Administered - Notes to and forming part of the financial statements

Depreciation

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

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

Depreciation rates applying to each class of depreciable asset are based on the following useful lives as per the departments Asset Management Policy:

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

Impairment

All assets were assessed for impairment at 30 June 2023. Where indications of impairment exist, the assets recoverable amount is estimated and an impairment adjustment made if the assets recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Where the future economic benefit of an asset is not primarily dependent on the assets ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

DVA's intangibles comprise internally developed and purchased software for internal use, and digital collections. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over their anticipated useful life. The useful life of DVA's intangible assets are 3–20 years.

All intangible assets were assessed for indications of impairment as at 30 June 2023.

Office of Australian War Graves

The Office of Australian War Graves (OAWG) is responsible for maintenance of war cemeteries, graves and commemorations in Australia and around the world for Australians involved in conflicts. DVA has assessed these graves and memorials against the requirements for asset recognition. On balance OAWG does not have sufficient control of these sites to disclose them as non-financial assets. The OAWG does however have a responsibility to maintain these sites in perpetuity.

Administered - Notes to and forming part of the financial statements

Actuarial Assumptions

The 30 June 2023 liability estimates are based on the results of the full valuation of the Military Compensation Scheme as at 30 June 2022. The key assumption changes since the last valuation are:

- An increase in the average permanent impairment lump sum payment of approx. 20% based on the last 12 months of experience due to an increase in medically discharged ADF members.
- Modelling changes to MRCA Medical to differentiate between white and gold cardholders due to the availability of new data. The data identified that there is a significant difference in cashflows of white and gold cardholders.
- Modelling changes to Household Services to be more nuanced given the significant growth seen in recent years. Expenditure is now modelled similar to MRCA Medical which allows for new entrants and applies future utilisation and average size assumptions. This compares to the previous method where the existing group of users is reduced over time.

For detailed information on actuarial assumptions used to inform the valuation please refer to the *Actuarial Investigation into the Cost of Military Compensation – 30 June 2022* report which is available from the department's website.

Other economic assumptions

Economic Assumption	2023	2022
Discount rate	4.0%-4.5%	1.7%-3.9%
Payment inflation rate	2.5%-5.0%	2.5%-5.0%

For detailed payment inflation rates by payment category refer to Table 5.1: Rates of inflation in the *Actuarial Investigation into the Cost of Military Compensation – 30 June 2022* report.

Discount Rate

The provision is calculated as the discounted value of future cash flows. Cash flows are assumed to extend over a period of more than 50 years and as a result the estimate of the provision is very sensitive to the interest rate used for discounting.

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

Accounting Adjustments

Due to the complexity of the analysis and timing of the financial statements, the full valuation at 30 June 2022 is rolled forward to 30 June 2023 by adjusting for an additional year of accident (i.e. 2022-23), expected payments made during the year, and interest costs over the year. The cash flows are discounted using the yield curve at 30 June 2023. These items are shown in the reconciliation table.

Administered - Notes to and forming part of the financial statements

Reconciliation of Provision

	2023 \$'000	2022 \$'000
Projected Liability at beginning of financial year	38,493,500	46,123,800
Changes in estimated liability by head of damage		
Incapacity	590,000	(50,100)
Permanent impairment (PI) / non-economic loss	4,421,500	(723,400)
Medical	1,545,000	4,592,300
Rehabilitation	15,100	126,200
Other	3,894,100	771,300
Death	202,200	(13,800)
Total changes in estimated liability by head of damage	10,667,900	4,702,600
Revised Projected Liability at beginning of financial year	49,161,400	50,826,400
Roll forward adjustment		
Notional premiums ¹	4,085,100	4,694,900
Payments	(2,329,300)	(1,943,800)
Imputed interest	1,137,900	(28,300)
Projected Liability at 30 June before change in interest rate	52,055,100	53,549,200
Change in interest rate	(3,312,500)	(15,055,700)
Projected Liability at 30 June	48,742,600	38,493,500
Adjustment of Short Term Inflation	468,600	N/A
Adjustment for Defence Salary Increase	201,200	N/A
Risk Adjustment ²	6,275,400	3,645,600
Liability at 30 June including Risk adjustment	55,687,800	42,139,100

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 2022, the allowance for liabilities incurred or met over 2022-23 and the impact of the increase in yields between 30 June 2022 and 30 June 2023.

Risk Adjustment

Due to the uncertainty in the provision as a result of the compensation claims backlog, a risk adjustment has been applied in 2022-23 to the liability valuation (prior to the application of the yield curve). This risk adjustment is based on an average risk margin applied by the employer liability insurance industry. The risk adjustment applied in 2022-23 is 12.7% (9.5% in 2021-22). The total liability including the adjustment for the yield curve is \$55,688 million.

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

² Refer to the Risk Adjustment section for more information.

Administered - Notes to and forming part of the financial statements

Sensitivity Analysis

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

Scenarios 1 to 5 show the result should assumptions differ from that expected for the benefit types which have contributed the largest movement to this year's result. Scenarios 6 to 11 show the results should different proportions of MRCA claimants ultimately access the largest benefits of medical, PI, and incapacity and the results for different usage levels.

The liability for MRCA medical payments accrues only the portion of future expenditure that is expected to result from injuries sustained prior to the valuation date. Should all future cashflows be accrued, the MCS liability would increase by 7.5%.

The full valuation report contains an extensive list of sensitivity and scenario results for the benefit types modelled. These are intended to show a range of possible outcomes should experience vary from expected. They are not intended to provide the upper and lower bounds of all possible outcomes. The results in the table below are a subset of the full list of sensitivity and scenarios tested and are based on the proportional movements for the same scenarios calculated on the 30 June 2022 valuation result. The results should be taken as indicative only.

	Description	Liability \$'000	Change in Liability \$'000	Change in Liability %
Baseline¹	30 June 2023 Estimate	55,687,800		
Outcome				
1	Average size for MRCA PI is based on most recent 6 months of experience	56,754,700	1,066,900	1.9%
2	Backlog conversion to incapacity is 25% higher	57,313,500	1,625,700	2.9%
3	45% of MRCA medical recipients ultimately receive a Gold Card	57,121,400	1,433,500	2.6%
4	Average size of MRCA household services usage is 10% higher	56,038,800	351,000	0.6%
5	Utilisation of MRCA household services is 10% higher	55,947,900	260,000	0.5%
6	Medical and PI claimants: 35% Incapacity claimants: 20% Household Services claimants: 15% PI claims per claimant: 1.7 Incapacity episodes per claimant: 1.8	44,623,400	-11,064,400	-19.9%
7	Medical and PI claimants: 35% Incapacity claimants: 20% Household Services claimants: 15% PI claims per claimant: 2 Incapacity episodes per claimant: 2	48,461,500	-7,226,300	-13.0%
8	Medical and PI claimants: 55% Incapacity claimants: 30% Household Services claimants: 20% PI claims per claimant: 1.7 Incapacity episodes per claimant: 1.8	68,510,800	12,822,900	23.0%

¹ The MRCA assumptions used in the valuation (baseline) sit between scenarios 7 and 8.

Administered - Notes to and forming part of the financial statements

	Description	Liability \$'000	Change in Liability \$'000	Change in Liability %
9	Medical and PI claimants: 55% Incapacity claimants: 30% Household Services claimants: 20% PI claims per claimant: 2 Incapacity episodes per claimant: 2	74,447,900	18,760,100	33.7%
10	Medical and PI claimants: 75% Incapacity claimants: 40% Household Services claimants: 25% PI claims per claimant: 1.7 Incapacity episodes per claimant: 1.8	92,398,100	36,710,200	65.9%
11	Medical and PI claimants: 75% Incapacity claimants: 40% Household Services claimants: 25% PI claims per claimant: 2 Incapacity episodes per claimant: 2	100,434,300	44,746,500	80.4%

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

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

For a full summary of all scenario analysis undertaken, refer to Chapter 20 of the *Actuarial Investigation into the Cost of Military Compensation - 30 June 2022* report.

Administered - Notes to and forming part of the financial statements

Other Provisions

Veterans' Entitlement Act 1986 (VEA)

No provision is calculated for future payments under the VEA as this Act differs in nature from both MRCA and DRCA. VEA is primarily an income support scheme whereas MRCA and DRCA are injury compensation schemes. Under AASB 137 a government does not have a present obligation to sacrifice future economic benefits for social welfare payments that might arise in future reporting periods. A present obligation for social welfare payments arises only when entitlement conditions are satisfied for payment during a particular payment period.

Medical and other health services (TAS) claim provision

The Medical and other health services claims provision is an estimate of outstanding payments for eligible treatment claims through the Treatment Accounts System (TAS) as at 30 June 2023. 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 2023. 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 hospitals there is an element of uncertainty in the provision. Specifically, DVA funds veteran services in the state public hospital sector on the basis of estimating the expected cost, advancing funds based on that estimate and then receiving data after services have been provided. DVA attempts to mitigate the uncertainty through analysis of prior year trends and monitoring price movements for diagnostic related groups. This provides some certainty that costs are accurately recorded and the financial statements presented are materially correct. This provision is not discounted as all amounts are expected to be paid within the next financial year.

Administered - Notes to and forming part of the financial statements

9. Managing Uncertainties

9.1. Administered – Financial Instruments

		2023	2022
		\$'000	\$'000
Financial assets at amortised cost			
Cash and cash equivalents	8.1A	55,851	106,854
Pension loans scheme		6,363	4,340
Total financial assets at amortised cost		62,214	111,194
Financial assets at fair value through other comprehensive income			
Investments in Commonwealth entities	8.1C	1,699,234	1,683,695
Total financial assets at fair value through other comprehensive income		1,699,234	1,683,695
Total financial assets		1,761,448	1,794,889
Financial Liabilities			
Financial liabilities measured at amortised cost			
Health care payables		38,863	43,212
Grants payables		51	-
Other payables		44,776	20,679
Total financial liabilities measured at amortised cost		83,690	63,891
Total financial liabilities		83,690	63,891

9.2. Administered – Fair Value Measurement

		2023	2022
		\$'000	\$'000
Financial assets			
Equity accounted investments		1,699,234	1,683,695
Total financial assets		1,699,234	1,683,695
Non-Financial assets			
Buildings		54,992	55,643
Property, Plant and Equipment		3,155	4,658
Total financial assets		58,147	60,301
Total fair value measurements of assets in the statement of financial position		1,757,381	1,743,996

9.3. Administered – Contingent Assets and Liabilities

Quantifiable Administered Contingencies

DVA has no contingent liabilities in respect of claims for damages or costs (2022: nil).

Unquantifiable Administered Contingencies

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

Administered - Notes to and forming part of the financial statements

10. Funding

This section identifies DVA's funding structure

10.1. Administered – Appropriations

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

Annual appropriations for 2023

	Annual appropriation ¹ \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2023 (current and prior years) \$'000	Variance ² \$'000
Administered					
Ordinary annual services					
Administered items	290,902	-	290,902	(111,266)	179,636
Payments to Australian War Memorial	42,828	-	42,828	(42,828)	-
Other services					
Administered assets and liabilities	2,420	-	2,420	(230)	2,190
Payments to Australian War Memorial	131,563	-	131,563	(131,563)	-
Total administered	467,713	-	467,713	(285,887)	181,826

¹ Current year administered appropriations withheld under section 51 of the PGPA Act are \$123.093 million.

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

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

Annual appropriations for 2022

	Annual appropriation ¹ \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2022 (current and prior years) \$'000	Variance ² \$'000
Administered					
Ordinary annual services					
Administered items	151,685	-	151,685	(105,539)	46,146
Payments to Australian War Memorial	46,093	-	46,093	(46,093)	-
Other services					
Payments to Australian War Memorial	143,409	-	143,409	(143,409)	-
Total administered	341,187	-	341,187	(295,041)	46,146

¹ No administered appropriations withheld under section 51 of the PGPA Act.

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

Administered - Notes to and forming part of the financial statements

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

	2023 \$'000	2022 \$'000
Administered		
Appropriation Act (No. 1) 2019-20	-	19,992
Appropriation Act (No. 3) 2019-20	-	1,840
Supply Act (No. 1) 2019-20	-	3,275
Appropriation Act (No. 1) 2020-21 ¹	18,357	18,449
Appropriation Act (No. 3) 2020-21 ¹	2,250	2,250
Supply Act (No. 1) 2020-21 ¹	2,828	4,678
Appropriation Act (No. 1) 2021-22 ¹	31,752	33,292
Appropriation Act (No. 3) 2021-22 ¹	14,410	16,155
Appropriation Act (No. 1) 2022-23 ¹	37,502	
Supply Act (No. 1) 2022-23 ¹	26,542	
Supply Act (No. 3) 2022-23 ¹	120,819	
Total administered	254,461	99,932

¹ In accordance with Section 51 of the PGPA Act, the access to the following funds is permanently withheld:

- (a) \$18.357 million funds were quarantined from the Appropriations Act (No. 1) 2020–21
- (b) \$2.250 million funds were quarantined from the Appropriations Act (No. 3) 2020–21
- (c) \$2.828 million funds were quarantined from the Supply Act (No. 1) 2020–21
- (d) \$31.660 million funds were quarantined from the Appropriations Act (No. 1) 2021–22
- (e) \$14.410 million funds were quarantined from the Appropriations Act (No. 3) 2021–22
- (f) \$16.099 million funds were quarantined from the Appropriations Act (No. 1) 2022–23
- (g) \$6.751 million funds were quarantined from the Supply Act (No. 1) 2022–23
- (h) \$100.243 million funds were quarantined from the Supply Act (No. 3) 2022–23

The unspent 2020-21 appropriations will lapse on 1 July 2023 under section 39 of the FRR.

Administered - Notes to and forming part of the financial statements

Note 10.1C: Special Appropriations ('Recoverable GST exclusive')		
Authority	Appropriation applied	
	2023 \$'000	2022 \$'000
<i>Veterans' Entitlements Act 1986</i> , s.199, Administered, Unlimited	7,929,762	8,108,527
<i>Papua New Guinea (Members of the Forces Benefits) Act 1957</i> , s.8A, Administered, Unlimited	29	21
<i>Defence Service Homes Act 1918</i> , s.41, Administered, Unlimited	-	214
<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i> , s.160, Administered, Unlimited	408,376	371,860
<i>Military Rehabilitation and Compensation Act 2004</i> , s.423, Administered, Unlimited	1,991,361	1,612,397
<i>Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006</i> , s.49, Administered, Unlimited	7,857	8,868
<i>Treatment Benefits (Special Access) Act 2019</i> , s.62, Administered, Unlimited	1,312	1,654
<i>Investment of public money: Public Governance, Performance and Accountability Act 2013</i> , s.58, Administered ¹	510	500
<i>Compensation (Japanese Internment) Act 2001</i> , s.13, Administered, Unlimited	-	25
Total	10,339,207	10,104,066

¹ Investments of public money consists of deposits held in financial institutions by the Military Death Claim Compensation (MDCC) Special Account. For details, please refer to Note 11.2 Assets Held in Trust (MDCC).

Note 10.1D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')		
	2023	2022
	\$'000	\$'000
Department of Social Services		
Total receipts	64,877	52,700
Total payments	(64,916)	(52,806)
Department of Defence		
Total receipts	125,899	65,192
Total payments	(117,301)	(64,943)

DVA is authorised by the Department of Social Services (DSS) to make payments on behalf of DSS in relation to DSS pensions.

DVA is authorised by the Department of Defence to make payments under *Defence (Home Loans Assistance) Act 1990* and *Defence Home Ownership Assistance Scheme Act 2008*.

Payments are made from appropriations administered by other agencies. The related revenue, expense, assets, liabilities and cash flows are disclosed in the financial statements of the relevant government agency which is responsible for the outcomes to which the items relate.

Administered - Notes to and forming part of the financial statements

10.2. Administered – Special Accounts

	Military Death Claim Compensation Special Account 2015 ¹		Services for Other Entities and Trust Moneys Special Account - Department of Veterans' Affairs ²		Contributions Account - Department of Veterans' Affairs ³	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance brought forward from previous period	223	140	142	141	122	133
Increases						
Realised investments	500	310	-	-	-	-
Other receipts	336	316	409	65	3	-
Total increases	836	626	409	65	3	-
Available for payments	1,059	766	551	206	125	133
Decreases						
Relevant money						
Payments made to beneficiaries on attaining 18 years of age	(118)	(43)	-	-	-	-
PGPA Act section 58 investments	(510)	(500)	-	-	-	-
Other payments made	-	-	(387)	(64)	-	(11)
Total relevant money	(628)	(543)	(387)	(64)	-	(11)
Total decreases	(628)	(543)	(387)	(64)	-	(11)
Total balance carried to the next period	431	223	164	142	125	122
Balance represented by:						
Cash held in entity bank accounts	431	223	164	142	125	122
Total balance carried to the next period	431	223	164	142	125	122

- 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 \$431,000 (2022: \$223,000), set out in Note 11.2A.
Investments: DVA held \$510,000 in term deposits as a result of investments made under s58 of the PGPA Act (2022: \$500,000). This includes amounts realised and automatically reinvested in term deposits.
- Appropriation:** *Public Governance, Performance and Accountability Act 2013*, s.78
Establishing Instrument: *PGPA Act Determination (Department of Veterans' Affairs SOETM Special Account 2022)*
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.
- Appropriation:** *Veterans' Entitlements Act 1986*, s.200
Establishing Instrument: *Veterans' Entitlements Act 1986*, s.200
Purpose: To receive donations from veterans and others for use by the Repatriation Commission as either specified by the donor or for other general purposes.

Administered - Notes to and forming part of the financial statements

11. Other Information

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

	2023	2022
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	55,851	106,854
Receivables	34,112	46,539
Total no more than 12 months	89,963	153,393
More than 12 months		
Receivables	54,945	50,671
Equity accounted investments	1,699,234	1,683,695
Non-financial assets	65,781	69,013
Total more than 12 months	1,819,960	1,803,379
Total assets	1,909,923	1,956,772
Liabilities expected to be settled in:		
No more than 12 months		
Personal benefits payables	102,181	39,675
Health care payables	38,863	43,212
Grants payables	51	-
Supplier payables	45,168	20,963
Employee provisions	1,248	1,066
Personal benefits provisions	1,969,500	1,817,743
Health care provisions	544,164	292,100
Total no more than 12 months	2,701,175	2,214,759
More than 12 months		
Employee provisions	2,952	2,445
Personal benefits provisions	29,437,000	20,703,057
Health care provisions	23,921,500	19,492,243
Total more than 12 months	53,361,452	40,197,745
Total liabilities	56,062,627	42,412,504

Administered - Notes to and forming part of the financial statements

11.2. Assets Held in Trust

Note 11.2A: Assets Held in Trust ('Recoverable GST exclusive')

The Military Death Claim Compensation Special Account 2015 is a bare trust established by the Military Rehabilitation and Compensation Commission to administer compensation benefits paid to under age beneficiaries under the *Compensation (Commonwealth Government Employees) Act 1971, Safety, Rehabilitation & Compensation Act 1988, Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* and the *Military Rehabilitation and Compensation Act 2004* with such monies held in the trust until being paid to the beneficiaries upon reaching 18 years of age.

	2023	2022
	\$'000	\$'000
Military Death Claim Compensation Special Account 2015		
Compensation and related investments		
As at 1 July	223	140
Receipts	336	316
Payments	(118)	(43)
Realised investments	500	310
PGPA Act section 58 investments ¹	(510)	(500)
Total as at 30 June	431	223
Total monetary assets held in trust	431	223

¹ The value of investment in the form of a term deposit at 30 June is \$510,000 (2022: \$500,000).

Administered - Notes to and forming part of the financial statements

11.3. Explanations of Major Administered Budget Variances

The table below provides explanations for significant variances between DVA's original administered budget estimates, as published in the 2022–23 Portfolio Budget Statements, and the actual financial performance and position for the year. The budget is not audited. Variances are treated as significant when it is considered important for a reader's understanding or is relevant to an assessment of the discharge of accountability and for the analysis of DVA's performance. The nature and timing of the Commonwealth budget process can also contribute to the variances.

Explanation of major variances	Affected line items (and schedule)
Employee benefits is \$5.5 million more than budget as a result of increased demand for Open Arms services, requiring more front line support staff.	Employee benefits (Administered Schedule of Comprehensive Income) Employee provisions (Administered Schedule of Assets and Liabilities)
Grants are \$31.8 million less than budget due to several grant programs being delayed largely due to delays in finalising grants for the Veteran and Family Hubs.	Grants (Administered Schedule of Comprehensive Income)
The Military Compensation Scheme (MCS) provision is \$10.4 billion greater than budget, largely as a result of increased costs for MRCA Medical and Household Services. Further detail is provided in Note 8.3.	Interest expense, Movement of military compensation provisions (Administered Schedule of Comprehensive Income) Personal benefits provisions, Health care provisions (Administered Schedule of Assets and Liabilities)
Other expenses are \$26.2 million less than budget as a result of delays in commemorative projects.	Other expenses (Administered Schedule of Comprehensive Income)
The revaluation reserve is \$116.1 million greater than budget due to the increase in the net assets of the Australian War Memorial.	Change in revaluation reserve (Administered Schedule of Comprehensive Income)
Cash and cash equivalents are \$51.0 million less than budget due to the fortnightly cycle of benefit payments.	Cash and cash equivalents (Administered Schedule of Assets and Liabilities)
Intangibles are \$2.9 million below budget due to delays in overseas memorial projects that were planned to be substantially completed in 2022-23.	Intangibles (Administered Schedule of Assets & Liabilities)
Personal Benefits payables is \$55.0 million more than budget due to the fortnightly cycle of benefit payments.	Personal benefits payables (Administered Schedule of Assets & Liabilities)
Supplier and other payables is \$24.2 million over budget primarily due to the Defence Home Ownership Assistance Scheme (DHOAS) subsidy payments due to be paid on 1 July, which are directly related to increasing interest rates.	Supplier and other payables (Administered Schedule of Assets & Liabilities)

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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 2023:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2023 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 2023 and for the year then ended:

- Statement by the Secretary and General Manager;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising an Overview and a summary of significant accounting policies and other explanatory information.

Basis for opinion

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

Accountable Authority's responsibility for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Australian National Audit Office

Sean Benfield
Senior Executive Director
Delegate of the Auditor-General

Canberra
15 September 2023

Statement by the Secretary and General Manager

The accompanying financial statements of the Defence Service Homes Insurance Scheme for the year ended 30 June 2023 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 2023 comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, and are based on properly maintained financial records as per subsection 41(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In our opinion, at the date of this statement, there are reasonable grounds to believe that Defence Service Homes Insurance Scheme will be able to pay its debts as and when they fall due.



Alison Frame
Secretary

14 September 2023



Wayne Perry
General Manager, Defence Service Homes Insurance Scheme

14 September 2023

Defence Service Homes Insurance Scheme STATEMENT OF COMPREHENSIVE INCOME for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Claims expense				
Claims expense	3.1F	38,674	75,942	39,845
Less: Reinsurance and other recoveries	3.1A	(2,818)	(36,955)	-
Net claims expense		35,856	38,987	39,845
Premium revenue				
Insurance premium revenue	3.1B	65,415	58,188	65,389
Less: Reinsurance expense		(15,022)	(12,227)	(17,865)
Net premium revenue		50,393	45,961	47,524
Unexpired risk liability expense	3.1C	1,663	1,244	-
Operating expense				
Employee benefits equivalent	1.1A	4,973	4,293	5,269
Fire brigade and emergency services contributions		1,937	1,439	-
Suppliers	1.1B	3,899	3,988	6,493
Amortisation		-	-	-
Acquisition costs		171	257	-
Total operating expense		10,980	9,977	11,762
Underwriting result		1,894	(4,247)	(4,083)
Own-Source Income				
Own-source revenue				
Commissions received	1.2A	4,095	3,497	3,527
Interest	1.2B	1,800	324	371
Resources received free of charge	1.2C	60	65	65
Total own-source revenue		5,955	3,886	3,963
Total own-source income		5,955	3,886	3,963
Net contribution by/(cost of) services		7,849	(361)	(120)
Revenue from Government	1.2D	120	120	120
Surplus/(Deficit) attributable to the Australian Government		7,969	(241)	-
Other comprehensive income		-	-	-
Total comprehensive income/(loss) attributable to the Australian Government		7,969	(241)	-

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 October 2022-23 PBS.

Defence Service Homes Insurance Scheme
STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	26,629	8,540	4,631
Trade and other receivables	2.1B	45,492	65,962	68,411
Investments	2.1C	47,014	54,876	53,640
Total financial assets		119,135	129,378	126,682
Non-financial assets				
Other non-financial assets		64	20	30
Total non-financial assets		64	20	30
Total assets		119,199	129,398	126,712
LIABILITIES				
Payables				
Suppliers	2.3A	9,147	8,187	8,328
Unearned revenue	3.1E	36,378	32,834	35,075
Other payables	2.3B	1,151	875	-
Total payables		46,676	41,896	43,403
Provisions				
Gross claims outstanding	3.1D	35,668	60,109	60,164
Unexpired risk liability	3.1G	5,741	4,248	-
Total provisions		41,409	64,357	60,164
Total liabilities		88,085	106,253	103,567
Net assets		31,114	23,145	23,145
EQUITY				
Retained surplus		31,114	23,145	23,145
Total equity		31,114	23,145	23,145

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 October 2022-23 PBS.

Defence Service Homes Insurance Scheme
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2023

	2023 \$'000	2022 \$'000
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	23,145	23,386
Adjustment for errors	-	-
Adjustment for changes in accounting policies	-	-
Adjusted opening balance	23,145	23,386
Comprehensive income		
Surplus/(Deficit) for the period	7,969	(241)
Other comprehensive income	-	-
Total comprehensive income	7,969	(241)
Total comprehensive income attributable to Australian Government	7,969	(241)
Closing balance at 30 June	31,114	23,145
Closing balance attributable to Australian Government	31,114	23,145

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

There was no published budgeted statement of changes in equity in the October 2022-23 PBS.

Defence Service Homes Insurance Scheme
CASH FLOW STATEMENT
for the period ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Premiums received		66,003	58,549	64,288
Commissions received		4,105	3,512	3,527
Interest		1,409	251	371
GST received		112	16	-
Receipts from Government		120	120	120
Reinsurance and other recoveries		26,403	14,353	-
Total cash received		98,152	76,801	68,306
Cash used				
Claim payments		63,115	49,873	44,030
Employees		4,973	4,293	5,269
Suppliers		2,983	3,713	4,301
Fire brigade and emergency services contributions		1,937	1,439	1,986
Reinsurance premiums		14,746	12,262	17,865
Acquisition costs		171	257	-
Total cash used		87,925	71,837	73,451
Net cash from/(used by) operating activities		10,227	4,964	(5,145)
INVESTING ACTIVITIES				
Cash received				
Investments realised		74,000	50,635	53,640
Total cash received		74,000	50,635	53,640
Cash used				
Purchase of investments		66,138	53,510	52,404
Total cash used		66,138	53,510	52,404
Net cash from/(used by) investing activities		7,862	(2,875)	1,236
Net increase / (decrease) in cash held		18,089	2,089	(3,909)
Cash and cash equivalents at the beginning of the reporting period		8,540	6,451	8,540
Cash and cash equivalents at the end of the reporting period	2.1A	26,629	8,540	4,631

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 October 2022-23 PBS.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2023

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Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2023

Overview

Objectives of Defence Service Homes Insurance Scheme

Defence Service Homes (DSH) Insurance is a self-funded insurance scheme that provides building insurance to eligible veterans and Australian Defence Force (ADF) personnel. DSH Insurance forms part of the operations of the Client Engagement and Support Services Division of the Department of Veterans' Affairs (Department). The objective of DSH Insurance is to provide domestic building insurance in accordance with the *Defence Service Homes Act 1918* and Regulations.

DSH Insurance operates under the control of the Secretary of the Department of Veterans' Affairs. The continued existence of DSH Insurance in its present form is dependent on Government policy.

Basis of Preparation of the Financial Statements

The financial statements are required by Section 50B of the *Defence Service Homes Act 1918*. The financial statements are general purpose financial statements.

The statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (PGPA); and
- Australian Accounting Standards and Interpretations – Simplified Disclosures issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the PGPA Rule, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to DSH Insurance or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the statement of comprehensive income, when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, DSH Insurance has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The value of outstanding claims and estimated future claims on unexpired premiums has been estimated by an independent actuary. The actuary has used the methods and assumptions detailed in note 3.1.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2023

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year to enhance comparability.

New Australian Accounting Standards

All new accounting standards, revised standards, amending standards and/or interpretations that were issued prior to the signing of the statements by the Secretary and General Manager, and are applicable to the current reporting period did not have a material effect on DSH Insurance's financial statements.

Standard	Application date	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	1 Jan 2023	AASB 2021-6 help entities provide accounting policy disclosures that are more useful to the users of their financial statements, AASB 2021-6 makes amendments to certain Australian Accounting Standards. It specifically amends AASB 1049, 1054 and 1060.

Standard	Application date	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023	AASB 2021-2 amends AASB Standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates.

The following new standards were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Secretary and General Manager which are expected to have a material impact on the entity's financial statements for future reporting periods, the impact of these standards has not yet been quantified.

Standard	Application date	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 17 Insurance Contracts	1 Jul 2025 *	The effect of AASB 17 is not yet quantified for DSH Insurance. DSH Insurance engaged External Accounting and Actuarial Experts (KPMG) to provide impact assessment report. This report was completed in November 2022. It was assessed that Exposure Draft 319 is applicable to DSH Insurance and the AASB would apply to DSH Insurance to the annual periods beginning on or after 1 July 2025.

* Extended to 1 July 2025 under AASB Exposure Draft 319

Taxation

The Defence Service Homes Insurance Scheme is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses, liabilities and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office, and
- except for receivables and payables.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2023

Events After the Reporting Period

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

1. Financial Performance

This section analyses the financial performance of DSH Insurance for the year ended 30 June 2023.

1.1. Expenses

	2023	2022
	\$'000	\$'000
Note 1.1A: Employee benefits equivalent		
Wages and salaries	4,281	3,720
Superannuation		
Defined contribution plans	178	213
Defined benefit plans	508	356
Leave and other entitlements	6	4
Total employee benefits	4,973	4,293

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 2023 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	508	425
Contractors	805	1,209
Travel	57	43
IT services	727	558
Payment to DVA	1,533	1,397
Other	269	356
Total goods and services supplied or rendered	3,899	3,988
Goods supplied	2	2
Services rendered	3,897	3,986
Total goods and services supplied or rendered	3,899	3,988

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1.2. Own-Source Income and Gains

	2023	2022
	\$'000	\$'000
Own-Source Revenue		
Note 1.2A: Commissions received		
Insurance agency commission	4,095	3,497
Total commissions received	4,095	3,497

Accounting Policy

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

Note 1.2B: Interest

Deposits	1,800	324
Total Interest	1,800	324

Note 1.2C: Resources received free of charge

Remuneration of auditors	60	65
Total resources received free of charge	60	65

Other services of \$8,000 were provided by Deloitte Touche Tohmatsu during 2022-23 in relation to the Emergency Services Levy return.

Accounting Policy

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

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Note 1.2D: Revenue from Government

Interest appropriations	120	120
Total revenue from Government	120	120

Accounting Policy

Amounts appropriated are recognised as revenue when DSH Insurance gains control of the appropriation. DSH Insurance receives appropriation revenue for interest equivalency payments.

Defence Service Homes Insurance Scheme
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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

	2023	2022
	\$'000	\$'000
Note 2.1A: Cash and cash equivalents		
Cash at bank	6,682	4,540
Short-term investments	19,947	4,000
Total cash and cash equivalents	26,629	8,540
Note 2.1B: Trade and other receivables		
Goods and services receivables		
Premiums receivable	27,239	24,403
Other receivables		
GST receivable	31	143
Recoveries receivable	17,586	41,237
Interest receivable	570	179
Other receivable	66	-
Total trade and other receivables	45,492	65,962
Receivables past 90 days are not considered impaired as policies are cancelled after this period if not paid.		
Note 2.1C: Investments		
Deposits	47,014	54,876
Total investments	47,014	54,876

Monies invested in term deposits and negotiable certificates of deposit with various approved institutions under Section 58 of the *Public Governance, Performance and Accountability Act 2013*.

Amounts classified as investments are not used to meet short-term cash commitments.

The accounting policy for Cash and cash equivalents, Trade and other receivables and Investments is detailed within Note 6.2A.

Defence Service Homes Insurance Scheme
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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 2023

	Intangibles
	\$'000
As at 1 July 2022	
Gross book value	4,088
Accumulated amortisation and impairment	(4,088)
Total as at 1 July 2022	-
Amortisation expense	
	-
Total as at 30 June 2023	-
Total as at 30 June 2023 represented by	
Gross book value	4,088
Accumulated amortisation and impairment	(4,088)
Total as at 30 June 2023	-

Accounting Policy

Intangible Assets

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).

Accounting Policy

Deferred Acquisition Costs

A portion of acquisition costs relating to unearned premium revenue can be deferred in recognition that it represents future benefits to DSH Insurance. Deferred acquisition assets must have a probability of future economic benefit and be able to be reliably measured.

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
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2.3. Payables

	2023	2022
	\$'000	\$'000
Note 2.3A: Suppliers		
Trade creditors	6,558	6,151
Accrued expenses	2,589	2,036
Total suppliers	9,147	8,187

Settlement is usually made net 7 days.

Note 2.3B: Other payables

Reinsurance premiums	1,151	875
Total other payables	1,151	875

Settlement is usually made net 7 days.

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

Defence Service Homes Insurance Scheme
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3. Insurance Underwriting Activities

This section describes DSH Insurance's insurance underwriting activities.

3.1. Insurance Underwriting Activities

	2023	2022
	\$'000	\$'000
Note 3.1A: Reinsurance and other recoveries		
Reinsurance recoveries	2,420	36,746
Other recoveries	398	209
Total reinsurance and other recoveries	2,818	36,955

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	65,415	58,188
Total insurance premium revenue	65,415	58,188

Accounting Policy

Premium Revenue:

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

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

Note 3.1C: Movement in unexpired risk liability

Deficiency recognised in the statement of comprehensive income

Unexpired risk liability expense	1,663	1,244
Total deficiency recognised in statement of comprehensive income	1,663	1,244

Calculation of deficiency

Expected future claims per actuary report	41,012	36,088
Less: recorded unearned premiums	(35,272)	(31,840)
Less: deferred acquisition costs	170	429
Less: Unexpired risk liability provision as at 1 July	(4,247)	(3,432)
Unexpired risk liability expense	1,663	1,245

Note 3.1D: Claims outstanding

Gross claims outstanding	35,668	60,109
Less: reinsurers liability	(17,586)	(41,237)
Net claims outstanding	18,082	18,872

DSH Insurance has incurred claims during 2022-23 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 \$35,667,520 as at 30 June 2023 (2022: \$60,108,160). In determining this amount, the actuary has applied a risk margin of 12% (2022: 12%) to the central estimate of the expected present value of future payments for claims incurred. The resulting risk margin amounts to \$3,821,520 (2022: \$6,440,160) and is included in the gross claims outstanding (\$35,667,520).

Defence Service Homes Insurance Scheme
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Accounting Policy

Liability Adequacy Test and Unexpired Risk Liability

AASB 1023 General Insurance Contracts requires the application of a liability adequacy test upon unearned premiums. The result of this test indicates that DSH Insurance's unearned premiums are insufficient to cover expected future claims on unexpired policies at 30 June 2023 and as such, DSH Insurance has recognised an expense of \$1,662,877 (2022: \$1,244,288) and an adjusting increase to the existing unexpired risk liability of \$1,662,877 bringing the closing unexpired risk liability to \$5,741,000 (2022: \$4,247,700). 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 2023 was \$35,271,630 (2022: \$31,840,300) and prior to the recognition of unexpired risk liability DSH Insurance had recognised \$169,913 in deferred acquisition costs (2022: \$428,588) with the net of these two figures being \$35,101,717. Future cash flows relating to future claims under the risk associated with those premiums as advised by DSH Insurance's independent actuaries was \$41,012,295 (2022: \$36,088,000).

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

Outstanding Claims

The provision for outstanding claims has been determined on a case by case approach in respect of all claims reported. The liability for outstanding claims includes claims incurred but not yet paid, incurred but not reported (IBNRs), and incurred but not enough reported (IBNERs). The provision includes the expected administration costs of settling those claims. The valuation of DSH Insurance's outstanding claims liability provision as at 30 June 2023 was prepared by independent actuaries (KPMG). The methods used to assess the outstanding liability were 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 2023 consists of:

- Predicting future claim payment cash flows in respect of claims incurred prior to 30 June 2023. The predictions are separated by claim type (Liability, Catastrophe and Other) are made in respect of each combination of accident quarter/year and financial quarter/year of payment. The future cash flow predictions are derived from several actuarial models of the various claim processes. That is, actuarial models are constructed for numbers of claims reported and the development of case estimates and payments. The results of the models are blended based on their individual characteristics to produce a single estimate of the outstanding claims on a net of third party recoveries basis.
- Initially all estimates are made in 30 June 2023 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
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Actuarial Assumptions

The following assumptions have been made in determining the net outstanding claims provision as at 30 June 2023:

- **Inflation rates:** 5.50% p.a.;
- **Discount rates:** 4.35% p.a.;
- **Claims administration expenses (CAE):** 4% of gross outstanding claims liability;
- **Superimposed inflation:** approximately 2.0% p.a. in the actuarial model with explicit superimposed inflation assumptions;
- **Prudential margin:** 12% of net central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency;

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

- **Inflation rates:** 3.50% p.a.;
- **Discount rates:** 2.00% p.a.;
- **Claims administration expenses (CAE):** 4% of gross outstanding claims liability;
- **Superimposed inflation:** approximately 2.00% p.a. in the actuarial model with explicit superimposed inflation assumptions;
- **Prudential margin:** 12% of net central estimate (including CAE) of outstanding claims liability for 75% probability of sufficiency;

Process for Determining Assumptions

The process for determining each of the assumptions is as follows:

- **Inflation rates:** are taken as an average of CPI (housing) and AWE inflation expectations which are based on internal and external forecasts of future rates;
- **Discount rates:** derived from a yield curve fitted to the actual yields on Commonwealth Government bonds as at 30 June 2023;
- **Claims administration expenses:** assumed based on DSH Insurance's own experience as well as industry experience;
- **Superimposed inflation:** derived from actuarial models based on the long term average of past experience for all non-catastrophe claims;
- **Prudential margin:** selected based on analysis of estimated historical variability within the portfolio;

Insurance Risk Management

Insurance risk management policies and practices are disclosed at Note 6.3 – Risk management.

Process for Determining Risk Margin

The risk margin is intended to provide an adequacy to the 75% percentile of probability of sufficiency. In determining the risk margin assumption, the analysis of the variability of historical claims data was conducted, industry benchmark was considered and judgement was applied in the selection of assumptions. The approach adopted aligns with the framework recommended by the Institute of Actuaries Risk Margin Taskforce. There is no benefit from the diversification of risks.

	2023	2022
	\$'000	\$'000
Note 3.1E: Unearned revenue		
Unearned premiums	36,309	32,775
Insurance agency revenue received in advance	69	59
Total unearned revenue	36,378	32,834

Defence Service Homes Insurance Scheme
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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

	2023			2022		
	Current year \$'000	Prior years \$'000	Total \$'000	Current year \$'000	Prior years \$'000	Total \$'000
Gross incurred*	25,427	13,247	38,674	69,060	6,882	75,942
(Less)/add: Reinsurance and other recoveries	(7,479)	4,661	(2,818)	(33,987)	(2,968)	(36,955)
Net claims incurred	17,948	17,908	35,856	35,073	3,914	38,987

*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

	2023 \$'000	2022 \$'000
Unexpired risk liability	5,741	4,248
Total unexpired risk liability	5,741	4,248
Expected future claims per actuary report	41,012	36,088
Less: recorded unearned premiums	(35,271)	(31,840)
Unexpired risk liability	5,741	4,248

Defence Service Homes Insurance Scheme
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4. Funding

This section identifies DSH Insurance's funding structure.

4.1. Appropriations

Note 4.1A: Special appropriations applied ('recoverable GST exclusive')

Authority	Appropriation applied	
	2023 \$'000	2022 \$'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>	86,085	57,510
Total special appropriations applied	86,085	57,510

4.2. Special Accounts

Note 4.2A: Special accounts (recoverable GST exclusive)

	Defence Service Homes Insurance Account	
	2023 \$'000	2022 \$'000
Balance brought forward from previous period	4,540	6,451
Premiums received	65,942	58,549
Other receipts	32,145	18,252
Investments credited to the special account	78,000	50,635
Total increases	176,087	127,436
Available for payments	180,627	133,887
Decreases		
Departmental		
Claim payments	(63,115)	(49,873)
Reinsurance premiums paid	(14,746)	(12,262)
Other payments	(9,999)	(9,702)
PGPA Act section 58 investments	(86,085)	(57,510)
Total decreases	(173,945)	(129,347)
Total balance carried to the next period	6,682	4,540
Balance represented by:		
Cash held in the Official Public Account	6,682	4,540
¹Total balance carried to the next period	6,682	4,540

Appropriation: Public Governance, Performance and Accountability Act 2013, s80

Establishing Instrument: Defence Service Homes Act 1918, s40

Purpose: To make all payments by the Commonwealth in connection with its activities as insurer under Defence Service Homes Act 1918, s40.

5. People and Relationships

¹ Comparative figures have been adjusted to conform with changes in presentation in the current year to enhance comparability. Specifically, the comparative figures in Note 4.2 relating to 'PGPA Act section 58 Investments' and 'Cash in the Official Public Account' have been adjusted by \$4 million to adjust for amounts previously disclosed as 'Cash in the Official Public Account' that were in the nature of section 58 investments.

Defence Service Homes Insurance Scheme
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5.1. Related Party Disclosures

Related party relationships:²

DSH Insurance is an Australian Government controlled entity. Related parties to DSH Insurance are Key Management Personnel including the Portfolio Minister (the Minister for Veterans' Affairs), Secretary of Department of Veterans' Affairs and the General Manager DSH Insurance.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by DSH Insurance, it has been determined that there are no related party transactions to be separately disclosed.

² As outlined in Note 1.1A salaries, wages, superannuation, long service leave and annual leave are paid by the Department of Veterans' Affairs, including amounts paid to Key Management Personnel. An amount equal to \$66,367 of the total wages and salaries expense of \$4,281,000 is related to amounts charged for Key Management Personnel.

Defence Service Homes Insurance Scheme
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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

DSH Insurance had no quantifiable contingencies as at 30 June 2023 (nil at 30 June 2022).

Unquantifiable Contingencies

DSH Insurance had no unquantifiable contingencies as at 30 June 2023 (nil at 30 June 2022).

6.2. Financial Instruments

	2023	2022
	\$'000	\$'000
Note 6.2A: Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	26,629	8,540
Investments	47,014	54,876
Trade and other receivables	636	179
Total financial assets at amortised cost	74,279	63,595
Total financial assets	74,279	63,595
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	9,147	8,187
Other payables	1,151	875
Total financial liabilities measured at amortised cost	10,298	9,062
Total financial liabilities	10,298	9,062

Defence Service Homes Insurance Scheme
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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.

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.

	2023	2022
	\$'000	\$'000

Note 6.2B: Net gains or losses on financial assets

Financial assets at amortised cost

Interest revenue	1,759	324
Net gains on financial assets at amortised cost	1,759	324
Net gains on financial assets	1,759	324

The net income/expense from financial assets not at fair value through profit and loss is nil (2022: nil).

Defence Service Homes Insurance Scheme
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Note 6.2C: Net gains or losses on financial liabilities

There was no gain or loss from financial liabilities (2022: 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
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6.3. Risk Management

Insurance risk

The risks inherent in any single insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, these risks are random and unpredictable. In relation to the pricing of individual insurance contracts and the determination of the level of the outstanding claims provision in relation to a portfolio of insurance contracts, the principal risk is that the ultimate claims payments will exceed the carrying amount of the provision established.

Note 6.3A: Sensitivity to insurance risk

TABLE A: Analysis of sensitivity of 30 June 2023 net provision to various changes in assumptions*

Item	Amount		Change from final estimate		Change from final estimate		Note
	2023 \$'000	2022 \$'000	2023 \$'000	2023 %	2022 \$'000	2022 %	
Net liability, including CAE and GST and excluding prudential margin	24,320	24,427	-	0.0	-	0.0	(a)
Inflation +1%	24,511	24,715	191	0.8	293	1.2	(b)
Inflation -1%	24,131	24,139	(189)	-0.8	(293)	-1.2	(b)
Discount +1%	24,127	24,136	(193)	0.8	(293)	-1.2	(c)
Discount -1%	24,519	24,725	198	-0.8	293	1.2	(c)
Superimposed inflation +1%	24,511	24,715	191	0.8	293	1.2	(d)
Superimposed inflation -1%	24,131	24,139	(189)	-0.8	(293)	-1.2	(d)

*Figures extracted from KPMG report (Table 12.1), Defence Service Homes Insurance Scheme Outstanding Claims Liability as at 30 June 2023

Notes: (a) Net provision, including prudential margin.

	2023	2022
	\$'000	\$'000
Gross Central Estimate (including GST and claims administration expense, excluding risk margin)	35,030	59,035
less: Estimated Outstanding Reinsurance Recoveries	8,279	34,608
Central estimate (incl GST and claims administration expense)	26,752	24,427
less: GST	2,432	2,221
Central Estimate (incl claims administration expense)	24,320	22,206

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%.

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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 2023 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
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7. Other Information

This section provides other disclosures relevant to DSH Insurance's financial information environment for the year.

7.1. Current/Non-Current Distinction for Assets and Liabilities

	2023	2022
	\$'000	\$'000
Note 7.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	26,629	8,540
Trade and other receivables	45,493	65,962
Investments	47,014	54,876
Other assets	64	20
Total no more than 12 months	119,199	129,398
Total assets	119,199	129,398
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	9,146	8,187
Other payables	1,152	875
Gross claims outstanding	35,668	59,580
Other provisions	5,741	4,248
Unearned revenue	36,378	32,834
Total no more than 12 months	88,085	105,724
More than 12 months		
Liability Claims	-	529
Total more than 12 months	-	529
Total liabilities	88,085	106,253

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7.2. Explanations of Major Budget Variances

The following tables provide a comparison between the October 2022–23 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2022-23 financial statements. The Budget is not audited.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- the variance between budget and actual is greater than 2% of the relevant category (Income, Expenses and Equity totals); or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

Variance	Affected Items on Statements
<u>Claims</u> Claims expenses were lower than budget (\$3.9m) due to no major weather catastrophe events during the financial year. This can contribute to lower claims expenses for the financial year.	<i>Claims expense (Statement of Comprehensive Income), Gross claims outstanding (Statement of Financial Position) Claim payments (Cash Flow Statement)</i>
<u>Reinsurance Recoveries</u> Due to nature of catastrophe events and the unpredictability of these, DSH Insurance is unable to quantify and budget for reinsurance recoveries. The current year balance is from catastrophe events in the current year, and remaining recoveries due from prior year events. DSH Insurance is able to recover \$26m from its reinsurance program, which has been taken up under Trade and other receivables.	<i>Reinsurance and other recoveries (Statement of Comprehensive Income), Trade and other receivables (Statement of Financial Position)</i>
<u>Insurance Premium Revenue</u> DSH Insurance reviews its premium rates annually. Due to the increase in reinsurance costs and frequency of catastrophe events DSH insurance increased premium rates during the current year. This has resulted in better premium results.	<i>Insurance premium revenue (Statement of Comprehensive Income), Unearned revenue (Statement of Financial Position), Premiums received (Cash Flow Statement)</i>
<u>Reinsurance expense</u> Reinsurance premiums were slightly lower than budgeted due to DSH Insurance restructuring its reinsurance program in order to effect savings whilst maintaining sufficient cover.	<i>Reinsurance expense (Statement of Comprehensive Income), Other Payables (Statement of Financial Position), Reinsurance premiums (Cash Flow Statement)</i>
<u>Investments</u> Investments balance increased due to investing surplus funds. The funds were received mainly from premium revenue and reinsurance recoveries.	<i>Investments (Statement of Financial Position), Investments realised, Purchase of investments (Cash Flow Statement)</i>
<u>Interest</u> The rate of return on the investment portfolio has been significantly higher than budgeted due to ongoing interest rates increases and effective investment portfolio management during the year.	<i>Interest (Statement of Comprehensive Income), Interest (Cash Flow Statement)</i>
<u>Staffing</u> A number of contracted labour hire positions were converted to full time non-ongoing positions, additionally increase in salaries was also budgeted in line with Enterprise Agreement. However, due to staff movements during the year the actual expenditure was less than budgeted.	<i>Employee benefits equivalent, Suppliers (Statement of Comprehensive Income), Employees, Suppliers (Cash Flow Statement)</i>
<u>Fire Brigade and Emergency Services Contribution</u>	<i>Fire brigade and emergency services contributions (Statement of Comprehensive Income), Fire brigade and emergency services contributions (Cash</i>

Defence Service Homes Insurance Scheme
Notes to and forming part of the Financial Statements
for the period ended 30 June 2023

Variance	Affected Items on Statements
The Fire Brigade and Emergency Services was not budgeted separately. It was budgeted as part of suppliers but is recorded as a separate expense for disclosure.	<i>Flow Statement), Other non-financial assets (Statement of Financial Position)</i>
Suppliers The cost for 2022-23 suppliers was lower than budgeted due to the conversion of labour-hire staffing levels (see Staffing details above) to non-going FTEs. The budget also included Fire Brigade and Emergency Services Contribution as discussed above.	<i>Suppliers (Statement of Comprehensive Income), Suppliers (Statement of Financial Position)</i>
Commission DSH Insurance sells policies through the agency agreement. The higher than budgeted commission revenue is due to selling more number of policies by DSH Insurance.	<i>Commissions Received (Statement of Comprehensive Income)</i>
Acquisition Costs The variance is due to acquisition costs being deferred and then written down as part of the Liability Adequacy Test and recognition of the Unexpired Risk Liability.	<i>Acquisition costs and Suppliers (Statement of Comprehensive Income), Acquisition costs (Cash Flow Statement)</i>
Unexpired Risk Liability As a result of the Actuarial Valuation performed at year-end DSH Insurance has been required to recognise an adjustment (increase) to the Unexpired Risk Liability Provision. This is due to the actuarial assessment of an increase in claim costs for the unexpired risk period, growth in premium, and increase in reinsurance costs for DSH Insurance. DSH Insurance does not budget for Unexpired Risk Liability.	<i>Movement in Unexpired Risk Liability (Statement of Comprehensive Income), Unexpired Risk Liability (Statement of Financial Position)</i>
Unearned Revenue The variance is due to higher number of policy renewals having a spread beyond June 2023 and the premium increase has also contributed to the variance against budget.	<i>Unearned Revenue (Statement of Financial Position)</i>
Cash The variance is due to cash flow requirements at the start of July 2023 and timing of the investments maturing.	<i>Movement in Cash (Statement of Financial Position), Cash and cash equivalents at the beginning of reporting period, (Cash Flow Statement)</i>
Trade and Other Receivables The variance is due to lower balance of reinsurance recoveries due to effective reinsurance recoveries and no major weather catastrophe events during the year and higher balance of premiums receivable at 30 June 2023.	<i>Movement in Trade and Other Receivables (Statement of Financial Position), Cash and cash equivalents at the beginning of reporting period, (Cash Flow Statement)</i>

07

Appendices

Appendix A – Veteran and claim statistics

Veteran statistics

Total clients by age group and location

TABLE A1: TOTAL DVA CLIENTS BY AGE GROUP AND STATE AS AT 30 JUNE 2023

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Overseas	Total
Under 18	759	411	1,856	185	325	69	37	79	29	3,750
19–24	4,259	2,650	5,370	1,042	1,104	238	760	1,451	17	16,891
25–29	4,754	2,203	6,613	1,436	1,541	224	1,094	931	28	18,824
30–34	5,816	2,576	7,312	1,505	1,914	332	865	1,142	111	21,573
35–39	5,339	2,451	6,791	1,362	1,963	381	798	1,289	142	20,516
40–44	4,605	2,292	6,050	1,251	1,921	490	574	1,161	175	18,519
45–49	4,149	2,264	5,964	1,136	1,762	487	414	1,194	188	17,558
50–54	5,196	2,815	7,555	1,385	2,458	622	520	1,397	225	22,173
55–59	4,603	2,809	6,628	1,463	2,234	601	409	1,164	201	20,112
60–64	5,026	3,278	7,315	1,669	2,309	695	289	1,026	180	21,787
65–69	5,567	3,715	7,355	1,927	2,484	719	198	732	169	22,866
70–74	10,305	7,228	12,168	3,625	4,294	1,226	225	922	239	40,232
75–79	11,390	8,032	12,666	3,587	4,663	1,262	209	1,007	299	43,115
80–84	4,601	2,683	5,151	1,110	1,959	475	79	484	130	16,672
85–89	4,247	2,522	3,661	958	1,525	403	24	377	106	13,823
90 or over	8,684	6,183	5,440	2,270	2,459	713	39	448	160	26,396
Unknown/ Unspecified	10	20	6	6	11	2	1	3	1	60
Total	89,310	54,132	107,901	25,917	34,926	8,939	6,535	14,807	2,400	344,867

Total DVA clients consists of any person who is in receipt of a pension/allowance from DVA, has one or more accepted service related disabilities or holds a current treatment, pharmaceutical or concession card issued by DVA.

Number of living veterans

TABLE A2: ESTIMATED NUMBERS OF LIVING AUSTRALIAN (EX-) SERVICE PERSONNEL 2018–19 TO 2022–23

	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
Second World War ¹	14,600	10,800	7,800	5,500	3,800
Korean War, Malayan Emergency and FESR ²	9,600	8,900	8,200	7,500	6,800
Vietnam War ³	40,400	39,300	38,000	36,700	35,400
Other pre-1972 conflicts	4,400	4,000	3,700	3,400	3,100
Cambodia, Gulf War, Namibia, Somalia, Yugoslavia, Rwanda and Bougainville	10,200	10,100	10,100	10,000	9,900
Post-1999 conflicts ⁴	58,100	57,900	57,800	57,600	57,500
Peacetime Defence Force ⁵	144,000	142,100	140,100	137,900	135,600
Total service with VEA eligibility⁶	280,000	272,000	264,500	257,600	251,000
Full-time service post 1945 not included in VEA total ⁷	250,700	248,400	245,700	242,600	239,300
Reservists ⁸	101,100	102,100	103,100	104,100	105,000
Total Australian service⁹	631,800	622,500	613,300	604,300	595,200

Note: All figures have been rounded up or down to the nearest 100.

FESR = Far East Strategic Reserve; VEA = *Veterans' Entitlements Act 1986*

- Based on nominal roll data.
- Where the veteran has service in more than one conflict, they are recorded by most recent conflict.
- Based on nominal roll data.
- 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.
- Based on Australian Defence Force (ADF) data: those with 3 or more years of service from 1972 to 1994. Those with peacetime service after 1994 are not included.
- 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.
- A research project was initiated to estimate all living persons with post-1945 full-time service in the ADF. By necessity, input data was obtained from different sources:
 - Age profile at recruitment is graphically estimated from Phillip J Hoglin, *Early Separation in the Australian Defence Force*, Figure 4.1, *Distribution of Ab Initio Enlistment Ages*, page 39.
 - National service recruitment data is sourced from the Defence discussion paper *National Service – Have a Debate but Make Sure It Is an Informed One*.
 - The full-time enlistments data for each year from 1975 to 1998 were measured graphically from Joan Beaumont, *Australian Defence: Sources and Statistics Volume VI*, Figure 6.3, *Permanent ADF Enlistments and Separations*, page 252.
 - The full-time enlistments data for each year from 1996 to 2017 were sourced from published Defence annual reports obtained from 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.
- Includes all living persons who have ever served as a Reservist in the ADF with neither continuous full-time nor qualifying service.
- The growth in *Military Rehabilitation and Compensation Act 2004* clients and the expansion of benefits to the widest possible number of (ex-)service ADF personnel necessitated redefinition of the total to include those who were not otherwise eligible under the VEA. This figure includes all living persons who have ever served in the ADF either full time or as Reservists.

Benefit recipients

TABLE A3: SUMMARY OF BENEFIT NUMBERS BY TYPE OF BENEFIT JUNE 2018 TO JUNE 2023

	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021	At 30 June 2022	At 30 June 2023
Treatment population	190,967	207,160	250,611	263,165	276,205	283,907
Gold Card	128,517	122,536	117,072	112,146	107,665	104,148
White Card	62,450	84,624	133,539	151,019	168,540	179,759
VEA pension and allowances						
Service pension includes	99,939	94,029	88,764	84,060	79,218	74,553
veterans	52,011	48,958	46,244	43,844	41,481	39,216
partners	47,928	45,071	42,520	40,216	37,737	35,337
Income support supplement	42,464	38,403	34,571	30,984	27,730	24,662
SSA Age Pension	3,225	3,338	3,379	3,427	3,638	3,803
Veteran payment	134	470	709	854	991	968
Commonwealth Seniors Health Card	4,098	4,092	3,954	3,670	3,553	3,472
Disability compensation payment	85,811	83,363	81,918	80,252	77,967	76,126
War widow/ers pension	59,001	53,899	49,000	44,391	40,101	36,013
POW Recognition Supplement ¹	165	131	107	86	64	49
Orphan's pension	155	148	136	143	155	167
Attendant allowance	273	229	210	193	169	147
Rent assistance	12,683	12,256	11,480	10,894	14,949	14,018
Remote area allowance	648	578	522	466	420	370
Decoration allowance	261	233	219	199	176	155
Recreation transport allowance	716	622	551	492	442	395
Vehicle Assistance Scheme	43	44	49	40	39	34
Funeral benefit	3,704	3,302	3,296	2,127	2,380	2,449
Veterans' Children Education Scheme	2,229	2,106	2,073	1,960	1,805	1,688
Clothing allowance	322	286	265	253	228	213
Military compensation payments						
Permanent impairment (SRCA) ²	14,150	15,116	16,181	17,922	19,104	19,967
Permanent impairment (MRCA) ²	12,414	16,021	22,564	28,027	31,883	36,174
Incapacity (SRCA)	1,874	1,920	2,305	2,528	2,667	2,778
Incapacity (MRCA)	3,893	4,717	5,913	6,912	7,607	8,113
Wholly dependent partner (MRCA) ²	124	150	168	194	217	244
Eligible young person (MRCA) ²	128	144	168	191	216	239
MRCA Education and Training Scheme	390	751	1,103	1,542	2,141	2,821

	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021	At 30 June 2022	At 30 June 2023
Defence Service Homes						
Homes insured	53,641	52,243	51,415	50,492	48,902	47,160
Housing loan subsidies	4,960	3,925	3,173	2,521	2,065	1,622

SSA = Social Security Act 1991; SRCA = Safety, Rehabilitation and Compensation Act 1988; MRCA = Military Rehabilitation and Compensation Act 2004

1. POW Recognition Supplement is a payment that provides special recognition of surviving former Australian prisoners of war, both veteran and civilian. The payment commenced in September 2011.
2. Clients receiving a commuted or periodic (MRCA only) payment.

Veterans with accepted disability

TABLE A4: NUMBER OF VETERANS WITH ACCEPTED DISABILITY BY ACT JUNE 2018 TO JUNE 2023

	At 30 June 2018	At 30 June 2019	At 30 June 2020	At 30 June 2021	At 30 June 2022	At 30 June 2023
VEA	89,452	86,565	84,935	82,973	81,196	79,311
DRCA	52,528	54,181	56,279	57,617	59,282	61,093
MRCA	29,577	36,827	43,116	48,916	53,596	60,535

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

Claims, service and liability provision statistics

Tables A5 to A11 provide an overview of the claims processed under the *Veterans' Entitlements Act 1986* (VEA), *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA), and *Military Rehabilitation and Compensation Act 2004* (MRCA) in 2022–23.

DVA improved the reporting of VEA disability compensation payment and MRCA and DRCA liability claims received and on hand, to better reflect the complexity of the claims lodged by veterans with service eligibility under 2 or more Acts. Prior to 2021–22, claims received and on hand were reported separately under each of the Acts where the veteran's service meant more than one Act may apply to their claim. This resulted in the one claim being counted multiple times – under MRCA, DRCA and VEA. It was not until a decision was made on the claim that the actual Acts that applied were determined. The improved reporting approach now counts claims only once, and instead distinguishes between those claims that may be 'Dual Act' (VEA and DRCA) or 'Tri Act' (VEA, DRCA and MRCA) based on the veteran's service period.

For disability compensation payment claims received under the VEA, the reporting category of 'Dual Act' is provided. This represents those veterans who only have service prior to 1 July 2004 and may have their liability claims investigated under the VEA and/or the DRCA.

Similarly, for liability claims received under the MRCA, the reporting category of 'Tri Act' is provided. This represents those veterans who have service both before and after 1 July 2004 and may have their claims investigated under 2 or 3 Acts.

The use of a veteran's service information to categorise liability claims received and claims on hand under the 3 Acts is reflected as 'service eligibility' in Tables A6, A8 and A10.

The number of determinations is provided under each of the Acts. Where one claim is decided under 2 or more Acts, then that claim will be counted under each relevant Act based on the decision made.

Veterans' Entitlements Act 1986

Claims processed

TABLE A5: VEA CLAIMS PROCESSED, 2021-22 AND 2022-23

	2021-22	2022-23
Income support new claims	11,304	12,863
Pensioner-initiated reviews	52,775	57,849
Funeral benefit claims	1,797	1,979

VEA = Veterans' Entitlements Act 1986

Compensation claims

TABLE A6: VEA COMPENSATION CLAIMS, 2021-22 AND 2022-23

	2021-22	2022-23
Disability compensation payment		
Gross claims received ¹		
Gross claims received – VEA only	4,847	1,724
Gross claims received – Dual Act (DRCA/VEA)	2,614	2,830
Net claims received ²		
Net claims received – VEA only	3,237	1,546
Net claims received – Dual Act (DRCA/VEA)	2,492	2,741
Conditions determined ³	11,688	14,914
Proportion of conditions accepted	55.0%	46.6%
Disposals (claims) ⁴	15,197	7,853
Determinations (claims)	4,496	5,706
Average time taken to process in days (claims)	357	480
Applications for increases in disability compensation payment determined	1,628	1,457
Proportion of increases in disability compensation payment accepted	67.7%	68.8%
Claims on hand at 30 June ⁵		
VEA only	2,534	1,743
Dual Act (DRCA/VEA)	3,157	4,522
War widow/ers and dependants		
Gross claims received	630	560
Net claims received ²	610	503
Claims determined	563	511
Proportion of claims accepted	63.4%	63.4%
Claims on hand at 30 June ⁵	126	161

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

1. Includes applications for disability compensation payment, applications for increases in disability compensation payment and assessments/reviews.
2. Net claims does not include claims that have been withdrawn. A claim can be withdrawn for a number of reasons. Most commonly, this occurs when DVA combines multiple claims that are lodged online on the same day by the same claimant into a single claim with multiple conditions, with the consent of the claimant.
3. While a claim can be lodged with one or more conditions, each condition is determined separately.
4. Includes claims both determined and withdrawn.
5. Includes claims both in progress and not yet commenced.

Top 15 claimed conditions

TABLE A7: TOP 15 CLAIMED CONDITIONS UNDER THE VEA 2022-23

Condition	Accepted	% Accepted	Not accepted	Total
Osteoarthritis	971	47%	1,103	2,074
Tinnitus	961	69%	422	1,383
Sensorineural hearing loss	938	72%	359	1,297
Thoracolumbar spondylosis	487	53%	438	925
Posttraumatic stress disorder	411	69%	184	595
Depressive disorder	322	60%	213	535
Non-melanotic malignant neoplasm of the skin	287	77%	85	372
Solar keratosis	275	75%	94	369
Alcohol use disorder	249	63%	149	398
Sprain and strain	179	44%	227	406
Anxiety disorder	150	61%	94	244
Fracture	103	58%	75	178
Erectile dysfunction	94	55%	76	170
Malignant melanoma of the skin	74	80%	19	93
Rotator cuff syndrome	71	18%	317	388
Total	5,572	59%	3,855	9,427

VEA = Veterans' Entitlements Act 1986

Note: The top 15 conditions approved under VEA represent 82% of all VEA approved conditions in the 2022-23 financial year (5,572 of 6,967).

Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988

DRCA claims

TABLE A8: DRCA CLAIMS, 2021-22 AND 2022-23

	2021-22	2022-23
Liability		
Gross claims received ¹		
Gross claims received – DRCA only	2,524	2,319
Net claims received ²		
Net claims received – DRCA only	2,116	2,169
Conditions determined ³	15,543	22,267
Proportion of conditions accepted	64.9%	56.8%
Disposals (claims) ⁴	16,527	11,210
Determinations (claims) ⁵	6,425	9,057
Average time taken to process in days (claims)	336	460
Claims on hand at 30 June ⁶	2,122	2,234
Permanent impairment		
Gross claims received	11,750	13,711
Net claims received ²	10,618	12,939
Claims determined	8,513	7,388
Proportion of claims accepted	47.4%	44.7%
One-off lump-sum payments	4,274	3,485
Claims on hand at 30 June ⁵	7,148	12,387
Incapacity compensation		
Gross claims received	742	634
Net claims received ²	527	463
Claims determined	447	443
Proportion of claims accepted	85.5%	94.6%
Claims on hand at 30 June ⁶	153	147
Compensation paid (\$M)	131.1	139.4
Payees	2,976	3,121
Compensation for dependants		
Compensation paid (\$M)	33.3	63.8
Payees	59	118

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

- Under the service eligibility model, claims received under DRCA are generally counted under Dual Act (shown in Table A6) or under Tri Act (shown in Table A10).
- 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.
- While a claim can be lodged with one or more conditions, each condition is determined separately.
- Includes claims both determined and withdrawn.
- Total claims decided under DRCA, including those that were received and on hand as a Dual Act or Tri Act claim.
- Includes claims both in progress and not yet commenced.

Top 15 most frequently claimed conditions

TABLE A9: TOP 15 MOST FREQUENTLY CLAIMED CONDITIONS UNDER THE DRCA 2022-23

Condition	Accepted	% Accepted	Not accepted	Total
Osteoarthritis	1,489	54%	1,269	2,758
Sensorineural hearing loss	1,471	77%	448	1,919
Tinnitus	1,396	70%	590	1,986
Sprain and strain	1,162	84%	214	1,376
Thoracolumbar spondylosis	673	53%	596	1,269
Posttraumatic stress disorder	525	70%	223	748
Depressive disorder	447	65%	245	692
Non-melanotic malignant neoplasm of the skin	428	71%	173	601
Fracture	379	87%	59	438
Solar keratosis	329	68%	153	482
Alcohol use disorder	255	53%	227	482
Rotator cuff syndrome	207	36%	372	579
Anxiety disorder	204	63%	119	323
Cervical spondylosis	188	45%	234	422
Cut, stab, abrasion and laceration	158	91%	15	173
Total	9,311	65%	4,937	14,248

DRCA = *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988*

Note: The top 15 conditions approved under the DRCA represent 76% of all DRCA approved conditions in the 2022-23 financial year (9,311 of 12,203).

Military Rehabilitation and Compensation Act 2004

MRCA claims

TABLE A10: MRCA CLAIMS, 2021-22 AND 2022-23

	2021-22	2022-23
Liability		
Gross claims received		
Gross claims received – MRCA only	29,839	21,186
Gross claims received – Tri Act (MRCA/DRCA/VEA)	21,204	14,427
Net claims received ¹		
Net claims received – MRCA only	18,852	20,499
Net claims received – Tri Act (MRCA/DRCA/VEA)	12,761	13,847
Conditions determined ²	45,476	69,486
Proportion of conditions accepted	80.8%	82.4%
Disposals (claims) ³	41,679	33,951
Determinations (claims)	20,665	30,713
Average time taken to process in days (claims)	302	441
Claims on hand at 30 June ⁴		
MRCA only	21,815	22,204
Tri Act (MRCA/DRCA/VEA)	18,937	19,292
Permanent impairment		
Gross claims received	10,816	13,913
Net claims received ¹	9,929	13,172
Claims determined	8,149	9,495
Proportion of claims accepted	84.6%	87.4%
One-off lump-sum payments	6,574	7,270
Claims on hand at 30 June ⁴	7,367	10,476
Incapacity compensation		
Gross claims received	3,338	3,070
Net claims received ¹	2,711	2,631
Claims determined	2,494	2,705
Proportion of claims accepted	90.5%	96.7%
Claims on hand at 30 June ⁴	599	591
Compensation paid (\$M)	308.7	336.9
Payees	9,363	10,308

	2021-22	2022-23
Compensation for dependants		
Compensation paid (\$M)	135.2	182.4
Payees	1,294	1,725

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

1. Net claims does not include claims that have been withdrawn. A claim can be withdrawn for a number of reasons. Most commonly, this occurs when DVA combines multiple claims that are lodged online on the same day by the same claimant into a single claim with multiple conditions, with the consent of the claimant.
2. While a claim can be lodged with one or more conditions, each condition is determined separately.
3. Includes claims both determined and withdrawn.
4. Includes claims both in progress and not yet commenced.

Top 15 most frequently claimed conditions

TABLE A11: TOP 15 MOST FREQUENTLY CLAIMED CONDITIONS UNDER THE MRCA 2022-23

Condition	Accepted	% Accepted	Not accepted	Total
Tinnitus	6,318	99%	39	6,357
Sprain and strain	5,864	94%	407	6,271
Osteoarthritis	5,068	96%	208	5,276
Thoracolumbar spondylosis	3,629	98%	92	3,721
Sensorineural hearing loss	3,299	98%	51	3,350
Rotator cuff syndrome	2,806	98%	66	2,872
Depressive disorder	2,238	93%	176	2,414
Posttraumatic stress disorder	1,606	90%	175	1,781
Fracture	1,276	89%	158	1,434
Erectile dysfunction	1,165	91%	120	1,285
Alcohol use disorder	1,142	90%	120	1,262
Anxiety disorder	1,108	93%	88	1,196
Chondromalacia patella	967	93%	74	1,041
Shin splints	813	95%	39	852
Joint instability	803	93%	61	864
Total	38,102	95%	1,874	39,976

MRCA = Military Rehabilitation and Compensation Act 2004

Note: The top 15 conditions approved under the MRCA represent 71% of all MRCA approved conditions in the 2022-23 financial year (38,102 of 53,418).

Explanatory notes: 'Top 15' – tables A7, A9 and A11:

- Claims that have been determined under more than one Act have been counted per determination, so they may appear more than once in the result set; therefore, combined MRCA, DRCA and VEA totals are not an accurate reflection of the financial year claims data.
- Only conditions with a valid Statements of Principles (SOPs) code and condition are counted for the purpose of these figures. Conditions without SOPs codes are not included as there is no way to accurately map claimed conditions to SOPs conditions.
- Please note that this data is current as at 27 July 2023.

Travel for treatment

TABLE A12: TRAVEL FOR TREATMENT BY SERVICE TYPE 2018–19 TO 2022–23

	2018–19	2019–20	2020–21	2021–22	2022–23
Claims for reimbursement ¹	174,943	156,202	147,480	150,701	140,248
Trips – reimbursed ²					376,266
Arranged transport trips	1,210,032	1,046,071	693,345	595,511	563,095
Ambulance trips ³	89,865	82,477	77,325	65,171	57,847

1. Each claim for reimbursement may contain up to 10 separate trips.
2. This is new reporting included for the 2022–23 Annual Report; therefore data from previous financial years has not been incorporated. Claims for reimbursement processed manually are excluded; due to system limitations, individual trip data is not available.
3. There are a small number of ambulance services delivered under special circumstances each year; however, these are processed manually and cannot be individually reported due to system limitations.

Explanatory notes: Travel for treatment – Table A12:

- Data for financial year 2022–23 is current as at the date of extraction (13 July 2023), noting that actual numbers of travel for treatment data vary due to delays in client and provider claims being submitted.
- The title has been updated to 'Travel for treatment' to better reflect transport services available to DVA clients.

Adjustments to the Military Rehabilitation and Compensation Act liability provisions

Tables A13 and A14 show the movement in the long-term liability for income support and compensation and health and other care services under the DRCA and MRCA over the past 2 years, based on the advice of the Australian Government Actuary. The movement is recognised as a gain or expense in DVA's financial statements. Due to the nature of the liability provision, significant adjustments can occur between years.

TABLE A13: MOVEMENT IN DRCA AND MRCA LIABILITY UNDER OUTCOME 1, 2021–22 AND 2022–23

	2021–22 DRCA (\$'000)	2021–22 MRCA (\$'000)	2021–22 Total (\$'000)	2022–23 DRCA (\$'000)	2022–23 MRCA (\$'000)	2022–23 Total (\$'000)
Changes in valuation assumptions	359,200	1,022,000	1,381,200	2,653,500	5,934,200	8,587,700
Movements in income support and compensation payments	(362,000)	1,249,900	887,900	(314,200)	765,400	451,200
Interest rate	(735,600)	(4,175,800)	(4,911,400)	19,600	(172,800)	(153,200)
Total movement	(738,400)	(1,903,900)	(2,642,300)	2,358,900	6,526,800	8,885,700

DRCA = Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988; MRCA = Military Rehabilitation and Compensation Act 2004

TABLE A14: MOVEMENT IN DRCA AND MRCA LIABILITY UNDER OUTCOME 2, 2021–22 AND 2022–23

	2021–22 DRCA (\$'000)	2021–22 MRCA (\$'000)	2021–22 Total (\$'000)	2022–23 DRCA (\$'000)	2022–23 MRCA (\$'000)	2022–23 Total (\$'000)
Changes in valuation assumptions	(15,900)	6,982,900	6,967,000	998,700	4,287,800	5,286,500
Movements in health and other care services	(43,200)	1,906,500	1,863,300	(50,000)	1,422,300	1,372,300
Interest rate	(212,300)	(9,960,400)	(10,172,700)	(58,400)	(1,937,400)	(1,995,800)
Total movement	(271,400)	(1,071,000)	(1,342,400)	890,300	3,772,700	4,663,000

DRCA = Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988; MRCA = Military Rehabilitation and Compensation Act 2004

Appendix B – Staffing overview

Management of human resources

TABLE B1: ALL ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2022-23

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	95	2	97	157	17	174	0	0	0	0	0	0	0	0	0	271
Qld	169	3	172	362	55	417	0	0	0	0	0	0	0	0	0	589
SA	65	0	65	123	17	140	0	0	0	0	0	0	0	0	0	205
Tas	28	1	29	45	13	58	0	0	0	0	0	0	0	0	0	87
Vic	107	7	114	161	21	182	0	0	0	0	0	0	0	0	0	296
WA	50	2	52	142	22	164	0	0	0	0	0	0	0	0	0	216
ACT	187	8	195	356	64	420	0	0	0	0	0	0	0	0	0	615
NT	3	0	3	9	1	10	0	0	0	0	0	0	0	0	0	13
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	2
Total	705	23	728	1,356	210	1,566	0	0	0	0	0	0	0	0	0	2,294

TABLE B2: ALL NON-ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2022-23

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	32	1	33	55	2	57	0	0	0	0	0	0	0	0	0	90
Qld	91	2	93	154	9	163	0	0	0	0	0	0	0	0	0	256
SA	21	0	21	40	7	47	0	0	0	0	0	0	0	0	0	68
Tas	10	2	12	16	3	19	0	0	0	0	0	0	0	0	0	31
Vic	69	0	69	103	5	108	0	0	0	0	0	0	0	0	0	177
WA	28	0	28	61	3	64	0	0	0	0	0	0	0	0	0	92
ACT	20	4	24	38	10	48	0	0	0	0	0	0	0	0	0	72
NT	2	0	2	3	0	3	0	0	0	0	0	0	0	0	0	5
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	273	9	282	470	39	509	0	0	0	0	0	0	0	0	0	791

TABLE B3: ALL ONGOING EMPLOYEES PREVIOUS REPORT PERIOD, 2021-22

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	83	4	87	135	18	153	0	0	0	0	0	0	0	0	0	240
Qld	129	4	133	274	54	328	0	0	0	0	0	0	0	0	0	461
SA	47	0	47	76	12	88	0	0	0	0	0	0	0	0	0	135
Tas	18	1	19	24	12	36	0	0	0	0	0	0	0	0	0	55
Vic	86	5	91	107	21	128	0	0	0	0	0	0	0	0	0	219
WA	23	1	24	77	11	88	0	0	0	0	0	0	0	0	0	112
ACT	191	5	196	373	49	422	0	0	0	0	0	0	0	0	0	618
NT	1	0	1	8	0	8	0	0	0	0	0	0	0	0	0	9
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	2
Total	579	20	599	1,075	177	1,252	0	0	0	0	0	0	0	0	0	1,851

TABLE B4: ALL NON-ONGOING EMPLOYEES PREVIOUS REPORT PERIOD, 2021-22

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	14	1	15	34	4	38	0	0	0	0	0	0	0	0	0	53
Qld	44	1	45	98	9	107	0	0	0	0	0	0	0	0	0	152
SA	11	0	11	35	6	41	0	0	0	0	0	0	0	0	0	52
Tas	5	0	5	10	0	10	0	0	0	0	0	0	0	0	0	15
Vic	41	0	41	66	1	67	0	0	0	0	0	0	0	0	0	108
WA	9	0	9	46	3	49	0	0	0	0	0	0	0	0	0	58
ACT	19	6	25	27	10	37	0	0	0	0	0	0	0	0	0	62
NT	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	2
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	144	8	152	317	33	350	0	0	0	0	0	0	0	0	0	502

TABLE B5: AUSTRALIAN PUBLIC SERVICE ACT ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2022-23

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	2	0	2	0	0	0	0	0	0	0	0	0	2
SES 2	3	0	3	7	0	7	0	0	0	0	0	0	0	0	0	10
SES 1	14	0	14	20	0	20	0	0	0	0	0	0	0	0	0	34
EL 2	65	1	66	113	7	120	0	0	0	0	0	0	0	0	0	186
EL 1	153	6	159	254	41	295	0	0	0	0	0	0	0	0	0	454
APS 6	189	7	196	378	58	436	0	0	0	0	0	0	0	0	0	632
APS 5	168	3	171	354	64	418	0	0	0	0	0	0	0	0	0	589
APS 4	53	3	56	116	20	136	0	0	0	0	0	0	0	0	0	192
APS 3	48	2	50	102	19	121	0	0	0	0	0	0	0	0	0	171
APS 2	6	1	7	2	0	2	0	0	0	0	0	0	0	0	0	9
APS 1	1	0	1	0	1	1	0	0	0	0	0	0	0	0	0	2
Other ¹	5	0	5	8	0	8	0	0	0	0	0	0	0	0	0	13
Total	705	23	728	1,356	210	1,566	0	0	0	0	0	0	0	0	0	2,294

1. Includes Medical Officers and Statutory Officer Holders

TABLE B6: AUSTRALIAN PUBLIC SERVICE ACT NON-ONGOING EMPLOYEES CURRENT REPORT PERIOD, 2022-23

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
SES 2	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	1
SES 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EL 2	1	3	4	0	2	2	0	0	0	0	0	0	0	0	0	6
EL 1	9	0	9	14	6	20	0	0	0	0	0	0	0	0	0	29
APS 6	29	1	30	42	5	47	0	0	0	0	0	0	0	0	0	77
APS 5	128	2	130	237	13	250	0	0	0	0	0	0	0	0	0	380
APS 4	62	1	63	107	6	113	0	0	0	0	0	0	0	0	0	176
APS 3	28	1	29	62	7	69	0	0	0	0	0	0	0	0	0	98
APS 2	15	0	15	7	0	7	0	0	0	0	0	0	0	0	0	22
APS 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	1
Total	273	9	282	470	39	509	0	0	0	0	0	0	0	0	0	791

TABLE B7: AUSTRALIAN PUBLIC SERVICE ACT ONGOING EMPLOYEES PREVIOUS REPORT PERIOD, 2021-22

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	1
SES 2	2	0	2	8	0	8	0	0	0	0	0	0	0	0	0	10
SES 1	13	0	13	15	0	15	0	0	0	0	0	0	0	0	0	28
EL 2	58	1	59	102	6	108	0	0	0	0	0	0	0	0	0	167
EL 1	155	2	157	233	37	270	0	0	0	0	0	0	0	0	0	427
APS 6	167	7	174	301	61	362	0	0	0	0	0	0	0	0	0	536
APS 5	117	5	122	282	41	323	0	0	0	0	0	0	0	0	0	445
APS 4	33	2	35	69	17	86	0	0	0	0	0	0	0	0	0	121
APS 3	22	2	24	52	14	66	0	0	0	0	0	0	0	0	0	90
APS 2	6	1	7	4	0	4	0	0	0	0	0	0	0	0	0	11
APS 1	1	0	1	0	1	1	0	0	0	0	0	0	0	0	0	2
Other	5	0	5	8	0	8	0	0	0	0	0	0	0	0	0	13
Total	579	20	599	1,075	177	1,252	0	0	0	0	0	0	0	0	0	1,851

TABLE B8: AUSTRALIAN PUBLIC SERVICE ACT NON-ONGOING EMPLOYEES PREVIOUS REPORT PERIOD, 2021-22

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
SES 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EL 2	1	4	5	0	1	1	0	0	0	0	0	0	0	0	0	6
EL 1	5	1	6	8	2	10	0	0	0	0	0	0	0	0	0	16
APS 6	13	0	13	30	5	35	0	0	0	0	0	0	0	0	0	48
APS 5	43	1	44	144	9	153	0	0	0	0	0	0	0	0	0	197
APS 4	44	1	45	88	3	91	0	0	0	0	0	0	0	0	0	136
APS 3	35	1	36	47	13	60	0	0	0	0	0	0	0	0	0	96
APS 2	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
APS 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
Total	144	8	152	317	33	350	0	0	0	0	0	0	0	0	0	502

TABLE B9: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYEES BY FULL-TIME AND PART-TIME STATUS CURRENT REPORT PERIOD, 2022–23

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	
SES 3	2	0	2	1	0	1	3
SES 2	10	0	10	1	0	1	11
SES 1	34	0	34	0	0	0	34
EL 2	178	8	186	1	5	6	192
EL 1	407	47	454	23	6	29	483
APS 6	567	65	632	71	6	77	709
APS 5	522	67	589	365	15	380	969
APS 4	169	23	192	169	7	176	368
APS 3	150	21	171	90	8	98	269
APS 2	8	1	9	22	0	22	31
APS 1	1	1	2	0	0	0	2
Other	13	0	13	0	1	1	14
Total	2,061	233	2,294	743	48	791	3,085

TABLE B10: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYEES BY FULL-TIME AND PART-TIME STATUS PREVIOUS REPORT PERIOD, 2021–22

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	
SES 3	1	0	1	1	0	1	2
SES 2	10	0	10	0	0	0	10
SES 1	28	0	28	0	0	0	28
EL 2	160	7	167	1	5	6	173
EL 1	388	39	427	13	3	16	443
APS 6	468	68	536	43	5	48	584
APS 5	399	46	445	187	10	197	642
APS 4	102	19	121	132	4	136	257
APS 3	74	16	90	82	14	96	186
APS 2	10	1	11	1	0	1	12
APS 1	1	1	2	0	0	0	2
Other	13	0	13	1	0	1	14
Total	1,654	197	1,851	461	41	502	2,353

TABLE B11: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT TYPE BY LOCATION CURRENT REPORT PERIOD, 2022–23

	Ongoing	Non-ongoing	Total
NSW	271	90	361
Qld	589	256	845
SA	205	68	273
Tas	87	31	118
Vic	296	177	473
WA	216	92	308
ACT	615	72	687
NT	13	5	18
External Territories	0	0	0
Overseas	2	0	2
Total	2,294	791	3,085

TABLE B12: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT TYPE BY LOCATION PREVIOUS REPORT PERIOD, 2021–22

	Ongoing	Non-ongoing	Total
NSW	240	53	293
Qld	461	152	613
SA	135	52	187
Tas	55	15	70
Vic	219	108	327
WA	112	58	170
ACT	618	62	680
NT	9	2	11
External Territories	0	0	0
Overseas	2	0	2
Total	1,851	502	2,353

TABLE B13: AUSTRALIAN PUBLIC SERVICE ACT INDIGENOUS EMPLOYMENT CURRENT REPORT PERIOD, 2022–23

	Total
Ongoing	32
Non-ongoing	6
Total	38

TABLE B14: AUSTRALIAN PUBLIC SERVICE ACT INDIGENOUS EMPLOYMENT PREVIOUS REPORT PERIOD, 2021–22

	Total
Ongoing	24
Non-ongoing	2
Total	26

Notes: Tables B1 – B14:

- All data tables above use headcount.

TABLE B15: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT ARRANGEMENTS CURRENT REPORT PERIOD, 2022–23

	SES	Non-SES	Total
DVA Enterprise Agreement 2019–2022 and Public Service (Subsection 24(1) – DVA Non-SES Employees) Determination 2021	0	3,000	3,000
Individual flexibility arrangement	0	34	34
Public Service Subsection 24(1) Individual SES Employee Determination	45	0	45
Total	45	3,034	3,079

TABLE B16: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT SALARY RANGES BY CLASSIFICATION LEVEL (MINIMUM/MAXIMUM) CURRENT REPORT PERIOD, 2022–23

	Minimum salary	Maximum salary
SES 3	357,506	383,771
SES 2	248,756	288,045
SES 1	214,297	231,376
EL 2	142,574	160,474
EL 1	118,220	129,820
APS 6	93,976	106,713
APS 5	85,503	89,106
APS 4	76,696	81,802
APS 3	67,915	72,957
APS 2	60,165	65,811
APS 1	51,737	57,956
Other	120,785	323,085
Minimum/Maximum range	51,737	383,771

TABLE B17: AUSTRALIAN PUBLIC SERVICE ACT EMPLOYMENT PERFORMANCE PAY BY CLASSIFICATION LEVEL CURRENT REPORT PERIOD, 2022–23

	Number of employees receiving performance pay	Aggregated (sum total) of all payments made	Average of all payments made	Minimum payment made to employees	Maximum payment made to employees
SES 3	0	0	0	0	0
SES 2	0	0	0	0	0
SES 1	0	0	0	0	0
EL 2	0	0	0	0	0
EL 1	0	0	0	0	0
APS 6	0	0	0	0	0
APS 5	0	0	0	0	0
APS 4	0	0	0	0	0
APS 3	0	0	0	0	0
APS 2	0	0	0	0	0
APS 1	0	0	0	0	0
Other	0	0	0	0	0
Total	0	0	0	0	0

Executive remuneration

TABLE B18: 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		
Alison Frame ¹	Secretary	282,949	0	37,976	38,283	7,447	0	0	366,655
Elizabeth Cosson ¹	Secretary	382,069	0	31,721	15,810	10,342	0	359,710	799,652
Vicki Rundle	Deputy Secretary	133,491	0	54,051	54,553	8,774	0	0	250,869
Vicki Rundle ¹	Acting Secretary	46,895	0	3,418	4,527	1,115	0	0	55,955
Stuart Smith	Deputy Secretary	321,512	0	27,817	52,632	8,664	0	0	410,625
Stuart Smith ¹	Acting Secretary	22,060	0	2,491	2,118	815	0	0	27,484
Rachel Goddard ¹	Acting Deputy Secretary	125,910	0	8,908	15,074	2,818	0	0	152,710
Teena Blewitt ¹	Deputy Secretary	98,306	0	9,464	23,198	3,025	0	0	133,993
Wayne Perry	General Manager DSH Insurance	197,851	0	18,188	39,981	5,621	0	0	261,641

DSH Insurance = Defence Service Homes Insurance

1. Part-year remuneration for period of employment in position.

TABLE B19: 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	15	66,545	0	5,745	13,551	1,920	0	0	87,760
\$220,001 – \$245,000	7	155,206	0	14,057	29,031	4,698	0	33,057	236,049
\$245,001 – \$270,000	13	198,889	0	17,078	35,304	5,579	0	0	256,850
\$270,001 – \$295,000	12	214,715	0	19,505	41,192	5,961	0	0	281,373
\$295,001 – \$320,000	1	235,570	0	21,831	53,123	7,296	0	0	317,819
\$320,001 – \$345,000	2	253,188	0	20,603	49,695	6,886	0	0	330,372
\$345,001 – \$370,000	4	272,428	0	21,075	53,387	7,043	0	0	353,934
\$370,001 – \$395,000	0	0	0	0	0	0	0	0	0
\$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	315,195	0	53,390	69,126	9,482	0	0	447,193
\$470,001 – \$495,000	1	152,759	0	14,770	32,984	4,936	0	265,038	470,487
\$495,001 – ...	0	0	0	0	0	0	0	0	0

TABLE B20: 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
\$240,000 – \$245,000	0	0	0	0	0	0	0	0	0
\$245,001 – \$270,000	3	212,342	0	13,273	27,470	4,436	0	0	257,520
\$270,001 – \$295,000	3	251,550	0	3,911	20,224	1,307	0	0	276,992
\$295,001 – \$320,000	1	229,685	0	19,888	48,521	6,647	0	0	304,741
\$320,001 – \$345,000	0	0	0	0	0	0	0	0	0
\$345,001 – \$370,000	2	300,879	0	0	52,957	0	0	0	353,835
\$370,001 – \$395,000	0	0	0	0	0	0	0	0	0
\$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	0	0	0	0	0	0	0	0	0
\$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, 2022–23

	Actual available appropriation for 2022–23	Payments made 2022–23	Balance remaining 2022–23
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Departmental			
Annual appropriations – ordinary annual services ^{1,2}	588,648	495,162	93,486
Annual appropriations – other services – non-operating ³	3,504	0	3,504
Total departmental annual appropriations	592,152	495,162	96,990
Special accounts	112,621	87,860	24,761
Total special accounts	112,621	87,860	24,761
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	120	120	0
Total departmental resourcing (A)	704,653	582,902	121,751
Administered			
Annual appropriations – ordinary annual services ¹	236,409	154,324	82,085
Annual appropriations – other services – non-operating ³	131,563	131,563	0
Total administered annual appropriations	367,972	285,887	82,085
Administered special appropriations	10,768,816	10,338,697	430,119
Total administered special appropriations	10,768,816	10,338,697	430,119
Special accounts ⁴	162	387	(225)
Total special accounts receipts	162	387	(225)
<i>less payments to corporate entities from annual/special appropriations</i>	174,391	174,391	0
Total administered resourcing (B)	10,962,559	10,450,580	511,979
Total resourcing and payments for DVA (A + B)	11,667,212	11,033,482	633,730

1. Appropriation Act (No. 1) and Appropriation Act (No. 3). This also includes prior-year departmental appropriations and budgeted section 74 external revenue.
2. Departmental capital budgets are not separately identified in Appropriation Bill (Nos 1 and 3) and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.
3. Appropriation Act (No. 2) and Appropriation Act (No. 4).
4. Excludes trust moneys held in Services for Other Entities and Trust Moneys (SOETM) and other special accounts.

TABLE C2: EXPENSES FOR OUTCOME 1

Outcome 1: Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation and other support services, including advice and information about entitlements.	Budget* 2022-23 \$'000 (a)	Actual expenses 2022-23 \$'000 (b)	Variation 2022-23 \$'000 (a) - (b)
Program 1.1: Veterans' Income Support and Allowances			
Administered expenses			
Special appropriations	1,783,845	1,780,810	3,036
Total expenses for Program 1.1	1,783,845	1,780,810	3,036
Program 1.2: Veterans' Disability Support			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	21,126	10,300	10,826
Special appropriations	1,598,379	1,604,758	(6,379)
Total expenses for Program 1.2	1,619,505	1,615,058	4,447
Program 1.3: Assistance to Defence Widow/ers and Dependants			
Administered expenses			
Special appropriations	1,030,500	1,031,768	(1,268)
Total expenses for Program 1.3	1,030,500	1,031,768	(1,268)
Program 1.4: Assistance and Other Compensation for Veterans and Dependants			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	14,633	13,348	1,285
Special appropriations	6,179	5,867	312
Total expenses for Program 1.4	20,812	19,215	1,597
Program 1.5: Veterans' Children Education Scheme			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	17,718	13,870	3,848
Total expenses for Program 1.5	17,718	13,870	3,848
Program 1.6: Military Rehabilitation and Compensation Acts Payments - Income Support and Compensation			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	13,913	13,197	716
Special appropriations	2,250,293	2,135,291	115,003
Special accounts	140	(208)	348
Total expenses for Program 1.6	2,264,346	2,148,280	116,067

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* 2022-23 \$'000 (a)	Actual expenses 2022-23 \$'000 (b)	Variation 2022-23 \$'000 (a) - (b)
Program 1.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision - Income Support and Compensation			
Administered expenses			
Expenses not requiring appropriation in the budget year ¹	560,500	8,885,700	(8,325,200)
Total expenses for Program 1.7	560,500	8,885,700	(8,325,200)
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	67,390	50,715	16,675
Special appropriations	6,669,196	6,558,493	110,703
Special accounts	140	(208)	348
Expenses not requiring appropriation in the budget year ¹	560,500	8,885,700	(8,325,200)
Administered total	7,297,226	15,494,700	(8,197,474)
Departmental expenses			
Departmental appropriation	411,968	331,924	80,044
Expenses not requiring appropriation in the budget year ¹	14,631	15,226	(595)
Departmental total	426,599	347,150	79,449
Total expenses for Outcome 1	7,723,825	15,841,850	(8,118,025)
	2022-23	2022-23	2022-23
Average staffing level (number)	1,837	1,735	102

* Full-year budget, including any subsequent adjustment made to the 2022-23 budget at the 2023-24 budget.

1. Expenses not requiring appropriation in the budget year are made up of the movements in the military compensation provision, depreciation expenses, and audit fees.

TABLE C3: EXPENSES FOR OUTCOME 2

Outcome 2: Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health service entitlements.	Budget* 2022-23 \$'000 (a)	Actual expenses 2022-23 \$'000 (b)	Variation 2022-23 \$'000 (a) - (b)
Program 2.1: General Medical Consultations and Services			
Administered expenses			
Special appropriations	715,497	676,882	38,615
Total expenses for Program 2.1	715,497	676,882	38,615
Program 2.2: Veterans' Hospital Services			
Administered expenses			
Special appropriations	954,757	942,357	12,400
Total expenses for Program 2.2	954,757	942,357	12,400
Program 2.3: Veterans' Pharmaceuticals Benefits			
Administered expenses			
Special appropriations	381,737	334,560	47,177
Total expenses for Program 2.3	381,737	334,560	47,177
Program 2.4: Veterans' Community Care and Support			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	35,044	8,674	26,370
Special appropriations	907,361	869,775	37,586
Total expenses for Program 2.4	942,405	878,449	63,956
Program 2.5: Veterans' Counselling and Other Health Services			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	8,196	7,150	1,046
Special appropriations	750,715	699,432	51,283
Total expenses for Program 2.5	758,911	706,582	52,329
Program 2.6: Military Rehabilitation and Compensation Acts - Health and Other Care Services			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	2,819	1,350	1,469
Special appropriations	402,729	369,727	33,002
Total expenses for Program 2.6	405,548	371,077	34,471

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* 2022-23 \$'000 (a)	Actual expenses 2022-23 \$'000 (b)	Variation 2022-23 \$'000 (a) - (b)
Program 2.7: Adjustment to Military Rehabilitation and Compensation Acts Liability Provision - Health and Other Care Services			
Administered expenses			
Expenses not requiring appropriation in the budget year ¹	1,404,300	4,663,000	(3,258,700)
Total expenses for Program 2.7	1,404,300	4,663,000	(3,258,700)
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos 1 and 3)	46,059	17,174	28,885
Special appropriations	4,112,796	3,892,733	220,063
Expenses not requiring appropriation in the budget year ¹	1,404,300	4,663,000	(3,258,700)
Administered total	5,563,155	8,572,907	(3,009,752)
Departmental expenses			
Departmental appropriation	144,472	139,082	5,390
Expenses not requiring appropriation in the budget year ¹	5,866	6,380	(514)
Departmental total	150,338	145,462	4,876
Total expenses for Outcome 2	5,713,493	8,718,369	(3,004,876)
	2022-23	2022-23	2022-23
Average staffing level (number)	768	727	41

* Full-year budget, including any subsequent adjustment made to the 2022-23 budget at the 2023-24 budget.

1. Expenses not requiring appropriation in the budget year are made up of the movements in the military compensation provision, depreciation expenses, and audit fees.

TABLE C4: EXPENSES FOR OUTCOME 3

Outcome 3: Acknowledgement and commemoration of those who served Australia and its allies in wars, conflicts and peace operations through promoting recognition of service and sacrifice, preservation of Australia's wartime heritage, and official commemorations.	Budget* 2022–23	Actual expenses 2022–23	Variation 2022–23
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Program 3.1: War Graves			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	28,265	23,980	4,285
Special accounts	20	(22)	42
Expenses not requiring appropriation in the budget year ¹	2,879	2,967	(88)
Total expenses for Program 3.1	31,164	26,925	4,239
Program 3.2: Commemorative Activities			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	26,139	21,047	5,092
Total expenses for Program 3.2	26,139	21,047	5,092
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	54,404	45,027	9,377
Special accounts	20	(22)	42
Expenses not requiring appropriation in the budget year ¹	2,879	2,967	(88)
Administered total	57,303	47,972	9,331
Departmental expenses			
Departmental appropriation	21,858	22,194	(336)
Expenses not requiring appropriation in the budget year ¹	887	1,018	(131)
Departmental total	22,745	23,212	(467)
Total expenses for Outcome 3	80,048	71,184	8,864
	2022–23	2022–23	2022–23
Average staffing level (number)	123	116	7

* Full-year budget, including any subsequent adjustment made to the 2022–23 budget at the 2023–24 budget.

1. Expenses not requiring appropriation in the budget year are made up of depreciation expenses and audit fees.

Appendix D – Data Matching Program

The Data Matching Program is a program of computer matching of identity and income data held by certain government agencies, including DVA, to detect incorrect payments in the income support system.

The legal authority for the data matching is contained in the *Data-matching Program (Assistance and Tax) Act 1990* (Data-matching Act). The Office of the Australian Information Commissioner oversees the implementation of the Act through guidelines for the conduct of the Data Matching Program.

Section 12 of the Data-matching Act requires participating agencies to provide annual and 3-yearly reports to parliament on the operation of the program. DVA's most recent 3-yearly report was submitted in 2022, so this year's report is an annual report, focusing on the operation of the program within DVA during 2022–23.

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.

Data-matching investigations

This section provides a summary of how DVA acts on discrepancies identified through data matching.

Invalid tax file numbers

DVA actions all discrepancies found through detection of invalid tax file numbers by contacting the client and obtaining the correct number.

Identity matching

DVA actions all discrepancies found through identity matching by correcting administrative errors, investigating anomalies that may potentially be fraudulent or seeking the correct identity details from the client and providing those details to the ATO so that the ATO can correct its records.

Payment matching

DVA runs payment matching in one data-matching cycle each year, solely to confirm the validity of the checks and balances conducted currently within the department.

Income matching

Income matching is run in every cycle by the department. Income discrepancies are selected during this process for further investigation.

Deselection of cases

There are no exclusions from data matching within the department. However, deselection is applied to ensure that the same discrepant case is not picked up in more than one cycle each year.

Analysis

Discrepant cases are analysed before any investigation is undertaken to ensure the integrity of the data provided, to identify areas for improvement of selection, and to ensure all data-matching business rules are applied.

Investigations

All investigations of discrepancies involve examination of the client's DVA electronic records and then, if necessary, hard-copy records. Any administrative errors are corrected at this stage without the client needing to be contacted.

If the discrepancy remains after the initial checking, the client is sent correspondence in accordance with section 11 of the Data-matching Act, requesting further information and documentation to assist with the investigation. Clients are given 28 days under the Data-matching Act to comply, then a further 7 days based on the *Evidence Act 1995*.

In cases where the initial investigation has revealed potential fraud, the investigator may use section 11(4), where a section 11 letter is not sent as it may prejudice the effectiveness of an investigation into the possible commission of an offence.

Based on the information that the client provides, the payment rate is corrected and, where appropriate, overpayments are calculated, raised and recovered.

Further information may be obtained from Commonwealth, state or territory government or private agencies to help ascertain the correct client details.

The client's right to privacy is protected at all times by application of the Australian Privacy Principles (under the *Privacy Act 1988*), which 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 details the discrepancies for 2022–23 and the ensuing actions.

TABLE D1: ACTIONS UNDER THE DATA-MATCHING ACT 2022–23

Discrepancies and actions	2022–23
Total number of records read	792,963
Matches that resulted in discrepancies ¹	3,056
Proportion of matches that resulted in discrepancies	0.38%
Number of discrepancies referred for investigation	1,086
Number of discrepancies referred for investigation that resulted in a notice under section 11 of the Data-matching Act being sent	129
Number of cases where the section 11 letter was followed up by action being undertaken ²	97
Proportion of discrepancies that resulted in action being undertaken	3.17%
Proportion of discrepancies which did not proceed to action after a section 11 letter was sent	1.04%
Number of overpayments raised ³	88
Cases where debt was fully recovered ⁴	74
Number of pensions reduced	81
Number of pensions cancelled or suspended	5
Number of pensions that were continued	57
Number of pensions that were increased	9

1. Discrepancies include those resulting from detection of invalid tax file numbers, identity matching, payment matching and income matching. The number of discrepancies does not represent the number of pensioners: more than one discrepancy may be detected in respect of the same pensioner.
2. Refers to the action set out in section 10 of the Data-matching Act – a pension was reduced, cancelled, increased or continued.
3. Overpayments raised include some for cases where section 11 action took place in a previous financial year.
4. Figure includes debts fully recovered from previous financial years.

Prosecutions

Reviews of entitlement by the department may bring to notice cases where an offence may have been committed under the *Veterans' Entitlements Act 1986*, the *Safety, Rehabilitation and Compensation Act 1988*, the *Military Rehabilitation and Compensation Act 2004*, the *Social Security Act 1990*, the *Criminal Code Act 1995*, or the *Crimes Act 1914*.

DVA's role in the prosecution process is to investigate cases where it appears an offence may have been committed and to forward these cases, if warranted, to the Commonwealth Director of Public Prosecutions (CDPP) for a decision as to whether prosecution action should proceed. Depending on the type of investigation required, a case may be referred to the Australian Federal Police for further investigation.

Any suspected fraud cases detected are referred to the Personnel, Security and Investigations Section within the People Services Branch for an initial case assessment, prioritisation and further action, if appropriate.

Where sufficient evidence is obtained from an investigation, the Personnel, Security and Investigations Section makes recommendations to senior management on the appropriateness of referring the matter to the CDPP.

Table D2 details the prosecutions prompted by the Data Matching Program for 2022–23.

TABLE D2: PROSECUTIONS PROMPTED BY THE DATA MATCHING PROGRAM 2022–23

Cases	2022–23
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 ¹	0

CDPP = Commonwealth Director of Public Prosecutions

¹ Figures may include cases that were identified in previous financial years.

Costs and benefits

This section contains information required by paragraph 9(i) of the Data-matching Program (Assistance and Tax) Guidelines.

DVA's involvement in the program has shown substantial savings can be gained through comparison of data held by different agencies.

Expenses

TABLE D3: COSTS TO DVA OF OPERATING THE PROGRAM 2022–23

Detail	2022–23 (\$)
Salary costs	148,179
Administrative overheads	45,261
Support costs for data-matching processing system	3,260
Total	196,700

Projected savings

DVA calculates savings for clients whose payments are suspended, cancelled or reduced. For clients in receipt of a pension, it is assumed that they would have continued to receive the same rate of payment for 52 fortnights. These savings are in line with the methodology used by Services Australia to calculate savings.

Tables D4 and D5 set out the pension adjustments resulting in projected savings, and the total savings achieved for 2022–23.

TABLE D4: PENSION ADJUSTMENTS RESULTING IN PROJECTED SAVINGS 2022–23

Pension adjustments	2022–23
Number of pensions reduced	81
Number of pensions suspended/cancelled	5
Total	86

TABLE D5: TOTAL SAVINGS ACHIEVED THROUGH THE DATA MATCHING PROGRAM 2022-23

Detail	2022-23
Number of pensions cancelled/reduced/suspended ¹	86
Number of potential overpayments identified ²	67
Number of overpayments raised ³	88
Number of debts fully recovered	74
Value of overpayments raised (\$)	871,571
Debts waived or written off (\$)	0
Subtotal	871,571
Value of projected savings (\$)	697,884
Total gross savings	1,569,455
Departmental expenses (\$)	196,700
Net savings (\$)	1,372,755

1. The number of cases that result in projected savings. Although a person's pension may be cancelled, reduced or suspended, an overpayment may not necessarily exist.
2. Where a case officer believes there may be an overpayment, a potential debt identifier is registered. The figure reflects the number of potential debts identified.
3. The discrepancy between the number of overpayments identified and the number of overpayments raised is due to several factors:
 - Where a potential overpayment has been identified, further investigation may result in a determination that no debt existed.
 - Debts may be raised and consequently recovered separately for both members of a couple.
 - Overpayments raised during each financial year may have been identified in previous financial years.

Table D6 shows the progressive savings total since the inception of the program.

TABLE D6: CUMULATIVE SAVINGS ACHIEVED THROUGH THE DATA MATCHING PROGRAM, 2020-21 TO 2022-23

Detail	2020-21 (\$)	2021-22 (\$)	2022-23 (\$)
Value of overpayments raised	804,774	543,237	871,571
Debts waived or written off	-16,048	-9,460	0.00
Value of projected savings	429,127	284,484	697,884
Total gross savings	1,217,853	818,261	1,569,455
Departmental expenses	-204,272	-221,385	-196,700
Net savings	1,013,581	596,876	1,372,755
Cumulative net savings	37,069,703	37,666,579	39,039,334

Appendix E – Advertising and market research

In 2022-23, DVA undertook advertising, market research and mailing activities to assist the development of its policies and programs, and to inform the public about support services, entitlements and commemorative activities. DVA also placed tenders, public notices and recruitment advertising. DVA did not make any payments to polling organisations in 2022-23. DVA did not conduct any advertising campaigns valued at more than \$250,000 in 2022-23.

Table E1 reports DVA's payments on market research, media advertising and direct mail organisations in accordance with the Australian Electoral Commission disclosure threshold. Payments of less than \$15,200 have not been included.

TABLE E1: PAYMENTS TO MARKET RESEARCH, DIRECT MAIL AND MEDIA ADVERTISING AGENCIES, 2022-23

Organisation	Service provided	Amount paid (including GST) (\$)
Market research organisations		
ORIMA Research Pty Ltd	Client Benefits Client Satisfaction Survey	61,420
ORIMA Research Pty Ltd	Online survey of awareness and uptake of transition services and supports	18,500
ORIMA Research Pty Ltd	Rehabilitation Program client satisfaction survey	51,812
Total		131,732
Direct mail organisations		
CanPrint Communications Pty Ltd	Remembrance Day mail-out	23,936
National Mailing & Marketing Pty Ltd	Certificates and medallions – 50th anniversary of the end of Australia's involvement in the Vietnam War	61,445
Fujifilm Data Management Solutions Australia	Anzac Day mail-out 2023	29,524
Total		114,905
Media advertising agencies		
Universal McCann	50th anniversary of the end of Australia's involvement in the Vietnam War	161,963
Universal McCann	ANZAC Day promotion material and advertising	96,921
Universal McCann	Veterans' and Families' Hub expansion advertising	18,214
Universal McCann	Defence Service Homes Insurance advertising	218,401
Total		495,499
Grand total		742,136

Appendix F – Carer recognition

The *Carer Recognition Act 2010* sets out the Statement for Australia's Carers, which establishes the principle that carers should have the same rights, choices and opportunities as other Australians. The Act includes reporting and consultation obligations for all public service agencies involved in the development, implementation, provision or evaluation of care supports, otherwise known as public service care agencies.

Awareness and understanding

DVA has in place several policies and guidelines to ensure we meet our obligations and to enable staff to access carer arrangements and information as needed. DVA has a dedicated 'Information for Carers' intranet page that includes the Statement for Australia's Carers to ensure staff have an awareness and understanding of the statement and principles.

A carer awareness self-paced learning package is available for download from DVA's website at www.dva.gov.au/providers/notes-fee-schedules-and-guidelines/training-and-research/training-providers/carer#access-the-carer-awareness-training. The package provides support material for all interested individuals and organisations, including contracted service providers, to assist them in understanding the issues and needs of carers, the Act and how to comply with the legislation.

DVA's standard deed of agreement includes an obligation for contractors to comply with relevant laws and relevant Australian Government and departmental policies.

Human resource policies

DVA supports its staff with caring responsibilities and considers the principles contained in the Statement for Australia's Carers when developing policies. The DVA Enterprise Agreement 2019–22 (EA) provides access to paid and unpaid leave, as well as flexible working arrangements for employees who need to balance work and caring responsibilities. Provisions include personal leave for caring purposes, miscellaneous leave, access to flex time, flexibility around start and finish times, work from home arrangements, job-share arrangements and part-time work.

DVA's People Services Branch supports managers and employees who have caring responsibilities by assisting them to access relevant provisions under the EA, and resources and support including through the Employee Assistance Program.

Reflecting the principles

DVA provides respite services to members of the veteran community and their carers through the Veterans' Home Care program. The procedure manuals for assessment agencies and service providers delivering this program refer to the rights of carers and the Statement for Australia's Carers.

Open Arms – Veterans & Families Counselling provides 24-hour free and confidential mental health support. Any Australian Defence Force member with at least one day of full-time service can access support, as can their immediate family.

Information for carers, including links to the contact details for a range of carer services, is provided on DVA's website at www.dva.gov.au/get-support/health-support/care-home-or-aged-care/services-support-you-home/respice-care

Consultation with carers and providers

The National Aged and Community Care Forum (NACCF) is one element of the National Consultation Framework, a comprehensive consultative structure designed to facilitate communication between the veteran and ex-service community, the Repatriation Commission, the Military Rehabilitation and Compensation Commission, and DVA.

The NACCF provides a link between ex-service organisations, service providers and DVA. It disseminates information on health, aged and community care issues, mental and social health policy and the future aged care needs of veterans, war widow/ers and other members of the ex-service and defence community, including carers. It is a conduit for developing and proposing better practice residential and community care arrangements for the ex-service community; seeks to influence future policy directions regarding ageing for the ex-service community; monitors developments in the aged care industry and the aged care needs of the ex-service community, including access to residential care; and considers how DVA can better support people at home with community support.

Appendix G – Work health and safety

DVA's work health and safety (WHS) focus shifted from responding to the COVID-19 pandemic to facilitating a safe return to working in the office for our workforce. We broadened supports and guidance to ensure the safety of staff in a hybrid work environment, in conjunction with wellbeing and psychosocial supports from the continued work of the Royal Commission into Defence and Veteran Suicide and in accordance with broader WHS arrangements.

DVA continued to assess and manage risk and modify existing practices to maintain safe and healthy workplaces, including those external to the office when staff are working from home. This was done through the ongoing review of COVID-safe work protocols and practices; updating WHS practices to suit an ongoing hybrid workforce; and continually refining arrangements to suit the evolving environment and business needs.

To address foreshadowed changes to WHS regulations regarding psychosocial risk, DVA is implementing the recommendations of an internal audit commissioned to identify gaps in the existing WHS framework and supporting systems. We created new guidance and processes to meet the need for a structured framework and improved support and guidance for managers and staff. We also reviewed DVA's overarching management arrangements to ensure all existing WHS systems and practices were aligned with new requirements.

DVA continued to maintain regular, flexible and timely channels of communication and consultation to further support healthy and safe work arrangements. Robust consultation continued across the WHS spectrum, with a particular emphasis on ensuring that staff and other stakeholders had opportunities to participate in discussion on WHS strategies and other documents. DVA participated in a proactive audit with Comcare ACT looking at our WHS communication and consultation arrangements in March–April 2023. Comcare provided a positive assessment on the matters considered.

DVA engaged regularly with other Australian Public Service (APS) agencies to share resources and learnings to ensure best practice in management of WHS issues. A community of practice was established with other agencies to ensure consistent, innovative and best practice, particularly regarding psychosocial hazards and risk in light of the new national code of practice and regulatory changes, and related issues such as support for staff wellbeing and witnesses participating in Royal Commissions.

DVA's WHS policies and procedures aim to foster an environment of physical and psychological safety for staff and others in DVA workplaces. DVA's WHS system supports continual improvement by reducing the risk of injury, encouraging the identification of hazards, and implementing controls to mitigate potential risks. We do this through robust risk assessments and following best practice approaches in WHS matters.

DVA continued to engage with stakeholders to address concerns about safe systems of work. We continued to focus on wellbeing of staff, with supports designed specifically for staff attending as witnesses or involved with the Royal Commission into Defence and Veteran Suicide, and a broader program to support resilience and awareness for all staff. The Wellbeing Advisory Group (WAG), comprising staff with expertise or experience in wellbeing and mental health, supports this work and provides an avenue for improved business area input and targeted solutions where appropriate. In addition to engaging with staff and their representatives on wellbeing matters, DVA engaged with the Commonwealth's regulator, Comcare, to provide information sessions for stakeholders on topical issues such as psychosocial hazards. DVA human resources staff also attended many different Comcare forums to keep up to date with current and emerging issues and participate in practitioner sessions.

DVA's National Work Health and Safety Committee met quarterly in 2022–23. It continued to promote effective consultation and communication between managers and staff on health and safety, and showcased the work being undertaken to ensure DVA is well positioned to adapt to regulatory changes. The committee continued to receive support from state-based WHS committees and additional stakeholder forums such as the WAG, which enabled timely and effective communication and consultation.

We continued to monitor and refresh DVA's corporate WHS roles such as health and safety representatives, workplace harassment contact officers and first aid officers, and facilitated active networks ensuring appropriate and easy access to these supports.

We continued to provide the Executive Leadership Group with specific information and guidance relating to issues such as potential psychosocial hazards, to ensure that DVA is equipped to meet its obligations and duty of care under the *Work Health and Safety Act 2011* (WHS Act) in its stewardship of staff, other workers, and visitors to DVA premises.

Initiatives

Throughout 2022–23, staff returned to the DVA offices. However, the majority of staff were still working remotely for part of the week, so it was critical to provide them with both physical and psychological resources to support safe working and wellbeing as we transitioned into a new post-COVID way of working. Throughout this transition period the DVA Disaster Response Management Team provided coordinated support and information across the department and incorporated WHS considerations into communications and planning.

The Royal Commission into Defence and Veteran Suicide continued its hearings, calling on DVA staff as witnesses or to provide information. DVA continued to refine and adjust a proactive plan of support for staff in this context, with a broader focus on building staff awareness and resilience to support wellbeing. We provided targeted support for staff who might be called as witnesses or could be exposed to confronting material associated with the Royal Commission's activities. DVA's Employee Assistance Program (EAP) continued to support senior managers and staff by providing online support and tools and assisting direct engagement with staff as required.

DVA continued to expand its in-house expertise to offer bespoke counselling to staff. It provided social worker support in each office to better address psychosocial hazards including workloads, stressors and difficult client interactions.

The WAG engaged with a diverse cohort of internal specialists with knowledge and/or involvement in mental health and wellbeing in order to better understand the different needs of business units, identify successful initiatives and approaches in the business and build our ability to identify potential interventions. In its first year of operation the WAG had an external chair with appropriate knowledge and experience to bring ideas around better practice and external research to the forefront of the group's considerations.

Wellbeing

The DVA Wellbeing Strategy 2018–2023 underpins our wellbeing activities for staff. In 2022–23 these included providing access to annual flu vaccinations, eyesight and hearing tests, and subsidised eyewear; and continuing to offer an expanded annual DVA healthy lifestyle subsidy. This subsidy encourages staff participation in fitness and promotes healthy lifestyle activities; it also includes reimbursement for ergonomic office equipment such as chairs and footstools for use in home-based office set-up. DVA also provided ergonomic assessments where appropriate for staff working from home, as well as office-based assessments on request, and ergonomic workstation equipment, software and configuration in work office locations.

Free and confidential counselling sessions are available to staff through the EAP. These sessions have been broadly publicised as one of the supports available to staff for both work-related and personal issues.

Staff participated in wellness activities conducted either in person at DVA offices or virtually. Webinars were made available to all staff on relevant topics relating to self-care, practical strategies to work from home effectively, and building mental health fitness.

DVA used information from all-staff surveys, as well as responses to the APS Census survey, to assist it in understanding and responding to emerging trends in staff wellbeing. These surveys continue to inform evidence-based decision-making on a range of topics, including flexible work arrangements and remote work, leadership communication, subjective health, wellbeing and social connections, family and domestic violence, workloads, and work related to the Royal Commission into Defence and Veteran Suicide. DVA staff reported valuing flexibility in their working life, to which they attributed better work–life balance and higher productivity at work. Overall, staff reported they had maintained their general health, wellbeing and social connections with colleagues while enjoying the flexibility of home-based work.

Intervention, management and compliance activities

DVA focuses on prevention of WHS incidents by creating an environment of WHS awareness through the Health and Safety Management Arrangements (HSMAs). Through HSMAs DVA continues to update and promote policy and guidance materials and tools about safety, WHS hazards and wellbeing in our workplaces.

We also use the HSMAs to provide a system of self-assessment for staff working remotely. The system was formalised with the introduction of the Flexible Work Arrangements Policy at the start of 2021–22 and continued throughout 2022–23. It provides resources and information and requires an informed assessment of remote working arrangements for all staff in conjunction with their managers. The assessment addresses operational requirements and business imperatives along with psychosocial, physical and personal considerations.

Through the HSMAs DVA:

- provides ergonomic assessments, ergonomic equipment and software designed to optimise correct posture and encourage rest breaks. It supports different working arrangements for staff who are working in the office, working from home or both
- promotes and encourages participation in Safe Work Month activities, with a heavy emphasis on online safety seminars, Safety Toolbox discussions and promotion of health and safety in the workplace or anywhere work is done for DVA
- conducts regular (at a minimum annual) workplace inspections, including hazard and risk reporting, to promote and ensure safety

- raises awareness of the importance of reporting psychosocial hazards, including near misses such as complex or difficult interactions with clients or stakeholders. This enables us to be proactive in building supports and resilience for impacted work areas
- has initiated an internal audit on psychosocial risk processes to help inform our safety systems and improve our HSMAs
- conducts emergency evacuation drills
- engages in effective consultation with health and safety representatives and provides strong WHS governance through regular local WHS committee meetings and the National Work Health and Safety Committee. DVA is working across the business and with staff representatives on psychosocial risks, concerns around workloads, and responding to the psychosocial impacts of the Royal Commission into Defence and Veteran Suicide
- uses a proactive early-intervention approach to minimise the impact of injury, disease and events on staff, and on teams more broadly. This ensures staff can stay at work or return to work more quickly and to a safe and supportive environment. The system covers both work-related and non-work-related matters, recognising the importance of returning to work early and implementing reasonable adjustments. There are mandatory reporting requirements for managers when staff members are absent for 10 or more days, and wellbeing checks are conducted to complement other notification avenues
- uses the Rehabilitation Management System to support staff to return to work after injury or illness and ensure a supportive and engaged management cohort is contributing to high levels of positive outcomes from return to work where appropriate.

DVA had 6 notifiable incidents for 2022–23 under Part 3 of the WHS Act. Comcare, the Commonwealth regulator, assessed the incidents and determined that it would not take further action.

Training and development

In 2022–23, DVA staff were able to take advantage of opportunities to engage in some in-person WHS training and development programs. However, online learning and virtual activities/seminars were more available and became commonplace as providers realised that they could reach a broader audience. The majority of training was delivered virtually when providers were able to do so.

DVA made use of the WHS seminars and other online events that Safe Work Australia and Comcare provided, encouraging staff to participate where topics were relevant. DVA also publicised various resources, providing links to the Safe Work Australia and Comcare websites. Safe Work Month activities in October were again largely virtual sessions conducted by Safe Work Australia and jurisdictional regulators, combined with presentations by a range of providers on topics of interest in DVA, including a DVA-organised session presented by Dr Peta Miller on psychosocial factors in ‘stretching at your desk’, and EAP-provided sessions on mental health, working effectively from home, dealing with isolation and fatigue, and self-care. DVA maintained a corporate membership of the National Safety Council of Australia, and human resources practitioners and other staff attended the council’s many webinars and accessed its resources on a regular basis.

Nationally accredited training continued to be provided for staff in preparation for formal roles as health and safety representatives, harassment contact officers, first aid officers and emergency fire wardens. This training ensures officers are equipped with skills and knowledge to fulfil their duties from commencement. DVA’s flexible work arrangements policy allows for staff to work part of the week remotely. Therefore, to comply with regulatory requirements, there has been an increase in the number of staff performing these roles to ensure that our various workplaces are appropriately covered based on scheduled attendance in the office. Networking forums for workplace harassment

contact officers and first aid officers were implemented to bolster knowledge sharing and reporting where appropriate.

Outcomes

WHS and wellbeing were a key focus area for DVA leadership and management over the financial year. DVA maintains healthy and safe workplaces and seeks to improve overall health and return-to-work outcomes for staff through active engagement and consultation.

Staff acknowledged DVA's support for WHS in 2022–23, recognising the attention to WHS issues and the support and tools that DVA provided. DVA continues to benefit from the input of staff and stakeholders who provide expert and specific insights into mental health and wellbeing, taking into account business needs and contemporary better practice.

DVA's Comcare workers' compensation insurance premium has increased by 58% to \$4.3 million for 2023–24. This is due to several key factors: the average incurred claim cost (actual costs plus anticipated future costs) over the premium years has increased from \$1.119 million to \$1.578 million; and DVA's indicative full-time equivalent staffing and payroll has increased from \$235.913 million to \$300.384 million (an increase of \$64.471 million). DVA received a penalty as our claims performance ratio decreased from 0.92% in 2021–22 to 1.22% in 2022–23.

DVA has maintained its accreditation as a Breastfeeding Friendly Workplace, and an emphasis on diversity and inclusion in the workplace has contributed to a safer psychosocial working environment. DVA has recently taken a significant step by appointing 5 SES Band 2 diversity champions, each designated to one of our 5 key diversity focus areas. These champions join our already dedicated SES Veterans and Families Champion. These esteemed SES champions, with the support of the networks, have taken up the vital responsibility of fostering a diverse and inclusive organisational culture. The commitment of the SES and the members of the networks to promoting diversity and inclusion is truly inspiring, and their efforts will bring about substantial change within their respective groups at the intersectional level.

We proudly recognise that the diversity within our workforce stands as a powerful asset. Our understanding is clear: a diverse workplace possesses a heightened grasp of our clients' needs and a profound connection with the Australian community. Through these appointments, we have initiated the formation of 6 distinct staff-led network communities. These communities operate in an advisory capacity, playing a pivotal role in steering genuine and impactful progress. Simultaneously, they offer our staff opportunities for professional growth beyond their regular roles, enriching their capabilities within the agency.

Appendix H – Ecologically sustainable development and environmental performance

Environmental commitment statement

DVA is committed to integrating sustainability into its operations, and to minimising the impact of its operations on the environment by:

- complying with relevant legislation and policies
- actively participating in whole-of-government priorities including Australian Public Service (APS) Net Zero 2030
- minimising our carbon footprint, using resources effectively, minimising waste and reducing energy consumption
- increasing visibility of environmental considerations, and building a culture in which environmental factors are considered in key decision-making as required by the DVA Environmental Policy
- continuously improving our environmental sustainability performance.

DVA Environmental Policy

The DVA Environmental Policy incorporates the principles of ecologically sustainable development (ESD). The policy seeks to guide key decision-making with the aim of:

- ensuring the department's property holdings (leased/owned) are sustainably managed, and that existing contamination risks are managed
- ensuring environmental impacts are understood and managed appropriately
- recognising and managing the heritage values of owned and managed property
- fostering a culture of environmental sustainability in managing all elements of the department's property holdings.

Environmental impact of operations

Key activities undertaken to reduce our environmental impact in line with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) include the following.

Fleet and fuel usage

At the conclusion of 2022–23, DVA had 33 fleet vehicles, which it is progressively replacing with battery electric vehicles (BEVs) as leases for current vehicles conclude. Nine vehicles (27% of the fleet) are cost-effective hybrids, and the use of e10 fuel is encouraged. DVA uses in-vehicle asset management systems to monitor fleet usage and identify underutilised vehicles. DVA will upgrade its garaging locations with EV charging points when appropriate to facilitate the move to BEVs.

Staff travel

DVA's domestic travel policy supports travel if it can be demonstrated that teleconferencing and videoconferencing are not appropriate options and that there exists a demonstrated business need for travel. With the reduction in travel restrictions post the COVID-19 pandemic, travel has increased but is still below levels prior to the pandemic.

Environmentally friendly purchasing

The department seeks to promote consideration of environmental factors in our purchasing decisions. For example, in 2022–23 (as in 2021–22), 100% of the standard copy/printer paper purchased had a recycled component.

Greenslopes remediation

Remediation of the former Australian Red Cross Hall contaminated site at Greenslopes, Brisbane, addresses several principles of ESD.

- **Integration** – Contamination on the site has rendered it unusable for the local community for 10 years. By removing multiple sources of contamination from the site and reopening it, the remediation project will enable it to once again contribute to the economic, environmental and social wellbeing of veterans, families and the broader community.
- **Precautionary** – The site contains a number of contamination sources, principally heavy concentrations of asbestos, a number of organochlorine pesticides (OCPs), lead and other trace contaminants. Remediation of multiple sources of contamination eliminates any risk associated with the contamination.
- **Intergenerational** – Remediation will return the site to community service for future generations to enjoy following a prolonged period of disuse.

Water consumption at commemorative sites

The Office of Australian War Graves (OAWG) in DVA maintains public horticultural and commemorative sites throughout Australia, Papua New Guinea and Solomon Islands. The environmental conditions across sites vary but many experience extreme conditions. The activities of, and the administration of legislation by, the OAWG during 2022–23 accorded with the principles of ESD. The OAWG continues to explore sustainable management practices for commemorative sites to minimise the impact of activities on the environment. For example, in dry and arid locations a number of our sites are not irrigated; local horticulture is selected to complement the local conditions; and sustainable and efficient irrigation practices are used where water usage is of concern.

In 2022–23, as part of our commitment to improve our environmental performance, the OAWG completed the following upgrades:

- For more sustainable water usage, the OAWG:
 - replaced the aged irrigation system at Perth War Cemetery in Western Australia
 - installed solar-powered wireless irrigation controllers in a number of our regional war cemeteries in New South Wales (Tamworth, Cowra, Muswellbrook, Greta, Parkes and Narromine).
- For greater use of renewable energy, the OAWG installed solar panels and battery storage in its Perth depot.
- For greater use of sustainable and locally sourced material, the OAWG refurbished its Camden War Cemetery with Australian black granite tablets to replace the bronze plaques.

Environmental performance indicators

This year, DVA is reporting energy efficiency performance in line with the suggested format under section 516A of the EPBC Act.

TABLE H1: ENVIRONMENTAL PERFORMANCE INDICATORS 2022–23

Theme	Performance measure	Indicator(s)	2022–23
Energy efficiency	Total consumption of energy – this includes all energy consumed when undertaking the functions of the agency, such as energy consumed for office buildings and transportation	Amount of electricity purchased/consumed (\$/kWh)	2,614 MWh
		Amount of gas purchased/consumed	0
		Amount of other fuels purchased/consumed	26,636 L
		Air travel distances (km)	12.34 million km

APS Net Zero

The Australian Government has committed to reducing emissions generated by government operations to net zero by 2030. Further information is available on the Department of Finance APS Net Zero Emissions by 2030 website.

DVA has implemented the standardised annual report format to be used across the Australian Government, to facilitate reporting against this goal. Further information on reporting requirements is provided in Resource Management Guide 135 – Annual Reporting Content Requirements.

TABLE H2: EMISSION REPORTING 2022–23

Emission source	Scope 1 kg CO ² -e	Scope 2 kg CO ² -e	Scope 3 kg CO ² -e	Total kg CO ² -e
Electricity (location-based approach)	N/A	1,760,281	218,365	1,978,646
Natural gas	N/A	N/A	N/A	N/A
Fleet vehicles	67,428	N/A	16,794	84,222
Domestic flights	N/A	N/A	1,288,774	1,288,774
Other energy	0	N/A	0	0
Total kg CO²-e	67,428	1,683,836	1,513,184	3,264,448

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Aids to access

List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	vi	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	iv – v	Table of contents (print only).	Mandatory
17AJ(b)	235 – 242	Alphabetical index (print only).	Mandatory
17AJ(c)	233 – 234	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	228 – 232	List of requirements.	Mandatory
17AJ(e)	inside cover	Details of contact officer.	Mandatory
17AJ(f)	inside cover	Entity's website address.	Mandatory
17AJ(g)	inside cover	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	1 – 4	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	6 – 10	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	11	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	6	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	6	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	7	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	7	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	7	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)	7 – 9	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(c)	Report on the performance of the entity		
<i>Annual Performance Statements</i>			
17AD(c)(i); 16F	27 – 57	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	84 – 85	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	203 – 208	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	84 – 85	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory
17AD(d)	Management and Accountability		
<i>Corporate Governance</i>			
17AG(2)(a)	vi	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	vi	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	vi	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	vi	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	60 – 61	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	81	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
<i>Audit Committee</i>			
17AG(2A)(a)	63	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	64	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	64	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	64	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	64	The remuneration of each member of the entity's audit committee.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
External Scrutiny			
17AG(3)	65 – 68	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	68 – 69	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	65 – 66	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	66 – 68	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	75 – 77	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	192 – 197	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender (d) statistics on staff location	Mandatory
17AG(4)(b)	194 – 198	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; • Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	198	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	198	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	199	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	76	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	N/A	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
Assets Management			
17AG(5)	78	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing			
17AG(6)	78	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	79	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	79	A statement that “ <i>During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i> ”	Mandatory
17AG(7)(c)	78 – 79	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	79	A statement that “ <i>Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.</i> ”	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	80	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	80	A statement that “ <i>Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.</i> ”	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	79 – 80	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	80	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
Exempt contracts			
17AG(9)	80	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
Small business			
17AG(10)(a)	81	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	81	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	81	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
Financial Statements			
17AD(e)	83 – 178	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	200 – 202	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory
Other Mandatory Information			
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	215	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	81	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	77 – 78	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	69	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	81	Information required by other legislation	Mandatory

Acronyms and abbreviations

AAT	Administrative Appeals Tribunal
ADF	Australian Defence Force
AIPM	Australian Institute of Project Management
APS	Australian Public Service
APSC	Australian Public Service Commission
ARC	Audit and Risk Committee
ATO	Australian Taxation Office
BEV	battery electric vehicle
CDPP	Commonwealth Director of Public Prosecutions
CWGC	Commonwealth War Graves Commission
Defence	Department of Defence
DRCA	<i>Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988</i>
DSH Insurance	Defence Service Homes Insurance Scheme
DVA	Department of Veterans’ Affairs
EA	Enterprise Agreement 2019–22
EAP	Employee Assistance Program
EMB	Executive Management Board
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
EY	Ernst & Young
FOI Act	<i>Freedom of Information Act 1982</i>
FOI	freedom of information
HSMAs	Health and Safety Management Arrangements
ICT	information and communications technology
IFA	individual flexibility arrangement
MRCA	<i>Military Rehabilitation and Compensation Act 2004</i>
MRCC	Military Rehabilitation and Compensation Commission
NACCF	National Aged and Community Care Forum
OAIC	Office of the Australian Information Commissioner
OAWG	Office of Australian War Graves
OCS	Organisational Capability Strategy 2021–2025
OLSC	Office of Legal Services Coordination
Open Arms	Open Arms – Veterans & Families Counselling
PBS	Portfolio Budget Statements

PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
POW	prisoner of war
PTSD	posttraumatic stress disorder
Royal Commission	Royal Commission into Defence and Veteran Suicide
RMA	Repatriation Medical Authority
SES	Senior Executive Service
SME	small and medium enterprise
SMRC	Specialist Medical Review Council
SOPs	Statements of Principles
SRC Minister	Safety, Rehabilitation and Compensation Minister
VEA	<i>Veterans' Entitlements Act 1986</i>
VRB	Veterans' Review Board
WAG	Wellbeing Advisory Group
WPI-Private	Wage Price Index – Private Sector
WHS Act	<i>Work Health and Safety Act 2011</i>
WHS	work health and safety

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