



Australian Government
Department of Veterans' Affairs

**Interim Government Response
to the Report of the Productivity Commission
*A Better Way to Support Veterans***

October 2020

Acknowledgement of Country

We acknowledge 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.

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Open Arms—Veterans & Families Counselling

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

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

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Foreword

I welcome the Productivity Commission's report, *A Better Way to Support Veterans* ("the report") and thank the Commission for its diligence and thoroughness in undertaking its inquiry. I especially acknowledge the many submissions from veterans, their families and ex-service and other organisations.

The Government has considered the findings and recommendations of the Productivity Commission in detail and provides this interim Government response. The Productivity Commission report provides a comprehensive review of the veteran support system. It found that, while Australians can be proud of the support system we have, after a century of providing support and services to veterans and their families, there is a case for major reform.

The report outlines recommendations and findings to deliver substantial and enduring reforms, to ensure crucial support for veterans and their families can continue for the next 100 years.

The Government believes that major reforms, particularly of the legislative framework and involving entitlements for veterans and their families, must be carefully assessed and incrementally implemented.

The Productivity Commission recognised that Australia needs its own unique and dedicated veteran support system. The Government agrees with the Productivity Commission's view that the system needs to move from a predominant focus on the illness or impairment of veterans, to a model that supports the lifetime wellbeing of serving and ex-serving members and their families, a shift that has been underway for several years.

The Government's approach to reform of the veteran support system, in particular in relation to legislation, will be evolutionary and we will pursue sensible elements of the Commission's legislative harmonisation plan over time.

The Productivity Commission recognised the efforts made so far with the transformation activities in the Department of Veterans' Affairs (DVA), and in the efforts made by Defence to trial injury prevention measures for those serving, to share information with DVA early, and to engage with the families of serving personnel. The Commission supported the continuation of these initiatives, including Veteran Centric Reform (VCR) in DVA, through to completion.

The Government reiterates its commitment to VCR as the primary vehicle for reform and has funded the first four years of this crucial transformation program.

This response outlines the Government's position on the report, focussing on those recommendations that will be funded in Budget 2020-21, those that are already implemented, or are being progressed, and those that will be implemented.

There are some recommendations that the Government has decided not to implement. In response to strongly expressed veteran community concerns regarding the Productivity Commission's recommendations to change Gold Card eligibility, the Government is providing assurance to current serving ADF personnel, veterans and their families that those proposals will not be taken forward.

While significant economic challenges as a result of the COVID-19 pandemic must be managed through this Budget process, the Government is continuing to invest in key veterans' services. As part of the 2020-21 Budget the Government has announced a targeted package of initiatives that will assist veterans and their families to maintain their wellbeing, support good mental health outcomes, transition successfully to civilian life, including to find meaningful employment, and help them to navigate the challenges of COVID-19 and recover strongly post-pandemic. This veteran specific package complements and builds upon the existing government commitments to support the mental health and wellbeing of all Australians, including veterans, through the COVID-19 pandemic.

There is a strong focus in this package of support for veterans transitioning from the ADF into the civilian community and on support that will assist veterans seeking to start their own business. The Government is focused on assisting veterans to find meaningful employment and contribute to economic recovery.

The Government has agreed to the Commission's recommendation to establish a Joint Transition Authority led by Defence that will improve the integration, synchronisation and assurance across Government of the transition of ADF members to civilian life. The JTA will take a whole of system approach to transition to better support transitioning ADF members and their families.

In recognition of the risks associated with the potential impact of the pandemic on the mental health outcomes of our veteran community, there are measures in the package that offer additional support to veterans and their families to ensure they are supported to build and maintain good mental health during this challenging time.

Addressing the tragedy of suicide is a national priority and an issue of vital importance to the Government. In addition to the Government's commitment to the establishment of a National Commissioner for Defence and Veteran Suicide Prevention and the recent appointment of Ms Gwen Cherne as the inaugural Veteran Family Advocate, I announce measures to increase the fees paid by DVA to mental health providers to deliver mental health care for veterans from February 2021. I also announce measures to expand services provided by Open Arms – Veterans and Families Counselling and the Coordinated Veterans' Care Program, and to maintain DVA's service delivery levels and responsiveness for veterans who are waiting for decisions on their claims.

The ADF has faced an unprecedented operational tempo and deployment complexity, both internationally and domestically over several years and, in light of the *2020 Defence Strategic Update* and *2020 Force Structure Plan*, this is anticipated to continue. It is therefore critical that DVA's information sharing capability and connectivity with Defence is enhanced. I recently announced the appointment of Major General Stuart Smith AO DSC (Ret'd) to the Repatriation Commission to progress this work. This will allow both agencies to understand better the wellbeing of our current and ex-serving members, to improve care for veterans and families with complex circumstances, and to mitigate risk factors for veteran suicide.

DVA has been undergoing a significant transformation over the last three years, but there is still room for further improvement. The Government will use the Productivity Commission's report to guide and inform future reform efforts and will provide a final response in next year's Budget. The Government will also respond to the *Veterans' Advocacy and Support Services Scoping Study* report and the Joint Standing Committee on Foreign Affairs, Defence and Trade *Inquiry into transition from the Australian Defence Force (ADF)* report, in the 2021-22 Budget context.

In making these commitments, the Government acknowledges and recognises the unique nature and importance of military service, which is fundamental to the delivery of comprehensive care, benefits and support services to Australia's veterans and their families. In return for their service, the best possible system is owed to all of Australia's current and future military veterans and their families.

The intent of those who have designed and administered veteran support has always been to make this system the best it can be; and we will continue that effort and commitment.

For what they have done, this we will do.



DARREN CHESTER

Minister for Veterans' Affairs

Minister for Defence Personnel

Introduction

The Productivity Commission's Report

Each year, the Australian Government invests more than \$11.5 billion dollars in providing support to more than 320,000 veterans and their families. Australia's veteran support system is one of the most comprehensive and responsive in the world, supporting generations of current and ex-serving members of Australia's armed forces for more than 100 years.

While the Australian system has responded to the needs of new cohorts of veterans, and to the effects of successive military engagements over time, the Productivity Commission (the Commission) in its report, *A Better Way to Support Veterans*, offered 26 findings and made 69 recommendations for further reform of the system.

The Commission proposed a number of significant and broad improvements to most areas of the veteran support system, building upon the achievements of the Veteran Centric Reform (VCR) transformation program already underway in the Department of Veterans' Affairs (DVA) to deliver a better experience for veterans and their families. The report also considers the impact of military service on Australian Defence Force (ADF) members as they transition to civilian life, and acknowledges the efforts already made by Defence to support members' injury prevention and their successful transition.

A vision for improving the system to deliver better outcomes for veterans and their families

The accretion of military compensation legislation over a century and the need to respond to each wave of operational and non-operational service, have produced a complex and inter-connected legislative framework which veterans, their families, advocates, and DVA staff must navigate.

The Government notes the Commission's approach and its articulation of how a future system could work to the benefit of veterans and their families. Importantly, the Government is already transforming this system, and considerable improvements have been made, especially in the last three years. The Government has invested nearly \$500 million in DVA's transformation to date.

The Productivity Commission's proposed changes are intended to improve the experience of veterans and their families engaging with the system, and to support improvements in their long-term wellbeing. However, some of the Commission's solutions risk substantial disruption and the loss of some gains already made.

The Government believes that major reform of the system, particularly the legislative framework and entitlements of veterans and their families, should be carefully considered and incrementally implemented. Any such legislative reform would need to be the subject of considerable consultation and collaboration with the Defence and ex-service communities.

The Government recognises the need for a stable and sustainable model of veteran support in order to respond to today's veteran community and prepare for the future needs of veterans and their families. The system also needs to continue to shift the focus from illness to wellbeing, reactive to proactive, complex to simple, dependent to self-reliant and siloed to shared approaches.

DVA is undertaking the most significant multi-year transformation in its 100-year history and is delivering faster, simpler access to services and supports for veterans and their families. There is a focus on knowing and connecting with veterans to support them accessing a range of early intervention and preventative health care, and enabling veterans and their families to live productive and healthy lives.

Key features of the interim Government Response

The Government releases this interim response to the Commission's report, which also encompasses the Government's response to the Independent Review into the Totally and Permanently Incapacitated (TPI) payment conducted by Mr David Tune AO PSM in 2019.

In this 2020-21 Budget, the Government provides a package of initiatives to support our veterans and their families with the following key features (dollars figures over four years):

- \$94.3 million for mental health, social worker and community nursing provider fee increases and simplification, to improve mental health outcomes for veterans and ensure older vulnerable veterans are well supported in the community, as well as providing funding for psychiatry training in military and veteran mental health (Recommendation 16.3);
- \$5.0 million to support mental health in the veteran community and address the rate of veteran suicide, especially in regional and remote areas, with the expansion of Open Arms – Veterans & Families Counselling services (Recommendation 17.2);
- \$2.4 million to expand eligibility for the Coordinated Veterans' Care Program to White Card holders with chronic mental health conditions (Recommendation 16.1);
- \$6.0 for million for a range of veteran employment initiatives to increase support and opportunities for civilian employment, including a focus on self-employment;
- \$59.8 million to support the need for a sustainable and properly resourced DVA, providing funds for the Department to maintain service delivery levels and current claims processing capacity to 30 June 2021;
- \$17.7 million for the creation of a Joint Transition Authority within Defence (Recommendation 7.1) to improve the transition support for ADF members and to enhance outcomes for ADF members and their families in their transition to civilian life; and
- \$25.9 million to provide additional financial support in the form of rent assistance to TPI Pension and other Disability Pension recipients who also receive an income support payment and pay private rent. The recommendation would see the payment arrangements simplified, removing the need for the Defence Force Income Support Allowance, in response to the Independent Review into the TPI Payment.

In addition, the Government reaffirms its commitment to a stand-alone DVA and has already funded the first four years of the multi-year VCR transformation program. This program is improving the design and accessibility of DVA's services and supports for veterans and their families.

In response to concerns raised by the veteran community, the Government will not implement Recommendations 16.4 and 16.5 that proposed limitations on future eligibility for the Gold Card and restrict extensions of the Gold Card to new groups.

The Government will also not implement Recommendation 11.2 that proposes an annual premium be levied on Defence. Instead, the Government has announced Stage 1 funding of \$0.5 million for the development of a platform to bring together Defence and DVA de-identified data in one place to build a better understanding of the cost of service injuries and to inform prevention strategies without impacting on capability.

Recommendations Agreed, Actioned or Underway

Some of the Commission's recommendations have either been implemented or progressed since its

The Commission recommended (17.4) the urgent development of a new single strategy for veterans' lifetime mental health. The Government has delivered the Veteran Mental Health and Wellbeing Strategy and National Action Plan. DVA has worked in partnership with Defence to deliver a Strategy and Action Plan with a focus on reducing the risk of suicide and improving the mental health and wellbeing of veterans and their families, recognising that good mental health is supported by whole-of-life wellbeing. Over the course of the four-year Strategy, DVA will drive a series of changes to enable a shift from a focus on illness to supporting whole-of-life wellness.

DVA commissioned an independent review of its medical and allied health provider fees in September 2019, as called for in the Commission's Recommendation 16.3. The preliminary findings of the pricing review informed the announced mental health, social worker and community nursing provider fee increases.

The following additional seven recommendations have been implemented:

5.4 *Formalise Defence responsibility to support ADF members*

Defence has incorporated the words below in the *2020-24 Defence Corporate Plan*: *Appropriate support and services are provided to Defence people, noting Defence has a responsibility to respect and support members of the Australian Defence Force having regard to their lifetime wellbeing.*

6.1 *Public reporting on ADF rehabilitation*

The return to duty rate for the 2016-17 financial year was included for the first time in the Joint Health Command Annual Review 2017-18. As of 1 July 2019, Defence has introduced the World Health Organization Disability Assessment Schedule 36 (WHODAS-36) as a rehabilitation outcome measure. Defence provides rehabilitation as an extension of healthcare. The WHODAS measure provides a more holistic view of rehabilitation outcomes than just return to work or duty. The first results of the WHODAS will be published in the Joint Health Command Annual Review report for financial year 2019-20.

9.1 *Public progress reports on recent reviews*

DVA publishes responses to reviews of DVA and the veteran support system on its website. Progress reports on these responses are provided on an ongoing basis.

9.2 *Appropriately train staff*

DVA has been providing training to staff in the areas recommended by the Commission, focussed on service delivery to vulnerable people and in particular those experiencing the impact of trauma.

17.1 *Improve awareness of DVA mental health services*

DVA has been actively promoting the work of Open Arms and DVA's funded mental health services. Both the DVA and Open Arms websites promote the services and supports available to the veteran community, including broader government supports. DVA will continue to build awareness of its mental health services through implementation of the Veteran Mental Health and Wellbeing Strategy and National Action Plan 2020-2023, which prioritises communicating and engaging with veterans, families and the community about the mental health and wellbeing support and services available.

18.2 *More high-quality trials and reviews*

DVA has been conducting or has initiated a number of trials and reviews over recent years and will continue to do so, and will use them to inform policies and service delivery, e.g. the psychiatric assistance dog trial being conducted by La Trobe University, and the Review of DVA Health Provider Fees. Activities also include evaluations to monitor outcomes and benefits of programs such as an evaluation of the Veteran Payment and an evaluation of the Coordinated Veterans' Care Mental Health Pilot.

18.3 *Develop and publish a veteran research plan*

The DVA Strategic Research Framework 2019-21 provides guidance for the commissioning of high quality applied research to increase the evidence base and use of data to support DVA services, and to increase awareness of emerging veteran issues and solutions. DVA has published its research priorities and briefed the research community on how the commissioning model will operate.

The following work in response to a range of recommendations is agreed or underway.

DVA and Defence are developing an alternative approach to Recommendation 11.2 (Levy a Defence premium) by examining data sharing needs, designing complementary wellbeing frameworks and preparing to create a data sharing and analytics solution where DVA and Defence data will be shared to provide insights into current and future veteran support system issues.

Defence will implement Recommendation 5.1 to link its work health and safety database (*Sentinel*) with the future Defence e-health system, and has this work planned. Along with other linked work on data sharing and analytics, it is anticipated that there will be better visibility of the impact of health and safety incidents in terms of both cost and outcome.

In Recommendation 7.1 of the Commission's Report, it was recommended that a Joint Transition Authority (JTA) be established within Defence. Defence, with DVA and the Commonwealth Superannuation Corporation (CSC), has examined the feasibility and design of the JTA and Government has agreed to establish the JTA in Defence. Defence will partner with DVA and CSC to deliver the JTA objectives. Defence will begin to implement the JTA in late 2020, with a view to delivering full operational capability by the end of 2022.

Defence has made progress on the second and third components of Recommendation 7.2, encouraging members to consider and plan their military and civilian careers. ADF transition programs have been undergoing improvements since 2017. Since January 2019, Defence has adopted a needs-based approach to supporting ADF members and their families when they leave the military. This includes career planning and access to specialist support.

The Prime Minister's Veterans' Employment Program is creating employment opportunities for veterans by raising awareness across industry of the unique skills and talent that veterans bring to the civilian workplace. Complementing the Government's continued investment in the Program, DVA will partner with the Department of Education, Skills and Employment to support transitioning ADF personnel and their partners considering starting their own business to access the New Enterprise Incentive Scheme.

The Commission's Recommendation 12.6 calls for DVA to develop a funding framework for commissioning wellbeing supports through veterans' and other organisations, in particular this should include guidelines for funding services and projects delivered by volunteers and paid staff in veterans' hubs. DVA is shifting to a wellbeing model that supports veterans to achieve greater independence for themselves and their families, and is in the process of implementing a network of six Veteran Wellbeing Centres across Australia. The centres will provide a one-stop shop for veterans and their families to access a range of health, employment, transition and social connection services. Each of the six centres will receive one-off funding support of \$5 million (a total of \$30 million across the program) to develop and initiate their service model.

In relation to Recommendation 12.4, the Advocacy Training and Development Program (ATDP) continues to be available to accredit advocates who act on behalf of claimants. The ATDP is working to develop a more contemporary approach to training using available technologies, so that it is more accessible in regional and remote areas, and to encourage younger participants who may be unable to attend face-to-face training due to work and family commitments.

The Productivity Commission raised a number of issues around the availability and use of robust data relating to veterans and their families. In a significant step forward, the next Census will for the first time include a question regarding Australian Defence Force service. The inclusion of the question is a critical building block in better understanding the demographic profile of Australia's veterans. The information gathered will help guide services and support for Australia's veterans, and will inform the Government's response to issues facing veterans, such as health, housing and employment.

DVA has also taken action on the following recommendations in part:

6.2 *Evaluation and reporting of DVA rehabilitation*

6.3 *Commissioning and integration of rehabilitation services*

18.1 *Outcomes and performance frameworks*

18.4 *Expert committee on veteran research*

Recommendation 5.3 to publish annual notional premium estimates is also agreed and will be implemented in the very near future, without new funding. DVA will publish the actuarial report of the liability and notional and annual premium produced by the Australian Government Actuary.

Next steps

It is critical that a future veteran support system reflects the history of repatriation and veteran and family support in Australia; that it acknowledges the unique nature of military service which sets it apart from conventional workers' compensation schemes and civilian health schemes; and that it understands and prepares for the needs of current and future veterans and their families.

Future service design will be based on a deep understanding of veteran history, needs and preferences - making it possible for veterans and their families to receive the help they need when they need it, with ease.

The Commission's key recommendations around simplifying and harmonising legislation, processes and benefits will be important considerations as we continue to improve the accessibility, simplicity, and continuity of support for veterans and their families. Implementation of legislative reform will involve a series of considered, incremental steps over time.

The Government will respond to the Veterans' Advocacy and Support Services Scoping Study and the Joint Standing Committee on Foreign Affairs, Defence and Trade *Inquiry into transition from the Australian Defence Force (ADF)* reports in the 2021-22 Budget. It will also provide at that time, a final response to the Productivity Commission's report after further consideration of the recommendations not addressed in this interim response

