

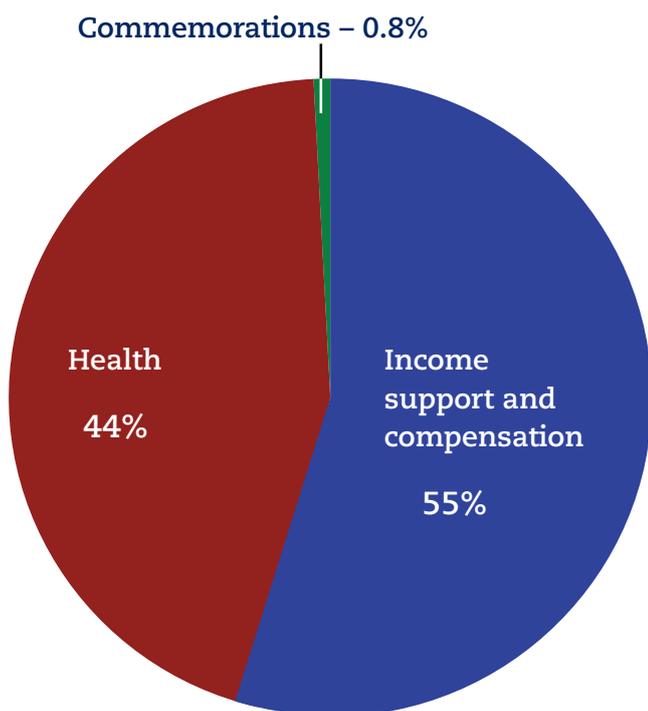


Key 2016–17 Budget initiatives

Department of Veterans' Affairs

In the 2016–17 Budget, the Government continues to support the men and women who serve or have served in defence of our nation and to commemorate their service and sacrifice. In particular, this year, the Government's focus is on continuing to ensure the mental health needs of current and former serving members of the Australian Defence Force (ADF) are met, as well as improving capability to provide client-focused support and services now and into the future.

The Department of Veterans' Affairs (DVA) has been provided \$11.7 billion to support around 298,000 DVA clients, including veterans and dependants. The funding comprises: \$6.4 billion for income support and compensation; \$5.2 billion for health services for veterans and their families; and \$93.6 million (\$0.1 billion) for commemorative activities.



Division of Department of Veterans' Affairs
2016–17 budget

Maintaining the health of veterans and their families

Mental health treatment for current and former permanent members of the Australian Defence Force (ADF) – improved access. DVA pays for the treatment of certain mental health conditions whatever the cause – also known as “non-liability health care”. Under this measure, the Government will provide \$37.9 million for DVA to extend and streamline eligibility for these arrangements to all current and former permanent members of the ADF. Conditions covered are post-traumatic stress disorder, anxiety, depression, and alcohol and substance use disorders.

The expansion involves \$46.4 million for DVA, offset by \$8.5 million by the Department of Health. Eligible individuals will be provided a DVA White Health Card, which provides additional benefits, including access to counselling from the Veterans and Veterans Families Counselling Service.

Veteran suicide awareness and prevention programs – continuation of Operation Life.

The Government will invest \$1 million to continue suicide prevention efforts in the ex-service community, including extending the Operation Life suicide awareness and prevention workshops. The measure also includes funding to pilot an alternative suicide prevention product to support a more targeted approach to suicide prevention in Australia's veteran community.

Support services for the children of veterans.

Funding of \$2.1 million over two years for the Australian Kookaburra Kids Foundation to develop and evaluate a pilot program for the children of current and former serving members of the ADF affected by mental illness. The specific program for children of current and former serving members of the ADF would replicate the program already being delivered in New South Wales by Kookaburra Kids, with enhancements where necessary to support the unique needs of the Defence and ex-serving communities.

New veteran public hospital pricing agreements. DVA will adopt the National Efficient Price for the payment of veterans' services in public hospitals under the arrangements with state and territory governments for public hospitals. This price is calculated by the Independent Hospital Pricing Authority. There is no change in veteran access to hospital services and spending on veteran hospital services remains demand driven.

Repatriation Pharmaceutical Benefits Scheme (RPBS) – new listings and price amendments.

This initiative allows an additional net expenditure of \$0.3 million for new and amended listings to be made to the RPBS. This includes items for enhanced wound care management options, additional medicines for the treatment of benign prostatic hyperplasia (enlarged prostate), and antifungal treatments.

Delivering veteran-centric services

Business case for veteran-centric reform.

The Government is providing \$24.8 million to develop a business case for transforming DVA's business operations and technology systems to be client focused, responsive and connected. DVA will receive funding of \$18.7 million and will work with the veteran community and the Department of Human Services (DHS) to develop the business case. DHS will receive \$6.1 million specifically to design the modern information, communication and technology solution that will underpin the business case and integrate with their new whole of government payment system solution. This new payment system will modernise DHS's welfare platforms, creating a national infrastructure asset for cost-effective payment administration across government. In planning its own transformation of business processes, DVA will seek to maximise the use of the new DHS infrastructure.

Improving processing systems. The Government is investing \$23.9 million over two years to undertake urgent technical work to ensure critical compensation and rehabilitation processing systems operate effectively while the broader, detailed business case for the transformation program is developed.

Veterans' Review Board – alternative dispute resolution and case management system.

Funding of \$2.7 million has been allocated for the national rollout of an alternative dispute resolution (ADR) model. The measure will allow for a new VRB case management system that will streamline processes and reduce backlogs. Veterans will be able to lodge and manage appeals and monitor progress electronically in real-time.

Establishing a single appeal path under the Military Rehabilitation and Compensation Act 2004 (MRCA). This \$0.3 million measure expands on the 2015–16 Budget measure to introduce a single appeal path under the MRCA by allowing the award of costs at the Administrative Appeals Tribunal (AAT) for successful MRCA appeals through the VRB. Note, there will be some exclusions, which will be applied at the discretion of the AAT.

Maintaining entitlements

Reversal of decision to remove backdating of veterans' Disability Pension claims. This 2014–15 Budget measure would have removed the three month backdating provision applicable to Disability Pension claims under the *Veterans' Entitlements Act 1986*. By not proceeding with this measure, Disability Pension claims will continue to be backdated up to three months prior to the date of claim.

Incapacity Payments – improved support for veterans

- **Increase in incapacity cut-off age to align with Age Pension eligibility.** From 1 July 2017, the age pension age will increase to 65.5 years and by a further six months every two years until reaching 67 in July 2023. This \$5.5 million measure will allow entitled veterans to receive incapacity payments up until the day they become eligible for the age pension.
- **Interim incapacity payments at 100% of normal earnings.** This \$0.2 million measure will allow the payment of interim incapacity payments to former ADF members immediately upon discharge. Payments will be at a level that matches their ADF regular salary, while the Commonwealth Superannuation Corporation (CSC) finalises their superannuation entitlement. Currently, interim incapacity payments can only be equivalent to the National Minimum Wage. As a result of this Budget measure, members will receive their pre-discharge salary. Once CSC provides its superannuation assessment, DVA will make an adjustment to the member's incapacity payments for any arrears payments.

Commemorating service and sacrifice

Refurbishment of war graves and memorials – honouring our war dead. The Government is providing \$7.5 million to undertake important renovations of commemorative memorials around the world. This includes refurbishing and rebuilding graves and plaques in Australia and Papua New Guinea that have deteriorated; undertaking essential safety and

maintenance work at the Hellfire Pass Memorial Museum in Thailand to accommodate the significant number of visitors who visit this commemorative site; and commissioning a scoping study for major refurbishment of the Australian War Memorial in London, which is becoming increasingly difficult and expensive to maintain.

Spirit of Anzac Centenary Experience travelling exhibition – continued funding. \$10 million will be provided to continue the Spirit of Anzac Centenary Experience travelling exhibition, ensuring it is delivered to 23 metropolitan and regional locations throughout the remainder of 2016 and into 2017. The exhibition aims to improve the understanding of Australia's wartime experience, its impacts, its lessons, and to carry forward the Anzac spirit and values.

Other initiatives affecting DVA clients

Department of Social Services

National Disability Insurance Scheme (NDIS) Savings Fund. This measure will see the Energy Supplement abolished from 20 September 2016. Existing recipients will continue to receive the Energy Supplement while they continue to receive an Energy Supplement underlying payment. Savings from the closing of the Energy Supplement will be deposited into the NDIS Savings Fund Special Account.

Department of Health

The Department of Health has made changes to the Medicare Benefits Schedule (MBS), Pharmaceutical Benefits Scheme (PBS) and aged care arrangements that affect DVA clients.

MBS new and amended listings. This measure consolidates and amends MBS items for certain procedures, for a net saving of more than \$3.7 million over the forward estimates.

MBS – Healthier Medicare removing obsolete services from the MBS. This is part of the ongoing MBS Review. The particular Medicare items that have been removed no longer have a clinical purpose in contemporary practice, with a saving of \$0.17 million over the estimates period.

MBS – pause indexation. This measure extends the indexation freeze of Medicare fees for a further two years, from 1 July 2018 to 1 July 2020. This will have an impact on DVA-funded medical and optometry services for an additional saving of \$27.6 million over the forward estimates. It does not relate to DVA's dental and allied health items, as the freeze on indexation for these items remains until 30 June 2018.

MBS – listing of photography with non-mydratric retinal cameras. This procedure is a non-invasive technique for imaging the retina and optic disc without having to dilate the pupil. The service would be used exclusively in primary care settings for the detection of diabetic retinopathy among patients with diabetes. This service is for patients who would not regularly attend an optometrist or ophthalmologist for a comprehensive eye examination, often due to remoteness. It will provide for a test once every two years for non-Indigenous patients and once every year for Aboriginal and Torres Strait Islander patients.

MBS – Magnetic Resonance Imaging (MRI) of the Breast. This measure extends access to MRI to improve local staging and/or early treatment monitoring and planning in the treatment of rare breast cancers. This represents a modest cost over the forward estimates.

PBS – new and amended listings. New and amended listings of medicines on the PBS, and subsequently available under the RPBS, include items for the treatment of non-Hodgkin's lymphoma and melanoma; expanding available treatment for persons with severe asthma; and additional medicines for the treatment of type 2 diabetes. This represents an additional expenditure of \$0.2 million over the forward estimates.

Aged care provider funding improving the targeting of the Viability Supplement for regional aged care facilities. DVA will receive an increase of \$4.6 million for this measure, which will improve funding for aged care services in rural and remote areas by using the most recent Census data to determine if providers are in regional, rural and remote areas, rather than the outdated classification system based on 1990s' data. It will also increase the viability supplement rate paid to most remote mainstream residential services and some special needs services. The geographical remoteness classification system will be updated, replaced by the Modified Monash Model developed by the Department of Health and currently used in GP rural incentives and workforce shortages programs.

Aged care provider funding further revisions of the Aged Care Funding Instrument (ACFI). The ACFI is used to determine a care recipient's needs, and the level of government subsidy and supplements paid to residential care providers for that person's care. This measure will improve the ACFI so that funding outcomes better align with contemporary care practices. Changes will be made to the funding levels for certain areas of the Complex Health Care (CHC) domain of ACFI where funding growth has exceeded expectations. The Government has increased funding estimates for residential aged care by \$3.8 billion over five years in light of higher than anticipated growth in funding claims. The measure will help protect the integrity of the residential aged care sector and the thousands of providers delivering high quality care to older Australians every day. Aged care residents will continue to get the care they need, with the highest levels of funding directed to those residents with the highest needs.

More information

For more information about DVA Budget initiatives, visit www.dva.gov.au.

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