



# Compensation and Rehabilitation for Veterans

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Productivity Commission – Issues Paper

July 2018

**DEPARTMENT OF DEFENCE SUBMISSION**

## Contents

1. Foreword.....	3
2. The veteran’s compensation and rehabilitation system .....	4
The current system.....	4
3. A system to meet the needs of future veterans.....	6
Determining factors.....	6
Changing needs.....	6
4. Recognising the unique nature of military service .....	8
5. The complexity of veteran’s support.....	10
6. The claims and appeals process.....	11
Defence Single Access Mechanism.....	11
Access to Medical Records .....	13
Review of Mode of Transition (Defence) .....	13
Defence Collaboration with Department of Veterans’ Affairs.....	14
7. System governance.....	15
8. The role of the Australian Defence Force in minimising risk.....	16
9. Providing financial compensation for an impairment .....	18
10. Helping ADF members transition from Defence.....	21
Defence Transition Business Model 2017 .....	22
Career Transition Assistance Scheme (CTAS).....	22
Transition for Employment (T4E) .....	23
Health Aspects of Transition.....	23
The Separation Health Examination (SHE) .....	24
Occupational Rehabilitation .....	25
Transition of Defence Members with complex health issues .....	25
Other Agencies and Organisations Transition Support Services.....	26
Post Transition Employment, Accreditation, Training, Survey Results and Initiatives ....	26
Defence Assisted Study Scheme (DASS).....	27
Civilian accreditation of Defence skills and training.....	27
Transition Reform.....	27
Prime Ministers Veterans Employment Initiative .....	28
Other Employment Initiatives .....	28

11. References.....29

## 1. Foreword

Australian Defence Force (Defence) veterans, whether serving or transitioned, have all chosen a unique career which expects their sacrifice of certain personal freedoms that are enjoyed and taken for granted by most members of Australian society. The Department of Defence has acknowledged the way in which veterans' lives are often changed by their service, and provides them with timely and appropriate support, which best meets their needs.

The Australian Government, through the Productivity Commission, is reviewing the system through which our veterans are rehabilitated and compensated for their Defence service. The Productivity Commission will question the efficacy of the existing framework and will identify opportunities to improve the overall support provided to veterans during, and subsequent to, their period of military service.

Defence welcomes this review by the Productivity Commission. The current system is complex and veterans have found aspects of it hard to access and difficult to understand. Recommendations which offer opportunities to deliver improved services and support to veterans and their families are not only valuable, but must be considered for implementation by each of the agencies which collectively form and contribute to this system.

The provision of veterans' support has not always been responsive to the changing needs of veterans and this has sometimes resulted in poor outcomes for veterans and their families. The collective objective should therefore be to continue to reform the existing system to reduce its complexity and improve its ability to respond to current and future veterans' needs. Defence and the Department of Veterans' Affairs (DVA) have been working for a number of years on initiatives to improve outcomes for veterans and their families.

The information provided in Defence's response has been collated from the individual Services, as well as key internal support organisations within Defence, including the Defence People Group, (Defence Veterans' Support Branch, Defence Community Organisation and Defence Work, Health and Safety Branch) and Joint Health Command. This response follows the format proposed in the May 2018 Productivity Commission Issues Paper and provides input on relevant Defence issues or initiatives. This official Defence response seeks to not only identify shortfalls, but also to highlight progress on those areas already recognised as requiring reform.

Acting Chief of the Defence Force

July 2018

Acting Secretary Department of Defence

July 2018

## 2. The veteran's compensation and rehabilitation system

*...Understanding the objectives or purpose of the compensation and rehabilitation system is important for determining how well the current system is performing, and what an improved system would look like...*

The priority objectives for veterans' support should be to ensure the long-term wellbeing, successful rehabilitation and transition for veterans into civilian life through:

- providing a facilitated and case-managed transition process; including health and rehabilitation;
- providing vocational services to assist with identifying and establishing meaningful civilian employment;
- simplifying and clarifying veterans' compensation and military superannuation processes;
- improving resources for the transition, compensation and military superannuation areas to ensure effective service provision;
- providing Defence commanders and managers with the training and resources to support transitioning members; and
- ensuring that veterans are better able to understand the system supporting them.

### The current system

The experience of transition for Defence members varies. Many members make this transition successfully and quickly re-establish civilian lives. For some though, the current pathway is more difficult to navigate and they may require assistance in developing and establishing an individual transition plan that appropriately addresses compensation legislation and superannuation. Three separate agencies (Department of Defence (Defence); Department of Veterans Affairs (DVA), Commonwealth Superannuation Corporation (CSC)) are responsible for delivering key information and services to veterans. This structure creates risk of confusion, gaps, overlaps and less accessible services, reducing the effectiveness of the system for its customer – Defence veterans and their families. An opportunity to externally review this system will address ways to reduce the uncertainty and anxiety experienced by some veterans and their families during transition from the military.

Defence retains a duty of care for its veterans and a responsibility to support their families up to and including the date of transition as a function of Command through the Chief of Defence Force and Service Chiefs. Defence takes this responsibility seriously, and provides a range of transition support and services that are available to Defence members and their families during transition and for up to 12 months afterwards.

Defence has recognised that the discussion and provision of support to prepare members for transition must commence much earlier in the ADF career lifecycle. Defence is therefore making substantial improvements to communicate with ADF members and their families to outline the key support services that will be available to them when they transition.

Defence acknowledges that there have been some tragic cases where the complexities of the system may have indirectly impacted a veteran and/or their family's wellbeing and mental health.

There are a number of Defence and combined initiatives and projects underway which, if coordinated and resourced appropriately, will ensure that veterans receive the support, rehabilitation and compensation essential for their successful transition to a productive civilian life beyond their ADF service.

### 3. A system to meet the needs of future veterans

*...The dynamic nature of veterans' needs implies that the system should have sufficient flexibility to be able to respond to external changes...*

The priority objectives discussed in the previous section can be achieved through a variety of mechanisms. This could include:

- facilitating a claims decision for a Wounded Injured or Ill member by DVA and/or CSC prior to transition.
- timely access to the full suite of options under the Career Transition Assistance Scheme (CTAS) – this among other things would guide a member through a sequence of phases to establish a pathway to meaningful civilian employment.

By providing these services as members transition from the ADF, and at the same time as members consult both the DVA and CSC, the veteran would have a very clear picture of what a civilian pathway would look like and how employment may affect their pension(s) and entitlements.

It is worth noting that the Transition Wellbeing Research Programme (TWRP)'s 'Mental Health Prevalence Study' showed that 84% of transitioned ADF personnel were either working or in some form of purposeful activity and a further 5.5 per cent were retired, suggesting a high degree of social engagement.

#### Determining factors

Additional factors which may be considered when examining what is in the best interest of veterans, include:

- the increased complexity of veteran management resulting from a higher operational tempo since 1999;
- personal circumstances of transitioning members and their ability to establish and maintain meaningful civilian employment;
- the availability of relevant services to meet the needs of veterans in their regions (i.e. mental health, orthopaedic);
- the individual's preferences and choices; and
- the individual's current health status.

#### Changing needs

Veterans' basic needs have not fundamentally changed over time. A veteran re-entering civilian life still needs the means with which to support themselves; they also need to adapt their military skills to the civilian workforce. However, the demographics of the contemporary veteran cohort continue to change, with younger veterans, better educated veterans and with greater numbers of female veterans. This leads to different expectations within this veteran cohort.

The challenge becomes identifying what constitutes meaningful employment to a veteran competing in a volatile job market. Civilians can have a competitive edge borne from their exposure and regular opportunity to apply for job roles, whereas veterans with equivalent skills lack experience in the application and interview process. Veterans therefore need open access to a robust system which assists them in realising their own vocational goals and developing the skills necessary to obtain and sustain a civilian career.

Legislative changes in the way compensation is provided, such as the move away from pension payments under the *Veterans Entitlement Act 1986 (VEA)* to lump sum payments under the *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988 (DRCA)* and *Military Rehabilitation and Compensation ACT 2004 (MRCA)*, needs ongoing assessment to ensure that the rehabilitation aims of the more recent Acts are operating effectively. The opportunity for legislative reform to harmonise and simplify legislation, potentially under a single Act, would provide an opportunity to re-examine the combination of support measures available under the different Acts.

However, it is important that changes to the support system need to consider any unintended consequences, which may adversely impact successful long-term rehabilitation and integration of veterans into society.



## 4. Recognising the unique nature of military service

*... A question that is rarely asked is whether this time, effort and cost results in the best benefit to the veteran concerned...*

Defence agrees with the description of the unique nature of military service as outlined in section 2 of the Productivity Commission Issues Paper.

Military employment is fundamentally different to civilian employment.

The primary role of Defence is to defend Australia and its national interests. Australians join the Defence Force for a variety of reasons, but collectively they accept the forfeiture of certain freedoms enjoyed, and taken for granted, by all others in Australian society. Almost every aspect of uniformed life comes with a risk or cost to the member and/or to their families.

The unique nature of military service is recognised by a number of Australian Government arrangements that are specific to Defence personnel. This includes remuneration and compensation arrangements.

In the context of compensation, Defence personnel undertake high risk activities as a matter of routine, even during peacetime activities. Unfortunately in the most extreme cases, this can lead to the ultimate sacrifice.

The Australian Defence Force is renowned for its highly trained, equipped and serviced workforce. Military training produces quick thinking individuals with outstanding leadership and team building skills, a strong appreciation of processes along with the ability to use and rapidly adopt new technologies. All of this is created within a highly disciplined and structured work environment.

This high level of training and responsiveness has implications for veterans when exiting the ADF. In essence, a path of dependency is created at the point a person enlists in the military; they join as civilians and through a sustained process of immersion in the military culture and system whereby they transition to become a military member. All basic needs are provided for as a condition of service – comprehensive health care, accommodation and travel. This is a progressive and sustained process throughout the term of their service and their familiarity with the civilian way of life naturally declines. It is, therefore, unsurprising that any comparatively rapid transition from military back to civilian life cannot immediately reverse a process that may have occurred over many years.

For veterans who have spent years operating in environments of perceived or imminent threat, having to adapt their responses to a more benign civilian environment can be challenging. This includes working within leadership/management structures and systems which are fluid and less well defined, and where decision-making may allow negotiation, input and consensus. This is in direct contrast with the autocratic decision-making process applied in military environments, where the military approach is that orders are followed and not necessarily questioned. The mental shift required to transition between such fundamentally opposed management approaches is significant and not well understood.

The sense of camaraderie and purpose which underpin military service are considered its greatest strength. Camaraderie is associated with life-long friendships and, to a degree,

co-dependence on the unit. It is, however, only occasionally replicated in civilian life; its absence can create a deep sense of loss following transition from the military.

Successful adjustment to a new life in a civilian world is somewhat dependent on an individual's *capacity* to recognise their military transferable skills and apply them in a civilian context. This requires the abandonment of those elements of the military culture that may otherwise interfere with establishing a productive relationship with prospective employers and the broader community. The veterans' support system therefore has a key responsibility for preparing the veteran insofar as possible to this adjustment, through careful and deliberate transition planning.

## 5. The complexity of veteran's support

*... The legislative framework is cumbersome, complex, confusing and difficult to navigate for advocates, DVA staff and members of the serving and ex-serving community...*

The current DVA Veteran Centric Reform (VCR) program has highlighted the complexities of the current veteran support system in Australia. Defence has been involved in VCR, through project oversight, representation on project boards, provision of a dedicated ADF Liaison Officer and also by providing access to serving members. The engagement with the serving members, along with their ex-service colleagues, have made the legislative and overall veteran support system shortcomings very clear. DVA at the highest levels has embraced the need for reform and Defence will continue to support the VCR program in order to achieve better outcomes for veterans.

The sources of complexity in the existing system of veteran's support highlighted through VCR and other engagements are broad and by no means limited to the following:

- antiquated DVA ICT systems, inconsistent decision making on claims, an apparent unwillingness for delegates to directly engage with veterans and often the interpretation of legislation is dependent on advocate expertise;
- inefficient communication between government support agencies;
- varying degrees of competence, governance and accountability in the ESO sector;
- multiple legislative Acts;
- varying levels of entitlements between the Acts;
- a large variation in the quality of advocacy services that can provide advice to veterans;
- the nature of contemporary veterans who may want or may be encouraged to obtain a payout without motivation to obtain employment outside of the Defence; and
- a medical system that does not seamlessly flow into clinical management by civilian clinicians post-military service and where the civilian clinicians often don't understand the unique nature of ADF service.

## 6. The claims and appeals process

*...Key concerns included delays in claims processing, the quality and consistency of decisions, incorrect payments, and an adversarial approach to decision making....*

### Defence Single Access Mechanism

The Defence Single Access Mechanism (SAM) was established on 1 July 2010 to provide a single point of access between Defence and DVA for requests for information. DVA requires these records under legislation to enable them to determine a member's compensation claim.

On 18 January 2011, a formal arrangement was agreed by Defence for SAM to coordinate the provision to CSC of records and information to assist with superannuation determinations.

The Defence SAM performs the following services:

- sourcing records and information from relevant areas in Defence in response to formal requests from DVA and CSC to enable the determination of compensation claims and invalidity benefits;
- monitoring and tracking all DVA and CSC requests against agreed Key Performance Indicator timeframes; and
- management of the administration process for applications by former Defence members to have their mode of transition changed from administrative to medical under section sub-section 51(6) of the *Defence Forces Retirement Benefits Act 1948*, and section 37 of the *Defence Force Retirement and Death Benefits Act 1973* – [refer to Review of Mode of Transition for further details].

From 1 July 2017 to 30 June 2018 Defence SAM received 27,124 requests for records and information from DVA and 3,801 from CSC. This is nearly 30% greater than in previous financial years.

Records and/or information requested by DVA can include, but are not limited to: Service and medical records (including operational service, dental, psychiatric and psychology); posting and leave records; financial statements; career management information (including allowances); exposure to hazardous materials; incident and investigation reports; and Boards of Inquiry reports. Defence also provides information to DVA under the DVA Early Engagement Model which is covered elsewhere in this submission.

Defence and DVA have endorsed a joint Defence/Department of Veterans' Affairs Electronic Information Exchange Strategy (DDEIE) to improve the way information is accessed or exchanged between the Departments. Implementation is expected to be completed over the next three years subject to the approval and resourcing of the individual business cases. Funding for this program was provided under the 2016 Defence White Paper. Underpinning the DDEIE is the DVA Early Engagement Model (EEM) which seeks to establish a direct relationship between a member and DVA early in a member's career.

Defence has provided DVA with electronic access to a member's eHealth record and is working to extend this arrangement to the CSC. These records cover the period post December 2014 when the Defence E-Health System was introduced. For records prior to this date, the Defence Health Records Digitisation Project was established as an outcome of

the 2016 Defence White Paper to digitise the extant hard copy medical records of all currently serving Defence personnel. The digitisation project is due for completion in 2020.

In addition Defence also provides DVA and CSC with access to the Defence corporate HR System (PMKEYS). While these initiatives reduce the demand on SAM, SAM will continue to operate in support of requests for records and information not held electronically, or where research, human interpretation and/or judgement by Defence is required.

Details of the timeframes to provide DVA and CSC with information and the categories for priority requests are shown in the following tables.

**Table 1 - Provision of Information to Department of Veterans' Affairs and Commonwealth Superannuation Corporation – Timeframes**

Priority	Within 12 Months of Transition or Currently Serving	Between 1 to 3 years from Transition	3+ years of Transition
Urgent (General)	5 business days <b>(UG - Category 1)</b>	10 business days <b>(UG - Category 2)</b>	15 business days <b>UG - Category 3</b>
Urgent (Complex)	20 business days <b>UC - Category 1</b>	20 business days <b>UC - Category 2</b>	30 business days <b>UC - Category 3</b>
Medium	15 business days <b>Category 1</b>	20 business days <b>Category 2</b>	25 business days <b>Category 3</b>
Routine	25 business days <b>Category 1</b>	30 business days <b>Category 2</b>	35 business days <b>Category 3</b>

**Table 2 - Categories for Priority Requests**

Urgent (General)	Urgent (Complex)	Medium
<b>Financial hardship</b> This priority includes: <ul style="list-style-type: none"> <li>- Clients who are transitioning</li> <li>- Clients who have recently transitioned</li> <li>- Any individual without an income</li> <li>- If the financial information is detrimental to the well-being of the individual</li> <li>- A reservist who has pending surgery and will be without civilian income</li> </ul>	<b>Cases with the VRB or AAT</b> <ul style="list-style-type: none"> <li>- Includes Military Research requests</li> <li>- Any client who has an appeal with the AAT</li> </ul>	<b>Death Payments</b> <ul style="list-style-type: none"> <li>- This priority covers war widows and/or dependants who are already receiving some form of payment and therefore has less financial impact.</li> </ul>
<b>High Profile</b> <ul style="list-style-type: none"> <li>- A client who is identified as high profile by DVA Executive, Minister or Ombudsman</li> <li>- Clients who are involved in incidents that have received public attention</li> </ul>	<b>Member is over 90 years of age</b> <ul style="list-style-type: none"> <li>- Where a client who has lodged a claim is 90 years of age or older.</li> </ul>	
<b>Death or imminent death</b> <ul style="list-style-type: none"> <li>- For an individual who has a terminal illness or has died.</li> </ul>		
<b>Defence Priority</b> <ul style="list-style-type: none"> <li>- All claims that have been highlighted by Defence as being a priority</li> </ul>		
<b>At Risk – Mental health or Serious injury</b> <ul style="list-style-type: none"> <li>- when information is requested for an individual who has presented to</li> </ul>		

Urgent (General)	Urgent (Complex)	Medium
DVA with a mental health condition - when a delegate deems a client is at risk		

### Access to Medical Records

Members can access a copy of their medical records as a normal process of transitioning from the ADF and this is actively encouraged. Defence also encourages all members to clarify any concerns with the information on record with a Defence health professional and to provide these records to their community health professionals as required.

Health records for transitioning members who are transferring to the active Reserve are retained by Defence at a supporting health facility. For those not transferring, health records will be sent to Defence Archives. Former serving members can apply for their service or health records by completing a 'Request for Records' form. The form is available on the Defence website at <http://defence.gov.au/records/docs/request-for-service-records-form.pdf> or by contacting the Defence Service Centre on 1800 333 362.

For members transitioning on medical grounds, the examining medical officer who is undertaking a Separation Health Examination (SHE) completes an Invalidity Retirement from the Defence Force Medical Information form. The completed form and supporting documentation is sent to the CSC for receipt no later than six weeks prior to the member's transition.

The implementation of the Defence e-Health System (DeHS) in 2014 has significantly simplified the access to health records. Both DVA and CSC now have access to DeHS in order to obtain up to date health care information on transitioning members. As mentioned earlier in this submission, Defence is also digitising the hard copy records of those members who are still serving and who began service prior to 2014.

### Review of Mode of Transition (Defence)

All ADF military superannuation schemes provide for a member to be able to review their mode of separation (commonly referred to as retrospective invalidity claims).

Changing the mode of transition enables the CSC to assess the member's invalidity for increased superannuation purposes and may result in the member receiving increased superannuation benefits, including retrospective payments.

When requested by CSC, the Defence Community Organisation (DCO), through the Defence SAM team will coordinate this function on behalf of the Service Chiefs.

For all applications, advice is sought from Defence medical staff familiar with assessment of the medical or health status of Defence personnel, against the retention standards and health policies relevant at the time of transition.

If, based on the available facts, a Service Chief (or their delegate) believes that a member could have been transitioned on medical grounds, this will be recommended to CSC – which administers these Acts for decision. Defence has no decision making role in the process. The decision making authority rests with CSC. Defence's support for a former member's claim to change their mode of transition does not necessarily mean that CSC will agree.

In summary, Defence's role in the retrospective reconsideration of a member's mode of transition is to provide advice and information requested by the CSC to support its decision making.

As at 9 May 2018, Defence was managing 32 applications for review of mode of transition.

### **Defence Collaboration with Department of Veterans' Affairs**

Defence and DVA collaborate to improve support arrangements for all current and former Defence members and their families, ensuring timely and consistent communication in relation to the support services offered by each department. The collaboration between the Departments is covered by the Joint Memorandum of Understanding on Cooperative Delivery of Care and Support dated 30 June 2016.

In collaboration with DVA and CSC, Defence is exploring options to reduce the time taken to make determinations of liability and invalidity. This includes the DVA Early Engagement model, the Defence DVA Electronic Information Exchange (DDEIE) and the broader DVA Veteran Centric Reform program. In addition, a trial is currently underway on a 'Transition Health Assessment (THA)' process with the goal of providing enough information to DVA and CSC to allow them to finalise claims before members are transitioned from Service. The THA is discussed in more detail later in this submission.

Under the Early Engagement Model (EEM), Defence provides advice to DVA when a member:

- (1) enlists in or is appointed to the Royal Australian Navy, Australian Army or the Royal Australian Air Force on or after 1 January 2016;
- (2) is involved in a serious incident or where a Defence member's service is to be terminated administratively, either on medical grounds or for any other reason that involves the use of prohibited substances or the misuse of alcohol, as soon as practical after the event or the decision to terminate;
- (3) commences transition from the Permanent force or Continuous Full Time Service (CFTS) in the ADF;
- (4) completes transition from the Permanent force or CFTS in the ADF, or
- (5) renders service which attracts eligibility as qualifying service as defined in the Veterans' Entitlements Act 1986.

CSC is made aware of all Defence members whose service is to be terminated administratively on medical grounds.

## 7. System governance

The governance structures and practices adopted within Defence and DVA, and its Commissions, have well established mechanisms for sound decision making. The latest version of the Memorandum of Understanding on the *Cooperative Delivery of Care* was signed on 30 June 2016 and it details a strong governance process from the Secretary-level down. In addition, Defence with senior representation on the Military Rehabilitation and Compensation Commission (MRCC), actively contributes to the statutory functions of the Commission to ensure the ongoing effectiveness and efficiency of these structures and practices.

That said, there are multiple stakeholders across the system of military compensation, including over 3500 Ex-Service Organisations (ESOs). The combination of different legislation and entitlements, including multiple eligibility for the same veteran under different Acts, compounds the difficulties and delays that can sometimes arise in the determination of initial liability of veterans' claims and their subsequent entitlements.

The alignment between agencies, the improvements that could be sought in the exchange of information and the development of greater simplicity and transparency for veterans, are all matters under active consideration by the departments and the MRCC as part of a number of reviews and service delivery improvement programs. One of these programs, DVA's Veteran Centric Reform program is fundamentally reforming DVA's service delivery mechanisms with a focus on better outcomes on veterans and their families.

The system of support for veterans is broad and encompasses Defence, DVA and other Commonwealth and State/Territory government services as well as support provided to veterans through the ESO sector. ESOs offer a range of services including advice and advocacy to those veterans seeking compensation from DVA.

Defence considers that ESOs play an important role in providing welfare and support to veterans and their families and in representing veterans' needs, and that the role should continue into the future. However, the number of volunteer ESO advocates is declining, mainly due to the ageing of advocates. Younger veterans may be less able or willing to take on an advocacy role, particularly considering the demands of supporting veterans in a diverse range of circumstances and entitlements under a framework of complex legislation.

Defence understands that DVA has commissioned an independent study of veterans' advocacy, the *Veterans' Advocacy and Support Services Scoping Study*, being undertaken by Mr Robert Cornall AO. This study is investigating how veterans and their families are assisted to access entitlements and services, and may provide further guidance on the requirement for, and design of, a model for veterans' advocacy.



## 8. The role of the Australian Defence Force in minimising risk

Defence takes its responsibilities for the health and welfare of its people seriously. Defence's mission is to defend Australia and its national interests, and at times this requires our people to operate in hostile or hazardous environments. Protecting our people is therefore paramount in all activities undertaken by Defence, including on operations where Force Protection is of paramount importance.

Defence has significant obligations under the *Work Health and Safety (WHS) Act 2011* to prevent service-related injury and to reduce the cost to capability. This includes proactively identifying emerging occupational issues that may cause hurt or harm to Defence personnel.

Defence is held accountable for the health and safety of its people through the Defence Work Health and Safety (WHS) Strategy which sets the strategic direction for the department and describes the obligations of Defence commanders and personnel to reduce the likelihood of injuries occurring.

Governance of the WHS Strategy is through the Defence Work Health and Safety Committee, a 2/3 Star-level committee, which is responsible and accountable to the Secretary and Chief of the Defence Force for driving a consistent approach to work health and safety across Defence. Its primary role is to monitor and improve the work health and safety of Defence workers and provide due diligence assurance to the Service Chiefs and Group Heads.

Sentinel is the Defence WHS Management Information System mandated by Defence for reporting WHS incidents involving Defence and its personnel. Sentinel supports Defence commanders in identifying emerging occupational trends and provides statistical data on injury trends and service-related health and safety incidents. Defence has provided access to Sentinel records via the Safety Tracking and Reporting System (STARS).

The culture of reporting service-related incidents is positive. Results from the Defence 'YourSay' attitude survey in 2015-16 indicated that, 84 per cent of Defence members surveyed reported that 'when I report an accident/injury/incident/hazard, I believe that appropriate action will be taken' and 90 per cent believed that 'health and safety is treated as an important issue in my workplace'.

Defence has a strong safety culture which has been further enhanced through the wider Defence Cultural Reform program and the six Pathway to Change cultural priorities. The priority health, wellness and safety is particularly relevant for the support Defence provides its members.

Defence members carry risks that are not comparable to other organisations. Defence's world-class training equips our soldiers, sailors and airmen and women to manage these risks. Beyond these expected and expertly managed risks in training, and those on operations, every member of Defence has a fundamental right to be safe in the workplace. This includes physical and psychological safety. Defence's ability to create a workplace characterised by respect for each individual and with a focus on safety, is one of the foundations of establishing trust in both the workforce and the broader community, and in building capability that is sustainable.

In summary, Defence has a fully integrated, established and robust injury prevention and management reporting system with an ever-improving culture of reporting service-related incidents; an environment in which injury prevention responsibilities are better fostered and early intervention in the treatment and rehabilitation of injured or ill members is occurring; and supporting legislative obligations to maintain a safe and healthy workforce. In addition, proactive activities are underway to identify emerging occupational health and safety issues and to examine practical, effective and efficient measures to address these.

Defence through Joint Health Command (JHC) provides command responsive, member-centric, recovery orientated health services to ADF personnel. JHC ensures the health preparedness of ADF personnel for operations, and assist the single services to generate operational health support. A key part of this role is to assess the risk posed by an individual's health concerns, and, with command, to manage and mitigate that risk. This is exercised through the Medical Employment Classification system.

## 9. Providing financial compensation for an impairment

*... Compensation schemes should provide incentives for workers to rehabilitate and return to work where feasible...*

**Compensation.** Defence acknowledges that the unique aspect of the current system of veterans' support is that the Defence as the employer is *not financially responsible* for the compensation of its personnel for the impact of their service.

Defence does not consider that this arrangement is a barrier to providing an adequate focus on preventing injury and illness or providing early intervention and rehabilitation support for injured or ill members. Defence is already responsible for providing health care for all full-time permanent uniformed members, and spends around \$500m on health care and related activities each year.

In addition to the direct impact on a member, any injury whilst serving represents a loss in operational capability that is to be avoided wherever possible. However, the nature of ADF environment and its operational activities introduces a heightened risk of injury when compared to almost all other work environments.

Defence has a well-established, integrated and holistic approach to injury prevention and rehabilitation and incident reporting, imbedded in Defence and single service occupational health, safety and rehabilitation systems, and prescribed through the *Defence Work Health and Safety Strategy* and the *Defence Rehabilitation Program*. In addition there is a feedback loop from Department of Veterans' Affairs to Defence when a member makes a claim, detailing the nature of the claim and the outcome.

The *Review of Military Compensation Arrangements* (RMCA) in 2011 recognised that the absence of an effective price signal (in the form of premiums) is a barrier to understanding the dollar cost of service-related deaths, injuries and illnesses in the ADF. However, the RMCA did not believe a premium-based model would be appropriate for the ADF.

In 1999 the Tanzer Review proposed the introduction of a premium for the Military Rehabilitation and Compensation Act, but this was not pursued.

Given the unavoidable high-risk nature of operational service, it is unlikely that a premium or other price signal to Defence would be acceptable unless, as a minimum, it excludes operational service. But even then, many ADF activities, even in peacetime, and not just when training for operations, are inherently dangerous. There are also practical issues with calculating a premium for injuries, illness or death related to non-operational service that would make the exercise difficult and complex, such as:

- sorting operational v non-operational compensation payments;
- some conditions are not due to any particular type of service (eg fair wear and tear);
- several conditions together may give rise to incapacity payments;
- health care is not split by condition; eg. GP visits, while Gold Cards cover all conditions, whether service-related or not; and
- non-liability health care costs are not attributed to service type.

Comcare, as the workplace health and safety regulator for Defence, already conducts inspections and reviews with Defence in relation to incidents and injuries. Comcare has previously taken action under WHS legislation where it is clear that Defence has done the wrong thing in its non-operational activities, and Comcare could be expected to take similar action in the future (either through court action or enforceable undertakings). Defence itself also undertakes injury prevention and rehabilitation activities.

Defence has a strong safety culture which has been further enhanced through the wider Defence Cultural Reform program and the *Pathway to Change* cultural priority; health, wellness and safety.

Defence members carry risks that are not comparable to other organisations. Defence's ability to create a workplace characterised by respect for each individual and with a focus on safety, is one of the foundations of establishing trust in both the workforce and the broader community, and in building capability that is sustainable.

In considering these issues, a premium would be unlikely to achieve its desired purpose, and may have unintended consequences in introducing risk elements to Defence training activities which could impact on operational capability and even safety in an operational environment.

It is clear that even without a premium, there is an opportunity for Defence to work with the DVA to share more information on the impact of military service. Through the information that DVA collects through its claims, there is an also opportunity for data to inform Defence of:

- the nature of claims;
- the duration between the original service-related injury or event and the subsequent claim; and
- statistics on prevalent conditions or impairments which may be related to particular kinds of service, training, operations or hazards.

Such information may be used to adapt and change training or other operational conditions to reduce the incidence or likelihood of similar future claim.

Enhanced systematic information sharing between the two departments regarding the translation of service incidents into compensation claims provides the best immediate opportunity for Defence to proactively identify and manage occupational risk, without the additional complexity of a price signal.

DVA as part of the broader Defence Portfolio is funded through appropriations on an emerging cost basis, to administer claims under military compensation legislation. The development of a Defence premium to reflect the cost of compensation should result in a concurrent reduction in DVA funding and a transfer of that funding to Defence to pay the premium, but would add to the administrative burden for no benefit to the Departments or veterans.

In summary, the development of a price signal model, via either an actual or notional premium model, is not supported by Defence.

**Alignment of compensation.** With the commencement of the DRCA on 12 October 2017, the compensation arrangements for military personnel were separated from non-military employees and the responsibility for all veterans' compensation legislation transferred to the Minister for Veterans' Affairs.

With that in mind, Defence is of the view that there is now an opportunity for DVA, in consultation with Defence, ESOs and other stakeholders to explore ways to simplify the compensation framework by aligning the VEA, MRCA and DRCA wherever possible.

Defence is mindful that alignment of the legislative framework will be complex and that reform will need to be examined on an issue-by-issue basis to ensure that existing entitlements and benefits are preserved, and that no veteran is worse off.

**Incentive to rehabilitate.** Rehabilitation and attaining meaningful employment are fundamental to a successful life post ADF service. For some veterans in receipt of compensation, there could well be a disincentive to rehabilitate and resume work. In some cases due to the offsetting provisions, a gain in remuneration may be negated by the loss in compensation payments, in which case the only advantages become non-financial (sense of purpose, socialisation, and professional development).

## 10. Helping ADF members transition from Defence

*...the post-discharge period has been recognised as a period of elevated risk for mental health problems and suicidality...*

Defence provides transition support services for all members leaving the military, and their families. This includes members leaving for medical reasons, reserve members on CFTS and Defence gap year members.

The ADF Transition support services ensure that members and their families are well informed, and are encouraged to access educational, financial, rehabilitation, compensation and other government services to facilitate sound transition planning.

The ADF Transition support services are delivered to all Defence members through 13 regional ADF Transition Centres located either on, or near major Defence establishments. Outreach support is also offered nationally in more remote locations.

Services provided through the ADF Transition Centres include transition seminars, individual career coaching, personalised assistance to prepare for transition, referrals to appropriate support and assistance with administration.

Between 5,500 and 6,000 Defence members leave Defence each year. Of those, the vast majority do so voluntarily and successfully. Approximately 20 per cent leave for medical reasons. In financial year 2016-17 a total of 5,904 members left Defence. This included:

- 3,045 who left voluntarily (52 per cent);
- 1,192 who left for medical reasons (20 per cent);
- 839 who completed CFTS (14 per cent);
- 693 who left for involuntary reasons (12 per cent, including failure to complete training and disciplinary reasons);
- 63 who reached compulsory retirement age (one per cent); and
- 72 who left through management initiated actions (one per cent, including redundancy, management-initiated early retirement and command-initiated transfer to the reserves).

During the transition process, Defence is increasingly targeting its efforts towards those most in need, based on criteria such as the ability to find employment, the need for continuity of healthcare and social connectedness.

The Defence People Group works closely with Joint Health Command, the three services and the DVA on strategies to achieve a smooth transition for Defence members.

Defence recognises there may be alternative approaches to better share information across Departments. Such an approach would assist to smooth the transition from military to civilian life, particularly for veterans with ongoing health care and rehabilitation needs. Legislative amendments would be required to allow DVA to engage earlier in rehabilitation, which if enacted, would result in a more seamless transition of healthcare and rehabilitation at the time a member leaves Defence.

### **Defence Transition Business Model 2017**

Since 2017 there have been a large number of business improvements in the Defence Transition Transformation space.

In July 2017, Defence implemented a new transition business model which enhances the transition process by delivering, in addition to administrative elements, individualised career coaching and mentoring services to Defence members and their families. This provides tailored coaching of individuals through the transition process and assists when appropriate, in preparing Defence members to seek and obtain meaningful employment.

Defence's transition support includes:

- two-day transition seminars covering all aspects of transition for Defence members and their families;
- transition planning session;
- transition coaching sessions; and
- access to the Career Transition Assistance Scheme (CTAS).

The new business model has introduced a post-transition follow-up telephone call which occurs around thirty days after the member has left Defence, as well as an electronic survey conducted quarterly over the first year after transition. These measures help the veteran to stay connected with former members, while also providing Defence with an assessment of its transition programs which can inform the development of future initiatives and support.

Defence's transition coaches maintain contact with transitioned members for up to 12 months after their transition date. This allows Defence to continue to provide support, especially career transition services if a former member's employment status changes, or if another need arises.

Defence has mandated that members leaving Defence are to participate in the transition process and leave with appropriate documentation. This includes an individualised transition plan, record of service, record of training and employment, final payment and leave entitlement summaries and copies of medical records.

Families are encouraged to participate in the transition process wherever possible.

### **Career Transition Assistance Scheme (CTAS)**

Support available under CTAS includes:

- two-day job search preparation workshops;
- career transition training;
- career transition management coaching (to develop an employment plan, develop interview skills and learn effective job hunting);
- Curriculum Vitae coaching;
- financial counselling; and
- approved absence to undertake career transition activities including job interviews, appointments and on-the-job experience.

CTAS eligibility is currently determined by length of service and the reason why the member is leaving Defence. Members who are leaving for medical reasons are eligible for all components of the Scheme.

Eligible members can access financial assistance towards vocationally-oriented education and training that contributes to their civilian career readiness through CTAS. The funding can be used for any vocationally-oriented course, or recognised course segment, within the Australian qualifications framework. The Australian qualifications framework ranges from secondary-level attainment through to, and including, doctoral-level qualification.

Defence members may be approved to use their career transition training entitlements to complete university based qualifications, or units, as long as they are completed within CTAS timeframes.

Defence has commenced a review of the Scheme with a view to ensuring that it is flexible, equitable and accessible by all Defence members and their families.

### **Transition for Employment (T4E)**

The 2016 Defence White Paper called for the implementation of a program to assist Defence members transitioning from the military with complex medical conditions to establish and maintain meaningful civilian employment.

The Transition for Employment (T4E) program is scheduled to commence in mid-2018 and will be piloted for a 12-month period with the participation of Defence members nationally.

The T4E program will support a military member with complex medical conditions in the employment element of their transition by building the member's resilience, rehabilitation and an enduring capability to develop their career once transition support is no longer available.

The program will be available to nominated and approved military members due to transition from Defence for complex medical reasons. All services will be delivered in context to the individual, taking a holistic view of their circumstances, and be appropriate, relevant and have the flexibility to be personalised to meet individual needs.

### **Health Aspects of Transition**

Defence recognises that the process of transition out of the services and into civilian life can be challenging and may impact in a member's mental health and wellbeing, and that of their family. JHC recognises that it has a role in caring for "future veterans" to ensure that ADF members are successfully transitioned into post-ADF service health care where this is required. It is therefore working closely with DVA to ensure this process is as streamlined as possible to reduce stress and ensure that no-one slips through the cracks.

Defence and DVA, working with CSC, have engaged through the Transition Taskforce with ADF members who are transitioning and members who have recently transitioned, as well as their families, in order to inform and co-design a process that addresses the barriers to successful transition. There are many initiatives underway to assist ADF members and their families undergoing the transition process including the development and pilot of a Transition Health Assessment (THA) process. The THA was developed to explore a single, simplified pathway to assist separating members navigate the requirements of Defence, DVA and the CSC.



As part of THA, ADF members undergo a review by a DVA representative and where relevant, an assessment by a specialist occupational physician. The process is designed to facilitate the early and effective submission of claims and establish any initial liability and compensation requirements prior to separation. The goal is to provide greater security for transitioning members, reduce duplication between agencies and reduce the requirement for multiple assessments after separation.

The six month THA pilot at Holsworthy Health Centre, which focussed exclusively on the special forces cohort, began in October 2017 and ended on 3 May 2018. An evaluation is being conducted through surveys of separating members and their health providers and through consultation with the relevant agencies and is expected to be completed by 1 October 2018. The pilot will continue at this location until completion of the evaluation. Any lessons will need to be replicated across the whole of the ADF.

### **The Separation Health Examination (SHE)**

A key component of the transition from military to civilian life is the Separation Health Examination (SHE). All ADF members must undertake a SHE before they transition from military to civilian life. This provides an accurate assessment and recording of health status, medical employment classification and any ongoing healthcare needs of the member at the time of transition.

The SHE:

- ensures that members are separated under the appropriate mode of separation;
- provides evidence for compensation and other claims;
- facilitates transfer of their health care to the civilian health sector; and
- provides a baseline against which future health assessments can be compared.

Assessment of mental health is also undertaken via the member health questionnaire, physical examination and formal mental health screening. The Kessler 10 psychological distress scale, the Post-traumatic Stress Disorder Check List – Civilian, and the Alcohol Use Disorders Identification Test are included to ensure alignment with the Post Separation General Practitioner Health Assessment, covered under the Medicare Benefits Scheme.

Defence has reinforced the importance of the SHE and the requirement to provide members with a clinical summary to be given to their civilian general practitioner. This clinical summary/transfer of health care is completed by the Joint Health Command medical officer and provided to the member together with:

- a copy of the member's discharge health statement and the SHE;
- copies of any relevant reports or investigations (e.g. hospital discharge summaries, specialist reports, pathology results, imaging reports);
- the member's international certificate of vaccination; and
- any medical images such as x-rays.

As mentioned previously, for those members transitioning on medical grounds, the examining medical officer completes an Invalidity Retirement from the Defence Force Medical Information form which is sent to CSC.

### **Occupational Rehabilitation**

Defence works closely with DVA to ensure continuity and coordination of transitioning members who require ongoing rehabilitation services.

For transitioning members who are on a rehabilitation program, their rehabilitation consultant will liaise with all key stakeholders, including the treating doctor, DVA and DCO to ensure a 'warm handover' of care occurs. This ensures required ongoing services, such as medical assistance and vocational rehabilitation, are in place before their transition to civilian life.

When rehabilitation authority is to be handed over to DVA, a transfer handover report is completed and provided to DVA. The report outlines the occupational rehabilitation provided by Defence and ongoing rehabilitation requirements post-transition, and identifies if a handover case conference is recommended. For those members where a case conference is required, this preferably occurs face-to-face with DVA, but can be conducted via teleconference.

### **Transition of Defence Members with complex health issues**

Defence advises DVA and CSC when a decision is made to separate a member on medical grounds.

Members who present with health conditions, including mental illness, are not automatically separated. Defence treats members on a case-by-case basis, with proper consideration of their circumstances and severity of their symptoms.

Defence is working to educate and inform Defence members and their families that seeking help as early as possible is the best action to take. Doing so will not necessarily affect their future career options after transition from Defence.

Defence has worked closely with DVA in the development and promotion of self-help, web-based information and smart phone applications that assist current and former Defence members and their families to be more aware of the signs of mental distress in themselves and others, and when and where to seek help.

In the event that a member is unable to remain in Defence, Defence does all it can to ensure a smooth transition for the member, including retaining the member until DVA claims associated with their separation (if they have service related health issues) are finalised. Defence also endeavours to transition rehabilitation from Defence to the DVA or alternatively to other providers where the member may not be a DVA client.

Transition of members with mental illness has been made easier with the expansion of the DVA Non-Liability Health Care (Budget measure) for all permanent Defence members who have served one day, giving them non-liability access to treatment for all mental health conditions through a Health Care 'White Card', including:

- Post-Traumatic Stress Disorder;
- Depressive Disorder;
- Anxiety Disorder;
- Alcohol Use Disorder; and
- Substance Use Disorder.

### **Other Agencies and Organisations Transition Support Services**

Defence has sought whole-of-government support for transitioning members, including the provision of accurate information on support services offered by other agencies and organisations. While some interactions are mandatory for transition members, like the ADF Transition support services, other interaction such as the Defence Rehabilitation Program, other Defence medical support, DVA, the Department of Human Services (DHS) and ESO are dependent upon the individual Defence member's needs and circumstances.

In conjunction with DVA and the ex-service community, Defence has improved the linkages between these organisations, through robust referral mechanisms that assist Defence members with accessing accurate information on, and assistance to complete, military rehabilitation and compensation claims.

### **Post Transition Employment, Accreditation, Training, Survey Results and Initiatives**

*... Many veterans will need to find civilian employment when they leave the Defence, and this can be challenging for some.*

Defence provides the opportunity for Defence members to benefit from a range of education, accreditation and training designed to develop the individual throughout their career and prepare them for opportunities both in the Defence Force and when they leave the military.

Following an exercise in early 2018 to make contact with transitioned members, 140 veterans had reached back to Defence for transition support services as of early March 2018. These veterans undertook various activities, including Job Search Preparation courses or additional transition coaching. Defence continues to support these people.

The Transition and Wellbeing Research Programme Reports indicate that approximately 84 per cent of the transitioned Defence members who participated in the study were either working or engaged in purposeful activity, and a further 5.5 per cent were retired.

Defence also conducts surveys of its member's pre and post their transition. As at 2 May 2018, 1,149 respondents surveyed via a telephone call at 30 days post transition, of those Defence members who transitioned since July 2017:

- 48 per cent were in full-time work;
- 6 per cent were in part-time work;
- 9 per cent were studying or training;
- 5 per cent were working and studying, or training;
- 16 per cent were not looking for work;
- 11 per cent were seeking employment; and
- 5 per cent were either retiring, or did not disclose.

At four months post transition, approximately 6 per cent of survey respondents were retired, and at the ten and thirteen month mark those members looking for work was trending towards 8 per cent.

The data Defence has been collecting since July 2017, as a result of surveying member's pre and post their transition, broadly reflects on the findings of the Transition and Wellbeing Research Programme.

## Defence Assisted Study Scheme (DASS)

The Defence Assisted Study Scheme (DASS) is available to all permanent Defence members and Defence reservists on CFTS, provided the study is undertaken and completed during the period of CFTS.

The DASS supports Defence members who meet the eligibility criteria to access training and education at external secondary and higher education institutions and registered training organisations. All ADF rank levels, regardless of seniority and employment group, are eligible to apply for DASS.

DASS support may take the form of financial assistance, work release and release to attend examinations.

DASS Level 3 (Transitioning out of Defence). If personnel have served less than 12 years and are able to provide proof that they are transitioning within 12 months, they may be eligible to receive a one-off financial assistance allowance of up to \$1,000 for studies associated with their future careers.

Studies must be completed prior to transition and provided by a registered training organisation. This can be checked by using the search function on <http://training.gov.au/>.

DASS Level 3 applications (for transition) may be submitted at any time within the last 12 months of service and prior to the course commencing, allowing sufficient time for processing.

## Civilian accreditation of Defence skills and training

Defence has commenced collaboration with state and industry jurisdictions to map current Defence training to relevant civilian accreditation in order to provide accreditation and employment pathways that recognise the skills developed throughout Defence members' careers.

The Defence Registered Training Organisation, part of the Australian Defence College, will ensure timely awarding of certification, access to Defence members' training records and will work closely with Industry Reference Committees, of which it has membership, to identify any future Defence skilling outcomes that would be attractive to civilian employers.

## Transition Reform

Defence and DVA are working together to implement commitment six, 'Creating a Better Veteran's' Transition Process' of the Government's 2016 election policy to Support Veteran's and their Families. This commitment included establishing a joint Transition Taskforce (the Taskforce) to identify barriers to successful transition and develop recommendations to address those barriers.

The Taskforce sought the views of government stakeholders delivering transition services, the ex-service community and other professional organisations from a 'lessons learnt' and innovative practice perspective. In order to improve the transition process and experience. Defence and DVA will focus on across five key areas:

- **Service Provision** – enhancing services and support available, streamlining supporting processes and integrating service delivery wherever possible.

- **Preparation** – providing greater scope for a member’s preparation prior to transition and building on models that are representative of good practice.
- **Information** – ensuring that transition information is more accessible, more engaging and easy to find and understand. Seeking to connect people to what they need, when they need it.
- **Employment** – aiming to better connect veterans with employment, connect employers with veterans and connect veterans with each other.
- **Families and caregivers** – viewing families and caregivers as individuals in their own right and supporting them through transition.

Greater detail on transition will be contained in the Joint Defence and DVA submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into Transition from the ADF.

### **Prime Ministers Veterans Employment Initiative**

The Prime Minister’s Veterans’ Employment Program, launched in November 2016, aims to raise awareness of the unique skills and experience that veterans can bring to the civilian workplace and increase employment opportunities for veterans in the private sector.

The Industry Advisory Committee on Veterans’ Employment provides advice on practical measures to embed veteran employment strategies into recruitment practices of Australian businesses.

The Prime Minister’s Veterans’ Employment Awards recognise the achievements of Australian businesses and other organisations in supporting and employing veterans and spouses of serving Defence members, and veterans who are making significant contributions to their workplace.

### **Other Employment Initiatives**

A new APS Jobs website has been launched that includes specific information for veterans seeking employment in the APS, a tool that aligns Defence ranks to APS classifications and a toolkit that outlines information for veterans on working in the APS.

The Department of Employment (now the Department of Jobs and Small Business) added a ‘Defence Force Experience Desirable’ flag on its *‘jobactive’* website in September 2016, to connect job seekers with employers.

TAFE NSW is proposing to launch a Defence personnel reskilling pilot program. This program is not a Defence initiative, but an initiative of TAFE NSW. There were six recommendations from the Defence Skills and Apprenticeship Forum held in March 2017 and recommendation 4 directly links to this initiative. The designed outcomes are laudable and supported by Defence.

Recommendation 4 suggests that TAFE Directors Australia and the National Apprentice Employment Network (NAEN) articulate the workplace capabilities of Defence personnel in more commercial language, and that Group Training Organisations (GTOs) work with employers to improve their understanding of what these capabilities are.

Defence believes that GTOs acting as intermediaries with civilian employers to assist in their understanding of the skills and work ethic held by Defence members would be a positive step towards opening up opportunities for transitioning members.

As part of the Defence Transitions Transformation program, Defence is already working to ensure that, at the time of transition, a Defence member has received the necessary military qualifications.

## **11. References**

The Department of Defence and Department of Veterans' Affairs Memorandum of Understanding on the Cooperative Delivery of Care.