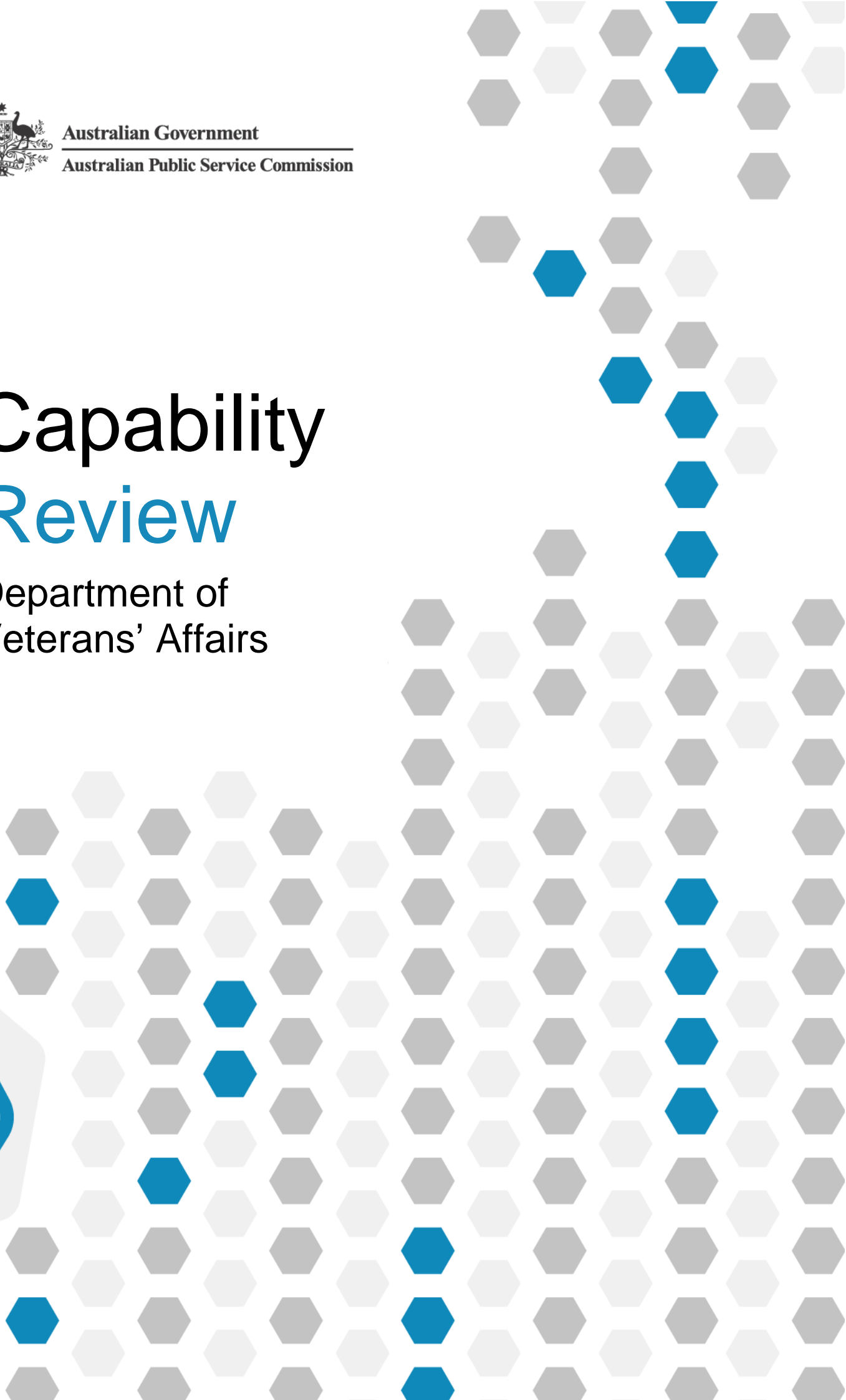




Australian Government  
Australian Public Service Commission

# Capability Review

Department of  
Veterans' Affairs





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# APS Commissioner's foreword

This report is the outcome of the sixth capability review undertaken as part of the Australian Government's plan for Public Service Reform. The APSC coordinates and supports the delivery of capability reviews of all Commonwealth departments and large agencies.

Capability Reviews are an independent, forward-looking activity that assesses an agency's ability to meet future objectives and challenges. The aim is to facilitate discussions around an organisation's desired future state, highlight organisational capability gaps and identify opportunities to address them.

I would like to thank the Department of Veterans' Affairs for participating in the Capability Review, as well as key staff for their willingness and dedication to ensure a seamless collaborative review process. It has been a challenging time for the department, and I commend Secretary Frame and DVA's senior executive group for their leadership and commitment to purpose and staff.

I would also like to thank the senior reviewers, Carmel McGregor PSM, Geoff Leeper PSM, Michael Schwager and Bronwyn Field PSM for leading the review, along with their support teams from the APSC and DVA.

**Dr Gordon de Brouwer**

**Australian Public Service Commissioner**



# Senior review team's foreword

We are pleased to present the capability review of the Department of Veterans' Affairs (DVA, the department).

We thank the Secretary of DVA and other members of the leadership team for their time and willingness to engage in the review process. We also thank DVA's agency liaison team members for their support in conducting the review. We are grateful for the engagement and input we received from staff at all levels of the department as well as stakeholders from veterans' organisations and across government. Without their thoughtful input, this review would not have been possible.

DVA staff are committed and dedicated to serving veterans and their families with compassion and empathy. The department has been working hard to respond to the interim findings of the Royal Commission into Defence and Veteran Suicide.

We recognise the department has been operating under heightened scrutiny in the context of serious issues like the suicide of ADF personnel, and that this can be challenging for staff and leadership alike. The department moved quickly to initiate cultural and workforce reforms in response to the interim report of the Royal Commission into Defence and Veteran Suicide which will, alongside increased government investment, enable the department to better support the veteran community. We commend these efforts. They will set the department on the right path to embed sustainable change with persistent and continued effort.

This review highlights both strengths and areas for capability improvement, recognising that the department is still in the early stages of a multi-year change journey.

We have been ably supported by a very capable and diligent Australian Public Service Commission team (Paris, Lucy, Kellie and Krishna) who have been rigorous in seeking evidence and background material to assist us, and they supported all parties with tact, humour and grace.

It has been a pleasure to work on this review. We hope it is a useful guide for the department that prompts many constructive conversations and actions for capability growth and improvement.

**Bronwyn Field PSM**

**Geoff Leeper PSM**

**Carmel McGregor PSM**

**Michael Schwager**



# Contents

APS Commissioner’s foreword .....	2
Senior review team’s foreword .....	3
Context .....	5
About the review .....	5
About the agency.....	6
Overview.....	8
Excellence horizon .....	8
Executive summary.....	15
Detailed assessment of agency capability .....	20
Leadership and culture .....	22
Collaboration .....	28
Delivery.....	33
Workforce.....	41
Enabling functions .....	47
The agency’s response.....	52
Appendix A: Terminology and abbreviations .....	54
Appendix B: Capability Review Framework.....	55



# Context

## About the review

The pilot Capability Review Program is an investment in longer-term capability and an opportunity to focus on strengths and areas for development in the context of an anticipated future operating environment. The aim of the program is to:

- help embed a culture of continuous improvement across the Australian Public Service (APS)
- ensure that APS agencies are better able to deliver government priorities and outcomes for Australians.

The Capability Review Framework is made up of 2 parts:

- an excellence horizon, which establishes what capabilities the agency needs now and in 4 years
- an analysis of organisational capability, which is used to identify capability gaps and opportunities across 5 core domains – leadership and culture, collaboration, delivery, workforce and enabling functions.

**Appendix B** has more information on the domains and associated elements.

The review assesses the agency's current capabilities and preparedness to deliver critical capabilities in the medium-term. It gives the agency a maturity rating against each of the 18 capability elements to indicate the most important areas for growth and improvement.

Reviews are conducted in partnership with agencies, complement existing initiatives within agencies, and provide an evidence-based independent assessment of actions required to deliver on current and future requirements.

As part of the review process, DVA completed a self-assessment of its maturity against the capability elements, to indicate its own understanding of its capability strengths and opportunities for improvement.

To further inform the evidence base, the review spoke to department staff at all levels as well as external stakeholders, including ministers, other Australian Government agencies, state and territory government agencies, non-government organisations and industry stakeholders. Reviewers interviewed over 30 internal and external stakeholders and held 4 workshops with close to 100 members of staff between May and July 2024. This research encompassed almost all SES officers. Reviewers also conducted a site visit to Brisbane to better understand DVA's frontline services and operations including challenges faced by staff and stakeholders.

Quotes from interviews and workshops have been used throughout this report to illustrate key points and aid readability. While the review has been conscious to select quotes that capture the sentiments heard during these research activities, they remain the views of an individual and shouldn't be considered necessarily representative of a majority view.

This research was supported by desktop research and analysis of latest APS workforce data sets including the APS Employee Database (APSED), the APS Employee Census and the APS Agency Survey.



## About the agency

A department supporting Australian veterans has existed since the end of the first World War. The department has had different forms, with its current form existing since 1976. DVA's purpose is to support the wellbeing of those who serve or have served in defence of our nation, and their families, and to commemorate their service and sacrifice. Its vision is to respect, empower and support veterans and their families.

The department administers a wide range of services including income support, compensation, healthcare (both physical and mental), a specialist counselling service, rehabilitation, aged care support, transport for treatment, employment and education support, home insurance and subsidised home loans, commemorative events and the maintenance of war graves. DVA supports veterans and their families to achieve financial self sufficiency through income and compensation payments, housing support and education allowances like the Veterans' Income Support and Allowances and the Veterans' Children Education Scheme.

The department is structured into 3 main functional groups: Chief Operating Officer Group; Veteran Family and Stakeholder Experience Group; and Policy and Programs Group.

The Secretary of DVA, Alison Frame, provides overall direction and leadership for the department. According to the 2024–25 DVA corporate plan, the department's strategic priorities are:

- responding to the final report of the royal commission
- continuing to reform and improve transition support services
- implementing harmonised legislation (if passed by parliament)
- implementing a life stages model for service delivery
- establishing a deeper partnership with the existing Veterans' and Families' Hub network
- expanding the Tasmanian partnership between Open Arms and other health partners to other states and territories
- supporting general practitioners (GPs) to better understand veterans and DVA services
- continuing to modernise information and communications technology (ICT)

DVA collaborates with other government agencies, the ex-service organisation (ESO) community, and community groups to deliver integrated support to veterans and their families.

The department's minister is the Hon Matt Keogh MP, Minister for Veterans' Affairs and Defence Personnel. During the review, a change of ministerial arrangements saw Luke Gosling OAM MP appointed Special Envoy for Veterans' Affairs, and the Hon Matt Thistlethwaite MP move out of his role as Assistant Minister for Veterans' Affairs.

Estimated total departmental expenses for 2024–25, as at the 2024-25 Portfolio Budget Statements, is \$579.7 million. Over the past decade, this has increased from an average of around \$400 million per annum. This increase includes \$233.9 million over 4 years from 2022–23, aimed at bolstering frontline service delivery.

DVA ran a surplus of \$21.7 million on departmental operations for 2022–23.



## Staffing profile

The following information is drawn from the APS Employment Database as of 31 December 2023, unless stated otherwise.

### Staff numbers

Number of employees (headcount)	3,721
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### Staff locations

ACT	NSW	Vic	Qld	SA	WA	Tas	NT
19.7% (733)	13.2% (490)	16.4% (610)	26.7% (992)	9.8% (363)	10.3% (382)	3.4% (125)	0.7% (26)

### Distribution of classifications

APS 1–3, Trainee and Graduate	APS4	APS5	APS6	EL	SES
9.8%	17.2%	31.4%	23.0%	17.1%	1.5%

### Diversity

Characteristic	Percentage of total staff
Women	60%
Men	39%
Non-binary/other*	<1%
First Nations	1.7%
Employees with disability	2.8%
Non-English speaking background	5.6%

\*Source: Department of Veterans' Affairs 2022–23 Annual Report





# Overview

## Excellence horizon

DVA is in the midst of a period of change, driven in part by the Royal Commission into Defence and Veteran Suicide, which began in July 2021 and is due to hand down its final report in September 2024. Its recommendations are likely to have significant implications for DVA's core business (see *Explainer* on page 14).

The royal commission issued an interim report in August 2022, which made several recommendations specific to the department. These included the need to eliminate the unallocated claims backlog, improve claims processing, move to a new funding model, and change to a single legislative act to govern veterans' rehabilitation and compensation claims. Following the government's acceptance of these recommendations, DVA has begun making significant changes to better support veterans and their families.

At the time of writing, it is not known if the final report will contain further recommendations relevant to DVA's operations. Regardless, DVA will continue to deal with a changing client cohort and the increasing complexity of veteran needs. This has already materialised in the form of increased claims. However, DVA will also need to take the time to deeply consider major veteran issues like how to improve veteran transitions from the Australian Defence Force (ADF) and proactively focus on wellbeing (where needed, noting that just over half of veterans have not sought ongoing DVA support). Future planning will happen against a backdrop of geopolitical uncertainty, growing cost of living, and policy shifts affecting interdependent systems like health, aged care and disability. All of these have the potential to affect veterans and, in turn, change what they need from DVA.

This excellence horizon describes the specific ways DVA's operating context may change in the 4 years from now (to 2028) and identifies the critical organisational capabilities the department is likely to need to successfully deliver outcomes and government priorities in this changed environment. This future focus informs the analysis of organisational capability in the remainder of this report.


### **Explainer: What caused the DVA claims backlog?**

After 2017, DVA experienced a sudden and prolonged spike in claims. In 2017–18, DVA received 54,875 claims. By 2018–19, this increased 89% to 103,534.

This increase is thought to have been driven by several factors, including:

- the introduction of online claiming through the Veteran Centric Reform program (VCR)
- outreach programs, which made more veterans aware of their entitlements
- increased ADF operational deployments levels, which led to a higher volume of claims
- the introduction of non-liability health care in 2017 for all mental health conditions, which connected more veterans with DVA.

DVA had projected a decline in the number of veterans, expecting veteran clients to decrease to 152,100 by June 2021. Instead, clients grew to 240,231 – 58% higher than projected.



The increase in claims after 2017 overwhelmed DVA's processing capacity. This peaked as of 31 May 2022 with 41,799 unallocated claims in the department's backlog, that are waiting to be allocated to decision-makers.

## Responding to the Royal Commission into Defence and Veteran Suicide

The royal commission is due to hand down its final report in early September 2024 (see *Explainer* on page 14). To date, the royal commission has emphasised the lived experience of veterans, the real-life impacts of service delivery decisions, and whether veteran's voices are being heard. The interim report signalled an intent for the final report to explore the lifetime wellbeing of veterans and a 'wellness-focused approach' rather than a 'sickness-focused approach'.

This capability review was conducted in the months before publication of the final report. As a result, reviewers were not aware of its specific contents. Irrespective of the final recommendations handed down, responding to the royal commission and making the most of this reform opportunity will require sophisticated strategic long-term thinking, courage and influence. DVA will need to focus on the cumulative intent of the royal commission in addition to the government's response to each specific recommendation. It is an opportunity to envisage a new long-term plan for the department that delivers a modern, seamless experience for veterans and their families.

## Changes to the veteran cohort

DVA is expecting the overall veteran population to grow over the next decade from 265,719 in June 2023 to 336,400 by June 2033 (up 26.6% over the 10-year period). It is also expecting the nature and complexity of this cohort to change.

Of Australia's current living veterans, only 47.1% are DVA clients (see *Figure 1* over the page). The department's Demand Projection Model shows that veterans interact with DVA more intensively when they reach certain life stages. Many service personnel deployed to Iraq and Afghanistan are yet to reach these stages as veterans.

*'Other agencies are dealing with consistent stakeholders. But this department can all of a sudden have an explosion. How is it positioning for that?' – internal stakeholder*

Further, the government announced in June 2024 that it would expand eligibility to join the ADF to permanent residents from New Zealand, the United Kingdom, the United States and Canada as part of its drive to grow membership. This is part of a recruitment push as the ADF aims to grow its membership from 60,000 to 80,000 by 2040. DVA forecasts this will grow its client base by a further 20,902.

DVA's demand volumes and workloads will also be shaped by external events. The department is already experiencing record-volume claims driven by several factors, including:

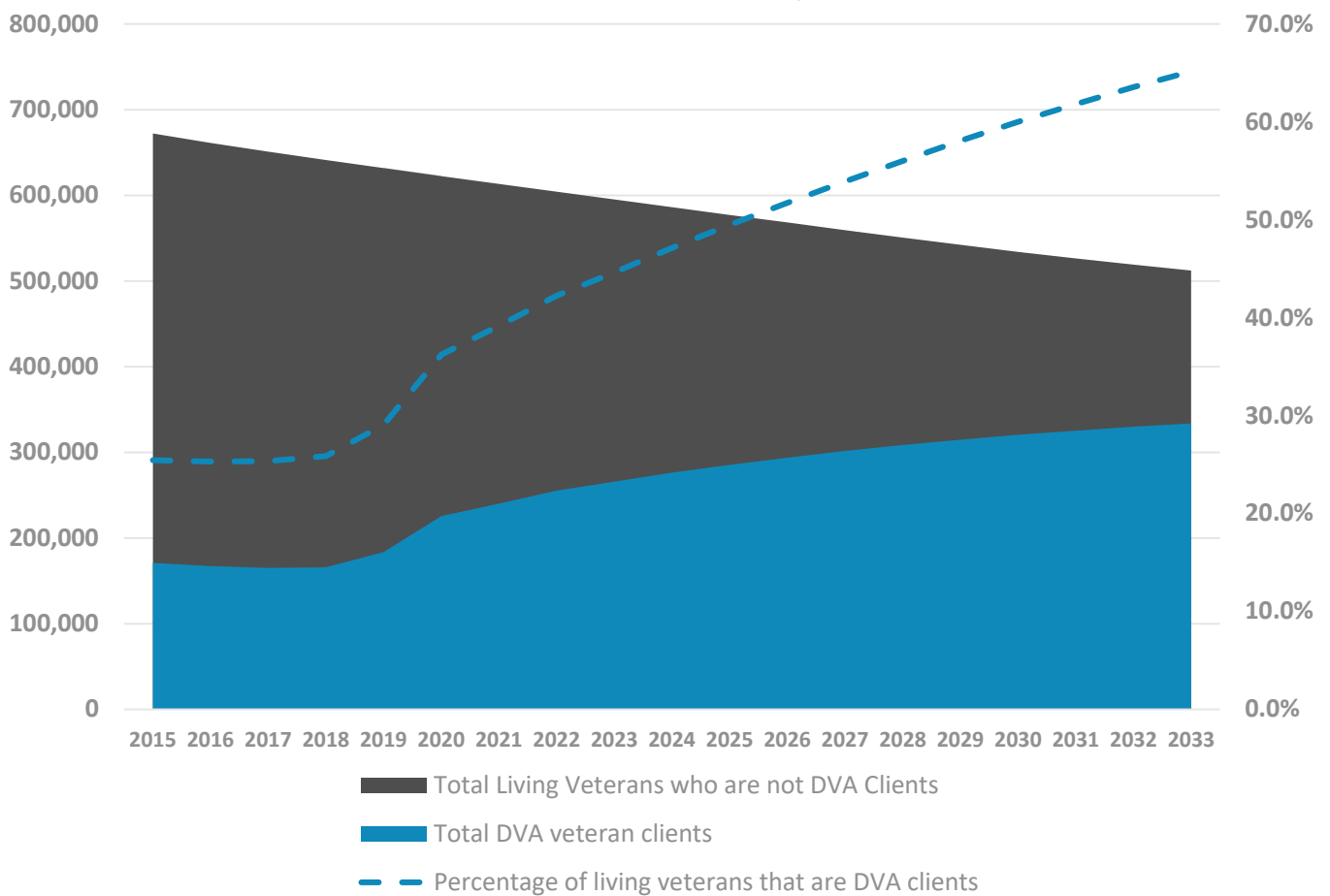
- easier online claiming
- programs to increase awareness of payments and services on offer



- legislative reform (more on this below)

Social and economic conditions, like cost of living pressures and unemployment, could result in more veterans seeking support. In addition, any conflict requiring a major ADF deployment could be expected to further grow the veteran cohort and increase the rate of injuries and other conditions requiring rehabilitation.

**Figure 1: Estimated number of living veterans and proportion of those veterans who are DVA clients, 2015 to 2033**



The complexity of claims is also increasing. In March 2023, the average number of conditions per claim was 2.6. In April 2024 it had risen to 4.3 average conditions, an increase of 65%. Each condition requires a separate decision by a DVA delegate.

*'Veterans come from Defence where there is a holistic approach to health and wellbeing. For them, being seen as a condition that is being compensated is hard' – external stakeholder*

Veteran's needs are evolving, and DVA will need to engage closely with its clients to support their wellbeing in an effective and contemporary way. DVA envisions a future that proactively supports the wellbeing of veterans across all aspects of their lives, rather than just transactional delivery of compensation for physical or mental

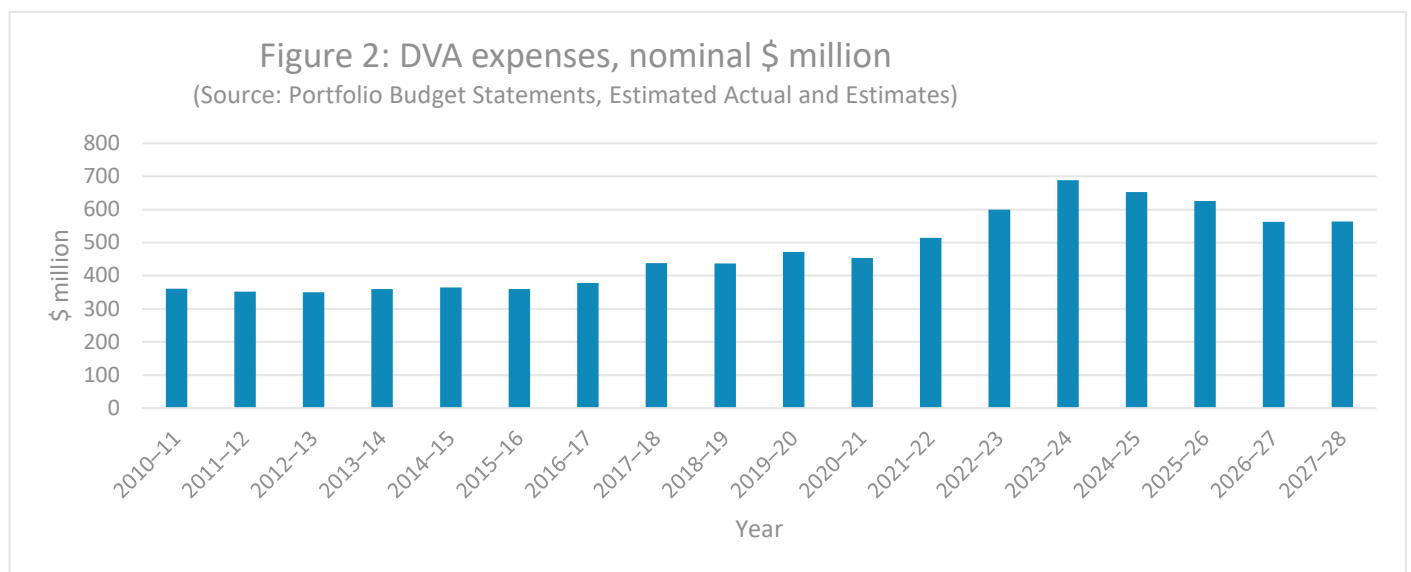


ailments. This is a welcome development. The royal commission has already identified the transition from ADF to civilian life as a critical period for veterans. DVA and Defence will need to work together seamlessly to support veterans through this sometimes difficult period. DVA will also have to navigate changes among the many groups and associations that represent and advocate for veterans.

## Legislative reform

In response to the interim report of the royal commission, the government has embarked on significant reforms to DVA's underpinning legislation. Amendments have been introduced into the House of Representatives, which pave the way for all compensation claims to be considered under a single piece of legislation in the future, rather than the current 3 pieces of legislation (see *Case study* on page 37 for more). The proposed reforms also include provisions to maintain existing arrangements for a set period so no veterans are worse off. If passed, the new legislative framework will have significant downstream effects. DVA will need to continue to deliver programs and services in a context of legislative complexity for a number of years while the legacy acts remain in effect.

The graph below illustrates longitudinal changes to DVA's expenses, including the present temporary peak.



## Trends and developments and changing capability needs

The following table outlines environmental and contextual trends and developments that will shape the opportunities and organisational capabilities the department will need, to meet the expectations of the government and Australians over the next 4 years.



Trends and developments	Opportunities and organisational capability needs
<p>The royal commission will hand down its final report and recommendations in September 2024. The report is expected to comprise multiple volumes and a number of recommendations, which could have significant implications for how DVA operates. Publication of the report will focus public and political attention on DVA and Defence.</p>	<ul style="list-style-type: none"> <li>• Build capability to strategically consider the full breadth of recommendations and develop a prioritised, viable pathway for implementation.</li> <li>• Build capability to strategically re-think and re-design existing policy and service delivery.</li> <li>• Build strategic communications capability.</li> <li>• Increase strategic focus on veterans' transition from ADF to civilian life.</li> </ul>
<p>The royal commission has signalled its intent to focus on evolving from an illness and compensation approach to veterans, to a more proactive wellness approach. DVA is already doing work to enable a wellbeing approach. This is also likely to enhance focus on supporting veterans transitioning from the ADF to civilian life.</p>	<ul style="list-style-type: none"> <li>• Foster a close relationship with Defence that supports seamless transition from serving members to veteran status.</li> </ul>
<p>The veteran cohort will change over time. Veterans' different needs at different life stages will also be shaped by the nature of their deployment, that is, peacetime veterans or deployed veterans, and veterans who have been deployed once or multiple times.</p> <p>A younger cohort of veterans will benchmark digital services against the banking and consumer sectors, and expect DVA to keep up with the service design and innovation in these sectors.</p>	<ul style="list-style-type: none"> <li>• Enhance data capability to fully understand veteran demographics and patterns of behaviour.</li> <li>• Strengthen relationships and seamless data sharing with Defence.</li> <li>• Shift focus to supporting veteran wellbeing through a fundamental re-design of services and compensation.</li> <li>• Build ICT architecture capability to design a sustainable future technology environment.</li> <li>• Build contract management capability to monitor and provide quality assurance across supplier relationships.</li> <li>• Build strategic ICT capability to forecast future needs and articulate these to supplier partners.</li> </ul>
<p>Claims volumes will continue to increase for the foreseeable future. This increase may be steady or may occur in sudden spikes caused by external events.</p>	<ul style="list-style-type: none"> <li>• Expand existing modelling capability to provide a breadth of options and scenario plans for decision-makers.</li> </ul>



Trends and developments	Opportunities and organisational capability needs
	<ul style="list-style-type: none"> <li>• Build strategic workforce planning capability to scale and adjust DVA workforce in anticipation of changes in demand.</li> </ul>
<p>If passed, legislative changes will present an opportunity to transform DVA's processes, policies and systems. In the short-term, this may also cause a spike in claims.</p>	<ul style="list-style-type: none"> <li>• Review and modernise business processes in close collaboration with frontline staff and veterans.</li> <li>• Re-design underpinning ICT systems to support modernised business processes.</li> <li>• Build strategic workforce planning capability to ensure DVA retains the skills to process claims under legacy legislation.</li> </ul>
<p>DVA will need to modernise and re-architect its ICT foundations before it can make the most of technological advances, and to ensure the department's footprint is secure, sustainable and affordable into the future.</p>	<ul style="list-style-type: none"> <li>• Build strategic ICT capability to consider the full breadth of technology uplift required and develop a prioritised, viable pathway for implementation.</li> <li>• Leverage whole-of-government relationships to ensure technology integration, share ideas and influence decisions.</li> </ul>
<p>DVA, in partnership with a cohort of ESOs, is exploring the concept of a peak body that would represent the ESO community. This would change the dynamic of this stakeholder group.</p>	<ul style="list-style-type: none"> <li>• Build strategic communications capability to forecast how this development would change DVA's engagement approach.</li> <li>• Map different stakeholder cohorts and design fit-for-purpose engagement approaches for each.</li> </ul>
<p>DVA has received budget supplementation since 2018 to help overcome the claims processing backlog. The department's future financial baseline may not match these levels of funding (see <i>Figure 2</i>).</p>	<ul style="list-style-type: none"> <li>• Ensure prioritised and efficient use of resources.</li> <li>• Embed governance processes that enable a whole-of-enterprise view of budgets and priorities.</li> <li>• Build financial literacy across the organisation, particularly at SES levels.</li> </ul>
<p>The Australian Government will face increasingly complex policy problems that require a whole-of-government response, such as the impacts of climate change, geopolitical instability and increases to the cost of living.</p>	<ul style="list-style-type: none"> <li>• Build effective partnerships across government, private and non-government sectors.</li> </ul>



### **Explainer: Royal Commission into Defence and Veteran Suicide**

The Royal Commission into Defence and Veteran Suicide was established on 8 July 2021 to investigate systemic issues and risk factors related to suicide and suicidal behaviours among serving and ex-serving ADF members.

It is led by appointed commissioners, Mr Nick Kaldas APM, the Hon James Douglas KC and Dr Peggy Brown AO.

An interim report was delivered on 11 August 2022 and made 13 urgent recommendations addressing issues such as legislative reform to simplify veteran compensation and rehabilitation systems and improve the claims processing system at DVA.

The 13 interim recommendations were:

1. Simplify and harmonise veteran compensation and rehabilitation legislation.
2. Eliminate the claims backlog.
3. Improve administration of the claims system.
4. DVA to provide advice on its funding needs.
5. Remove DVA's average staffing level cap.
6. Increase protections for people engaging with this royal commission.
7. Provide exemption from parliamentary privilege.
8. Limit public interest immunity claims.
9. Improve administrative release of information.
10. Co-design information to increase awareness of redactions for access requests.
11. Embed trauma-informed practices for information access.
12. Encourage up-to-date consent for information access.
13. Co-design education on information access mechanisms.

The royal commission conducted a total of 12 public hearings across Australia and received close to 5,900 submissions. It has explored topics such as ADF culture, administrative processes and gaps, the transition from military to civilian life, and the role of families in supporting ADF members. The final report is due on 9 September 2024 and is expected to provide findings and further recommendations based on the evidence gathered during the royal commission's inquiry.



## Executive summary

This capability review has been conducted at a time of transition for DVA. The royal commission has propelled the department to the forefront of a public discussion about serious issues, such as the suicide of ADF personnel and lagging performance in its core business of processing claims and supporting veterans. The interim report of the royal commission has already provided the impetus to make fundamental changes to DVA's governing legislation and service delivery operations. Change on this scale is challenging but essential to fulfilling the department's purpose. The department will need to focus on the cumulative intent of the royal commission in addition to the government's response to each specific recommendation. Reviewers have also kept in mind this evolution, noting important steps already taken, and have considered the department's longer-term strategic direction to identify the right changes to help it get there. DVA has taken important steps and these efforts will need to be sustained into the future.

DVA is supported through this change agenda by a workforce that is committed to the veterans they serve. Department staff are sincere and dedicated in their mission to make the lives of veterans and their families better. This is a strength that underpins many of the capabilities described in this report. The department is mirroring this commitment with a renewed focus on the safety and wellbeing of its staff.

*'A departmental strength is that people genuinely want to do a good job. That culture is a good starting place.'* – internal stakeholder

The department has renewed energy and fresh perspectives. Secretary Alison Frame is delivering transformational change, with new ambition and enlivened focus. Staff have a sense that things are improving and display optimism. It is clear that this energy and engagement across the organisation is viewed positively both internally and by key stakeholders, and is an asset for the future. Staff in Senior Executive Service (SES) positions and beyond appear to appreciate that DVA has been presented with a unique window of opportunity for reform.

*'There is that sense of optimism, a shared sense of where we need to get to.'* – internal stakeholder

Reviewers encountered many examples where the department is investing to build new capabilities. Even though many of these 'green shoots' have not yet had time to mature, this is a positive trajectory for the department and demonstrates that its intent and direction is on target.

Many of the future challenges and opportunities for improvement described in this report will be familiar to DVA. The department is grappling with the changes it needs to make in preparation for the final report of the royal commission. While it has positive intent, the full gamut of changes the department would like to make is likely to outstrip its capability and resourcing. In particular, there is a gap between DVA's ambition and current capacity to deliver in areas like ICT, claims processing efficiency and workforce planning. Notably, DVA's performance has been affected by an unstable workforce, which could not surge fast enough to respond to the sudden spike in





claims demand in 2017–18. While the department has managed to turn this around in the years since, this led to a loss of stakeholder confidence in the department, which needs to be repaired. These conditions have also tested other areas of the department, including its enabling functions.

Engaged and mobilised leaders are critical to any step change for an organisation. The review heard DVA needs to resolve how internal ‘tribes’ understand each other and learn how to work together for the whole. New leadership and structural changes are welcomed but bring with them challenges such as how to connect with veterans, stakeholders and staff to ensure unity of effort, achieve the mission of government and meet the expectations of veterans and the royal commission – and how to balance this cohesion with pace.

This review has tested and will comment on how well DVA envisions a future beyond the royal commission. The review heard the department historically lacks a cultural tendency towards seizing opportunities and shaping the future. This speaks to immature strategic policy capability, difficulties translating policy to action and inconsistent understanding of how to make the most of engagement with stakeholders.

DVA will need to strategically prioritise work and maximise its capacity and capability by increasing its influence, partnering with others, and more efficiently managing its current workload. It will be critical to ensure priorities are clear, aligned and well-communicated throughout the layers of the organisation. The department will need to build leadership depth and strength by harnessing all voices and wisdom towards its change agenda.

## **Leadership and culture**

Since the current secretary was appointed in January 2023, DVA has undergone changes in its leadership, organisational structure and governance arrangements. The review heard positive feedback about the department’s new leadership, but found staff views were mixed on whether leaders (that is, the SES as a whole) work together effectively. In the context of such significant change, all members of DVA’s leadership team need to be united in their efforts to harness and build staff capability, and set a clear future direction for the department. These efforts need time to mature, but the review is positive they are on the right trajectory. The SES leadership needs to develop shared understanding of each other’s roles and the cumulative effort and responsibility they have to lead their staff and the department more generally.

The review observed that DVA staff are committed to the department’s stated purpose – to support the wellbeing of those who serve or have served in the defence of our nation, and their families – and do so with compassion and empathy. The pace of reform understandably can be challenging. Leaders throughout the department need to communicate actively about changes so that staff can see how their day-to-day work aligns with changing directions. This is particularly important as some may continue to feel uncertain about how the department should achieve this purpose. It will also need to signal when this strategy needs to pivot in order to respond to shifts and disruptions in the future.

Leaders have particular responsibility to ensure staff are able to perform to their full potential. Understanding their skills and experience, and encouraging their voice is of utmost importance in a period of change and transition.



At a cultural level, it is critical the department fosters a sense of psychological safety among staff, and a culture of speaking up, to embed integrity in day-to-day behaviour. Similarly, the department needs to proactively engage with risk to realise its ambitions in a way that is strategic, realistic and sustainable.

#### **Potential priority areas for capability improvement**

DVA will encounter changed operating conditions in the future. It will need to continue to develop and implement an adaptable strategy and workforce capability to signal and respond to this change.

DVA will need to unite SES behind a common direction and ensure it is harnessing all its leadership capability by empowering all SES.

### **Collaboration**

DVA's relationship with Defence is critical to the wellbeing of veterans and their families. The review considers that while the relationship is healthy and collaborative, it could be closer to meet the expectations of veterans and their families for seamless support. Priority areas include clearer definition of responsibilities, strengthened intra-agency stakeholder liaison and improved data sharing.

APS stakeholders spoke highly of their relationships with DVA and acknowledged its shift towards being a pragmatic and collaborative APS partner. Still, there are opportunities for DVA to improve its confidence and influence when engaging within the APS, and to strategically leverage services provided by other Australian Government agencies to more effectively serve veterans. DVA's relationships with a diverse and often fragmented ESO community is more challenging and is likely to remain so despite proposed reforms. DVA has an opportunity to engage with these groups in a more discerning way, with a focus on outcomes as a whole.

The review recognises DVA is taking steps to reduce silos across the department and improve internal cooperation, including through structural changes to align functions as well as new platforms for collaboration. The review notes the important role of leaders in embedding a culture that prioritises collaboration and consultation across business areas.

#### **Potential priority areas for capability improvement**

Build collaboration capability to engage with veteran groups strategically and confidently.

Strengthen relationships with Defence at all levels, with a particular focus on clearer definition of responsibilities and improved data sharing.

Continue to develop opportunities and practices to embed internal collaboration into DVA's culture, so staff can better understand the impacts of their work beyond their immediate business.

### **Delivery**

The review found a shortage of enterprise-wide strategic policy capability. Stakeholders commented on the reactive nature of DVA and suggested it needs to engage more proactively to achieve desired outcomes. There is



an opportunity for DVA to invest time and dedicated resources into strategic forecasting and bigger picture thinking at an organisational level, so it can provide well-reasoned, forward-looking advice.

The review notes the inherent variability of DVA's client cohort and demand volume, and commends the department for recent work to improve implementation across its various programs and services. DVA's success in addressing a large unallocated backlog of claims, as well as its efforts to support legislative reform to reduce complexity in veteran compensation, lay a strong foundation for further improvements. In particular, DVA should consider how to re-engineer its business processes, increase the volume of claims decisions and maintain or improve decision outcome integrity.

The department is building its capabilities in review and evaluation, establishing a division and community of practice within DVA. Despite this, staff commented on DVA's tendency to prioritise and pursue new and appealing projects rather than thoroughly evaluating and focusing on improving the effectiveness of existing services. Staff observed a tendency for DVA to take on new ideas and initiatives that emerge within the organisation in an ad-hoc manner that risks veering away from the forward strategy. To further embed its review and evaluation capability, DVA should encourage and reward continuous reflection and assessment of its work.

#### **Potential priority areas for capability improvement**

Invest in a strategic forecasting and policy capability that feeds into enterprise-wide decision-making.

Recognise claims processing will remain a delivery risk, and prepare better strategies to manage a future spike in demand.

Support and reward a culture of review and evaluation, and continuous improvement of existing functions and services.

## **Workforce**

The review observed an overall positive workplace culture. The new leadership group has taken constructive steps and worked quickly to address staff safety and wellbeing concerns through a variety of new and updated initiatives. DVA has equipped staff with tools and support to prioritise their wellbeing and safety as well as that of DVA's clients.

However, there is evidence the focus on clearing the claims backlog has limited DVA's capacity to think strategically about staff performance, management, workforce planning and other future challenges, all of which will require some adapting of staff roles and engagement.

The review found DVA lacks strategic workforce planning skills. While it has enhanced the workforce capability in this area in recent times, the department's new strategic workforce plan alone is not sufficient to address the workforce planning needed for the future. DVA also does not have embedded professional capabilities to support the workforce at this time. It will need to address capability gaps in this area to sustain more general workforce capability improvements.

Staff were positive about the introduction of flexible work practices and commended this as an important feature to position DVA as an employer of choice in a hotly contested labour market.



### **Potential priority areas for capability improvement**

Build strategic workforce planning capability and refresh DVA's workforce plan.

Uplift human resources practices to support managers and staff to build a high performing workforce. This requires effort in all areas of the employee life cycle, from attraction and recruitment to development, performance management and staff wellbeing.

## **Enabling functions**

ICT modernisation needs to be a top priority for the department. The review found in many cases, DVA's ICT systems are not meeting the needs of the department today, let alone into the future. DVA staff consistently said that poor technology is the biggest barrier to their productivity, with some referring to being 'let down' by the department's ICT capability.

The report recognises DVA's outsourced ICT environment means significant parts of this capability are outside its immediate control and it is heavily reliant on its service provider to deliver enhancements. This is presently lagging. DVA has an opportunity to better articulate future needs and manage supply relationships, especially in the context of a planned move to a multi-vendor environment.

Actions and decisions on ICT modernisation should reflect the downstream implications of these technology shortcomings on business areas, particularly claims processing. The success of modernisation will also rely on a willingness from business areas to invest time and effort into co-designing new systems and processes, while still managing priority customer-facing work.

The review recognises recent improvements DVA has made to its data capability, including centralising its data functions, establishing a dedicated Data and Insights Branch and working to keep its data specialists engaged with interesting work. These changes are still in their infancy, but the department is on a positive trajectory.

While the review recognises DVA's work to date to re-organise its enabling functions and establish consistent services and processes, the department needs to ensure this is done in a considered and coherent way. It should pay particular focus to lifting financial, communications and legal capabilities.

### **Potential priority areas for capability improvement**

Develop a comprehensive plan to design, implement and fund ICT modernisation.

Develop a comprehensive plan to review and modernise business processes.

Focus on lifting financial, communications and legal capabilities.

The following assessment of agency capability is designed to guide DVA's roadmap for capability uplift over the coming 4 to 5 years. It is not designed to be a performance review. Rather, it describes the kinds of improvements DVA may pursue to be ready for the trends and challenges identified in the excellence horizon.



# Detailed assessment of agency capability

This section provides an assessment of agency capability based on the Capability Review Framework. A full version of the framework is at **Appendix B**.

## Rating scale

Maturity rating scale	High-level maturity rating description
<b>Leading</b>	<ul style="list-style-type: none"> <li>• Excellent current capability</li> <li>• Strategic and systematic approach to forecasting future capability challenges and opportunities</li> <li>• Widespread environmental scanning identifies opportunities to learn from others</li> <li>• Continuous improvement is an agency-wide priority</li> <li>• Capability uplift activities are highly likely to equip the agency for challenges identified in the excellence horizon</li> </ul>
<b>Embedded</b>	<ul style="list-style-type: none"> <li>• Good current capability</li> <li>• Widespread activity to forecast future capability challenges and opportunities</li> <li>• Some environmental scanning identifies opportunities to learn from others</li> <li>• Widespread evidence of continuous improvement activities</li> <li>• Capability uplift activities are mostly likely to equip the agency for challenges identified in the excellence horizon</li> </ul>
<b>Developing</b>	<ul style="list-style-type: none"> <li>• Inconsistent current capability</li> <li>• Limited forecasting of future capability or opportunity gaps</li> <li>• Early stage activities to improve in areas of future and current capability gaps</li> <li>• Limited environmental scanning or evidence of learning from others</li> <li>• Limited focus on continuous improvement</li> <li>• Capability uplift activities are limited and will not fully equip the agency for challenges identified in the excellence horizon</li> </ul>
<b>Emerging</b>	<ul style="list-style-type: none"> <li>• Capability does not meet the agency’s current needs</li> <li>• Little or no evidence of forecasting future capability or opportunity gaps</li> <li>• Little or no awareness of current capability gaps</li> <li>• Little or no evidence of environmental scanning or learning from others</li> <li>• Little or no evidence of continuous improvement</li> <li>• Agency is unlikely to be ready to meet for challenges identified in the excellence horizon</li> </ul>



The Senior Review Team’s assessment of DVA’s capability is outlined below.

## Leadership and culture

Element	Maturity rating
Integrity, values and culture	Developing
Purpose, vision and strategy	Developing
Leadership and governance	Developing

## Collaboration

Element	Maturity rating
Public sector	Developing – with Defence Embedded – with the rest of the APS
Non-government partnerships	Developing
Internal collaboration	Developing

## Delivery

Element	Maturity rating
Ministers and parliament	Developing
User focus	Developing
Strategy	Developing
Implementation	Developing
Review and evaluation	Developing

## Workforce

Element	Maturity rating
Strategic workforce planning	Emerging
Staff performance and development	Developing
Staff culture and inclusion	Developing
Staff safety and wellbeing	Embedded

## Enabling functions

Element	Maturity rating
Financial management	Developing
Technology and data	Emerging – Technology Developing – Data
Core enabling functions	Developing



## Leadership and culture

Element	Description	Maturity rating
Integrity, values and culture	The capability to embed integrity and APS values in the work of the agency. The agency engages with risk appropriately and embodies integrity in everything it does.	Developing
Purpose, vision and strategy	The capability to articulate a purpose, vision and strategy based on government priorities and legislative responsibilities, and successfully communicate this to staff and stakeholders.	Developing
Leadership and governance	The capability of the agency to provide cohesive leadership and direction, and to establish organisational structures that are efficient and effective.	Developing

The Royal Commission into Defence and Veteran Suicide has been running for 3 years and has heard from hundreds of witnesses. Its final report, due in September 2024, could well recommend changes to the veteran support ecosystem that will require DVA to rethink how it operates. This will be a challenge for DVA, but also an opportunity to use the momentum and heightened profile to embed long-term improvements.

DVA will need to continue to forge an adaptable new strategy and workforce capability to signal and respond to future changes. It is critical that leadership is united in support of DVA's purpose and mission, with SES empowered to make decisions. The review acknowledges progress DVA has made in this regard. DVA will need to persist in its efforts and be able to adjust or pivot in response to further emerging priorities.

### Leaders need to be seen to work together

In addition to the new secretary, appointed in January 2023, significant changes have occurred within DVA's leadership team, with the appointment of 3 new deputy secretaries and a new repatriation commissioner. The review heard positive feedback about the secretary, particularly her efforts to engage with veterans and stakeholders, and to listen to and act on their needs.

The secretary is working to build a culture that will deliver better services and interactions with veterans. The new leadership has brought fresh perspectives, energy and ambition to the department. The leadership team needs to work very deliberately to harness the wisdom of long-standing officers while ensuring fresh perspectives are equally valued. The secretary is mindful of this challenge and has initiatives in place to build a positive leadership culture and behaviours.

Staff said they appreciate the secretary's weekly 'shout-outs' recognising staff and her visits to the state offices. There is clear progress towards a unified positive culture for the department. While this is an ongoing and long-term undertaking, early efforts have been well received and appear to be making a difference. The secretary needs to be supported by an aligned, empowered and unified SES group, which has broad leadership responsibilities across a complex and dispersed workforce.



It is vital DVA's leadership work together to implement the recommendations of the royal commission and an ambitious change agenda. Pressure to deliver fast results can make it challenging to involve everyone in the decision-making process. It is important that a swift response does not come at the expense of staff understanding of, and commitment to, a shared direction. To successfully embed long-term changes internally and externally, DVA will need buy-in from all members of its leadership cohort. This is particularly true for middle SES layers, which are critical to ensuring the department's priorities and direction are shared with the workforce.

There are signs the pace of change has led to some senior staff feeling left on the margins. In the 2023 APS Employee Census, only 53% of staff agreed the SES work as a team. This review saw evidence of fragmentation among the SES cohort, and examples of a lack of trust among some SES Band 1s and 2s. Some people said they are reluctant to speak up for fear their views will be seen as negative. The review observed elements of an 'us and them' culture, particularly between some long-standing staff and newer SES.

The leadership team needs to ensure it is working together to harness the different experience, perspectives and ideas staff bring. A lack of cohesion at the SES level needs to be addressed as a priority. People will need to feel safe speaking up in order to embed a pro-integrity culture (see more over the page). The secretary's efforts to connect with SES regularly and initiate discussions about culture and ways of working should be applauded. Tangible efforts such as these are positive, but need further bedding down and reinforcing through the leadership ranks to build a sustainable integrity culture.

*'There are a lot of new SES, relationships are not established yet, and we don't have that trust and rapport.'* – internal stakeholder

Newly appointed SES have brought new skills and capabilities to DVA, and the department has recently established an SES unit to support the SES cohort. However, more needs to be done to build SES capability overall and allow them to develop as a cohesive leadership group. To meet the challenges ahead, the department needs to further develop its strategic policy, delivery and partnership skills. It also needs to ensure effective channels for staff to raise issues and provide feedback about DVA's strategic direction.

There are opportunities to improve succession planning and career development. There is also more work to do to ensure SES are working effectively together, bringing staff along with them, and empowering and building the capability of those they are leading.

## **New structure and governance arrangements will take time to mature**

Over the past year, DVA has realigned its organisational structure and implemented new internal governance arrangements to improve performance and accountability. Previous governance arrangements included every SES Band 2 on the highest level committees, and were not fit for purpose for the pace and extent of change in the department. The new governance arrangements include a tiered committee structure and more streamlined membership that is more consistent with other APS departments. A new Executive Board comprises just the secretary and deputy secretaries. A new Internal Governance Operating Principles Guide supports the application of consistent principles and processes across the committees. The New People and Culture Committee,





Investment Committee and Service Delivery Committee all include members at the deputy secretary, SES Band 2, SES Band 1 and EL2 level to broaden engagement on strategic issues and develop staff. A Strategic Budget Committee has also been established to provide a more strategic, forward-thinking and coordinated approach to budget. The new governance arrangements are an improvement and are moving the department in the right direction. However, with any change process there are risks that need to be managed. The capability review heard mixed views from staff about the new governance arrangements – the changes are still very new and, as one staff member said, they ‘are still shaking out’. With a more streamlined committee membership, some staff feel their expertise and experience has been excluded from decision-making on relevant tier 2 sub-committees.

*‘That was a big shift’ – internal stakeholder*

It will take time for the governance structure to mature and work effectively. It will be important to actively monitor the membership of the committees to ensure it does not inadvertently disenfranchise staff who have a stake in the issues the various committees are considering. Membership of the committees also needs to ensure different voices and the right expert perspectives are included.

The department has made several changes to its organisational structure, including moving policy and service delivery functions into one group, and creating a new group focused on the veteran, family and stakeholder experience. The changes to structure and governance appear positive, however, there is more work to do to ensure the department is working together effectively (see *Collaboration* for further detail). In the 2023 APS Employee Census, 64% of staff said their SES manager promotes cooperation within and between agencies (8 percentage points below the average result for large agencies). The leadership team will continue to be critical to bringing the organisation together and role modelling the types of behaviours they want to see in the rest of the organisation.

*‘No structure is ever perfect. Whether it is good or not, it is the lack of collaboration and cohesiveness that is where we are falling down’ – internal stakeholder*

## Staff want a clear strategy beyond the royal commission

DVA is a complex organisation with a broad remit. It administers a wide range of supports and services including but not limited to income support, compensation, healthcare, counselling, aged care support, transport for treatment, employment and education support, home loans and insurance, commemorative services, maintenance of war graves and even storing blood for medical research. With such a broad remit, it is challenging for DVA to maintain and act on clear priorities, particularly in a volatile period.

*‘We’re a mini Commonwealth. We run the gamut of programs.’ – internal stakeholder*

One staff member said ‘coming into DVA I hadn’t appreciated how complex an organisation it is. It has tentacles everywhere.’ Many staff and stakeholders said the department’s scope is too broad and its current size and



resourcing means it struggles to keep pace with its wide-ranging remit and priorities. ‘There’s so many little bespoke programs,’ said one stakeholder. Some suggested the department needs ‘to be a navigator to the supports that exist in the community, states and territory, and the rest of the Commonwealth’. Another stakeholder suggested the department should narrow its focus and ‘get the basics right’. Staff and stakeholders said DVA takes on new initiatives that do not necessarily align with what they see as the most important issues. They said sometimes the department is reacting to symptoms or ‘loud voices’, rather than dealing with core issues. They also said the department is not good at being clear about its priorities or stopping programs.

As recognised earlier, staff are committed to DVA’s broad purpose of supporting the wellbeing of veterans and their families. However, there continues to be uncertainty about what DVA’s role is, and should be, in achieving this purpose. Leadership has an important role to play in clearly and regularly communicating the department’s priorities and future strategy, to ensure staff understand what it means in their own work context.

*‘We don’t have clarity of purpose, even though we’ve been around a long time. If you talk to people you will get 50 different opinions on why we exist.’ – internal stakeholder*

Responding to the recommendations of the interim report of the royal commission has driven a high pace of change and drawn increased attention to DVA. Coupled with the leadership, governance and structural changes outlined above, it is unsurprising staff feel like priorities are constantly shifting. One staff member said ‘people are constantly moving, people can’t get their feet under the table’. In workshops, staff described the department as reactive and sometimes chaotic, ‘lurching from one issue to the next’. Especially at the EL2 level, staff expressed a sense of uncertainty about the future and what they should be working towards. The department needs to seize the opportunity to set a clear future direction in the near-term.

DVA has been actively preparing for the royal commission’s final report, but the review heard mixed views on whether it is ready to respond to a final set of recommendations. DVA recently held a workshop for SES Band 1s to consider the department’s future risks, opportunities and challenges. This is a worthy initiative that contributes to building broader leadership capability and responsibility. The challenge is to communicate the directions and messages through the rest of organisation. Work is needed to ensure all staff are engaged and understand the DVA’s future directions and what it means for their daily work.

While the review acknowledges considerable efforts to reset, it was difficult to rate DVA’s leadership and culture capability elements higher than ‘developing’, as more time is needed for the directions and approach to mature. The review also acknowledges the department will use publication of its 2024–25 corporate plan as an opportunity to provide clearer direction for staff and stakeholders on how DVA aspires to operate into the future. DVA leadership will need to promote this message and foster buy-in from the whole organisation to embed the kinds of changes it wants to achieve, and make sure all staff feel like they are part of the change journey, including those who have been with the organisation for a long time.

While this review recognises and commends the department’s reform efforts to date, further disruptions are almost certain in the medium term. The imminent release of the final report of the royal commission and



geopolitical and demographic shifts are just some of the events likely to shape DVA's operating environment (see *Excellence horizon* for more). DVA will need to continue to develop and implement an adaptable forward strategy and workforce capability, recognising it will need to do some or many things differently in the future. This should not be interpreted as suggesting reforms to date have not been of value, or that the department needs to re-design its operating model from scratch. Rather it needs to factor change into its forward planning and remain alert to what reforms are effective.

Many see the royal commission and government response as the biggest opportunity DVA will have in decades to transform how it operates. It is a chance to clearly define what DVA should be delivering and what may be more effectively delivered by its partners in the APS and private sector. It is an opportunity not just to respond to recommendations, but to actively shape and articulate what the department's role is in serving veterans. This will require embedding and sustaining capabilities such as strategic risk management at all levels, and leaning into innovation.

## DVA has measures in place to embed APS values and integrity

Measures to embed integrity and the APS values in the department's work include training programs, such as an induction program for new staff, annual e-learning courses, and targeted education sessions for delegates and service delivery staff. The department's Fraud and Corruption Control Strategy Statement is focused on building a counter fraud culture. Its integrity dashboard report tracks compliance, incidents and trends, and is provided to the leadership team quarterly. At the time of this review, the department was also implementing new SES performance agreements and position descriptions, which include behavioural expectations. These are worthy efforts and provide the formal systems to drive the right behaviours. It will take time for these to mature.

The review has no doubts about the personal integrity, honesty and commitment of DVA staff, but there are opportunities for DVA to strengthen its integrity through organisational systems, processes and culture. Staff need to be supported by clear systems, processes and expectations to support their decisions. These renewed efforts will go some way to ensuring a pro-integrity culture.

At a cultural level it is critical the department supports a sense of psychological safety among staff to embed integrity in day-to-day behaviour. Psychological safety, otherwise described as a culture of 'speaking up' without fear of punishment or humiliation, is recognised as a necessary condition underpinning a strong integrity culture. DVA leaders need to be seen to model and encourage this behaviour.

Cultural changes will be underpinned by steps to centralise and enhance corporate enabling frameworks, systems and support services. The department has started this work but it still has a long way to go. For example, the capability review heard the department is still working towards embedding an understanding of employees' obligations under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and associated instruments and policies. Staff said DVA has 'a lot of legacy practices and issues that we need to work through' (see the *Enabling functions* section for more detail). Ensuring staff have a good understanding of the legislation, rules and policies within which they are making decisions, and access to accurate and timely advice, is essential to good decision-making and compliance.



## More can be done to foster a culture that engages with risk

DVA will need to proactively engage with risk to realise its ambitions in a way that is strategic, realistic and sustainable. The department has a risk management framework and has recently updated its enterprise risk focus areas and mitigation strategies. Staff see an opportunity to embed proactive risk management in DVA's culture and habits, and empower staff to make decisions at lower levels.

The review has rated DVA's integrity, values and culture capability as developing, which reflects it still has a way to go towards building a mature risk culture. The review heard DVA does not always engage with risk in a productive way. In workshops, staff described DVA's culture as risk averse. One staff member said 'managers like to think they have an appetite for risk but if something goes wrong they react differently'. Risk aversion means decision-making is often pushed to higher levels than necessary. For example, staff in Queensland said the approval process to fill vacant positions was slow and required deputy secretary approval. While the review accepts tightened governance may be necessary to manage exceptional budgetary circumstances, this level of delegation shouldn't be relied on as a long-term solution. In workshops staff said accountability is not always clear, especially when it is shared across multiple areas. This uncertainty makes it harder to determine who owns the risk. Empowering staff at lower levels would free-up senior leaders to focus on strategic priorities.

Taking a more proactive approach to risk will help DVA foster the right conditions for innovation and experimentation. The review heard DVA does not have a reputation for being creative, innovative or solution-focused. In the 2023 APS Employee Census, only 53% of staff said people are recognised for coming up with new and innovative ways of working (the APS average is 58%) and only 36% said their agency recognises and supports the notion that failure is a part of innovation (the APS average is 39%).

DVA is taking steps to address this and recently held an Innovation Challenge (see following *case study*). As one staff member said, 'good ideas come up every day – how do you find a way for those to be ventilated?'.

### **Case study: DVA Innovation Challenge**

The 2023–24 DVA Innovation Challenge encouraged staff to submit ideas aimed at improving department processes, supporting staff, and benefiting veterans.

A total of 97 proposals were received. They focused on enhancing the efficiency of service delivery, providing clearer information to veterans, and improving claims processing times and standards.

Eight proposals were selected for further investment.

The innovation challenge is a step in the right direction, however, it will take more than one-off measures to embed innovation in DVA's culture. The department has the opportunity to empower staff to try new ideas and challenge the way things have traditionally been done.



## Collaboration

Element	Description	Maturity rating
Public sector	The capability to establish enduring and collaborative relationships with other public sector agencies that support agency and government priorities.	Developing – with Defence Embedded – with the rest of the APS
Non-government partnerships	The capability to establish enduring and collaborative relationships with non-government entities to support agency and government priorities.	Developing
Internal collaboration	The capability to engage and establish effective and collaborative internal partnerships, ensuring the agency can make best use of its collective capabilities.	Developing

This capability review has split its assessment of DVA’s capability to collaborate with public sector partners into 2 ratings – one for DVA’s relationship with Defence and the other for its relationship with the rest of the APS.

### Veteran wellbeing relies on a seamless relationship between DVA and Defence

The interdependencies between DVA and Defence outweigh any other of the department’s public sector relationships. This relationship is critical to the wellbeing of veterans and their families, who expect continuity of support regardless of their service status. Fragmentation and double handling directly impact the lives of veterans, particularly during the transition to civilian life. As the royal commission has demonstrated, these impacts can be devastating.

This capability review has assessed the maturity of DVA’s relationship with Defence as ‘developing’. The review considered that while the relationship with Defence is healthy and collaborative, it could be closer to meet the expectations of veterans and their families for seamless support. This rating also reflects the level of integration required to successfully deliver on the recommendations of the royal commission.

The royal commission has highlighted how critical the transition period out of active service is for veteran wellbeing. It is often a challenging time, which involves significant changes to a veteran’s lifestyle and identity. It also means transitioning from the Defence to DVA as the primary service provider. Both departments recognise how critical it is to deliver seamless and easy-to-navigate services during this period and have focused their collective efforts towards streamlining this process. The Joint Transition Authority was stood up within Defence in 2020 to review and improve the transition journey. In 2023, Defence, DVA and the Commonwealth Superannuation Corporation issued the joint Veteran Transition Strategy, to set common priorities to improve transition outcomes for veterans and their families. Reflecting the importance of this, DVA established a dedicated Transition Branch in its new organisational structure. It is also testing new approaches to provide extra



support to ADF members who are transitioning out for medical reasons. It is critical that Defence and DVA maintain this momentum and continue to strengthen the relationship.

The review heard there is still room to improve the way DVA works with Defence to more holistically serve veterans. The review heard that during transition in particular, it is not always clear which department is responsible for a particular service.

*'I think what the veteran wants is a continuity of service between DVA and Defence. The way they do approvals and systems means there is no continuity. You stop on one date and start on another date.'* – external stakeholder

There are also cultural barriers to seamless collaboration. The review saw evidence of how senior leaders on both sides are working together on common and aligned priorities. However, sometimes this did not translate through all levels of the organisations, causing confusion and delays. Turnover in senior leadership also makes it harder to sustain productive relationships and navigate internal structures. In some cases, stakeholders within Defence said they are investing additional resources to liaise with DVA and ensure they are talking to the right people.

*'It takes a long time to work through the washing machine.'* – external stakeholder

Data sharing between DVA and Defence should be a top priority for improvement. The royal commission has shown how stressful and complex providing evidence of medical conditions can be for veterans and their families. Often this process relies on manual requests exchanged between DVA and Defence, which are vulnerable to peaks in demand and subsequent backlogs, contributing to delays in the claims process. The review heard sometimes inconsistent explanations for why data sharing between the 2 departments is so challenging. Both would like to be treated as a single entity for the purposes of the *Privacy Act 1988* to enable easier exchange of personal information.

*'Defence knows more about the human than they know about themselves in a medical sense. Why don't they just push the information across?'* – internal stakeholder

Some elements of data sharing have been automated. DVA has also consolidated various administrative longitudinal data sources to build the Priority Investment Approach – Veterans (PIA-V) evidence-based platform, which it is using to model claiming patterns and client trajectories. In the last 6 months, DVA and Defence have appointed an independent data advisor to help overcome data sharing challenges. It is important that leadership in both DVA and Defence continue to explore other mechanisms to make the process faster and easier.

In the longer-term, DVA and Defence should aspire to deliver common messaging and joined-up advice to government and stakeholders. They should continue to integrate strategic planning to future-proof this essential partnership.



## DVA needs to be an active and influential APS partner

The review heard DVA has a historical reputation for operating in isolation from the rest of the APS and doing things itself. APS stakeholders agreed this has changed in recent times and DVA has made improvements towards being a pragmatic and collaborative APS partner. As flagged in the excellence horizon, DVA works in a complex and interdependent service environment. Veterans and their families will access overlapping and interconnected services from the health, aged care, disability and other sectors. DVA must be responsive to changes in these sectors, even when they are outside its control. For example, it is grappling with the effect of misaligned pricing levels for services between different systems, which act as a disincentive for GPs and other health practitioners to see veterans.


This review assessed the maturity of DVA's relationship with non-Defence APS stakeholders as 'embedded'. A number of APS stakeholders spoke highly of their relationships with DVA. They shared a sense that APS collaboration has been a priority for the department's leadership and this has driven improvement in productive engagement. 'Senior leadership have turned that relationship around,' said one interviewee.

*'Collaboration with public sector is much better than it used to be.'* – external stakeholder

There are still opportunities for DVA to improve its confidence and influence when engaging within the APS, and opportunities to strategically leverage services provided by other Australian Government agencies to more effectively serve veterans. The review heard DVA sometimes has a tendency to be passive rather than driving outcomes within government. 'I think it is that small agency syndrome, we feel we have no right to ask,' said one staff member. 'They need to push into the mainstream debate more forcefully,' said an external stakeholder. DVA could use its influence to shape the services landscape to the benefit of veterans and their families. There was broad agreement among stakeholders that there are unrealised opportunities for DVA to integrate and navigate the range of government services available to veterans, such as aged care or disability services, without having to deliver these services itself. Many stakeholders suggested DVA could piggy-back off existing services, while providing an extra layer of branding, priority and support to meet veteran expectations. DVA is piggybacking off existing services in aged care, fraud and compliance and should continue to explore other options to leverage existing services. There are also opportunities for DVA to improve its supplier–customer relationship with Services Australia. This is explored further in the *Enabling services* section of this report (as DVA's ICT capability is provided by Services Australia through a shared services agreement).

## Capability uplift will help to navigate a fragmented stakeholder environment

DVA's primary non-government stakeholder cohort comprises ESOs and other groups representing veterans. A vast number of organisations represent and advocate for veterans and their families in Australia. The review heard as many as 5,000 organisations claim charity status to support veterans. Many of these stakeholder groups represent a subset of the veteran community, for example, people who served in a particular conflict or a particular demographic group. Not all of these organisations agree on or seek to achieve the same outcomes for the veteran community. This creates a challenging stakeholder environment for DVA.



*‘There is a saying, you put 20 veterans in a room and you get 50 different opinions. There is no framework that will satisfy everyone.’ – external stakeholder*

DVA is currently working with some of the largest ESOs to investigate standing up an ESO peak body to unify the voices of veteran organisations. The Returned and Services League of Australia (RSL Australia) convened a series of national forums from November 2022 to October 2023 to discuss this proposal. DVA is also reviewing the National Consultative Framework, which is a series of forums that currently facilitate communication between the ESOs and DVA.

The review has assessed the maturity of DVA’s non-government partnerships as ‘developing’. This recognises the existing structure and established processes that enable engagement with a broad spectrum of ESOs. Examples include National Consultative Framework forums such as the Female Veterans’ Policy Forum, the Younger Veterans – Contemporary Needs Forum, and the ESO Round Table. Based on stakeholder feedback, DVA split the former Female Veterans and Veterans Families Policy Forum into the Female Veterans’ Policy Forum and the Veteran Families’ Policy Forum from 2024. The review also heard that the department is implementing a Customer Relationship Management (CRM) system to support its external engagement.

DVA should aspire to engage with the ESO community more strategically, in a way that focuses on achieving outcomes. A mature capability will draw a clear distinction between customers (who participate in co-design and provide structured feedback on services) and stakeholders (who contribute to broad policy and delivery settings). DVA will need to make a distinction between its highest value stakeholders and its most vocal stakeholders. An ESO peak body may make it easier to build consensus but is unlikely to remove all the challenges of dealing with a fragmented and vocal community. DVA will need to build a sophisticated engagement capability that can accommodate a multitude of voices and manage expectations of its ability to satisfy all of them.

Beyond the ESO community, the department is developing research partnerships to build on existing research and data capabilities. It is also working on a new model for partnering with research entities. Over the next 5 years DVA aims to implement an improved approach to funding and procuring its research and evaluation work. It is also establishing an expert advisory committee and improving access to DVA-funded research. Further, the review heard about DVA partnering with academia and universities on research activities involving veteran illness and injuries, including a research partnership with a University of the Sunshine Coast on the effects of mental health on the brain, and treatments for Post-Traumatic Stress Disorder (PTSD).

## Internal silos prevent full productivity

DVA, like many large organisations, struggles with silos and fostering collaboration between different business areas. The review has assessed DVA’s internal collaboration capability as ‘developing’. This reflects that, while there have been steps to reduce silos across the organisation, the department still has work to do to ensure it is using its skills and expertise to full effect.

This review has acknowledged the volume of change this organisation has been through. This includes organisation and personnel change, which can destabilise internal networks and make it harder to locate the right





staff to collaborate with. In interviews, staff and stakeholders said DVA has not yet matured its culture of internal collaboration or established a habit of reaching out to others within the department.

*‘There is not a culture of asking questions – who else needs to be involved, who can add value?’  
– internal stakeholder*

The department has a nationally dispersed workforce and a large proportion of staff access work from home flexibility, both of which make maintaining connectivity and internal collaboration more challenging. As of 31 December 2023, 80% of DVA’s workforce was located outside Canberra, including 26.7% in Queensland. In the 2023 APS Employee Census, 72% of staff said they access working from home flexibility, 15 percentage points higher than the APS average and 20 percentage points higher than other large operational agencies.

The review recognises that DVA is taking steps to improve internal collaboration. It has included EL-level staff in its governance committees to ensure top-level messaging is being effectively spread to other levels of the organisation. It has also introduced structural changes, such combining policy and program functions under a single deputy secretary.

New forums have been established to facilitate internal collaboration on specific issues, including an APS 6 to EL 1 Compensation Leadership Conference in 2023 and the DVA Enterprise Agreement Workplace Consultative Forum to consult on strategic matters related to employment conditions. These forums provide a space for staff to collaboratively address important issues and build internal partnerships. DVA also refreshed its intranet to help staff find relevant internal contacts, as well as updating and clarifying content. While DVA continues to strengthen internal collaboration, opportunities remain to embed this practice in the department’s culture. Leadership will play a crucial role in fostering collaboration, and prioritising consultation across business areas even in time-poor environments.



## Delivery

Element	Description	Maturity rating
Ministers and Parliament	The capability to meet the needs of ministers and the Parliament.	Developing
User focus	The capability to use an understanding of the people and organisations affected by the agency to deliver effective and fit-for-purpose outcomes for them.	Developing
Strategy	The capability to understand the system/s the agency operates in, the government's agenda, and to develop high quality advice to deliver outcomes for Australians.	Developing
Implementation	The capability to deliver efficient and effective services, programs and other initiatives.	Developing
Review and evaluation	The capability to use review and evaluation activities to maintain performance and drive improvement.	Developing

### DVA is improving implementation

The review assessed DVA's implementation capability as 'developing'. DVA is undergoing a process to improve implementation across the department. It has established a dedicated Service Delivery Committee, which considers the delivery of programs and service through a whole-of-enterprise lens. It has also designed and implemented a Program Management Framework across all of its health and wellbeing services, aiming to embed a culture of end-to-end accountability for program and service outcomes, and to identify improvement opportunities. Leadership and staff will need to continue to embed this into the way the department operates into the future.

While improvements are occurring, staff identified business processes as one of the most prominent barriers to productivity. They described the current processes as onerous and cumbersome. The harmonisation of legislation will create opportunities to re-engineer these business processes in the future.

The review heard the new governance committees do not include all the relevant responsible and accountable work areas. This limits DVA's ability to make the best possible decisions about implementation challenges and opportunities.

### Volatility in claiming patterns will continue to be a challenge

DVA's client cohort and demand volume is more volatile than that of many other service delivery agencies in the Australian Government. Its client base could increase sharply, particularly with an expansion of the ADF and/or participation in a major conflict.

Over the past 5 years, DVA has maintained a sharp focus on managing the unexpected spike in claims that overwhelmed its resources and led to significant processing delays (see *Explainer* on page 8 for more). The royal



commission recommended the department receive extra resources to deal with a large backlog of claims that hadn't been allocated to a decision-maker. Since then DVA has received an additional 500 non-ongoing staff in the 2022–23 Budget, plus another 141 ongoing staff in the 2024–25 Budget.

The review commends DVA for resolving the very significant backlog of unallocated initial liability applications, which peaked at nearly 42,000 claims in 2022. As of March 2024, the department said it had cleared the unallocated claim backlog and claims are now making it to a decision-maker within legislated timeframes. The department recognises the average processing time will stay high for a while due to remaining older cases within the claim caseload – as at April 2024, 10% of claims were 2 years old or older. The review has also seen evidence of good program management practices to manage the backlog, as DVA actively monitors both claiming trends and claims processing outputs.

Also in response to the royal commission, the department has supported legislative reform designed to reduce the complexity of veteran compensation, which is currently governed by 3 separate acts. The government has recently introduced a Bill to make the *Military Rehabilitation and Compensation Act 2004* the sole authority for veterans' rehabilitation and compensation claims, intended to apply from 1 July 2026 onwards.

These enhancements are not the end of the reform task. DVA will not be able to rely on heightened funding and resourcing levels or stable claiming rates into the future (see *Figure 1*). DVA has a limited window to find ways to streamline business practices to ensure it can continue to process claims efficiently and effectively. The supplementary resourcing received at the 2024-25 Budget to process the claims backlog is higher in 2024-25 (436 staff) and 2025-26 (326 staff), after which the department's resourcing returns to its ongoing level (141 ongoing additional staff) without further policy decisions. As pointed out in the excellence horizon, there is also a risk that claims numbers, and the average number of conditions per claim, could exceed the department's forecasts. For example, there is a possibility that new legislation will drive a new spike in claims, as there will be a window of up to 2 years where veterans may test their entitlement under all 3 current acts while they remain in effect. Veterans may wish to test this entitlement once again under the *Military Rehabilitation and Compensation Act 2004* after 1 July 2026.

This points to the inherent volatility of demand for the department's services. It will not be enough for DVA to lift its claims processing capacity to meet present demand. To successfully meet timeframes into the future, it will need to be able to forecast and cope with fluctuations like the spike experienced from 2017–18. Some of this risk is mitigated by the newly implemented Demand Driven Funding Model, which was approved in the 2024–25 Budget. This data-driven approach enables DVA to project future demand for income support and compensation claims based on past claiming patterns, veteran demographics and life stages, plus other data points. It is a very important initiative negotiated with the Department of Finance to position DVA to more effectively prosecute changes. The Demand Driven Funding Model gives the department confidence that claims activity will be funded at the required resourcing levels based on actual numbers. This forecasting model is a positive start. The department should also focus on reforming current work practices to lift claims decision volumes and maintain or improve decision outcome integrity. This includes building on innovative ideas such as the trial of combined initial



liability and permanent impairment claiming, which is underway in its Brisbane office (see more in the following *Case study*).

### **Case study: Combined benefits processing**

Combined benefits processing is an approach DVA is testing to streamline and enhance claims processing.

Currently, different stages of the claims process are handled by different claims managers, leading to potential inefficiencies and delays. Under a combined approach, each claim is assigned to a single claims manager to oversee all stages of the process for the same client and claimed conditions. Veterans benefit from dealing with one claims manager who is familiar with their case, leading to a more personalised and satisfactory experience.

In August 2018, DVA began trialling combined benefits processing for claims under the *Military Rehabilitation and Compensation Act 2004* in Brisbane and Perth. In 2019 DVA expanded the combined benefits processing trial to include claims made under the *Defence Safety, Rehabilitation and Compensation Act 1988*.

Expanding the combined benefits processing model to other locations has been challenging due to priority work on clearing the claims allocation backlog and the time taken to train claims managers in multiple claim types and processes. DVA plans to integrate the combined benefits model into a life stages model for claims processing in 2024–25.

At a workforce level, the review heard it can take up to 18 months to train a claims delegate to a fully effective level. DVA needs to maintain active scenario and contingency plans for unexpected claims demand (for example, from a new conflict) and a workforce planning capability that anticipates future workforce size and shape. See the *Workforce* section for more details.

The review heard that public remarks about claims processing and the claims backlog can be technical and confusing. Stakeholders held different understandings of what ‘clearing the backlog’ of claims means in a practical sense. The department has made efforts to address any confusion and communicate more clearly with the veteran community, and there is still more work to be done. There is also an opportunity to co-design performance metrics that are meaningful to veterans, their families and the department (see *Delivery* for more).

‘Veterans are not sold on DVA having cleared the backlog as they are still waiting.’ – internal stakeholder

Meaningful, well-understood measures will be important to building trust in DVA’s efforts to transform this service. Current key performance indicators (KPIs) for income support, compensation and rehabilitation claims are masking some of the important improvements already achieved. For example, for Military Rehabilitation and Compensation Initial Liability, 50% of claims are expected to be determined within 90 days, but this KPI includes active claims and suspended periods of processing (that is, periods where the department is waiting on action by a veteran or a medical provider before making a decision). The department could co-design KPIs that better reflect how the bulk of veterans experience the claims process and outcomes that are within its control.



## Reform needs to start with the user

The review heard veterans and their families find DVA's processes difficult to navigate. One interviewee said 'even I don't know what the claims process is, as someone who works with the department.' Since 2017 veterans and their families have been able to make claims online through the MyService platform. Aspects of this process are difficult for the user. For example, MyService allows clients to lodge claims without providing all of the necessary supporting documents, which creates follow-up work for the department and can lead to confusion for the client who thinks the claim has been successfully lodged.

*'Veterans navigate the department, the department doesn't navigate for them.'* – internal stakeholder

As a result of these complexities, some veterans rely on advocates to lodge their claims. Anyone can become an advocate, and the review heard the system is unregulated and saw evidence it could be open to abuse. Some advocates are charging thousands of dollars to assist veterans to lodge claims. The ESO Round Table recently established a working group to work with DVA on a proposed Institute for Veterans' Advocates that would set national ethical and service standards for advocates. Advocates who do not comply or stay up to date with the professional standards would have their membership revoked.

*'You can't use MyService without being an expert. People pay advocates \$5,000–\$7,000 to take care of it.'* – internal stakeholder

Staff recognise the work DVA is doing to improve user experience. One employee said, 'clients don't have to be as good at record keeping now as they used to be. We can access more information now to do those claims'. In July 2024, DVA began implementing a life stages model, which is organised around 8 phases the veteran client and their family go through. Specific teams will support each life stage from active service, becoming a DVA client, to death claims and family support. Within the model, DVA has committed to develop new services to assist clients to transition to retirement, a life stage which veterans and their families often find particularly stressful.

The review also recognises that moving to a single piece of legislation for future claims (see case study over the page) is a positive step towards simplifying the user experience when lodging claims, and will create efficiencies for the workforce.

Re-invigorating a veteran-centred approach is necessary to create a positive and seamless experience for DVA clients and employees. The review heard co-design and user engagement activities have lost momentum since the close of the Veteran Centric Reform program. One employee said, 'we're still doing it, not with the same gusto though'. There is an opportunity for DVA to build on earlier efforts which were central to the Veteran Centric Reform program.

User focus needs to be an ongoing commitment, not just a point-in-time activity for specific projects. The approach needs to include current veteran cohorts, ADF members who aren't already clients, and potentially ADF



members who are citizens of other countries (see the *Excellence horizon* for more). The review has assessed DVA's user focus capability as 'developing'. DVA needs to make sure efforts to engage through forums and surveys inform policy and program design.

### **Case study: harmonising legislation**

On 3 July 2024, the Minister for Veterans' Affairs and Defence Personnel, the Hon Matt Keogh MP, introduced the Veterans' Entitlements, Treatment and Support (Simplification and Harmonisation) Bill 2024 into the House of Representatives.

The complexity of existing legislation has made it difficult for veterans and their families to understand and access their entitlements. The Bill aims to unify and simplify the existing veterans' legislation by consolidating the following legislation into a single act:

- *Veterans' Entitlements Act 1986*
- *Safety, Rehabilitation and Compensation Act 1988*
- *Military Rehabilitation and Compensation Act 2004*

The Bill reflects significant community consultation. It aims to ensure the new system is responsive to the needs of the veteran community. It also includes mechanisms to introduce presumptive liability, which allows for specified conditions to be accepted on a presumptive basis, simplifying the claims process for known military-related injuries and diseases.

The Bill is currently under consideration and has been referred to the Senate Foreign Affairs, Defence and Trade Legislation Committee for inquiry and report by 3 October 2024. If passed, the new model for veterans' compensation is intended to start on 1 July 2026.

## **More work is needed to improve strategic thinking**

The review assessed DVA's strategy capability as 'developing'. DVA doesn't always formulate policy with a holistic, whole-of-enterprise lens and doesn't consistently plan for the future. The review heard DVA's policy division is stretched and, like the broader department, has a tendency to be reactive. The division can be distracted by specific policy matters and is often focused on resolving individual matters (for example, providing advice on individual claims matters) rather than working through system-level issues and driving change. This impacts the division's ability to take a more holistic enterprise-wide approach to policy formulation. Key committees don't seem to leverage appropriate skills and responsible areas, which could perpetuate the fragmented approach.

DVA has invested in a Future Focus Team. This small team provides short-term assistance on individual projects or issues and business improvement. The team is working to lift futures thinking at the project level. While this is positive start, there is still a lack of system-wide strategic policy capability across the department.

Stakeholders said the department can sometimes be passive and needs to engage with greater confidence to drive outcomes. They felt that DVA sees itself as a small agency rather than a department of state with an important client group. Internal and external stakeholders commented that DVA could take a more proactive, engaged and assertive stance. The department should be looking strategically at what actions are likely to have the greatest impact, what it is best placed to provide compared with other entities, and how it can shape and influence the future.



Despite these challenges, there are pockets of good work the department can build on. The review heard DVA's advice to ministers and government has improved over the last couple of years (see more below). The department is implementing a veteran wellbeing framework, which is a first step in a fundamental policy shift to a wellbeing focus, as opposed to a compensation focus. DVA's Demand Driven Funding Model, referenced earlier in this report, enables the department to project demand for income support and compensations claims. DVA plans to expand this model to other work areas including invoicing and transport assistance. The review heard this model is still maturing. It will be important the Demand Driven Funding Model and other forward-looking work is well-understood and embedded in order to lift the department's understanding of the system it participates in and provide well-reasoned, forward-looking advice.

While pockets of strategic capability exist, there is further work to do to lift, embed and expand this capability. There is an opportunity for DVA to invest time and dedicated resources into strategic forecasting and bigger picture thinking at an organisational level. This work will occur haphazardly without a dedicated team driving it, and leadership support and buy-in. Horizon scanning, building a solid evidence base for advice and decision-making, taking a more proactive stance and prioritising the further development of strategy policy skills will be crucial to DVA's success going forward.

## The relationship with ministers and their offices is improving

A strong relationship between DVA, its ministers and their offices is central to effective governance of veterans' affairs. The review interviewed stakeholders about DVA's relationship with portfolio ministers and their staff. While there is a sense the department has improved this capability in recent years, there are areas where it could do better.

*'The speechwriting, comms, briefs to the minister, are pretty good. The department has definitely improved over the past 2 years.'* – external stakeholder

The department could be more proactive in engaging its ministers and responding to their requests. Capability is growing in this area and this is reflected in improved briefing and communications from the department and positive collaboration with ministers. Specifically, the review heard the department did 'a really good job' on complex legislative reform and its work on commemorations and events is 'excellent'. However, inefficient processes, poor ICT systems and gaps in staff capability continue to hinder DVA's ability to meet ministers' expectations in a consistent and timely manner. For example, the review heard the department is 'just too slow' and often relies on manual processing using Excel worksheets to provide status updates and performance reporting to ministers' offices.

Ministers expect DVA to have the capability to coordinate complicated requests and meet the evolving needs of their advisers. The department has increased its enabling services support staff to support this, but faces limitations to staff capability. This is tied to comments elsewhere in this report about the department's need to build capability in areas of strategy, review and evaluation, financial management, and technology and data. The review assessed DVA's capability to meet the needs of ministers and the parliament as 'developing'.



## DVA is laying the foundations for effective review and evaluation

DVA is putting mechanisms in place to support review and evaluation capability. In June 2024, the Australian National Audit Office (ANAO) reviewed DVA's evaluation of its Wellbeing and Support Program pilot and Non-Liability Rehabilitation pilot. ANAO found DVA demonstrated largely effective governance of evaluation of pilot programs and that its evaluation culture is 'maturing'. ANAO made 4 recommendations for DVA: strengthen guidance in departmental evaluation policies; support business areas to engage early with central evaluation teams; prepare and approve evaluation plans for policies and programs before implementation; and improve advice to government on evaluation outcomes for pilot programs. DVA agreed with all recommendations.

In April 2024, DVA established a Research, Evaluation, and Data Division to unify its Research Branch, Data and Insights Branch, and Future Focus team. The department already had some evaluation capability before establishing this new division. Its Program Governance and Evaluation team engaged with 141 internal teams and projects between July 2023 and June 2024 to discuss both program governance and evaluation. In addition, DVA's Audits, Reviews and Evaluations Tracker has monitored review and evaluation activities over the past 5 years. The department has also set up an internal evaluation community of practice.

This is a positive trajectory. However, in workshops participants said DVA has a tendency to prioritise and pursue new and appealing projects rather than thoroughly evaluating or improving existing services. For example, DVA has provided access to medical treatment to 45,000 veterans through the Provisional Access to Medical Treatment program, which was recently extended. The program helps veterans access treatment they need while their claim is being processed. There is an opportunity here for DVA to evaluate this program and provide assurance it is delivering effective outcomes. DVA should also establish evaluation planning as part of the design process for new projects. Leadership will need to address a perception amongst staff that the department is reactive.

The review heard the department lacks the necessary integrated ICT infrastructure to enable it to systematically capture and monitor outcomes at an enterprise scale. As noted earlier, DVA's reliance on an external service provider hampers its efforts to adapt and improve ICT in a timely way. In this sense, DVA is still dealing with some of the same shortcomings identified in the department's 2013 capability review (see more over the page).

The review assessed DVA's review and evaluation capability as 'developing' as it still has a way to go towards building and embedding this capability. Some initiatives are early in the design and implementation phase. To build on these, DVA should strive to reward continuous reflection on and assessment of its work.





### **Then and now: reflections on the 2013 capability review**

In 2013 DVA was reviewed as part of the Australian Public Service Commission's previous capability review program.

There are some similarities in findings between the 2013 DVA capability review and the 2024 DVA capability review.

#### ***ICT challenges***

The 2013 capability review identified ICT as one of the most 'threatening' challenges to the department. It said the ICT strategy was not sufficiently linked to the department's future business requirements. The review acknowledged the amount of work needed to make sure ICT supports effective and high-quality service delivery, rather than acting as an obstacle.

Outdated and fragmented ICT systems are still prominent in this 2024 review. Staff feel ICT systems let them down and hinder productivity. During workshops, staff said updated ICT is essential to ensure they meet the needs of the veteran community in the future.

#### ***Lack of clear strategy***

The 2013 capability review found strategic thinking was 'ad hoc and silo bound'. That review said staff should understand 'the department's goal and strategy and how their roles support the department to achieve its aims'. It said DVA will struggle to maintain the service it provides to veterans without a clear vision for how the department will operate in the future.

In 2024, staff still say leadership needs to articulate and communicate clear priorities, and that improved strategic forecasting should be a priority for the department. During workshops and interviews, many staff said a lack of clear direction and planning stopped them from doing their job well. The current review acknowledges the department plans to use its new corporate plan and response to the royal commission to provide clearer direction for staff and stakeholders on how DVA aspires to operate into the future.

#### ***Committed staff***

It is clear from both reviews that DVA staff genuinely want to do a good job for the veteran community. The department has a dedicated and passionate workforce, committed to finding solutions and the best outcomes for veterans.



## Workforce

Element	Description	Maturity rating
Strategic workforce planning	The capability to understand and act on current and future operating and workforce requirements, including critical job roles, succession management and recruitment/retention strategies to prepare for future needs.	Emerging
Staff performance and development	The capability to develop staff in ways aligned to the future needs of the APS, and to improve the performance of individuals and teams.	Developing
Staff culture and inclusion	The capability to develop and maintain an inclusive working environment that gives staff a sense they belong and are valued.	Developing
Staff safety and wellbeing	The capability to maintain a physically and psychologically safe working environment for staff.	Embedded

### Strategic workforce planning is a known capability gap

A mature and modern workforce planning capability is essential to DVA being prepared and agile enough to adjust and respond to external shocks.

Workforce planning is a recognised capability gap for the department. The review understands DVA's 2023–27 Workforce Strategy is not actively used by leadership and is considered dormant. In workshops, staff said they would like to see leadership prioritise building this capability. The review also heard about historical and reputational barriers to attracting talented staff to the department. One staff member said 'It's not a cool place...It's hard to attract talent'.

DVA knows it must develop a unified strategy to deliver effective workforce planning for the future, especially once it returns to a business-as-usual baseline budget from 2026–27 onwards. It has recently established a dedicated workforce planning team within the People Service Branch. The team is still embedding processes and practices. The department is conscious of this capability gap, and is working on developing a capability to plan for current and future needs. The review assessed DVA's strategic workforce planning capability as 'emerging'.

During workshops and interviews, staff described DVA's approach to its workforce as reactive. They said the department often takes a 'bums on seats' approach to resourcing, rather than finding people with the rights skills to fill critical roles.

*'...the answer to everything at DVA is let's throw more people at it. It makes strategic workforce planning more challenging.'* – internal stakeholder

Many staff raised concerns that proposed legislative reform has the potential to increase the volume of veteran claims and require a breadth of skills in the short-term. For example, the department will need delegates who are



capable of making determinations in the new legislation, while also retaining staff who can make determinations under the legacy acts. There is a risk that claim numbers and long processing wait times could spike once again if this is not carefully planned for.

DVA has staff spread across Australia, with the largest footprint in Queensland. There is an opportunity for the department to leverage this national scale to be a more attractive employer. The department is aligning its Property Plan with its Workforce Strategy so it can engage talent where staff are needed. A mature workforce planning capability could leverage this approach to greater effect.

The review identified specific skills gaps in workforce planning, strategic communication, data governance and legal. DVA may benefit from investing in strategic and targeted recruitment methods to attract employees from these specialist groups. The department outsources many of its clinical roles to external partners such as Bupa. DVA's workforce plan should also consider which roles are best filled by APS staff and which should be outsourced.

DVA must take action to ensure it is equipped with foundational workforce planning skills to identify its current skills gaps, future capability needs and competitive advantages as an employer. Investment in this capability should be a priority to ensure DVA can deliver now and into the future.

## Staff want more investment in their development

In workshops, staff said leadership should place greater emphasis on staff development to make sure the workforce can continue to respond promptly and effectively to changing demands. The required skills can be expensive and time consuming to develop. The royal commission interim report highlighted that it takes up to 12 months to train a claims processing manager, and a further 6 months for them to be fully productive. This limits DVA's ability to respond to changes in demand at short notice. When staff leave the department, it results in the loss of training investment and impacts workforce productivity.

DVA does make training available to staff. Through an internal online platform, *DVA train*, staff have access to over 160 free and paid courses. In the 2023 APS Employee Census, 72% of staff said they were able to access relevant formal and informal learning and development opportunities, 2 percentage points higher than the response in 2022. According to DVA, it allocated approximately \$2 million to its learning and development budget for 2023–24. The review heard from different sources that training budgets feel low for individual employees.

Staff sentiment suggests DVA could do more to make sure training is appropriate for job roles with specialist skills sets. For example the review heard the current approach is not working for some specialist staff (e.g. at Open Arms). In some cases, the review heard staff have to fund their own professional development to ensure they retain professional accreditation. They said in clinical service areas (professional counsellors and nursing staff), the training budget is low and not sufficient for staff who are directly responsible for the health and safety of veterans. DVA may need to look at whether staff who were previously contracted for 'clinical' positions are properly able to maintain professional development. Training and professional development was also a major theme in DVA's staff and culture pulse survey results in November 2023. Staff said there are limited development opportunities due to budget constraints.



DVA's Organisational Capability Strategy 2021–2025 does not include a consistent approach to evaluating the effectiveness of the department's learning and development programs. Development initiatives under the Workforce Strategy tend to be viewed as separate rather than treated as part of a holistic approach to workforce design and development.

Staff said the department's state and territory offices operate differently when it comes to training, including training for claims processing. A pilot of compressed training was undertaken in the Queensland office where staff were fully trained in 13 weeks, as opposed to the standard 8–12 months. Even though the pilot was considered to be successful, the approach has not been trialled in other states.

There is also an opportunity for DVA to invest in the performance management capability of managers. In workshops some staff talked about 'performance based punishment'. An employee said, 'if you are decent at your job, you will be expected to pick up the slack of others'. The review heard perceptions that leadership is resistant to having difficult conversations with staff. At times they 'avoid conflict, which is then left unmanaged'.

The review assessed DVA's staff performance and development capability as 'developing'. DVA has an opportunity to lift staff performance and development as one of its priorities and as a critical component of its Workforce Strategy.

## A positive culture could be strengthened through greater diversity

Notwithstanding the sometimes intense scrutiny of a royal commission, and the rate of change within the department, the capability review found DVA's workforce culture to be generally positive. When asked what the department does well, workshop participants pointed to a supportive workplace. They said staff care about the department's purpose and are committed to doing a good job for their clients and their team.

*'One of the big positives at DVA is staff sentiment, the staff desire to support veterans is really strong... I've never felt it more strongly than here.' – internal stakeholder*

In staff workshops, some APS classifications expressed specific views on DVA's culture. APS 1 to 5 employees tended to have an optimistic outlook on the department's culture, describing it as supportive, positive and inclusive. APS 6 to EL2 staff were more likely to criticise what they saw as a lack of direction, which goes to findings earlier in this report about the opportunity for leadership to provide clarity of purpose, direction and how this translates to individual job roles.

There may be an opportunity for DVA create more welcoming conditions and to better promote itself as an inclusive workplace. DVA's workforce is less diverse overall than the rest of the APS, which may suggest an attraction and/or reporting issue when it comes to some cohorts.



Diversity group	DVA	APS
Non-English speaking background	5.6%	16.0%
Disability	2.8%	5.2%
Aboriginal and/or Torres Strait Islander	1.7%	3.5%

Figure 3 Source: APS Employment Database, data as at 31 December 2023

Some staff may feel less comfortable sharing personal details of how they identify in employer HR systems (which Figure 3 draws upon) than in other surveys. In the 2023 APS Employee Census, 3% of staff identified as an Australian Aboriginal and/or Torres Strait Islander person and 11% of staff said they have an ongoing disability. The APS Employee Census also captures data on groups not represented in the APS Employment Database. Of the DVA staff who responded to the 2023 APS Employee Census, 10% identified as LGBTIQ+ and 10% as neurodivergent.

Some workshop participants expressed concern the department is not always inclusive to First Nations people and people with a disability. The review heard DVA has not had a strong focus on diversity in the past, but leadership is working to change this. In the 2023 APS Employee Census, 78% of staff said DVA supports and actively promotes an inclusive workplace culture. This is in line with the APS average of 80%.

DVA is making efforts ensure all staff feel involved and to promote awareness of issues important to them, with the implementation of 6 diversity networks in 2024. The review commends DVA's efforts to ensure First Nations issues are woven into the everyday thinking of the workforce. The department has a dedicated EL2 in the People Services Branch to focus on First Nations employment and retention. It opened workspaces for its Indigenous workforce in its Queensland and South Australia offices in 2024. The review visited one of the Yarning Circles, located in state offices, which provide a meeting place for First Nations employees to share experiences, knowledge and ideas.

Evidence shows that while DVA is generally seen as supportive, and is making progress on inclusion, it can do more to raise the department's diversity profile for its current and future workforce. The review assessed the maturity of DVA's staff culture and inclusion capability as 'developing'. A diverse and culturally safe workplace is better placed to generate innovative ideas and give staff the confidence to contribute their best and brightest thinking. Blending diversity and inclusion initiatives into an overall workforce strategy will ensure diversity and inclusion are not just seen as targets, but as an organisational asset that helps drive a culture that succeeds because of its recognition of different thinking. Representing and promoting a diverse workforce may also make DVA a more attractive employer.

## DVA is prioritising staff safety and wellbeing

The safety and wellbeing of its staff is a priority for DVA. The nature of the department's work means staff often face challenging situations serving veterans who may be dealing with mental health and wellbeing issues. DVA recognises the impact this can have on its employees and has made a concerted effort in recent times to ensure



wellbeing is a focus for its workforce as well as its clients. During interviews, staff talked about the shift under the new leadership towards recognising and managing unacceptable behaviour, even when it is coming from clients.

*'Previously, a lot of effort went into the wellbeing of clients, but not enough into the wellbeing of employees.'* – internal interviewee

New measures DVA has introduced in this area include:

- a Witness Wellbeing Framework for staff working in connection with the royal commission, including an independent counselling support service
- a manager's guide to supporting staff in distress, as part of DVA's Risk Management Framework, which sets out clear and practical advice to help managers feel confident to offer support to staff feeling distressed or unsafe in the workplace
- embedded social workers and supports for staff engaging with clients who are suffering from trauma, stress and PTSD, in particular the Open Arms – Veterans & Families Counselling service, and Client Benefits Division
- a specialist counselling and coaching service called New Access, in addition to the standard Employee Assistance Program for all staff
- support for respectful treatment of staff, including physical signage in frontline service areas
- support for staff to terminate calls when dealing with hostile or abusive clients
- consultation with DVA's chief psychiatrist on how to respond to safety incidents as a default process.

The department closely monitors staff wellbeing through a regular internal pulse survey and the annual APS Employee Census. These include questions about health and wellbeing, workplace conditions and relationships with colleagues. The department's wellbeing measures have yet to produce a notable change in the pulse survey or APS Employee Census results. Results from DVA's 8th staff and culture pulse survey in November 2023 showed a marginal decline in overall wellbeing as measured by the Personal Wellbeing Index (70.2% in 2023 and 71.8% in 2022). DVA's APS Employee Census Wellbeing index score has remained relatively consistent over the last 4 years (69 in 2020, 66 in 2021, 70 in 2022 and 68 in 2023). The department should monitor the next iteration of these data sets and evaluate the effectiveness of its actions.

Results from the 2023 pulse survey showed DVA employees place great importance on work-life balance, specifically flexible working and working from home. Most (70%) employees said having a flexible working arrangement was 'extremely important'. This echoes workshops held for this capability review where participants, particularly at the APS 1 to 5 classification, said this is something the department does well.

DVA staff will continue to face emotionally charged environments and complex client demands. The challenge for the department is to make sure safety and wellbeing efforts are focused on managing the potential risks for all of the workforce, not just frontline staff. DVA should be alert to the effects of staff burnout and fatigue, especially in the context of pressure to clear the claims backlog and respond to the royal commission final report. A third of DVA staff (33%) said they always or often find their work stressful (2023 APS Employee Census). The review also



heard about the effects of burnout in staff workshops and at a site visit. Staff said workloads have increased since COVID. As one staff member said, ‘it’s been non-stop, we haven’t had a break’. The review recognises efforts to address this through the 2023 DVA Census Action Plan.

The review assessed DVA’s staff safety and wellbeing capability as ‘embedded’ in recognition that safety and wellbeing is being prioritised and changes have been operationalised within the department. It will be important for DVA leadership to act on evaluation of updated programs and initiatives, and to keep promoting a wellbeing mindset to maintain this culture.



## Enabling functions

Element	Description	Maturity rating
Financial management	The capability to deliver financial plans that support the agency's strategic objectives, and to ensure the use of public funds is transparent, accountable, and fit for purpose.	Developing
Technology and data	The capability to make efficient, effective and forward looking use of technology and strategic data assets to support the work of the agency.	Emerging – Technology Developing – Data
Core enabling functions	The capability to effectively identify, design, resource and deliver whole-of-agency shared functions to internal customers that are most important to the agency and its work.	Developing

This capability review decided to split consideration of the DVA's technology and data capabilities. The department has different capabilities and faces different challenges in its data and technology/ICT operations, which is reflected in the split maturity rating for this element.

### The department must overcome technical debt before it can fully modernise

DVA staff consistently said poor technology is the biggest barrier to their productivity. In workshops for this review, APS and EL level staff were asked, 'what stops you from doing your job well?'. In all workshops technology was selected more than any other barrier.

This report has described the deep personal commitment DVA staff feel towards the veterans and families they serve. Many staff referred to being 'let down' by the department's ICT capability. This review recognises the persistence and resilience of DVA staff using out-of-date tools to process many thousands of client claims.

DVA faces the added complexity of an outsourced ICT environment. Its ICT capability has been provided by Services Australia through a shared services agreement since late 2017. Shared services arrangements were intended to generate efficiencies of scale for the Australian Government, however, DVA staff feel that entering into a supply agreement with Services Australia has resulted in handing over ICT skills and expertise it needs to make informed decisions about technology. They do not believe the current arrangements are meeting DVA's business needs. In interviews, staff said they don't feel like DVA has full control over its ICT landscape, which hampers their ability to drive improvements. Interviewees also recognise that Services Australia has its own priorities and urgent needs to address from an ICT perspective, and often feel DVA's needs are pushed down the list of priorities as a result. While agency leadership has been able to resolve issues in the past, this level of escalation is not sustainable and business-as-usual solutions should be established.

*'We're hamstrung by IT. All you can do is throw people at it.'* – internal stakeholder





The review assessed the maturity of DVA's technology capability as 'emerging'. In many cases DVA's ICT systems are not meeting the needs of the organisation today, let alone into the future. DVA recognises its ICT ecosystem is characterised by a heavy reliance on legacy systems to provide core business functions. It says fragmentation is the legacy of a piecemeal approach to ICT capability in the past. Work by the department's Chief Information Officer branch identified 167 business applications, most of which have been assessed as being in need either of urgent investment to address stability concerns or replacement by more modern, fit-for-purpose applications. The same stocktake of applications showed high levels of duplication from an ICT capability perspective – for example, nearly 60 separate applications are providing case management capability and more than 30 are providing eligibility and entitlement management capability. In claims processing, the Process Direct system (implemented in 2018) was delivered without some important functionality, which impacts the ability of staff to work efficiently and effectively. In rehabilitation and household services, processes are almost entirely manual, driven by email and spreadsheets.

*'We have a bunch of ageing systems, we're probably in a worse position than other agencies.'*  
– internal stakeholder

DVA has begun the difficult task of taking stock of its ICT environment and building a 10-year plan to modernise in an affordable and staged way. DVA's *Digital Resilience Roadmap* assessed whether current business systems are fit-for-purpose and outlines a plan to work in partnership with business areas to achieve a future state, including a multi-vendor environment. This plan will inform triaged investment decisions through an ICT enhancements pipeline, acknowledging that DVA does not have the budget to fund full modernisation. The department also received \$8.4 million over 2 years in the 2024–25 Budget to pilot a clinical case management and workflow solution.

These are positive steps, but do not diminish the scale of the challenge or the importance of setting priorities for immediate action within available resources. ICT modernisation needs to be a top priority for the department. Actions and decisions should reflect the downstream implications of these technology shortcomings on business areas, particularly claims processing. Every moment staff spend on manual workarounds is time not spent on core service delivery. ICT modernisation represents an opportunity for DVA to reconsider how it funds the whole lifecycle of its ICT assets, particularly those that are newly implemented.

The success of modernisation will rely on a willingness from business areas to invest time and effort into co-designing new systems and processes, while still managing priority customer-facing work. It is also an opportunity to uplift the department's contract management capability. The intended move to a multi-vendor environment (including Services Australia, other Australian Government partners and private sector partners) will place greater demand on DVA's ability to monitor supply relationships with commercial vendors. The history of the relationship with Services Australia suggests that DVA would benefit from more proactive monitoring of the services it is and isn't receiving.



## DVA has made good progress on data capability

ICT challenges also have downstream implications for DVA's data capability and make it harder to integrate disparate data assets. This reflects the historical approach to data capability, which was previously dispersed throughout the department's business areas. The recent centralisation of this function is a step towards more strategically leveraging existing data skills, and will put DVA on a better footing to pursue its data aspirations, including a National Veteran Data Asset and National Veteran Indicator, and being treated as one entity with Defence under the *Privacy Act 1988*.

The review recognises recent improvements DVA has made to its data capability. While assessing this capability as 'developing' reflects that these changes are still in their infancy, the review recognises the department is on a positive trajectory. DVA has established a dedicated Data and Insights Branch with boosted resourcing, which is an important foundation for new capabilities such as the Demand Driven Funding Model.

The review heard that DVA is working to keep its data specialists engaged with interesting work. For example, senior leadership shares a hypothesis with the data team once a week to be tested and proved or disproved using available data assets. DVA is establishing a new enterprise data warehouse and has produced an enterprise-wide register of data assets. In the last 6 months, DVA and Defence have appointed an independent data advisor to help overcome data sharing challenges. It has a sound Data Strategy and Data Policy, however, these did not appear to be readily accessible to staff via the intranet.

DVA recognises it still has a way to go developing its data capability. In interviews, staff said data governance is a particular shortcoming, and that best practice approaches to managing data, risk and privacy are not widely understood across the department. DVA has an opportunity to invest in the data literacy of its staff, starting with its appointed Data Stewards who have been designated as the primary accountable authorities for specific data assets. The department may consider investing in a specialist privacy function, reflecting the volume and sensitivity of the personal information it has access to. There may also be opportunities to adjust how DVA measures claims processing performance to better reflect the user experience and make the data easier to compare and handle within the department (see *Delivery* for more). DVA's Data Strategy recognises the need to hire and develop a junior workforce to ensure a future pipeline of specialists. DVA may benefit from better integrating into APS-wide data professional networks to lift its profile and give staff the opportunities to learn from experienced professionals beyond their workplace.

## DVA will need improved financial capability for an uncertain future

The department is currently at its highest resourcing levels in more than 30 years. Because it is unlikely to stay this well-resourced into the future, it will be important for DVA to continue to focus on uplifting corporate capability now so it can deliver its priorities into the future.

Much of DVA's additional funding has been provided annually, or is project-based and time-limited. The department's budget is projected to decline while the volume of claims is forecast to increase. Given this scenario, DVA will need to ensure its enterprise-wide priorities are clear and adequately resourced. DVA's self-



assessment for this review also acknowledges that its financial systems and processes are not always agile enough to adjust resources to changing priorities and that it needs to look at budgeting and forecasting practices.

*'They need to say, here is our priority let's resource it properly. It is more like, here is the priority – have a go. Then what happens is people half do things.'* – internal stakeholder

DVA's financial management systems are old and have limited capability compared with modern tools. The department uses TM1 and DOLARS. The department is in the process of replacing DOLARS, which was introduced in the late 1990s. The new system, Technology One, is expected to be operational by mid-2025. This will provide DVA with an opportunity to digitise current manual processes and add modern control frameworks.

The review heard the department recently identified a number of procurement breaches and instances of non-compliance with the PGPA Act. These are being resolved. Staff identified these issues, as current systems have limited capability to flag items for review. Staff said financial literacy and understanding of obligations under the PGPA Act and associated instruments and policies is a capability gap across the department, including at the SES level.

*'Broader understanding of things like the resource management framework and PGPA Act is a gap for us.'* – internal stakeholder

DVA recognises its financial management capability is developing. This is in line with the review's assessment of this capability. The department is in the early stages of improving a range of financial management and procurement practices. It has recently centralised financial management, procurement and grants functions, and introduced processes to track and report on administered expenditure. However, there is more work to do to ensure DVA has the frameworks, systems and services needed to deliver on its priorities and to ensure that its use of public funds is transparent, accountable and fit-for-purpose. DVA also has an opportunity to focus on improving financial literacy across its workforce, particularly at SES levels.

## A strategic centre is the foundation for sustainable reform

The review assessed DVA's core enabling functions capability as 'developing'. DVA has very recently begun the evolution from a dispersed model where every business area had its own corporate area, to a centralised enabling services model. The department is still building the foundations of this centralised service model, such as consistent corporate processes and guidance. In interviews, staff recognised the department is taking steps to develop this capability from the ground up, but said there is still a long way to go. DVA has begun reviews of its human resources and legal functions as a starting point to rebuilding these and other core capabilities.

*'Moving all enabling functions under the [Chief Operations Officer] group makes sense. Previously they were spread all over the organisation.'* – internal stakeholder



The review heard the department is still ‘getting the basics right’ in its corporate operations. In interviews, staff described enabling services as ‘transactional’. While DVA is moving towards a centralised model, there are inconsistencies in how its state and territory offices operate.

People identified communications and legal functions as areas of particular risk. Interviewees said the department lacks a specialist communications capability, and is missing the opportunity to reach important veteran cohorts. ‘We are good at responding to a complaint through a media channel. But we are not good at being proactive and sharing to the [veteran] cohort what is available to them,’ said one internal interviewee. The legal function has been under a lot of pressure to progress legislative harmonisation (see *Case study* on page 37), and the review heard they are dangerously stretched. ‘They are in a lot of pain,’ said a staff member. The department is aware of this capability gap and has created a number of new legal positions, including at the SES Band 2 and SES Band 1 level, over the past 6 months.

Some interviewees said the department risks ‘rushing’ the establishment of processes to centralise enabling services. ‘They are developing corporate policy on the fly – responding to things as they come up,’ said one external stakeholder. The review recognises how challenging it will be for DVA to build the foundations of a mature corporate function during a time of structural and legislative change, and to balance this with the need to respond to the royal commission in a timely way. However it is critical that DVA maintains a steady focus on these critical, if less public, capabilities to set the department up for success. DVA will need to ensure this centralised model provides the agility to respond to changes, as well as facilitating relationships and practices to understand the business needs of geographically dispersed teams.



## The agency's response

The Department of Veterans' Affairs' (DVA) participation in the Capability Review comes at an important time. The Royal Commission into Defence and Veteran Suicide has handed down its final report, and when the government provides its response, it will offer us an opportunity to reimagine how we support the veteran community. This, coupled with the fact that DVA is now better resourced than it has been in three decades, has created a rare convergence of collective will and resources that we can use to drive meaningful change and improve how we support veterans and families.

I want to thank the Capability Review for acknowledging the journey the department is on, and for recognising the commitment and dedication of our staff to serve the veteran community with compassion and empathy. The review also highlights how the department can embed and sustain its capabilities to ensure we are best placed to meet the demands of our complex operating environment. It is pleasing to see the review team acknowledge the extent of change that has occurred within the Department in the last few years and the positioning that this provides for further reforms recommended in both the review team's report and the Royal Commission.

DVA was established to fulfil the nation's duty to support the wellbeing of Australia's veterans and families. As we work to enhance DVA's services and capabilities, we will do so with the objective to increase the overall quality of veteran wellbeing. As our department undertakes this work it is incumbent on us to be guided by the lived experiences of veterans and families. Our services and supports will only be effective if they respond to the practical needs of the people who use them and rely on them.

The Royal Commission provided an opportunity for DVA to hear and learn from the veteran community's lived experience of engaging with our services. We acknowledge our past performance has not always met the expectations of the veteran community, and we have worked hard to address shortcomings and improve service delivery. We have a strong desire to proactively contribute to ongoing reforms, and to continue strengthening our partnership with the Australian Defence Force, and more broadly across government and non-government sectors.

The review team has noted the significant constraints placed on the Department's delivery by ICT systems and the management of most ICT support from outside of the portfolio, and as such we will continue to seek to enhance and modernise our ICT systems to make them simpler and more connected and intuitive both for veterans and families, and for our staff. The new systems and ICT approaches needed to enable the connectivity envisaged in the Royal Commission's vision for a Veterans Wellbeing Agency situated within DVA, will provide a real imperative and opportunity for this. The Capability Review confirms that we should continue to build strategic ICT capabilities that take into consideration the full breadth of technology uplift required, and to continue to modernise our business processes in close collaboration with frontline staff and veterans. We have already reduced the time it takes to determine claims, and as a result more veterans are now receiving support faster than before. This has been a large undertaking and is an achievement of which every staff member can be proud.



I would like to thank the Senior Review Team for their considered findings and priorities for the department to advance. I also acknowledge the support the APSC provided during this process. And finally, I would like to thank departmental staff and external stakeholders for their contribution to this review.

**Alison Frame**

**Secretary**

**Department of Veterans' Affairs**



## Appendix A: Terminology and abbreviations

Abbreviation or acronym	Description
ADF	Australian Defence Force
APS	Australian Public Service
APS level	APS 1 to APS 6 – classifications within the APS hierarchy
APS Employment Database (APSED)	Database containing employment data of past and current APS employees
APSC	Australian Public Service Commission
Bupa	A global healthcare group
Defence	Refers to the Department of Defence and ADF
DVA	Department of Veterans' Affairs
EL	Executive Level (EL 1 and EL 2) – classifications within the APS hierarchy
ESO	Ex-service organisations – organisations that support current and former members of the armed forces
ICT	Information and communications technology
Leadership	Term used to refer to the Senior Executive Service (SES) in DVA
MRCA Act	<i>Military Rehabilitation and Compensation Act 2004</i>
MyService platform	An online service platform provided by the Department of Veterans' Affairs
PGPA Act	<i>Public Governance Performance and Accountability Act 2013</i>
PTSD	Post-Traumatic Stress Disorder
<i>Privacy Act 1988</i>	Australian legislation that governs the handling of personal information
Royal commission	Royal Commission into Defence and Veteran Suicide
Senior leadership	Refers to the secretary and deputy secretaries
SES	Senior Executive Service classifications in the APS hierarchy



# Appendix B: Capability Review Framework

## Leadership and culture

Element	Description	Characteristics
<b>Integrity, values and culture</b>	The capability to embed integrity and APS values in the work of the agency. The agency engages with risk appropriately and embodies integrity in everything it does.	<ul style="list-style-type: none"> <li>• Agency can monitor, measure and address integrity and cultural issues as needed</li> <li>• Agency ensures third party providers also embed integrity and APS values in their work for the agency</li> <li>• Leaders model the APS values</li> <li>• Staff are committed to the APS values</li> <li>• Staff balance risk and opportunity in a way that is consistent with the agency's risk appetite</li> </ul>
<b>Purpose, vision and strategy</b>	The capability to articulate a purpose, vision and strategy based on government priorities and legislative responsibilities, and successfully communicate this to staff and stakeholders.	<ul style="list-style-type: none"> <li>• Agency has meaningful strategy that aligns with government priorities</li> <li>• Staff can link the purpose, vision and strategy to their work</li> <li>• Agency is future focused and anticipates changes to its operating environment</li> <li>• Purpose, vision and strategy can adapt to external change</li> </ul>
<b>Leadership and governance</b>	The capability to provide cohesive leadership and direction, and to establish organisational structures that are efficient and effective.	<ul style="list-style-type: none"> <li>• Leadership team is of a high quality</li> <li>• Leadership team works together effectively</li> <li>• Agency has effective and efficient organisational structures, including optimal management structures for the agency's needs</li> <li>• Effective governance is in place (including cadence of meetings, membership, meeting discipline, and documentation)</li> <li>• Leaders are identified and developed at all levels to meet emerging agency needs</li> </ul>





## Collaboration

Element	Description	Characteristics
<b>Public sector</b>	The capability to establish enduring and collaborative relationships with other public sector agencies that support agency and government priorities.	<ul style="list-style-type: none"> <li>• Agency identifies and acts on opportunities to collaborate with local, state, Commonwealth and international bodies</li> <li>• Agency has mechanisms in place to ensure relationships are sustainable</li> <li>• Consultation with public sector agencies is systemic and built into standard processes</li> <li>• Agency’s collaboration reflects agency strategy</li> <li>• Agency’s collaboration supports the public sector to operate more effectively and efficiently</li> <li>• Agency has a track record of delivering outcomes in partnership with other public sector agencies</li> <li>• (for departments of state) Department has clear lines of communication and works collaboratively with portfolio agencies</li> </ul>
<b>Non-government partnerships</b>	The capability to establish enduring and collaborative relationships with non-government entities to support agency and government priorities.	<ul style="list-style-type: none"> <li>• Agency identifies and acts on opportunities to collaborate with business, not for profit organisations, academia and peak bodies</li> <li>• Agency has mechanisms in place to ensure relationships are sustainable</li> <li>• Agency assesses the value of collaboration on an ongoing basis</li> <li>• Agency’s collaboration reflects agency strategy</li> <li>• Agency’s collaboration supports entities within the sector to operate more effectively and efficiently</li> <li>• Agency chooses appropriate methods to establish and maintain relationships based on their purpose and audience, drawing on APS, Australian and/or international standards</li> </ul>
<b>Internal collaboration</b>	The capability to engage and establish effective and collaborative internal partnerships, ensuring the agency can make best use of its collective capabilities.	<ul style="list-style-type: none"> <li>• Agency presents a whole-of-agency view that reflects cooperation across different functions</li> <li>• Agency teams share their expertise to benefit the whole organisation</li> <li>• Consultation with internal partners is systemic and built into standard processes</li> <li>• Staff report it is easy to find help or the answers they need internally</li> <li>• Agency encourages innovation through systems that enable engagement at all levels</li> </ul>



## Delivery

Element	Description	Characteristics
<b>Ministers and Parliament</b>	The capability to meet the needs of ministers and the Parliament.	<ul style="list-style-type: none"> <li>• Agency sustains effective working relationship with ministers and offices</li> <li>• Agency demonstrates an understanding of the different roles of the APS, government and parliament</li> <li>• Agency provides impartial, evidence-based advice and information that is responsive to the needs of government and the parliament and consistent with APS values</li> <li>• Agency engages effectively and appropriately with parliamentary processes (Senate Estimates, Questions on Notice, inquiries, legislative processes, reporting etc.)</li> </ul>
<b>User focus</b>	The capability to use an understanding of the people and organisations affected by the agency to deliver effective and fit-for-purpose outcomes for them.	<ul style="list-style-type: none"> <li>• Agency regularly engages with the people and organisations it serves in an open and authentic way</li> <li>• Agency understand the needs of the people and organisations it serves, including at the cohort level</li> <li>• Agency designs and updates services and policies to reflect feedback and research into user needs</li> <li>• Agency anticipates and responds to changing needs of users</li> <li>• Agency considers the views and needs of a diverse range of stakeholders</li> <li>• Agency chooses appropriate engagement methods for their purpose and audience, drawing on APS, Australian and/or international engagement standards</li> </ul>
<b>Strategy</b>	The capability to understand the system/s the agency operates in, the government's agenda, and to develop high quality advice to deliver outcomes for Australians.	<ul style="list-style-type: none"> <li>• Agency understands the system/s it participates in, including trends and likely changes, the levers for reform, and the government's vision</li> <li>• System participants, roles and responsibilities are clearly articulated and understood by staff and stakeholders</li> <li>• Agency's advice is timely, clear, well-reasoned, forward looking and provides relevant context</li> <li>• Agency provides advice on different delivery options (e.g. technologies, engagement models, uses of data), including assessing risks</li> <li>• (for departments of state) The portfolio has the strategic policy capability to consider complex, whole-of-government issues</li> </ul>
<b>Implementation</b>	The capability to deliver efficient and effective	<ul style="list-style-type: none"> <li>• Agency implements government policy, programs and services effectively and efficiently</li> </ul>



Element	Description	Characteristics
	services, programs and other initiatives.	<ul style="list-style-type: none"><li>• Agency designs performance indicators to track progress for any services or programs</li><li>• Agency routinely improves implementation methods</li><li>• (where relevant) Agency can efficiently and effectively use third party providers to deliver outcomes for the Commonwealth</li></ul>
<b>Review and evaluation</b>	The capability to use review and evaluation activities to maintain performance and drive improvement.	<ul style="list-style-type: none"><li>• Agency routinely reviews and evaluates policy advice and implementation</li><li>• Review and evaluation findings inform policy advice and implementation</li><li>• Review and evaluation practices are embedded in agency processes and are sustainable</li></ul>



## Workforce

Element	Description	Characteristics
<b>Strategic workforce planning</b>	The capability to understand and act on current and future operating and workforce requirements, including critical job roles, succession management and recruitment/retention strategies to prepare for future needs.	<ul style="list-style-type: none"> <li>• Workforce planning activities are consistent with agency's vision, purpose and strategy</li> <li>• Agency understands the expertise of its workforce at individual and whole-of-organisation levels and applies them effectively</li> <li>• Agency understands its future skill needs and strategically uses recruitment, retention, succession management, mobility, reskilling and other activities to meet those needs</li> <li>• Agency proactively manages the talent pipeline for the agency</li> </ul>
<b>Staff performance and development</b>	The capability to develop staff in ways aligned to the future needs of the APS, and to improve the performance of individuals and teams.	<ul style="list-style-type: none"> <li>• Agency identifies and supports high value staff development activities based on workforce planning activities and individual needs</li> <li>• Managers understand, value and enable staff development as a core responsibility</li> <li>• Agency measures the effectiveness of skills development</li> <li>• Agency effectively encourages high performance and remedies low performance</li> <li>• Managers encourage and enable staff development and learning relevant to their role and the future needs of the APS</li> </ul>
<b>Staff culture and inclusion</b>	The capability to develop and maintain an inclusive working environment that gives staff a sense they belong and are valued.	<ul style="list-style-type: none"> <li>• Agency recruits, retains and values a diverse workforce</li> <li>• Agency encourages diverse ideas, cultures and thinking</li> <li>• Agency staff are empowered to take risks and experiment</li> <li>• Staff engagement is high</li> </ul>
<b>Staff safety and wellbeing</b>	The capability to maintain a physically and psychologically safe working environment for staff.	<ul style="list-style-type: none"> <li>• Agency meets its work health and safety obligations</li> <li>• New policies and initiatives consider the health and wellbeing of staff in their design</li> <li>• Staff consider their workplace to be physically and psychologically safe</li> <li>• Agency takes proactive measures to improve safety</li> <li>• Responses to incidents are effective in reducing risk</li> </ul>



## Enabling functions

Element	Description	Characteristics
<b>Financial management</b>	The capability to deliver financial plans that support the agency's strategic objectives, and to ensure the use of public funds is transparent, accountable, and fit for purpose.	<ul style="list-style-type: none"> <li>• Investment and resourcing decisions are aligned with agency priorities</li> <li>• Financial planning is effective and appropriate across all parts of the agency</li> <li>• Agency can provide a single source of truth on budget and spending</li> <li>• Agency understands its economic environment and likely financial trajectory</li> <li>• Resources can be adapted and shifted as priorities change</li> <li>• Agency can identify, investigate, report on and address financial issues.</li> </ul>
<b>Technology and data</b>	The capability to make efficient, effective and forward looking use of technology and strategic data assets to support the work of the agency.	<ul style="list-style-type: none"> <li>• Technology capability meets staff needs</li> <li>• Agency maintains and monitors the use of technologies</li> <li>• Agency has mechanisms to ensure a pipeline of contemporary digital and technology expertise</li> <li>• Agency makes strategic decisions about the comparative value of different technologies, including when to use whole-of-government or in-house solutions</li> <li>• Agency proactively improves the agency's technologies and considers emerging technologies to meet future needs</li> <li>• Agency ensures the quality of information and data held by the agency and enables its use internally as well as share appropriately with external stakeholders.</li> <li>• Agency manages data ethically and confidentially</li> <li>• Agency ensures the security of agency data and systems.</li> </ul>
<b>Core enabling functions</b>	The capability to effectively identify, design, resource and deliver whole-of-agency shared functions to internal customers that are most important to the agency and its work.	<ul style="list-style-type: none"> <li>• Agency actively decides which staff-facing functions will be delivered centrally (for example finance, legal, research, procurement, ethics, technology, property etc.)</li> <li>• Agency manages the tension between central and distributed functions effectively</li> <li>• Core functions are adequately resourced and supported by leadership</li> <li>• Core functions meet staff needs.</li> </ul>