

8 February 2019

Mr Robert Fitzgerald AM and Mr Richard Spencer  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2604

By online submission

Dear Commissioners

**Re: Productivity Commission draft report on veterans' compensation and rehabilitation inquiry**

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the Productivity Commission (the Commission) draft report 'A Better Way to Support Veterans' for the inquiry into the system of compensation and rehabilitation for veterans.

The RANZCP is a membership organisation that prepares doctors to be medical specialists in the field of psychiatry, supports and enhances clinical practice, advocates for people affected by mental illness and advises government on mental health care. The RANZCP has more than 6500 members including over 4500 fully qualified psychiatrists. The RANZCP is well positioned to provide assistance and advice around veterans' mental health due to the breadth of academic, clinical and service delivery expertise that we represent. We have consulted widely in developing our initial submission and this second response, obtaining feedback from the RANZCP Military and Veterans' Mental Health Network along with members representing multiple state and territory perspectives.

The initial RANZCP submission to this inquiry, submitted June 2018 and now available [on the RANZCP website](#), provided an overview of issues relating to veterans' mental health, including the barriers that veterans face when seeking compensation and assistance. In our earlier submission the RANZCP highlighted the lack of coordination and growing bureaucratic complexity within veteran systems, as well as the persistent problems faced by veterans when transitioning from the Australian Defence Force (ADF) to civilian life.

The RANZCP strongly supports the overall direction and outcomes of the Productivity Commission's draft report, and is pleased to see that a number of the issues and recommendations raised in our initial submission have been incorporated into the Commission's draft report. However, we would also request several amendments and additions to the draft report, as outlined in the attached submission. In particular, amendments are required for recommendations relating to:

- supporting and growing appropriate and specialised clinical services for veterans
- harmonising the initial liability process across all relevant legislation
- ensuring that ongoing research with military and veteran cohorts is supported and prioritised
- encouraging more coordinated claims administration and processing

The RANZCP sees the Commission's draft report as an important step towards reforming the current scheme of veteran compensation and rehabilitation to ensure a more effective, veteran-centred system. This is a unique opportunity to re-orientate a system to the needs of contemporary veterans, as guided by consultation with consumers, carers and clinicians. We commend the Commission on the work that has been completed so far, and we would be pleased to offer any assistance to the Commission throughout this ongoing process.

For any queries on the points raised, please contact Rosie Forster, Executive Manager, Practice, Policy and Partnerships via [rosie.forster@ranzcp.org](mailto:rosie.forster@ranzcp.org) or by phone on (03) 9601 4943.

Yours sincerely



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**President**

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The Royal  
Australian &  
New Zealand  
College of  
Psychiatrists

Productivity Commission  
**Compensation and Rehabilitation for Veterans Inquiry Draft Report**

February 2019

**Improve the mental  
health of  
communities**

### **About the Royal Australian and New Zealand College of Psychiatrists**

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The RANZCP is well positioned to provide assistance and advice around veterans' mental health due to the breadth of academic, clinical and service delivery expertise that we represent. We have consulted widely in developing our initial submission to this inquiry and this response to the draft report, including obtaining feedback from the RANZCP Military and Veterans' Mental Health Network.

### **Key findings**

- The RANZCP broadly supports the overall direction and outcomes of the draft report and commends the Productivity Commission on their detailed work in this area.
- The draft report acknowledges the critical need for a more effective mental health and suicide prevention strategy, as well as the need to provide seamless support for veterans.
- However, amendments are required for recommendations relating to supporting clinical services, establishing research priorities and standards of proof for liability.
- Greater focus is also needed on claims administration, fee-setting arrangements and maintaining non-liability mental health care.

### **Introduction**

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the Productivity Commission (the Commission) draft report 'A Better Way to Support Veterans' for the inquiry into the system of compensation and rehabilitation for veterans.

The initial RANZCP submission to this inquiry, submitted June 2018 and now available [on the RANZCP website](#), provided an overview of issues relating to veterans' mental health, including the barriers that veterans face when seeking compensation and assistance. In the earlier submission the RANZCP highlighted the lack of coordination and growing bureaucratic complexity within veteran systems, as well as the persistent problems faced by veterans when transitioning from the Australian Defence Force (ADF).

### **Supported draft report recommendations**

The RANZCP broadly supports the overall direction and outcomes of the draft report, and is pleased to see that a number of the issues and recommendations raised in the initial submission have been incorporated into the Commission's draft report. Recommendations which are supported by the RANZCP are outlined overleaf.

### *Draft recommendations 7.1*

The RANZCP recommendation that the Federal government consider merging health, compensation and rehabilitation services provided by Department of Veterans' Affairs (DVA) and the Australian Defence Force (ADF) is well reflected in the draft report Recommendation 7.1. This recommendation is therefore supported by the RANZCP in principle. The RANZCP would like to advise, however, that the above measure, when implemented, should incorporate a focus on improving awareness of mental health issues across command. It is also important to consider how best to incentivise the provision of rehabilitation services via the Department of Defence, who previously have not placed focus on veteran outcomes.

### *Recommendation 13.3*

It is positive to see the Productivity Commission has considered the challenges veterans may face when needing to meet the requirement of having a 'permanent and stable' condition, particularly with regard to mental health. Psychiatrists have noted that often substantial support and treatment will be required before stability is achieved in mental illness, and that psychiatric conditions can fluctuate substantially. On this basis the RANZCP supports draft Recommendation 13.3, which provides DVA with the discretion to offer final permanent impairment compensation two years post application, even if the impairment is not considered stable at the time. This measure should be supported by sufficient training for DVA staff in engaging with consumers with mental illness.

### *Recommendation 15.3*

The Commission has acknowledged the critical need for DVA to introduce a more effective mental health and suicide prevention strategy, referenced in draft Recommendation 15.3, which the RANZCP strongly supports. This strategy should be guided by veterans and current service members, with significant clinical input from relevant health professionals, including psychiatrists. Greater engagement with health professionals is particularly important, as currently DVA has insufficient clinical expertise and governance to effectively guide reform programs to better meet the mental health needs of veterans.

## **Minor amendments to draft report recommendations**

While the RANZCP generally supports the overall tone of the draft report, it is important to note there are also a number of areas where the Commission has only partially adopted our recommendations, or where key issues we have identified are omitted. On this basis, we have suggested several amendments to the draft report as below.

### *Draft recommendation 6.3*

The RANZCP believes our recommendation that the Federal government consider developing a strategy to support and encourage clinical services for veterans, and to prioritise injury prevention and early intervention within the DVA and the ADF, has only been partially addressed in the draft report. As such, an amendment should be made to draft Recommendation 6.3 to clearly state that the Joint Transition Command should take responsibility for supporting and growing appropriate and specialised clinical services for veterans, including directing funding and resources towards dedicated veterans' health services.

# Royal Australian and New Zealand College of Psychiatrists submission

## Compensation and rehabilitation for veterans – Draft Report

The Joint Transition Command would be advised to survey what services currently exist and consider ways of supporting them, and enabling sharing of information rather than implementing a top-down strategy at the outset. This work will require significant input from those who provide clinical services, such as psychiatrists. As such, the RANZCP would recommend that clinical expertise be embedded within the Joint Transition Command, and that there be ongoing formal engagement with clinical networks.

It may also be important to consider if the Joint Transition Command should be placed primarily under the Department of Defence, particularly as the Department of Defence has not, in past, had significant engagement with veterans and their long-term outcomes. Consideration needs to be given as to how to incentivise the provision of rehabilitation focused care and support.

### *Draft recommendation 7.2*

The RANZCP recommendation that DVA and the ADF implement awareness programs to increase understanding of the benefits veterans are entitled to should be incorporated into Recommendation 7.2 of the draft report. Recommendation 7.2 should also be amended to acknowledge that any awareness programs must be frequently updated to reflecting ongoing reforms in this area. This should be underpinned by increased clinical expertise within DVA and the ADF.

### *Draft recommendation 8.1*

The RANZCP supports the draft recommendation 8.1 to harmonise the initial liability process across all Acts. A suitable option may include adopting a single standard of proof for determining causality across the three different veteran compensation schemes. Pending further analysis of the impacts of this recommendation, it is important to consider a move to uniform use of the 'reasonable hypothesis' method as that single standard of proof. This less restrictive approach to compensation would be in keeping with the beneficent approach to veterans that DVA has historically applied and may result in a reduced burden of reporting by treating psychiatrists. However, further analysis is required to consider the full impacts of this reform.

### *Draft recommendations 8.2 and 16.3*

In terms of ensuring ongoing and appropriate research, the Commission's draft report does in part reflect the RANZCP recommendation that the Federal government support further longitudinal research on veteran mental health. While the Transition and Wellbeing Research program which is raised in the RANZCP submission is not specifically addressed in the draft report, we are satisfied that draft Recommendations 8.2 and 16.3 will ensure that ongoing research with military and veteran cohorts is supported and prioritised.

However, the RANZCP would suggest one amendment to draft Recommendation 16.3, in that the Commission should specify that mental health be set as a research priority. Recent research clearly highlights the need for further investigation into the high rates of mental illness in former ADF cohorts, as an estimated 46% of former ADF members, transitioned within the past five years, met diagnostic criteria for a mental illness in the past 12-months (Van Hooff et al., 2018). There is a clear need for studies which observe the level of impairment and disability that follows on from those diagnoses, and emphasise quality of life, satisfaction with family life and any other relevant measures.

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The RANZCP would broadly encourage DVA to more actively engage with researchers in the field of veteran health, with greater focus on building research and clinical capacity in Australia. It is crucial that research into veteran mental health is not only undertaken by also applied within current support systems.

### *Draft recommendation 10.2*

In the previous RANZCP submission, it was recommended that the government review and improve processes to hasten the administration of claims, improve decision outcomes and reduce demands on health services. We believe that, while draft recommendation 10.2 is a valid step towards more coordinated claims administration, further work in this area is required.

Members have indicated that while many DVA staff provide excellent service, there are some DVA staff who do not have adequate training to appropriately manage consumers mental health issues. It has also been noted that there is an insufficient number of skilled DVA staff to manage consumers with complex needs. This is compounded by siloed claims administration under the current DVA structure.

To remedy this, the RANZCP recommends that all DVA staff engaging with veterans have completed training in managing consumers with mental illness. In addition, the Productivity Commission must investigate and consider whether the current DVA staffing levels are appropriate to meet the needs of veterans in a timely manner. It is important also to consider how greater clinical input from health professionals within DVA, who have knowledge and experience of mental illness, could assist to guide these types of reform.

### *Draft recommendation 11.3*

As an additional specific amendment, the Commission should stipulate that the proposed Veterans' Advisory Council (Recommendation 11.3) must include a **psychiatrist** representative. As previously noted above, mental illness represents a significant burden of disease in the veteran population and it is critical that appropriate mental health expertise is available to provide advice.

## **Areas requiring greater focus in the draft report**

### *Fee-setting arrangements and accessibility of services*

We note that the Commission has requested further information in the draft report on fee-setting arrangements and accessibility of services (Information Request 15.2). In our initial submission the RANZCP noted that the administrative burden of patient care with compensable injuries may be more reasonably reflected in the workers' compensation systems fee schedule, which is a direct competitor for clinicians' time. In this submission, the RANZCP recommended that the Federal government review the DVA remuneration for psychiatric consultations to ensure appropriate incentives and access to care for veterans.

Studies indicate that a significant portion of veterans with mental health issues are not receiving DVA entitlements, which may reflect the acceptability of the current fee-setting arrangements (Van Hooff et al., 2018). The Commission needs to consider how the administrative burden imposed by DVA, accompanied by the current fee-setting arrangements, may decrease access to services for veterans.

The RANZCP considers it vitally important that veterans are not only eligible for treatment, but can in fact readily obtain appropriate support and specialised care, including those veterans living in rural and regional areas.

It is also crucial that medical professionals engaging with veterans are appropriately supported to be aware of the relevant DVA legislation and processes. As such, it may be useful for DVA to develop guiding materials to educate health professionals working with veterans.

### *Subsidised private health insurance*

As per Information Request 15.3, the Productivity Commission has requested input on the desirability of subsidising private health insurance (PHI) for veterans and dependants in place of other forms of healthcare assistance. The RANZCP would like to express some concern that supporting and encouraging clinical services for veterans should be a key priority of DVA and the ADF, and that subsidising PHI should not be accompanied by a reduction of support from DVA and the ADF for specialist clinical services.

### *Maintaining non-liability mental health care*

In the initial RANZCP submission, it was recommended that the Productivity Commission prioritise the maintenance of mental health treatment through the currently available non-liability pathway. While non-liability mental health care is discussed in a positive light in the draft report, the RANZCP suggests that a specific recommendation should be introduced to support the retention of the non-liability mental health care scheme.

## **References**

Van Hooff M, Lawrence-Wood E, Hodson S, Sadler N, Benassi H, Hansen C, Grace B, Avery J, Searle A, Iannos M, Abraham M, Baur J, McFarlane A (2018). *Mental Health Prevalence, Mental Health and Wellbeing Transition Study*. Canberra, Australia: Department of Veterans' Affairs.