

# Federal Budget 2023-24

## SUMMARY

Federal Treasurer, The Hon Dr Jim Chalmers MP, handed down the 2023-24 Federal Budget on 9 May 2023. It is the first full budget for the Albanese Government; delivered against a challenging national and increasingly uncertain global economic environment.

In recent weeks the Treasurer has, on multiple occasions, flagged the Government's spending priorities as being to address the cost of living and to strengthen Australia's healthcare system.

The Returned & Services League of Australia (the RSL) made a [detailed pre-budget submission](#) to the Government which included calls for appropriate funding to implement the recommendations of the Royal Commission into Defence and Veteran Suicide, strengthen the advocacy system to better enable veterans to navigate the Department of Veterans' Affairs (DVA) claims process, and to review and uplift DVA remuneration for healthcare providers. A summary of the RSL's calls to action and the Budget response is included at page 6.

Given the Treasurer's pre-budget commentary and the Government's response to the recent Defence Strategic Review, it is not surprising that the Budget did not include any headline items specific to veterans and their families. However, inclusions around the cost-of-living relief and strengthening Medicare are provisions will be of benefit to veterans and their families. The continued investment to reduce the DVA claims backlog is welcome.

Although not included in this Budget, the Royal Commission into Defence and Suicide has announced on 8 May that a separate process is being undertaken with Treasury to explore funding for implementation of recommendations. The Royal Commission has signalled that this will likely include consultation about the scope and functions of an implementation body. This is a significant and positive step forward in the Royal Commission process. The RSL stands ready to engage and to help others take part in the consultation once formally open.

## ECONOMIC OVERVIEW

### ***Global economy***

In handing down the Budget, the Treasurer acknowledged that the global economy is slowing due to persistent inflation, higher interest rates and financial sector restraints. He stated that next two years are expected to see the weakest global growth in over two decades. Inflation generally drives rate rises and erodes real wages, and the slowing of the global economy will impact Australia.

### ***Domestic economy***

The Treasurer cited inflation global and domestic, as the primary economic challenge. The Government expects domestic inflation to fall from 6 per cent this year to 3.25 per cent next year, which would return it closer to the RBA's (Reserve Bank of Australia) inflation target band in 2024-25 (2-3 per cent).

The Australian Government has forecast economic growth to slow from 3.25 per cent in the 2022-23 financial year to 1.5 per cent in the 2023-24 period, with an uplift to 2.25 per cent the year after.

Unemployment is forecast to remain low (by historical standards), 4.25 per cent in 2023-24 and a slight increase to 4.5 per cent in 2024-25. The Treasurer has also signalled that the Government expects to see wages growth of 4 per cent in 2023-24.

## BUDGET MEASURES

### ***Total funding announced for DVA***

The Australian Government has committed \$328 million for DVA to support veterans and their families in 2023-24.

### ***Context – population metrics***

Data from the 2021 Census<sup>1</sup> identified that 581,000 people living in Australia had served or were currently serving in the ADF. Of these:

- 60,300 were in regular service, 24,600 in the reserve services and 496,000 ex-serving
- 86 per cent were male, 14 per cent were female
- Queensland is home to the largest proportion, with over a quarter (28 per cent) of people who have ever served in the ADF living in the state
- 3.7 per cent of currently serving and 2.3 per cent of ex-serving identified as having Aboriginal and/or Torres Strait Islander origin (3.2 per cent of the total Australian population identified as Aboriginal and/or Torres Strait Islander in the 2021 Census).

## Responding to the recommendations from the Royal Commission into Defence and Veteran Suicide Interim Report

The recommendations handed down in the [Interim Report](#) can be broadly categorised as legislative reform, claims administration and access to information. This Budget included funding commitments across all three categories, which were announced in the DVA Portfolio Budget Statements - available [hyperlink](#).

### ***(i) Legislative reform***

The October 202-23 Budget allocated \$9.5 million over two years for the reform of veterans' entitlements legislation. There were no further inclusions for this initiative in the 2023-24 Budget.

The Royal Commission has called for harmonisation of the three different veterans' entitlements Acts (*Veterans' Entitlement Act 1986* (VEA), *Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988* (DRCA), and the *Military Rehabilitation and Compensation Act 2004* (MRCA) to be in place by 1 July 2025.

The [DVA's consultation on the legislative reform](#) closes on 12 May. RSL has worked collaboratively across its national network and with advocates, and has consulted with the DVA, to inform a detailed submission to the consultation. The RSL submission proposes how the different provisions across the three different veterans' entitlements Acts could be reformed to simplify veteran's access to entitlements and to reduce the administrative burdens currently associated with that process. It

---

<sup>1</sup> Australian Bureau of Statistics, [Service with the Australian Defence Force: Census, 2021 | Australian Bureau of Statistics \(abs.gov.au\)](#) accessed 27 October 2022.

also identifies risks that need to be comprehensively addressed by DVA and the Government to ensure existing provisions for veterans and their families are not lost or eroded as a result of the reform process.

***(ii) Claims administration – additional DVA staffing***

The Budget commits an additional \$64.1 million in 2023-24 to provide additional resourcing to help eliminate the DVA claims backlog and to increase support to veterans who have submitted claims. This measure builds on the October 2022 Budget provision to invest in frontline service delivery and expand the demand driven funding model. The Government expects a reduction in the claims backlog and corresponding resolution of claims will increase demand for downstream services including the Veteran Access Network, Complex Case Management, Account Processing, Information Access and Rehabilitation, Pharmacy and Health Approvals.

DVA has shared that as of 10 May 2023, an additional 260 fulltime staff had been recruited into roles created to reduce the claims backlog. DVA have further shared that the backlog, particularly liability claims is reducing. As of 30 April 2023, the total DVA claims backlog was 36,271.

The Royal Commission recommended DVA should eliminate the claims backlog by 31 March 2024.

***(iii) Claims administration – systems and process improvement***

This Budget included an allocation of \$254.1 million over the four years from 2023-24, and \$56.1 million per year ongoing from 2027-28, to replace, enhance and sustain the DVA's new and at-risk legacy ICT systems. DVA stated the legacy ICT systems have been in place for the last 25 years.

This measure builds further on the Government's response to the Royal Commission's recommendations about the need for *DVA to enable and support more complete claim form lodgement and provide greater transparency on the status of claims and service.*

DVA has previously shared that reform of departmental ICT is preparing the department to be able to rapidly implement the forthcoming reformed veterans' entitlements legislation.

**Other Budget announcements focused on Veterans and their families**

The following measures were announced in the DVA Budget papers which are available [here](#). RSL will continue with further analysis of these and other measures as more details become available to identify the impact for veterans and their families.

***(iv) Supporting veteran families at risk***

\$0.5 million additional funding over four years from 2023-24 to expand eligibility for the Acute Support Package (ASP) to grandparents who are full-time carers for children of veterans.

The ASP is designed to support veteran families in times of crisis, and prior to this announcement it was available to veteran families and widowed partners, but not grandparents. ASP services include a range of wellbeing and skills-based support services to build family capability and function, including childcare, counselling, household assistance, transport and extra-curricular activities for children.

### ***(v) Volunteer training in suicide recognition and intervention***

\$2 million additional funding over two-years from 2023-24 to support the continued delivery of mental health literacy and suicide intervention for the veteran community.

This provision will see DVA continue to deliver workshops and training sessions across the country covering issues such as suicide awareness and mental first aid training. Around 4,000 participants are expected to participate over the next two-years, comprising veterans, families, caregivers, friends and ex-service organisations.

## **Other Budget announcements that include Veterans and their families**

The Budget announced provisions totalling \$14.6 billion intended to deliver the Government's cost-of-living plan to provide help with power bills, bring down out-of-pocket expenses for healthcare costs, increase rental assistance, create more affordable housing and boost wages.

The cost-of-living plan includes the following measures that are intended to be of benefit to many Australians, including veterans and their families:

### ***(vi) Strengthening Medicare***

The Budget included \$3.5 billion over five years to help stop the decline in bulk billing. This is intended to triple the Medicare bulkbilling incentive for most common consultations with children under the age of 16, pensioners and other concession card holders to increase their access to primary healthcare.

This includes \$33.3 million for DVA over four years towards the Supporting Bulk Billing in General Practice (Veterans' Access Payment). This measure triples the current bulk billing incentive – and the corresponding Veterans' Access Payment – for certain GP attendances, from 1 November 2023. The increased VAP payment will also for some telehealth services, for veterans registered with *MyMedicare*. For Veteran Card holders, this means that the amount paid to their GP for some of the most common attendances will increase.

The Budget also included the following provisions designed to deliver greater flexibility in the way healthcare is accessed and delivered:

- \$82.5 million over four years for Veterans' Home Care and Community Nursing Programs.
- DVA funding of \$288.5 million over four years for residential aged care.
- Community Nursing programs \$19.7 million to establish MyMedicare, a voluntary patient registration scheme that will strengthen the relationship between patients and their primary care team and provide access to patient-centred funding packages, including veterans.
- \$98.9 million in wrap-around primary care for frequent hospital users with chronic disease to access multidisciplinary care in the community.
- \$112.0 million to incentivise GPs to provide high-quality, continuous care to patients in residential Aged Care homes
- \$47.8 million to improve the management of chronic wounds for diabetes patients in primary care settings
- \$143.9 million to improve access to after-hours primary care through Primary Health Networks After Hours Program and Healthdirect.

- \$358.5 million for eight new Urgent Care Clinics, in addition to continued funding for the 50 existing Urgent Care Clinics around Australia. Veterans and eligible dependents will be able to access urgent care at these clinics using their Veteran Card. This measure provides additional funding of \$2 million for DVA to support the full rollout of an expanded national network of Urgent Care Clinics

***(xv) Increase for Commonwealth Rent Assistance Recipients***

The Budget confirmed a \$2.7 billion investment over the next four years to fund a 15 per cent increase in the fortnightly payment for people in receipt of Commonwealth Rent Assistance (CRA). This will see an increase of \$31 per fortnight to the maximum CRA payment. The measure is expected to benefit 76 per cent of current recipients, including some veterans and their families, and provides an extra \$13.5 million to veterans and families.

***(vi) Lower out-of-pocket health costs***

The Budget announced \$2.2 billion to fund the initiative to enable more people to receive two-months' worth of medication/treatment from a pharmacist, instead of the current one-month limit, from September this year through the Pharmaceutical Benefits Scheme (PBS).

The Government expects that this change will save eligible individuals up to \$180 each year and be of benefit to approximately 3.6 million PBS participants. Veterans will benefit from fewer visits to their GP and pharmacist and will save up to \$43.80 a year, per medicine.

**Comment**

The Government had foreshadowed that measures to address the rising cost of living would be central to the Budget. The \$14.6 billion relief package is intended to deliver that. Media and commentary on this measure has been generally positive, but many have noted that it will provide very modest increases into the pockets of individual recipients.

It remains to be seen if the investment and intended action to strengthen Medicare, particularly measures to increase access to primary healthcare providers, will reduce any of the barriers veterans are currently facing in securing appointments with GPs. The forthcoming legislative reform of veterans' entitlements legislation may provide the much-needed administrative reduction for healthcare providers in accessing DVA claims.

The allocation of funding for the Government's response to the recommendations of the Royal Commission into Defence and Veteran Suicide is small and primarily focused on action to reduce the DVA claims backlog. This builds on more generous funding announced in the October 2022 Budget.

With the public facing work of the Royal Commission into Defence and Veteran Suicide coming to a close later this year there remains opportunities for the RSL and the ESO to shape the final report and recommendations. Continued advocacy for government to implement the recommendations must be sustained. The forthcoming consultation about an implementation body is something the RSL has long called for, an independent body led by a National Commissioner for Defence and Veteran Wellbeing will continue to be the focus of our advocacy on this issue.

This report is not an exhaustive review of all measures announced in this Budget that relate to veterans and their families. RSL will continue to explore these in the coming weeks and share further analysis.

## Summary of RSL Calls to Action

RSL Call to Action	Budget Response
Demand driven funding for DVA to support veterans' wellbeing	✓ Included in the October 2022-23 Budget, funding continued in the 2023-24 Budget
Establish a body to lead implementation of the recommendations of the Royal Commission	<b>X</b> To be addressed in a separate process with Treasury
Harmonisation of veterans' entitlements legislation	✓ Included in the October 2022-23 Budget, funding continued in the 2023-24 Budget
Extension of non-liability health care (NLHC) to all reservists	<b>X</b> RSL advocacy to be continued
Harmonisation of funeral benefits across the three separate veterans' entitlements Acts	<b>X</b> RSL advocacy to be continued
Funding for DVA to reduce the claims backlog	✓ Included in the October 2022-23 Budget, additional funding in the 2023-24 Budget
Funding to enhance the Advocacy Training and Development Program	<b>X</b> RSL advocacy to be continued
Review and uplift of the DVA fee schedule	✓ RSL advocacy to be continued
Reduce the administrative burden for healthcare providers in accessing DVA remuneration	<b>?</b> Further analysis required to identify if the reform of veterans' entitlements legislation will reduce this administrative burden