

Performance Information for Appropriations

Vote Veterans' Affairs - Defence Force

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Veterans' Affairs (M75)

ADMINISTERING DEPARTMENT: New Zealand Defence Force

MINISTER RESPONSIBLE FOR NEW ZEALAND DEFENCE FORCE: Minister of Defence

Part 1 - Summary of the Vote

Part 1.1 - Overview of the Vote

The Minister of Veterans Affairs is responsible for the appropriations in the Vote for the 2011/12 financial year covering the following:

- A total of over \$2 million for the provision of policy advice, the provision of administrative services to relevant boards and committees, the coordination of commemorations and the administration of contracts for work carried out in Services Cemeteries.
- A total of under \$6 million for the assessment and review of entitlements and benefits (War Disablement Pension, Surviving Spouse Pension and burial in Services Cemeteries), the provision and installation of ex-service memorials for eligible veterans and the provision of case management for veterans and their families.
- A total of under \$1 million for the development and maintenance of Services Cemeteries.
- A total of under \$3 million for the provision of services to veterans and their families.
- A total of just over \$160 million for benefits and medical treatment to veterans and their families.

Details of these appropriations are set out in Parts 2-6 below.

Part 1.2 - High-Level Objectives of the Vote

Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
<p>The Government's key priorities are Building a Strong Economy and Building Better Results from Public Services. The priorities that impact on Vote Veterans' Affairs - Defence Force are:</p> <ul style="list-style-type: none"> • Building Better Results from Public Services. <p>The Government's underpinning policy related to veterans is 'Respecting Veterans, Honouring Service'. This is substantiated by the broader principles of:</p> <ul style="list-style-type: none"> • Respecting Veterans • Strengthening Communities • Dignity for Older New Zealanders. 	<ul style="list-style-type: none"> • Veterans are acknowledged and recognised for their service and sacrifice and the community is aware of the role veterans have played and continue to play in developing New Zealand as a nation. • Working in partnership with NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about, and access to, services and supports that promote wellbeing. • The veteran's perspective is considered as part of government decision-making on issues that impact on their lives. 	<p>Departmental Output Appropriations: Policy and Administration Services and Payments to Veterans</p> <p>Non Departmental Output Appropriations: Development and Maintenance of Services Cemeteries Support for Veterans and Their Families</p> <p>Benefits and Other Unrequited Expenses: Medical Treatment War Disablement Pensions Special Annuities</p> <p>Non-Departmental Other Appropriations: Ex-Gratia Payments Debt Write-Down for Benefits and Other Unrequited Expenses</p>

Part 1.3 - Trends in the Vote

Summary of Financial Activity

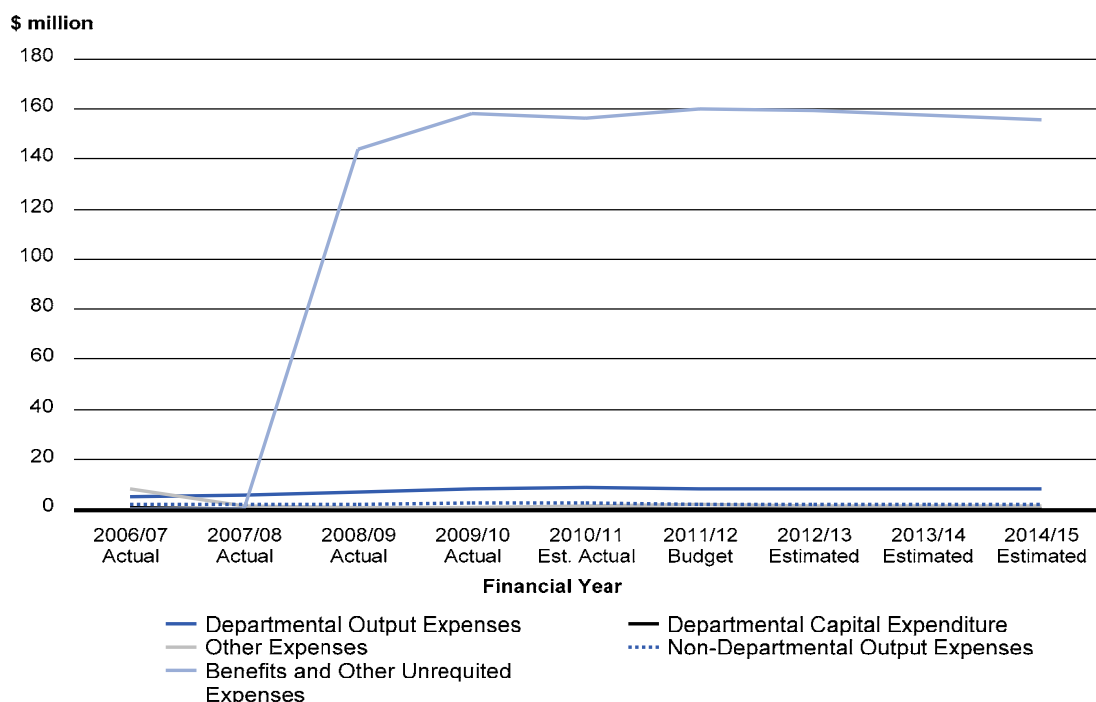
	2006/07	2007/08	2008/09	2009/10	2010/11		2011/12			2012/13	2013/14	2014/15
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	6,604	7,290	9,060	10,479	11,167	11,167	8,130	2,023	10,153	9,903	9,903	9,903
Benefits and Other Unrequited Expenses	-	-	144,174	158,535	158,493	156,190	N/A	160,040	160,040	159,384	157,403	155,503
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	8,135	1,187	613	412	1,250	1,250	-	1,650	1,650	1,550	1,550	1,550
Capital Expenditure	920	-	-	-	-	-	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	15,659	8,477	153,847	169,426	170,910	168,607	8,130	163,713	171,843	170,837	168,856	166,956
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-

New Policy Initiatives

Policy Initiative	Appropriation	2010/11 Budgeted \$000	2011/12 Budget \$000	2012/13 Estimated \$000	2013/14 Estimated \$000	2014/15 Estimated \$000
Increase in payment for gallantry allowances	War Disablement Pensions Benefits and Other Unrequited Expenses	50	129	118	107	97

Analysis of Significant Trends

Figure 1 - Vote trends in actual expenses and capital expenditure by appropriation type



Source: New Zealand Defence Force

The appropriations in Vote Veterans' Affairs - Defence Force show the changes discussed briefly below.

The following changes are noted:

- The total increase in funding of over \$3 million in 2006/07 and 2007/08 to implement the Memorandum of Understanding (MOU) signed by the Crown, the Ex-Vietnam Services Association (EVSA) and the Royal New Zealand Returned and Services' Association (RNZRSA) regarding the concerns of Vietnam veterans. This was primarily made up of the one-off costs involved in implementing the activities related to the MOU.
- The total increase of funding of over \$144 million in 2008/09 was due to the reorganisation of Veterans' Affairs New Zealand, with the New Zealand Defence Force assuming responsibility for the payment and administration of veteran's entitlements from 1 July 2008. As a result of implementation issues relating to Information Technology and payroll, this total increase of funding was not for a full year. An increase of over \$16 million in 2009/10 accounts for the New Zealand Defence Force assuming responsibility for the payment and administration of veterans' entitlements for a full financial year. There was also a one-off increase of \$600,000 to provide grants to the three veterans' homes and the implementation of annual medical assessments.

*Comparison with 2010/11 and 2011/12***Departmental output expenses**

The reduction in departmental expenses mainly relates to the end of funding for the last of the MOU activities.

Non-departmental output expenses

The reduction in non-departmental output expenses relates to a fiscally neutral transfer that was available in 2010/11 only.

Benefits and other unrequited expenses

An increase of \$3.850 million is mainly the ongoing expected upward drift in Medical Treatment expenditure combined with the 3.75% CPI adjustment in April 2011 to War Disablement Pensions more than offsetting the reduction in the number of veterans receiving a War Disablement Pension.

Non-departmental other expenses

No change.

*Outyears: 2012/13- 2014/15***Benefits and other unrequited expenses**

Total benefit expenditure is expected to decrease over the outyears.

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Veterans are acknowledged and recognised for their service and sacrifice and the community is aware of the role veterans have played and continue to play in developing New Zealand as a nation.	Policy and Administration
	Services and Payments to Veterans
Working in partnership with the NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about, and access to, services and supports that promote wellbeing.	Policy and Administration
	Services and Payments to Veterans
The veterans' perspective is considered as part of government decision-making on issues that impact on their lives.	Policy and Administration

Policy and Administration (M75)

Scope of Appropriation

The purchase of the provision of policy advice on, and administration of, a wide range of issues relating to veterans' entitlements, care, and recognition. This includes the provision of administrative services to relevant boards and committees, the coordination of commemorations, the administration of contracts for service for, and undertaking quality audits of, maintenance and development work carried out in Services Cemeteries.

Expenses and Revenue

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,450	2,450	2,153
Revenue from Crown	2,450	2,450	2,153
Revenue from Other	-	-	-

Reasons for Change in Appropriation

This appropriation will decrease by \$297,000 to \$2.153 million in 2011/12. The decrease reflects an expense transfer from 2009/10 into 2010/11 only.

Output Performance Measures and Standards

Performance Measures	2010/11		2011/12
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Provide policy advice to the Minister of Veterans' Affairs on veterans' entitlements, care and recognition			
Replies to requests within 20 days of receipt of requests, if not otherwise specified.	95%	95%	95%
The drafts of policy papers presented to the Minister will be accepted on their first presentation.	95%	95%	95%
Policy papers will meet defined characteristics of quality advice (purpose, logic, accuracy, options, consultation, practicality and presentation).	Meet	Meet	Meet
Provide Ministerial Servicing and Support			
Replies to requests within 20 days of receipt of requests, if not otherwise specified.	95%	95%	95%
Responses accepted without amendment.	95%	95%	95%
Provide Administration for War Pensions Appeal Board and War Pensions Advisory Board			
Arrangements and actions meet Boards requirements.	Meet	Meet	Meet
Actions defined by Boards will be completed within 20 working days after decisions made, unless otherwise specified.	95%	95%	95%
Management of Rehabilitation Loan Scheme			
Make payments within the timeframe specified.	100%	100%	100%
Administration of maintenance agreements and contracts for service relating to the maintenance and development of Services Cemeteries			
Contracts to be current, legally correct and clearly specify maintenance and development requirements.	Meet	Meet	Meet
No breaches of contract by Veterans' Affairs New Zealand.	100%	100%	100%
Breaches of contracts by contractors will be managed as per the conditions in the contract.	Meet	Meet	Meet
Services Cemeteries will have maintenance agreements specifying the maintenance standards in place.	100%	100%	100%
Quality Audits of Services Cemeteries			
Specifications outlined in contracts for service have been met.	100%	100%	100%
Coordinate New Zealand's participation in the commemoration of significant military anniversaries			
Participation to be delivered in accordance with agreed parameters and budget.	Meet	Meet	Meet

Conditions on Use of Appropriation

Reference	Conditions
Quality Characteristics	Description
Purpose	The aims of the papers are clearly stated and answer the questions the Minister has raised.
Logic	The assumptions behind the advice are explicit, the argument is logical and supported by facts.
Accuracy	The facts in the papers are accurate and all material facts have been included.
Options	An adequate range of options has been presented and each is assessed for benefits, costs and consequences to the Government and the community.
Consultation	Evidence of adequate consultation with interested parties and possible objections to proposals have been identified.
Practicality	The problems of implementation, technical feasibility, timing and consistency with other policies have been considered.
Presentation	The format meets Cabinet Office requirement, the material is effectively and concisely summarised, has short sentences in plain English, and is free from spelling and grammatical errors.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2010/11 Budgeted \$000	2011/12 Budget \$000	2012/13 Estimated \$000	2013/14 Estimated \$000	2014/15 Estimated \$000
Funding for yearly checks for Vietnam Veterans	2009/10	200	200	200	200	200

Services and Payments to Veterans (M75)*Scope of Appropriation*

This appropriation is limited to the assessment, review and payment of entitlements and benefits (War Disablement Pensions and related concessions and allowances, Surviving Spouse Pensions), the assessment and review of entitlement for burial in Service Cemeteries, the installation of ex-service memorials for eligible veterans, and the provision of case management for veterans and their families.

Expenses and Revenue

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	5,994	5,994	5,977
Revenue from Crown	5,517	5,517	5,500
Revenue from Other	477	477	477

Output Performance Measures and Standards

Performance Measures	2010/11		2011/12
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Assess and Review Entitlements to War Disablement Pension			
Assessments and Reviews will be conducted against extant policy.	Meet	Meet	Meet
War Disablement Pension Claims will be resolved within two months of receipt where all the required documentation has been provided with the application.	85%	85%	85%
Reviews and re-openings will be completed within 3 months of receipt by the National Review Officer.	95%	95%	95%
Reviews will be completed within 3 months of receipt by the Secretary for War Pensions.	95%	95%	95%
Appeals will be heard within 3 months of receipt by the War Pensions Appeal Board.	95%	95%	95%
Provide Ex-Service Memorial Plaques and Headstones for Eligible Veterans			
Ex-service memorials will be factually correct, meet technical specifications as contracted and be correctly installed.	99.5%	99.5%	99.5%
Decisions on eligibility for ex-service memorials will be made within legislative parameters.	Meet	Meet	Meet
Where correct documentation has been supplied with the application, an ex-service memorial will be manufactured and installed within four months of receipt of the order.	75%	75%	75%
Provide Case Management			
New referrals to case management will be assigned a case manager within 5 working days.	95%	95%	95%
Active cases will be contacted every 4 months (in the range 1 to 4 months) to monitor progress and effectiveness of the interventions put in place.	100%	100%	100%
The intervention packages that are put in place by case management will meet the identified need of the veteran.	85%	85%	85%
Deal with Enquiries			
Calls will be resolved on first contact.	80%	80%	80%
Calls will be resolved within 5 working days.	100%	100%	100%
The resolution provided by the enquiry line will meet the identified need of the caller.	95%	95%	95%

Conditions on Use of Appropriation

Reference	Conditions
Extant Policy	Policy complies with the War Pensions Act 1954.
Technical specifications for ex-service memorials	Ex-service memorials must meet specified size, material composition and finish as per the relevant contract specifications.
Eligibility for ex-service memorials	Decision on eligibility for ex-service memorials will be made on the basis of Section 15 of the Burial and Cremation Act 1964.

Part 2.2 - Non-Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Veterans are acknowledged and recognised for their service and sacrifice and the community is aware of the role veterans have played and continue to play in developing New Zealand as a nation.	Development and Maintenance of Services Cemeteries
	Support for Veterans and their Families
Working in partnership with the NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about, and access to, services and supports that promote wellbeing.	Support for Veterans and their Families

Development and Maintenance of Services Cemeteries (M75)

Scope of Appropriation

The purchase of the development and maintenance of Services Cemeteries.

Expenses

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	746	746	746

Output Performance Measures and Standards

Performance Measures	2010/11		2011/12
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Develop and Maintain Services Cemeteries			
Works carried out under contract will comply with agreed contract standards.	90%	90%	90%
Services Cemeteries will be maintained to specified standards.	100%	100%	100%
Works in Services Cemeteries will be managed in accordance with an agreed annual programme.	Meet	Meet	Meet
Service Cemeteries will be maintained to the satisfaction of Local Authorities, the RSA and veterans' representative organisations.	Meet	Meet	Meet

Conditions on Use of Appropriation

Reference	Conditions
Standards for Services Cemeteries	These define the maintenance standards for service cemeteries that Local Authorities need to meet in order to receive maintenance grants.
Works in Services Cemeteries	All work funded under this appropriation is contracted with specifications around the work to be undertaken.

Support for Veterans and Their Families (M75)

Scope of Appropriation

This appropriation is limited to providing for the support of veterans and their families. This includes the provision of counselling for veterans' families, the reimbursement of out of pocket expenses for veterans' children with specified conditions; additional support for veterans to facilitate them remaining in their own homes for as long as possible; additional support to facilitate veterans' rehabilitation; support for the surviving partner after the death of the veteran and for the provision of grants to Non-Government Organisations for the support of veterans and their families.

Expenses

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,977	1,977	1,277

Reasons for Change in Appropriation

This appropriation will decrease by \$700,000 to \$1.277 million in 2011/12 as a result of fiscally neutral transfers available in 2010/11 only.

Output Performance Measures and Standards

Performance Measures	2010/11		2011/12
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The services provided will be to the satisfaction of the veteran and/or the veteran's family.	Meet	Meet	Meet
Works carried out under contract will comply with agreed contract standards.	95%	95%	95%

Conditions on Use of Appropriation

Reference	Conditions
Services	All interventions are contracted with specifications around the work to be undertaken.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2010/11 Budgeted \$000	2011/12 Budget \$000	2012/13 Estimated \$000	2013/14 Estimated \$000	2014/15 Estimated \$000
A grant to the RNZRSA to support the RNZRSA in furthering its mission	2008/09	250	250	-	-	-

Part 3 - Details for Benefits and Other Unrequited Expenses

Part 3.2 - Non-Departmental Benefits and Other Unrequited Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Working in partnership with NZDF, the impacts of service on eligible veterans and their dependants are monitored and they have information about, and access to, services and supports that promote wellbeing.	Medical Treatment
	War Disablement Pensions
	Special Annuities

Interest Concessions Land and Buildings (M75)

Scope of Appropriation

This appropriation is limited to provision for grandparented loans of the differential between the 3% or 5% Rehabilitation Loan rate and the current market rate as set out in the Rehabilitation Act 1941.

Expenses

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	15	10	7

Reasons for Change in Appropriation

This appropriation is steadily reducing as the amount of outstanding loan capital falls. It is also subject to variation as interest rates change.

Medical Treatment (M75)

Scope of Appropriation

This appropriation is limited to the payment of assessment costs as set out in the War Pensions Regulations 1956 for War Disablement Pension applications and reviews, medical treatment costs for accepted service-related disabilities, and the costs of appliances and aids required as a result of an accepted disability.

Expenses

	2010/11		2011/12	2012/13	2013/14	2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Total Appropriation	21,689	20,633	22,723	23,303	24,059	24,758

Reasons for Change in Appropriation

This appropriation is very volatile but is expected to increase by \$2.090 million between 2010/11 and 2011/12. Factors contributing to increases in this expense are the aging population of veterans, an increased awareness of veteran related entitlements and rising medical requirements. In the outyears, expenditure is expected to increase at a slower pace.

Special Annuities (M75)*Scope of Appropriation*

This appropriation is limited to paying annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand Society.

Expenses

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	36	31	26

Reasons for Change in Appropriation

The decrease between 2010/11 and 2011/12 reflects a reduction in the number of recipients during the 2010/11 year. There are small increases in the outyears from ongoing inflation indexation adjustments.

Conditions on Use of Appropriation

Reference	Conditions
Special Annuities payments are made under the authority of Cabinet.	Special Annuities are awards made by government and are not covered by legislation. Annual government approval is needed for their continued payment. Special Annuities are non-taxable.

War Disablement Pensions (M75)*Scope of Appropriation*

This appropriation is limited to the payment of War Disablement Pensions to ex-service people who have a disability attributable to, or aggravated by, service in a declared war or emergency at any time, or in routine service prior to 1 April 1974 as set out in the War Pensions Act 1954, the payment of Surviving Spouse Pensions as set out in the War Pensions Act 1954 and the payment of allowances as set out in the War Pensions Act 1954 and the War Pensions Regulations 1956.

Expenses

	2010/11		2011/12	2012/13	2013/14	2014/15
	Budgeted \$000	Estimated Actual \$000	Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Total Appropriation	136,753	135,516	137,284	136,049	133,312	130,714

Reasons for Change in Appropriation

This appropriation will increase by \$1.768 million between 2010/11 and 2011/12 due to the 3.75% cost of living indexation adjustment in April 2011 more than offsetting the ongoing reduction in the number of recipients. The underlying downward trend in the number of recipients exceeds the impact of indexation adjustments to yield a falling trend in expenditure in later years.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2010/11 Budgeted \$000	2011/12 Budget \$000	2012/13 Estimated \$000	2013/14 Estimated \$000	2014/15 Estimated \$000
Increase in payment for gallantry allowances	2010/11	50	129	118	107	97
Tax Reform Package for Budget 2010	2010/11	773	3,124	3,363	3,425	-

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Debt Write-down for Benefits and Other Unrequited Expenses (BOUE) (M75)

Scope of Appropriation

This appropriation is limited to the write-down of Crown debtors administered by the New Zealand Defence Force due to the requirement to comply with Crown accounting policies and generally accepted accounting principles (GAAP).

Expenses

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	250	250	250

Ex-Gratia Payments and Comprehensive Medical Assessments for Vietnam Veterans (M75)

Scope of Appropriation

This appropriation is limited to the ex-gratia payments to Vietnam veterans and/or members of their family with accepted conditions and for the annual comprehensive medical assessments for Vietnam Veterans.

Expenses

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,000	1,000	1,400

Reasons for Change in Appropriation

This appropriation will increase by \$400,000 to \$1.400 million for 2011/12. A one off fiscally neutral transfer of \$700,000 was made in 2010/11 reducing the \$1.700 million appropriation. The \$1.400 million reflects the reducing demand for ex-gratia payments.

Expected Results

	2010/11		2011/12
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Performance Measures			
Provision of annual medical checks for Vietnam veterans.	Up to 2000	Up to 2000	Up to 2000
Number of ex-gratia payments likely to be made to Vietnam veterans and/or members of their family with accepted conditions.	Up to 13	7	Up to 6

Conditions on Use of Appropriation

Reference	Conditions
Accepted Conditions	A condition on the Institute of Medicine of the United States National Academy of Sciences 'Sufficient Evidence of Association' list, or one of five conditions accepted as being related to parental dioxin exposure.
Comprehensive Medical Assessments	An assessment of the impact of service and exposure to a toxic environment on Vietnam veterans.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2010/11 Budgeted \$000	2011/12 Budget \$000	2012/13 Estimated \$000	2013/14 Estimated \$000	2014/15 Estimated \$000
MOU signed by the Crown with the Ex-Vietnam Services Association and the RNZRSA regarding the concerns of Vietnam veterans.	2006/07	700	400	300	200	-
Annual Comprehensive Medical Assessments for Vietnam veterans.	2009/10	1,000	1,000	1,000	1,000	1,000