

# **VOTE** *Veterans'* *Affairs*

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# Veterans' Affairs

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## Overview

### Departmental Appropriations

Departmental appropriations sought for Vote Veterans' Affairs in 2006/07 total \$8.936 million. This is intended to be spent as follows:

- \$4.781 million (53.50% of departmental appropriations in this vote) to purchase services from Veterans' Affairs New Zealand (VANZ).
- \$4.155 million (46.50% of departmental appropriations in this vote) to purchase services from the Ministry of Social Development (MSD).

### Non-Departmental Appropriations

Non-departmental appropriations sought for Vote Veterans' Affairs in 2006/07 total \$257.360 million. This is intended to be spent as follows:

- \$0.746 million to purchase the development and maintenance of Services Cemeteries (administered through VANZ).
- \$0.885 million to purchase support for veterans and their families (administered through VANZ).
- \$255.729 million for benefits and other unrequited expenses (administered through the MSD).

### Non-Departmental Other Expenses

VANZ expects to collect \$405,000 in third party revenue in 2006/07.

Details of how the appropriations are to be applied appear in Parts B1, C and D of this Vote.

## Terms and Definitions Used

CDF	Chief of Defence Force
CPI	Consumers Price Index
MSD	Ministry of Social Development
NZDF	New Zealand Defence Force
NZNTVA	New Zealand Nuclear Test Veterans Association
POWs	Prisoners of War
VANZ	Veterans' Affairs New Zealand
WPS	War Pension Services

## Footnotes

Note 1	From 1 July 2005 Service Cemeteries was renamed Services Cemeteries. On the establishment of VANZ Services Cemeteries were incorrectly named Service Cemeteries in Estimate documentation. This change addresses this issue.
Note 2	From 1 July 2005 the output expense Processing and Payment of Benefits is renamed Processing and Payment of Pensions. This more accurately reflects the nature of the payments.
Note 3	From 1 July 2006 the vote name was amended to read Vote Veterans' Affairs.

## Minister Portfolio Table

75	Minister of Veterans' Affairs
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# Veterans' Affairs

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VOTE MINISTER: Minister of Veterans' Affairs

ADMINISTERING DEPARTMENTS: New Zealand Defence Force and the Ministry of Social Development

The Minister of Defence is the Responsible Minister for the New Zealand Defence Force

The Minister of Veterans' Affairs is the Responsible Minister for Veterans' Affairs New Zealand and the services provided to veterans by the Ministry of Social Development

The Minister for Social Development and Employment is the Responsible Minister for the Ministry of Social Development

## Part A - Statement of Objectives and Trends

### Part A1 - Objectives for Vote

#### *Introduction*

As required by the Public Finance Act 1989, as amended by the Public Finance Amendment Act 2004, and for accountability purposes, two Votes are sought for veterans' related purposes. To provide a clearer presentation of the appropriations sought, the two Votes are shown together in these *Estimates of Appropriations*:

- **Vote Veterans' Affairs - Defence** is administered by VANZ and includes the provision of policy advice on, and administration of, a wide range of issues relating to veterans' entitlements, care and recognition.
- **Vote Veterans' Affairs - Social Development** administered by the MSD and includes the processing and payment of War Disablement and Veterans' Pensions and concessions, and Rehabilitation Loan Scheme payments. This includes data collection and contributing to the monitoring, evaluation, reporting of trends and risks to Crown expenditure and forecasting of benefits and other unrequited expenses.

#### *Related Government Outcomes*

VANZ is the Government's principal adviser on veterans' issues, providing advice on a wide range of issues relating to veterans. The MSD is responsible for the processing and payment of entitlements. The work of both VANZ and the MSD contributes to achieving outcomes for veterans such that:

- The veterans' perspective is considered as part of government decision-making on issues that impact on veterans' lives.
- Eligible veterans and their dependants have access to the appropriate services in recognition of the veteran's Service.
- The community will be aware of the role veterans played and continue to play in developing New Zealand as a nation.

The appropriations to Vote Veterans' Affairs contribute to Governmental themes 2 and 3 respectively:

- The provision of policy advice on veterans' related issues, the co-ordination of the services provided to veterans and their families by other government departments and agencies, facilitating access to services within the broader community and the development of constructive working relationships with veterans' organisations, contributes to Governmental theme 2: "Families - young and old".

- The provision of specific services to veterans, in recognition of their contribution to the development of New Zealand's national identity, contributes to Governmental theme 3: "National Identity".

## *Output Appropriations*

Appropriations for Vote Veterans' Affairs will make an important contribution to government activity through the provision of the following outputs:

- Output Expense Policy and Administration - by providing 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 management of the Rehabilitation Loan Scheme, the co-ordination of New Zealand's participation in the commemoration of significant military anniversaries and the administration of the contracts for service for, and undertaking quality audits of, maintenance and development work carried out in Services Cemeteries (performed by VANZ).
- Output Expense Services to Veterans - by the assessment and review of entitlements and benefits and the provision of appropriate services. This includes the provision and installation of ex-Service memorials for eligible veterans and the provision of case management for veterans and their families (performed by VANZ).
- Output Expense Processing and Payment of Pensions - by the accurate and efficient processing and payment of War Disablement Pensions and related allowances, veterans related pensions and concessions, and payments under the Rehabilitation Loan Scheme. Other functions include the collection of veteran's related data, forecasting and contributing to the monitoring, evaluation and reporting of trends and risks to Crown expenditure (performed by the MSD).
- Output Expense Development and Maintenance of Services Cemeteries - by the development and maintenance of Services Cemeteries (performed under contract by selected manufacturers and service providers for VANZ).
- Output Expense Support for Veterans and Their Families - by the provision of support for veterans and their families (performed under contract by selected providers for VANZ).

## **Part A2 - Trends in Vote**

### *Departmental Output Trends 2001/2002 - 2006/07*

- An increase of \$96,000 in 2001/02 and outyears to Vote Veterans' Affairs - Defence for personnel costs/increase in staff numbers within VANZ to meet the increased requirements in the area of Ministerial Servicing and Support.
- An increase of \$8,889 in 2001/02 and outyears to Vote Veterans' Affairs - Defence for administrative costs associated with the development and maintenance of Services Cemeteries.
- An increase of \$1.439 million in 2001/02 and \$1.428 million in 2002/03 and outyears to Vote Veterans' Affairs - Defence to fund the introduction of case management and for the provision of additional services to the children of Vietnam and Operation Grapple veterans.
- A transfer of \$118,489 in 2001/02 and \$157,333 in 2002/03 and outyears from Vote Veterans' Affairs - Social Development to Vote Veterans' Affairs - Defence to fund the transfer of the War Pensions Claims Panels from the MSD WPS to VANZ.
- An increase of \$57,778 in 2001/02 and \$70,222 in 2002/03 and outyears to fund the operation of the War Pensions Claims Panels within VANZ.

- An increase of \$68,444 in 2001/02 and outyears to Vote Veterans' Affairs - Defence to provide for co-ordination of Anzac Day commemorations at Gallipoli.
- An increase of \$223,111 in 2002/03 and outyears to Vote Veterans' Affairs - Defence to fund the provision of additional services to the children of Vietnam and Operation Grapple veterans.
- An increase of \$472,889 in 2003/04 only to fund New Zealand Government participation in commemorative activities in Korea and Monte Cassino.
- An increase of \$492,444 in 2004/05 only to fund New Zealand Government participation in commemorative activities related to the 90th anniversary of the landings at Gallipoli and the 60th anniversaries of Victory in Europe and Victory in Japan Days.
- An increase of \$1,100,000 in 2005/06 and \$900,000 in 2006/07 to fund the activities associated with the 'Year of the Veteran'. This includes a contestable fund of \$1 million for community project grants.
- An increase of \$637,000 in 2005/06, \$674,000 in 2006/07, \$746,000 in 2007/08, \$820,000 in 2008/09 and \$897,000 in 2009/10 to fund the additional costs associated with the commemoration of Anzac Day at Gallipoli.

### *Non-Departmental Expense and Revenue Trends: 2001/2002 to 2006/07*

#### **Non-departmental outputs**

- An increase of \$50,000 in 2001/02 and outyears to fund the additional costs of the annual maintenance grant paid to providers, nation-wide, for the routine upkeep of Services Cemeteries.
- An increase of \$491,000 in 2003/04, \$498,000 in 2004/05, \$506,000 in 2005/06 and \$512,000 in 2006/07, and outyears, to fund the additional annual maintenance grant paid to providers, nation-wide, for the routine upkeep of Services Cemeteries.
- An increase of \$238,000 in 2005/06, \$333,000 in 2006/07, \$475,000 in 2007/08 and \$475,000 in 2008/09, and outyears, to fund services to veterans and their families.

#### **Benefits and other unrequited expenses**

##### ***Veteran's Pension***

Annual expenditure is forecast to increase to \$139.409 million in 2006/07 from \$95.991 million in 2001/02, a 45% increase over the five-year period. Veteran's Pension recipients are forecast to increase to an average of 9,520 in 2006/07 from 7,510 in 2001/02.

Both the number of recipients and the average payment rate have grown over the past five years, contributing to the rise in expenditure. Both trends are expected to continue throughout 2006/07. Accumulated cost of living adjustments to the standard Veteran's Pension rates of payment account for nearly 39% of the change in expenditure. Since 2002/03 the number of people transferring to Veteran's Pension from New Zealand Superannuation has been a dominant feature.

##### ***War Disablement Pensions***

Annual expenditure is forecast to be \$118.312 million in 2006/07. This is 24% higher than the \$95.508 million in 2001/02. War Disablement Pensions recipients are forecast to fall to an average of 20,870 in 2006/07 from 23,060 in 2001/02.

As the recipient population ages, the average level of disability is increasing, with an increasing number of recipients applying for recognition of multiple disabilities. The average payment rate rises with disability levels. Over the last five years this effect has largely offset the decrease in expenditure due to

the falling number of recipients. Cumulative CPI indexation explains 59% of net increase in expenditure over the five fiscal years.

### ***Medical Treatment***

Annual expenditure is forecast to increase to \$14.623 million in 2006/07. This is 54% higher than the \$9.519 million in 2001/02. Approximately 82% of this increase is due to increased expenditure on Medical Treatment (excluding Australia). A further 13% is due to increased expenditure on Aids and Appliances, with the remaining 5% due to increased expenditure on Australian Medical Treatment.

### ***Interest Concessions Land and Buildings***

Annual expenditure is forecast to decrease to \$82,000 in 2006/07 from \$187,000 in 2001/02. This decrease is driven by fewer numbers of outstanding loans and lower amounts of outstanding capital per loan.

### **Other Crown expenses**

A non-departmental other expense of \$281,000 in 2001/02 only as a donation to the Rannerdale War Veterans Home for its further development.

A non-departmental other expense of \$1.238 million in 2002/03 only as a donation to the Ranfurly War Veterans Home, the Rannerdale War Veterans Home, the Montecillo War Veterans Home and the Patriotic and Canteen Funds Board to cover employee entitlement liabilities and for future development.

### ***New Zealand Prisoners of War of Japan***

A total of \$4.5 million was provided in 2000/01 to pay a one off ex-gratia payment to ex-POWs, civilian internees, or their surviving spouses, who were held prisoner by Japan during the Second World War. Each ex-POW, civilian internee, or surviving spouse received a payment of \$30,000.

A total of \$337,000 was retained for ex-gratia payments to ex-POWs of Japan or their surviving spouses in 2003/04.

### **Capital expenditure**

#### ***Loan to the Rannerdale Trust***

A total of \$225,000 to provide a loan to the Rannerdale Trust to assist with the cost of deferred maintenance and capital works at the Rannerdale War Veterans' Home. Interest on the loan is charged at the capital charge rate. The loan will be repaid when there are no longer any World War II veterans resident in the Rannerdale War Veterans' Home, or in the event that the Home is sold. The interest on the loan is rolled up to be repaid with the principal.

#### ***Loan to the Montecillo War Veterans Home***

Two loans have been provided to the Montecillo Trust to assist with the cost of redevelopment of the Montecillo Veterans' Home and Hospital at a new site (\$225,000 in 2004/05 and \$2.500 million in 2005/06). Interest on the loan is charged at the capital charge rate. The loan will be repaid when there are no longer any World War II veterans resident in the Montecillo Veterans' Home and Hospital, or in the event that the Home is sold. The interest on the loan is rolled up to be repaid with the principal.

## New Policy Initiatives by Appropriation

Initiative	Appropriations as shown in Part B	\$000 increase/(decrease)				
		2005/06	2006/07	2007/08	2008/09	2009/10
Increase in funding to cover the additional costs associated with the commemoration of Anzac Day at Gallipoli.	Policy and Administration	637	674	746	820	897
The extension of eligibility for the single or single living alone rate of Veterans' Pension to all veterans' pensioners who have spouses or partners in long-term residential care.	Benefits and Other Unrequited Expenses - Veterans' Pension	3	3	4	4	4
The extension of the period of the time a person can continue to receive Veterans' Pension while they are overseas and working voluntarily for an aid agency, from 52 weeks to 156 weeks.	Benefits and Other Unrequited Expenses - Veterans' Pensions	-	6	7	7	7
<b>Total Initiatives</b>		640	683	757	831	908

## Part B - Statement of Appropriations

### Summary of Financial Activity

	2001/02	2002/03	2003/04	2004/05	2005/06		2006/07 Appropriations to be Used				2007/08	2008/09	2009/10	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
<b>Appropriations</b>														
Output Expenses	5,608	6,523	7,721	8,195	9,609	9,609	8,936	-	1,631	-	10,567	9,371	9,445	9,522
Benefits and Other Unrequited Expenses	201,205	209,350	224,733	238,311	255,729	255,729	N/A	N/A	272,426	-	272,426	287,194	300,115	310,520
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	1,751	1,238	90	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	225	225	2,500	2,500	N/A	N/A	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
<b>Total Appropriations</b>	<b>208,564</b>	<b>217,111</b>	<b>232,769</b>	<b>246,731</b>	<b>267,838</b>	<b>267,838</b>	<b>8,936</b>	<b>-</b>	<b>274,057</b>	<b>-</b>	<b>282,993</b>	<b>296,565</b>	<b>309,560</b>	<b>320,042</b>
<b>Crown Revenue and Receipts</b>														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Capital Receipts	-	-	225	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
<b>Total Crown Revenue and Receipts</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Part B1 - Details of Appropriations**

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Departmental Output Expenses (General)</b>							
Policy and Administration (M75)	1,926	-	1,926	-	2,783	-	- 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 and funding activities for Year of the Veteran.
Processing and Payment of Pensions (M75)	4,155	-	4,155	-	4,155	-	- The purchase of processing and payment of War Disablement Pensions and related allowances, veterans'-related pensions and concessions and payments under the Rehabilitation Loan Programme.
Services to Veterans (M75)	1,998	-	1,998	-	1,998	-	- To purchase the assessment of entitlements and benefits and the provision of appropriate services. This includes the assessment and review of entitlements and benefits - War Disablement Pension, Veterans' 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.
<b>Total Departmental Output Expenses (General)</b>	8,079	-	8,079	-	8,936	-	
<b>Non-Departmental Output Expenses</b>							
Development and Maintenance of Services Cemeteries (M75)	740	-	740	-	746	-	- The purchase of the development and maintenance of Services Cemeteries.
Support for Veterans and Their Families (M75)	790	-	790	-	885	-	- To provide 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 and additional support for veterans to facilitate them remaining in their own homes for as long as possible.
<b>Total Non-Departmental Output Expenses</b>	1,530	-	1,530	-	1,631	-	
<b>Benefits and Other Unrequited Expenses</b>							

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Interest Concessions Land and Buildings (M75)	102	-	102	-	82	-	Provision of the differential between the 3% or 5% Rehabilitation Loan rate and the current market rate as set out in the Rehabilitation Act 1941. Legislation enacting the scheme was repealed in August 1991 and the Rehabilitation Loan Programme has since ceased. Current provisions cover the grandparenting of loans.  Reason for Change: The decrease in expenditure is due to a decrease in the value of outstanding loans.
Medical Treatment (M75)	14,757	-	14,757	-	14,623	-	Provision to pay assessment costs for War Disablement Pension applications and reviews, medical treatment costs for accepted service-related disabilities, and the costs of appliances and equipment required as a result of an accepted disability as set out in the War Pensions Regulations 1956.  Reason for Change: The decrease in expenditure is primarily due to lower Medical Treatment (excluding Australia). This is partially offset by higher expenditure on Aids and Appliances such as hearing aids and higher, exchange rate driven, expenditure on Australian Medical Treatment.
Veterans' Pension (M75)	128,079	-	128,079	-	139,409	-	Provision of income support for ex-service people in a declared war or emergency who have either reached the qualifying age for New Zealand Superannuation and are on a 70% (or greater) War Disablement Pension, or are unable to participate in the labour force due to disability and who fulfill the New Zealand citizenship and residency requirements as set out in section 70 of the War Pensions Act 1954.  Reason for Change: The increase in expenditure is due to increased take-up of this pension, cost of living indexation and upward drift in the (non indexed) average rate as a greater proportion of people receive the single rates.
War Disablement Pensions (M75)	112,791	-	112,791	-	118,312	-	Provision to pay War Disablement Pensions to ex-service people who have a disability attributed to, or aggravated by service in a declared war or emergency at any time, or in routine service prior to 1974 as set out in section 19 of the War Pensions Act 1954. This appropriation also covers Surviving Spouse Pensions as set out in section 48 of the War Pensions Act 1954, the allowances set out under the War Pensions Act 1954 and the War Pensions Regulations 1956.  Reason for Change: The increase in expenditure is due to the cost of living indexation of rates and the increase in average disability levels more than offsetting the fall in the number of recipients.
<b>Total Benefits and Other Unrequited Expenses</b>	255,729	-	255,729	-	272,426	-	
<b>Capital Expenditure</b>							

	2005/06				2006/07		
	Budget		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of 2006/07 Appropriations
Loan to the Montecillo Trust (M75)	2,500	-	2,500	-	-	-	To provide for a loan to the Montecillo Trust, to assist with the redevelopment of the Montecillo Veterans' Home and Hospital, Dunedin.
<b>Total Capital Expenditure</b>	2,500	-	2,500	-	-	-	
<b>Total Appropriations</b>	267,838	-	267,838	-	282,993	-	

## Part C - Explanation of Appropriations for Output Expenses

### Part C1 - Departmental Output Expenses

#### *Vote Veterans' Affairs - Defence*

Vote Veterans' Affairs - Defence output expenses have been restructured to reflect the diversity and complexity of the services provided by VANZ and to provide more appropriate disclosure of Vote Veterans' Affairs - Defence activity.

##### **Policy and administration**

Through this output expense the Minister of Veterans' Affairs purchases policy advice on, and administration of, a wide range of issues relating to veterans' entitlements, care and recognition. This output expense includes policy advice, ministerial servicing and support, the administrative services to relevant boards and committees, the management of the Rehabilitation Loan Scheme, the co-ordination of New Zealand's participation in the commemoration of significant military anniversaries and the administration of the contracts for services provided under non-departmental output expense Development and Maintenance of Services Cemeteries, and undertaking quality audits of, maintenance and development work carried out in Services Cemeteries.

##### **Services to veterans**

Through this output expense the Minister of Veterans' Affairs purchases the assessment and review of entitlements and benefits and the provision of appropriate services. This includes the assessment and review of entitlements to War Disablement Pensions, Veterans' Pensions 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.

#### *Vote Veterans' Affairs - Social Development*

##### **Processing and payment of pensions**

Through this output expense the Minister of Veterans' Affairs will purchase the processing and payment of War Disablement Pensions and related allowances, Veterans' Pensions and related concessions, and payments under the Rehabilitation Loan scheme payments, and for collecting, monitoring, evaluating and reporting related data. This output expense contributes to the Ministry's high-level outcomes for Working-Age People and Older People, by providing veterans with information about and access to entitlements. More than 12% of veterans receiving or entitled to assistance are under the age of 65.

### Part C2 - Non-Departmental Output Expenses

#### *Vote Veterans' Affairs - Defence*

##### **Development and maintenance of Services Cemeteries**

Under this output expense, the Minister of Veterans' Affairs will purchase services for the development and maintenance of Services Cemeteries.

### Performance measurement

The Minister of Veterans' Affairs will expect:

- 181 Services Cemeteries throughout New Zealand to be maintained to specified standards.
- That agreed annual programme for capital works in Services Cemeteries will be in place.
- Works in Services Cemeteries to be to the satisfaction of Local Authorities and veterans' representative organisations, including the Royal New Zealand Returned Services Association.
- 90% of all contracts for capital works and maintenance in Services Cemeteries to comply with agreed contract standards.

### Cost

This output will be provided within the appropriated sum of \$0.746 million (GST exclusive).

	2005/06 \$000	2006/07 \$000
Total output class expenses	740	746
Total output class revenues	-	-

### Provider

A number of contracted providers are contracted on a one off basis to undertake capital works. Grants for routine maintenance are paid annually to Cemetery Authorities.

### Support for veterans and their families

Under this output expense, the Minister of Veterans' Affairs will purchase services for the provision of support for veterans and their families. This includes the provision of counselling for veterans' families, reimbursement of out of pocket expenses for children of veterans with specified conditions and additional support for veterans to facilitate them remaining in their own homes for as long as possible.

### Performance measurement

The Minister of Veterans' Affairs will expect:

- That an anticipated range of 200 - 300 contracts for service will be put in place.
- That the services provided will be to the satisfaction of the veteran and, or the veteran's family.
- 95% of all contracts for service will comply with agreed contract standards.

### Cost

This output will be provided within the appropriated sum of \$0.885 million (GST exclusive).

	2005/06 \$000	2006/07 \$000
Total output class expenses	790	885
Total output class revenues	-	-

### Provider

A number of contracted providers are contracted on a one off basis to provide services.

## Part D - Explanation of Appropriations for Other Operating Flows

### Part D1 - Benefits and Other Unrequited Expenses

#### *Vote Veterans' Affairs - Social Development*

##### **Veteran's Pension**

Veteran's Pension is payable to ex-Service personnel who served in the armed forces in a declared war or emergency, and have either:

- reached the qualifying age for New Zealand Superannuation and qualify for a War Disablement Pension of at least 70%, or
- not reached the qualifying age but are unable to work for a substantial period because of a disablement from any cause.

Veteran's Pension is not income-tested but is taxable. The rates of payment are the same as for New Zealand Superannuation.

Any adjustment to the net weekly amount of Veteran's Pension payable to a married or civil union couple must not be less than 65% or more than 72.5% of the net average ordinary time weekly earnings. As part of the Government's Confidence and Supply Agreement with New Zealand First the lower bound is set to 66% for the term of the Agreement.

##### **War Disablement Pensions**

A War Disablement Pension may be payable to:

- ex-Service personnel whose disablement is attributable to, or aggravated by their Service in a recognised war or emergency, and
- routine Service personnel whose disablement was caused, or aggravated by, Service prior to the implementation of the Accident Compensation Act on 1 April 1974.

War Pensions Claims Panels, acting under authority delegated by the Secretary for War Pensions (who is also the Director, Veterans' Affairs New Zealand); decide who is eligible to receive a War Disablement Pension and the pension rate.

A War Disablement Pension may be received on its own or in conjunction with other social assistance or income.

Weekly payments range from \$8.59 for a 5% disablement to \$171.89 for a 100% disablement. Thresholds over 100% are payable in cases of severe disablement, up to \$302.53 (160% disabled and over 60 years of age).

A Surviving Spouse Pension of \$126.79 per week may be payable to surviving spouses or surviving partners of ex-Service personnel or routine-Service personnel in certain circumstances. This pension is paid in addition to any other social assistance or income.

There is also provision to pay specific concessions and allowances to veterans with certain disabilities, and educational bursaries to children of veterans or surviving spouses in some cases. Educational bursary payments range from \$188.36 to \$894.10 per child, per year.

**Medical Treatment**

Medical Treatment is a War Disablement Pensions entitlement available for accepted service related disabilities arising from service with the armed forces prior to 1 April 1974, or as a result of service on or after 1 April 1974 in connection with a recognised war or emergency. The appropriation covers medical assessment costs and costs related to individual veteran's medical treatment, including pharmaceutical supplies, aids and appliances, and travel associated with medical appointments. Medical Treatment is paid on an ad hoc basis and is made up of three categories: Medical Treatment (excluding Australia), Australian Medical Treatment and Aids and Appliances.

**Interest Concessions Land and Buildings**

The Rehabilitation Loan programme is a programme that funds the difference between the fixed 3% or 5% interest rate, available to eligible ex-Service personnel for their mortgage, and the current market rate. The Rehabilitation Loan programme was discontinued in 1991 and no further Rehabilitation Loans are available. Loans within the system are being 'grand-parented' out of the system. All current loans have a value of below \$13,000, and the number of outstanding loans is gradually reducing.

## Part E - Explanation of Capital Flows

### Part E3 - Explanation of Appropriations for Capital Expenditure

#### *Non-Departmental Capital Contributions*

##### **Loan to the Montecillo Trust**

This appropriation provides for a loan of \$2.5 million made by the Crown to the Montecillo Trust to assist with the cost of redevelopment of the Montecillo Veterans' Home and Hospital at a new site. Interest on the loan is charged at the capital charge rate. The interest on the loan is rolled up to be repaid on repayment of the principal.

The loan to the Montecillo Trust will be repaid when there are no longer any World War II veterans resident in the Montecillo Veterans' Home and Hospital, or in the event that the Home is sold.