

Hon Bill English
Minister of Finance
PARLIAMENT BUILDINGS

Dear Bill

I have undertaken a review of the appropriations that form Vote Veterans' Affairs – Defence Force.

There are no options for savings to be made within the departmental appropriation. The non departmental appropriations are fully committed with on going pressure on the appropriation that funds additional services to veterans.

Veterans' Affairs New Zealand will be undertaking a review of expenditure in two specific areas of activity:

- Expenditure of commemorations at Gallipoli.
- Services provided through case management

The review has identified that there is no ongoing funding provision for the specific programme of ex-gratia payments established under the MOU signed in 2006 between the government, the RNZRSA and the EVSA. The on-going liability for these ex-gratia payments is for the life of the Vietnam veteran population and the life of their children. On-going funding will be required if this programme is going to be continued.

Yours sincerely

Hon Judith Collins
Minister of Veterans' Affairs

Minister of Veterans Affairs

Review of the Appropriations that form Vote Veterans' Affairs – Defence Force

Overview

1. Vote Veterans' Affairs – Defence Force has a total departmental appropriation of \$8.082 million. The non-departmental appropriations detailed in the following table are administered as part of the Vote.

Non - Departmental Appropriations (\$ millions)	
Development and Maintenance of Services Cemeteries	0.746
Support for Veterans and Their Families	1.227
Ex-Gratia Payments	0.800
Interest Concessions Land and Buildings (BOUE)	0.045
War Pensions Medical Treatment (BOUE)	18.767
War Disablement Pensions (BOUE)	137.994

2. In the 2009/10 year the departmental appropriation reduces to \$7.700 million as a result of the fact that the 2008/09 year contains one off funding for the implementation of the Veterans' Affairs New Zealand review.

Savings that can be freed up for Budget 2009

3. There are no savings that can be made within the departmental appropriation.
4. The non departmental appropriation for the 'Development and Maintenance of Services Cemeteries' is fully committed to supporting local authorities with the perpetual maintenance of Services Cemeteries.
5. The non departmental appropriation 'Support for Veterans and Their Families' provides for additional services in situations where there is no publicly funded service available. To improve service delivery VANZ is moving to have all veterans case managed. This will increase the number of veterans being case managed by 100%. As a consequence of this change it is estimated that the current funding available for these services will not meet the increased demand and that new funding will be required for the 2009/10 and outyears.
6. The three non departmental Benefit and Other Unrequited Expenditure (BOUE) appropriations are demand driven.

Programmes that are inconsistent with this government's priorities and should be discontinued

Programmes that may be inconsistent with this government's priorities and should be looked into

7. Veterans' Affairs New Zealand does not believe that it is running any programmes that are inconsistent with the government's priorities for veterans.

Programmes and expenditure that are not efficient or effective

Areas where performance information is insufficient to make a judgement about efficiency or effectiveness

8. Veterans' Affairs New Zealand has a limited operational budget. Activity is constantly monitored to ensure the efficiency and effectiveness of spend.

Actions agencies should take to make improvements by the next review period

9. Veterans' Affairs New Zealand will be undertaking a review of expenditure in two specific areas of activity:
10. Expenditure of commemorations at Gallipoli. 2010 marks the 95th commemoration of the Gallipoli landings. A review of the current expenditure on Gallipoli will be undertaken to ensure that the additional costs associated with the 2010 commemoration can be undertaken from within baselines.
11. Services provided through case management. A review will be undertaken to ensure that the services provided to Veterans through the Veterans' Affairs New Zealand case management service are value for money.

Initiatives of the previous government that are not funded

12. The MOU signed in 2006 between the government, the RNZRSA and the EVSA in response to the concerns of Vietnam veterans and their families included a specific programme of ex-gratia payments for specific medical conditions. Claims for the ex-gratia payments are not time limited. A one off appropriation of \$1.215 million was made to cover the cost of the payments. The actual cost of the ex-gratia payments has been \$2.585 million to date. The on-going liability for the ex-gratia payments is for the life of the Vietnam veteran population and the life of their children. On-going funding is required to fund this ongoing liability.

Rick Ottaway
General Manager