

Performance Information for Appropriations

Vote Veterans' Affairs - Social Development

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

ADMINISTERING DEPARTMENT: Ministry of Social Development

MINISTER RESPONSIBLE FOR MINISTRY OF SOCIAL DEVELOPMENT: Minister for Social Development

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 2013/14 financial year covering the following:

- a total of \$440,000 to process and pay Veterans' Pensions, and
- a total of just over \$167 million for Veterans' Pension payments.

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

Please note that the appropriations that were formerly in Vote Veterans' Affairs - Defence Force are now in Vote Defence Force.

Part 1.2 - High-Level Objectives of the Vote

Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Reducing long-term welfare dependency	More people into work and out of welfare dependency	Departmental Output Expense Processing and Payment of Veterans' Pensions Benefits and Other Unrequited Expenses Veterans' Pension
Improving interaction with government	More people interact with the Ministry in a digital environment	Departmental Output Expense Processing and Payment of Veterans' Pensions Benefits and Other Unrequited Expenses Veterans' Pension

The performance measures contained in the Information Supporting the Estimates are the main measures and standards that demonstrate performance for the significant outputs in each appropriation.

Objectives of the Vote

Vote Veterans' Affairs - Social Development contributes to delivering prosperity, security and opportunities for participation to New Zealand Veterans, through the processing and payment of the Veteran's Pension.

The impact that the appropriations in Vote Veterans' Affairs - Social Development are intended to have is reflected in the Ministry of Social Development's outcomes of more people into work and out of welfare dependency and more people interact with the Ministry in a digital environment.

The table above maps the Ministry of Social Development's outcomes and appropriations to this Government priority.

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2008/09	2009/10	2010/11	2011/12	2012/13		2013/14			2014/15	2015/16	2016/17
	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	777	391	328	375	443	443	440	-	440	438	438	438
Benefits and Other Unrequited Expenses	194,444	179,230	178,048	176,529	172,319	171,319	N/A	167,008	167,008	158,577	154,228	147,930
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	195,221	179,621	178,376	176,904	172,762	171,762	440	167,008	167,448	159,015	154,666	148,368
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	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Government Response to Law Commission's Report on the War Pensions Act 1954	Veterans' Pension (M75) Benefits and Other Unrequited Expenses	-	-	(3,474)	(2,148)	(1,842)
Portability of New Zealand Superannuation to the Realm of New Zealand	Veterans' Pension (M75) Benefits and Other Unrequited Expenses	-	-	-	91	101
Special Annuity: William Teariki Mataki Framhein	Veterans' Pension (M75) Benefits and Other Unrequited Expenses	(6)	(16)	(17)	(17)	(17)
Total Initiatives		(6)	(16)	(3,491)	(2,074)	(1,758)

Analysis of Significant Trends

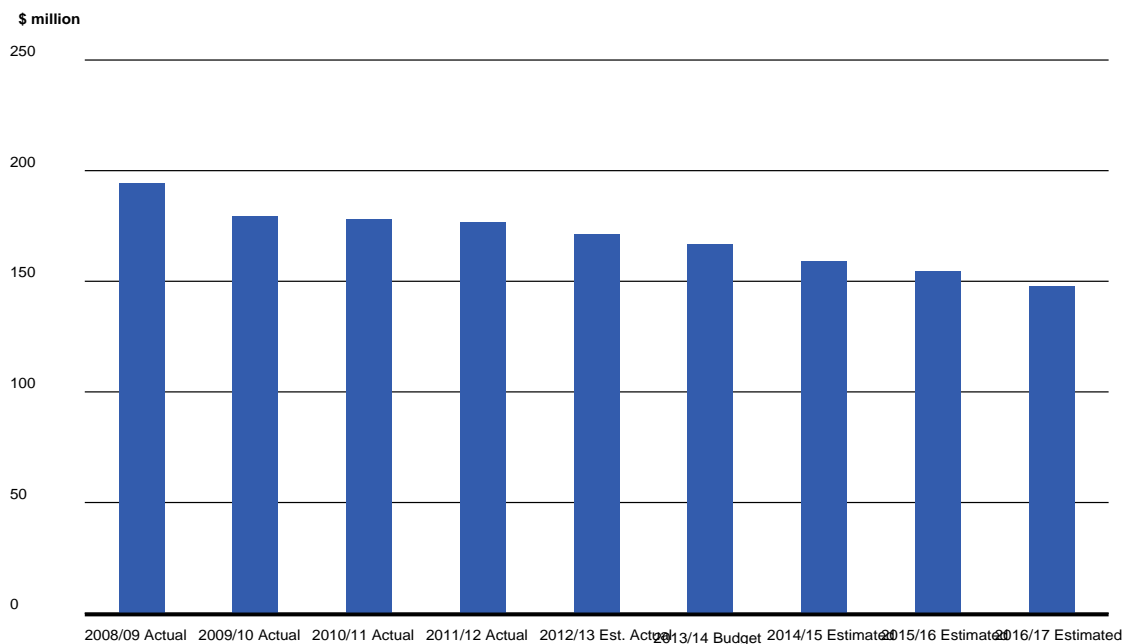
Total Vote: All Appropriations

The movements in departmental and non-departmental appropriations in Vote Veterans' Affairs - Social Development, which are detailed above, are mainly driven by movements in non-departmental benefits and other unrequited expenses. In 2008/09 appropriations reduced significantly as responsibility for War Disablement Pensions, Medical Treatment and Interest Concessions Land and Buildings transferred to Vote Veterans' Affairs - Defence Force in August 2008, leaving only the processing and payment of Veteran's Pension in Vote Veterans' Affairs - Social Development.

Non-Departmental Benefits and Other Unrequited Expenses

Veterans' Pension

Figure 1 - Trends in Veterans' Pension



Financial Year

Source: Ministry of Social Development

The above graph shows expenditure levels falling since 2008/09 and the trend is expected to continue through to 2016/17. The big drop in expenditure between 2008/09 and 2009/10 resulted from a transfer of three expenditure items to Vote Veterans' Affairs - Defence Force in August 2008. Notwithstanding the decrease in expenditure from the transferred items, the underlying Veteran's Pension expenditure recorded an increase of \$3.400 million between 2008/09 and 2009/10 but has fallen each year since then. The increase in expenditure reflected the cost of living indexation while the number of recipients plateaued at just over 11,000 during 2009. The number of recipients has continued to fall to an average of 9,800 in 2011/12 and is estimated to average 9,250 in 2012/13 and 7,250 in 2016/17. Annual expenditure will fall by about \$28.599 million from \$176.529 million in 2011/12 to \$147.930 million in 2016/17.

Accumulated cost of living indexation adjustments add an estimated \$30 million to annual expenditure between 2008/09 and 2016/17. Overall, underlying Veteran's Pension annual expenditure is expected to fall by about \$28 million between 2008/09 and 2016/17. The main drivers of the change are the upward influence of indexation being more than countered by the reducing numbers of recipients.

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
Outcome - Reducing long-term welfare dependency	More people into work and out of welfare dependency
Outcome - More people interact with the Ministry in a digital environment	Processing and Payment of Veterans' Pensions

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriation, please see the Statement of Intent for the Ministry of Social Development.

Processing and Payment of Veterans' Pensions (M75)

Scope of Appropriation

This appropriation is limited to the processing and payment of Veterans' Pensions and related allowances.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	443	443	440
Revenue from Crown	443	443	440
Revenue from Other	-	-	-

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The percentage of Veterans' Pension entitlement assessments completed accurately will be between	95%	95%	90-95%
The percentage of Veterans' Pension entitlement assessments completed within required timeframes (see Note 1) will be between	95%	95%	90-95%

Note 1 - Five working days for Veterans' Pension entitlement assessments for payment in New Zealand and 20 working days for Veterans' Pension entitlement assessments for payment overseas.

Conditions on Use of Appropriation

Reference	Conditions
War Pensions Act 1954	The War Pensions Act 1954 provides for payment of Veteran's Pension.
War Pensions Regulations 1956	The War Pensions Regulations 1956 provide for the administration of Veteran's Pension.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Current Government						
Efficiency Saving	2012/13	(7)	(10)	(12)	(12)	(12)

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
Outcome - More people into work and out of welfare dependency	Veterans' Pension
Outcome - More people interact with the Ministry in a digital environment	Veterans' Pension

Veterans' Pension (M75)

Scope of Appropriation

Provision of income support for ex-service people who served in a declared war or emergency and who have either reached the qualifying age for New Zealand Superannuation and are on a 70% (or greater) War Disablement Pension, or are prevented from undertaking employment for a substantial period due to disability and who fulfill the New Zealand citizenship and residency requirements as set out in the War Pensions Act 1954.

Expenses

	2012/13		2013/14	2014/15	2015/16	2016/17
	Budgeted \$000	Estimated Actual \$000	Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Total Appropriation	172,319	171,319	167,008	158,577	154,288	147,930
Supplementary Estimates Add-on	1,000	-	-	-	-	-

Reasons for Change in Appropriation

The reduction in annual expenditure reflects the steady decline in the expected number of recipients. This effect more than offsets the annual inflation adjustments, which increase payment rates each April.

Conditions on Use of Appropriation

Reference	Conditions
Veterans' Pensions paid in accordance with the criteria set out in sections 70 to 74W of the War Pensions Act 1954.	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 prevented from working 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. The spouses of deceased Veteran's Pension recipients continue to receive it or may be awarded Veteran's Pension if the deceased veteran would have been entitled to receive it at their date of death.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Portability of New Zealand Superannuation to the Realm of New Zealand	2015/16	-	-	-	91	101
Government Response to Law Commission's Report on the War Pensions Act 1954	2014/15	-	-	(3,474)	(2,148)	(1,842)
Special Annuity: William Teariki Mataki Framhein	2012/13	(6)	(16)	(17)	(17)	(17)
Veteran's Pension Coverage for Additional Deployments	2012/13	105	130	156	219	219
Budget 2010 Tax Package	2010/11	3,262	3,286	3,286	3,286	3,286
Changes to the Living Alone Payment for Single New Zealand Superannuitants and Veteran's Pensioners	2010/11	5	5	5	5	5
Future Focus	2010/11	30	29	29	29	29
Setting New Zealand Superannuation and Veteran's Pension rates at a minimum of 66% of the net average wage	2009/10	162	162	162	162	162