

## Policy Impact Analysis

### Proposal to extend eligibility for the Veteran's Pension

#### Background

1. The Veterans' Support Bill (the Bill) currently provides that, for veterans with qualifying operational service who are in receipt of a War Disablement Pension (for disablement of at least 70% under the War Pensions Act 1954), a disablement pension or a permanent impairment payment (of at least 52% whole-person impairment under the new Act), Veteran's Pension entitlements will be as follows:

**a) On reaching New Zealand superannuation qualification age, the veteran receives:**

- (1) Veteran's Pension paid at the same rate as, but instead of, New Zealand Superannuation;
- (2) A Community Services Card;
- (3) Payments are not abated for extended hospitalisation; and
- (4) A lump sum payment on the death of a spouse/partner in receipt of a Veteran's Pension.

**b) The veteran's surviving spouse or partner is able to receive a:**

- (1) Lump sum payment on the death of the veteran;
- (2) Veteran's Pension when they reach New Zealand Superannuation qualification age (if otherwise eligible for New Zealand Superannuation); and
- (3) Community Services Card.

#### Extension of the Veteran's Pension

2. The option considered would extend the Veteran's Pension to all veterans with qualifying operational service, and tailor the subsequent entitlements to the veterans' varying levels of impairment.

Option for extending the Veteran's Pension (VP)	Objectives				Increased Fiscal Costs	Improve on Status quo?
	Additional support	Modernised approach	Accurate disablement assessment	Clear entitlements		
Extend VP to veterans with qualifying operational	Yes	Yes	Yes	Yes	2014/15: \$1.337 mil	Yes

Option for extending the Veteran's Pension (VP) service	Objectives				Increased Fiscal Costs	Improve on Status quo?
	Additional support	Modernised approach	Accurate disablement assessment	Clear entitlements		
					Outyears: approx \$0.346 mil	

3. This proposal would extend entitlement for the Veteran's Pension under the new Act as follows:

**c) a. On reaching New Zealand Superannuation qualification age, all veterans with qualifying operational service will be eligible to apply for a Veteran's Pension. For these veterans, Veteran's Pension entitlements will be:**

(1) Veteran's Pension paid at the same rate as, but instead of, New Zealand Superannuation; and

(2) Payments are not abated for extended hospitalisation; and

(3) A Community Services Card.

**d) b. For veterans with qualifying operational service who are in receipt of a War Disablement Pension (of at least 70% under the War Pensions Act 1954), a disablement pension or a permanent impairment payment (of at least 52% under the Veterans' Support Act), a Veteran's Pension will also include:**

(1) Lump sump payment on death; and

(2) Veteran's Pension and a Community Services Card for the spouse/partner.

4. The above reflects the eligibility criteria which are currently drafted in the Bill.

## Analysis

5. The change will provide additional support over and above that provided to other New Zealanders who have reached the superannuation age, in recognition of the sacrifice veterans have made in service to New Zealand. Extending the Veteran's Pension to all veterans with qualifying operational service and tailoring the subsequent entitlements to the veterans' varying level of impairment provides the legislation the flexibility to better recognise the impact which service-related impairment has on the lives of veterans of operational service.

6. The number of veterans affected by extending the Veteran's Pension to all veterans meeting the proposed eligibility criteria is:

	<b>Number of additional veterans</b>			
	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>	<b>FY17/18</b>
<b>VP Changes</b>	16,737	14,546	12,578	10,817

7. The cost of extending the Veteran's Pension to all veterans meeting the proposed eligibility criteria is:

	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>	<b>FY17/18</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Hospitalisation</b>	0.094	0.096	0.098	0.101
<b>Community Services Card</b>	0.250	0.250	0.250	0.250
<b>MSD admin</b>	0.993	0	0	0
<b>TOTAL</b>	1.337	0.346	0.348	0.351

8. The Ministries of Health and Social Development have advised that these costs can be met from within their respective baselines.

### **Consultation**

9. Consultation has been undertaken with the Ministry of Social Development and the Ministry of Health. The Treasury and the Department of Prime Minister and Cabinet have been advised.