

## **LAPSED FUNDING**

- Our benefits are demand-driven; so no matter how many Veterans come forward, when eligible, they will receive their benefits. These are based on estimates and the process guarantees that whenever a Veteran comes forward—this year, next year, or beyond—they will receive benefits.
- Our priority is to help Veterans. In fact, almost all (93%) of the department's budget goes to funding Veterans' programs and benefits. Last year alone, that amounted to \$4.4 billion spent directly on benefits and services for Veterans, their families and other eligible recipients – a billion more than at the peak of funding by the previous government.
- Since 2016, our government has invested \$10.3 billion for Veterans.
- It is no surprise that the number of Veterans coming forward with disability benefit applications has increased by a third (32%) over the past three years, since the previous government left office.
- Whether ten Veterans, or 10, 000 come forward, they will receive the benefits they need. To deal with that increase, we invested \$42.8 million in Budget 2018 to eliminate the backlog of applications over 16 weeks.
- To keep up with the rise in demand and ensure that Veterans get services and benefits when they need them, we invested \$42.8 million in Budget 2018 to increase service delivery capacity.
- Changing how the government accounts for lapsed money for Veterans programs does not preclude investment in Veterans since those resources are always there for us to draw on.

## **BACKGROUND - LAPSED FUNDING**

On 5 November 2018, the following motion by MP Gord Johns (Courtenay – Alberni) was discussed for Opposition Day:

“That, in the opinion of the House, the government should automatically carry forward all annual lapsed spending at the Department of Veterans Affairs to the next fiscal year, for the sole purpose of improving services for Canadian veterans, until the Department meets or exceeds its 24 self-identified service standards.”

### **Veterans Affairs Canada supported this motion and the rationale was as follows:**

The Government already does this. Money returned to the consolidated revenue fund (lapsed) for quasi-statutory programming is accessible the next year to fund Veterans programming based on demand. This is how “quasi-statutory” program authority works. Veteran programs/services are funded based on need regardless of when the Veterans come forward to receive the benefit.

This motion alone would have minimal impact on back logged applications as the department typically has not lapsed more than the currently authorized maximum operating budget carry forward amount. This is funding used to deliver Veteran programs/services. However, if the department were to lapse more than the maximum allowable carry forward, this motion would support retaining all lapsed funding.

We do not need to change how the government does budgetary accounting to invest more money in Veterans and invest in decreasing the wait time for applications to be seen.

Our priority as a department and a government is to help Veterans access the supports and services they need. We do this through the delivery of programs such as disability benefits, education, training and financial benefits. In fact, 93 per cent of the department’s budget goes to funding these programs and benefits. Last year alone, that amounted to \$4.4 billion spent directly on Veterans and their families – a billion more than at the peak of funding by the previous government.

Since 2016, our government has invested \$10-billion in new resources improving benefits for Veterans and their families and introducing new programs to help return to the life the men and women of the Canadian Armed Forces want to live after their military career is over.

It is no surprise that the number of Veterans coming forward with disability benefit applications has increased by 32 per cent over the past three years, since the previous government left office. Whether ten Veterans, or 10, 000 come forward, they will receive the benefits they need. To keep up with the rise in demand and ensure that Veterans get services and benefits when they need them, we invested 42.8 million in Budget 2018 to increase service delivery capacity. Changing how the government accounts for lapsed money for Veterans programs does not preclude investment in Veterans since those resources are always there for us to draw on.

## **Background information on Lapsed Funding:**

Veterans Affairs Canada manages two main budgets – the first budget represents over 93% of the department's entire funding and is what is required annually for Programs and Benefits for Veterans, their families and other clients. The other, much smaller budget, is provided to run the operations of the department, itself.

Regarding the Operating Budget, Veterans Affairs Canada is able to carry forward up to 5% of unused funds annually into the next fiscal year. In the past several years, the department did not lapse more than its maximum allowable carry forward.

Regarding the much larger budget – the funding for Programs and Benefits, each year Veterans Affairs Canada estimates how many Veterans will come forward and receive program benefits, and how much funding will be required to meet that forecasted demand. This budget is very different from the Operating Budget, in that it is based entirely on demand for authorized programs and benefits, hence is "quasi-statutory" in nature.

If fewer Veterans than forecasted use Veterans Affairs Canada's programs, or if there is less uptake of benefits in a certain fiscal year, then the unused funding is returned to the fiscal framework, but never at the expense of an eligible Veteran.

At the beginning of the next annual budget cycle, the process repeats itself - a new Program and Benefit budget is provided based on another evaluation of forecasted demand.

Veterans Affairs builds its annual budgets so that the Department can fully respond to demand from Veterans for benefits and services. The Department's forecasting models ensure there is sufficient funding for all eligible Veterans who are likely to need help.

- Veterans Affairs' planned spending each year is established through the Main Estimates and Supplementary Estimates.