"SURPLUSED" BUDGET

- Our benefits are demand-driven; so no matter how many Veterans come forward, when eligible, they will receive their benefits.

- Our forecasts 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, over 90% 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 over $10 billion for Veterans.

- It is no surprise that the number of Veterans coming forward with disability benefit applications has increased by 60% since the previous government left office in 2015.

- To keep up with the rise in demand and ensure that Veterans get services and benefits when they need them, we invested $36.7 million in Budget 2018, and a further $192 million funding commitment over the next two years 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 – "SURPLUSED" BUDGET

The majority of Veterans Affairs Canada's programs and 90% of the $5.4B budget in fiscal year 2020-21 are quasi statutory based on the fact that these programs (e.g. Pain and Suffering Compensation, Income Replacement Benefit, Veterans Independence Program) are demand driven and non-discretionary.

For these quasi-statutory programs, Veterans Affairs Canada annually estimates how many Veterans will come forward and receive program benefits, and how much funding will be required to meet that forecasted demand.

If, during the year, more Veterans require benefits and services than forecasted under a specific Veteran program, Veterans Affairs Canada has the ability to increase budgets accordingly through an annual *redacted*

Conversely, if fewer Veterans than forecasted access certain benefits and services under a specific Veteran program, then any unused funding is returned to the fiscal framework in that fiscal year.

At the beginning of the next fiscal year, the annual process repeats itself with a new budget established through the Main Estimates based on the updated forecast for demand.

Other components of Veterans Affairs Canada's budget are the following:

- Regular Operating Budget (approximately 7% of 2020-21 overall budgets)
  - provided to run the operations of the department itself. Departments have the ability to carry forward up to 5% of their unused operating budget or to re-profile funds from one year into future years for major projects.

- Other Program and Transfer Payment Budget (approximately <1% of 2020-21 overall budgets)
  - programs such as the Partnership Contribution Fund or the Veterans Wellbeing Fund are managed as regular grants and contribution funds and all unused funds are returned to the fiscal framework. Other funding included in this category is the

temporary funding for the transfer of Ste Anne's hospital and the Community Outreach and Renewal Initiative.

- Statutory Budget (approximately 1.3% of 2020-21 overall budgets)
  - provided for specific items that have already been authorized by legislation such as Employee Benefit Plans. Accounting for these items reflect actual expenditures so there is no limit or lapse.

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:

This motion alone would have minimal impact on back logged applications.

The Government already does this for quasi-statutory programming. 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.

In relation to funding used to deliver Veteran programs/services, the department has always employed existing authorities and mechanisms to carry forward or re-profile operating budget lapses into the following fiscal years.

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, over 90 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 over $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 60% since the previous government left office in 2015. 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 $36.7 million in Budget 2018 we invested $36.7 million in Budget 2018 and a further $192 million funding commitment over the next 2 years to increase service deliver 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.