

ANNEX A TO THE MR

GOVERNMENT RESPONSE

Mr. Greg Kerr, M.P.
Chair
Standing Committee on Veterans Affairs
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6
Canada

Dear Colleague:

Pursuant to Standing Order 109 of the House of Commons, we are pleased to enclose the Government Response to the Standing Committee on Veterans Affairs' report entitled *The New Veterans Charter: Moving Forward*.

We have read your report with interest and value your observations. We would also like to take this opportunity to thank you and the members of the Standing Committee for your work and dedication.

Sincerely,

The Honourable Julian Fantino, P.C., C.O.M., O. Ont., M.P.

The Honourable Robert Nicholson, P.C., Q.C., M.P.

Enclosure

cc Jean-François Pagé
Clerk, Standing Committee on Veterans Affairs

**Government Interim Report and Implementation Strategy to the Standing Committee on
Veterans Affairs' Report:
*The New Veterans Charter: Moving Forward***

The Government of Canada welcomes the opportunity to respond to the Third Report of the Standing Committee on Veterans Affairs, *The New Veterans Charter: Moving Forward*. We would like to thank both the Committee for its study and the 54 witnesses who appeared before the Committee from November 2013 until June 2014.

The Committee was asked to conduct a comprehensive review of the New Veterans Charter with special focus on the most seriously disabled, their families, the delivery of programs, and how we define and demonstrate the Government of Canada's relationship with Veterans. The Government is pleased with the Committee's findings that the New Veterans Charter has sound principles which should be upheld, and that the vast majority of Canada's 697,000 Veterans and 95,000 Canadian Armed Forces personnel are served well by the New Veterans Charter programs.

The Committee's review has assessed the overall effectiveness of the Government's \$27 billion in investments in Veterans benefits, programs and services since 2006. While allocations for benefits for Canadian injured Veterans has increased by \$4.7 billion since 2006, the Government agrees that more can and must be done to enhance service delivery to ensure that injured Veterans and their families are supported.

The Veterans Ombudsman recently noted that the New Veterans Charter was designed to address the frustrations faced by Veterans over many decades under the previous *Pension Act*. The introduction of the New Veterans Charter, that was unanimously supported by all parties, focuses on wellness and seeks to facilitate the transition for Veterans and their families from military to civilian life.

Under the New Veterans Charter, seriously disabled Veterans have access to benefits for life. It has re-focused Government support on those who need it most by ensuring that rehabilitation and successful transition remains paramount in everything we do to support Canada's injured Veterans.

As a living document, since 2006, the Government has worked with Veterans' groups and undertaken numerous measures to enhance the New Veterans Charter. An outline of these improvements and others is provided in Appendix A to the Government Response.

Additionally, the Government of Canada will continue to ensure that financial benefits and services meet the needs of Canada's Veterans.

Building on these enhancements to the New Veterans Charter, the Government is pleased to indicate that it agrees with the spirit and intent of the vast majority of the Committee's recommendations. Many of these recommendations involve potentially complex changes to some Veteran programming. The implications of any potential changes must, therefore, be carefully assessed.

Therefore, the Government plans to address the recommendations made in the Report using a phased approach.

The first stage is to address those recommendations that can be quickly achieved within existing authorities and budgets of Veterans Affairs Canada and the Department of National Defence and which will improve the continuum of service provided to Veterans and their families when they leave the Canadian Armed Forces.

The more complex recommendations require further inter-departmental work, budgetary analysis, and coordination with a wide range of federal departments, as well as with the Veterans Ombudsman and Veterans' groups. These recommendations will be considered in a second phase.

Our Government also continues to cut red tape for Veterans and their families. To help identify areas of improvement, the National Defence/Canadian Armed Forces and Veterans Ombudsmen are jointly reviewing the transition process between the Department of National Defence and Veterans Affairs Canada, and the Government has recently launched a similar third-party analysis. The findings, along with the Committee's recommendations, will inform any forthcoming improvements.

Stage One - Immediate Actions

Committee Recommendation 1

That military members seriously disabled as a result of service not be medically released until the following conditions are met:

- The individual is in a stable medical condition.
- The individual's medical records have been transferred to Veterans Affairs Canada in accordance with privacy legislation, an official copy of the medical files has been given to the veteran, and the initial application for services and financial benefits provided under Part 2 of the New Veterans Charter has been adjudicated by Veterans Affairs Canada.
- The individual's file has been assigned to a Veterans Affairs Canada case manager who has already established contact with the individual.
- The healthcare and rehabilitation professionals who will be supporting the individual during transition have been identified in the area where the veteran is planning to live once medically released and their respective responsibilities have been defined.
- And that an internal committee be struck by Veterans Affairs Canada and the Canadian Forces to:
 - develop a unified list of service conditions to be used interchangeably by Veterans Affairs Canada the Department of National Defence.
 - ensure to the greatest extent possible that the service-related condition, identified by the Canadian Armed Forces and that led to a veteran's release on medical grounds, be recognized by Veterans Affairs Canada for adjudication purposes.
 - establish a follow-up protocol for all military members who have been released for medical reasons.

Government Response 1

The Government of Canada is pleased to confirm that it will, as per current practice, ensure that all military personnel who are medically released from the CAF will only do so after they are medically stabilized. Veterans Affairs will implement a new protocol to ensure that contact between department officials and military members who are medically releasing is made at the onset of this process. Rehabilitation professionals where the Veteran intends to elect final residence after medical release will be identified as early on in the transition process as possible.

Government has also launched a third party analysis of the transition process to identify areas that can be improved between National Defence and Veterans Affairs. Both Veterans Affairs and National Defence are also working closely with the National Defence/Canadian Armed Forces Ombudsman and the Veterans Ombudsman who are conducting a similar, joint review of transition.

Committee Recommendation 2

That the Veterans Bill of Rights be included in the New Veterans Charter and in the *Pension Act*, and that a modified version of section 2 of the *Pension Act* be incorporated into the New Veterans Charter, and read as follows: The provisions of this Act shall be liberally construed and interpreted to the end that the recognized solemn obligation of the people and Government of Canada to provide compensation to those members of the forces who have been disabled or have died as a result of military service, and to their dependants, may be fulfilled.

Government Response 2

The Government of Canada confirms it will introduce legislation to amend the New Veterans Charter with a construction clause in line with that of the *Pension Act* which has served Canadian Veterans since shortly after the First World War.

Committee Recommendation 7

That independent access to Veterans Affairs Canada's psychosocial and vocational rehabilitation services be given to spouses or common-law partners of veterans with a service-related disability, that access to psychological counseling be also given to parents and children of veterans with a service-related permanent disability, and that financial support be provided to family members of seriously-disabled veterans acting as "primary caregivers" as defined under section 16. (3) of the Veterans Health Care Regulations.

Government Response 7

The Government shares the view of the Committee that support for families is a key component to facilitate a successful transition to civilian life. In this context, we fully agree with its recommendation to extend psychological counseling for Veterans families and will introduce new measures in this regard in due course.

Our Government will also work with Veterans groups and key stakeholders in the development of a new training program for Veterans caregivers. Careful review of extending vocational rehabilitation to family members is being considered, however it must not be at the expense of the Veterans rehabilitation program. With this in mind, further analysis of this aspect of the recommendation is currently underway.

Committee Recommendation 8

That Veterans Affairs Canada undertake a comprehensive review of the amount of the disability award to more adequately reflect awards in civil liability cases for personal injuries, implement a transparent and clear process for determining its value, and improve support for financial counseling throughout the process.

Government Response 8

The Government agrees in principle with this proposal and will explore options for addressing the recommendation.

Committee Recommendation 9

That the Service Income Security Insurance Plan (SISIP) Long Term Disability program be provided only to veterans medically released for a disability not related to military service, that all veterans released for service-related medical reasons benefit from the programs offered under the New Veterans Charter, and that the Canadian Forces and Veterans Affairs Canada work together as quickly as possible to eliminate overlap between Service Income Security Insurance Plan (SISIP) programs and those provided by Veterans Affairs Canada.

Government Response 9

The Government agrees in principle with this proposal and will explore options for addressing the recommendation.

Committee Recommendation 10

That eligible vocational rehabilitation training programs be allowed greater flexibility, and be less strictly related to skills acquired during military service.

Government Response 10

The Government fully agrees on the need to ensure maximum flexibility for Veterans and their families with regards to vocational rehabilitation. In 2013, the Government made improvements to the program by expanding the list of eligible training expenses. Veterans are now also able to claim individual vocational rehabilitation expenses through an overall program funding

envelope, to a maximum total value of up to \$75,800 per person. This change gives Veterans more flexibility in their vocational rehabilitation plans, which are based on the individual needs of each Veteran and simplify training plan approval and claims processing.

Committee Recommendation 11

That Veterans Affairs Canada establish a more rigorous case manager training program, and review the standard under which one case manager is assigned to 40 veterans, to determine if the ratio is appropriate, and to provide necessary resources for its adjustment if required.

Government Response 11

The cornerstone of the New Veterans Charter is case management, and as such Veterans Affairs agrees to explore a new and improved process whereby the needs of the client rather than overall numbers will determine how many Veterans are assigned to one case manager. As a result of this recommendation, the intent is to rebalance the case work load of complex and lower intensity cases in order to help case managers give the appropriate amount of care to each Veteran.

Committee Recommendation 12

That Veterans Affairs Canada and the Department of National Defence build on their existing collaborative efforts by providing adequate resources for research and understanding of known and emerging manifestations of operational stress injuries.

Government Response 12

The recent studies in the use of animal therapy for Veterans or related to the role of psychiatric service dogs in treating post-traumatic stress disorder (PTSD) demonstrate the Government's ongoing commitment to military and Veterans health research. The Government agrees that research in this field is valuable and necessary to develop new tools and treatments that can help Veterans and their families. In this context, the Government intends to continue research that will further inform programs and policies on Veterans' wellness. For additional detail on research initiatives, see Appendix A, paragraphs 49-61.

Committee Recommendation 13

That Veterans Affairs Canada consider moving towards a payment system that results in one comprehensive monthly payment that clearly identifies the source of funding, while ensuring the net benefit to the veteran is not reduced.

Government Response 13

The Government welcomes this recommendation and will immediately undertake measures to combine payments and benefits, leading to less confusion and significantly less Red Tape.

Committee Recommendation 14

That Veterans Affairs Canada and the Department of National Defence, after they have tabled their official response to this report within the next 120 days, also table, by 30 January 2015, a report outlining the progress made on implementing the recommendations in this report, and that the New Veterans Charter, as a "living document", be amended to include a mandatory review of its provisions to be undertaken by the appropriate parliamentary committees as required.

Government Response 14

The Government of Canada supports and welcomes the Standing Committee on Veterans Affairs initiative to study the New Veterans Charter. After careful review, no new legislative or parliamentary authorities are needed to enable or allow such future reviews by the Committee.

Stage Two: Comprehensive Recommendations

Committee Recommendation 3

That the most seriously disabled veterans receive financial benefits for life, of which an appropriate portion should be transferable to their spouse in the event of death, that Veterans Affairs Canada consider the use of a probable earnings approach in determining the amount of the benefits, and include better access to the three grades of the permanent impairment allowance, for which eligibility criteria must be clarified.

Government Response 3

The Government agrees with the spirit and intent of this recommendation. Under the current legislation, the most seriously injured Veterans receive monthly financial benefits for life that can equate to thousands of dollars each month. For example, eligible seriously injured Veterans can receive a monthly Permanent Impairment Allowance (PIA) for life. Amounts payable range from \$574.89 per month to \$1,724.65 per month for the most seriously injured. In addition to this, a PIA supplement of \$1,056 per month is payable to Veterans in receipt of PIA who are unable to be gainfully employed. Given the interdepartmental, fiscal and legal implications of this recommendation, further due diligence is required to address this proposal.

Committee Recommendation 4

That the earnings loss benefit be non-taxable and set at 85% of net income, up to a net income threshold of \$70,000, that it be adjusted annually to the consumer price index, and that for veterans who participate in a rehabilitation program, the disability award be paid once the program is completed.

Government Response 4

Under current programming, the Earnings Loss (EL) is a taxable benefit designed to provide income replacement during participation in VAC's Rehabilitation Program. It is currently paid at 75% of gross pre-release income which is equivalent to 90% of take home pay. Should the Committee's recommendation be implemented, which would see EL at 85% of net pre-release income and non taxable, there is a potential for some Veterans to receive a lower benefit than is currently the case. Significant analysis and consultation would be required with the Canada Revenue Agency to establish an appropriate definition of 'net income' and further analysis would be needed to compare it to other similar support programs. As such, further due diligence is required to address this proposal.

Committee Recommendation 5

That all veterans with service-related disabilities, and their families, be entitled to the same benefits and support as part of their rehabilitation program, whether they are former members of the Reserve Force or of the Regular Force.

Government Response 5

The Government agrees with the spirit and intent of recommendation 5. The Government agrees with this recommendation and has taken steps to address distinctions in benefits between Veterans of the Regular and Reserve Force. In 2011, Earnings Loss Benefits for Reservists were increased from \$2,000 per month to \$2,700. The Government of Canada continues to address distinctions in benefits between Veterans of the Regular and Reserve force. As such, careful review of this recommendation will be undertaken.

Committee Recommendation 6

That the Canadian Forces work with Veterans Affairs Canada to make Military Family Resource Centres available to veterans and their families in order to support them in their transition to civilian life.

Government Response 6

The Military Family Resource Centres (MFRCs) currently provide support to CAF still serving members and their families. They are dedicated to enhancing the quality of life for CAF families by providing unique services tailored to the CAF community. CAF families and family members can access the services as a family, individually, or in groups. DND and VAC will work together to determine how best to meet the needs of transitioning CAF members and their families without compromising support available to our serving military community.

