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The New Veterans Charter: Developments Since Its Adoption in 2006

**Publication No. 2015-121-E
20 November 2015**

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The New Veterans Charter: Developments Since Its Adoption in 2006
(In Brief)

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Ce document est également publié en français.

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THE NEW VETERANS CHARTER: DEVELOPMENTS SINCE ITS ADOPTION IN 2006

1 INTRODUCTION

On 1 April 2006, the *Canadian Forces Members and Veterans Re-establishment and Compensation Act*¹ came into force. Commonly known as the New Veterans Charter (NVC), it became the legislative framework for the programs, services and benefits provided to Canadian veterans through Veterans Affairs Canada (VAC).

Before the NVC took effect, the services and benefits plan for veterans was governed by the *Pension Act*,² which first came into force in 1919. People who applied for services or benefits from VAC before April 2006 still receive them under that Act.

The NVC was passed with the support of all the parties in the House of Commons, without amendment or debate; in fact, several routine stages were skipped to expedite its adoption and coming into force. For that reason, the NVC was presented as a so-called “living” document that would be modified over time, as needed.

Since the NVC was passed, various stakeholders have reviewed the plan it established. Positive aspects have been highlighted, but significant shortcomings have also been identified. Many recommendations to improve the new programs have been put forward by, among others, the Veterans Ombudsman, the parliamentary committees on veterans’ affairs, the New Veterans Charter Advisory Group, and various veterans’ rights groups.

Changes have been made to address some of these shortcomings. For example, in the spring of 2015, several new measures were announced by the Minister of Veterans Affairs, primarily through Bill C-59, An Act to implement certain provisions of the budget tabled in Parliament on April 21, 2015 and other measures.³ However, further improvements to the programs and services for veterans are still being called for.

This document provides a brief overview of the situation by summarizing the purpose and content of the NVC, the changes made to date, and some ongoing issues.

2 PURPOSE AND CONTENT OF THE NEW VETERANS CHARTER

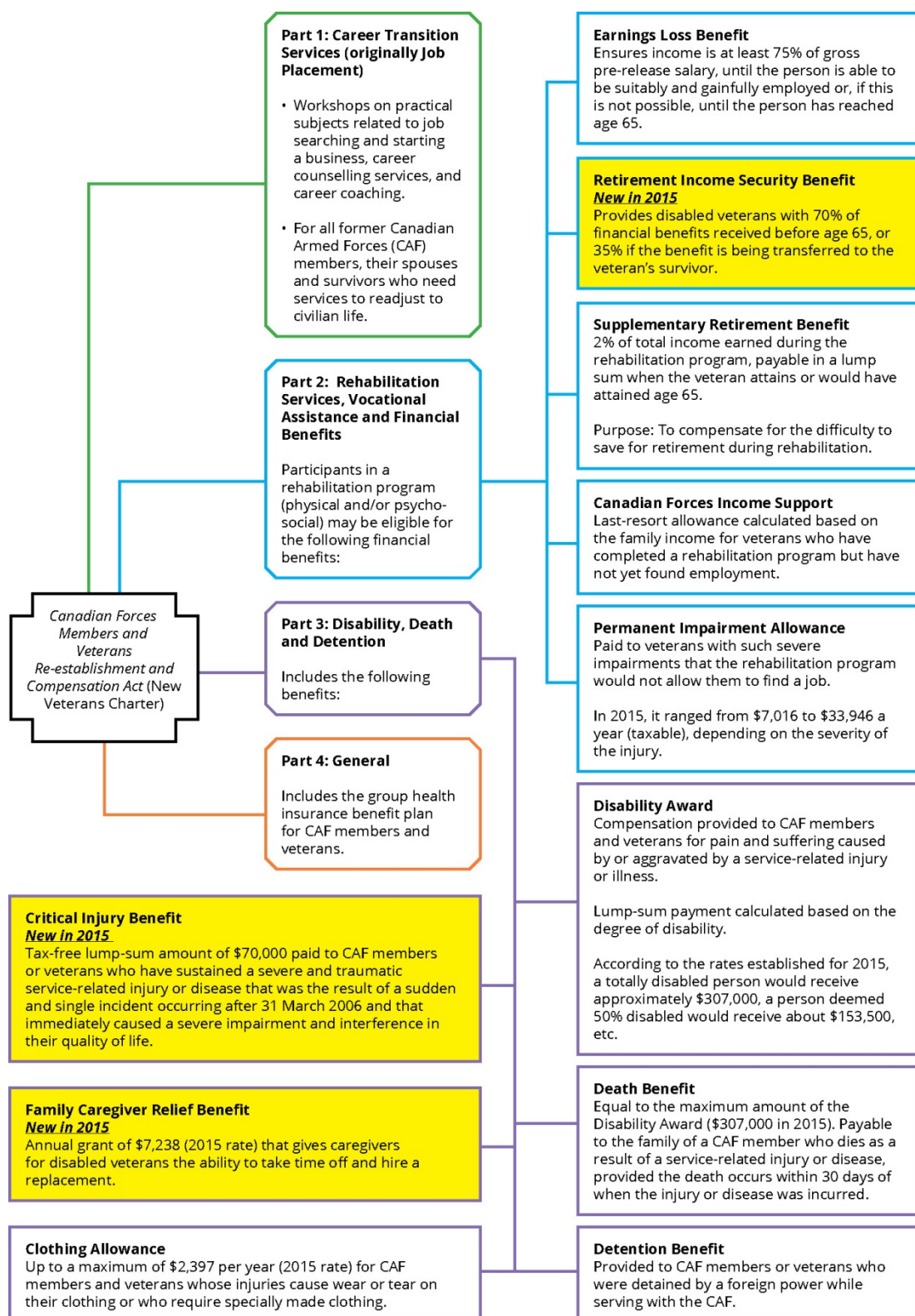
Since the early 2000s, the number of Canadian Armed Forces (CAF) members released each year has increased considerably, as has the proportion of members being released for medical reasons. Most of the members being released either served in the peace-keeping missions Canada has been involved in since the 1990s or were deployed in Afghanistan between 2001 and 2014.

Accordingly, the NVC was developed to provide programs for veterans that focused on rehabilitation and re-establishment in civilian life. The Minister of Veterans Affairs at the time described the reason for establishing the new Charter as being “to advance the prospects of a better life” for future veterans.⁴

The underlying purpose of the NVC – to help veterans readjust to civilian life – has been and continues to be applauded. However, many believe that not all of the programs offered under the NVC provide enough assistance to ensure veterans can achieve this objective.

Figure 1 gives an overview of the main programs offered under the NVC between 2006 and 2015. It should be noted that the *Canadian Forces Members and Veterans Re-establishment and Compensation Regulations* (the Regulations) outline the nature of the services being offered and the amounts of certain allowances, as well as details about the eligibility criteria.⁵

Figure 1 – Overview of the Main Programs Under the New Veterans Charter



Source: Figure prepared by the author using documents obtained from Veterans Affairs Canada.

3 KEY CHANGES TO DATE

3.1 LEGISLATIVE CHANGES

Two bills have amended the NVC since it was adopted.

Bill C-55, An Act to amend the Canadian Forces Members and Veterans Re-establishment and Compensation Act and the Pension Act⁶ (tabled on 17 November 2010 and assented to on 24 March 2011), amended various aspects of the NVC, by, among other things:

- introducing payment options for the Disability Award;
- expanding access to the Permanent Impairment Allowance; and
- increasing the Permanent Impairment Allowance for veterans who are totally and permanently incapacitated.

Four years later, Division 17 of Bill C-59 (tabled on 7 May 2015 and assented to on 26 June 2015) also amended the NVC, primarily by:

- establishing three new benefits:
 - the Retirement Income Security Benefit;
 - the Critical Injury Benefit; and
 - the Family Caregiver Relief Benefit;
- allowing VAC to begin working with CAF members before they are released, in order to ensure a smoother transition to civilian life; and
- recognizing the Canadian government's obligation to CAF members and veterans.

3.1.1 PAYMENT OF THE DISABILITY AWARD

The payment of the Disability Award in a lump sum was identified as a major issue very soon after the NVC came into effect. Concern was expressed that CAF members and veterans could have difficulty managing a large sum of money during a time when they were experiencing great upheaval.

Bill C-55 amended the *Canadian Forces Members and Veterans Re-establishment and Compensation Act* to give CAF members and veterans the choice of receiving their award as a lump sum, annual payments or a combination of the two.

It was agreed that this change was an improvement, but many remained concerned that most individuals continue to opt for a lump sum payment, even if some of them might not be in a state of mind that allows them to manage their funds well.⁷

3.1.2 EXPANDING ELIGIBILITY FOR THE PERMANENT IMPAIRMENT ALLOWANCE AND THE PERMANENT IMPAIRMENT ALLOWANCE SUPPLEMENT

Bill C-55 made the Permanent Impairment Allowance (PIA) available to seriously disabled veterans who receive both a Disability Award and a pension under the *Pension Act*. These veterans were previously excluded due to an administrative deficiency that affected both the PIA and the Exceptional Incapacity Allowance provided for under the *Pension Act*.

The bill also created a PIA supplement for veterans who have a “total and permanent incapacitation,” that is, veterans who, due to a permanent physical or mental health problem, are unable to perform an occupation that would be considered suitable and gainful employment. In 2015, the PIA Supplement was \$1,074.93 a month.⁸

3.1.3 RETIREMENT INCOME SECURITY BENEFIT

Created in 2015 by Bill C-59, the Retirement Income Security Benefit makes it possible for a significant portion of the financial support provided to a disabled veteran or his or her surviving spouse to continue after the veteran attains, or would have attained, the age of 65.

The Earnings Loss Benefit and the Service Income Security Insurance Plan long-term disability benefits are no longer paid out once veterans attain the age of 65. The Retirement Income Security Benefit pays veterans 70% of the benefits they received before age 65, less certain deductions if they earn other income. When the veteran dies, 50% of this benefit may be paid to the veteran’s surviving spouse, if applicable.

3.1.4 CRITICAL INJURY BENEFIT

Also established in 2015, the Critical Injury Benefit awards a tax-free lump-sum amount of \$70,000 to CAF members or veterans who sustained severe and traumatic service-related injuries or diseases that:

- were service-related;
- were the result of a sudden and single incident occurring after 31 March 2006; and
- immediately caused a severe impairment of and interference in their quality of life.

3.1.5 FAMILY CAREGIVER RELIEF BENEFIT

Another product of Bill C-59, the Family Caregiver Relief Benefit is an annual tax-free grant of \$7,238 that gives informal caregivers the opportunity to take time off while ensuring that the care they usually provide continues in their absence.

3.1.6 EARLY INTERVENTION BY VETERANS AFFAIRS CANADA TO FACILITATE THE TRANSITION TO CIVILIAN LIFE

Until the summer of 2015, VAC did not have the authority to begin dealing with CAF members who were in the process of being released, but who were still serving members. This situation and the resulting delay created a gap in the services offered to veterans and affected the success of the Department's programs.

In 2015, clause 218 of Bill C-59 amended the NVC

by allowing the Minister of Veterans Affairs to make decisions in respect of applications made by those members for services, assistance and compensation under that Act before their release from the Canadian Forces and to provide members and veterans with information and guidance before and after their release⁹

in order to improve the transition process to civilian life.

3.2 REGULATORY CHANGES

Some amendments that did not require legislative changes were made to the Regulations, including these:

- establishing a minimum threshold for the Earnings Loss Benefit amount; increasing the deemed salary for reservists, which is used to calculate their benefit amount; and ensuring that the disability pension amount does not decrease the Earnings Loss Benefit amount;¹⁰
- increasing flexibility as regards career transition services and training in vocational rehabilitation programs;¹¹
- expanding the eligibility criteria for the Permanent Impairment Allowance;¹² and
- applying the minimum threshold for the Earnings Loss Benefit amount to part-time reservists.¹³

4 ONGOING ISSUES

Despite the changes made to the NVC and the Regulations in recent years, some continue to urge that certain issues be addressed.

4.1 EARNINGS LOSS BENEFIT AND THE DISABILITY AWARD

In November 2013 and September 2014, the Veterans Consultation Group (renamed "Veterans Consultation Assembly" in 2014), which represents 20 veterans' organizations, wrote to the Minister of Veterans Affairs and identified three top priorities:

- an increase in the Earnings Loss Benefit amount;

- an increase in the maximum Disability Award; and
- the elimination of the inequity for reservists receiving the Earnings Loss Benefit (this issue was addressed by an amendment to the Regulations in April 2015).¹⁴

4.1.1 EARNINGS LOSS BENEFIT

The Earnings Loss Benefit amount is one of the most controversial aspects of the NVC that remains unchanged. This amount:

- is 75% of a veteran's pre-release military salary, less certain deductions;
- is taxable;
- is only indexed to a maximum of 2% annually;
- does not take into account the income growth that would have occurred as a result of promotions in a typical military career.

Many say that the amount is insufficient and unfair, particularly for veterans with service-related injuries who cannot find other work as a result of those injuries.

Various methods have been proposed over the years to increase the Earnings Loss Benefit to ensure that veterans have financial security, such as making the Benefit non-taxable or setting the amount at 90% or 100% of the veteran's pre-release military salary, while integrating realistic indexing systems and income growth projections.

If there is a certain reluctance to increase the financial support amounts, it may stem from the purpose of the NVC, which is to encourage veterans to readapt and to re-establish themselves in civilian life. Under the *Pension Act*, the amount awarded to veterans decreased if their physical condition improved, which may have acted as a deterrent to participation in a rehabilitation program.

To address this unintended consequence, under the NVC the financial benefits to compensate for a loss of revenue are awarded only if the veteran is actively participating in a rehabilitation program, and they stop when the veteran is able to work (in Figure 1, see the elements connected with "Part 2").

The House of Commons Standing Committee on Veterans Affairs noted in 2010 that income replacement measures under the NVC had "not achieved a fair balance between providing an incentive for occupational reintegration and financial security that is commensurate with the considerable sacrifices expected" of veterans.¹⁵

4.1.2 DISABILITY AWARD

The Standing Committee also said that, if the Earnings Loss Benefit provided financial security for veterans, the dissatisfaction with the Disability Award might diminish.¹⁶ In fact, many may mistakenly see the Disability Award as an income replacement measure, when in fact it is compensation for the pain and suffering caused by an injury.

However the Veterans Consultation Assembly believes that the maximum Disability Award amount should be increased to be consistent with the amount that is provided to injured civilian workers who receive general damages in a court of law.¹⁷

4.2 SUPPORT FOR FAMILIES

Beyond benefit amounts, many believe that the assistance that is directly available to veterans' families should be increased. Currently, veterans themselves must provide consent before their family members can receive support from VAC, whether it be for psycho-social assistance or for the Family Caregiver Relief Benefit, for example.

Some veterans' family members would also like to be able to receive training in order to adequately support a veteran who is ill, especially as regards post-traumatic stress disorder.

5 CONCLUSION

In the 10 years since the NVC was adopted, both strengths and weaknesses have been identified. Steps have been taken to address some of the shortcomings, but unresolved problems are still causing difficulties for veterans and their families.

It should be noted that the government elected on 19 October 2015 has made several commitments about veterans, including commitments to:

- re-establish lifelong pensions for injured veterans, and to increase the value of the Disability Award;
- expand access to the Permanent Impairment Allowance;
- create a new veterans education benefit;
- increase the Earnings Loss Benefit to 90% of a veteran's pre-release salary; and
- expand the support available to the families of veterans and increase the survivor's pension by 20%.¹⁸

NOTES

1. [*Canadian Forces Members and Veterans Re-establishment and Compensation Act*](#), S.C. 2005, c. 21. This Act received Royal Assent on 13 May 2005, and came into force on 1 April 2006.
2. [*Pension Act*](#), R.S.C. 1985, c. P-6.
3. [Bill C-59: An Act to implement certain provisions of the budget tabled in Parliament on April 21, 2015 and other measures](#), Part 3, Division 17, 2nd Session, 41st Parliament (S.C. 2015, c. 36).
4. House of Commons, [Debates](#), 1st Session, 38th Parliament, 10 May 2005, 1110 (Honourable Albina Guarnieri, Minister of Veterans Affairs).

5. [Canadian Forces Members and Veterans Re-establishment and Compensation Regulations](#), SOR/2006-50.
6. [Bill C-55: An Act to amend the Canadian Forces Members and Veterans Re-establishment and Compensation Act and the Pension Act](#), 3rd Session, 40th Parliament (S.C. 2011, c. 12).
7. House of Commons, Standing Committee on Veterans Affairs [ACVA], [The New Veterans Charter: Moving Forward](#), Third Report, 2nd Session, 41st Parliament, June 2014, pp. 18–19.
8. Veterans Affairs Canada, ["Rates," Services](#), accessed 18 November 2015.
9. Bill C-59, ["Summary"](#) (for Division 17 of Part 3).
10. ACVA (2014), ["Appendix D."](#)
11. Ibid.
12. Veterans Affairs Canada, ["Expansion of Permanent Impairment Allowance Eligibility,"](#) Backgrounder, March 2015.
13. Veterans Affairs Canada, ["Respect for reservists – Enhancing benefits for Reserve Force Veterans,"](#) Backgrounder, March 2015.
14. Veterans Consultation Assembly (formerly Veterans Consultation Group), [Letter to the Honourable Julian Fantino, Minister of Veterans Affairs](#), 15 November 2013, and [Letter to the Honourable Julian Fantino, Minister of Veterans Affairs](#), 12 September 2014.
15. ACVA, [A Timely Tune-up for the Living New Veterans Charter](#), First Report, 3rd Session, 40th Parliament, June 2010, p. 45.
16. Ibid., p. 46.
17. Veterans Consultation Assembly (2013, 2014).
18. Office of the Prime Minister, [Minister of Veterans Affairs and Associate Minister of National Defence Mandate Letter](#), November 2015.

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Paré, Jean-Rodrigue. [*The New Veterans Charter*](#), Publication no. 2011-84-E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 3 November 2011.

Paré, Jean-Rodrigue, and Adriane Yong. [*Legislative Summary of Bill C-55: An Act to amend the Canadian Forces Members and Veterans Re-establishment and Compensation Act and the Pension Act*](#), Publication no. 40-3-C55-E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 31 March 2011.

[Veterans Ombudsman](#), particularly his [overview of measures taken by the government](#) as it relates to the recommendations made by his office and the House of Commons Standing Committee on Veterans Affairs.