

Reference: 20260163

6 May 2026

Spencer Jones  
fyi-request-33986-b89fae4c@requests.fyi.org.nz

Dear Spencer

Thank you for your Official Information Act (OIA) request, received on 7 March 2026.  
You requested the following:

- 1. Any actuarial valuations, forecasts, or modelling estimating the current or projected cost of veteran entitlements administered under the Veterans' Support Act 2014.*
- 2. Any scenario modelling assessing the fiscal impact of potential changes to the statutory definition of "veteran", including modelling relating to non-operational service personnel.*
- 3. Any fiscal risk assessments, sensitivity analyses, or long-term projections prepared for Budget Economic and Fiscal Updates, Half-Year Economic and Fiscal Updates, or other fiscal strategy reports that consider veteran entitlements.*
- 4. Any modelling or financial analysis prepared in response to judicial decisions affecting veteran entitlements, including analysis of potential fiscal impacts arising from relevant case law or appeal decisions.*
- 5. Any briefings, aide-memoire, Cabinet papers, or internal Treasury advice discussing the long-term fiscal risk or liability associated with veteran entitlements or potential expansion of eligibility under the Veterans' Support Act 2014.*
- 6. Any actuarial or demographic modelling estimating the current or projected population of veterans eligible for entitlements under the Veterans' Support Act 2014.*

Parts 1-4 and 6 were transferred to the New Zealand Defence Force to respond.

The time to respond was extended by 20 working days.

### **Information being released**

Please find enclosed the following documents:

<b>Item</b>	<b>Date</b>	<b>Document Description</b>	<b>Decision</b>
1.	15 November 2024	Email – update on veterans issue	Released in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the OIA, as applicable:

- section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions, and
- section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage. This reduces the possibility of staff being exposed to phishing, social engineering and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

### **Information to be withheld**

There is additional document covered by your request that I have decided to withhold in full under the following sections of the OIA, as applicable:

- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials.

In making my decision, I have considered the public interest considerations in section 9(1) of the OIA.

Please note that this letter (with your personal details removed) and enclosed document may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Oliver Parsons  
**Manager, Infrastructure Security and Government**

## Update on Veterans issue

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**From** Craig Tester [TSY] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=4BE4E94CC2F749CA9DD593FE3405705F-78BC234A-0D>

**Date** Fri 2024-11-15 2:46 PM

**To** ^Parliament: Lachlan Stark <lachlan.stark@parliament.govt.nz>

**Cc** Stacey Wymer [TSY] <Stacey.Wymer@treasury.govt.nz>; Dasha Leonova [TSY] <Dasha.Leonova@treasury.govt.nz>; Jayne Winfield [TSY] <Jayne.Winfield@treasury.govt.nz>; Kamlesh Patel [TSY] <Kamlesh.Patel@treasury.govt.nz>; Pooja Patel [TSY] <Pooja.Patel@treasury.govt.nz>; Michael Lonergan [TSY] <Michael.Lonergan@treasury.govt.nz>; Thomas Parry [TSY] <Thomas.Parry@treasury.govt.nz>; Aroha Leighton [TSY] <Aroha.Leighton@treasury.govt.nz>

Hi Lachy,

Please see below some information on the Veterans issue we discussed yesterday. Let me know if you have any immediate questions. I'll be on leave next week so please contact Michael and Pooja on any required follow up.

Please treat the below as legally privileged.

STARTS

### The issue

Former and current NZDF personnel that meet the legal definition of a veteran (through participating in a deployment or activity that is declared to be 'qualifying operational service') are able to access a range of entitlements under the Veterans' Support Act 2014. A financial liability exists to reflect the lifetime cost of those entitlements and is based on the point at which the veteran becomes eligible to receive support from the Crown.

We understand that a court judgement regarding the interpretation of the legislation will become effective on Monday 18 November. We understand this judgement will make it harder for Veterans Affairs to deny a claim and therefore significantly widen the ability of veterans to access entitlements under the Act. It is expected to see the current Veterans' Support Entitlement Liability increase from its 30 June 2024 valuation of \$2.905 billion to between \$5.156 - \$7.292 billion (an increase of up to \$4.387 billion). s9(2)(g)(i)

As this liability has been created from a past event that has already occurred (personnel having already completed qualifying operational service) this means the costs need to be recognised now.

The increase in the liability will create an expense (recorded upfront) that is recognised directly to net worth, which we believe does not fall within the definition of a remeasurement, and so will require an appropriation (discussed further below). While there is some judgement involved in considering whether an expense is a remeasurement, in this case our view is the cost has come about because of a past Government decision.

### Implications of the court ruling

*Accounting and fiscal implications*

The financial and fiscal implications of this are the following:

1. There will be an immediate increase in the existing Veterans' Support Entitlement Liability, as outlined above.
2. An immediate expense (non-cash) is recorded reflecting an estimate of the present value of the full cost of the future entitlements (equivalent to the increase in the Liability). This expense is recorded directly against net worth, so there is no direct impact to the operating balance.
3. As the obligation is discounted to present value, the discount incorporated into the liability value unwinds over time. This increase is recorded as an interest expense and therefore will have an on-going adverse impact on OBEGAL.
4. Overall, as the Crown's obligation to settle this liability would increase, there will also be an increase in the cash payments made to veterans over time, which will have an adverse impact on net core Crown debt.

#### *Appropriation implications*

1. As an obligation and corresponding expense will need to be recognised upfront at the point a ruling is determined there would need to be an appropriation in place to authorise this expense. Given that the current level of authority will not be sufficient any expenditure will need to be covered by Imprest Supply.
2. The Imprest Supply (Second for 2024/25) has authority to incur expenses of \$16 billion. If the expense ends up being at the higher range outlined by NZDF there is a risk another Imprest Bill will need to be passed. The timing of the ruling may mean the authority provided under Imprest Supply may not be in place prior to recognising the expenses, which would result in unappropriated expenditure.
3. The on-going unwind expenses will also require an increase to appropriations.

#### *Budget management*

s9(2)(g)(i)

#### *Other future implications*

Defence have noted that this change will also create additional cost pressures in future:

1. This will require Veterans Affairs to assess a higher number of claims and process a higher number of payments. This will lead to departmental cost pressures which will either require new funding or result in an increase in the backlog of claims.
2. The additional increase in the liability from each new veteran will be greater than under the previous interpretation of the Act, requiring either additional funding in future or a reduction in the number or scale of future deployments.

s9(2)(f)(iv)

## Next steps

We will continue to seek further information from NZDF on the above issues, including further information on the expected costs and financial assumptions, any broader implications of the ruling, s9(2)(f)(iv) s9(2)(f)(iv)

We will be considering how any court decisions will be reflected in the 2024 Half Year Economic and Fiscal Update. The fiscal forecast are due to be finalised on Wednesday 27 November. At this stage we have not formed a view on the treatment in the fiscal forecasts.

NZDF will prepare a paper providing advice to Ministers on the issue and options to address it (including options for appeal and legislative change). We will provide further advice on the financial / fiscal impacts and Budget treatment in advance of this paper.

ENDS

**Craig Tester | Senior Analyst, Justice, Security and Government Services | Te Tai Ōhanga – The Treasury**

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