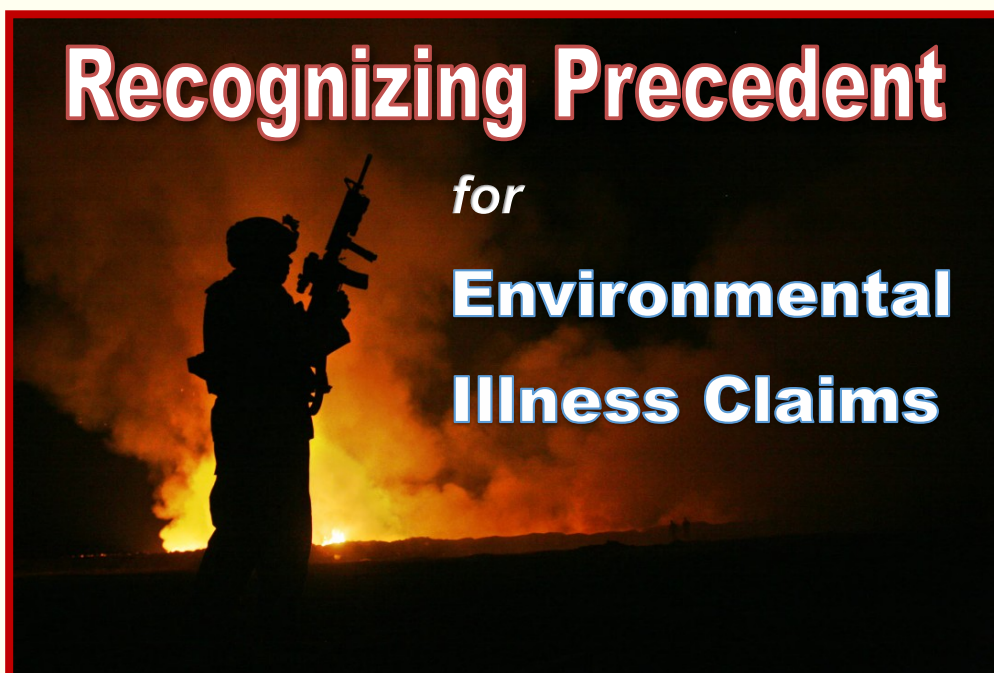


Urgently Needed **VAC REFORMS**

How to
“Do More with Less”
when faced with budget cuts





Veterans with Cancer Inc.
Advocacy & Awareness

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DOING MORE WITH LESS

How Veterans Affairs Canada Can Exceed Service Standards Despite Budget Cuts

A Policy Paper by
Veterans With Cancer Inc.

March 2026

"It takes real leadership to develop creative solutions — not merely to adapt to adversity, but to exceed expectations within it."

INTRODUCTION

Anyone can meet goals and objectives when given access to unlimited resources. Real leadership, however, demands something more difficult: the ability to develop creative solutions that not only adapt to a challenging environment, but exceed expectations within it. This test of leadership is never more demanding than within a unionized government department, where even modest organizational changes are often met with institutional resistance. Yet that is precisely the test now before Veterans Affairs Canada (VAC).

Caseloads at VAC have grown exponentially over the past five years. Veterans are waiting years — in some cases, nearly four years — for their claims to be resolved. The personal journey of one of this paper's authors, whose disability claim took 46 months from first application to final resolution, is documented in our companion paper, [The Waiting War](#) (Veterans With Cancer Inc., 2025), and represents an experience shared by thousands of veterans across Canada.

Now, in the midst of this unresolved crisis, Veterans Affairs Canada faces severe budget cuts that have already produced devastating consequences at the Bureau of Pension Advocates (BPA) — the only free, impartial legal service available to veterans challenging VAC decisions. The situation demands urgent, practical, and evidence-based reform. This paper proposes exactly that.



THE PROBLEM

A System Already Under Strain

Veterans Affairs Canada has failed to meet its own service standards for disability benefit claims for years, as documented by the Auditor General of Canada in both 2014 and 2022. Rather than improvement, veterans have experienced worsening delays driven by a surge in demand. According to the VAC Departmental Plan 2025–2026, the Department has seen a 61% increase in disability benefit applications between 2015–16 and 2022–23. Despite temporary investments that helped reduce the existing backlog by approximately 75% since 2020, the pipeline of new claims continues to outpace processing capacity.

In 2026 alone, the BPA expects to receive approximately 25,000 new files — a figure that follows a 200% increase in overall demand since 2018. These are not simple cases. They involve occupational illnesses, complex cancers, military sexual trauma, and post-traumatic stress disorder: conditions requiring careful legal analysis and medical evidence.

Budget Cuts at a Critical Moment

In March 2026, temporary funding granted to the Bureau of Pension Advocates to address an acknowledged backlog was allowed to expire. The result: the BPA's workforce will be reduced by 44% — from 226 employees to 130 — through the elimination of 72 term positions and 24 contract lawyers. Veterans are left with fewer advocates at the precise moment their need for representation is greatest.

"The BPA remains the only free, impartial and specialized service that allows veterans to effectively challenge decisions related to their benefits. For many, it represents not only legal support, but also a real safety net in a complex system where they should never be left to fend for themselves." — Toufic El-Daher, National President, Union of Veterans' Affairs Employees (March 2026)

Gregory Harlow, President of the Association of Justice Counsel, was unsparing in his assessment before the House of Commons Standing Committee: "It's not just a cut. It's a decimation." He warned that some elderly veterans could become incapacitated or die while waiting for a hearing date. With 27,000 claims already in the existing backlog, unions and legal experts warn that current wait times could triple.

A Systemic Bias Against Veterans

Perhaps the most troubling finding examined in *The Waiting War* is this: an estimated 90% of VAC decisions are overturned upon Review. Yet 68% of veterans who are denied entitlement never pursue an appeal at all — they simply give up, frustrated and exhausted by a process designed, intentionally or not, to discourage persistence. Critically, VAC decision-makers are not informed when their decisions are overturned, and are therefore denied any meaningful opportunity to learn from their errors. Veterans remain equally in the dark, often receiving denial letters that provide no substantive explanation for the outcome.

90% of VAC decisions are overturned on Review — yet 68% of denied veterans never appeal. This is not a backlog problem. It is a fairness problem.



This pattern — high initial denial rates, high overturn rates on appeal, and low appeal participation — points unmistakably to a systemic decision-making bias against veteran claimants. It is a pattern that cannot be addressed by throwing money at the problem, and it will not disappear under budget constraints. It must be addressed structurally.

THE SOLUTION

Building on Our Previous Recommendations

In *The Waiting War*, Veterans With Cancer Inc. outlined five foundational reforms that remain essential prerequisites for the more ambitious changes proposed here. These are not optional enhancements — they address root causes of delay and must be implemented as the baseline from which further improvement is built:

- 1. Train non-medical personnel to complete straightforward assessments using objective, validated criteria. Reserve physician involvement for genuinely complex cases. — Remove Physicians from Routine Assessments**
- 2. Require a minimum of one recorded 15-minute telephone call between the decision-maker and the veteran before any decision is rendered. This single step would dramatically reduce misunderstandings and incomplete evidentiary records. — Mandate Direct Veteran Contact**
- 3. Measure and publish the total time a veteran spends in the system — including all reviews and appeals — not merely the initial processing window. Transparency is essential to accountability. — Report Actual Wait Times**
- 4. Authorize frontline staff to resolve straightforward problems without escalation, reducing unnecessary delay and queue congestion. — Empower Frontline Critical Thinking**
- 5. The extraordinary 90% overturn rate on Review is not a statistical anomaly. It is evidence of a culture of denial that must be confronted directly through training, oversight, and accountability measures. — Address Insurance-Mentality Decision-Making**

Early Dispute Resolution: A Proven Path Forward

The most transformative reform available to VAC — and one that can be implemented at relatively modest cost — is an Early Dispute Resolution (EDR) program positioned between an initial VAC decision and a formal Review before the Veterans Review and Appeal Board.

The author of this paper implemented an EDR program of precisely this design during a senior leadership role at the Government of British Columbia, where he was responsible for managing the Public Service Appeal Board, a quasi-judicial tribunal that heard job competition appeals from unsuccessful unionized employees. The backlog of appeals was growing, and wait times were unacceptable. An EDR program was introduced that involved, first, individual telephone discussions with each party to gain a clear understanding of their position, followed by a facilitated conference call with all parties present.



The results exceeded all expectations. In the initial two years of operation, 70% of appeals were resolved without any formal adjudication. Even in a highly emotionally charged environment — one involving an employee's compensation and career — the combination of structured dialogue, professional facilitation, and clearly defined outcomes proved remarkably effective.

The parallel to the VAC context is direct and compelling. The proposed EDR program for VAC would function as follows:

- A small team of professionally trained facilitators, reporting to the Veterans Review and Appeal Board, would be assigned to cases where a veteran disputes a VAC decision.
- Facilitators would conduct individual discussions with the veteran and the VAC decision-maker, separately, to understand each party's position and the basis for the decision.
- A facilitated joint discussion would then be convened, either in person, by telephone, or by video conference, with all parties present.
- Three defined outcomes are possible: (1) the parties agree the original decision was fair and justified, and no further action is required; (2) the parties identify specific additional evidence the veteran can provide that would support a revised decision; or (3) the parties agree that the case should proceed to a formal Review before the VRAB.

This framework is deliberately simple. It requires no legislative change, no new tribunal, and no complex regulatory infrastructure. It requires only the political will to implement it and the resources to train and deploy a small cadre of skilled facilitators.

Evidence Supporting Early Dispute Resolution

The effectiveness of EDR programs in government contexts is well established by independent research. The following evidence base supports the adoption of such a program by VAC.

In the United States federal sector, the Equal Employment Opportunity Commission (EEOC) has documented the effectiveness of ADR programs across federal agencies for more than two decades. The EEOC's 2021 report, *Effectiveness of Alternative Dispute Resolution in the Federal Sector*, found that ADR was offered in 87.8% of pre-complaint counselings, and that early-stage resolution consistently produced better outcomes than resolution attempted after parties had become entrenched in their formal positions. The EEOC's associate director for federal sector programs summarized the lesson clearly: "Workplace disputes are always best resolved early" (EEOC, 2022).

The U.S. Merit Systems Protection Board (MSPB), facing demands for faster resolution under resource constraints, introduced a settlement initiative that now resolves more than half of all appeals before formal adjudication — a result directly analogous to what EDR could achieve for VAC (OPM Alternative Dispute Resolution Handbook, U.S. Office of Personnel Management).

British Columbia's Civil Resolution Tribunal — Canada's first publicly operated Online Dispute Resolution (ODR) program — has demonstrated that accessible, structured pre-adjudicative dispute resolution processes reduce court workloads and produce faster, more satisfying outcomes for participants (National Center for State Courts, 2025).



In the private sector, research published by the Silicon Valley ADR and Mediation Center documents that organizations employing systematic EDR programs consistently achieve faster dispute resolution, lower overall costs, and higher participant satisfaction compared to traditional litigation-first models (SVAMC, 2024). The key insight: early intervention resolves disputes across all categories — even in cases where the outcome on adjudication would likely favour one party strongly — because the process itself creates clarity and shared understanding that adjudication alone cannot provide.

Moreover, VAC's own departmental plans confirm that a related initiative — the Early Resolution System (ERS) introduced under the BPA's Digital Age Renewal (DARE) project — successfully reduced the turnaround time for simpler claims from months to five weeks, while doubling overall processing capacity (VAC Departmental Plan 2025–2026). EDR is not a theoretical concept for the VAC context. The department has already demonstrated that early-intervention models work. The challenge is to scale and formalize this approach.

Recognizing Precedent in Environmental Illness Claims

A second major structural reform is available to VAC at essentially no additional cost: the formal recognition of precedent in claims involving cancers and neurological disorders caused by exposure to environmental hazards.

The traditional approach to disability claims assumed that each physical condition was sufficiently unique to warrant independent adjudication. For most musculoskeletal and acute injury claims, this remains reasonable. But the landscape of modern veteran disability claims has changed fundamentally. A growing proportion of claims today involve illnesses — particularly cancers — arising from documented exposure to environmental toxins such as trichloroethylene, burn pit emissions, Agent Orange, contaminated water supplies, and other hazardous substances.

In these cases, the medical and epidemiological evidence linking specific exposures to specific disease outcomes is often established and well-documented at a population level. When VAC has already adjudicated and granted entitlement for a veteran with prostate cancer arising from trichloroethylene exposure, a second veteran presenting the same documented exposure and the same diagnosis is not presenting a materially different case. Yet under the current system, that second veteran must navigate the same evidentiary process, wait the same months or years for adjudication, and risk the same initial denial as the first veteran before the same decision-maker who may be entirely unaware of the prior outcome.

The reform proposed is straightforward: VAC should establish a formal precedent registry for environmental illness claims, and when a new claim involves the same diagnosed condition arising from the same documented environmental exposure that has already been recognized in a prior entitlement decision, automatic entitlement should be granted. This approach would:

- Dramatically reduce the caseload of complex environmental illness claims awaiting adjudication, directing adjudication resources toward genuinely novel cases.
- Eliminate the inequity of veterans with identical circumstances receiving different outcomes based solely on the order in which their claims are filed.
- Honour Canada's implicit promise that those who serve under the same conditions will be treated with equal dignity.



This principle is not novel in Canadian administrative law. Regulatory tribunals and administrative bodies across the country apply precedent as a matter of both efficiency and fairness. There is no principled reason why VAC should be exempt from this practice, particularly in the context of well-understood environmental illness clusters.

SUMMARY AND CONCLUSION

Veterans Affairs Canada stands at a crossroads. On one side lies the familiar path: absorbing budget cuts by reducing capacity, lengthening wait times, and hoping that the gap between service demand and service delivery eventually narrows on its own. This path has already been travelled, and its destination is well documented in two Auditor General reports, in a growing body of veterans' advocacy research, and in the lived experience of thousands of Canadians who served their country faithfully and now wait years to learn whether their sacrifice will be acknowledged.

On the other side is the path this paper proposes: strategic, evidence-based reforms that address the structural causes of delay — not simply its symptoms — and that can deliver dramatically better outcomes even within constrained resources. These reforms are not speculative. They are grounded in decades of research on dispute resolution, in the documented outcomes of analogous programs in Canadian and international government contexts, and in the direct experience of a program that achieved a 70% pre-adjudication resolution rate in a comparable quasi-judicial environment.

***The choice is not between cutting services and maintaining them.
It is between managing decline and engineering transformation.***

Consider the mathematics of the status quo. With 27,000 claims currently in the BPA backlog, another 25,000 expected in 2026, and a 44% reduction in BPA staff now in effect, the arithmetic points inexorably toward a tripling of existing wait times. For elderly veterans with progressive illnesses, a three-year wait is not a bureaucratic inconvenience. It can be a death sentence.

Now consider the mathematics of reform. If an EDR program achieves even half the resolution rate demonstrated in the BC Public Service Appeal Board program — 35% rather than 70% — the BPA's effective caseload is reduced by more than 9,000 claims. The savings in adjudicative time, legal preparation, and VRAB hearing capacity would substantially exceed the cost of establishing and operating the EDR program itself. Precedent recognition for environmental illness clusters would further reduce the number of cases requiring full adjudication, concentrating scarce resources on the cases that genuinely require them.

The five foundational reforms from The Waiting War — removing physicians from routine assessments, mandating veteran contact before decisions, reporting actual wait times, empowering frontline critical thinking, and addressing systemic decision-making bias — provide the organizational foundation on which these structural reforms must be built. None of this requires new



legislation. None of it requires reversing the budget cuts. It requires only institutional will, creative leadership, and a genuine commitment to the men and women who wore Canada's uniform.

The Bureau of Pension Advocates has an 89% success rate before the Veterans Review and Appeal Board. That statistic does not reflect an aggressive legal culture. It reflects the fact that the claims brought before the VRAB by BPA lawyers are, overwhelmingly, meritorious claims that were wrongly denied at the first instance. Every one of those cases represents a veteran who waited years for justice that should have been delivered months earlier. Early Dispute Resolution is the mechanism that can close that gap — giving veterans faster access to outcomes they are legally entitled to, reducing the burden on a tribunal system that is already overloaded, and doing so at a fraction of the cost of the adversarial process it replaces.

Canada has made a promise to those who serve. Fulfilling that promise is not contingent on budget cycles or fiscal priorities — it is a moral obligation that predates any government and outlasts any particular Minister. Veterans With Cancer Inc. calls on Veterans Affairs Canada, the Veterans Review and Appeal Board, and the Government of Canada to adopt the reforms outlined in this paper. The tools are available. The evidence is compelling. The need is urgent. And the veterans who depend on these institutions have already waited long enough.

ABOUT THE AUTHOR

Commander (ret'd) James P. Hutton, rmc, CD, BSc, MSc, MBA



Commander (Ret'd) James Hutton served 29 years in the Canadian Navy (1968–1997), commissioned from the ranks after demonstrating exceptional leadership as an electronics technician. He holds a BSc from the Royal Military College of Canada, an MSc in Applied Physics from the University of Victoria, and an MBA from Royal Roads University.

During his naval career, he served aboard multiple HMC ships, including NATO deployments, led critical systems engineering and software policy initiatives at NDHQ, and directed west coast operations for the Navy's \$10-billion fleet renewal program. Following retirement, he continued in public service. As the General Manager of a quasi-judicial body, he introduced an Early Dispute Resolution Program that resulted in 70% of job competition appeals being resolved without the need for adjudication. As Vice-President, Finance & Administration of an Ontario College navigating significant government cutbacks, he successfully implemented a staff-reduction program that allowed the College to absorb the budget reductions while preserving staff dignity and compassion throughout the process.

His understanding of the systemic failures at the heart of this research is not academic — it is personal. After being diagnosed with service-related prostate cancer, Commander Hutton spent four years fighting Veterans Affairs Canada for benefits to which he was legally and morally entitled. The process was marked by bureaucratic delays, repeated demands for documentation already on file, and denials that were ultimately overturned — a pattern he has since learned is far from unique among Canadian veterans. That experience revealed at first hand how a department entrusted with the care of those who served their country can, through institutional inertia and a culture of denial, cause serious harm to the very people it exists to support.



Determined that other veterans should not face that struggle alone, he worked with other veterans with service-related cancer to establish **Veterans with Cancer Inc.** www.VeteranswithCancer.com a peer-support and advocacy resource connecting Canadian veterans diagnosed with cancer to information, guidance, and community. The site helps veterans understand their VAC entitlements, navigate the claims process, and avoid the procedural pitfalls that derailed his own case for years. What began as one man's response to institutional failure has become a meaningful resource built on hard-won knowledge and a commitment to ensuring no veteran with cancer faces the system without support.

Now retired in Owen Sound, Ontario, Commander Hutton remains active in his community and mentors the owners of two GTA-based small businesses involving security and food services operations.

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