

CDA POSITION PAPER

Approved 3 December 2010

Issue: Sustaining Funding for Defence

Background

- The defence budget has grown significantly over the past five years. In addition to incremental funding received for deployed operations, the budget for National Defence has increased from \$15 billion in 2005–06 to \$19 billion in 2008–09 and will approach \$22 billion in 2011. These very positive increases have enabled the Canadian Forces to begin to rebuild capabilities after a decade of reductions in the 1990s.
- In Chapter 4 of the 2010 budget material (under “Restraining Growth in National Defence Spending”) the text states: “In recent years, the Government has made major, necessary investments in the country’s military capabilities in support of the *Canada First Defence Strategy*, the Government’s long-term vision for the Canadian Forces”. It goes on to note that the Government “remains committed to continuing to build the Canadian Forces into a first-class, modern military. However, as part of measures to restrain the growth in overall government spending and return to budget balance in the medium term, the Government will slow the rate of previously planned growth in the National Defence budget. Budget 2010 reduces growth in National Defence’s budget by \$525 million in 2012–13 and \$1 billion annually beginning in 2013–14. Defence spending will continue to grow but more slowly than previously planned”.
- Continued support for defence funding has allowed the Canadian Forces to accomplish its mission in Afghanistan, support major events such as the 2010 Olympics and respond to other crises – including, for example, the Haitian earthquake and piracy activities off the Horn of Africa. The reduction in budgetary growth beginning in 2012 could potentially slow the restoration of capabilities currently taking hold and delay or defer the recovery or ‘reset’ of equipment being repatriated after lengthy deployments in Afghanistan or elsewhere.
- The Government has maintained its support to the military even in light of the pressures caused by the global economic crisis and the resulting federal deficit. While sustaining appropriate levels of funding may prove challenging, a healthy defence budget is critical to continued success in maintaining viable, responsive armed forces.

CDA Position

- The need for defence funding remains high. Although a partial withdrawal from Afghanistan in 2011 may reduce some demand, the ongoing training role there will require incremental funding and the CF is likely to face additional expenses associated with repatriation and post-deployment activities. Equipment will have to be refurbished or replaced. Other initiatives to introduce or maintain capabilities for domestic operations, held in abeyance, will need to be revisited. As new equipment is put into service, pressures on personnel will continue and support and training requirements will have to be met. Finally, the demands of the Government’s directed mandate to increase the military presence in Canada’s North will incur additional expenses over an extended period of time, for both acquisitions and operations.
- Although defence funding has increased significantly, the recovery in military capability needs to continue. There are many initiatives identified in the *Canada First Defence Strategy* which have yet to be implemented and investment must continue if major equipment is to be recapitalized. Many fleets are reaching – or have reached – the end of their useful lives. Projects such as the replacement of support and combatant ships, the F-35 fighter and new

combat vehicles will all demand significant financial commitment by the Government. Continued investments in appropriate numbers of personnel, both Regular and Reserve, will be needed to ensure the Canadian Forces are ready with the necessary training to operate and maintain new capabilities.

- Throughout, it will be important for the Government to continue to provide positive support to the Canadian Forces by maintaining adequate growth in the defence budget. Without this support, capabilities may atrophy or disappear altogether. Increased capabilities – hard-won from many years in Afghanistan – will need to be maintained if they are to be ready for future directed deployments.

Messages

- The Government's support to funding the Canadian Forces over the past several years has been very positive. Capability renewal is well underway.
- A partial withdrawal from Afghanistan in 2011 presents the Government with an opportunity to address other important defence priorities – continued capital investment, refurbishment of equipment, increased focus on domestic requirements and so on – within the current and projected defence budget.
- Although the 2010 budget made reductions to Defence funding growth, future budgets must sustain planned funding if the *Canada First Defence Strategy* priorities are to be met. The Government must remain committed to a strong and capable military force.
- Any pause in the operational tempo may allow a shift in focus to address other pending national defence programs and initiatives; it does not signal a decreased requirement for continued defence funding.

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