

AFAC POSITION PAPER 06/2008

Issue: Funding for National Defence

Background

- The Government of Canada unveiled its Canada First Defence Strategy in May 2008. In doing so, it identified the main priorities for defence and the core missions to be performed by the Canadian Forces. The CFDS also established future funding for Defence, with an inflation provision of 2% beginning in 2011.
- The CFDS document cites the need for an investment plan to further specify how capabilities will be brought forward in a coherent way. The plan will assist in implementing the Strategy by helping to manage the complexity involved in apportioning resources.¹
- All indications are that there will be continuing pressure on the defence budget to deliver on the capabilities identified in the Strategy. It will be a challenge, therefore, for DND to balance the needs of the future with current ongoing pressures, even with the Government's commitment to separately fund incremental costs for major operations.² The current economic downturn will definitely increase pressure on federal spending in all areas. This will almost certainly cause the Government to examine options to reduce spending commitments, including those contemplated for defence.

AFAC Position

- The AFAC supports recent Government increases to the Defence budget and the issuance of the Canada First Defence Strategy. The additional inflationary protection is helpful, but unlikely to enable full funding of all of the capabilities identified.³
- The Canadian Forces are only now beginning to recover from budget cuts of the 1990's. It is critical that projected funding levels be respected in order to maintain the momentum for renewing capabilities. A long-term effort will be needed on all fronts – equipment, personnel, infrastructure, sustainment and readiness.

¹ Government of Canada, Canada First Defence Strategy, page 19

² Ibid, page 13

³ A fulsome discussion of this can be found in an article by Brian MacDonald in the Autumn 2008 issue of *On Track*, pages 19-21, titled 'Reservations about the *Canada First Defence Strategy* Budget'.



- The acute demands of the difficult mission in Afghanistan will continue until at least 2011. Now is not the time to reduce or short change the resources necessary to accomplish this mission properly. Even with incremental expenses covered, a considerable 'overhead' of training and force generation activity is necessary to properly enable the deployment. These deployment-related expenses, along with the extensive costs to refurbish or replace battle-worn equipment, should be funded separately to the day-to-day DND budget.
- Defence expenditures are vitally important to the Canadian industry, which benefits from acquisitions and their ongoing support, either directly or indirectly. An investment in defence provides, therefore, an important stimulus for the Canadian defence industry and represents a high value, often exportable, positive return for these companies at a time when the economy will need every bit of help it can get. Furthermore, this is entirely consistent with CFDS comments on positioning Canadian industry for success.⁴ A strong approach to national security can enhance industrial confidence.

Messages

- Government increases to defence spending are supported but need to be maintained to meet the priorities of the Canada First Defence Strategy. The Government needs to honour its commitments to provide the necessary resources for defence, updating them from time to time.
- Notwithstanding difficult economic times, defence requirements must remain a priority in order to address previous shortfalls and to continue with the rebuilding of the Canadian Forces. Additionally, it is always important to help stimulate and sustain a vibrant defence industry in Canada through defence-related investment.
- The operational requirement of deployed missions demands full governmental support and funding.

Developed by the Aviation Affairs Committee – for more information, visit <http://airforce.ca/>

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⁴ Government of Canada, Canada First Defence Strategy, page 20.

