



Defence Budget 2009/10

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Budget 2009/10

Budget 2009/10 was focused upon the need to deal with the economic crisis and to be seen to be dealing with it. Consequently there was no mention of *Defence Budget 2009/10* in the Budget Speech or the various briefing papers associated with it.

The Main Estimates 2009/10: Another Substantial Increase

The *Main Estimates*, which detail the planned spending for each Department for the following year, were quietly tabled on February 26, 2009. Again the primary focus was on the economic crisis and the steps being taken to deal with it.

"The Government of Canada is moving forward to provide the funding needed for initiatives in *Canada's Economic Action Plan* to help stimulate and protect the Canadian economy," said The Honourable Vic Toews, President of the Treasury Board.

Again, there was no specific mention of the Defence Budget

But when we finally got to the actual specifics of the Defence Budget in the *Main Estimates*, we discover that the "Total Department Spending" for the Defence Department is scheduled to increase by \$0.946 billion from \$18.294 billion to \$19.239 billion, an increase of

5.7%—well above the rate of inflation.

(See: <http://www.tbs-sct.gc.ca/est-pre/20092010/me-bd/ND-DN-eng.asp>)

"Vote 1" — which covers "Operating Expenditures," decreases a shade from \$13,520 billion in FY2008/9 to \$13.460 billion in FY 2009/10.

Vote 5 — "Capital expenditures," on the other hand, increased \$0.916 billion from \$3.357 billion to \$4.273 billion, an increase of 27.3%.

This brings the Capital share of the Defence Budget from 18.3% of the total Defence Budget to 22.2%, which is getting into the lower end of the range which many commentators hold to be the amount necessary to allow for the recapitalization of the Forces if it were to be systematically maintained over a long period of time.

What is curious is that such a significant increase in the Defence Budget was not mentioned in the *Budget Speech*. Typically there is a very high level of media attention paid to the *Budget Speech*, but very little, if any, media attention paid to the content of the *Main Estimates*.

Accordingly there is very little real knowledge among the media and the public that such a significant increase in the Defence Budget has taken place.

Supplementary Estimates (A) 2009/10



In recent years we have seen the Government make use of the *Supplementary Estimates* to add considerable sums to the defence budget, as the table below indicates.

Defence Budget 2009/10 has been no exception to this pattern.

And once again there was a substantial \$1.333 billion increase in the Defence Budget, bringing it up to \$20.569 billion.

We should note that the current Government has changed the *Supplementary Estimates* format from two iterations to three. We have yet to

Fiscal Year	Main Estimates \$ bn	Change Y/Y	Supp (A) \$bn	Supp (B) \$bn	Total \$bn	Change Y/Y Total
2004/5	13.288		0.641	0.188	14.129	
2005/6	13.435	1.1%	1.321	0	14.756	4.4%
2006/7	14.790	10.1%	1.071	-0.542	15.859	7.5%
2007/8	16.881	14.1%	1.559	0.406	18.436	16.2%
2008/9	18.295	8.4%	0.542	0.442	19.489	5.7%
2009/10	19.239	5.2%	1.33	?	20.569?	?

Supplementary Estimates (A) 2009/10 were quietly tabled in the House on May 19, 2009, and again were seemingly completely ignored by media and thus rendered invisible to the public.

Once again, the emphasis was upon the economic crisis.

"Through these *Supplementary Estimates*, the Government continues to move forward with our priorities announced in *Budget 2009* including our Economic Action Plan," he added. "Our Economic Action Plan is our plan to help Canadians weather the global economic recession, to stimulate our economy and to invest in our long-term prosperity."

see whether the Defence Department will benefit from another allocation of additional funds in *Supplementary Estimates (B)* or in the new *Supplementary Estimates (C)*.

The Report on Plans and Priorities (RPP)

The *RPP* is, in effect, the report of the Business Plan of the Department. Unfortunately, there is even less media attention paid to the release of the *RPPs* than to the *Estimates*.

One of the great values of the *RPP* for Defence Budget analysts is that it provides a glimpse into the future one year farther out, as well as breaking out



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the Defence Budget in terms of the “Budgetary Main Estimates,” which are the appropriations in this year’s Main and Supplementary Estimates, and the “Adjustments,” which may include spending in this year which was the result of Appropriations from a previous year.

For example, the *RPP* shows appropriations in the “Budgetary Main Estimates (Gross)” of \$19.164 billion for this year (2009/10). However, we have to deduct \$0.391 billion for “Responsible Revenue” to arrive at \$18.773 billion for the “Total Main Estimates.”

Then we add “Adjustments,” which were announced in Budgets 2005, 2006, and 2007, but which take effect in this year, amounting to a total of \$0.639 billions, bringing the “Total Planned Spending” to \$19.412 billions.

Then we have to add in the sums added by the Supplementary Estimates during the year.

Masochists can find the *RPP* financial tables at:
<http://www.tbs-sct.gc.ca/rpp/2008-2009/inst/dnd/dnd01-eng.asp>

Looking Forward

The anticipated “Budgetary Main Estimates (Gross)” for FY 2010/11 show a tiny increase of \$63 million from \$19.164 billion to \$19.227.

It appears, then, that the Five Year Martin/Harper Plan to expand the defence budget (the “Budgetary Main Estimates (Gross)” has effectively topped out at \$19.227 billion—a substantial 45% increase over the \$13.288 of FY 2004/5.

The *Canada First Defence Strategy* promises further annual growth of 2.6% annually.

Whether this is enough to permit the achievement of the Future Force goals of the *CFDS* will remain the unanswered question. The CDA, like the Auditor-General, have some reservations—but that is the subject of another Defence Budget *Commentary*.

References:

The Budget is found on the Ministry of Finance website at
<http://www.fin.gc.ca/access/budinfo-eng.asp>.

The remaining documents, however, are located on the Treasury Board website at
<http://www.tbs-sct.gc.ca/est-pre/estime.asp>

We remind our readers that those wishing to gain an understanding of the Canadian Defence Budget must dig through a total of seven documents which appear in stately sequence over the course of the budget year. These are the *Budget*, the *Main Estimates*, the *Report on Plans and Priorities (RPP)*, the *Supplementary Estimates (A)*, the *Supplementary Estimates (B)*, the *Supplementary Estimates (C)*, and the *Departmental Performance Report*.

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