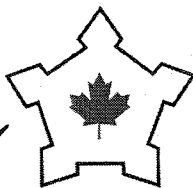


**CONFERENCE OF DEFENCE ASSOCIATIONS**  
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to file

18 November 2008

The Honourable Peter MacKay, P.C, M.P  
Minister of National Defence  
National Defence Headquarters  
101 Colonel By Drive  
Ottawa, Ontario K1A 0K2

Dear Mr. MacKay,

I am pleased to inform you that the CDA Institute's annual Vimy Dinner, held on 14 November at the Canadian War Museum and presided by The Right Honourable Chief Justice of Canada, Beverley McLachlin, P.C., was a resounding success. Some 630 people were in attendance to witness the presentation of the Vimy Award to General (ret'd) Rick Hillier, and of the Ross Munro Media Award to Alec Castonguay of *Le Devoir*.

The next day, on 15 November, the Conference of Defence Associations (CDA) Council held one of its semi-annual meetings. During the course of the meeting the attached position paper, on the issue "Funding for National Defence," was approved by members of the CDA.

The CDA urges the Government to honour its funding commitment towards the *Canadian First Defence Strategy*. While the CDA recognizes the government's commitment to renewing the Canadian Forces (CF), such an enterprise must be maintained vigorously, especially given the current deployment of the CF to Afghanistan and these uncertain economic times.

I look forward to your response, and I wish you best of luck in the new session of Parliament.

Sincerely,

Richard J. Evraire  
Lieutenant-General (retired)  
Chairman

## **CDA POSITION PAPER**

### **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.<sup>1</sup>
- 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.<sup>2</sup> 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.

#### **CDA Position**

- The CDA 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.<sup>3</sup>
- 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.
- 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

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<sup>1</sup> Government of Canada, Canada First Defence Strategy, page 19

<sup>2</sup> Ibid, page 13

<sup>3</sup> 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*'.

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.<sup>4</sup> 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.

Date: 15 Nov 2008

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<sup>4</sup> Government of Canada, Canada First Defence Strategy, page 20.