

You asked for it...

Your CTF has been critical of the lack of spending restraint shown by the federal government since it won election in January, 2006. This has caused many to ask: ***“Isn’t the increased spending due to one-time investments in equipment for the armed forces after years of neglect?”***

As always, your CTF aims to arm taxpayers with the spending facts.



As part of the Harper government's commitment to “equip and strengthen” the Canadian Armed Forces, the Conservative government has announced approximately \$11-billion in military capital commitments. This spending will go some way to restore the nation's military capacity; yet to date, Ottawa has only budgeted for half that total.

The government's “Canada First Defence Strategy” includes procurement of new armoured patrol vehicles, support ships, helicopters and acquisition of tanks. Tabled in May 2006, the government's first budget an-



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nounced a \$5.3-billion spending increase *over five years* to equip the Canadian Armed Forces. The finance minister announced new funding of \$400-million for the 2006 fiscal year.

The 2007 Budget accelerated the implementation of the \$5.3-billion defence plan by pledging to spend \$3.1-billion *over three years*. According to the budget, \$900-million more will be spent this year, \$1-billion in fiscal 2008, and \$1.2-billion in fiscal 2009.

During the last year of Liberal government rule, the Department of National Defence (DND) spent \$14.7-billion in the 2005

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fiscal year. This amount represented 8.4 percent of Ottawa's total program spending, which stood at \$175.2-billion that year.

As a result of the Conservative's heightened military emphasis, the military budget increased to \$15.2-billion in fiscal 2006. And Ottawa's spending estimates indicate the DND budget will rise to \$16.9-billion this year (fiscal 2007). This is a \$2.2-billion spending increase under the Conservative government in their first two years in office.

Without a doubt, the federal government is spending more to re-equip and prepare the military for overseas engagements. But these expenditures do not adequately explain Ottawa's overall spending growth. Defence spending is up, but so are other federal government expenditures. Consider the numbers:

In fiscal 2006 — the first year under the Conservative's watch — spending ballooned by \$13.8-billion, rising from \$175.2-billion to \$189.0-billion. This is the second biggest jump since the books were first balanced ten years ago. For the current fiscal year, which began on April 1, spending is set to jump another \$10.6-billion and level off at just under \$200-billion. The military accounts for only a fraction of overall spending growth.

The total two-year spending increase under Minister Flaherty is \$24.4-billion or 13.9

percent. Of this amount only \$2.2-billion can be attributed by Ottawa's military budget. In fact, the military share of overall program spending actually

dropped to 7.8 percent last

year because non-defence spending increased at a faster rate. This year it will be 8.5 percent, only slightly more than the percentage under the Liberals last year in power.

The federal government is now spending approximately \$1-billion a year for new equipment. Yet expenditures are growing across the board with overall spending up \$13.8-billion and \$10.6-billion annually under Conservative control of the treasury. The rapid rise in spending has little to do with reinvigorating the armed forces after "years of neglect" as some suggest. In reality, the rise in spending is not focused. Rather, it is due to a failure to cut spending in non-priority areas, like corporate welfare, and overly-hyped "fiscal imbalances" with the provinces. Spending isn't just rising at DND, it is up in *all* government departments.

Many Conservative politicians and government supporters argue that the large increase in military spending is responsible for Ottawa's recent spending spree. This is simply not the

case. In fact, of the total two-year increase in spending, only nine percent can be attributed to the military. Even the government's own budget document this year states, "the cost of major capital equipment is spread over its life, so the annual budgetary amounts include only a portion of the full capital cost." Further, officials in the Department of Defence confirmed to your CTF that much of the capital investments in equipment are spread over several years. ■

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