

Dollars and Sense: The Canadian Armed Forces in 2024: Desperate for the Defence Policy Update

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Credit: Aviator Gregory Cole, Canadian Armed Forces

HMCS *Vancouver* conducts Officer of the Watch manoeuvres in consort with HMCS *Ottawa* and MV *Asterix* while the ships transit the Pacific Ocean homebound on 4 December 2023.

In late November the Royal Canadian Navy (RCN) released a video narrated by Vice-Admiral Angus Topshee that painted a stark picture of the state of Canada's naval forces. According to the video, the RCN is in "a critical state."¹ The video comes on the heels of reporting by *The Globe and Mail* at the end of October that Canada's fighter force "is in crisis."² Reporting over the summer of 2023 indicated that the Canadian Army has been struggling to equip its expanded NATO *Operation Reassurance* mission in Latvia.³ Taken together, media reporting has painted a picture of a Canadian military increasingly struggling to deliver on operational commitments.

Against that backdrop, the release of the Defence Policy Update – a process initiated in the April 2022 budget, when the Finance Minister and Deputy Prime Minister promised a 'swift' review in her budget speech – is becoming even more pressing. At the time of writing, that 'swift' review was at the 20-month mark and counting. While the Minister of National Defence indicated in the fall of 2023 that the update might be coming in a matter of months and that there were discussions happening about significant additional investment in the Canadian Armed Forces (CAF), there is ample room to question whether the review will meet the needs of the moment.⁴

The requirement for significant additional investment is evident across all of the major elements of the defence portfolio, detailed below. But, especially after the Fall Economic Statement in 2023,⁵ it seems increasingly clear

that there is an emerging disconnect between what the Justin Trudeau government would consider to be feasible significant spending and what the Department of National Defence (DND) and CAF would consider to be a significant enough investment. In its economic update, the government made clear that Canada's fiscal position, maintaining Canada's AAA credit rating, and favourable fiscal statistics compared to other G7 economies are key government priorities. In that context, the government outlined limited (by Trudeau government standards) additional spending despite sagging poll numbers while at the same time announced \$691 million a year in budget cuts. DND's share of those additional reductions, over and above the cuts introduced in the 2023 budget were not specified. Unlike in Budget 2023, there was no language suggesting any exemption for defence.

Since DND represents roughly 25% of the government of Canada's operational spending (the basket captured by the Budget 2023 cuts), it would be reasonable to assume that defence's share would be somewhere around \$170 million a year which, when combined with the over \$900 million a year in cuts from the 2023 Budget, will result in a reduction of around \$20 billion over the next 20 years. As it waits for the Defence Policy Update, the fiscal signal from the government about how much additional spending is reasonable to expect is not promising. Not only is the government clearly signalling that there is limited additional room for spending, it is further increasing the cuts it expects government departments to realize.

REGULAR FORCE OCCUPATIONAL SHORTAGE

	CP02	P01	P02	M5	51-53
BOSN	83%	71%	71%	74%	99%
NCI OP	92%	74%	72%	60%	126%
NES OP	84%	65%	68%	84%	105%
STWD	93%	74%	61%	73%	58%
NAV COMM	82%	64%	68%	60%	81%
SONAR OP	97%	76%	76%	70%	106%
CL DVR	86%	72%	91%	82%	62%
W ENG TECH	78%	66%	73%	70%	78%
MAR TECH	61%	60%	60%	67%	89%

	Capt(N)	Cdr	LCdr	Lt(N) / S
NWO	100%	82%	78%	69%
NCS ENG	N/A	N/A	85%	79%
MS ENG	N/A	N/A	87%	65%
NAV ENG	86%	100%	N/A	N/A

The RCN's regular force shortages by occupation as seen in a recent video posted by the RCN.

And yet, as outlined at the outset, there are clear shortcomings in Canada's military that are already starting to limit its ability to carry out existing policy. On the personnel front, the CAF continues to deteriorate, despite years of efforts to address the situation. As Chief of the Defence Staff General Wayne Eyre testified to the House of Commons Defence Committee in the fall of 2023, the military continues to be roughly 16,000 troops short, split about equally between regular and reserve forces.⁶ More recently, the latest Statistics Canada survey indicated that despite the numerous initiatives arising from the reports by retired Supreme Court Justices Marie Deschamps and Louise Arbour, the number of sexual assaults in the forces had more than doubled since their last survey.⁷ Taken together, these two data points make clear that there are ongoing quantitative and qualitative personnel issues that must be resolved, requiring ongoing investments. Presuming the forces can arrest the drop in their numbers and return to even strength, that will put a significant financial pressure on the military that has essentially been saving hundreds of millions of dollars a year by being several thousand troops short of authorized strength. Beyond this, if the government remains committed to enacting meaningful culture change in the CAF, the latest survey results indicate that the measures to date have been insufficient and additional investments of staff time, if not money, will be needed affect change.

With respect to readiness, the RCN video made clear that Canada will need to operate the *Halifax*-class frigates

for another 15 years. Those vessels, commissioned in the 1990s with a 25-year design life, are now 30 years old and experiencing the type of problems associated with operating assets in harsh conditions longer than they were meant to keep sailing. The ships' structure and components are reaching the point where structural issues are appearing that cannot be addressed within the normal funding envelopes and time allocated for docking work periods. This columnist recently had the opportunity to tour one of the RCN frigates immediately after it exited a docking work period. Even to a non-expert eye, the substantive issues with the structural integrity of the steel decking that could not be addressed within the normal maintenance interval are evident, and concerning. The frigates will need a significant injection of maintenance cash to keep sailing for another decade and a half beyond what they were designed to do as their structure and components progressively exceed their intended life span.

Lastly, without new funding commitments, soon, to initiate new capital replacement projects, Canada is in danger of seeing its submarine capability run out of useful life as the *Victoria*-class submarines reach the end of their lives, even with the Victoria Class Modernization Program. While the RCN's force development team has been undertaking substantial initial work to scope out potential replacements, including visiting with potential suppliers around the world, they will soon reach the limit of how much further the project can move forward without the government providing clear policy direction and at least a commitment of capital project funding to acquire new boats.

As the CAF moves into 2024, it is starting to face the impact of years of deferred decisions which are culminating in a personnel, readiness and capital equipment situation that is starting to limit the government's options. The longer we wait for an update to Canada's defence policy, the worse the situation will get. 🇺🇸

Notes

1. Canada, Royal Canadian Navy, "The State of the Royal Canadian Navy," Ottawa, Royal Canadian Navy, Youtube video, 2023.
2. Steven Chase and Robert Fife, "Canada's CF-18 Fighter Jet Force 'in Crisis,' New Study Funded by DND Says," *The Globe and Mail*, 27 October 2023.
3. Murray Brewster, "An 'Embarrassing' Gear Shortage has Canadian Troops in Latvia Buying Their Own Helmets," CBC News, 5 June 2023.
4. David Baxter, "Defence Minister Says Plan in Talks for 'Significant' Military Investments," *Global News*, 3 December 2023.
5. Canada, Department of Finance, "2023 Fall Economic Statement," Ottawa, Department of Finance Canada, 2023.
6. General Wayne Eyre, "Evidence," Standing Committee on National Defence, 28 September 2023.
7. Spencer Van Dyk, "'Significant Increase' in Sexual Misconduct in the Canadian Armed Forces, Statistics Canada Reports," CTV News, 5 December 2023.

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