

## **Military escapes cuts — for now**

Defence spending reductions begin in 2011 after Afghan mission wraps up

By MURRAY BREWSTER The Canadian Press OTTAWA

THE CANADIAN military dodged a bullet in Thursday's federal budget, but will still see a total of \$2.5 billion carved out of future defence spending after troops withdraw from Afghanistan next year.

Funding will remain largely stable in the current year, but the Conservative government plans to take away \$525 million in planned increases in 2012-13, \$1 billion in 2013-14 and another \$1 billion the following year.

With Ottawa facing an estimated \$53-billion deficit this year and \$49 billion next year, there have been calls by social welfare groups for cuts to defence spending.

The military's budget has increased by \$3 billion annually since the Tories came to power four years ago. It is expected to crest above \$20 billion this year.

Finance Minister Jim Flaherty said restraining defence spending is one pillar in his government's strategy to cut \$17.6 billion from the federal budget over the next few years.

Thursday's budget raises questions about whether the Harper government will be able to deliver planned big-ticket purchases, including new naval supply ships, search-and-rescue planes, and armoured vehicles to replace those worn out by the Afghan war.

"We do not know right now if there will be an impact on those major capital projects," said Vice-Admiral Denis Rouleau, second-in-command for the military.

"We're certainly hoping to be able to move forward."

Just 18 months ago, Defence Minister Peter MacKay drew up a list of equipment the Conservatives planned to buy, and pledged to modernize the military, which he said had been starved under Liberals.

And just as restraint kicks in, the military will be facing some of its most expensive purchases, including replacements for the almost 30-year-old CF-18 jetfighters and the navy's command-and-control destroyers.

The Conservatives' defence strategy also pledged the military could rely on stable, predictable budget increases. The plan was to hike defence spending by 1.5 per cent until

2011 and then by two per cent every year, starting in 2012.

Rouleau said even with restraint the military will see what was promised. The department is also conducting a strategic review, which could help it reallocate existing dollars.

The Afghanistan war was cited as the reason the military was given a reprieve from the budget axe.

"By implementing this measure beginning in 2012-13, the government will ensure that it does not adversely affect military operations during the current Afghanistan mission, and that National Defence has sufficient time to adjust its long-term expenditure plans," the budget said.

National Defence is already feeling the fiscal squeeze, even without restraint.

Hundreds of full-time reservists, called up to fill in the ranks for the war, last fall began to get ultimatums from the army: join the regular force or get a pink slip.

The number of Class B reservists across all three branches of the Forces has nearly doubled since 2004, to 8,700. Hundreds are expected to lose their jobs between now and 2012.

As many as 200 reservists have already been let go in the army, and hundreds more are expected to follow this year.

The army said reservists are not being singled out.

"The current financial adjustments have been spread to encompass activities across the army," said internal defence talking points.

"While the army's budget has increased in recent years, we recognize funding is not unlimited. Sound financial management involves difficult decisions, and unfortunately one of the areas affected are the reserves."

Even with the restraint, the Conservatives insisted the "long-term objectives" of their Canada First Defence Strategy will be met.

The Tories came to power in 2006 promising a massive rebuilding of the Forces, but have repeatedly had to scale back plans and proposals.