



CDA Institute Analysis: Examining the 2018 Budget *Equality+Growth* from the Security and Defence Perspective.

EXECUTIVE SUMMARY

As foreshadowed during the CDA / CDA Institute 2018 Ottawa Conference on Defence and Security, the Canadian Government 2018 Federal Budget does not contain much for the Canadian Armed Forces or for defence in general as a national capability. This is consistent with the messaging from the previous year that DND and the CAF have received what they need and implicitly puts the emphasis for achieving the results outlined in “*Strong, Secure and Engaged*” on the teams led by the DM and CDS in support of the MND.

There are several initiatives and investments for the care and support provided by VAC to veterans (with additional support to RCMP members) as well several initiatives in the wider security sector, focused mainly on the cyber sector with the establishment of the Canadian Centre for Cyber Security and additional funding to assure the operations of the Communications Security Establishment.

More careful review does however point to some areas of deepening Government activity, particularly in gender issues as well as industry and research that are likely to have an impact on the CAF and Defence into the future.

Overall, the Budget has a strong orientation of the budget towards social equity issues with the designation of explicit targets for changing activities and outcomes in keeping with this orientation. This will influence DND and CAF activities and operations over time as the Government looks for progress in these areas as part of the pan-Governmental effort in addition to the specific outcomes required for “*Strong, Secure, Engaged*”.

ANALYSIS

Measures Announced Directly Affecting DND/CAF

Nil.

Comment: This was largely foreshadowed at the CDA / CDA Institute Ottawa Conference the week prior to the Tabling of the Budget and is not a surprising development. The Government had indicated last year that the fiscal changes required to support “*Strong, Secure, Engaged*” had already been introduced and the objective was now to implement the programming that would access the fiscal resources. The expectation is that work is ongoing within DND to ensure that the framework for implementation is equal to the task and then commence delivering results in a timely and effective manner.

Measures Announced Directly affecting VAC and Canadian Veterans

Support for Canada's Veterans

The Budget pointed to the fact that the Government unveiled its Pension for Life plan, a program designed to reduce the complexity of support programs available to veterans and their families. Subsequently confirmed was that legislation is to be introduced to provide for a Pension for Life plan, to include the choice of tax-free monthly payments for life to recognize pain and suffering caused by a service-related disability up to a maximum monthly amount of \$2,650 for those most severely disabled; and income replacement for veterans who are facing barriers returning to work after military service at 90 per cent of their pre-release salary. The budget indicates that this represents almost \$3.6 billion in new commitments to support Canada's veterans and is, when combined with measures already announced budgets since 2016, nearly \$10 billion total.

Comment: This reconfirms the commitment to restore the lifetime pension option for veterans. However, what this means in practice to simplify matters for veterans accessing VAC support and whether or not the overall package is sufficient in terms of the financial and support benefits provided in reality to address the concerns raised by a number of veterans advocates.

Better Services for Veterans

\$42.8 million over two years, starting in 2018 –19, to increase service delivery capacity at Veterans Affairs.

Comment: This should provide further resources to improve service access for veterans. Implementing these changes in VAC offices across the country while at the same time dealing with increasing levels of service demand and answering enquiries on how the new programme affects current VAC clients, will be a significant challenge.

Expanding the Medical Expense Tax Credit for Psychiatric Service Dogs

Budget 2018 proposes to expand the Medical Expense Tax Credit to recognize costs for psychiatric service animals for the 2018 and future tax years. This measure will directly benefit veterans and others in the disability community who rely on psychiatric service dogs.

Comment: A recognition of the work of organisations such as CDA member-Association, the Royal Canadian Legion as well as Paws Fur Thought and others, to provide well-trained service dogs to veterans and first responders with invisible disabilities.

Cemetery and Grave Maintenance

Funding of \$24.4 million over 5 years, starting 2018-19 for the cleaning, restoring or replacing headstones, and fixing foundation of 45,000 gravesites in VAC care.

Comment: this parallels the increased pace of work that the Commonwealth War Graves Commission has been completing around the world for the gravesites over which they have responsibility on behalf of Canada and other Commonwealth nations.

Measures Announced Affecting the Security Sector

Improving Cyber Security

Proposals to commit \$155.2 million over five years, and \$44.5 million per year ongoing, as well as enabling legislation, to the Communications Security Establishment to create a new Canadian Centre for Cyber Security. The intent is to establish a unified Government of Canada source of unique expert advice, guidance, services and support on cyber security operational matters, providing Canadian citizens and businesses with a clear and trusted place to turn to for cyber security advice.

Commitment to provide an additional \$236.5 million over five years, and \$41.2 million per year ongoing, to further support Canada's new National Cyber Security Strategy.

Comment: These initiatives, designed to consolidate and coordinate a federal approach to cyber security issues is an appropriate response to concerns that touch every aspect of life for Canadians.

Supporting RCMP Frontline Operations

Intention to invest \$80 million in 2018–19 to reinforce existing RCMP policing operations as well as the recruitment and training of new RCMP cadets.

Preserving Canada's Foreign Signals Intelligence Capability

An intention for \$225 million over four years, starting in 2020–21, and \$62.1 million ongoing, to ensure that the Communications Security Establishment's capabilities are preserved.

Comment: This initiative, parallel to that of establishing the Canadian Centre for Cyber Security, is welcome news to ensure that this key capability remains modern and relevant for the security of Canadians.

Advancing Gender Equality Around the World

The Budget reconfirmed the Government's commitment to a Feminist International Assistance Policy, focusing on six interlinked areas: gender equality and the empowerment of women and girls, human dignity, peace and security, inclusive governance, environment and climate action, and growth that works for everyone.

Within this policy, the Budget highlighted:

- The launch of the Elsie Initiative on Women in Peace Operations, which includes:
 - o \$6 million to designated United Nations missions to improve their ability to support and benefit women's increased participation in peace operations.
 - o \$15 million to launch a global fund to support the deployment of women peacekeepers."

Comment: Not a new commitment, but a reminder of the Government's commitment to re-enter UN Peace Support Operations cast for the modern realities. The implementation of this re-engagement has been heavily criticized for the slow pace of change, noting the continuing decrease in the numbers of Canadian CAF and police members on UN operations recently. Regardless of pace of implementation, the reality is that the CAF will be required to review the deployment of contingents for UN missions, if not all missions according the broad principles and outcomes articulated by the Government policy to ensure that they model the behaviours expected and implicitly or explicitly support the six interlinked areas.

Support to Address Post-Traumatic Stress Injuries for Public Safety Officers and Supporting Mental Health for RCMP Police Officers

The Budget proposes to provide \$20 million over five years, beginning in 2018-19, to support a new national research consortium between the Canadian Institutes of Health Research and the Canadian Institute for Public Safety Research and Treatment. This new consortium will work to address the incidence of post-traumatic stress injuries among public safety officers.

It also proposes to invest \$10 million over 5 years, starting in 2018-19, for Public Safety Canada to work with the Canadian Institute for Public Safety Research and Treatment to develop an Internet-based Cognitive Behavioural Therapy pilot as a means of providing greater access to care and treatment for public safety officers across Canada as well as providing the RCMP with \$21.4 million over five years, starting in 2018-19, to support the mental health needs of its officers.

Comment: Not directed at CAF members or veterans, this additional funding and care oriented towards individuals that are at risk in ways like CAF members should increase both the speed of development of more effective treatments and more widespread expertise. The latter particularly has been a source of concern.

Measures Announced that Affect the Context in Which DND/CAF Operate

Industry, Research and Innovation

The Budget proposes an investment of nearly \$4 billion in Canada's research system to support the work of researchers and to provide them access to the state-of-the-art tools and facilities they need.

Comment: The changes to the way Government, academia and industry will participate in research and innovation over the coming years hold potential for defence industries once they examine their business models and evaluate how best they can participate.

Pay Equity and Pay Transparency Legislation

The Budget noted that legislation will be introduced and that existing pay information filed by federally regulated employers under the Employment Equity Act will be converted into more user-friendly online content, with specific attention paid to making existing wage gaps more evident. The aim is to highlight employers who lead in equitable pay practices, while holding employers accountable for wage gaps that affect women, Indigenous Peoples, persons with disabilities and visible minorities."

Comment: While CAF pay scales are gender neutral, data analysis on military service members and DND Public Service employees by equity group and other criteria will no doubt bring to focus any disparities in how individuals from these groups are succeeding within Defence. It will inevitably reopen the debate concerning the ability of the CAF to recruit, retain and support the advancement of equity groups, which will increase the pressure on the CAF leadership team to show progress for OP HONOUR in developing more flexible, modern career patterns, as laid out in "*Strong, Secure, Engaged*" that would attract a more diverse CAF membership.

EI Parental Sharing Benefit

The intent to provide \$1.2 billion over five years, starting in 2018–19, and \$344.7 million per year thereafter, to introduce a new EI Parental Sharing Benefit that will provide an option of additional weeks of parental leave when both parents agree to share parental leave.

Comment: As for all employers in Canada, the CAF will soon have further complexity to manage within the workforce, both CAF and DND Public Service. An incremental step in an area that is becoming more mainstream.

More Accessible and Affordable Early Learning and Child Care

The Budget indicated that the Government is nearing the completion of the negotiations for bilateral agreements with the provinces and territories for the initial three-year period to access \$7.5 billion over 11 years, starting in 2017-18, to support more accessible and affordable early learning and child care.

Comment: Not a new initiative, but one that should be accessible by CAF members in support of their normal garrison/port/wing duties and for their personal readiness programmes in the event of deployments.

Gender Equality Support, including Gender-Based Analysis + (GBA+)

The Budget indicated that the Government would continue the Gender-focused agenda using Gender-based Analysis Plus (GBA+), a tool used to assess how diverse groups of women, men and gender-diverse people may experience policies, programs and initiatives from multiple perspectives (such as race, ethnicity, sexuality, religion, age mental/physical). The Budget outlined providing \$1.3 million to Status of Women Canada \$1.3 million in 2018–19 to host a national roundtable on GBA+ as well as providing Status of Women Canada with additional funding of up to \$7.2 million over five years to lead a national conversation on gender equality with young Canadians.

The Budget also proposes providing a further \$1.8 million over two years to Status of Women Canada to develop an engagement strategy for men and boys that promotes equality and pilots innovative, targeted approaches to addressing inequality.

Comment: The CAF has already introduced GBA+ as part of the strategic and operational planning tools for missions; these Government of Canada initiatives are likely to strengthen the imperative for the CAF to apply them institutionally as part of OP HONOUR and the planning for more modern career models. CAF participation in the national conversation to be led by Status of Women Canada could play a strong role in encouraging women and men to consider a military career.

Improving the Quality of Career Information and Program Results

Investment in a digital platform to provide the accurate and up-to-date information Canadians need to make informed career decisions, including how much money they can expect to earn in a given field and what skills are in demand by employers.”

Comment: Improved information tools for the Canadian public on their employment options present an excellent opportunity for the CAF to ensure that their competitive and rewarding career options are visible to job-seekers. Active participation in this programme should be a high priority as the CAF looks to modernise the approach to recruiting and retention.

Helping Women Enter and Succeed in the Trades

The Budget proposes allocating \$19.9 million over five years, starting in 2018–19, to pilot an Apprenticeship Incentive Grant for Women in Red Seal trades.

Comment: The CAF has already a well-developed trades training programme; it is however, often poorly accredited with the comparable civilian trades. The introduction of this Apprenticeship programme will put additional pressure on the CAF, as it modernises the career model, to ensure CAF trades that are comparable to the Red Seal equivalent trades are as fully

accredited as possible to showcase these training/employment opportunities as competitively as possible.

Stabilizing and Future Transformation of the Federal Government's Pay Administration (Phoenix)

The Budget announced the Government intention to eventually move away from Phoenix and begin development of the next generation of the federal government's pay system in addition to \$431.4 million over six years, starting in 2017–18, to continue making progress on Phoenix issues, including hiring additional staff to support the pay system at the Pay Centre and satellite offices.

\$5.5 million over two years, starting in 2017–18, will also be provided to the Canada Revenue Agency for the processing of federal government employee individual income tax reassessments that are required due to Phoenix pay issues and handling inquiries. There were reassurances that underpayments are being addressed as quickly as possible but also the reconfirmation that overpayments will also be recovered as required by law. For the latter, there was indication that repayment would not occur until after the Canada Revenue Agency processes their tax return and refunds the excess withholdings (or credits them against a tax liability). In addition, the Government shall address the issue of missing or inaccurate dues owed to public sector unions.

Comment: The disastrous implementation of the Phoenix pay system has had a negative impact on the morale of public servants, DND included as well as publicly visible negative incentive to join the Public Service. Resolution of this issue will be important to ensuring that the Department, like the rest of government is able to offer not only rewarding employment in support of defence and the CAF, but also the assurance of competent pay administration in attracting talented Canadians now and into the future.

Making Progress on Gender-Based Violence

Through Budget 2017, the Government provided \$101 million over five years, starting in 2017–18, towards a Gender-Based Violence Strategy. This funding includes \$4 million over five years, and \$0.8 million per year ongoing, to the Department of National Defence to increase funding for Family Crisis Teams, to support members of the Canadian Armed Forces and their families affected by violence.

Canada's Gender Results Framework

Gender Equality Goals for Canada > Leadership and Democratic Participation

More women in senior management positions, and more diversity in senior leadership positions as measured by the proportion of employees in management positions who are women (including intersecting identities), by management level.

Comment: this parallels the Government introduction of Bill C-25, aimed at increasing diversity on corporate boards and in senior management ranks under the Canada Business Corporations Act. Defence industry and the defence community will be either directly or indirectly affected by

this type of measurement in parallel to the examination that the CAF will face in how quickly and broadly women are represented at all levels.

The Government's Plan for Advancing Gender Equality Around the World

The Budget noted the launch of the Elsie Initiative on Women in Peace Operations to develop innovative approaches for women's meaningful participation in peace operations, where the Defence Policy was highlighted for the commitment to demonstrating leadership in reflecting Canadian ideals of diversity, respect and inclusion, including gender equality.

Comment. As pointed out previously, the Government is setting explicit expectations for Canadian military operations as reflective of Canadian demographic realities and societal values. No longer an incidental effect, the anticipation is being created that the CAF and DND, through GBA+ and other tools, act more deliberately to support these policy goals as a deliberate outcome.