

1999, 2000, and 2001. As a result of these budgets, defence funding will have increased by a total of \$7.2 billion between 1999-2000 and 2006-2007. As the Committee correctly points out, in 2001, Canada's defence spending ranked 6th in NATO in terms of dollars spent, and by the same measure, Canada ranked 15th in the world.

That said, the Government recognizes that the Canadian Forces continue to face serious challenges. With these challenges in mind, the Government recently announced as part of *Budget 2003* that the defence budget would be increased by \$1.6 billion over the next two fiscal years. This represents an \$800 million increase to the Department's baseline funding. National Defence also received an additional \$270 million in 2002-2003 to address urgent needs and to cover the remaining costs of Canada's contribution to the operation in Afghanistan. These funding increases, combined with the Minister of National Defence's commitment to find additional annual savings of \$200 million within the department, will help stabilize the Canadian Forces. The Canadian military will use these funds to support training and recruitment programs; acquire much-needed spare parts and relieve pressure on the operational support budget; support and enhance the Reserves; buy equipment and modernize capabilities in selected areas; address pressing infrastructure maintenance and replacement needs; and ease pressure on operations at home and abroad.

The Government remains committed to setting out longer-term direction on defence policy that ensures the military is equipped to fulfil the demands placed upon it. The Canadian Forces not only make an important contribution to the achievement of our foreign policy goals - including those related to our relationship with the United States - but also play a critical role in defending our territory and sovereignty and supporting civil authorities and other Government departments at home. In short, they help make Canada a strong and safe nation.

Recommendation 14

In view of the changed security environment in North America since September 11, 2001, the governments of Canada and the United States should expand the mandate of the Permanent Joint Board on Defence to include relevant security issues and officials. The Government of Canada should also facilitate interactions between the Board and Canadian Members of Parliament, and encourage the Government of the United States to do likewise.

More generally, the Canadian Ministers of Foreign Affairs and National Defence along with the US Secretaries of State and Defence – and other relevant Cabinet members as may be necessary – should meet at least once a year, alternating between Canada and

