Federal budget likely election plank

Critics and skeptics call it small and unimaginative. Opposition parties immediately indicated that they will blow it out of the Parliamentary waters and plunge Canadians into a general election.

The government, though, calls it “leadership.”

“Our plan does not say ‘yes’ to every demand; it does not contain massive new spending – because that’s not leadership,” Finance Minister Jim Flaherty said Tuesday while unveiling the government’s fiscal blueprint for 2011–12. “Leadership is about finding a balance between needs.”

It should also be about vision, says Canadian Medical Association President Dr. Jeff Turnbull.

“Canadians expected to see significant changes to health care in this budget,” he says. “We had hoped that we would see things like pharmacare and long-term care and national standards and accountability systems as we move towards 2014,” when the current financing agreement on health transfers to the provinces expires.

“Yes, there are a lot of small initiatives that impact on health, each one a good start in a direction but it has to be into a framework, an over-arching transformed health care system that serves Canadians.”

Among the modest, health-related measures in the budget was a scheme to attract doctors, nurses and nurse practitioners to “under-served rural and remote” communities by forgiving a portion of their Canada Student Loans if they set up a shingle in isolated environments, commencing in fiscal 2012–13.

But exactly what constitutes such communities remains to be determined, Finance officials said, on condition of anonymity, during a background briefing on the blueprint. “Some people use population. Others use proximity to health centres. We’ll have to establish a proper national standard.”

Finance officials say that roughly 900 doctors and 1600 nurses graduate annually in debt to the Canada Student Loans program. It’s estimated the average medical student graduates with a debt load on the order of $100 000. They’ll be eligible to have $8000 per year written off their loans, to a maximum $40 000, while nurses and nurse practitioners will be eligible for a $4000 per year write-off, to a maximum $20 000, if they undertake a stint in a remote community.

The government also allocated roughly $40 million in 2011–12 for a non-refundable family caregiver tax credit to Canadians who provide care to infirm or dependent relatives, including spouses, common-law partners and children.

Essentially, those caring for loved ones meeting certain criteria will get a tax credit of $2000. But as with existing health-related tax support, it will be reduced by 15% for every dollar earned by the person receiving care. For example, someone providing care to an elderly parent is now eligible for $4385 in existing tax support. The new caregiver tax credit bumps that up to $6385. But if the parent has a pension, the total will be reduced.
by 15% of whatever monies the parent received or earned, with the tax credit disappearing entirely once the parent’s income tops $21 360.

In a related measure, the government eliminated the $10 000 ceiling for “itemizable medical and disability-related expenses” (such as wheelchairs or ramps) that qualify for 15% medical expense tax credits made on behalf of a financially-dependent relative. The move is projected to cost the government $1 million in 2010–11 and $3 million in 2011–12 and thereafter.

Other health-related measures included allowing medical students to include the fees for certification exams to be eligible for the federal tuition tax credit and setting aside $3 million to “help support the development of new community-integrated palliative care models.”

All told, the health measures are “very, very modest,” says Pamela Fralick, president of the Canadian Healthcare Association, the primary voice of the nation’s hospitals and health facilities. “But it’s an entry point and leads us to believe there will be more coming in future years.”

Canadian Nurses Association President Judith Shamian called it “an election budget, a bit of something for everyone.”

Others, though, were apoplectic, particularly with regard to the caregiver tax credit. “Once again, we see the Tory ideology at work, where they place the onus on the families to be the caregivers rather than investing in public health care,” says Barry Thorsteinson, president of the National Pensioners and Senior Citizens Federation.

Overall, federal government spending for fiscal 2011–12 will rise by $2.7-billion to $278.7 billion, with Ottawa running a deficit of $29.6 billion and the debt load rising to $586 billion, or 34.4% of the gross domestic product.

With respect to federal transfer payments to the provinces for health, Flaherty’s signal was simple and straightforward: “We will not cut transfer payments for crucial services like health care and education, unlike the previous Liberal government,” (which slashed federal transfers during the mid-1990s in a bid to rein in the federal deficit). Federal transfers in support of health and social programs will rise $1.5 billion to $38.7 billion, while equalization payments for have-not provinces rise $500 000 to $16.9 billion.

Modest, but deceptive, budget increases were again the order of the day for the granting councils. The Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC) and the Social Sciences and Humanities Research Council received a collective $37 million — $15 million, $15 million and $7 million, respectively — per year increase in their base operating budgets. But that doesn’t offset the collective $43 million hit they will take as a result of measures announced in the 2009 budget.

The government also continued its practice of supporting big-ticket science by creating 10 new Canada Excellence Research Chairs, which have provided on the order of $10 million over seven years apiece to 19 Canadian researchers, and by again funneling big bucks at a targeted research initiative.

This year’s winner was Brain Canada, a non-profit foundation whose current honourary and former chair (2003–2006) is Michael Wilson, ex-finance minister for the Conservatives. The foundation will create a Canada Brain Research Fund, to which the
government will contribute up to $100 million to match monies raised by the organization and its partners.

Critics, including Jim Turk, executive director of Canadian Association of University Teachers, immediately assailed the move as further evidence of the government’s fondness for “politically attractive,” targeted initiatives that favour “star” researchers or one discipline over another.

“One of the symbols of offensiveness in this is that there is close to 50% more money for 10 research chairs than there is for the 10s of 1000s of people who do research funded by the councils,” Turk says. “They have three times as much for the Canadian Brain Research Fund than they do for all the granting councils combined. And there is $50 million over five years for the Perimeter Institute [for Theoretical Physics]. So this is continuing the same pattern, where the politicians pick some research agent which may be excellent, or maybe not, and fund it rather than the granting councils.”

But Inez Jabalpurwala, president of Brain Canada, says there is a substantive difference in the types of research being supported, as her foundation will fund multidisciplinary, multi-institutional, collaborative work addressing “commonalities across brain disorders.”

“The difference is that CIHR primarily funds the pipeline of individuals and we fund the teams. So there is a complementarity to the way the research is funded. Without that pipeline, you can’t get to the next level of excellence,” she adds.

In another targeted research initiative, the government will provide $12 million over five years, as part of its “India Engagement Strategy,” to establish a Canada-India Research Centre of Excellence (to be selected through competition) that will “focus on creating partnerships that bring together key individuals and organizations from Canada and India, accelerating the exchange of research results, and increasing Canada’s international visibility and reputation as a research leader.”

Among other health and research-related measures.

• Atomic Energy of Canada Ltd. will receive $405 million to cover losses and support operations, including ensuring “a secure supply of medical isotopes and maintain safe and reliable operations at the Chalk River Laboratories.”

• $4 million over three years will issue to the Thunder Bay Regional Research Institute in Ontario to “support the construction of a cyclotron for the production of medical isotopes.”

• Genome Canada will receive $65 million to conduct a “new competition in the area of human health” and sustain operating costs of regional genomics centres through 2013-14.

• The Canadian Food Inspection Agency will receive $100 million over five years to improve food inspection capacity. Essentially, that represents continuation of three-year funding that was provided to bolster agency operations in the wake of several contaminated-food scandals. The new monies will issue for “targeted investments in inspector training, additional science capacity, and electronic tools to support the work of front-line inspectors.”

• $24 million over two years will be set aside to extend the Initiative for the Control of Diseases in the Hog Industry through 2013 “to complete initiatives directed at national biosecurity standards and best management practices.”

• An increase of $10 million, to $322.4 million per year, will be provided to universities to cover the indirect costs of research.
• As part of a “Digital Economy Strategy” to be rolled out this spring, the government will provide $60 million over three years “to promote increased student enrolment in key disciplines related to the digital economy.” — Wayne Kondro, CMAJ