

## Flaherty unveils “prudent” budget

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**F**ive pilot projects to study mental health and homelessness; more monies to make drinking water safe in Aboriginal communities; a cash injection to help Atomic Energy of Canada Ltd. (AECL) develop its capacity to produce medical isotopes; and a new \$450 million, 3-year commitment to the “Global Fund to Fight AIDS, Tuberculosis and Malaria” are among a raft of relatively modest health-related measures unveiled Feb. 26, 2008, in federal Finance minister Jim Flaherty’s fiscal blueprint for 2008/09.

There was no sign, however, of anything in the way of additional resources

to address what many believe is the most critical issue facing health care in Canada: the looming nation-wide crisis in the availability of health professionals, including physicians.

In a budget self-billed as “prudent, disciplined and realistic,” the minority Conservative government also continued its practice of focusing research monies on a select few by unveiling a plan to shower 20 scientific superstars with a staggering \$10 million apiece over 7 years to conduct research in 4 designated priority areas: the environment, natural resources and energy, health, and information and communication technologies (see sidebar).

Program spending will rise \$6.9 billion to \$208.1 billion. Along with debt reduction measures, overall government spending rises to \$239.6 billion.

Among the largest health-related

measures was the promise to “reprofile” existing international assistance funding to provide \$450 million to the global AIDS fund. In another measure aimed at improving health in the developing world, Flaherty set aside \$50 million over 2 years to create a Development Innovation Fund to fund international researchers “as they search for breakthroughs in global health and other areas that have the potential to bring about enduring changes in the lives of millions of people in poor countries.”

Other health outlays included \$110 million to the Mental Health Commission of Canada chaired by retired Liberal Senator Michael Kirby to establish 5 pilots “to increase our knowledge of those who are homeless and suffering from mental illness.”

The pilots will be established in Van-

### Focusing the wealth on a few

The federal government’s breathtaking plan to provide 20 scientific superstars with a level of funding worthy of their glitter is the centerpiece of a series of research measures unveiled in federal Finance minister Jim Flaherty’s new budget.

Flaherty argued that a \$10 million, 7-year carrot for each should lure some of the world’s “keenest minds” to Canadian universities to become “Canada Global Excellence Research Chairs,” who are adequately funded to “assemble outstanding research teams and undertake cutting-edge research in areas of strategic importance to Canada.”

Finance officials said during background briefing on the budget that the government hasn’t yet decided whether the new chairs will be selected using standard scientific peer review processes run by the granting councils, or whether Industry Canada will select the new chairs.

The latter unconventional approach would ensure that recipients are chosen in the designated priority areas, argued one official. “But nothing has been decided yet.”

A similar measure of targeting was evident in allocations to the Canadian Institutes of Health Research (CIHR), whose budget will rise \$34 million to \$733.3 million. But the monies are to be focused on research aimed at addressing “the health needs of northern communities, health problems associated with environmental conditions, and food and drug safety.”

Although CIHR is an independent agency and can theoretically spend new monies on any programs it chooses, “it’ll have to answer to Treasury Board if the monies aren’t focused on the priorities,” said a Finance official.

While welcoming the new investments, the advocacy group Research Canada, expressed a measure of dismay that the base budget of CIHR and other granting councils

wasn’t increased unconditionally. Noting that there was only a 36% success rate in the most recent CIHR operating grants competition, President Ronald Worton said in a press release that the precipitous drop in competition success rates from 60% in 2001 to about 35% in the last 3 competitions “cannot be good for a country that needs to develop its innovation system and its knowledge based economy.”

Among other research measures were:

- the creation of a new class of doctoral scholarships, named in honour of war hero and former Governor General George P. Vanier, to annually attract 500 of “the best doctoral students from here and around the world to study in Canada.” Each will eligible for \$50 000 per year for up to 3 years.
- a \$15 million increase, to \$330 million, in the annual allocation to universities to cover the indirect costs of research.
- a \$140 million outlay for a new competition at Genome Canada, including monies for “a major collaborative international genomics project.”
- creation of new international study stipends of up \$6000 for 250 graduate students to spend a semester at universities abroad.
- a \$10 million, 2-year boost in the current \$16.5 million per year budget of the Canadian Light Source research synchrotron in Saskatoon, Sask.
- a \$20 million endowment to the Gairdner Foundation to rebrand its awards as “Canada Gairdner International Awards” and expand outreach activities. Finance officials said that will include the establishment of 1 major new international award.
- \$250 million over 5 years to “support strategic, large-scale research and development projects in the automotive sector to develop innovative, greener and more fuel-efficient vehicles.”

couver, British Columbia; Winnipeg, Manitoba; Toronto, Ontario; Montréal, Quebec; and Moncton, New Brunswick. “These initiatives will allow us to establish best practices in addressing the needs of these vulnerable people as we go forward.”

In Aboriginal health measures, Flaherty set aside \$330 million over 2 years to extend programs designed to provide safe drinking water in First Nations communities, as well as \$147 million over 2 years “to stabilize current First Nations and Inuit health programs.”

Flaherty topped up allocations to AECL by \$300 million, including unspecified amounts to “maintain the safe, reliable operations of the Chalk River Laboratories.” Finance officials stressed that a chunk of that will be used to help resolve technical problems associated with the development of MAPLE reactors, which are intended to replace the aging National Research Universal reactor, whose extended shutdown resulted in an isotope shortage in December 2007.

The majority of the remaining health measures were aimed primarily at improving federal regulatory capacity. Those included \$113 million over 2 years to support the recently minted Food and Consumer Safety Action Plan, as well as \$33 million over 2 years “to implement a new approach to the regulation of natural health products.” Flaherty also ticketed \$9 million over 2 years to enhance government capacity to regulate laboratories that handle viruses and bacteria, including more inspections and development of a new regulatory framework.

Other health measures included:

- \$25 million over 2 years on a public relations campaign to “help Canadians make environmentally healthy decisions.” An “Environmental Health Guide,” modelled after the food guide, will be launched.
- the introduction of new tax compliance and enforcement measures such as limits on the possession and importation of tobacco manufacturing equipment as part of a bid to curb contraband tobacco sales.
- expansion of the list of eligible expenses under the Medical Expense Tax Credit to include altered auditory feedback devices for treating speech

disorders, electrotherapy devices, standing devices used in treating mobility impairment, and pressure pulse therapy devices used in treating balance disorders. As well, tax deductions will be allowed for service animals used by people afflicted by autism or epilepsy, while training costs associated with helping individuals cope with disabilities or disorders such as autism will be exempt from sales tax. The projected cost of the tax measures is \$20 million per year.

- \$3 million to the Canadian Med-

icAlert Foundation to provide free MedicAlert bracelets to children.

- approved charities will be eligible for tax incentives on donations of medicines for use in the developed world. Drugs must be donated at least 6 months prior to the expiration date.
- the sales tax exemption for basic health care services will be extended to those performed through corporations, not just directly by health professionals. — Wayne Kondro, *CMAJ*

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## FOR THE RECORD

### Viewing patients as “sources of revenue”

**D**ubbing the Canada Health Act “a dysfunctional statute,” Quebec’s ballyhooed Task Force on the Funding of the Health Care System, headed by former Liberal health minister Claude Castonguay, urged a raft of reforms in its Feb. 19, 2008, report, including the introduction of user fees at medical clinics and allowing physicians to work both sides of the public/private street.

The Quebec government, however, moved quickly to distance itself from many of the task force’s recommendations, including one that proposed to hike the provincial sales tax by as much as 1% and another to create a 1% to 2% deductible based on income. The latter notion would also involve the creation of a “\$25 deductible” to see a doctor. Castonguay later elaborated to the Board of Trade of Metropolitan Montréal that the time has come for hospitals to be run like businesses whose revenues would be based on the number of patients treated, rather than block funding. “The patients, instead of being seen as an expenditure for the hospital, become a source of revenue.”

The task force report proposed that the sales tax and deductible proposals serve as the revenue base for a dedicated health stabilization fund that would pay for all health care costs above a specified threshold pegged to the rate of provincial economic growth. Essentially, the rate of health spending increases would be scaled back from a projected level of 6.5% in fiscal 2008/09 to a level of 3.9% (the projected rate of economic growth) within a period of 5 to 7 years. Monies from the new fund, and ultimately, the deductible, would provide the system with alternative sources of revenue to offset financial pressures stemming from the introduction of that provincial cap on spending increases.

Among other recommendations were ones urging that the private sector be allowed to manage hospitals, that private health insurance cover more procedures now offered by medicare and that Quebec residents pay as much as \$100 per year to “access” treatment at a medical clinic. — Sneh Duggal, Ottawa, Ont.

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Patients should be viewed as potential revenue streams, says former Quebec Liberal health minister Claude Castonguay.