

Budget bolsters health and research spending by \$2.1 billion

Ottawa will spend an extra \$2.1 billion on new health-related initiatives intended to boost research and development, address health inequities in the North, combat tobacco smuggling, reduce the illicit use of prescription drugs and bolster food safety.

Finance Minister Jim Flaherty announced these and other initiatives in the 2014 federal budget he brought down February 11 in Ottawa, Ontario. The federal government is holding overall spending at \$279 billion in 2014/15, almost at par with last year's \$280 billion.

The otherwise stay-the-course budget concentrated on balancing the books, creating jobs and growing the economy. Formally called *The Road to Balance: Creating Jobs and Opportunities*, the budget projects a deficit that declines to \$2.9 billion in 2014/15, laying the groundwork for a \$6.4-billion surplus in 2015/16 — just in time for the next federal election. Canada already has the lowest net debt-to-gross domestic product ratio of any G-7 country.

“One would hope one is always setting oneself up for the next election, and not being self-defeating,” Flaherty quipped in a news conference with reporters. “We always planned to get back to balanced budgets in the medium-term. This is the medium-term, so it's time to get back to balanced budgets.”

In line with the federal government's focus on keeping Canada competitive, research spending got a substantial leg-up, with new support totalling \$1.6 billion over the next five years. The lion's share — \$1.5 billion over a decade — goes to create the Canada First Research Excellence Fund. The Social Sciences and Humanities Research Council will administer the fund for colleges and universities, which will compete to maximize their research strengths. The competition of ideas will include strategies for attracting the best minds, scholarships and international research partnerships.



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“This fund will support the strategic research priorities of Canada's post-secondary institutions and help them excel globally in research areas that create long-term economic advantages for Canada,” Flaherty said in his budget speech.

The budget also includes \$46 million per year to the granting councils.

The councils currently receive about \$2.7 billion per year.

According to Flaherty, “this is the largest annual increase in funding for research through the granting councils in over a decade.”

The granting council money includes \$15 million a year to the Canadian Institutes of Health Research (CIHR),

whose current budget is \$967.6 million. The new funding is intended to expand CIHR's Strategy for Patient-Oriented Research and to finance the Canadian Consortium on Neurodegeneration in Aging. Canada announced the consortium last year as part of the G-8 efforts to find a cure for dementia by 2025.

The budget also boosts funding to research institutions by \$9 million a year for indirect research costs, such as renovating and maintaining research facilities and information technology.

The federal government turned the spotlight on health challenges in Nunavut, Northwest Territories and the Yukon, as well. The three territories will receive a total of \$70 million over five years to increase health services in priority areas that they will identify in negotiations with Ottawa. The money is intended to reduce the territories' reliance on outside health care systems and medical travel. The federal government shares responsibility for health care in the North.

The government also pledged to "enhance funding" for Nutrition North Canada, a program that provides subsidies to improve access to healthy foods in 103 communities. The program's budget has remained at \$60 million a year since it began in 2011. Ottawa will announce its specific increase later this year.

Tackling another problem increasingly prevalent in northern and isolated communities, the Conservative government will spend \$44.9 million over five years to add prescription drug abuse to the purview of the National Anti-Drug Strategy. The rate of prescription drug abuse doubled among Canadians aged 15 and older between 2011 and 2012, according to the budget document. The money will go to educating consumers on the safe use, storage and disposal of prescription medications, enhancing prevention and treatment services in First Nations communities, minimizing diversions and

improving surveillance data on prescription drug abuse.

Food safety warranted an investment, which will, according to Flaherty's speech in the House of Commons, "ensure the food destined for Canadian dinner tables is safe." The money includes \$153.6 million over five years to the Canadian Food Inspection Agency for hiring new staff and developing programs. In addition, \$30.7 million over five years will be used to create a Food Safety Information Network for more rapid detection of and response to food safety hazards.

Tobacco control also earned additional investments, with \$91.7 million over five years to enhance the RCMP's ability to combat smuggling. The government plans to ramp up policing efforts at high-risk areas from the Maine-Quebec border to Oakville, Ont. In addition, tobacco taxes will increase by 23.5%. This means the tax on a carton of 200 cigarettes will total \$21.03, up from \$17, generating an extra \$685 million to the federal coffers in 2014/15. Taking inflation into account, the tax on tobacco products had not increased since 2002.

In keeping with the government's emphasis on job creation, the budget included two job training programs for Canadians living with autism spectrum disorder. Funding of \$15 million over three years will support the Canadian Association for Community Living's Ready, Willing and Able initiative, which plans to create up to 1200 new jobs. Another \$11.4 million over four years will expand vocational training programs through The Sinneave Family Foundation and Autism Speaks Canada.

As expected, the federal transfers to the provinces for health care spending will increase by 5.9% to \$32.1 billion in 2014/15, from \$30.3 billion in 2013/14.

Other health-related budget measures include:

- Expanding the list of expenses eligible

under the Medical Expense Tax Credit to include costs associated with service animals trained to assist individuals with severe diabetes, and money people pay to have individualized therapy plans designed;

- Expanding the GST/HST exemption to include training to help individuals cope with a disorder or disability, the purchase of eyewear that electronically enhances vision for those with impaired vision and professional services provided by acupuncturists and naturopathic doctors. These three measures account for a \$10-million annual loss in tax revenue;
- Gradually cutting the percentage the government pays for retired federal employees' benefits, dropping to 50% from the 75% it currently pays. The government will also increase the minimum years of service eligibility for the plan to six years from two;
- Negotiating with public service unions to implement "modern" disability and sick leave management;
- Enhancing access to Employment Insurance for claimants who receive Parents of Critically Ill Children and Compassionate Care benefits, at a cost of \$1.2 million per year;
- Adding \$117 million to Atomic Energy of Canada Limited's budget to help it maintain safe and reliable operations at the Chalk River Laboratories, ensuring a secure supply of medical isotopes and helping to transition the laboratories to a government-owned, contractor-operator model.
- Launching a Canadian Employers for Caregivers Plan which will, among other things, identify promising workplace practices that support caregivers. Details will be announced later this year. — Barbara Sibbald, *CMAJ*

With files from Laura Eggertson and Gordon Giddings

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