



Analysis of Budget 2009

CHA staff have identified the following information from Budget 2009 which may be relevant to members. This is a summary of the content of the budget documents with added commentary gleaned from staff of the Department of Finance who were present in the lockup. There are several areas where CHA will require further clarification from departmental officials. The budget documents are available as a PDF online from the Department of Finance at <http://www.fin.gc.ca/n08/09-011-eng.asp>.

CHA Comments/Highlights:

1. In previous statements, the Conservative government had indicated its commitment to maintain the health funding as agreed to in the **2004 Accord**. In view of the economic downturn, this continued funding of both the CHT (including the 6% escalator) and CST is a demonstration of its commitment to the Accord.
2. The **social housing** funding may be an important feature of this year's budget since it may allow patients to be discharged from health facilities to home care. In addition, if some of the funding is targeted to assistive housing, this may allow more seniors to remain in their home and relieve the burden on long term care facilities.
3. The **training funds** allocated may provide the ability for member organizations to retain older workers, mentor new employees and develop new employees through apprenticeship programs.
4. CHA has been a strong advocate for increased funding for **Canada Health Infoway**. The one time allocation is an important step in enhancing quality, safety and efficiency in the health system. It is of particular importance that the scope of the funding has been broadened to include physician offices and other facilities in the community.
5. The **electronic medical record** in physician and other health professionals' offices is needed to extend the universality of the health record. The changes in capital cost allocation allowing small businesses (this includes offices of health professionals) to write off 100% of computer and software costs in a tax year is important to achieving an electronic medical record for all Canadians.
6. Though the **granting agencies** received \$87.5million over three years, all of these funds have been targeted to postgraduate scholarships. The agencies have not received any additional funds for operations and grants. This means that though researchers may now train new researchers, their grant funding may not be able to support these individuals. In addition, there is no increase in indirect costs for the universities and research facilities. Thus, though the government is investing in new researchers, there may not be a gain since a lack of operational funds may cause researchers to look abroad for new career opportunities.
7. There has been a considerable amount of funds directed to new and renewed **infrastructure**. All of the funds have a cost sharing clause. However, it is not clear if health facilities will be eligible for funds from the Infrastructure Stimulus Fund, Knowledge Infrastructure Fund or the Provincial/Territorial Base Funding Initiative. Since these

initiatives were developed quickly to address the economic concerns, the terms may not be fully developed. CHA will seek clarification from the federal government and advocate to direct a portion of these funds to health facilities.

8. The Government is also acting to streamline **federal approval processes** (for infrastructure construction) so that more provincial, territorial and municipal projects under the Building Canada plan can start in the upcoming construction season. Currently, infrastructure approval processes are subject to duplication and inefficiencies in administration, leading to unnecessary project delays. The Government will be introducing changes to the federal regulatory framework through legislative, regulatory and administrative actions to drive efficiencies in assessing environmental and other impacts of infrastructure projects without compromising protection of the environment.
9. There are unintended impacts which arise from the **policy decisions** that were incorporated within the 2009 budget. Some of these policy choices will determine the role of the federal government in health, and the expansion of Canada's knowledge base. CHA will continue to work with the government and our partners to ensure that decision makers are aware of potential unintended consequences of the policy decisions that they implement. .

What is not in the budget

1. There is no funding directed to public health. The budget document indicates that both Health Canada and the Public Health Agency of Canada are undertaking full reviews. As a result of these reviews, the government is refocusing programs and realigning existing resources. Budget 2007 and 2008 had funds allocated for the HPV vaccination program, for the food and consumer safety action plan, for safety of natural health products, for the mental health commission and funds for wait times. Some of these initiatives have ongoing funding for the 2009-2010 fiscal year.
2. There was also no mention of health human resources (HHR). HEAL (Health Action Lobby, of which CHA is a co-chair) had submitted a proposal for funding for a *5-year \$1.0 billion National Health Human Resource Infrastructure Fund*. While there are still funds for HHR within the 2004 Accord, no additional support has been provided, despite the profile of pressing issues such as severe shortages of health providers, the need for domestic self-sufficiency, and labour mobility within the health sector.
3. Funds for additional faculty at the universities and colleges to create a skilled workforce, were not provided in the budget. The focus of this budget was clearly on areas that would generate economic stimulus.

Detailed Overview¹:

The following areas are highlighted

- Health funding
- Infrastructure funding
- Information Communication Technologies
- Social determinants of health (housing and training)
- Aboriginal funding
- Funding for granting councils

¹ CHA comments appear in bold italics throughout the overview.

- Credential Recognition Program
- There is additional commentary throughout this document

Health funding:

- The CHT will continue to receive the 6% escalator agreed to in the 2004 Accord. This amounts to a total of **\$24.0 billion** in 2009–10.
- The Canada Social Transfer (CST) will receive the 3% escalator identified in the 2008 Budget. Thus the CST will be funded to a total of **\$10.9 billion** in 2009-2010.

There was no additional direct funding for health over and above the escalators for CHT and CST.

Budget 2009 also states: *“Health Canada and the Public Health Agency of Canada have undertaken full reviews to better align programs... As a result of these reviews, the Government is refocusing its programs to better deliver on its core federal role in health, is realigning existing resources and programs to improve management of risks to human health...”*

This is a reaffirmation of statements made in previous budget documents, and raises the question of whether health policy will take secondary consideration over regulatory affairs.

The budget document goes on to state *“The savings realized will be used to help strengthen First Nations and Inuit health care and make strategic investments in health care infrastructure through Canada Health Infoway.”*

Infrastructure

Budget 2009:

- Establishes a new **\$4-billion** Infrastructure Stimulus Fund, delivered over two years, that will provide funding to provincial, territorial and municipal infrastructure rehabilitation projects. Funding will be available for projects that will begin construction during the 2009 and 2010 construction seasons.
This initiative will be structured to flow funding to projects that are “shovel-ready”. The federal government will approve provincial, territorial and municipal project plans, and will cover up to 50 per cent of eligible project costs. Funding will be allocated on a per capita basis. The document also states “Should agreements not be reached expeditiously with a province or territory, funding may be used to support the rehabilitation of federal or other infrastructure”.
CHA is pursuing clarity regarding the ability of health facilities to access this funding.
- Provides **\$25.0 million** per year, for the next two years through the *Provincial/Territorial Base Funding Initiative* to meet basic infrastructure needs. This funding is particularly important to smaller provinces and the three territories through assistance in meeting basic infrastructure needs.
- Provides over the next two years, up to **\$1 billion** in payments over two years under the Provincial-Territorial Base Funding Initiative to expedite “ready-to-go” infrastructure projects.
- Provides **\$1.0 billion** over five years for the *Green Infrastructure Fund* to support projects that support a focus on the creation of sustainable energy. ***Some of our members have utilized ‘green funds’ to modernize their facilities.***

- Provides up to **\$500 million** over the next two years for infrastructure projects in small communities with unique needs. ***For example, this funding may be of value for communities who wish to establish community health centres that are attached to recreational facilities.***

Investments in Knowledge Infrastructure

Budget 2009

- provides up to \$2 billion to support deferred maintenance and repair projects at post-secondary institutions. Preference will be given to projects at universities that can improve the quality of research and development at the institution. The funds under this initiative will be managed by Industry Canada, with 70 per cent dedicated to university infrastructure and the remaining 30 per cent for college infrastructure. The funds will pay for up to half of project costs, leveraging an equivalent amount from other partners. ***It is important to note that 30% of the funds will go to colleges that graduate the health technologists and skilled individuals who support the ancillary programs in health facilities. However no funds were allotted for increased faculty.***
- Provides **\$750 million** for leading-edge research infrastructure through the Canada Foundation for Innovation. These funds are allocated as follows:
 - a. \$150 million to increase the funding available for meritorious projects in the 2009 Leading Edge and New Initiatives Funds Competition. These funds are allocated in order to accelerate investments in leading-edge facilities and equipment.
 - b. \$600 million for future activities of the Foundation, including the launch of one or more new competitions by December 2010 in support of areas of priority identified by the Minister of Industry in consultation with the Canada Foundation for Innovation, ***CFI in the past has had more freedom in the prioritization of funds based on its strategic plan. This change is consistent with the government's Science & Technology Strategy.***

Renewal/maintenance of Government Laboratories

Budget 2009:

- provides Public Works and Government Services Canada with \$250 million over two years to undertake an accelerated investment program to address deferred maintenance at federal laboratories. ***Note that the projects will focus on laboratories that contribute to core regulatory responsibilities of the Government, such as health and food safety. This may be a continuation of the announcements in previous budgets to move research out of government laboratories and into universities and the private sector.***

Information Communication Technologies

1. Canada Health Infoway

Budget 2009 provides Canada Health Infoway with **\$500 million** to support the goal of having 50% of Canadians with an electronic health record by 2010. In addition, this funding will be used to speed up the implementation of electronic medical record systems for physicians and integrated points of service for hospitals, pharmacies, community care facilities and patients.

It has not been determined whether this will be a 50-50 cost sharing arrangement or the 75-25 arrangement that has existed in the recent past.

2. Extension of Broadband coverage

Gaps in access to broadband remain particularly in rural and remote communities. Budget 2009 provides \$225 million over three years to Industry Canada to develop and implement a strategy on extending broadband coverage to all currently unserved communities beginning in 2009–10. This will also be cost shared on one-third/one-third/one-third basis with the federal government, provincial/territorial/municipal governments and private sector. ***The terms for this fund have not yet been developed. Extended broadband coverage to rural and remote communities will increase opportunities to provide telehealth to these communities and also allow health providers working there to have access to both specialists and health information.***

3. Changes in Capital Cost Allowance

Budget 2009 proposes a temporary 100-per-cent capital cost allowance rate for computer hardware and systems software acquired after January 27, 2009 and before February 1, 2011. In addition, the rule that restricts CCA deductions to one-half of the CCA write-off otherwise available in the first year will not apply to these computers. ***For example, this temporary measure will allow physicians, nurse practitioners, physiotherapists and other health professionals to fully expense their investment in computers in one year. If implemented with universal standards, this may result in the universal inter-operable health record for which CHA has advocated.***

Investments in social determinants of health

CHA sees a number of initiatives identified in Budget 2009 as important pillars for influencing the health status of Canadians. Life expectancy and health status depend on more than the provision of health services, and the proposed investments in social housing and training are critically important measures in influencing health. The increased funding for training and social housing will lead to improved conditions for Canadians who are living on the margins.

1. Training:

- a. To ensure that Canadian workers have financial support while training for new employment opportunities, the Government will provide \$500 million over two years to extend **EI income benefits** for individuals participating in longer-term training.
- b. Budget 2009 will provide targeted two-year funding of \$1 billion, to top up the current funding of \$1.95 billion annually, in order to expand the availability of **training** delivered through the **EI program** by provinces and territories. This two-year funding will be allocated based on the share of unemployed persons in a province or territory.
- c. Budget 2009 is providing \$500 million for the **Strategic Training and Transition Fund** to be invested over two years to support Canadians who may not be eligible for EI training. Examples include the self-employed, or those who have been out of work for a prolonged period of time. Funding will be provided according to each jurisdiction's share of the unemployed across Canada and will be administered through existing Labour Market Agreements.

The following programs may be of direct benefit to member organizations:

- d. Budget 2009 will provide two-year targeted funding of \$20 million delivered through the **Canada Summer Jobs** program to enable more employers in the not-for-profit sector to hire summer students.
- e. Budget 2008 provided \$90 million over three years to extend the Targeted Initiative for **Older Workers** (TIOW) until March 2012. Budget 2009 is providing an additional \$60 million over three years, raising TIOW funding to \$50 million per year. The TIOW is a federal-provincial-territorial employment program that provides a range of employment activities for unemployed older workers and helps them stay in the workforce. However, it appears that there will be a focus on cities with a dependency on a single sector or single employer. ***Health facilities will have the opportunity to access this fund to keep older employees in the workforce and provide a mentoring role for entry level employees.***

2 Social Housing:

Budget 2009 is investing funds to refurbish and reinvest Canada's social housing by providing federal investment of

- a. **\$1 billion over two years** for renovations and energy retrofits for social housing units on a 50–50 cost-shared basis with provinces.
- b. **\$400 million over two years** for the construction of social housing units for low-income seniors.
- c. **\$75 million over two years** for the construction of social housing units for persons with disabilities.
- d. **\$400 million over two years** to new social housing projects and to remediation of existing social housing stock on First Nations reserves.
- e. Additional **\$200 million over two years** to support social housing in the North.

The new funding will flow through:

For (a). existing agreements, and be administered by the Canada Mortgage and Housing Corporation (CMHC) on a 50–50 cost-shared basis with provinces and territories, which are primarily responsible for providing social and low-income housing.

For (b and c) through the Affordable Housing Initiative to be cost-shared with the provinces and territories.

For (d) through Canada Mortgage and Housing Corporation (CMHC) and Indian and Northern Affairs Canada.

Aboriginal funding

Budget 2009 invests \$1.4 billion on Aboriginal priority issues.

1. Infrastructure

In addition to the \$400 million over two years to address First Nation on-reserve housing and the \$200 million over two years for the territories for renovation and the construction of new housing units, there was an additional **\$515 million provided for Aboriginal infrastructure projects**. These include:

- **\$135 million** over two years infrastructure investment for the construction and renovation of **health services infrastructure** that benefit First Nations.
- **\$200 million** over two years for the construction of 10 new schools on reserve and three major school renovation projects.
- **\$165 million** over two years for the completion of drinking water and wastewater infrastructure projects to address health and safety priorities in 18 First Nations communities.
- **\$15 million** over two years to address the remediation of critical policing infrastructure.

2. Health

- **\$305 million** over the next two years to ensure that further steps are taken: to strengthen current programs (Non-Insured Health Benefits and primary care services), improve health outcomes for First Nations and Inuit individuals, and move toward greater integration with provincial and territorial health systems. This will supplement the funds allocated in Budget 2008 which provided \$147 million over two years to lay the groundwork for this integration.
- **\$20 million** over the next two years to ensure further progress in implementing concrete changes in child and family services on reserves, together with the provinces and First Nations partners.

3. Skills training

- **Additional \$100 million** over three years in the Aboriginal Skills and Employment Partnership (ASEP) initiative. This builds on the \$105-million ASEP funding in Budget 2007. (ASEP fosters partnerships with provincial and territorial governments, Aboriginal organizations and the private sector to help Aboriginal Canadians receive skills and employment training)
- **\$75 million** in the new two-year Aboriginal Skills and Training Strategic Investment Fund. This will support short-term, focused initiatives designed to help Aboriginal Canadians get the specific training they require to benefit from employment opportunities. This fund will be an important step toward implementing a partnership and results based successor to the Aboriginal Human Resources Development Strategy (AHRDS). Budget 2009 commits a further \$25 million for 2009–10 to maintain current AHRDS funding until the new overall strategy is put in place in April 2010.

4. Northern Economic Development Agency

\$50 million over two years in support of economic development in the North, a new Regional Economic Development Agency and a renewed Strategic Initiative for Northern Economic Development.

Funding of Granting Councils

Budget 2009 provides \$87.5 million over three years, starting in 2009–10, to the federal granting councils. This funding will temporarily expand the Canada Graduate Scholarships program. This includes \$35 million for each of the Natural Sciences and Engineering Research Council of Canada and the Canadian Institutes of Health Research, and \$17.5 million for the Social Sciences and Humanities Research.

All of this funding will be allocated for the scholarships. The granting councils did not receive any additional funding to their A base. There is concern that the success rate for applicants is lower than other nations. The creation of the scholarships without an increase in the grant funds will restrict the ability to do research. It is interesting to note that the scholarships granted by the Social Sciences and Humanities Research Council

will be focused on business-related degrees. This is consistent with the policy decisions identified in this budget.

Credential Recognition Program

At their January 16 meeting, First Ministers and Territorial Leaders agreed to take concerted action to provide timely assessment and recognition of foreign qualifications. They asked labour ministers to develop a common framework by September 2009. Budget 2009 provides \$50 million over the next two years to support this work. This additional funding will support the efforts of governments in the development of a common approach to foreign credential assessment. ***Finance officials have indicated that engineering and technical occupations will probably benefit most from this initiative. Health professions will most likely derive secondary benefits from this initiative.***