

Submission to the Standing Committee on Finance's
Pre-Budget Consultations in Advance of the

2024

Federal budget

August 4, 2023

HealthCareCAN
Leading. Innovation. Together.



Soins SantéCAN
Leadership. Innovation. Collaboration.

Recommendations:

- 1 > Double current funding to the Tri-Council and commit to an annual increase that keeps pace with inflation and global benchmarks to ensure competitive and sustainable research funding.

Increase federal funding available through the Tri-Council for graduate scholarships and postdoctoral fellowships to a minimum of \$25,000 and \$35,000, respectively, tying funding levels to increases in inflation, and
- 2 > increase the overall number of scholarships and fellowships available by 50 per cent, adjusting annually to reflect the level of enrolment in graduate and postdoctoral programs.
- 3 > Create a Health Human Resources Innovation Fund of \$1B, frontloaded, over three years, directly available to healthcare organizations to implement, spread, and scale innovative approaches to addressing health human resources challenges.
- 4 > Establish a Modernizing Healthcare Infrastructure Fund of \$5B, over three years, directly available to healthcare organizations to enable them to carry out overdue maintenance, upgrades, and new builds to ensure a modern, equitable, climate resilient health system for people across Canada..

Introduction

[HealthCareCAN](#) is the national voice of health research institutes, hospitals, health authorities, and healthcare organizations across Canada. HealthCareCAN advocates for health research and innovation and high-quality health services for people across Canada. We welcome the opportunity to make this submission to the Standing Committee on Finance's Pre-Budget Consultations in Advance of the 2024 Federal Budget.

Canada's current healthcare crisis is nothing less than a national emergency, requiring urgent and immediate action by all levels of government. While the \$46.2B in new healthcare investments provided by the federal government in February 2023 is a welcome infusion of funding, much more is urgently needed to create a health system on which people across Canada can rely.

Budget 2024 is a critical opportunity for the federal government to demonstrate its commitment to truly strengthening healthcare and health research in Canada, issues that remain key priorities for people across Canada. Without further federal investments to support the modernization of the health system, it will continue to deteriorate, and Canada will continue to fall behind our peer nations.

Through meaningful investments in health research, the health system, and healthcare workers, Canada can transform the health system and make it more people-centred, integrated, and able to deliver care in the variety of ways people want and need, including virtually, in community, and at home. Through such investments Canada can continue progressing towards delivering healthcare that is culturally safe, free of racism and discrimination, and inclusive of all.

Immediate action from the federal government and a strong commitment in Budget 2024 are vital to ensure people across Canada can get the healthcare they need, when they need it.



Detailed recommendations

Investing in a healthy, productive future

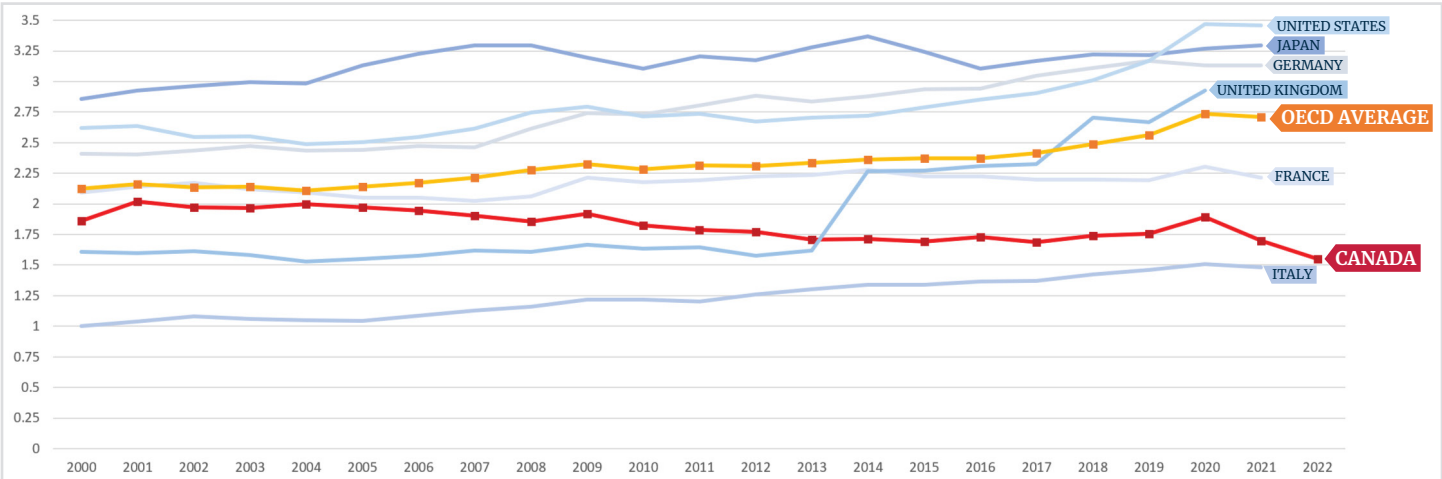
Canada’s research ecosystem is falling behind on the world stage. For too long, health research and innovation – the foundation of a responsive, sustainable, and modern health system – has been underprioritized and underfunded by the federal government. With Canada’s health system in crisis, it has never been more crucial to make investments in health research. These investments enable the discovery of treatments that improve the lives of people living with chronic and life-threatening illnesses, lead to innovations that make healthcare more accessible and efficient, train the next generation of health and highly skilled workers, and help address the greatest challenges of our times, like an aging population and climate change.

As Canada’s peers, including the [US](#) and [UK](#), commit billions of dollars to bolster their research and innovation ecosystems and ensure they are leaders in these areas, Canada is not seriously valuing the research sector as a driver of improved health outcomes and the economy. In fact, Canada is the only G7 country where research and development investments as a percentage of gross domestic product (GDP) [have steadily decreased over the last 20 years](#).

As pressing societal issues become global concerns, Canada must be seen as a strong, equal, and credible research partner among its peers. This requires having a vision for research in Canada; the governance structure and policies in place to implement this vision, sustain research, and foster partnerships; and investments in research that support [researchers](#), [trainees](#), and the infrastructure needed to conduct world-class research, and signal to the world that Canada is serious about its research endeavours.

Investing in health research has benefits for Canada’s economy beyond discoveries of new treatments for diseases, solutions to address climate change, or innovations to help people age well. Every dollar invested in research makes it possible to train the next generation of highly qualified personnel that are crucial to a productive, knowledge-based, innovation economy. Without research funding, Canada cannot produce the researchers, clinician-scientists, engineers, and other highly skilled workers needed to sustain and grow Canada’s economy, attract and retain new investments, and cultivate emerging Canadian life sciences companies that could become the next global success.

Gross Expenditures on R&D in G7 countries (Total, % of GDP, 2000 – 2022)



Source: [OECD Data, Gross domestic spending on R&D](#)

Canada is losing its best and brightest – from trainees to early-career researchers to established researchers – to other countries where investment in research and innovation are prioritized. Canada, through its lack of serious commitment to support research, is signaling to researchers that they should pursue their careers and research elsewhere.

The federal government must immediately implement the [recommendations](#) from the Advisory Panel on the Federal Research Support System, including increasing investments in investigator-led research through the Tri-Council and providing competitive and sustained support for Canada's research talent.

HealthCareCAN urges the federal government to immediately double current funding to the Tri-Council and commit to an annual increase that keeps pace with inflation and global benchmarks to ensure competitive and sustainable research funding.

HealthCareCAN also calls on the government to increase federal funding available through the Tri-Council for graduate scholarships and postdoctoral fellowships to a minimum of \$25,000 and \$35,000, respectively, tying funding levels to increases in inflation, and increase the overall number of scholarships and fellowships available by 50 per cent, adjusting annually to reflect the level of enrolment in graduate and postdoctoral programs.

Supporting Canada's healthcare workers

Healthcare workers, who [account for nearly 10% of people employed in Canada and more than 66% of all health spending – which equates to approximately 8% of Canada's GDP](#) – are our health system's greatest asset. However, arduous working conditions brought about by labour shortages and inadequate resources are driving more and more workers to leave the system.

With [a global shortage of healthcare workers](#) projected over the next decade, Canada will not be able to recruit its way out of its current situation. Recruitment will play a role, but retaining existing healthcare workers, strategically planning for health workforce needs, and introducing innovation to enhance work environments and efficiencies in the system will be crucial. Greater investments by governments at all levels, including the federal government, are needed to implement creative approaches that reduce stress and workloads for healthcare workers, support health workers' mental health, and better assist healthcare workers in delivering care and patients in accessing it.

The federal government, in collaboration with the provinces and territories, has identified several priorities related to the health workforce, including innovating to enable the health system to better retain workers and work smarter. Many healthcare organizations are already [implementing transformative solutions](#) to address health workforce challenges and improve health workers' and patients' experience with the health system, but further investment would enable these efforts to be fast-tracked, scaled, and spread, and promote further pan-Canadian collaboration and innovation.

HealthCareCAN recommends the creation of a Health Human Resources Innovation Fund of \$1B, frontloaded, over three years, directly available to healthcare organizations to implement, spread, and scale innovative approaches to addressing health human resources challenges. The pillars and priorities outlined by the federal, provincial, and territorial governments should be used as a framework for the Fund, to ensure the projects that receive funding align with existing government priorities.

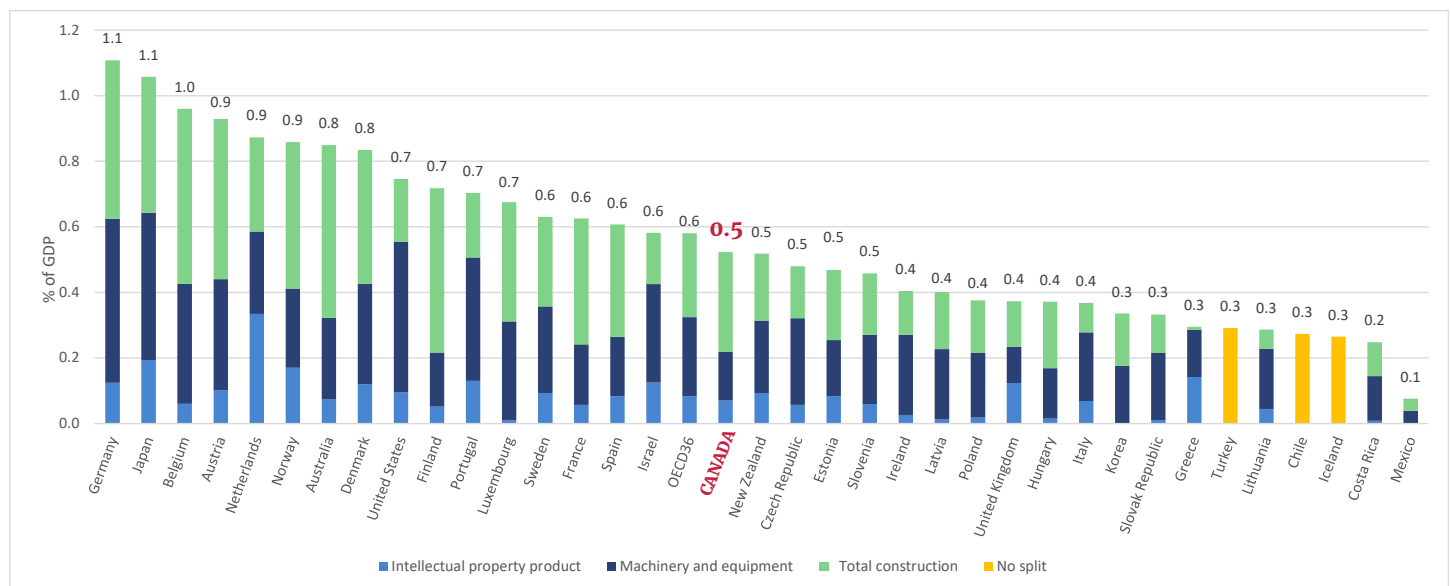
Modernizing Canada's health system

Canada's healthcare facilities are among the oldest public infrastructure in use today, with approximately 48% across Canada and 70% in cities having been built more than 50 years ago. Over the last 20 years, Canadian capital investment in health infrastructure has fluctuated, with [a noted decline in recent years](#), despite overall healthcare spending increasing steadily over this same time.

Consequently, healthcare organizations across the country face a substantial backlog of deferred maintenance and infrastructure projects. A 2015 study identified a staggering [\\$15.4B to \\$28B of deferred maintenance](#) in the healthcare sector – which has no doubt increased since then – underscoring the urgent need to address this shortfall immediately.

Canada's failure to sustain adequate capital investment in its healthcare facilities severely undermines the health system's ability to deliver high-quality, safe, innovative patient care. Modernizing Canada's health infrastructure would help tackle many of the challenges the health system, workers, and patients are facing in delivering and seeking care. Incorporating better design and updated technology would make care delivery and information sharing safer, more effective and streamlined, and help address labour shortages by freeing up health workers to provide more high-quality direct care. It would also provide more seamless care to patients and allow them to access care more easily in the settings of their choice, including at home, in the community and virtually, leading to improved care experiences that better integrate into their lives.

Annual capital expenditure on health as a share of GDP, average over 2015-19 (or nearest year) by type of asset



Source: [Health at a Glance 2021, OECD Indicators](#).

Outdated health infrastructure also impacts the environment. Healthcare facilities are some of the most energy-intensive facilities in Canada, consuming approximately [11% of total public energy](#), and [accounting for roughly 5% of Canada's greenhouse gas footprint as well as more than 200,000 tons of other pollutants](#). Canada's health system is among the [least green in the world, ranking third highest in greenhouse gas emissions per capita](#) – and its emissions continue to increase. Investing in health infrastructure will help create a more sustainable health system which is more important than ever as the impacts of climate change are increasingly being felt by people across Canada.

Healthcare organizations' inability to directly access federal infrastructure funding is a major barrier to modern health infrastructure. It makes them reliant on funding that flows to the provinces and territories, and possibly further to municipalities, being allocated to health infrastructure improvements. This has proven to be an unreliable approach as many of these governments rely on healthcare budgets to cover these projects, which is unfeasible given current funding levels and demand on the system.

HealthCareCAN calls on the federal government to establish a Modernizing Healthcare Infrastructure Fund of \$5B, over three years, directly available to healthcare organizations to enable them to carry out overdue maintenance, upgrades, and new builds to ensure a modern, equitable, climate resilient health system for people across Canada. The federal government increasing investment by approximately \$1.6B per year for the next three years, combined with additional increases in funding from the provinces and territories, would help bring Canada in line with the OECD average of capital expenditures on health.

Investing in healthcare infrastructure, both physical and digital, will create a more resilient, sustainable, and equitable health system, improving patient care and safety while also stimulating Canada's economy, creating jobs, and helping Canada reach its net-zero emissions target.