

## ***Budget 2009 Highlights and Challenges Ahead***

### ***At a Glance***

Big spending is the primary theme of the 2009 Federal Budget with \$43 Billion on economic stimulus committed over the next four years. Mitigating the economic recession in Canada will largely be determined by how quickly the measures proposed in Budget 2009 can be implemented and what their impact on job creation and overall economic growth will be.

While many of the measures proposed in the areas of research infrastructure and graduate scholarships are being hailed by Canadian health research leaders, there is also a disquieting tone within the health research community. Research Canada is concerned that without increased investments in funds to support getting research done, we are poised to lose the competitive edge that previous investments in infrastructure have achieved. Our global partners are making these investments. Harmonizing funding across the research spectrum of ideas, people and infrastructure is essential to our capacity to improve health, create jobs and introduce innovative goods and services into the market.

Further, the cuts to the ***federal granting councils*** identified on page 270 (Annex 3) to the Budget will take place over the next three years: \$17.7 million in 2009-10, \$43.0 in 2010-11, and \$87.2 in 2011-12. There are no details as to how these cuts will be distributed across the granting councils. They are described in the budget as resulting from *streamlining research support, aligning funding with needs, and reducing overlap with the mandate of other organizations*. The government states that these "savings" will be reinvested to pay for repairs at post secondary institutions and other initiatives to support science.

These cuts are technically year over year increases announced in Budget 2008 which will be scaled back relative to what was announced in 2008. In this context they are reductions to the granting councils. The end result is no new funds are allotted to the base budgets of the three granting councils in Budget 2009.

Clearly, the question arises: How does Canada close the gap in terms of competing for talent when U.S. President Barack Obama has pledged to "restore science to its rightful place" with billions in new investments? As Elizabeth Church and Daniel Leblanc reported in the ***Globe and Mail*** on January 28<sup>th</sup>, 2009, "there is little question that the brain drain of the Bush era was Canada's gain: The number of American educators who received permits to work here grew by 15 per cent between 2002 and 2007, according to Citizenship and Immigration Canada. That figure includes a 27-per-cent jump in the number of university professors and assistants who moved north during the same period." Whether Budget 2009 puts at risk the continuation of this trend is yet to be seen.

### ***Science and Technology Highlights***

Budget 2009 provides more than \$1.5 billion toward science and technology initiatives. Specific measures include:

- \$750 million to the Canada Foundation for Innovation in support of equipment and facilities.
- Up to \$250 million over two years to undertake an accelerated investment program to address deferred maintenance at federal laboratories.
- \$200 million over two years to the National Research Council's Industrial Research Assistance Program to enable it to temporarily expand its initiatives for small- and medium-sized enterprises. This includes:
  - \$170 million to double the program's contributions budget,
  - \$30 million to help companies hire over 1,000 new post-secondary graduates in business and science.
- \$110 million over three years for the Canadian Space Agency
- \$87.5 million over three years to temporarily expand the *Canada Graduate Scholarship Program*, with the Natural Sciences and Engineering Research Council and the Canadian Institutes of Health Research to each receive a total of \$35 million, and the Social Sciences and Humanities Research Council to receive \$17.5 million.
- \$50 million for the Institute for Quantum Computing.
- \$3.5 million over two years to the Networks of Centres of Excellence program to offer an additional 600 graduate internships through the Industrial Research and Development Internship Program.
- Up to \$85 million over two years to maintain or upgrade key existing Arctic research facilities and \$2 million over two years for a feasibility study for a world-class Arctic research station.

### ***Infrastructure Stimulus Highlights***

Budget 2009 provides almost \$12 billion in new infrastructure stimulus funding over the next two years. Investments include:

- A two-year \$4 billion Infrastructure Stimulus Fund that will provide funding to renew infrastructure nearing the end of its useful life.
- \$1 billion Green Infrastructure Fund to support projects like public transit, sustainable energy and waste management.
- Up to \$500 million over the next two years to accelerate infrastructure projects in small communities.
- Up to \$1 billion in accelerated payments under the Provincial-Territorial Base Funding Initiative to expedite "ready-to-go" infrastructure projects.
- \$500 million over two years for the Recreational Infrastructure Canada initiative to support construction of new community recreational facilities and upgrades to existing facilities across Canada.

- \$515 million over two years to accelerate ready-to-go First Nations projects in three priority areas: schools, water and critical community services.
- Up to \$2 billion for repairs, maintenance, and construction at post-secondary institutions.
- \$750 million to the Canada Foundation for Innovation for research equipment and facilities at post-secondary institutions.
- \$50 million to the Institute for Quantum Computing in Waterloo, Ont. for the construction of a new world-class research facility.
- \$85 million over the next two years to invest in maintaining or upgrading key existing Arctic research facilities.
- \$250 million over two years to address deferred maintenance at federal laboratories.
- \$500 million to Canada Health Infoway to support the goal of having 50 per cent of Canadians with an electronic health record by 2010.

### ***Health Care Spending and Health Transfer Highlights***

In 2009-10, the Government's support for health care is at an all-time high of more than \$32 billion through cash transfers, direct spending and tax measures. This Government has put all transfers to provinces and territories – including the Canada Health Transfer (CHT) – on a long-term and growing track. For 2009-10, that means \$1.4 billion more for health care.

- In 2009-10, support to provinces and territories will reach:
  - \$24 billion through the CHT. This funding is legislated to grow at 6 per cent annually until 2013-14.
  - \$554 million through targeted support for the implementation of wait times guarantees, and HPV immunization programs to protect against cervical cancer.
- In addition, Budget 2009 provides an additional \$305 million in support for First Nations and Inuit Health.