

A MADE-IN-CANADA PLAN: STRONG MIDDLE CLASS, AFFORDABLE ECONOMY, HEALTHY FUTURE

Research Canada Analysis of Budget 2023



Federal Budget 2023, *A Made-in-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*, makes important investments in public health care, advancing reconciliation, self-determination and prosperity for Indigenous Peoples and better health care data, but it ignores the critical research investments that underpin any chance of success on these fronts.

Budget 2023 makes sure to tout Canada’s “remarkable recovery from the COVID recession,” asserting that Canada has had the “strongest economic growth in the G7 over the last year” and “near-record low unemployment.”¹ It also recognizes the role of public health care in our economic recovery, making the connection between a healthy population and a strong economy.² This is reflected in Budget 2023’s investments in public health care and dental care.

Despite this, however, Budget 2023 fails to make the connection between health care, the economy and *research*. Canada’s health research and innovation ecosystem played a crucial role in our response to and recovery from the pandemic, so it is especially disappointing to see the federal government fail to make this link once again. Moreover, the scant investments in students included in Budget 2023 are not anywhere near sufficient nor targeted enough to support Canada’s research talent and reverse the debilitating trend of driving them away.

“In a budget which touts the successes of Canada’s economy and health care system in the wake of the COVID-19 pandemic, it is very disappointing that Canadian health research is left out entirely. Canada’s health research and innovation ecosystem played a critical role in achieving these successes. This is a missed opportunity for the federal government to recognize this and keep the promise of health research alive.”

—Rose Goldstein, MD,
Chair, Research Canada & Professor of Medicine, McGill University

Underinvestment in health research is driving away talented researchers and threatens Canada’s health security. Research Canada will continue to work with advocates and health research champions within government to convince decision makers that Canada needs to close the growing funding gap in health research for the benefit of every person living in Canada.

Read Research Canada’s press release, *Budget 2023 Ignores Research Essential to Success of Government’s Made-in-Canada Plan*.

¹ Government of Canada. *Budget 2023: A Made-in-Canada Plan*, Foreword pg. v

² Ibid., pg. 54

The full Budget 2023 document can be found online at: <https://www.budget.canada.ca/2023/home-accueil-en.html>

In This Analysis:

What's Missing from Budget 2023	3
RESEARCH AND INNOVATION	3
NATIONAL PHARMACARE	4
CANADA MENTAL HEALTH TRANSFER	4
What's In Budget 2023	5
INVESTING IN PUBLIC HEALTH CARE	5
EXPANDING DENTAL CARE FOR CANADIANS	6
INVESTING IN INDIGENOUS COMMUNITIES AND RECONCILIATION	6
INVESTING IN PEOPLE	7
INVESTING IN BUSINESS	8
ADDITIONAL INVESTMENTS OF NOTE	9
What Next?	9
Official Responses from Research Canada's Partners	10

Research Canada: An Alliance for Health Discovery

rc-rc.ca | info@rc-rc.ca | 613-234-5129

What's Missing from Budget 2023

RESEARCH AND INNOVATION

The health research and innovation community in Canada was quick to express our collective disappointment that Budget 2023 did not include any funding for the Tri-Agency and left research and innovation out almost entirely, barring the few investments made to support innovative Canadian businesses and college-based community innovations.³ This was particularly disappointing given the recent release of the **Report of the Advisory Panel on the Federal Research Support System** (the *Bouchard Report*), which made a series of recommendations on strengthening Canada's support system for science and research, including increasing funding to the Tri-Agency.

The timing of the Report's release—just one week ahead of Budget 2023—affords the federal government some plausible deniability about their ability to properly review the Report and incorporate any of its recommendations into Budget 2023, although the Report was very clear in stressing the importance of an immediate reinvestment in the Tri-Agency. Instead, Budget 2023 commits to the careful consideration of the Report in the months ahead, but how much weight the federal government will give to these recommendations is yet to be seen. Research Canada will be meeting with members of the Advisory Panel in the months ahead to keep abreast of new developments in this regard.

“When it comes to the long-standing challenges in Canada's science and research ecosystem, Budget 2023 more or less kicks the can down the road. The federal government leans on the [Bouchard Report] as an IOU of sorts.”

—Vanessa Sung, PhD,
Interim Executive Director,
Evidence for Democracy

Budget 2023's failure to act on the Report's recommendations is especially concerning for Canada's researchers—the people who are behind every health innovation to come out of our health research and innovation ecosystem. Financial supports for graduate students and postdoctoral fellows through federal scholarships and fellowships and through stipends funded largely through Tri-Agency grants will—and in many cases, already has—drive Canada's research talent out of the country, resulting in a serious brain drain. Even with previous investments made in Budget 2018—an almost \$4 billion historic investment in Canada's research system—and since, rising inflation has resulted in researchers being even further behind than they were five years ago.

“High costs of living and dwindling research funding are driving away the world-class research talent that we desperately need to protect Canadians' health and well-being.”

—Tarik Möröy, PhD,
Vice-Chair, Research Canada & Director, Hematopoiesis and Cancer Research Unit,
Montréal Clinical Research Institute (IRCM)

³ Evidence for Democracy, Federation for Humanities and Social Sciences, HealthCareCAN, Support Our Science, U15, Universities Canada

No New Investments, Some Minor Updates

Budget 2023 also reaffirms the federal government’s intention to modernize the National Research Council’s (NRC) governing legislation to allow new operational flexibilities that will better enable it to support innovators. The *2022 Fall Economic Statement* originally proposed an investment of \$962.2 million over eight years to modernize the NRC’s scientific infrastructure.⁴

Budget 2023 announced the federal government’s intention to announce successful recipients of the Strategic Science Fund—first created in Budget 2019—later this year.

The Canada Innovation Corporation was noted as key to supporting business R&D. The Government of Canada released its *Canada Innovation Corporation Blueprint* in February.

NATIONAL PHARMACARE

National pharmacare, one of the core conditions of the Liberal-NDP Supply and Confidence Agreement entered into last year, is notably absent from Budget 2023. Under the agreement, the federal government has until the end of 2023 to pass some kind of pharmacare legislation. While Health Minister Jean-Yves Duclos has assured Canadians that progress on this file will continue, any progress will be incremental, particularly as it will require more funding than originally anticipated.⁵

CANADA MENTAL HEALTH TRANSFER

While Budget 2023 did include some new investments for mental health care, it did not include the Canada Mental Health Transfer promised in the Liberals’ 2021 election platform⁶—originally proposed with an initial investment of \$4.5 billion over five years—and in the subsequent mandate letters to relevant ministers.⁷ Budget 2023’s investments in public health care will include mental health care, but it still falls short of a permanent, dedicated Mental Health Transfer to expand accessible mental health services.

“The budget is out of touch with the reality of Canadians’ well-being and their ability to afford mental health services. I believe that the government has missed the mark, and that there will be deep human and economic costs to pay.”

—Margaret Eaton,
National CEO,

Canadian Mental Health Association

⁴ Government of Canada. *2022 Fall Economic Statement*, P. 34

⁵ Osman, L. Global News (April 1, 2023). *Is Ottawa moving forward on pharmacare plan? Here’s what to know*

⁶ Liberal Party of Canada. 2021. *A Comprehensive Plan for Mental Health Care Across Canada*

⁷ Mandate Letters to **Deputy Minister and Minister of Finance Chrystia Freeland, Minister of Health Jean-Yves Duclos, Minister of Mental Health and Addictions and Associate Minister of Health Carolyn Bennett**. December 16, 2021.

What's In Budget 2023

INVESTING IN PUBLIC HEALTH CARE

The big-ticket item on health care in Budget 2023 is the **\$195.8 billion over ten years** in health transfers to provinces and territories through the recently negotiated and tailored bilateral agreements, personal support worker wage support, and a Territorial Health Investment Fund. While this funding is not new (the Government of Canada **announced this investment on February 7, 2023**), what is new in Budget 2023 is the Government's outline of how this investment will be allocated over the next five years. It also increases the funding for the Territorial Health Investment Fund from \$175 million over five years as originally announced in February to \$350 million over ten years and adjusts the Canada Health Transfer (CHT) projections due to a decrease in GDP growth projections. Budget 2023 also includes February's announcement of \$505 million over five years to the Canadian Institute for Health Information, Canada Health Infoway, and other federal data partners to support the collection of health data and the creation of a Centre of Excellence on health worker data.

"Optimizing health care data to better inform care decisions that support better patient outcomes is a goal that we are striving to achieve."

—Connie Côté,
CEO, Health Charities Coalition of Canada

Budget 2023 makes some important new investments in health care, including \$649 million in new funding for health care professionals, to help combat the opioid crisis, to support mental health, and to protect sexual and reproductive health:

- **\$45.9 million over four years**, starting in 2024-25, with \$11.7 million ongoing, to encourage more doctors and nurses to practice in rural and remote communities through Employment and Social Development Canada's Canada Student Loan Forgiveness program.
- **Up to \$50 million over five years**, starting in 2023-24, to Employment and Social Development Canada to develop and test innovative solutions to strengthen retirement saving for personal support workers.
- **\$359.2 million over five years**, starting in 2023-24, with \$5.7 million ongoing and \$1.3 million in remaining amortization, to support a renewed Canadian Drugs and Substances Strategy to combat the opioid crisis.
- **\$158.4 million over three years**, starting in 2023-24, to the Public Health Agency of Canada to support the implementation and operation of the 988 Suicide Prevention Line.
- **\$36 million over three years**, starting in 2024-25, to Health Canada to renew the Sexual and Reproductive Health Fund to safeguard Canadians' access to abortion and other sexual and reproductive health care services.

To improve Canada's preparedness for future pandemics and other health emergencies, Budget 2023 also commits to an exploration of "new ways to be more efficient and effective in the development and production of the vaccines, therapies, and diagnostic tools that would be required for future health emergencies." This includes, as a first step, consultation with Canadian and international experts on how best to improve

"Improving access to quality health care and innovative medicines not only saves patients' lives, but also helps attract investments, jobs, and innovation in Canada which are key drivers of our economy."

—Pamela Fralick,
President, Innovative Medicines Canada

Canada’s readiness for future health crises. Budget 2023 does not propose any new investments toward this commitment beyond what has already been invested since 2021 as part of the Biomanufacturing and Life Sciences Strategy.

Going forward, it will be critical for advocates to stress to government that, while the investments made in public health care are welcome and necessary, they will ultimately fail to have the necessary impacts on Canadians’ health and well-being without also increasing support for health research and talent.

“While Research Canada is pleased to see the government’s plans for much-needed investments in health, without renewed investments in research and research talent, these investments will not have the impact Canadians deserve.”

—Deborah Gordon-El-Bihbety,
President and CEO, Research Canada

EXPANDING DENTAL CARE FOR CANADIANS

Budget 2023 expands dental care for Canadians—a key component of the Liberal-NDP Supply and Confidence Agreement—with an investment of \$7.3 billion. This includes:

- **\$13 billion over five years**, starting in 2023-24, and \$4.4 billion ongoing to Health Canada to implement the Canadian Dental Care Plan;
- **\$250 million over three years**, starting 2025-26, and \$76 million ongoing to Health Canada to establish an Oral Health Access Fund that will improve access to dental care for vulnerable populations and in rural and remote communities; and
- **\$23.1 million over two years**, starting 2023-24, to Statistics Canada to support the collection of data on oral health and access to dental care in Canada.

INVESTING IN INDIGENOUS COMMUNITIES AND RECONCILIATION

Building on the \$2 billion investment in a distinctions-based Indigenous Health Equity Fund announced in February, Budget 2023 adds two additional investments to support Indigenous health priorities:

- **\$810.6 million over five years**, beginning in 2023-24, to support medical travel and to maintain necessary services through the NonInsured Health Benefits Program, including mental health services, dental and vision care, and medications.
- **\$16.2 million over three years**, beginning in 2023-24, for interventions to reduce rates of tuberculosis in Inuit communities.

Budget 2023 also makes three key new investments to support self-determination and prosperity for Indigenous Peoples:

- **\$76.3 million in 2023-24** to Indigenous Services Canada to continue to support the administrative capacity of First Nations governments and tribal councils delivering critical programs and services to their members.
- **\$19.4 million over five years**, starting in 2023-24, to Crown-Indigenous Relations and Northern Affairs Canada for the Northern Participant Funding Program to increase the participation of

Indigenous Peoples and other Northerners in environmental and regulatory assessments of major projects.

- **\$1.6 million over two years**, starting in 2023-24, to the Canadian Northern Economic Development Agency for the Northern Projects Management Office to increase capacity for federal participation in environmental assessments and consultation with Indigenous communities on major projects in the territories.

In total, Budget 2023 invests \$4.1 billion towards Indigenous spending—a welcome investment that still falls short of what is truly needed to improve outcomes for and advance reconciliation with Indigenous Peoples.

“What we see the federal government do is chronically, intentionally underfund us, and so they’re creating this cycle of poverty. It’s repetitive injustice.”

—RoseAnne Archibald,
National Chief, Assembly of First Nations

INVESTING IN PEOPLE

Students

Despite the relative confidence of early-career researchers and allies leading up to Budget 2023, it included no new funding for graduate students, trainees or postdoctoral fellows, either directly through the federal scholarship and fellowship programs or indirectly through Tri-Agency project grants.

Budget 2023 does, however, provide **\$813.6 million in 2023-24 to enhance student financial assistance** for the school year, including:

- Increasing Canada Student Grants by 40 per cent—providing up to \$4,200 for full-time students.
- Raising the interest-free Canada Student Loan limit from \$210 to \$300 per week of study.
- Waiving the requirement for mature students, aged 22 years or older, to undergo credit screening in order to qualify for federal student grants and loans for the first time.

“By neglecting to provide overdue financial relief, the Federal Government is jeopardizing the well-being of graduate students and postdoctoral scholars. We look forward to a time when the important contributions of trainees to Canada’s science and innovation are no longer undervalued.”

—Kaitlin Kharas, PhD Candidate
Co-President, Toronto Science Policy
Network

People with Disabilities

Recognizing the additional costs facing persons with disabilities, Budget 2023 also expands Canadians’ access to Registered Disability Savings Plans (RDSPs) by extending the Qualifying Family Member provision until the end of 2026 (currently set to expire at the end of 2023) and including adult siblings of RDSP beneficiaries in the provision. With a new investment of **\$13 million over five years**, this program supports the long-term financial security of people with disabilities and the caregivers of adults with mental disabilities whose ability to enter into an RDSP contract is in doubt.

As part of the Disability Inclusion Action Plan launched in October 2022, Budget 2023 also proposes to provide through Employment and Social Development Canada:

- **\$10 million over two years**, beginning in 2023-24, to invest in capacity building and the community-level work of Canada’s disability organizations; and
- **\$21.5 million in 2023-24** to continue work on the future delivery of the Canada Disability Benefit.

Equity, Diversity and Inclusion

Budget 2023 commits to investing **\$25.4 million over five years**, starting in 2023-24, and \$0.6 million ongoing, to the Department of Canadian Heritage to continue to support Canada’s Anti-Racism Strategy and fight all forms of racism. Budget 2023 also invests **\$1.5 million over two years**, starting in 2023-24, to the Privy Council Office to create a new Anti-Racism, Equity and Inclusion Secretariat to ensure that considerations of antiracism, equity and inclusion are applied in the development of federal government policies.

To continue empowering Black-led and Black-serving community organizations and the work they do to promote inclusiveness, Budget 2023 also makes an investment of **\$25 million in 2024-25** to Employment and Social Development Canada for the Supporting Black Canadian Communities Initiative. To support Canadian organizations that serve women—and in particular, Indigenous women, women with disabilities, members of the 2SLGBTQI+ communities, and newcomer, Black, racialized and migrant women—Budget 2023 invests **\$160 million over three years**, starting in 2023-24, for the Women’s Program. Delivered through Women and Gender Equality Canada, the Women’s Program supports limited-time projects that address systemic barriers to women’s equality in Canadian society.

While none of these investments address research specifically, they represent important steps toward ensuring an equitable, diverse and inclusive society and research ecosystem.

INVESTING IN BUSINESS

Two key investments were proposed in Budget 2023 that will benefit Canadian businesses in particular:

- **\$108.6 million over three years**, starting in 2023-24, to expand the College and Community Innovation Program, which helps Canadian businesses access expertise and research and development facilities.
- **\$197.7 million in 2024-25** to the Student Work Placement Program to continue creating quality work-integrated learning opportunities for students through partnerships between employers and post-secondary education institutions.

“This budget demonstrates that the Government of Canada recognizes the growing importance of applied research in colleges and institutes as a path to economic resiliency and competitiveness for SMEs (small and medium-sized enterprises).”

—Denise Amyot,
President and CEO, Colleges and Institutes Canada

While it does not commit to any new funding, Budget 2023 also reiterated the federal government’s commitment to undertaking a review of the Scientific Research and Experimental Development (SR&ED) tax incentive program, which supports research and development and encourages Canadian businesses to invest in innovation that drives economic growth. The goal of this review, first announced in Budget 2022, is to ensure the SR&ED program is providing adequate support and to improve the development, retention and commercialization of intellectual property.

“The [Student Work Placement Program] will help encourage young talent to enter an industry that remains an engine of the Canadian economy. The next step that should be taken as soon as possible is to make the program a permanent feature in Canada’s national skills and training strategy.”

—Rob Henderson,
President and CEO, BioTalent Canada

ADDITIONAL INVESTMENTS OF NOTE

A New Grocery Rebate for Canadians

Budget 2023 proposes to introduce a one-time Grocery Rebate, providing **\$2.5 billion in targeted inflation relief** to the Canadians who need it most.

Supporting Our Official Languages

Budget 2023 proposes to provide **\$373.7 million over five years**, starting in 2023-24, to support new and enhanced federal initiatives under the Action Plan for Official Languages, 2023-28. As part of this investment, \$117 million is allocated to ensuring Canada's official languages are used as a tool for economic development, including increased support for the training of bilingual nurses and personal support care workers and for the promotion of French-language research. The House of Commons Standing Committee on Science and Research (SRSR) launched its study, ***Research and Scientific Publication in French***, in October 2022.

Helping Canadians Stay Active

Budget 2023 proposes to provide **\$10 million over two years**, starting in 2023-24, towards ParticipACTION's Let's Get Moving Initiative, which will continue supporting national programming that aims to increase daily physical activity among Canadians.

Local Food Infrastructure Fund Top-Up

Budget 2023 proposes to provide **\$10 million in 2023-24** to top up the Local Food Infrastructure Fund to strengthen food security in Northern, rural, and Indigenous communities across Canada.

What Next?

Now that Budget 2023 has been tabled and the Liberals are making their way across the country to tout its new investments, they will be looking to present and pass the first Budget Implementation Act before the House of Commons adjourns in late June.

At some point in the coming months, we can expect the federal government to provide its response to the Bouchard Report's recommendations, present the next steps in its review of the SR&ED program, and launch a consultation on Canada's pandemic and health emergency preparedness. The Canada Innovation Corporation is also likely to be established via legislation later this year.

For health research and innovation advocates, it is important that we keep up the momentum we built leading up to Budget 2023 to push for the investments in research and talent that we need to shore up our health research and innovation ecosystem and protect the health and well-being of all people living in Canada. The **2023 Fall Economic and Fiscal Update** is likely our best bet to see increased funding for Canada's granting councils, and Research Canada is already working to develop an advocacy strategy in collaboration with National Partners to push for this ask.

Official Responses from Research Canada's Partners

- Assembly of First Nations (March 31, 2023). **Assembly of First Nations Bulletin – Federal Budget 2023**
- BioTalent Canada (March 29, 2023). **Biotech and Healthcare Skills Funding Welcomed in Budget 2023**
- Canadian Federation of Nurses Unions (March 28, 2023). **Budget 2023 falls short on action to keep nurses from leaving profession**
- Canadian Mental Health Association (March 28, 2023). **Budget 2023 out of touch with mental health crisis**
- Colleges and Institutes Canada (March 28, 2023). **2023 budget recognizes the critical role of colleges and institutes in advancing innovation and economic resiliency**
- Evidence for Democracy (March 28, 2023). **Budget 2023: Not much to see for science and research**
- Federation for the Humanities and Social Sciences (March 28, 2023). **Briefing note for members of the Federation for the Humanities and Social Sciences**
- Health Charities Coalition of Canada (March 30, 2023). **Federal Budget 2023 commits to supporting the health of Canadians yet missed the opportunity to strengthen the charitable sector**
- HealthCareCAN (March 28, 2023). **Budget 2023 a Missed Opportunity to Strengthen Health Research in Canada**
- Innovative Medicines Canada (March 28, 2023). **Innovative Medicines Canada Welcomes Investments in Health Data, Commitment to Work Toward Pandemic Preparedness in Budget 2023**
- Mood Disorders Society of Canada (March 30, 2023). **Mood Disorders Society of Canada Statement on the 2023 Federal Budget**
- Support Our Science (March 28, 2023). **Support Our Science is Disappointed by the Lack of Investment into Next Generation Researchers in Budget 2023**
- U15 (March 28, 2023). **U15 Canada is deeply concerned about lagging research investments in Canada, sees hope in Bouchard Report**
- Universities Canada (March 28, 2023). **Budget 2023 a missed opportunity to keep Canada competitive in science and research**
- University Affairs (March 29, 2023). **Universities, research granting agencies left out of federal budget 2023**