BUDGET 1999

Building today for a better tomorrow

Strengthening Health Care for Canadians

February 1999

Department of Finance Canada
Ministère des Finances Canada

Available from the

Finance Canada Distribution Centre
300 Laurier Avenue West, Ottawa K1A 0G5
Tel: (613) 995-2855
Fax: (613) 996-0518

and from participating bookstores.

Also on the Internet at:
http://www.fin.gc.ca/

Cette publication est également disponible en français.

Cat No.: F1-23/1999-4E
ISBN 0-662-27567-5

"Our collaborative work on a renewed health partnership and on a new social union partnership more generally, along with increased health funding, will reassure Canadians that governments are working together to address their health and other social needs."

Prime Minister Jean Chrétien
letter to premiers and territorial leaders
January 25, 1999

"The decisions we are announcing today are about much more than dollars and cents. They are about a fundamental choice Canadians have made about the kind of society in which we want to live."

Finance Minister Paul Martin
budget speech
February 16, 1999

"What I believe we must strive for is a people-centred system in the truest sense, one that ensures the right care by the right provider at the right time in the right place at reasonable cost."

Health Minister Allan Rock
speech to Canadian Medical Association
September 7, 1998

Highlights

Over the next five years, the provinces and territories will receive an additional $11.5 billion specifically for health care.

- Of this amount, $8 billion will be provided through future-year increases in the Canada Health and Social Transfer (CHST), and $3.5 billion as an immediate one-time supplement to the CHST from funds available this fiscal year.
- Allowing for a gradual and orderly drawdown in the supplement by the provinces and territories over the next three years means that total support for health care would increase by $2 billion in 1999-2000 and in 2000-01, and by $2.5 billion in each of the following three years.
- However, individual provinces and territories could draw down the supplement over the next three years in a pattern which best meets the needs of their health care systems.
- The $2.5 billion increases CHST cash from $12.5 billion to $15 billion, and takes what is regarded as the health component of the CHST as high as it was before the period of expenditure restraint of the mid-1990s.
- Together with the growing value of CHST tax transfers, federal support is expected to reach a new high by 2001-02, surpassing where transfers stood prior to restraint.

Highlights *(cont'd)*

The budget also strengthens the federal government's contribution to Canada's health care system by investing about $1.4 billion over the remainder of this fiscal year and the next three years in information systems, research, First Nations and Inuit health services, prevention and other health initiatives.

- $328 million to better meet the information needs of health care providers and patients and to enhance public accountability throughout the system.
- $550 million for research and innovation to improve diagnosis and treatment of diseases, to improve health care delivery and to enhance the health of Canadians.
- $190 million to address the health care needs of First Nations and Inuit.
- $287 million to improve prenatal nutrition, food safety, and toxic substances control, to foster innovations in rural and community health, and to combat diabetes.
- Combined with the $6.5-billion cash increase in the CHST over the next three years, the $1.4 billion invested in these activities means a total of $7.9 billion in new resources for health over the remainder of this fiscal year and the next three years.

Introduction

Investing in medicare to deal with Canadian's health care concerns.

Medicare is one of Canada's most important social programs and a key priority of the government.

It represents the fundamental values of fairness and equality that we all share as Canadians.

The provinces and the territories will receive an additional $11.5 billion specifically for health care from the federal government over the next five years. This funding marks the largest single new investment this government has ever made.

This investment will help the provinces deal with the immediate concerns of Canadians about health care – waiting lists, crowded emergency rooms and diagnostic services. It will also help to build a stronger health care system – a system that reflects the changing health care needs of Canadians and is based on timely access to high quality health care.

Since its introduction in 1968, medicare has evolved into a cherished feature of our national identity.

Canadians are justly proud of a publicly-funded health care system that provides access to high quality health care when they need it, not when they can pay for it.

The federal government is committed to working with the provinces and territories on behalf of all Canadians to preserve and enhance medicare for the 21st century.

Building on the Strengths of Canada's Publicly-Funded Health Care System

Canada's publicly-funded health care system is key to the quality of life we enjoy. Central to our public health care system is the security that all Canadians, regardless of their financial means, have equal access to high quality health care services based on need, not ability to pay.

This is the very essence of the public health care system Canadians have built and it is no small accomplishment. In many countries, basic health care services are subject to user fees and some leave large parts of their populations with little or no health care coverage.

The provinces and the territories each deliver health care services, assisted by federal financial support, within the framework of the five fundamental principles of medicare in the *Canada Health Act:* universality, comprehensiveness, accessibility, portability and public administration.

Principles of the *Canada Health Act*

Under the *Canada Health Act,* the following five criteria or principles must be met for a province to receive its full federal transfer payments:

Universality – The provincial health insurance plan must cover 100 per cent of eligible residents on uniform terms and conditions.

Comprehensiveness – All medically necessary services provided by hospitals and physicians must be covered.

Accessibility – The plan must provide reasonable access to insured services with no user fees.

Portability – Residents are entitled to coverage when they move to another province within Canada or when they travel within Canada or abroad.

Public Administration – The plan must be administered and operated on a non-profit basis by a public authority accountable to the provincial government.

The high quality health care Canadians enjoy would not be possible without the competent and devoted health care providers who work in Canada's health care system.

Canadians have every right to be proud of their health care system. We are among the healthiest people in the world, with a life expectancy of 81 years for women and 76 years for men and a low rate of infant mortality. Death rates for most of the major diseases are declining. Our public health care system has played no small part in these impressive results.

Laying the groundwork: recent federal health initiatives

The early to mid-1990s were a period of government restraint. To restore order to the nation's finances, both orders of government reduced spending. Provincial health expenditures – and federal transfers which support these provincial services – were restrained.

More recently, provinces have begun to allocate increased resources to health care. Over the past three years, the federal government has also made significant investments in health care. It has:

- increased the cash floor of the CHST from $11 billion to $12.5 billion beginning in 1997-98, as recommended by the National Forum on Health;
- created the Health Transition Fund to work with provinces to develop new ways of delivering health care;
- established the Canadian Health Services Research Foundation to evaluate the effectiveness of health services and to ensure value for every health care dollar;
- invested in the Canada Health Information System to improve health information systems;
- enriched children's health programs;
- renewed funding for the HIV/AIDS Strategy and the Canadian Breast Cancer Initiative; and
- increased funding for the Medical Research Council to undertake health research.

The following table shows that these and other investments will increase annual federal health-related expenditures by close to $2 billion in each of the next two years. Most of this is the result of the increase in the CHST cash transfers to the provinces and territories, announced in 1997.

Table 1
Previous federal health initiatives[1]

	1998-99	1999-00	2000-01
		(millions of dollars)	
Stable funding			
CHST cash floor increase (effective 1997-98)	900	1,500	1,500
Health-related needs			
Community Action Program for Children and Canada Prenatal Nutrition Program	33	33	33
National HIV/AIDS Strategy	41	41	41
Canadian Breast Cancer Initiative	7	7	7
Tobacco Demand Reduction Strategy	20	20	20
Aboriginal Head Start (on-reserve)	15	33	27
Aboriginal Health Institute	1	7	7
Caregiver tax credit	30	120	125
Deductibility of private insurance for self-employed		90	110
Blood agency	30	30	
Blood regulation and surveillance	25	25	25
Research and innovation			
Canadian Health Services Research Foundation	13	13	13
Health Transition Fund	50	50	
Canada Health Information System	17	17	5
Canada Foundation for Innovation ($800 million in l996-97)[2]			
Increase to Medical Research Council	40	44	50
Total	1,222	2,030	1,963

[1] Initiatives announced since 1996 but prior to this budget. Estimates and funding profiles for some initiatives may have changed.

[2] Funding not exclusively for health. In 1998, about half the funding awarded by the Canada Foundation for Innovation was for infrastructure related to health research.

Health care in transition

Health care has undergone a profound transformation over the past decade.

One of the main reasons for this change is that it is increasingly being delivered in different settings. More and more services are being provided in the community and in the home rather than in hospitals.

Improvements in new technologies, medical treatments and surgical techniques have also considerably shortened hospital stays. As well, health care is increasingly reliant on drug therapy. Many ailments that previously required surgery or extended stays in hospital can now be treated effectively with drugs, reducing the need for prolonged hospital stays.

Finally, Canadians now are receiving their health care from an increasingly diverse range of health care providers, including doctors, nurses, midwives, physiotherapists, home care workers, pharmacists, practitioners of alternative medicine and informal caregivers.

As a result of these changes, the composition of health expenditures also changed significantly. As shown in Table 2, hospital expenditures declined from 39.3 per cent of total health expenditures in 1990 to 33.4 per cent in 1998, and public home care expenditures increased from 2.2 per cent to 4 per cent of public health spending. Spending on drugs also increased, from 11.3 per cent of total health expenditures in 1990 to 14 per cent in 1998.

The changes in health care over the past decade have taken place at the same time as governments restored order to the nation's finances by restraining growth in expenditures. Between 1990 and 1994, public health spending grew moderately from $1,643 to $1,808 per person, and levelled out. In real per capita terms, public funding for health care has actually declined since 1994.

Total public and private health spending is now $2,613 per person, up from $2,203 in 1990. Expressed as a share of GDP, total health expenditures last year represented 9.1 per cent, down from 9.6 per cent in 1994, but slightly higher than the 9.0 per cent registered in 1990.

Table 2
Facts and figures about Canada's health system

	1990	1994	1998
Total health expenditures as a share of GDP	9%	9.6%	9.1%
Per capita total health expenditures	$2,203	$2,508	$2,613
Public health expenditures	$45.7B	$52.9B	$55.8B
Per capita public health expenditures	$1,643	$1,808	$1,821
Total health expenditures by use of funds (share of total)			
Hospitals	39.3%	36.2%	33.4%
Home care[1]	2.2%	3.1%	4.0%
Physicians	15.1%	14.6%	14.4%
Drugs	11.3%	12.7%	14.0%

[1] Public home care expenditures as a share of aggregate public expenditures. Estimates of private home care spending are not available.

Sources: Canadian Institute for Health Information, Health Canada.

In this changing environment, governments must continue to work together to reassure Canadians of their unwavering commitment to maintain and enhance the high quality of Canada's public health care system.

Building on a common vision

At a First Ministers' meeting on February 4, 1999, all premiers and territorial leaders confirmed undertakings they had previously given in an exchange of correspondence with the Prime Minister. They confirmed their commitment to the five principles of medicare; to spending any additional funds made available by the Government of Canada through the CHST on health services in accordance with health care priorities within their respective jurisdictions; and to making information about the health system available to Canadians.

The federal government welcomes these commitments as a demonstration of a constructive willingness on the part of provinces and territories to work with the federal government to ensure that the health needs of Canadians are met.

These commitments build on the common vision of Canada's health system adopted by provinces and territories in 1997, including:

- a new partnership between the federal and provincial governments to ensure the maintenance of a national health system with a reasonably comparable range of services based on the five principles of medicare; and

■ access to a more integrated, effective and appropriate system of health care to ensure that prevention of illness, promotion of healthy lifestyles, as well as assessment, diagnosis and treatment services are better matched to peoples' needs.

Investing in Medicare: The Canada Health and Social Transfer

The federal government welcomes recent provincial assurances that any increases in transfers to provinces for health will be spent on health care. Building on these commitments and shared objectives, this budget invests in medicare through the Canada Health and Social Transfer (CHST).

The $12.5 billion in cash currently transferred to the provinces and territories through the CHST will be increased – and this increase will be designated specifically for health care.

Over the next five years, the provinces and territories will receive an additional $11.5 billion specifically for health care. This increase will be allocated to the provinces and territories on an equal per capita basis.

Table 3
CHST: $11.5 billion in new funds for health care
Equal per capita to all provinces and territories

	1999-00	2000-01	2001-02	2002-03	2003-04	5 years
Total (millions of dollars)	2,000	2,000	2,500	2,500	2,500	11,500[1]
Amount each year per capita (dollars)	65	65	80	79	78	
			(millions of dollars)			
Newfoundland	35	35	42	42	41	195
P.E.I.	9	9	11	11	11	51
Nova Scotia	61	61	76	75	75	348
New Brunswick	49	49	61	60	59	278
Quebec	482	479	596	592	589	2,738
Ontario	755	757	949	953	956	4,370
Manitoba	75	74	92	92	91	425
Saskatchewan	67	67	83	82	81	379
Alberta	192	192	241	241	241	1,107
British Columbia	268	270	341	344	347	1,570
Yukon	2	2	3	3	3	12
N.W.T.	3	3	3	3	3	16
Nunavut	2	2	2	2	2	10

[1] Includes a CHST supplement of $3.5 billion which will be accounted for in 1998-99 by the federal government. It is anticipated that provinces will draw down this one-time CHST supplement by $2 billion in 1999-2000, by $1 billion in 2000-01 and by $0.5 billion in 2001-02.

Of this $11.5 billion, $8 billion will be paid through future-year increases in the CHST.

An additional $3.5 billion will be provided as an immediate one-time supplement to the CHST from funds available this fiscal year. This will provide the provinces and territories with the growing and predictable funding they are seeking for their health care systems as quickly as possible.

Allowing for a gradual and orderly drawdown in the supplement by the provinces and territories over the next three years means that total support for health care would increase by $2 billion in 1999-2000 and in 2000-01, and by $2.5 billion in each of the following three years.

However, individual provinces and territories could draw down the supplement over the next three years in a pattern which best meets the needs of their health care systems.

This means that cash transfers under the CHST will increase from $12.5 billion to $15 billion. This $2.5-billion increase takes what is regarded as the health component of the CHST as high as it was before the period of expenditure restraint in the mid-1990s.

Table 4
Canada Health and Social Transfer

	1999-00	2000-01	2001-02	2002-03	2003-04	5 years
			(billions of dollars)			
Increased funding for health care	2.0	2.0	2.5	2.5	2.5	11.5
Of which:						
CHST		1.0	2.0	2.5	2.5	8.0
CHST supplement[1]	2.0	1.0	0.5			3.5
Existing CHST cash	12.5	12.5	12.5	12.5	12.5	62.5
Total CHST cash	14.5	14.5	15.0	15.0	15.0	74.0
CHST tax transfers	13.9	14.4	15.0	15.6	16.4	75.3
Total CHST	28.4	28.9	30.0	30.6	31.4	149.3

[1] The $3.5-billion CHST supplement will be accounted for in 1998-99 by the federal government. Payments will be made in a manner that treats all jurisdictions equitably, regardless of when they draw down funds.

In terms of cash alone, the new funding means provinces and territories will receive $11.5 billion in additional cash over the next five years to strengthen access to high quality health care. It represents the largest single new investment this government has ever made.

An additional $11.5 billion for health care: the largest single new investment this government has ever made

This investment will help deal with immediate concerns of Canadians about health care – waiting lists, crowded emergency rooms and diagnostic services. It will also help to build a stronger health care system over the long term – a system that reflects the changing health needs of Canadians and is based on timely access to high quality health care.

Together with the value of CHST tax transfers, which will also grow over the next five years, federal support is expected to grow to $31.4 billion in 2003-04. CHST transfers will reach a new high by 2001-02 – surpassing where transfers stood prior to the expenditure restraint of the mid-1990s.

Over the five-year period, provinces and territories will receive transfers projected to total nearly $150 billion, with the cash portion making up $74 billion of this.

Equalization

Under the Equalization program, the federal government transfers additional funds to the less prosperous provinces so that they can provide their residents with services comparable to those in other provinces without having to resort to higher taxation than their counterparts. Equalization is projected to total over $50 billion over the next five years; this is nearly $5 billion more than they received over the past five years.

As a result, significant new resources will be available to most of the provinces that receive Equalization for public services, including health care. Legislation is now before Parliament to renew the program for five years and make technical improvements.

Providing equal per capita support under the CHST

When the CHST was introduced in the 1995 budget, the initial allocation among provinces was based on its predecessors – Established Program Financing (EPF) for health and post-secondary education and the Canada Assistance Plan (CAP) for social assistance and social services.

EPF provided identical per capita federal support to all provinces. CAP did not – in large part due to the cost-sharing limits imposed on certain provinces by the previous government. As a result, the initial allocation of CHST among provinces reflected the per capita disparities that were in CAP.

The 1996 budget announced that the per capita disparities in the distribution of the CHST among the provinces would gradually be reduced by half by 2002-03 – four years from now.

This budget provides for the complete elimination of these disparities three years from now – by 2001-02 (see chart below). All provinces will then receive identical per capita CHST entitlements, providing equal support for health and social services to all Canadians.

Provincial CHST entitlements

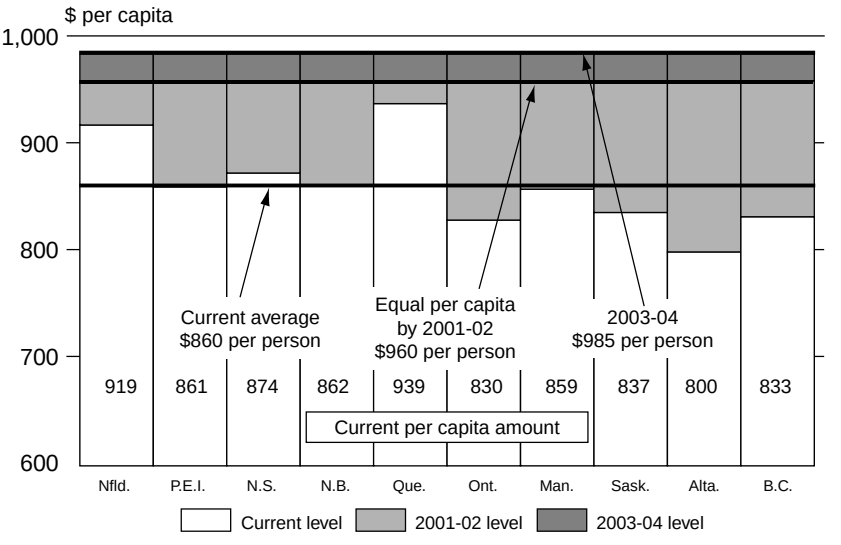

Table 5
1999 budget strategic health investments

	1998-99	1999-00	2000-01	2001-02	Total
		(millions of dollars)			
Improving health information systems					
Canadian Institute for Health Information	95				95
Other health information initiatives		20	70	100	190
Accountability for federal health programs		8	15	20	43
Subtotal	95	28	85	120	328
Promoting health-related research and innovation					
Canadian Institutes for Health Research			65	175	240
Increased health funding for research councils/organizations	35	50	50	50	185
Canada Foundation for Innovation[1]	100				100
NURSE Fund	25				25
Subtotal	160	50	115	225	550
First Nations health services		20	60	110	190
Preventive and other health initiatives					
Prenatal nutrition		10	30	35	75
Food safety		15	20	30	65
Toxic substances		14	14	14	42
Innovations in rural and community health		5	20	25	50
Diabetes		5	20	30	55
Subtotal		49	104	134	287
Total	255	147	364	589	1,355

[1] Funding for the CFI will be increased by $200 million. Based on awards in 1998, it is expected that about half this amount will be allocated to support health-related research infrastructure.

Strategic Federal Investments: Health Information, Research and Prevention

An additional $1.4 billion to strengthen the health and the well-being of Canadians

The federal government makes important contributions to the health of Canadians through several means in addition to transferring funds to the provinces. This budget provides close to $1.4 billion over the remainder of this fiscal year and the next three years to strengthen these other important roles.

The quality, timeliness, and availability of health information will be significantly enhanced. Research and innovation in health care will be expanded and integrated. Health services provided to First Nations and Inuit will be improved. Programs designed to prevent health problems from occurring will be expanded or reinforced. And funding will be provided to continue exploring with provinces innovative approaches in rural and community health.

Investing in health information systems

Better health information systems mean better health care services.

This budget allocates $328 million over the remainder of this fiscal year and the next three years to further develop health information systems in Canada.

There is a need to improve public access to health information as well as the quality and availability of health information and to better inform Canadians on the performance of the health care system.

In all of this the government is committed to engaging the provinces, health providers and interested Canadians in a manner consistent with the Social Union Framework.

Better health information systems will improve the delivery of health care services and the health and well-being of Canadians. Reliable and up-to-date health information can also help Canadians make the right decisions on how to maintain and improve their health.

Information can also help Canadians understand how their health care dollars are being spent, by whom, and with what results.

Improving access to health information

This budget provides $190 million over the next three years to improve access to health information by:

Applying information technology means enhanced health care through better access to health information.

- Building a National Health Surveillance Network which will electronically link laboratories and public health officers across the country, enabling them to communicate simultaneously and instantaneously with each other. For example, the network will be able to identify the outbreak of serious illnesses – from the flu to salmonella – more quickly and more accurately so that preventive measures can be undertaken faster.

- Establishing a Canada Health Network accessible by computer and telephone, enabling Canadians everywhere to have direct access to objective, reliable, up-to-date information on a range of health issues – from nutrition to breast cancer, from Alzheimer's to diabetes.

- Developing the application of information technology to actual health care, in consultation with provinces, through such innovations as Telehealth. Telehealth uses communications technologies to deliver health information, services and expertise over short and long distance. For example, it can help health care providers in rural and remote areas to communicate with specialists anywhere in the country. A particular application of Telehealth – Telehomecare – will assist patients and caregivers in a home care setting by using communication technology to transfer information needed for diagnosis and treatment.

The new funding in this budget is in addition to the $50 million over three years allocated in the 1997 budget to make initial investments towards creating a national health "info-structure," as recommended by the National Forum on Health.

The Canadian Institute for Health Information

The Canadian Institute for Health Information (CIHI) was established in 1994 to improve the quality and availability of health information. It currently has an annual budget of about $13 million and functions as an arm's-length body governed by a board with private, provincial and federal representation.

This budget provides $95 million to the CIHI to use over the next three to four years to lay the groundwork and report regularly on:

- the health of Canadians – the state of their health and the major factors that influence health; and
- the health of the health care system itself – how the system is working, from the length of waiting lists to the distribution of doctors and other health care providers to the use of the most effective treatments.

This investment will foster greater accountability to the public on how the health care system is serving them.

Improving accountability for federal health programs

This budget allocates $43 million over the next three years to Health Canada to better inform Canadians on the performance of federal health programs, consistent with the Social Union Framework.

The federal government delivers health services and programs in several areas, including health protection, health promotion, disease prevention and health services to First Nations and Inuit.

Promoting health-related research and innovation

Research is vital to high quality health care.

This budget provides $550 million over the remainder of this fiscal year and the next three years for health-related research and innovation.

Research is important to a high quality health care system. It is vital to enhancing the health of Canadians through improvements in the prevention and diagnosis of disease; the discovery of new therapies and cures; the development of innovative approaches to health care delivery; and health promotion.

Health research takes place in a number of settings: universities, hospitals, research institutes and centres, industrial laboratories and government facilities. Funding for research comes from the federal government, provincial governments, donations to hospitals and health charities, and the private sector.

At the federal level, medical research is supported through a variety of channels. The Medical Research Council is the main source of funding for biomedical and health research.

The federal government also funds vital research in other health-related areas. Research in health services, for example, is funded by the Canadian Health Services Research Foundation. The Social Sciences and Humanities Research Council funds social and population health research. Life science research is funded by the Natural Sciences and Engineering Research Council and the National Research Council. Health Canada's national health research and development program funds research on a range of national health issues.

Through research we are now able to prevent a wide range of diseases – from polio to tuberculosis. In the past decade alone, many therapies have been developed and many more are being developed.

Federal Research Dollars at Work

- Dr. Patrick Lee of the University of Calgary made a discovery that could have major implications for cancer treatment. In laboratory tests, he injected 25 different types of cancer cells with a relatively harmless, naturally-occurring human virus. Of the 25 types of cancer cells, including breast, brain, prostate, and pancreatic cancer, the virus killed 20. It is expected clinical trials will start in a few months to confirm this new approach to cancer treatment.
- Dr. Patricia Kaufert of the University of Manitoba in Winnipeg is studying the complex ethical and practical dilemmas facing women with family histories of breast cancer and Alzheimer's disease.
- Dr. Alec MacKenzie and Dr. Robert Korneluk of the Children's Hospital of Eastern Ontario in Ottawa discovered a family of genes that control normal cell death through a process called apoptosis. The ability to control these genes – turning them on or off – could help patients suffering from major diseases, including Parkinson's, and stroke victims.
- Dr. Robyn Tamblyn of McGill University in Montreal studied factors which influence how physicians prescribe drugs for elderly patients. This work will help improve the effectiveness of drug therapy for older patients.
- Dr. Tom Hudson of Montreal General Hospital applied powerful new techniques of genome (chromosome) analysis to better understand the genetic underpinnings of asthma in an effort to prevent and cure this major disease.
- Dr. Francois Auger and Dr. Lucie Germain of Centre Hospitalier Affilié Universitaire de Québec in Québec City found ways to grow human tissue such as skin, cartilage and blood vessels. Their work could mean major improvements in the treatment of burn victims.
- Dr. Christine Poulin of Dalhousie University in Halifax is working with Nova Scotia high school students, teachers, parents and communities to determine the effectiveness of education programs in addressing drug use.

The Canadian Institutes of Health Research

Over the past year, a national task force representing the health research community proposed an innovative approach to health research: a new organization called the Canadian Institutes of Health Research (CIHR).

The goal of the CIHR would be to integrate health research nationally to enhance the health of Canadians.

The objective of the CIHR would be to accelerate the discovery of cures and prevention of diseases; forge an integrated national health research agenda; foster collaboration across the many disciplines of health research; and bring new health products and services to the markets of the world.

The institutes would create networks – not brick and mortar institutions – which would draw together scientists across the full spectrum of health research from basic science to clinical research to health services to prevention and social determinants of health. For example, it is envisaged that one institute would focus on aging, one on child and maternal health, one on cancer and developmental biology, and another on women's health.

This government is prepared to support and invest in this proposal. This budget sets aside $65 million to support the CIHR in 2000-01, its initial year of operation. The government is prepared to increase this funding to $175 million in its second year.

Following further consultation, legislation establishing the CIHR could be introduced as early as this fall.

In the meantime, while the proposal to establish the CIHR is being fully developed, this budget provides an increase of $150 million over the next three years to the granting councils, the National Research Council and Health Canada for health-related research.

On an annual basis, the $50-million increase in funding will be distributed as follows:

- $27.5 million to the Medical Research Council;
- $7.5 million to the Social Sciences and Humanities Research Council;
- $7.5 million to the Natural Sciences and Engineering Research Council;
- $5 million to the National Research Council; and
- $2.5 million to the Health Canada's National Health Research and Development Program.

This builds on the 1998 budget, which also increased funding for the granting councils.

The increased funding in this budget for existing federal research organizations, together with the funds being set aside for the CIHR, will effectively make $225 million of new resources available for the objectives of the CIHR by the year 2001-02.

This budget provides an additional $35-million endowment in 1998-99 to the Canadian Health Services Research Foundation to support its participation in the CIHR initiative.

The Foundation supports research to identify what works in Canada's health care system, what does not work and what procedures and interventions require further evaluation. The new funding builds on the Foundation's initial endowment of $65 million over five years provided in the 1996 budget.

These initiatives will provide more opportunities for health researchers to carry out advanced research in Canada. The increased funding reflects the multidisciplinary nature of health research.

Canada Foundation for Innovation

This budget provides an additional $200 million to the Canada Foundation for Innovation, which has a mandate to help modernize Canada's research infrastructure in several areas, including health.

This follows an $800-million allocation to the Foundation in the 1997 budget. Disbursements by the Foundation from that allocation are expected to be close to $420 million in 1999. In 1998, about 45 per cent of awards were for health-related research in hospitals and universities.

It is expected that about half of this budget's allocation will be available for health research infrastructure across Canada.

NURSE Fund

The government will provide an endowment of $25 million to create a NURSE Fund – Nurses Using Research and Service Evaluations.

Health care restructuring has had a significant impact on nurses. The NURSE Fund will support a ten-year research program to find solutions to the challenges facing nursing in the next decade.

The objective is to develop a knowledge base to:

- better enable nurses to deliver quality care in an environment of health care restructuring;
- identify approaches to retrain the existing workforce; and
- attract new members to the profession.

The endowment will be made available to the Canadian Health Services Research Foundation for this purpose.

First Nations health services

The federal government is providing $190 million over the next three years to better meet the health care needs of First Nations and Inuit communities.

The funding will be used to strengthen home and community care, as well improve case management and other support services.

As well, health information systems will be developed with First Nations communities, and better links made with provincial systems and public health surveillance programs.

First Nations will also benefit from the diabetes initiative described below.

Preventive and other health initiatives

This budget invests $287 million over the next three years to improve prenatal nutrition, food safety, and toxic substances control, to foster innovations in rural and community health, and to combat diabetes.

Prenatal nutrition

An additional $287 million to do more to prevent health problems from occurring

The budget provides an additional $75 million over the next three years to the Canada Prenatal Nutrition Program to help high-risk pregnant women have healthier babies.

The program, which is currently funded at $13 million a year, provides food supplementation, nutrition counselling, support, referral and lifestyle counselling to pregnant women to help ensure they have healthy babies.

Pregnancies put at risk by alcohol or drug abuse, family violence or inadequate social supports can have serious effects on children's prospects.

The new funding is designed to expand the program to many more pregnant women at high risk. It is expected that this program will now reach a majority of these women.

Food safety

The budget allocates $65 million over the next three years to modernize and strengthen the federal food safety program.

Despite having one of the safest food systems in the world, infectious foodborne illness remains a public health problem in Canada with an estimated 2.2 million cases each year. As new foodborne pathogens (disease-causing agents) emerge, as new products come to market and as processing and packaging technologies change, steps must be taken to ensure that Canada's food system remains safe.

The new funds will be used to enhance surveillance systems, improve scientific capacity and increase regulatory activities.

Toxic substances

Toxic substances in the environment, in food and in drinking water present significant risks to the health of Canadians. Children are especially vulnerable, since exposure to toxins can impair fetal, infant and childhood development.

The government has recently introduced amendments to the *Canadian Environmental Protection Act*. The new Act would require screening within seven years of all potentially harmful substances currently in the Canadian market and prompt subsequent action on substances found to be toxic.

This budget provides $42 million over the next three years to Environment Canada to meet the government's responsibilities under the new legislation. These funds will serve to accelerate screening and assessment of new and existing substances, improve management and control of toxic substances and track progress.

Innovations in rural and community health

Over the past two years, the federal government has worked in partnership with provinces to develop innovative approaches to health care and health care delivery through a Health Transition Fund.

Building on this, the budget provides $50 million over the next three years to continue exploring with provinces innovative approaches in the area of rural and community health.

Provinces face unique challenges posed by health care delivery in rural and remote areas. For example, access to health services must be maintained over large, sparsely populated areas. Attracting and retaining physicians and other health professionals can also be a challenge.

The increased emphasis on home and community care in all provinces presents an ideal opportunity to evaluate different models of service delivery and build on lessons learned.

Diabetes

This budget provides $55 million over the next three years to combat diabetes. The rate of this disease is particularly high among Aboriginal people – three times that of the general population.

Surveillance and research will be carried out to find better ways to prevent this disease and enhance treatment and care. This should lead to a better understanding of why it has become such a serious problem in Aboriginal communities and what can be done about it, including an enhancement of services on reserve.

Conclusion

Medicare is one of Canada's most important and cherished national programs. Having restored order to the nation's finances, the government is committed to increasing its investment in health care.

This budget underscores this commitment by investing substantial new resources to that end. The government will consider additional investments in coming years as the financial situation permits.

How can I get more information on the 1999 budget?

Department of Finance information is available on the Internet at: http://www.fin.gc.ca

Department of Health information is available on the Internet at: http://www.hc-sc.gc.ca/budget

You can also obtain copies of this brochure or other budget documents from:

Distribution Centre
Department of Finance
300 Laurier Ave. West
Ottawa, Ontario, K1A 0G5
Tel.: (613) 995-2855
Fax: (613) 996-0518

Ce document est également offert en français.