

**Written Submission for the Pre-Budget Consultations in Advance of  
the Upcoming Federal Budget**

Submitted by: Ontario Hospital Association



**Recommendation 1:** The Government of Canada double its current investment in the Canadian Institutes of Health Research (CIHR), Natural Sciences and Engineering Research Council (NSERC) and Social Sciences and Humanities Research Council (SSHRC) and maintain this level of investment in out-years to remain globally competitive.

**Recommendation 2:** The Government of Canada form a pan-Canadian national task force on Health Human Resources (HHR) to create a national strategy on HHR that addresses key issues, including recruitment and retention.

**Recommendation 3:** The Government of Canada increase the Canada Health Transfer (CHT) in line with provincial Premiers' request to strengthen the quality, safety, and experience of the health care system. The Government should also appropriately adjust the annual CHT automatic escalator to incorporate yearly inflationary pressures ensuring year-to-year stability in the health care system Canadians expect.

## Introduction

On behalf of Ontario's 140 public hospitals, the Ontario Hospital Association (OHA) thanks the Government of Canada for its support in ensuring Ontario hospitals were prepared to manage the COVID-19 pandemic and for its continued investments in hospital-based research in recent years. While the worst of the global pandemic is hopefully now behind us, there are continued challenges that remain for health care and hospital-based health research in Canada.

The sudden and widespread impact of COVID-19 illustrated the profound importance of maintaining a robust health research and innovation infrastructure in Canada to face new and existing risks to population health. COVID-19 also had a profound impact on health human resources (HHR) across the health care system and led to greater demand for health care services in Ontario.

As such, the OHA is submitting three key recommendations that will enhance Canadian research and innovation while maintaining its competitiveness on a global scale; address the most urgent HHR challenges facing hospitals through a coordinated national approach to planning for the future; and improve funding for provincial health and social services into the future.

### **Recommendation 1: The Government of Canada double its current investment in the Canadian Institutes of Health Research (CIHR), Natural Sciences and Engineering Research Council (NSERC) and Social Sciences and Humanities Research Council (SSHRC) and maintain this level of investment in out-years to remain globally competitive.**

Given the significant impact of the COVID-19 pandemic on Canada in recent years, the importance of health research has never been greater. The sudden and widespread impacts of COVID illustrated the profound importance of maintaining a robust health research and innovation infrastructure in Canada to face new and existing risks to population health.

In recent years, the Government of Canada has acknowledged the importance of innovation, research, and development in the health and life sciences sectors through strategic policy and funding decisions. In particular, the OHA would like to commend the Government of Canada on launching *Canada's Biomanufacturing and Life Sciences Strategy*, which outlines an ambitious plan for strengthening Canadian research and innovation as well as the workforce driving the Canadian life sciences sector.

Over the last two decades, however, overall support for scientific research and development (R&D), has been waning in Canada. Gross domestic expenditure on science and technology R&D in Canada, at 1.7 per cent of gross domestic product (GDP), is low compared to other countries. Currently, the Organisation for Economic Co-operation and Development (OECD) average is 2.5 per cent. The discrepancy between Canadian investment and the OECD average hinders Canada's innovation ecosystem, self-sufficiency in the event of future emergencies, and ability to compete for top research talent on the world stage. This will not improve with the federal government's plans to reduce Tri-Agency funding between 2022/23 and 2023/24. Indeed, the most effective federal levers for driving ground-breaking research and innovation are the Tri-Agencies: Canadian Institutes of Health Research (CIHR), Natural Sciences and Engineering Research Council (NSERC), and Social Sciences and Humanities Research Council (SSHRC).

To invest appropriately in research and position Canada as a global leader, the OHA calls upon the Government of Canada to double its planned 2023/24 investment in the core responsibilities of CIHR, NSERC and SSHRC, from \$3.4 billion to \$6.8 billion, and to maintain this level of investment in out-years. This approach is aligned with the recommendation of the Standing Committee on Science and Research in its June 2022 report, calling upon the federal government to “*review and increase its investments in fundamental research through increases to the budgets of the three granting councils.*”

To maximize the impact of these funds, the OHA recommends targeting this expansion within the Tri-Agencies’ broad competitions, including CIHR Project Grants, NSERC Discovery Grants and SSHRC Insight and Connection Awards, and ensuring that hospital-based research institutions, universities, and colleges have equal access to these grants and awards. This approach will benefit the wider research community and strengthen Canada’s international competitiveness in attracting and retaining top talent.

Targeted Tri-Agency funding support will bolster Ontario’s research hospitals and Ontario’s workforce of nearly 22,000 highly skilled researchers and support staff who conduct over half of all hospital-based research in Canada. As well, increases in Tri-Agency funds will strengthen the role of Ontario research hospitals as a major training ground for science, and their ability to attract top researchers from other jurisdictions and train the research workforce of the future through interconnections with universities and medical schools.

The enhanced scientific knowledge and innovation that emerges from Ontario’s research hospitals have immense and positive implications for Canada’s self-sufficiency, the health of Canadians, and the Canadian economy. By increasing investment in the core responsibilities of the Tri-Agencies, the Government of Canada has an opportunity to reassert Canada’s position as a global leader in research and development, and to enhance Canadian competitiveness on the world stage in terms of developing both innovators and innovations.

**Recommendation 2: The Government of Canada form a pan-Canadian national task force on Health Human Resources (HHR) to create a national strategy on HHR that addresses key issues, including recruitment and retention.**

As the Government of Canada reflects on the pandemic and plans for recovery, there is an opportunity to build a stronger and more resilient health system. Long-standing concerns about future health care workforce supply, projections for retirement, and challenges related to mental health and burnout have been significantly magnified by COVID-19.

Prior to the pandemic, Ontario had the lowest hospital expenditure per capita in the country. Since staffing costs make up nearly 70 per cent of hospital expenditures, staffing models were finely calibrated to be as efficient as possible to cope with fiscal restraint. Unfortunately, this meant there was little cushion in the workforce to absorb a disruptive event like COVID-19. The pandemic dramatically increased demands on the health care workforce. At the same time, net new positions have been created, resulting in an overall increase in the number of vacancies that need to be filled in a competitive labour market. Together, these issues are having a negative impact on the delivery of care across the province, and particularly in rural and northern communities.

A pan-Canadian HHR Task Force would bring together the knowledge and expertise of multiple stakeholders to create a national HHR strategy to address issues related to recruitment and retention and expedite the development of system-wide solutions. The strategy would explore

new staffing approaches, models of care as well as regulatory, legal and academic frameworks to better support health system needs.

At the same time, a strategy would align policy changes at the federal and provincial levels that reflect demographic changes and the complex needs of Canada's aging population. To that end, recognizing and acknowledging there is a need for a comprehensive understanding of the available supply and demand of HHR professionals, an HHR strategy must also include a needs-based capacity plan. An aligned, centralized, and robust approach in the collection and utilization of evidence-based data will underpin the development of new strategies and support future federal and provincial initiatives.

Finally, a national strategy must also recognize the importance of internationally educated health professionals. Given the immediate needs in the health care system, a concerted plan to remove the barriers to recruitment is required. Understanding the strengths and weaknesses of internationally educated health care programs may also help address the needs of learners and employers.

**Recommendation 3: The Government of Canada increase the Canada Health Transfer (CHT) in line with provincial Premiers' request to strengthen the quality, safety, and experience of the health care system. The Government should also appropriately adjust the annual CHT automatic escalator to incorporate yearly inflationary pressures ensuring year-to-year stability in the health care system Canadians expect.**

The OHA has long called for a national discussion on how to strengthen and sustain the health care system, especially in light of the impacts of the pandemic. To that end, the federal and provincial governments must work together to rethink Canada's system of transfer payments to better fund health and social services into the future.

Quality public services are critical to Canada's long-term prosperity and international competitiveness. The amount of investment provincial governments can make in maintaining quality public services is significantly determined by federal actions, whether these be via direct payments to the provinces, the reallocation of economic resources as a result of its fiscal policy, provincial tax effort (i.e., the amount of taxes raised compared to the province's relative ability to tax) and program spending.

The OHA is therefore supportive of the recent calls by Canada's Premiers to increase financial support through the Canada Health Transfer. The recent pandemic years have highlighted the need for stronger federal responsibility in health care, both in absolute dollars and as a percentage of the cost of provincial expenditures on health.

The increase in federal transfers should happen in two ways:

- 1) An increase in the percentage of the federal share of provincial health expenditures to strengthen the quality, safety, and experience of the current system, and
- 2) A change in the annual CHT automatic escalator that incorporates both yearly inflationary pressures and demographic changes, ensuring year-to-year stability in the health care system Canadians can expect

The pandemic has reminded Canadians what can be done when there is a sense of true crisis and urgency, and Canada cannot lose this important momentum.

## **Conclusion**

The OHA thanks the Government of Canada for consideration of its three pre-budget recommendations and for continued support of Ontario's hospital sector. Health care is one of Canada's greatest assets, thanks to continued collaboration and shared investment. As Canada emerges from the COVID-19 pandemic and prepares for the next stage of recovery, the OHA looks forward to continuing to work together to collectively strengthen and improve access to health care, now and into the future.