

Canada's Budget 2013

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On March 21, 2013, Finance Minister Jim Flaherty tabled his eighth Federal budget entitled Economic Action Plan: A plan for jobs, growth and long-term prosperity. Presented annually, the budget is a blueprint of the amount of money that the Government will spend on a variety of expenses in the upcoming year. It also shows the priorities and political agenda of the government in power. The three key themes of this year's budget are:

- Matching skills training programs with available jobs
- Investing more in infrastructure
- Supporting "value-added" jobs in manufacturing

This budget reaffirms the Government's commitment to cut spending, reduce the deficit and balance the budget in time for the 2015 election. Balancing the budget would allow the government to fulfill some its election promises: doubling of the limit on contributions to tax free savings accounts and income-splitting for couples with children. The projected deficit in the fiscal year is \$25.4 billion.

The budget contains only a few new measures, and the expected cuts are not detailed, so we will likely have to wait for the fine print in the budget implementation bills to find out more about where the Government intends to cut. As expected, the Government will continue with its long-term funding plan for health and social transfers, until the year 2024. In December 2011, the federal announced it would maintain 6% increases in health transfers to the provinces and territories through 2016-17 after which time transfers will be titrated to the gross domestic product (GDP) with a floor of three percent¹.

In light of the Government's overall fiscal framework, the Canadian Psychological Association is pleased with the federal government's commitment to maintain overall research funding at current levels as well as some investments in the area of mental health, Persons with Disabilities, and post-secondary education.

The budget also makes changes to the GST/HST on reports and services for non-health care purposes. Budget 2013 proposes to clarify that GST/HST applies to reports, examinations and other services that are not performed for the purpose of the protection, maintenance or restoration of the health of a person or for palliative care. For example, taxable supplies would include reports, examinations and other services performed solely for the purpose of determining liability in a court proceeding or under an insurance policy. This measure will apply to supplies made after Budget Day (March 21, 2013). CPA has requested a review of the new taxing rules by KPMG to determine the impact this may have those of our members who provide services to the public, and will circulate the results of the report as soon as possible. We also encourage you to contact your personal tax consultant and Canada Revenue Agency (CRA) to ensure that you are in compliance with the new tax measures. CPA has been in contact with senior officials

¹ http://www.fin.gc.ca/n11/data/11-141_1-eng.asp

within CRA responsible for HST/GST rulings. CRA is currently working on a memo/Q&A that will be issued in the next few weeks to provide further guidance.

Highlights

Research

- \$7 million per year for the Social Sciences and Humanities Research Council of Canada, some of which will support research related to the labour market participation of persons with disabilities.
- \$15 million per year for the Canadian Institutes of Health Research's Strategy for Patient-Oriented Research.
- \$15 million per year to the Natural Sciences and Engineering Research Council, including \$12 million to enhance the College and Community Innovation Program. CCIP supports collaboration between colleges and industry on research and development projects that focus on company needs, helping firms to become more innovative and productive.
- \$225 million to be used by the Canada Foundation for Innovation to support advanced research infrastructure priorities and sustain the long-term operations of the Foundation.
- Multi-year funding of \$165 million to support genomics research, directed through Genome Canada.
- Economic Action Plan 2013 proposes to provide \$20 million over three years to help small and medium-sized enterprises access research and business development services at universities, colleges and other non-profit research institutions of their choice through a new pilot program to be delivered through NRC-IRAP.

Mental Health/Homelessness

- The Public Health Agency of Canada will reallocate \$2 million to improve data collection and reporting of mental illness and mental health, as recommended in the Mental Health Strategy for Canada, to improve knowledge and foster collaboration. These investments complement the over \$100 million annually being provided for Aboriginal mental health programs and services.
- \$52 million over two years to enhance health services for First Nations and Inuit, including mental health services. This includes \$4 million over two years to increase the number of mental health wellness teams serving First Nations communities.

- \$119 million per year over five years, nearly \$600 million in total, to the Homelessness Partnering Strategy using a “Housing First” approach. The outcomes of the Mental Health Commission of Canada’s At Home/Chez Soi project have shown that providing *Housing First* services and supports are an effective way to reduce homelessness. This approach aims to move people rapidly from shelters and the streets into stable housing, while providing them with support for underlying mental health or addiction issues. Building on the successful At Home/Chez Soi project, the Government will continue to work in partnership with provinces and territories, communities, the private sector and other stakeholders, such as the Federation of Canadian Municipalities, to reduce homelessness.

Health Care

- \$3 million over three years to the Pallium Foundation of Canada to support training in palliative care to front-line health care providers.

Persons with Disabilities

- Ongoing funding of \$40 million per year starting in 2015–16 for the Opportunities Fund for Persons with Disabilities. The program will also be reformed to provide more demand-driven training solutions for persons with disabilities and make it more responsive to labour market needs. Employers and community organizations will be involved in project design and delivery.
- Temporary investment to support the creation of the Canadian Employers Disability Forum, as recommended by the Panel on Labour Market Opportunities for Persons with Disabilities. The Forum, an initiative led by a number of Canadian businesses including Loblaw Companies Limited, will be managed by employers, for employers, to facilitate education, training and sharing of resources and best practices concerning the hiring and retention of persons with disabilities. Under the leadership of the Forum, employers will help to promote and further the invaluable contributions that persons with disabilities can make to their business.

Public Service

- The government will be examining its human resources management practices and institutions in a number of areas, including disability and sick leave management, with a view to ensuring that public servants receive appropriate services that support a timely return to work.

Education/Internships

- Career Focus program supports paid internships for recent post-secondary graduates, ensuring they get valuable hands-on work experience. Economic Action Plan 2012 provided funding for an expected 3,000 additional paid internships in high-demand fields. Economic Action Plan 2013 proposes an additional investment of \$70 million over three years to support an additional 5,000 paid internships.
- \$13 million over two years to the Mitacs Globalink Program to attract highly promising students from around the world to Canadian universities and to allow Canadian students to take advantage of training opportunities abroad.
- \$10 million over two years for international marketing activities, including targeted market plans for priority markets, better promotion of a cohesive Canadian education brand, and a sophisticated web marketing strategy.
- The granting councils will also extend eligibility for their undergraduate industrial internships and scholarships to students enrolled in bachelor degree programs in colleges and polytechnics. Through these new initiatives, the Government will be fully reinvesting the savings from the granting councils' efficiencies identified in last year's budget to take effect in 2013–14 and later years in priority research areas.
- In the coming year, the Government will examine the Indirect Costs Program in consultation with the post-secondary sector, including the Association of Universities and Colleges of Canada, to ensure that the program is meeting its objective of reinforcing excellence in post-secondary research.
- \$10 million over two years to Inspire to provide post-secondary scholarships and bursaries for First Nations and Inuit students.