

**Written Submission for the Pre-Budget Consultations
2024 Federal Budget**

By: Health Charities Coalition of Canada

Submitted: August 4, 2023



Recommendation 1: Double the current funding for research to the Tri-Council and commit to an annual increase that will keep pace with inflation and global benchmarks.

Recommendation 2: Work with the charitable sector to enable a more sustainable funding environment.

Recommendation 3: Before proceeding with the proposed changes to the Alternative Minimum Tax determine the impact of these changes on charitable revenues by conducting an independent economic and fiscal analysis.

Introduction

The Health Charities Coalition of Canada (HCCC) is a member-based organization comprised of 26 national health charities. Our mission is to lead collective action on health policy and health research to benefit patients living in Canada. We strengthen the voices of Canadians, patients and caregivers by working with others to advance health policy and increase investment in health research. Our members provide evidence-based, disease specific information that helps to empower and educate Canadians. We are full partners in health research and invest in research and innovation that will improve health outcomes for Canadians.

Investment in research is needed to unlock new discoveries that will transform the way Canadians approach disease prevention, diagnosis, and treatment and inform policies that will ultimately improve health outcomes. Canada's investment in research has not kept pace with other OECD countries and we are at risk of losing our top research talent, early career investigators and senior investigators, if we do not prioritize research in our country. By prioritizing investment in research, we can maximize gains made, drive positive change in the health care system, improve health outcomes and fuel economic growth in our country.

Health charities are a part of a vibrant charitable sector that address the needs and concerns that are at the heart of communities. As we look to Budget 2024 and the ambitious goals and priorities that are being set for our country, we ask that the Government of Canada work with the charitable sector to enable an improved and sustainable funding environment for the sector.

Research propels new knowledge, improves health outcomes and drives economic competitiveness.

Recommendation 1: That the Government of Canada double the current funding for research to the Tri-Council and commit to an annual increase that will keep pace with inflation and global benchmarks.

Canada's Biomanufacturing and Life Sciences Strategy¹ outlines 5 key pillars "that will help grow and enhance Canada's reputation as a beacon of life science innovation around the world". A key enabler to achieving this success is captured under pillar 2 – laying a solid foundation by strengthening research systems and the talent pipeline. As pointed out in the strategy, "There is no point having a state-of-the-art factory if we don't have the people and the talent to run it".²

Increased and sustained investment are needed to support Canadian researchers. Canadians rely on advances in research to prevent disease, develop life saving interventions and protect and respond to future health emergencies. Canadian investment in research has flatlined over the years and the situation has been made worse with the impact of inflation. Federal funding for research has not kept pace with international counterparts.³ Recent reports show that within the G7, Canada is the only country whose R&D spending as a percentage of GDP shrank over the last twenty years.^{4,5}

Health charities take great pride in supporting young researchers through disease specific education and training programs, mentorship initiatives and networking opportunities. Increased and competitive federal scholarships and fellowships are needed to bolster other resources that are in place to support early career researchers. Canada's grants for master's and PhD students haven't increased since 2003.⁶ Without further investment to properly support our next generation of researchers, we risk not only losing our top talent and falling further behind as a scientific and economic leader. An immediate and sustained injection of funds is needed to secure Canada's capacity to remain competitive and attract top global talent.

Patient partners fill an important role in research by representing the lived experienced. Input from patients is vital as we move innovations in health from discovery to application. Funding provided for health research must include opportunities for patients to be fully engaged and compensated for their active participation in health research initiatives, health decision making and regulatory processes.

¹ https://ised-isde.canada.ca/site/biomanufacturing/sites/default/files/attachments/1098_01_21_Biomanufacturing_Strategy_EN_WEB.pdf

² Ibid.

³ OECD. <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

⁴ Ibid.

⁵ Standing Committee on Science and Research. Success, Challenges and Opportunities for Science in Canada, June 2022. P. 10-11

⁶ Standing Committee on Science and Research. Support our Science Brief. June 2023

Improve the funding environment for the charitable sector

Recommendation 2: Work with the charitable sector to enable a more sustainable funding environment.

Health charities are an integral part of the social fabric of Canada, providing support, information, and hope to Canadians in times of need. Throughout the pandemic and into recovery, the demand for services continues to be at increased volume as patients manage their health while waiting to access medical treatment. While the demand for our services continues to grow, many charities are feeling the impact of rising inflation on their revenues⁷.

To meet the current and growing demand, our sector is asking for needed changes to enable a sustainable and equitable funding environment for the sector. A 2019 Special Senate Committee on the Charitable Sector Report entitled *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*⁸ provided several recommendations for improvements. In accordance with discussions with other nonprofit organizations serving the interests of different communities in Canada, we ask that the government work with the sector to create opportunities to stabilize core funding, enable more equitable partnerships and ensure that funds flow equitably into the community. This includes addressing persistent issues concerning Treasury Board policies that create barriers for the sector, such as;

- Provide more realistic timelines and flexibility for accommodations
- Reduce administrative burden
- Cover all costs, including equity and accessibility measures, associated with delivery of a funded project
- Enhance transparency in funding decisions, allowing organizations to understand why they did or did not receive funding
- Shift from one-time funding to multi-year funding agreements
- Include representatives from diverse nonprofits in decision-making processes about funding processes & policies
- Allow for more flexibility in how funds are used
- Index funding for the nonprofit sector to inflation

Additionally, we ask that amendments be made to the Treasury Board Secretariat's [Directive on Transfer Payments](#) to:

- increase eligibility requirements,
- include nonprofits as a category of organizations,
- balance the reliance on grants versus contribution agreements,
- assess 'risk' more equitably, to not perpetuate excessive monitoring of equity seeking groups,
- improve and standardize definitions,

⁷ CanadaHelps, 2023. The Giving Report.

⁸ The Senate Special committee on the Charitable Sector. 2019. *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*. https://sencanada.ca/content/sen/committee/421/CSSB/Reports/CSSB_Report_Final_e.pdf pp. 40-53

- amend section 6.6.1 to allow for greater discretion in allowing departments to issue multi-year funding and,
- create thresholds for core and operating costs for project-based funds.

Our sector plays an essential role in Canada's economic and social recovery and in advancing the government's priorities related to the health and well-being of our nation. Addressing the outlined recommendations will help strengthen the charitable sector.

Recommendation 3: Before proceeding with the proposed changes to the Alternative Minimum Tax determine the impact of these changes on charitable revenues by conducting an independent economic and fiscal analysis.

Budget 2023⁹ introduced several changes to the Alternative Minimum Tax for High Income Individuals. These changes include amendments that will increase the tax cost of donating qualifying securities to charity. As well, donors who meet the new criteria will also experience a reduction in the percentage of non-refundable tax credits that can be claimed. There are concerns that these changes will create further barriers and may disincentivize donations to the charitable sector. The charitable sector is reliant on philanthropy to support mission work and fund administrative costs. Recent research in giving indicates that overall donor participation has declined over the last 10 years.¹⁰ Across the various donor categories, donations from high-income families (27%) remains a significant source of revenue for the charitable sector.¹¹ Prior to implementing any changes to taxation policy, we ask that the Government of Canada conduct an independent economic and financial analysis of the proposed changes to determine the impact on the charitable sector.

Conclusion

Sustained budget pressure heightened by ongoing inflationary erosion and a flatlining of investment in research is concerning for health research in our country. Canadians rely on advances in research to generate new knowledge that will inform improved policies, practices, procedures, products and services that will ultimately improve health outcomes. Strategic and sustained investments are needed to bolster research and innovation in our country and strengthen Canada's health and economic security.

About Us

Founded in 2000, the Health Charities Coalition of Canada (HCCC) is a member-based organization comprised of national health charities and patient groups who represent the voice of patients at all levels of the health care continuum. More information about our organization can be found at <http://healthcharities.ca>.

⁹ Department of Finance Canada. Budget 2023. Tax Measures: Supplementary Information

¹⁰ CanadaHelps. 2023. The Giving Report.

¹¹ Ibid.

For more information on this submission please contact:

Connie Côté
Chief Executive Officer
Health Charities Coalition of Canada (HCCC)
ccote@healthcharities.ca