The Federal and Ontario Budgets of 2012: What's in It for Health Equity?

Arne Ruckert, PhD

ABSTRACT

Health equity has started to receive significant attention among Canadian policy-makers, with acknowledgement at both the federal and provincial levels of the importance of reducing health inequities. However, a challenging budget environment has led to a number of budget cutbacks in areas that are likely to negatively influence social determinants of health, such as housing, education, and social assistance. This article analyzes both the federal and Ontario budgets of 2012 and their potential impacts on and implications for health equity. Even though health care services have largely remained untouched in both budgets, the article argues that existing health inequities will be further amplified through the implementation of cutbacks in sectors other than health, given the importance of social determinants of health (SDH) for health equity outcomes.

Key words: Public health; budgets; socio-economic factors

La traduction du résumé se trouve à la fin de l'article.

Can J Public Health 2012;103(5):e373-e375.

In March, both the federal and the Ontario governments released their much-anticipated 2012 budgets. After three consecutive years of stimulus spending at both the federal and the provincial levels, which have seen steady growth in funding for health care and slightly increased the share of program spending as a percentage of Canada's Gross Domestic Product (GDP), widely expected cutbacks are finally becoming a reality. This raises the question of how this fiscal austerity drive will impact health equity, defined by the World Health Organization as the absence of systematic differences in health, between and within countries, that are avoidable by reasonable action.¹ Even though health care services have largely remained untouched in both budgets, this article argues that existing health inequities will be further amplified through the implementation of various cutbacks in sectors other than health, given the importance of social determinants of health (SDH) for health equity.²

At the federal level, health transfers to the provinces will be maintained at a somewhat reduced level based on a new transfer formula that will take effect in 2014. It stipulates that health transfers will grow annually by at least 3% (or more, depending on the rate of GDP growth) after 2013-14, compared to the current 6% annual escalator. However, the Ontario provincial budget has capped growth in health care spending at 2.1%, slightly below the recommendation provided in the Drummond report (2.5%).³ Within the health system, some areas will be cut while others will receive a boost: hospital budgets will be frozen, while community care funding will receive a 4% increase to keep more patients out of the costly hospital environment. Even though few details are available on how some of the expected health care changes will be delivered, concerns have been raised about the potential impacts of limiting the growth of health care funding to such a low level, with the

Ontario Medical Association warning that "the budget jeopardizes the ability of patients to get the care they need."⁴ However, the more concerning aspects of both the federal and the provincial budgets relate to cutbacks in welfare programs and other areas directly relevant to improving SDH and health equity, especially housing, education, and social assistance programs.

A number of Canadian reports have recently noted the importance of socio-economic variables and policies in determining population health outcomes,⁵ yet these concerns seem to be absent in both budgets. Housing conditions, as one example, can directly influence an individual's health through the presence of lead and mould, poor heating and draft, inadequate ventilation, vermin, and other structural conditions.⁶ Given the existing poor state of many of Canada's affordable housing complexes, the cutbacks in the federal budget to national housing repair and improvement programs are particularly disconcerting, with an astonishing 97% drop from \$674 million last year to \$37 million this year. At the same time, the lack of new affordable housing remains completely unaddressed by the federal budget. More than 150,000 Ontarians are currently on the provincial wait-list for affordable housing, up 17.7% from 2009.⁷ In addition, funding for the federal government's national homelessness initiative will remain frozen at 1999 levels. The provincial budget further worsens this situation by removing the Community Start Up and Maintenance Benefit and Home Repair

Correspondence: Arne Ruckert, Institute of Population Health, 1 Stewart Street, University of Ottawa, Ottawa, ON K1N 6N5, Tel: 613-562-5800, ext. 1463, E-mail: aruckert@uottawa.ca

Acknowledgement: The research leading to this commentary was made possible through financial support provided by the Population Health Improvement Research Network's (PHIRN) Emerging Researcher Award funded by the Ontario Ministry of Health and Long-Term Care (MOHLTC).

Conflict of interest: None to declare.

Benefit from social assistance programs. Finally, the particularly appalling housing conditions of Aboriginal communities, as evidenced by the recent crisis in Attawapiskat, remain largely unaddressed in both budgets. This simply means that living conditions are likely to worsen for the most vulnerable segments of society that rely on affordable housing support programs, with associated negative health consequences.

Education, and particularly early childhood education, is a powerful determinant of health as early experiences in life can have lasting health consequences, given the importance of such experiences for immediate and long-term biological, psychological and social effects upon health.⁸ Regrettably, educational funding has been in decline, with a net reduction at the provincial level of around \$500 million over the next three years, including cuts to programs that will undermine health equity. For example, Ontario's cuts to low-impact grants that fund programs such as parenting and family literacy centres will almost certainly have negative health equity implications due to the importance of literacy for healthy behavioural choices. In this context, the Ontario government's resolve to implement all-day kindergarten for 3-5 year olds, despite various claims that the province cannot afford to do so, must be welcomed.³ However, at the federal level, education transfers to provinces will remain frozen at current levels, leading to a decline over time in inflation-adjusted dollars, which will make it even more difficult for the province to administer all-day kindergarten. On a more upbeat note, federal government increases to educational funding for Aboriginal communities will likely have a small but positive impact on health equity. The federal budget earmarked roughly \$275 million to address low literacy levels within Aboriginal communities, including \$100 million for early literacy programs, as well as \$175 million for building and renovating schools on reserves. However, while these increases are a step in the right direction, this amount still remains woefully inadequate to achieve equitable education results.

Another direct link between health equity and vulnerable populations can be found in the levels of social assistance provided to them. While the role of social assistance spending has traditionally been less examined in the SDH literature, a number of recent analyses have found multiple linkages between social assistance spending and health outcomes.^{9,10} Lower levels of social expenditure in areas other than health are associated with deteriorating population health. Cutbacks to social assistance programs, even if health spending is maintained at pre-crisis levels, are likely to undermine population health outcomes. Given the importance of these programs for most vulnerable populations, cutbacks in spending will directly undermine health equity goals. In Ontario, the importance of raising social assistance rates has been acknowledged by the government in its Poverty Reduction Strategy of 2008.¹¹ After a long period in which welfare rates declined steeply, welfare payments are currently about 60% lower than in the mid-1990s (in terms of constant Canadian dollars). The focus on poverty reduction led to a commitment by the Ontario government to increase social assistance rates, for example through increases to the Ontario Child Benefit (OCB). However, this commitment has been rather short-lived, as the 2012 budget freezes social assistance rates across the board and limits further increases to the OCB. This means that by the end of fiscal year 2012-13, Ontarians relying on social assistance and disability benefits will have lost about \$200 million to

inflation. Buried in the details of "expense management measures" are another \$100 million in welfare cuts, mostly through cutbacks in housing and the consolidation of other assistance measures.

These cuts come at a time when poverty, a well-known root cause of many health problems, has been rising rapidly in Ontario. Using the official poverty indicator adopted by Ontario as part of its poverty reduction strategy in 2008 (the Low Income Measure After Tax – LIM-AT), Ontario's poverty rate increased from 11.3% to 13.1% in 2009, a staggering growth rate of 17% since the beginning of the financial crisis. Poverty Free Ontario notes that the proportion of working-age adults (18 to 64 years old) living in poverty increased from 11.2% to 13.4%, a growth rate of 19.6%.¹² The Health Care Providers Against Poverty coalition has described the freeze in social assistance rates as an assault on the health of social assistance recipients.¹³

Both the federal and provincial budgets will have direct health equity consequences, through cutbacks in areas other than health which will undermine SDH. Both budgets fail to address the need to enhance the capacity to pay for a level of services desired by most Canadians. Tax increases on high-income earners in Canada are now widely supported within the population, with a recent study finding that 72% of Canadians would be willing to pay higher taxes in return for better services and less income inequality.¹⁴ Both the provincial and the federal governments have unfortunately precluded this option to address deficits, and instead have focused on austerity measures to balance their budgets. If we were to be serious about reducing health inequities, a different response to the financial crisis and a different path towards recovery would be required than that laid out in the provincial and federal budgets of 2012. A policy response sensitive to health equity issues would have to ensure that budget decisions do not undermine the social determinants of health, especially for the most vulnerable and inequitably positioned Canadians.

REFERENCES

1. Commission on Social Determinants of Health (CSDH). Closing the Gap in a Generation: Health Equity Through Action on the Social Determinants of Health. Geneva, Switzerland: World Health Organization, 2008. Available at: http://whqlibdoc.who.int/publications/2008/9789241563703_eng.pdf (Accessed April 4, 2012).
2. Public Health Agency of Canada. The Chief Public Health Officer's Report on the State of Public Health in Canada, 2008. Available at: <http://www.phac-aspc.gc.ca/publicat/2008/cpho-aspc/index-eng.php> (Accessed April 4, 2012).
3. Commission on the Reform of Ontario's Public Services. Public Services for Ontarians: A Path to Sustainability and Excellence, 2012. Available at: <http://www.fin.gov.on.ca/en/reformcommission/chapters/report.pdf> (Accessed April 7, 2012).
4. Talaga T. Ontario budget 2012: Health sector to see parts of system cut away. *The Toronto Star*, March 28, 2012. Available at: <http://www.thestar.com/news/canada/politics/article/1152684—ontario-budget-2012-health-sector-to-see-parts-of-system-cut-away> (Accessed April 4, 2012).
5. See for example: Keon WJ, Pepin L. A Healthy, Productive Canada: A Determinant of Health Approach. The Standing Committee on Social Affairs, Science and Technology, 2009. Available at: <http://www.parl.gc.ca/Content/SEN/Committee/402/popu/rep/rephealth1jun09-e.pdf> (Accessed April 12, 2012).
6. Mikkonen J, Raphael D. The Social Determinants of Health: The Canadian Facts, 2009. Available at: http://www.thecanadianfacts.org/The_Canadian_Facts.pdf (Accessed April 6, 2012).
7. Canadian Centre for Policy Alternatives (CCPA). A Budget for the Rest of Us: Alternative Federal Budget 2012. Available at: <http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2012/03/AFB2012%20Budget%20Document.pdf> (Accessed May 2, 2012).
8. Irwin LG, Siddiqi A, Hertzman C. Early child development: A powerful equalizer, March 2007. Available at: <http://whqlibdoc.who.int/hq/2007/a91213.pdf> (Accessed April 6, 2012).
9. Stuckler D, Basu S, McKee M. Budget crises, health, and social welfare programmes. *Br Med J* 2011;341:77-79.

10. Bradley EH, Elkins BR, Herrin J, Elbel B. Health and social services expenditures: Associations with health outcomes. *BMJ Quality & Safety* 2011;20:826-31.
11. Government of Ontario. Breaking the Cycle: Ontario's Poverty Reduction Strategy, 2008. Available at: http://www.children.gov.on.ca/htdocs/English/documents/breakingthecycle/Poverty_Report_EN.pdf (Accessed April 6, 2012).
12. Poverty Free Ontario. 2009 Figures show growth rate of poverty the highest of all regions in Canada since 2007 election, PFO Bulletin No.2. 2011. Available at: <http://www.povertyfreeontario.ca/2011/06/16/pfo-bulletin-2-2009-figures-show-growth-rate-of-poverty-in-ontario/> (Accessed April 5, 2012).
13. Scallan N. Toronto doctor worries health care cuts will affect poor patients the most. *The Toronto Star*, March 27, 2012. Available at: <http://www.thestar.com/news/canada/politics/article/1152827—toronto-doctor-worries-budget-cuts-will-affect-poor-patients-the-most> (Accessed April 6, 2012).
14. Broadbent Institute. 2012. Equality project. Available at: <http://www.broadbentinstitute.ca/sites/default/files/uploaded-manually/equality-project.pdf> (Accessed March 3, 2012).

Received: April 12, 2012

Accepted: May 26, 2012

RÉSUMÉ

L'équité en santé commence à recevoir beaucoup d'attention de la part des responsables des politiques au Canada; tant à l'échelle fédérale que provinciale, on reconnaît l'importance de réduire les iniquités en santé. Cependant, le contexte budgétaire difficile a entraîné des compressions dans des domaines susceptibles d'influencer négativement les déterminants sociaux de la santé, comme le logement, l'éducation et l'aide sociale. Nous analysons le budget fédéral et le budget ontarien de 2012, leur impact possible sur l'équité en santé et les répercussions de cet impact. Même si les services de santé ont en grande mesure été épargnés par les compressions budgétaires, nous faisons valoir que les iniquités existantes en santé seront amplifiées par l'application des compressions dans d'autres secteurs, étant donné l'importance des déterminants sociaux de la santé (DSS) pour l'équité en santé.

Mots clés : santé publique; budget; facteurs socioéconomiques