



Premiers release report confirming the federal government's financial ability to increase the Canada Health Transfer

OTTAWA, March 4, 2021 – Ahead of the federal budget, Canada's Premiers¹ today released a report entitled [Increasing the Canada Health Transfer Will Help Make Provinces and Territories More Financially Sustainable over the Long Term.](#)

The report confirms the federal government will be in a better fiscal situation than provincial and territorial governments in the coming years.

"Once the pandemic is over, the federal government's fiscal situation is projected to improve, unlike the combined fiscal situation of provinces and territories, which is projected to deteriorate due to significant cost pressures on health care systems," said Québec Premier François Legault, Chair of the Council of the Federation.

Key findings of the report include:

- The federal government is projected to be in a surplus situation as of 2033-2034 and to post a surplus of more than \$50 billion in 2039-2040, while the combined deficit of the provinces and territories could reach \$208 billion.
- An increase in the Canada Health Transfer (CHT) to an amount corresponding to 35% of provincial/territorial (PT) health expenditures will help ensure PTs have the financial means to continue to provide the level of health care sought by their citizens, without taking resources away from other key spending areas like education, social services and public safety.
- Provinces and territories are currently paying for 78% of health care costs in Canada. PT health expenditures are projected to reach \$198.5 billion in 2021-2022 and the CHT, as announced last December, will account for only 21.7% of these costs.
- If nothing is done, the federal contribution to PT health expenditures is projected to decline over the years (20.3% in 2030-2031 and 17.6% in 2039-2040).
- Health care cost drivers include aging, population growth, drugs and technologies – plus new and long-term costs related to the COVID-19 pandemic.

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Media enquiries may be directed to:

Ewan Sauves

Press Secretary, Office of the Premier
Government of Québec
(514) 585-4451
ewan.sauves@mce.gouv.qc.ca

Loretta O'Connor

Executive Director
Council of the Federation Secretariat
(613) 863-8448
Loretta@canadaspremiers.ca

¹ Newfoundland and Labrador is operating in a caretaker period due to a provincial election and is unable to participate.