

NEWS RELEASE

Health care spending could consume almost 50 per cent of provincial budgets by 2030

May 31, 2016
For immediate release

VANCOUVER— Provincial government spending on health care is projected to increase significantly over the next two decades triggering higher taxes, larger deficits, and/or reduced spending on other services, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

The study, *The Sustainability of Health Care Spending in Canada*, finds that, in every province, health care spending is expected to consume an increasing portion of total provincial government program spending – growing to an average of 47.6 per cent in 2030 from 40.6 per cent in 2015 and 34.4 per cent in 1998.

“Given historical trends, expectations regarding inflation in the future, and an aging population, the status quo on health care spending is not sustainable,” said Bacchus Barua, study co-author and senior economist at the Fraser Institute's Centre for Health Policy Studies.

In Canada, provincial governments shoulder significant financial responsibility for funding health care services along with other public programs such as education and social services. Of these, health care is, by far, the single largest item in their budgets.

In 2015, Nova Scotia had the highest ratio of provincial health spending as a percentage of program spending (44.6 per cent), followed by Ontario (42.9 per cent) and British Columbia (42.7 per cent).

The study estimates that by 2030, five provinces (PEI, Nova Scotia, New Brunswick, Ontario and British Columbia) will see health spending grow close to or exceed 50 per cent of total program spending.

“The rate of increase expected in health care spending is clearly unsustainable. If governments continue down this path, it will necessitate changes in other policies—either reductions in other spending to accommodate the increases in health care spending, or higher taxation, higher deficits and debt, or some combination of these three,” Barua said.

Only Saskatchewan, Quebec, and Newfoundland & Labrador are expected to be successful in constraining the growth in health care spending.

“Changes are clearly needed in Canada’s health care system in order to ensure the sustainability of not only health care, but also other priority areas of spending,” concluded Barua.

Provincial Health Spending as Percentage of Total Program Spending:

	2015 (%)	2030 (Projected %)
British Columbia	42.7	52.6
Alberta	42.0	47.0
Saskatchewan	37.5	39.1
Manitoba	41.1	45.3
Ontario	42.9	49.5
Quebec	34.5	36.6

New Brunswick	39.6	49.1
Nova Scotia	44.6	51.4
Prince Edward Island	41.1	54.2
Newfoundland & Labrador	37.5	42.1
Canada	40.6	47.6

(30)

MEDIA CONTACT:

Bacchus Barua

Senior Economist, Fraser Institute

For interviews with Mr. Bacchus Barua:

Please contact: Aanand Radia, Media Relations Specialist, Fraser Institute

Tel: (416) 363-6575 Ext. 238

E-mail: aanand.radia@fraserinstitute.org

[Follow the Fraser Institute on Twitter](#) | [Like us on Facebook](#)



The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit www.fraserinstitute.org

For further information, contact:

Aanand Radia, Media Relations Specialist, Fraser Institute

Tel: (416) 363-6575 Ext. 238

E-mail: aanand.radia@fraserinstitute.org