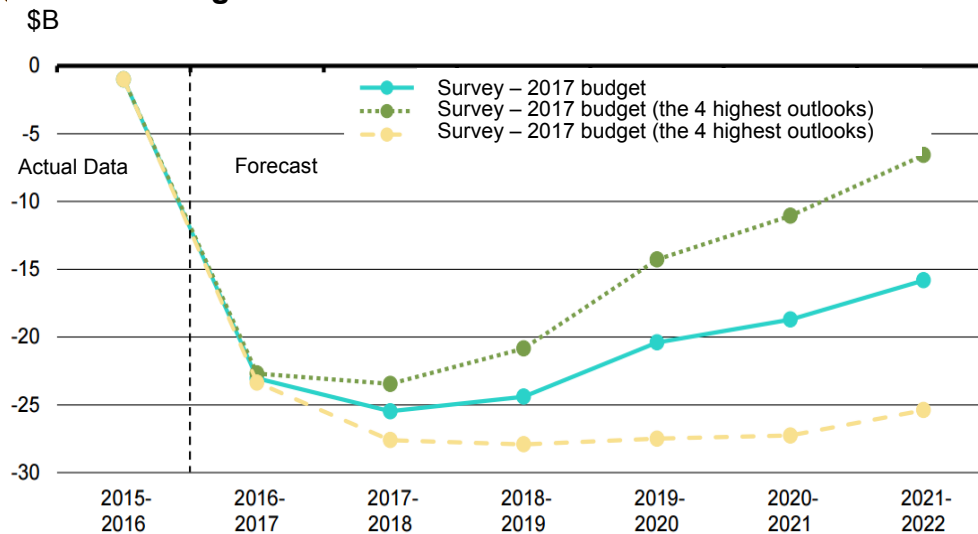


## Fact Sheet 5 Federal Health Transfers Revived by Growth

### 1. Structural Deficit

In light of the improved economic situation, financial outlooks have been reviewed. However, a deficit between 15.3 and 25.4 billion dollars is still forecast over the next six years.<sup>3</sup> The economic situation could lead to temporary government deficits but if these become structural, it will become a real problem. If the Canadian economy deteriorates, the budget could decrease by \$6.2 billion a year on average, as illustrated in the graph below (gap between the bottom and middle curve).<sup>3</sup>

**Federal Budget Balance Based on Economic Growth Scenarios**



Note: The 2017 budget survey is based on an average of forecasts done by private sector economists concerning nominal GDP growth. No adjustments were made to the forecasts. The scenario with the four highest (four lowest) are based on an average of the four most optimistic (pessimistic) forecasts concerning the nominal GDP by economists who participated in the survey.

Sources: Department of Finance's survey of private sector economic forecasters; calculations by the Department of Finance Canada

### Summary:

- The Budget's funding mainly covers training and innovation.
- The budgetary measures represent overall investments of 1.2 billion dollars for 2016-2017 and 1.3 billion for 2017-2018.<sup>3</sup> But most of the funds will only be allocated between 2018-2019 and 2021-2022, limiting the scope of these measures.
- It is difficult to back up the federal government's investments with concrete plans. Furthermore, there's not enough information about the \$176 million for 2017-2018 because the strategy to fight tax evasion and avoidance is under review.<sup>3</sup>
- The budget offers caregivers reviewed tax credits, new employment insurance benefits (15 weeks maximum) and a new benefit (for veterans only). These are inadequate measures when you know the reality of caregivers.
- The public transit tax credit and the Canada Savings Bonds Payroll Savings programme will both be cancelled.

## 2. Fortunately economic growth means slightly better funding for health care

The federal government forecasts a 4.1% increase in the nominal gross domestic product (GDP) in 2017, a 4.0% increase in 2018 and a 3.5% increase in 2019.<sup>3</sup> This is good news for the Canada Health Transfer (CHT), which will increase overall by approximately \$1.1 billion with respect to the current 3% floor.<sup>3</sup> In 2016-2017, the federal government allocated 8.46 billion dollars in funding to Quebec's health budget.<sup>2</sup>

Federal government health funding to the MSSS in 2016-2017 = **8.46 billion**

- 70% Canada Health Transfer
- 4% Transfers to the Fonds de financement des établissements SSS
- 24% Tax point transfers
- 2% Other contributions

Under the recent bilateral agreement between Quebec and Ottawa concerning federal health funding, Quebec will receive \$2.5 billion over ten years under Other Contributions and not through the CHT.<sup>4</sup>

## 3. Very first gender-based budget

In theory, this gender statement illustrates how public policy affects men and women differently. In practice, the budgetary measures resulting from the gender-based analysis are basic, but the initiative is original and has great potential. Future budgets should include further overlapping identity factors which in turn will be taken into account in public policies (e.g., ethnicity, age, income, sexual orientation).

### References

- <sup>1</sup>Parliamentary Budget Officer's office, 2012, Renewal of the Canada Health Transfer
- <sup>2</sup>Government of Québec, 2017, Comptes de la santé du ministère de la Santé et des Services sociaux 2014-2015, 2015-2016, 2016-2017
- <sup>3</sup>Department of Finance Canada, 2017, Budget 2017 – Building a Strong Middle Class
- <sup>4</sup>Ministère des finances, The Québec Economic Plan – March 2017

## Summary:

- The Minister of Finance identified 60 measures in the 2017 Budget which impact both genders differently.
- The federal government targeted three factors that will help to determine what action needs to be taken:
  - Reducing the wage gap and increasing the participation of various groups of women and men in the work force
  - Higher percentage of women in management positions in the public and private sector
  - Reducing the risk and incidences of gender-based violence affecting women and girls

## 4. Issues for healthcare professionals

The federal government's funding announcements have been overshadowed by changes to the CHT and the subsequent major impacts on provinces. The portion of federal payments for provincial healthcare will decrease on average from 20.4% to 18.6% between 2011-2012 and 2035-2036, and to 13.8% over the 25 years to follow<sup>1</sup>. This constitutes tangible proof that the federal government is withdrawing health support, further weakening Quebec's public health system.