

HEALTH VERSUS SOCIAL SPENDING BY CANADIAN PROVINCIAL GOVERNMENTS

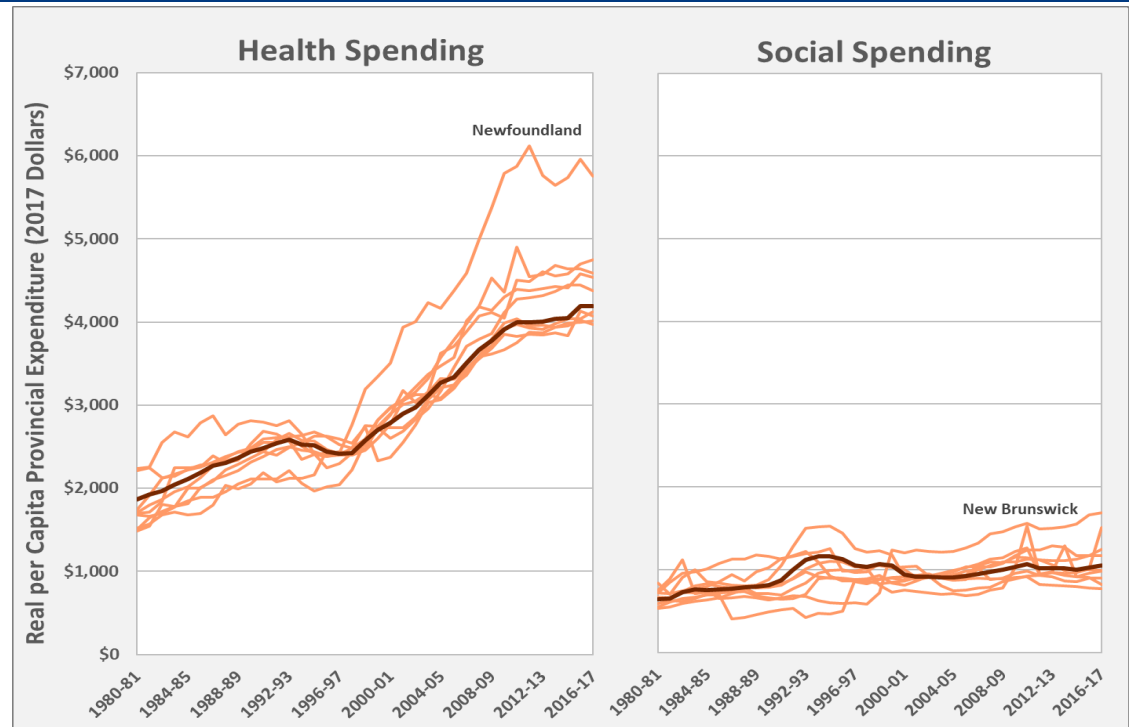
Since the early 1980s, provincial government spending on health care, adjusted for inflation and population growth, with the exception of Quebec, has more than doubled.

The figures present data on provincial government spending on health and social services by province. Health spending includes expenditures on hospitals, drugs, physicians, and nurses. Social spending includes housing supports expenditures, social assistance income, and programs to address family violence, among other things. The division of spending between these categories is not entirely consistent across provinces as they differ somewhat in how they allocate resources. Our focus on long-term trends is not compromised by these differences.

Spending is reported on a real per capita basis in 2017 dollars. That is, we have adjusted for inflation and provincial population size. Data for each province is presented with notable outliers identified for health spending (Newfoundland and Labrador) and social spending (New Brunswick). The darker line defines the Canadian average.

Research on social determinants of health suggests that further investment in poverty reduction and housing, yields higher rates of return in terms of improved health outcomes than additional investment in direct medical care.

The data show that over the past 37 years Canadian governments and voters have prioritized health over social spending. Real per capita provincial government spending on health care has, on average, more than doubled, while spending on social services has remained relatively constant since 1999. The dip in health spending observed in the mid-1990s identifies the short-lived attempt of cash-strapped



Source: Kneebone and Wilkins, <https://www.policyschool.ca/publication-category/research-data/>. PEI is omitted because health and social services are not reported separately prior to fiscal year 2005-06. CPI and population data are from CANSIM tables 18100005 and 17100005, respectively. Data are reported on a fiscal year basis.

governments to rein in health spending following federal cuts to transfer payments. This preceded a rapid rate of growth in health spending between 1998-99 and 2010-11 that averaged over 3.7% per year. This compares to a more moderate rate of growth in health (less than 1% per year) in real per capita spending since.

The observed relative rates of growth in health and social spending are at odds with a growing body of evidence using [OECD](#), [US](#), and [Canadian](#) data that suggests the rate of return on investments in social programs, as measured by improved health outcomes, now exceeds that realized from additional dollars spent on direct medical care. Taking advantage of opportunities to maximize health outcomes requires close cooperation between provincial Ministers of health and social services and a willingness to reallocate budgets between Ministries.