

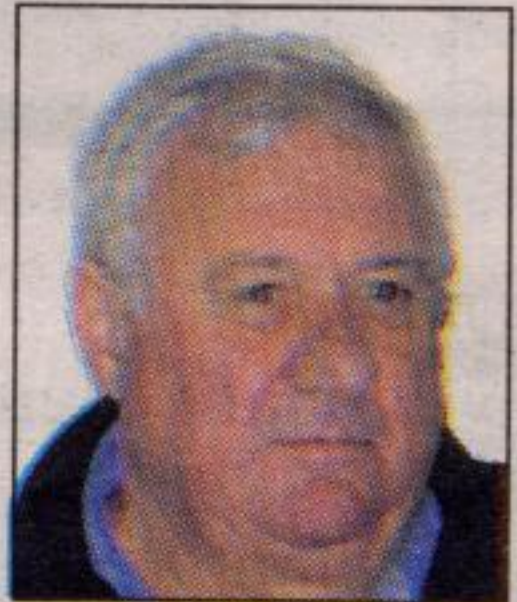
Clearing up the numbers on federal/provincial health care funding

A great deal of controversy has arisen over health care in the last few months. The report from the Romanow Commission on the Future of Health Care in Canada is expected this month. As well, there is an advertising campaign that is being conducted by the provinces, which delivers misleading information. I thought I should try to clear it up and present the facts.

There is a myth that the federal government split health care costs 50/50 with the provinces. The truth is, that in the early 1970s, only doctor and hospital services costs were split 50/50. When you add the cost of other health care services that the provinces chose to include, such as home care in some provinces, the federal contribution was about 40 per cent. The statement that the current federal

contribution to health care is 14 per cent is false. People that would purport that kind of myth are not counting the Canada Health and Social Transfer (CHST) tax points and equalization payments received from the federal government. Also, the provinces are comparing this low estimate of the federal contribution to health care to all provincial social spending, not just health care. In other words, they arrive at 14 per cent by saying the federal government contributes just \$18.3 billion. This per-

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Julian Reed

centage truncates the real federal contribution.

Now, what are tax points? Established in 1977, tax points are a direct transfer of tax collection to the provinces. It means the federal government lowered its tax to allow the

provincial governments to raise their rates by the same amount. The result was more taxes flowed directly to provincial coffers. There was no change in the amount of taxes paid by Canadians. In 2001-02, tax points gave provincial governments nearly \$16.3 billion. All this

means, that on average, the provinces get about 36 per cent of the money they spend on health care from the federal government. The actual share varies from province to province, depending on the amount of equalization payments.

If you add in what the federal government spends on health care services directly to the Aboriginal and Inuit population, to war veterans, members of the Canadian Forces and what it invests in health promotion, health information and in health research, the total comes to almost 40 per cent of all public spending on health care—nearly, the same level of contribution the Government of Canada made in the early 1970s.

If you would like more information on this subject, please contact our office.

—Julian Reed is the MP for Halton

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