



# Information

## Health Care Funding for the Territories

- Federal support for health care in the territories is significant and growing. Federal funding recognizes the high costs of providing services in the North and provides support that, on a per capita basis, is considerably higher than that provided to provinces.
- The Federal government supports health care in the North through Territorial Formula Financing, the Canada Health Transfer (CHT), the Health Reform Transfer (HRT) and direct federal spending in the territories on health.

### *Territorial Formula Financing*

- Territorial Formula Financing (TFF) is an annual unconditional transfer from the Government of Canada to the three territorial governments that enables the territories to provide a range of public services comparable to those offered by provincial governments.
- TFF is the primary source of federal financial support to the territories and provides a significant portion of the territories' financial resources (67 per cent for Yukon, 69 per cent for Northwest Territories, and 85 per cent for Nunavut in 2003-04). TFF recognizes the territories' high spending requirements (reflected in the expenditure bases) and their limited ability to raise revenues. Significant spending for health care is included in these bases.
- Moreover, TFF is adjusted each year by an escalator, which ensures the transfer continues to recognize the high costs in the North and the growth in provincial spending. There is also a population adjustment to ensure that population growth is reflected in the federal transfer.
- Budget 2004 committed to increase TFF expenditure bases, which will provide an additional \$150 million over five years to allow territories to target their priorities. In addition, the health transition funding provided following the 2003 First Ministers' Meeting will be made ongoing in 2006-07 with an annual benefit of \$20 million.
- In 2004-05, federal support through TFF will be approximately \$1.8 billion:
  - \$722 million to Nunavut (\$24,033 per capita),
  - \$633 million to the Northwest Territories (\$14,960 per capita), and
  - \$445 million to the Yukon (\$13,895 per capita).

### *Canada Health Transfer and Health Reform Transfer*

- In 2004-05, the federal government will provide an additional \$86.9 million in health care support for the territories through the CHT and HRT (\$53.5 million in cash and \$33.4 million in tax transfers).



### Direct Federal Spending

- In addition, the federal government (through Health Canada and DIAND) provides direct health spending in the territories, primarily for Aboriginal Health. In 2003-04, these direct health expenditures totalled over \$122 million.

### TFF Entitlements (1994-95 to 2004-05)

#### Entitlements (\$ million):

	Yukon	NWT	Nunavut	Total
1994-95	289	889	-	1,178
1995-96	292	904	-	1,196
1996-97	289	908	-	1,197
1997-98	307	921	-	1,228
1998-99	310	935	-	1,245
1999-00	319	493	520	1,332
2000-01	336	310	566	1,212
2001-02	358	547	614	1,519
2002-03	366	370	653	1,389
2003-04	424	586	686	1,696
2004-05	445	633	722	1,800

#### Entitlements - Per Capita (\$)

	Yukon	NWT	Nunavut	Total
1994-95	9,686	13,698	-	12,434
1995-96	9,468	13,588	-	12,285
1996-97	9,067	13,459	-	12,050
1997-98	9,535	13,600	-	12,289
1998-99	9,803	13,878	-	12,576
1999-00	10,318	12,016	19,371	13,483
2000-01	11,033	7,656	20,652	12,326
2001-02	11,916	13,449	21,893	15,379
2002-03	12,144	8,955	22,799	13,877
2003-04	13,684	14,009	23,368	16,600
2004-05	13,895	14,960	24,033	17,244

Note: Nunavut was created on April 1, 1999. After this date, TFF payments previously made to NWT were divided between NWT and Nunavut. Entitlements include TFF funding increase of \$20 million for 2004-05 outlined in Budget 2004.

### Budget 2004 Enhancements

(\$millions)	2004-05	2005-06	2006-07	2007-08	2008-09	Total
TFF Renewal						
Increased TFF <sup>1</sup>	20	25	30	35	40	150
Health <sup>2</sup>			20	20	20	60
Northern economic development	10	20	20	20	20	90
<b>Total</b>	<b>30</b>	<b>45</b>	<b>70</b>	<b>75</b>	<b>80</b>	<b>300</b>

1. These figures include base increases and escalation. The base increases will be \$20 million in 2004-05, \$3.5 million in 2005-06, \$3.5 million in 2006-07, \$2.5 million in 2007-08 and \$2.5 million in 2008-09.

2. Following the 2003 First Ministers' Meeting, territories were provided with 3-year health transition funding of \$60 million. The \$20 million annual amount will be permanently rolled into TFF in 2006-07.