

The Economic Benefits of Canada's Public Health Care System

Dr. Jim Stanford

Economist and Director
Centre for Future Work



CANADIAN
FEDERATION
OF NURSES
UNIONS



Canadian Federation of Nurses Unions

ABOUT THE CFNU

The Canadian Federation of Nurses Unions (CFNU) is Canada's largest nurses' organization representing frontline unionized nurses and nursing students in every sector of health care — from home care and LTC to community and acute care — and advocating on key priorities to strengthen public health care across the country. We are relentless advocates for the health and safety of our members and the patients that we care for from coast to coast. Join us as we speak up for a stronger health care system and a better workplace for all nurses.

LAND ACKNOWLEDGEMENT

From coast to coast to coast, we acknowledge the ancestral and unceded territory of all the Inuit, Métis and First Nations Peoples that call this land home. The Canadian Federation of Nurses Unions is located on the traditional unceded territory of the Algonquin Anishnaabeg people. As settlers and visitors, we feel it's important to acknowledge the importance of these lands, which we each call home. We do this to reaffirm our commitment and responsibility to improve relationships between nations, to work towards healing the wounds of colonialism, and to improve our own understanding of local Indigenous Peoples and their cultures.

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Message from the President



Linda Silas

President of the Canadian Federation of Nurses Unions

As a nurse and health care leader, I have a deep understanding and appreciation of the value that nursing provides in our communities across the country. Our nurses work tirelessly to help prevent and heal ailments to optimize each of our potential to contribute to society in myriad ways. Nursing is a central pillar of our cherished public health care system, which Canadians take overwhelming pride in.

However, the value of this work is rarely understood and appreciated in terms of its many benefits to our economy. We are lucky to have Canada's Chief Nursing Officer, Dr. Leigh Chapman, expand on this in the foreword to this report.

In the face of worsening trade and economic threats from our neighbours to the south, our political leadership has focused on nation-building projects to insulate us as best we can from deepening harms. Lost in these discussions has been the outsized role that our public health care system in Canada plays as an economic engine from coast to coast to coast. Absent from the discourse is that health care is one of the few sectors of our economy that is largely protected from trade disruptions.

I reached out to my old friend Jim Stanford and asked if he would work with us to bolster the arguments needed to secure health care's rightful place in the public discourse on this timely and critical issue. Jim was more than eager to jump at the opportunity, as someone who has worked for decades as a leading economic thinker in this country, and as someone who also understands and appreciates the economic value of quality public services.

So we got to work, starting with a joint op-ed¹ in the *National Post* published weeks following Mark Carney's victory as leader of the Liberal Party of Canada, wherein he became prime minister. After the Liberals won a plurality of seats on April 28, 2025, to form government, the CFNU worked with Jim and the Centre for Future Work to launch an open letter² entitled "The Economic Benefits of Canada's Public Health Care System", which was signed by 275 economists, health policy experts and experts in related disciplines from across Canada.

The report before you now is designed to expand on the arguments contained in the open letter, building on the solid foundation of evidence that demonstrates the clear and forceful economic value of public health care for Canada. From direct and indirect job creation to contributing a substantial proportion to our GDP, Canada's public health care system deserves recognition for the significant role it plays in anchoring and building our economy. A follow-up report has been commissioned by the CFNU, that will provide further evidence of the economic benefits of increased public spending on health care in Canada, using economic modeling.

Canada's public health care system deserves recognition for the significant role it plays in anchoring and building our economy.

We know that our health care workforce has long been overstretched, and due to decades of being under-resourced and subjected to threats from for-profit interests, our system is not functioning nearly as well as it should. Despite this, of all issues to express pride in, Canadians express the most pride in our public health care system.

It is long past time for governments at all levels to view health care through the lens of its true economic contribution and potential. Now is not the time to reduce spending on public services, but rather to enhance spending to improve the health and productivity of Canadians, create decent-paying jobs in all our communities, and strengthen the social fabric of our country.

I cannot think of a more necessary and valuable nation-building project for our economy and our country than that.

Thank you to Jim Stanford and the Centre for Future Work for the superb work they put into this report. I am also grateful for the work of my team led by Tyler Levitan, CFNU Policy and Research Specialist.

In solidarity always,



Linda Silas

¹ Stanford, J. & Silas, L. (2025, April 10). Now's the time to maximize the economic potential of public health care. *National Post*. <https://nationalpost.com/sponsored/nows-the-time-to-maximize-the-economic-potential-of-public-health-care>

² Centre for Future Work. (2025, June). The Economic benefits of Canada's public health care system. Open letter from economists, health policy experts, and experts in related disciplines. <https://centreforfuturework.ca/open-letter-calling-attention-to-the-importance-of-public-health-care-to-canadas-economy/>

Foreword by the Chief Nursing Officer of Canada



Dr. Leigh Chapman

Chief Nursing Officer of Canada

Accessible health care is a defining part of Canadian identity. In recent years that pride has been tested as many people across the country are experiencing challenges accessing health care due to shortages of health workers, an aging population and the lack of an interconnected health system. Nurses feel this burden acutely since they are the largest group of regulated health care providers in Canada and the closest to the point of care. As Canada's Chief Nursing Officer, I commend the Canadian Federation of Nurses Unions (CFNU) for commissioning Dr. Stanford's report *The Economic Benefits of Canada's Public Health Care System*. This report underscores an essential truth: a high-quality accessible public health care system is not only vital to Canadians' well-being — it is also foundational to our economy.

Too often discussions about strengthening the health workforce focus narrowly on cost. Dr. Stanford's analysis reminds us that health care spending is also an investment — one that drives economic activity, supports job creation and contributes to national prosperity. Health care is not only a shared Canadian value; it is a pillar of nation-building and long-term economic growth. When we broaden our understanding of value, we move beyond cost containment and refocus on meeting medical need — in alignment with Canada's health policy priorities. A prosperous Canada is a healthy Canada, and our publicly funded universal health care system reflects that conviction.

Just as the *Canada Health Act* helps to ensure coverage for health care in Canada from coast to coast to coast, nurses provide care in every region, every sector and every specialty area. Canadian nurses are recognized around the world for their advanced education and expertise. This is why it is essential that we continue to work on retaining Canada's highly skilled nurses and ensuring we are improving their working lives, by implementing the recommendations in the *Nursing Retention Toolkit*.³ Implementing robust retention strategies helps to ensure nurses can provide the best care to those who need it when they need it.

As we work collectively to improve access to care, we must articulate the alignment between Canada's economic prosperity and universal health care.

The *Canada Health Act* stands as a powerful example of collective federal, provincial and territorial government collaboration to ensure that medically necessary care is available regardless of one's ability to pay. Recent efforts to modernize the CHA reflect an ongoing commitment to ensure the principles of Canadian health care are upheld while adapting to evolving scopes of practice and new models of care – changes that nurses across Canada are keen to see implemented.

While investment is an important part of improving the health care system, increased funding alone will not fix the challenges facing the system. We must come together as a country to improve care, leverage innovation, deliver new models of care and support our health workforce. As we work collectively to improve access to care, we must articulate the alignment between Canada's economic prosperity and universal health care. Our nation's economic prosperity and the health of Canadians depend on it.

³ Health Canada. (March 2024). *Nursing retention toolkit: Improving the working lives of nurses in Canada*. <https://www.canada.ca/en/health-canada/services/health-care-system/health-human-resources/nursing-retention-toolkit-improving-working-lives-nurses.html>



Highlights

Health care is one of Canada's largest and most dynamic industries.



It employs 1.9 million waged or salaried employees, and hundreds of thousands more self-employed practitioners, specialists and contractors.



Health care production accounts for about 8% of Canada's total value added (GDP) and over 10% of total employment.



Health care workers earn \$120 billion per year in wages and salaries.



The health care system purchases \$51 billion worth of supplies and inputs from a complex and far-reaching supply chain (composed mostly of private businesses).



Health care accounts for over \$7 billion in annual research spending, the second highest of any Canadian industry.



Because health care is not highly integrated in international trade, it is relatively protected from global disruptions and shocks (like the effects of U.S. trade policies).



Universal access to quality health care unlocks many other economic benefits, including:

- More flexible labour markets (workers are able to change jobs without fear of losing health coverage)
- Enhanced longevity and well-being (supporting more labour force participation and higher productivity)
- Improved “social capital” (safe and inclusive communities where interactions can occur more securely and efficiently)



In sum, health care cannot be understood solely as a “cost.” It is also a powerful economic engine: a source of growth, jobs, incomes, tax revenues and well-being.



Understanding and appreciating the economic benefits of the universal public health care system can reinforce public and fiscal support for its maintenance and improvement.

Introduction and summary

Health care is expensive. Families know this as they juggle the expenses of prescription drugs, dental and other specialist care, and health supplies within household budgets already stretched by the high cost of living. Provincial finance ministers certainly know this: without exception, health care is the largest single item on provincial government budgets.

Health care is a crucial federal priority as well – in terms of fiscal support (through federal-provincial transfers, as well as direct federal funding for specific programs like Indigenous health and the new pharmacare and dental care programs), as well as other policy and program initiatives (including health research, Canada-wide data collection and immunization). In short, health care is an overarching priority for all sectors of society: governments at all levels, employers, health care providers and families.

However, it would be a mistake to view health care in Canada only as a major ‘cost’ item. Health care is an important and dynamic sector of Canada’s economy. It drives growth, creates jobs, leads innovation, and contributes to longer and better lives. When households and governments spend on health care, they are simultaneously fueling one of the most important drivers of the whole national economy. Considering the economic benefits of health care, as well as its costs, is essential for informing a comprehensive and balanced understanding of this industry and its policy context.

Over 70% of total health care spending in Canada is financed through public channels, reflecting a national commitment to provide universal primary and emergency care to all Canadians without charge. This strong public interest orientation contributes to a common but mistaken tendency to overlook the economic benefits of health care. An old stereotype in economic discourse claims that public sector activities are somehow not as valuable as private sector investment, work, and production. It is often claimed that the private sector ‘creates wealth’, while the public sector spends it. This stereotype is fundamentally wrong: public sector industries contribute to GDP, growth, employment, incomes, and living standards as surely as private sector activity. And the contributions of health care to these metrics are especially significant.



Consider just one indicator of the economic dynamism of health care. The broader health care sector created almost 450,000 jobs over the last decade — far more than any other sector. Imagine the headlines in the business pages of newspapers if a private sector industry created even one-tenth as many new jobs in the same period. Yet because of the underlying prejudice in much economic and business commentary against public sector activity, the growth of health care is more commonly interpreted as a problem to be solved (through austerity or privatization) rather than a success to be celebrated.

This report explores and documents the multi-faceted contributions that public health care makes to Canada's economy — including growth, jobs, investment, innovation and equality. Of course, the most important benefit of a high-quality and accessible health care system is the service

The broader health care sector created almost 450,000 jobs over the last decade — far more than any other sector.

it provides. Good health is frequently considered the most important ingredient of good living standards. So the fact that Canadians can access good health care regardless of their incomes is a fundamental source of well-being and social cohesion. To be sure, this access is not perfect, marred by understaffing, wait times and inadequate capacity, and this report also explores how addressing those challenges will further amplify the economic benefits of this crucial sector.

The first section of the report provides an overall description of the economic footprint of health care in Canada, showing that it is one of the largest and fastest-growing sectors in the national economy. The second section describes several qualitative advantages of the sector, that further enhance its overall economic value: its role in anchoring supply chains, fostering innovation, enhancing labour market efficiency, and strengthening equality and participation in broader economic and social life. The third section addresses some of the challenges facing health care, and argues that by broadening the scope of public health care coverage, improving accountability for quality and access to care, and investing in the sector's workforce, Canada's economy could reap even larger benefits from this central pillar of our prosperity.

Opinion research suggests that Canadians identify public health care as perhaps the single most defining aspect of “being Canadian”.⁴

At present, Canada’s economy is grappling with unique challenges arising from the turmoil caused by U.S. President Donald Trump’s tariffs and other aggressive policies. Canadians are renewing their determination to build an economy that is sovereign, sustainable and inclusive. Culturally and morally, our shared commitment to providing health care as a right, accessible to all regardless of income, is one of the most important features of our national identity; indeed, opinion research suggests that Canadians identify public health care as perhaps the single most defining aspect of “being Canadian”.⁴

But it is not just national identity and culture which is strengthened by our national commitment to universal health care. In economic terms, as well, recommitting to public health care can play an important role in strengthening Canada’s economy in the face of the threats and uncertainty emanating from south of our border. Health care is largely insulated from the direct impacts of tariffs or other trade actions, so this vital source of work, production and investment need not be undermined by Trump’s actions. And its continued growth can help to stabilize the national economy at a moment when export industries are disrupted by international chaos.

Some commentators argue that the uncertainty caused by Trump’s attacks necessitates fiscal austerity by governments in Canada

to reduce spending on all public services (including health care). However, austerity would be exactly the wrong response to the threat posed by Trump’s policies. By viewing health care only as a cost, not an economic engine, this approach ignores the economic strength and resilience the health care sector provides. And austerity advocates deny the painful consequences (from job loss to labour market inefficiencies) that would result from the degradation of our public health care system. Canada needs the investment, jobs and innovation that public health care provides more than ever as we pivot away from dependence on the U.S. market and recommit to building an economy that is more self-reliant and consistent with national values.

In sum, it’s time to invert the traditional narrative. We can celebrate the many ways in which a commitment to universal, accessible and high-quality health care is a core strength of Canada’s economy. The economic dividends from our health care system are felt through all sectors and communities, and contribute to a stronger, more efficient and more dynamic economy — and a fairer and more cohesive society. These benefits are especially important today, as Canada navigates the chaotic economic times that lie ahead.

⁴ For example, according to data collected by Statistics Canada (2023), 74% of Canadians take great pride in our public health care system, more than in any other single national attribute.



The economic footprint of health care in Canada

This section reviews the economic dimensions of Canada's health care system. Health care is a large and growing component of the national economy.

This growth reflects many factors, including inflation, population growth, demographic ageing, new technologies and the general desire of Canadians to receive the best-quality care possible. The size and trajectory of health care economic activity is described here by several metrics: expenditure, value added (or GDP), employment and geographical scope.

Output and expenditure

Total health care spending in Canada reached an estimated \$382 billion in 2024 (Table 1). That represented 12.7% of Canada’s total GDP.⁵ Nominal spending grew 75% over the previous decade. About half of that growth, however, was due to inflation. In real, inflation-adjusted terms, total spending grew by 38% in the past 10 years. About half of that real growth, in turn, reflected population growth – which was unusually rapid in the initial years after the COVID pandemic. In real per capita terms, total health care spending has grown by 18% in the last 10 years, reaching \$9,264 per person in 2024.

Table 1 Indicators of aggregate health expenditure		
	2024	10-year change
Aggregate health expenditure	\$382.5 billion	+37.9%*
Health expenditure per capita	\$9,264	+18.4%*
Health expenditure as share of GDP	12.7%	+1.7% points
Public spending as share total	71.4%	+0.3% points
*Inflation-adjusted		

Source: Calculations from CIHI Tables A.1 and B.3.1.a

A majority of Canada’s health care spending is undertaken by governments and public agencies, which together financed 71.4% of all health spending in 2024. The public share of total health spending has been broadly stable over the past 30 years (since the mid-1990s). However, in the 1980s and early 1990s the private share of health spending increased significantly, in part as a consequence of sustained spending restraint by federal and provincial governments. The public share of total health spending declined from 77% in 1976 to 71% by 1995, where it has hovered since. Canada’s health system is slightly more reliant on private expenditure (financed through a combination of private insurance benefits and direct out-of-pocket health-related spending) than the average of other OECD countries⁶ – though it is much less dependent on private financing than the U.S. (where private spending accounts for an estimated 52% of total health spending⁷).

⁵ Expenditure data in this sub-section from Canadian Institute for Health Information (2025).

⁶ OECD (2025).

⁷ McGough et al. (2024).

Value added (GDP)

Every dollar spent on health care, by either public or private sources, stimulates economic activity of some kind: production of some good or service used by Canadians in the course of receiving their health care. However, the health care sector's direct contribution to Canada's GDP is smaller than the aggregate value of total health care spending or service delivery. This is because a share of health care expenses is directed to purchases of inputs and services that are produced by the other industries which constitute the health care supply chain.

Value added is defined as the net contribution of a sector to GDP after deducting the costs of purchased inputs and supplies. Of course, those input purchases in turn support further work and output in supply chain industries. For health care, supply chain purchases include everything – from construction of health facilities and purchases of energy and utilities, to spending on sophisticated health care equipment and technology, to purchases of auxiliary services (like business, transportation or maintenance services) and pharmaceuticals. The indirect benefits for economic growth and job creation arising from these supply chain linkages are explored further below.

Value added can be measured in both nominal (current-dollar) and real (inflation-adjusted) terms. In 2024, the health care sector produced about \$165 billion in GDP, measured in constant 2017-dollar terms.⁸ That amounted to over 7% of national GDP that year (also measured in inflation-adjusted terms). In current-dollar terms, total GDP produced in health care is even larger: some \$200 billion in 2024.⁹ Among industries defined at the two-digit level of disaggregation by Statistics Canada,¹⁰ the broader health care and social assistance sector was the third-largest industry in Canada in 2024 (behind real estate and manufacturing).

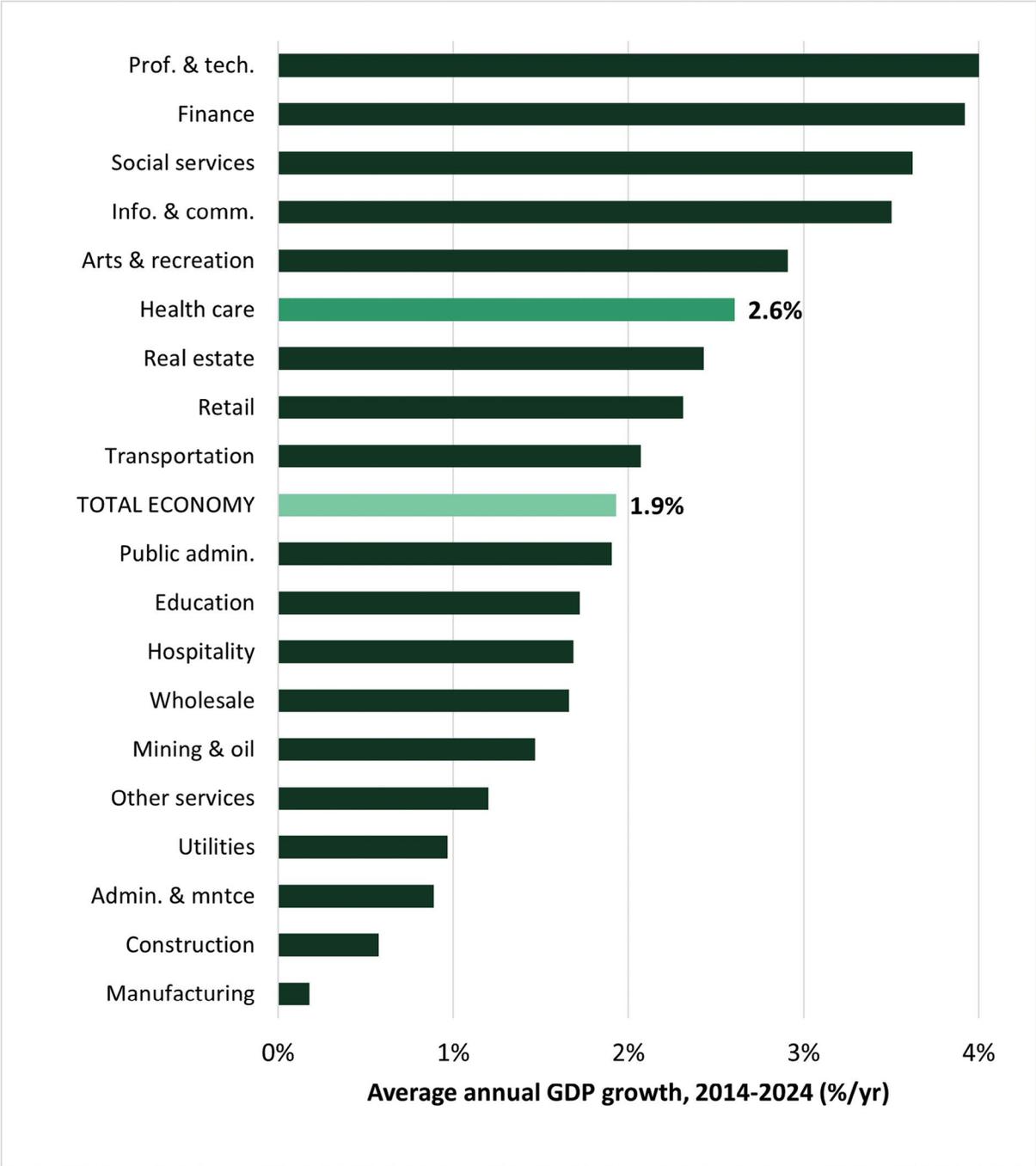
Health care has been one of the fastest-growing sectors of Canada's economy. On average over the past decade (ten years ending in 2024), real GDP in health care grew at an annual average rate of 2.6% per year (see [Figure 1](#)). That was more than one-third faster than the average annual growth of Canada's total economy over the same period (1.9% per year). Among major sectors, health care ranked as the sixth-fastest growing industry during the past decade.

⁸ Statistics Canada Table 36-10-0434-03.

⁹ Sectoral GDP data in current-dollar terms is produced by Statistics Canada with a two-year delay compared to constant-dollar estimates. The \$200 billion estimate stated here is based on escalating reported 2021 nominal GDP in health care (\$163 billion) by the combination of reported real growth in health care output from 2021 through 2024 (10.4%) and the growth in the implicit price deflator for government consumption over the same period (11.6%). Data from Statistics Canada Tables 36-10-0434-03, 36-10-0401-01 and 36-10-0106-01.

¹⁰ Statistics Canada defines 19 industrial groupings at the two-digit level, including a composite "health care and social assistance" sector. Some of the data reported below (such as value added and payroll employment) can be disaggregated in order to separate social assistance out of this aggregate sector, and thus provide a more precise measure of the footprint of health care; some other sources (such as labour force survey data on employment, unionization and occupation) are available only at the two-digit level, and hence we can only report data for the combined health care and social assistance sector.

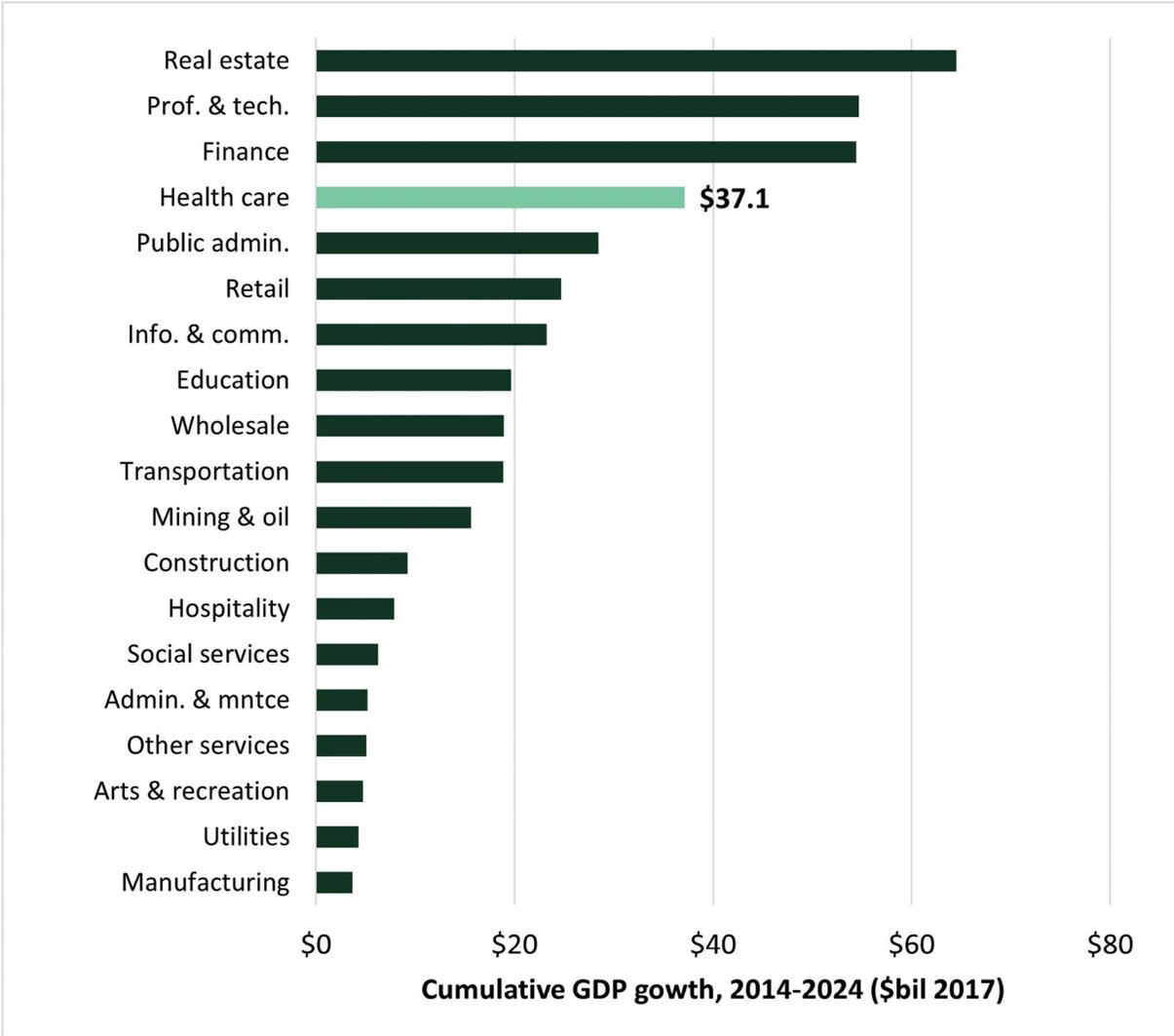
Figure 1. Average annual GDP growth by sector, 2014-2024



Source: Calculations from Statistics Canada Table 36-10-0434-03

The combination of the large size of health care and its more rapid rate of growth means that health care has contributed disproportionately to total economic expansion in Canada in recent years. From 2014 through 2024, health care expanded its GDP (in real 2017-dollar terms) by \$27 billion. That ranked fourth among major sectors in Canada (see [Figure 2](#)).

Figure 2. Cumulative growth in sectoral GDP by sector, 2014-2024



Source: Calculations from Statistics Canada Table 36-10-0434-03

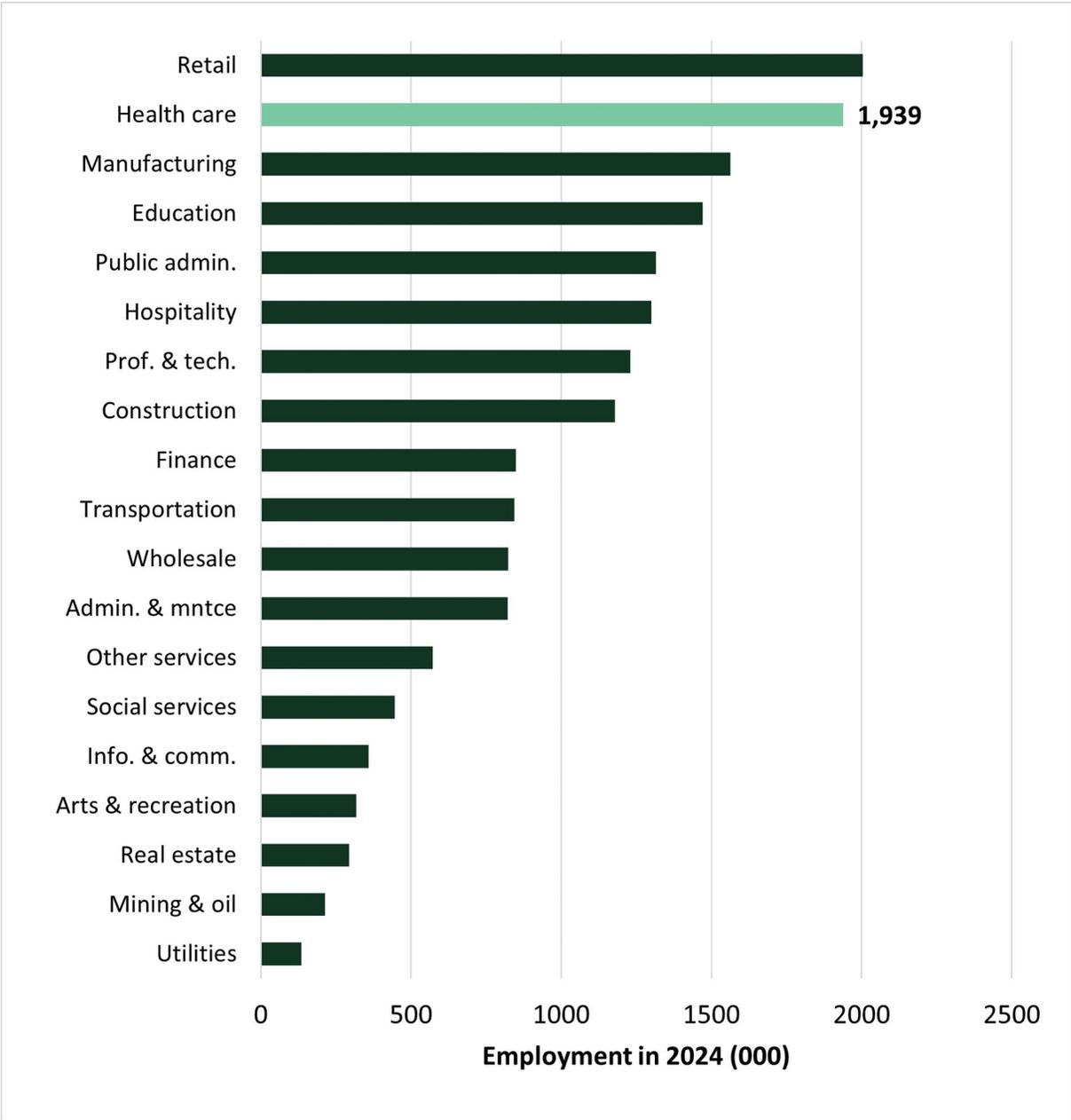
Employment

The economic importance of health care is especially evident in Canada’s labour market. Health care is one of the largest employers in the national economy and the fastest-growing in terms of aggregate job-creation. Payroll employment data is the most detailed and reliable indicator of sectoral employment patterns; it is based on surveys of employers but excludes self-employment. By this measure, in 2024, the health care sector employed over 1.9 million people (Figure 3) over 10% of all payroll employment in Canada.¹¹ That ranked second among major industries, behind only the retail sector. About 450,000 nurses and related professions make up almost one-quarter of that total.¹²

¹¹ This excludes employment in the social assistance sector, which (as explained above) is often reported together with health care in many industry breakdowns.

¹² Statistics Canada Table 14-10-0416-01.

Figure 3. Payroll employment by sector, 2024



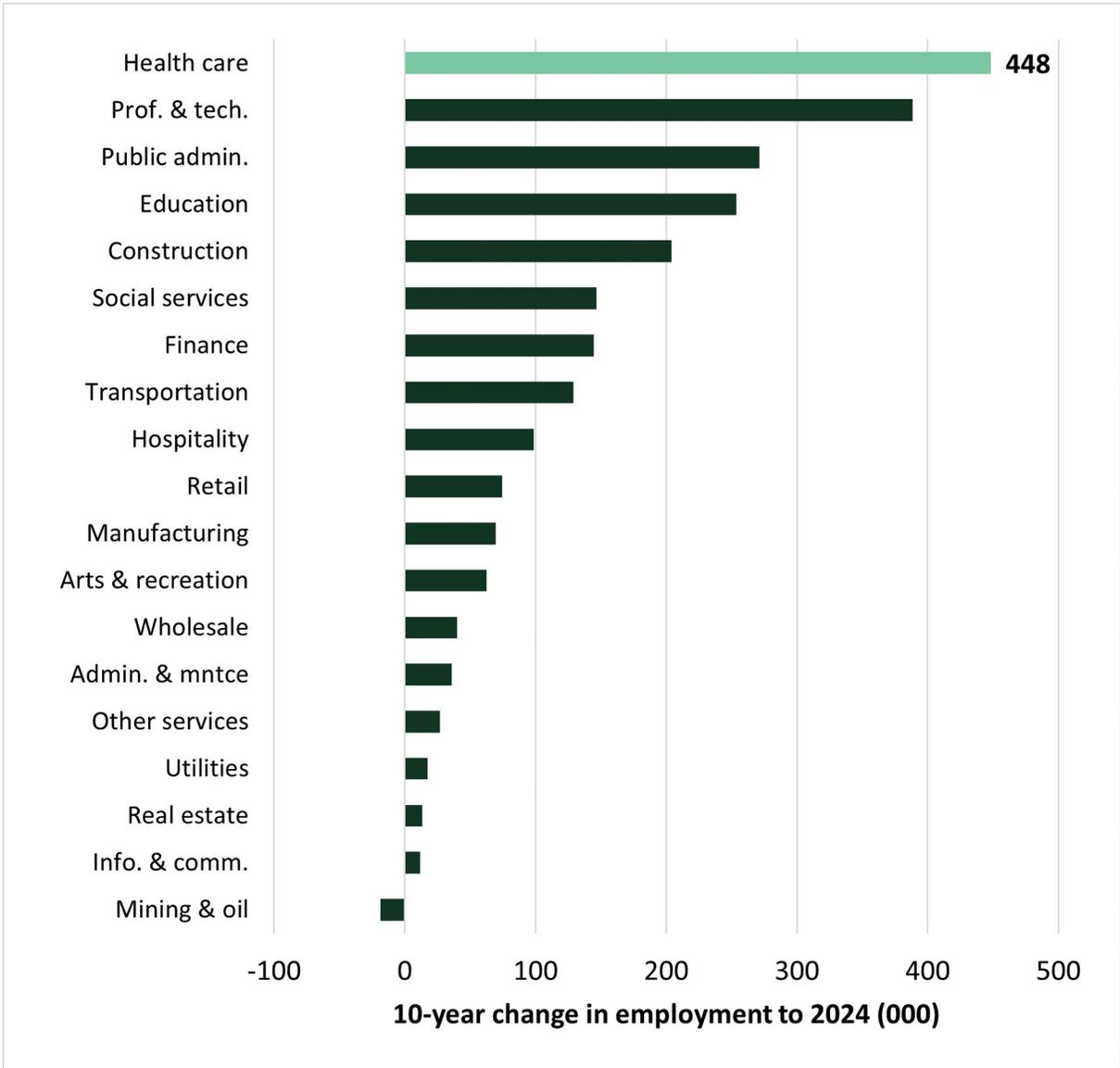
Source: Statistics Canada Table 14-10-0202-01

The preceding data describes payroll employment: workers employed for a wage or salary but excluding self-employment. If self-employment is included (including doctors and other self-employed health professionals), total employment is much larger. Unfortunately, data on self-employment is only available for the aggregate health care and social assistance sector. Including self-employment, over 2.8 million people worked in health care and social assistance in 2024,¹³ constituting the largest single sector of employment (at Statistics Canada’s two-digit level of disaggregation).

¹³ Statistics Canada Table 14-10-0023-01.

Health care has been the largest single source of new jobs over the past decade. As illustrated in Figure 4, almost 450,000 new payroll jobs were created in health care between 2014 and 2024 (excluding self-employment), significantly more than in any other sector.¹⁴ That accounts for 17.5% of all waged jobs created in Canada over that decade. The rapid pace of hiring in health care is one reason for the persistent staffing shortages and recruitment challenges faced by most health care agencies in recent years. Job creation in health care far outstripped new employment in mining, manufacturing, finance and other private sector industries regularly celebrated in the business pages.¹⁵

Figure 4. Cumulative growth, payroll employment by sector, 2014-2024



Source: Calculations from Statistics Canada Table 14-10-0202-01

¹⁴ Including self-employment and measured across the broader health care and social assistance sector, 625,000 new jobs were created in the same period.

¹⁵ In fact, employment in the broader mining and petroleum sector declined over the past decade, and job creation in manufacturing was very sluggish — just 69,000 new jobs in 10 years.

There are many distinctive aspects to the health care labour force. Several indicators are summarized in Table 2.¹⁶ Women constitute a large majority (80%) of the health care workforce. The industry is thus very important to decent employment opportunities for women. Part-time work is slightly more common in health care (20% of staff work part time) than in the broader economy (18%), and as a consequence average working hours are slightly shorter (31 hours per week on average – 1.5 hours less than the economy-wide average). About one-tenth of health care workers are in temporary positions, similar to the overall average for Canada’s labour market.

Table 2
Characteristics of the health care workforce

	Health care	Total economy
Female workers	79.7%	47.2%
Part-time employment*	20.2%	18.1%
Average working hours / week	31.1	32.6
Temporary jobs	10.1%	11.2%
Younger workers (under 25)	7.9%	14.5%
Older workers (over 64)	5.0%	4.0%
Covered by a union contract*	54.0%	30.2%
Average annual earnings	\$61,325	\$65,548
Hold college diploma, or some university or university degree	75.5%	56.9%
* Includes social assistance		

Source: Calculations from Statistics Canada Tables 14-10-0023-01, 14-10-0070-01, 14-10-0071-01, 14-10-0202-01, 14-10-0204-01, 36-10-0489-03, 98-10-0599-01

Despite the health care sector’s rapid hiring in recent years, young workers (under 25) make up a smaller share of the workforce: under 8%, barely half the rate in the broader labour market. This is in part because health care jobs are relatively skill-intensive, requiring post-secondary training and certifications. Over three-quarters of health care workers hold a college diploma, some university training or a university degree – significantly more than the average for Canadian industries. The time required to gain that training helps explain the relatively lower employment rates for young workers.

¹⁶ Some of the indicators in [Table 2](#) report data for the combined health care and social assistance sectors due to lack of further sectoral disaggregation in corresponding Statistics Canada sources.

Reflecting its largely public sector nature, over half of health care workers are covered by a union contract.¹⁷ That compares to 30% union coverage in Canada’s labour market as a whole. Higher union representation helps to support wages, benefits and working conditions for health care workers. However, average earnings in health care are nevertheless somewhat lower than the average for the overall economy. Average annual earnings in 2024 for health care workers were \$61,325, 6.5% lower than the national average for all industries. Most of this difference can be ascribed to the fact that average working hours for health care workers are about 5% shorter than the economy-wide average; on an effective hourly basis, therefore, average pay in health care is only marginally lower than the average for other industries. Given the superior qualifications and training of health care workers, however, it is perhaps surprising that compensation in the industry is not higher.

Table 3

Employment in health care and social assistance by occupation, 2021

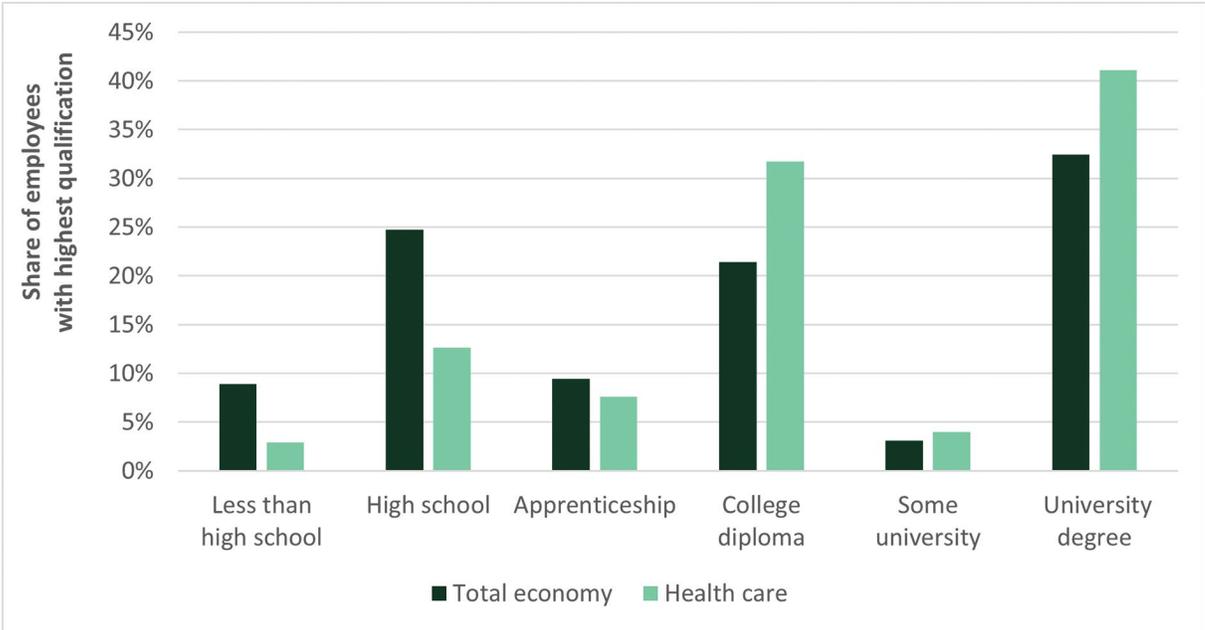
Occupation	Employment
Health occupations	1,243,310
<i>Of which:</i>	
Management	36,195
Professional	567,000
Technical	253,500
Assisting occupations	386,625
Other occupations	1,104,190
<i>Of which:</i>	
Education, social and community services	496,450
Business, finance and administration	327,245
Sales and service	176,075
Other	104,420
Total employment	2,347,500

Table 3 provides a further breakdown of health care employment (in this case including social assistance employment due to lack of disaggregated data) by broad occupational category. Not surprisingly, most staff work in direct health-related occupations — including professional, technical and assisting health care roles. However, many staff perform a wide range of other occupational duties, including finance, administration, service and education functions.

The superior qualifications of the health care workforce are illustrated in more detail in [Figure 5](#). Relatively few workers in the industry possess only high-school or lower qualifications, compared to the broader economy. About 8% of health care workers received their training through apprenticeship programs (including technical trades and maintenance staff), also somewhat lower than the average across the labour market. The majority of health care staff possess college diplomas or university degrees. Almost one-third of health care workers hold a college diploma, compared, for example, to barely one-fifth in the overall labour market. This data confirms the importance of investing in strong training and job placement programs to address persistent staff shortages — which have undermined service delivery and working conditions in many parts of the health care system.

¹⁷ [Table 2](#) reports union coverage by industry, which is slightly higher than union membership, since a small proportion of workers have their wages and conditions set according to collective agreements even though they are not members of a union.

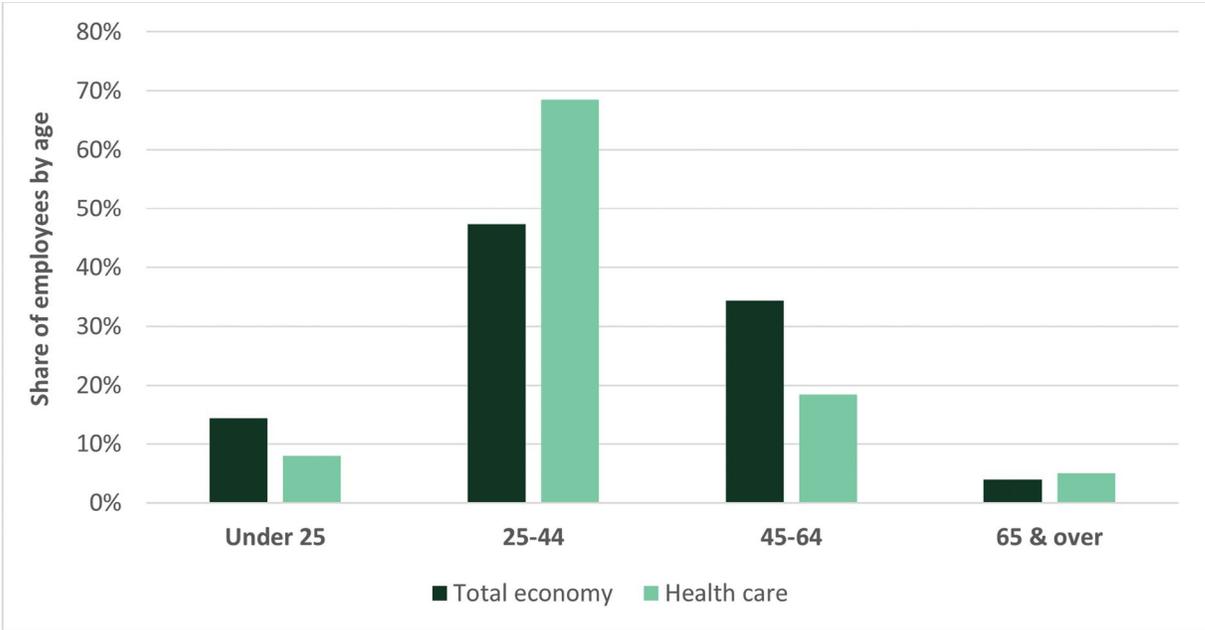
Figure 5. Health care employment by qualification, 2021



Source: Calculations from Statistics Canada Table 98-10-0599-01.

As noted, young workers make up a relatively small share of the health care workforce. Over 85% of health care workers fall into the ‘core’ working age cohort (25 to 64; Figure 6). As the workforce ages and phases into retirement, then the staffing and recruitment challenges facing the sector will become even more pressing.

Figure 6. Health care employment by age cohort, 2024



Source: Statistics Canada Table 14-10-0071-01

National scope

One important feature of the health care sector’s economic footprint is the fact that health care delivery is distributed widely across all regions and population centres in Canada. Unlike most other leading industries in Canada, health care has a direct presence in every region and province – for the obvious reason that all Canadians need health care, and hence the industry delivers its service in all parts of the country. Health policy and fiscal settings (including federal equalization and health transfer programs) support the nation-wide delivery of high-quality health services.

Despite this national distribution, there are naturally important differences between provinces in the scale of health spending, output and employment. Table 4 summarizes health expenditures by province. Interprovincial differences reflect population (some health services can be delivered more efficiently in larger population centres), demographic factors (since health care spending per person tends to rise with age) and policy choices.

Table 4
Health expenditure by province, 2024

Provinces and territories	Total health spending (billion \$)	Total per capita (\$)	Total as share GDP (%)
Newfoundland and Labrador	5.9	10,753	13.9%
Prince Edward Island	1.7	9,771	16.0%
Nova Scotia	11.8	10,939	18.0%
New Brunswick	7.8	9,100	16.1%
Quebec	81.7	9,019	13.2%
Ontario	140.9	8,737	11.8%
Manitoba	15.1	10,130	15.7%
Saskatchewan	12.2	9,842	10.8%
Alberta	45.7	9,347	9.6%
British Columbia	56.5	9,908	13.2%
Yukon	0.9	18,914	20.3%
Northwest Territories	1.2	27,353	23.9%
Nunavut	1.2	28,811	20.9%
Canada total	382.5	9,264	12.7%

Source: Calculations from CIHI Data Series D1, Statistics Canada Table 36-10-0222-01

Across the ten provinces, total health spending varies between 10% and 18% of GDP. This share is lowest in Alberta and Saskatchewan (where provincial GDP figures are inflated by petroleum activity, which tends not to be proportionately reflected in domestic spending). The expenditure share of GDP is highest in the Maritime provinces, where the population is relatively older. In per capita terms, spending is clustered between \$9,000 and \$11,000 per person — lowest in Ontario and Quebec, and highest in Nova Scotia and Newfoundland and Labrador.

The Northern territories face a very different and more challenging situation for financing health care. Small and remote populations are more difficult and expensive to serve, and the more limited fiscal capacity of territorial governments compounds the challenge of funding high-quality services. In per capita terms, total health expenditures in the three territories are two times or more higher than the Canadian average, and as a share of GDP, total health expenditures in the three territories are nearly two times higher than the Canadian average.

Table 5 portrays contrasting patterns of health care employment across the provinces and territories.¹⁸ Health care ranks as one of the largest employing industries in every province, accounting for between 12% and 17% of total employment. Health care employment has grown rapidly in all provinces, primarily reflecting population growth and the resulting increase in demand for health care services, but also reflecting policy choices by different governments. Health care employment growth has been fastest in rapidly growing Alberta and B.C., but also in New Brunswick (thanks to major improvements in provincial health care staffing there in the last five years). Relative to population, health care employment is highest in New Brunswick, Nova Scotia and Manitoba, and lowest in Ontario and Alberta. On average across Canada, there are 58 health care employees for every 1,000 residents.

Once again, the three territories face a very different and more challenging outlook in health care employment, in large part because of the difficulties of attracting health care workers to remote communities. Both as a share of total employment, and relative to the territorial populations, health care employment in the territories is as little as half as large as the average for the provinces. Stronger funding and enhanced compensation and recruitment efforts will be required to address this acute shortage of health care staffing in Canada's North.

The key point here is that health care, as a vital human service supported by strong federal and provincial fiscal commitments, constitutes a pillar of the economy in all parts of Canada. Even at the community level, health care is a uniquely dispersed economic force. In hundreds of smaller communities and towns across Canada, local health care facilities (including hospitals, clinics, long-term care facilities, emergency services and more) constitute vital anchors for decent local employment, spending power and economic viability. Local hospitals are often the largest single employers in smaller towns, underpinning local incomes, consumer industries and the tax base — and also helping to attract and retain residents (who would be less likely to locate there in the absence of accessible health care services).

Of course, there are major concerns regarding access to health care in rural and remote regions, and it will remain challenging for governments to balance the desire to improve care in underserved communities while sustainably managing health care expenses. But there are two sides of the economic coin in providing health care to smaller communities,

¹⁸ Once again, due to a lack of disaggregated data at the provincial level, this table includes social assistance employment.

just as there are for Canada as a whole. Yes, it is expensive to provide health care in rural and remote regions. But the provision of health services, in turn, generates important direct and indirect economic benefits which help to preserve the prosperity and even viability of smaller communities. In this regard, health care is a uniquely democratic economic engine: not only are its economic benefits strong and valuable, but they are also shared very widely across the breadth of Canada's geography and population.

Table 5

Health care and social assistance employment by province, 2024

Provinces and territories	2024 employment	Share of provincial total	10-year growth	Health workers per 1,000 population
Newfoundland and Labrador	36,524	16.7%	15.0%	66.8
Prince Edward Island	10,311	13.2%	17.3%	57.4
Nova Scotia	77,373	16.9%	25.6%	71.5
New Brunswick	62,744	17.6%	47.5%	73.1
Quebec	550,319	13.5%	29.2%	61.2
Ontario	847,543	12.0%	31.5%	52.5
Manitoba	104,910	16.3%	18.9%	70.3
Saskatchewan	79,213	15.4%	27.2%	63.5
Alberta	262,504	12.2%	45.5%	53.5
British Columbia	348,753	13.6%	44.7%	61.5
Yukon	1,869	7.4%	56.1%	39.3
Northwest Territories	2,206	7.9%	42.6%	48.7
Nunavut	1,282	6.0%	25.1%	31.0
Canada total	2,385,550	13.1%	33.2%	57.8

Source: Calculations from Statistics Canada Tables 14-10-0202-01 and 17-10-0005-01

Broader economic benefits of public health care

The previous section has documented the large direct economic footprint of Canada's health care system. It is one of the most important sources of output, value added, employment and incomes in Canada's economy. And the impacts of that activity are felt in all parts of the country.

In addition to those direct impacts, however, there are numerous indirect and qualitative ways in which the public health care system supports broader economic and social well-being in Canada. This section of the report surveys several such dimensions: including the role of health care in anchoring supply chains, supporting consumer spending, initiating research and innovation, and facilitating a more efficient and flexible labour market.

Indirect and induced economic effects

The preceding data on value added and employment considers only the work and production that occurs directly within the health care sector. However, the full impact of health care provision on overall economic activity spreads far beyond the boundaries of the health care sector itself. Output, jobs and incomes are stimulated across a broad set of other industries as a result of the allocation of economic resources to health care services.

These spillover impacts fall into two main categories: upstream and downstream. Upstream benefits refer to the stimuli for expanded investment, production and employment experienced by the wide range of goods and services industries which supply the health care sector with needed inputs. The health care sector anchors a diverse supply chain of other businesses and workplaces (most of them in the private sector) supplying a huge range of different inputs: from specialized medical equipment and supplies, to utilities, construction and maintenance, to other products and services (like pharmaceuticals, food, accounting and business services, transportation and more).

A good analogy can be made between a major health facility (like a hospital) and a major undertaking in a private goods-producing industry (like a mine or a factory). It is well-known, for example, that a major auto assembly plant (which would typically employ about 3,000 workers) anchors a complex supply chain providing the factory with needed parts,

sub-assemblies, materials and other inputs. Quantitative economic research estimates that each job in an auto assembly plant supports two or more additional jobs in upstream supply industries.¹⁹

By the same token, a hospital also constitutes a concentrated centre of high-technology capital-intensive work and production, that also serves as the anchor for a complex and far-ranging supply chain. Machinery, supplies, utilities, construction, maintenance, transportation and many more sectors receive new business as a result of the operation of a hospital.²⁰ Similar, if more dispersed, ripple effects through the health care supply chain are experienced from other health care facilities — like long-term care facilities, neighbourhood clinics and emergency services. If Canadians thought of investment in a new hospital or other health care facility, in similar terms as they celebrate a major investment in a new mine or factory, attitudes to health care spending might shift considerably.

Statistics Canada collects data on these supply chain linkages through its system of input-output accounts, which track inter-industry transactions. Table 6 summarizes some of the major components of supply chain purchases by health care providers in Canada in 2022 (most recent data available). Those input purchases totalled \$51 billion worth of goods and services, originating from virtually every sector and region of the economy. Most of these purchases are sourced from private sector businesses. In this way, health care services generate huge demands for work and production from every part of the economy.

Table 6
Major input purchases by health care producers, 2022 (billion \$)

Goods		Services	
Food	1.2	Wholesale and retail services	6.5
Energy and utilities	3.1	Transportation services	1.0
Construction and repair	1.3	Postage and courier	0.7
Paper and printed products	0.6	Communications	1.7
Chemicals	7.7	Finance and insurance	1.3
Medical equipment and supplies	3.1	Rental and leasing	4.9
Electronic and electrical equipment	2.0	Building and property services	2.7
Metal products	0.7	Other business services	3.1
Machinery	0.7	Other services	7.4
Other products	1.4	Total goods and services	51.1

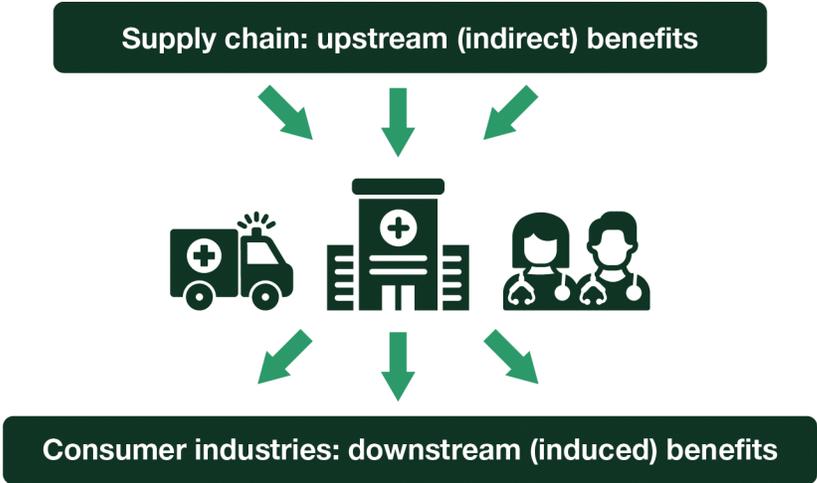
Source: Calculations from Statistics Canada Table 36-10-0478-01

¹⁹ Trillium Network for Advanced Manufacturing (2022).

²⁰ The American Hospital Association (2018) quantifies these supply chain effects, finding that hospitals support two additional jobs for every direct job in a hospital.

These upstream supply-chain impacts are termed ‘indirect’ effects in quantitative economic analysis. As illustrated in Figure 7, this economic stimulus is experienced upstream from health care facilities through the complex supply chain which receives new business as a result of that spending.

Figure 7. Indirect and induced benefits of health care production



A second category of spillover benefits is experienced downstream from the health care industry. People working in health care activities (including its supply chain) spend their incomes on the full range of consumer goods and services which are purchased in the normal course of life. This includes spending on housing and household supplies, other essentials, consumer services like hospitality and travel, and more. Another type of downstream benefit is the community and public services (including education and even health care!) that are supported from the taxes paid directly and indirectly by those workers from their incomes (including income tax, sales taxes on purchases and other taxes).

By facilitating additional spending on the full range of these downstream consumer goods and services, health care production supports expanded output, employment and incomes in those sectors as well. These spillover effects are termed ‘induced’ benefits in economic research, and they are also substantial. Considering just the 1.9 million waged (payroll) employees in health care in 2024 (excluding self-employment), aggregate earnings totalled almost \$120 billion that year;²¹ including self-employment, total earnings are even larger. On average, Canadian households paid 27.5% of their gross personal income to governments in the form of income taxes and contributions to social security programs (like CPP and EI). At that rate, waged employment in the health care sector generated \$85 billion in disposable after-tax income, most of which is then spent on consumer goods and services — providing a substantial boost to business conditions in downstream industries. Those industries, in turn, hire more employees and step up output in response to that demand, amplifying the final boost to aggregate demand and employment accordingly. Even the funds directed to government in taxes support further downstream activity, through public services financed in part through those revenues. Indeed, a significant share (in excess of one-third) of the funds expended by governments on health care eventually returns to government in the form of revenues raised from the new work and spending supported directly and indirectly as a result of health care provision.

²¹ Calculations from Statistics Canada sources cited in [Table 1](#).

In this context, the health care system forms an important part of the circular flow of income and expenditure that keeps Canada's economy functioning and growing. New investment and production in health care creates new jobs. Those jobs produce additional GDP and incomes directly. But health care provision also stimulates additional demand for supply chain industries. And the spending of health care and supply chain workers generates additional demand and production in consumer goods and services industries. At the same time, health care itself is an important input to the healthy functioning of households and communities — thus reinforcing the viability of the whole circular process.

From this perspective, conventional stereotypes that 'the private sector creates wealth, and the public sector spends it' are fundamentally mistaken. Directly, public sector activities like health care contribute as concretely to value added, employment and incomes as surely as any private sector. Indirectly, health care (and other public services) strengthens private sector activity by stimulating new demand that filters through both supply chains and downstream consumer industries. The private sector and the public sector need each other; acknowledging and reinforcing this mutual benefit is key to ensuring successful, balanced and sustainable economic and social progress.

The size and composition of these spillover impacts arising from health care spending depend on many factors, such as the structure of supply chains (including the degree of Canadian content in input purchases) and the macroeconomic state of the overall economy (net spillover effects are stronger in the presence of unemployed labour and underutilized economic capacity). Future research commissioned by the Canadian Federation of Nurses Unions will develop specific quantitative estimates of the indirect (upstream) and induced (downstream) GDP and employment effects of health care provision.

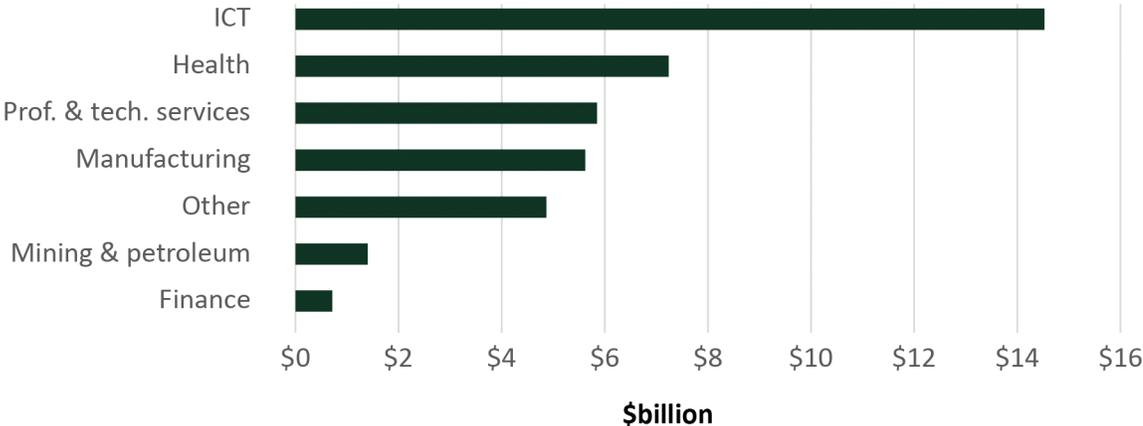
Research and innovation

Health care is a highly technology- and research-intensive industry, constantly introducing new machinery and equipment, medicines and treatments. This quest for innovation is spurred by the powerful desire to extend and improve lives. Innovation is underpinned by substantial investments in research and development. Those investments (like health care spending in general) reflect a mixture of public and private spending. Even private health care research and development, however, depends heavily on various forms of public support, including discoveries developed through publicly funded basic research, additional subsidies for private innovation spending, and public procurement for the innovations and medicines developed from that research.

Canada invested some \$7.2 billion in health research of various kinds in 2024. Almost three-quarters of that research was funded through public channels (including universities, public hospitals and other health facilities, and government research agencies). As indicated in [Figure 8](#), this constitutes one of the largest single flows of research spending of any industry. Given continuing concerns about Canada's relative underperformance in research and innovation,²² the strength of Canada's health research effort is a vital asset in our collective efforts to improve national innovation performance.

²² Discussed, for example, in Council of Canadian Academies (2025).

Figure 8. Research and development spending by industry



Source: Calculations from Statistics Canada Table 27-10-0333-01. **Manufacturing** excludes information and communications technology (ICT) and pharmaceutical (counted in **ICT** and **Health** categories), and **Professional and Technical Services** excludes ICT (counted in **ICT** category).

Canada has a successful history of health care innovation dating back to the development of pioneering medicines and vaccines, to modern research breakthroughs in diverse areas such as cancer diagnostics, big data and artificial intelligence applications in health care, and neonatal research.²³ In many cases, these advances generate important benefits for private sector firms, which are able to commercialize and export resulting products and services.

Health outcomes

Canada’s universal public health care system ensures that virtually all residents are able to access essential care. Of course, the system faces many challenges of understaffing, waiting times and other pressures, so this access is not perfect. But the core principle of accessibility that motivates this system nevertheless facilitates better access to health care, regardless of income, social status or region. This superior access, in turn, generates health outcomes that are superior to those that would prevail in a privatized user-pay model.

The essential comparison on this metric is between Canada and the U.S., where most health care depends on private expenditure (either through private insurance coverage, usually tied to employment, or personal out-of-pocket spending). Canada’s public health care system is significantly less expensive than in the U.S. Total health expenditures (public and private) amounted to 12.7% of GDP in 2024, compared to 18.0% in the U.S.²⁴ U.S. health costs are inflated by many factors, including expensive and overlapping administration costs for private insurance, failure to provide basic primary health care (resulting in more expensive urgent care), and substantial profit margins built into private provision at all steps of the health care supply chain. That proportional saving enjoyed by Canada’s system (5.3% of GDP) is equivalent to a saving of \$165 billion per year.

²³ Ritter (2025) provides a review of several outstanding achievements in recent Canadian health research.

²⁴ Peterson Foundation (2025).

Even with substantially lower health expenditure, the Canadian system produces much better health outcomes despite broad similarity between the two countries in demographic factors, living standards and other health determinants. Table 7 highlights Canada-U.S. comparisons for several health outcomes, along with average data for OECD countries. In general, Canadian health outcomes considerably outperform those in the U.S., despite the lower cost of Canada’s system. Canadian outcomes broadly match the norms of other industrial countries (most of which also offer universal coverage through public provision, in some cases alongside parallel private options). There are certainly areas for improvement in Canada’s system (such as reducing infant mortality), but the benefits of universal access are confirmed by these positive outcomes.

In short, Canadians lead longer and healthier lives thanks to our public health care system. Better health, in turn, supports stronger economic activity: higher labour force participation, better attendance and retention in jobs, stronger household financial stability (with reduced risk of financial distress from episodes of adverse health) and significant fiscal savings for government.

Table 7
Indicators of health outcomes, 2023¹

Indicator	Canada	U.S.	OECD average
Life expectancy at birth (years)	81.7	78.4	81.1
Infant mortality (deaths per 1,000)	4.6	5.6	4.2
Maternal mortality (deaths per 100,000) ²	8.5	22.3	9.0
General practitioners (per 1,000 residents)	1.4	0.6	1.4
Perceived health status (% reporting ‘good’ or ‘very good’)	85.6	84.9	68.1
Potential years of life lost (to premature mortality, years/100,000) ²	4,730	7,384	4,763
1. Or most recent for OECD countries with missing observations 2. 2022 data			

Source: OECD Health Status database, Petersen-KKF Health System Tracker

Labour market efficiencies

An important benefit of providing universal health care as a right for all residents is its impact in facilitating a more flexible and efficient labour market. The key comparison in this regard is again to the U.S., where most working-age adults and their families obtain health insurance through their employment. Linking health care coverage to employment status introduces significant frictions and inefficiencies into the employment decisions of both workers and their employers.

In the first place, employer-provided private health insurance adds substantially to the total cost of labour in the U.S. According to Bureau of Labor Statistics (2024) data, median employment-linked health insurance premiums for a worker with family coverage in the U.S. cost over \$18,000 (U.S.) in 2023. About two-thirds of that cost is typically covered by the employer, adding about \$6 (U.S.) per hour to labour costs. In some industries (with larger employers and more comprehensive benefit packages), employers can pay over \$25,000 per year for medical coverage for employees. This discourages new hiring and undermines business competitiveness.

On the other side of the coin, Canada's provision of universal core health coverage reduces employer benefit costs and enhances competitiveness — especially in higher-wage industries, in which corresponding U.S. employer costs are especially high. In the automotive industry, for example, Canada's public health care system creates a significant labour cost advantage for investments in Canadian facilities.²⁵ This will be an important factor as Canada tries to preserve its industrial footprint in high-wage globally exposed industries in the face of Donald Trump's aggressive trade actions.

The fact that health care coverage is provided independently from employment status also contributes to improved mobility and efficiency in labour markets. Workers can shift to alternative employment without fear of losing health care coverage or facing disqualification for preexisting conditions. This contributes to labour mobility and enhances the likelihood that workers can settle in employment positions with better matches to their skills and interests. Empirical research has demonstrated that inflexibility caused by employer-paid core health benefits inhibits workers' effective ability to change jobs (Chute and Wunnava, 2015), and also that provision of more accessible public health benefits leads to greater occupational and geographical mobility for workers (Farooq and Kugler, 2016).

Timeliness of access to care also shapes the labour market effects of universal public health care. When access to care (including preventative care) is assured and reasonably fast, people are more likely to avoid preventable illnesses and recover more quickly from disease or injury. This facilitates their faster return to normal activity, including work. Conversely, long delays in accessing care contribute to greater incidence and intensity of health problems, and more disruption to attendance, retention and productivity at work. This is another good reason why improving the timeliness of care should be a priority for strengthening Canada's medicare system (as proposed below).

²⁵ Canadian Automotive Partnership Council (2013).

Insulation from global shocks

Health care services are largely ‘non-traded’: that is, their production and consumption mostly take place within a given region or country, with relatively little exposure to competing supplies from imports and little dependence on export markets for sales. In this regard, the work and production directly associated with health care is relatively insulated from global uncertainty and disruptions – such as the aggressive trade policy actions taken by U.S. President Donald Trump.

Most of Canada’s economy, in fact, consists of non-traded goods and services.²⁶ Major industries with very little direct exposure to international trade include construction, utilities, wholesale and retail trade, finance, other private services, and public services. Together, these non-traded sectors make up the large majority of value added and employment in Canada’s economy. In the context of major shocks in Canada’s external relationships (especially with the U.S.), the non-traded economy serves as a valuable oasis of stability. Decisions about investment, growth and production in these sectors can therefore continue to be made largely on the basis of Canadian priorities and preferences.

Table 8 reports the degree of trade exposure of major Canadian industries, indicating gross exports and imports²⁷ as shares of industrial GDP, as well as imported intermediate inputs (in each industry’s supply chain, again, relative to sectoral GDP). Almost no health care services are exported from Canada: the very small flow of exports (less than 1% of GDP) mostly represents purchases of health care services by tourists visiting Canada. Similarly, almost no health care services are imported. One way in which the health care system must significantly engage with international markets is through imports of inputs to health care production sourced from international supply chains (including machinery, specialized supplies, medicines and some specialized services).

The health care system is thus not fully insulated from international trade pressures and disruptions: it relies on imported inputs, and the indirect effect of a trade shock on Canada’s overall macroeconomic and fiscal conditions would also have implications for health care (and other non-traded sectors). And there are other ways, in addition to his tariffs, that Trump’s aggressive actions could affect health care – for example, his perverse demands that other countries raise prices for prescription drugs, in order to reduce the painful differential between overpriced U.S. pharmaceuticals and prices in other markets (Kemle, 2025). Nevertheless, the fact that this large and growing sector is much less directly exposed to Donald Trump’s trade war is a strength for Canada’s economy, as it navigates his unprecedented attacks. The relative stability of health care in the face of global disruptions is a good reason to confirm funding commitments and policy reforms to strengthen this sector; those global disruptions are not, as some have suggested, a reason to impose fiscal austerity on health care and other public services.

²⁶ Stanford (2025, sec.11) provides more discussion of the importance of non-traded goods and services.

²⁷ Measuring exports and imports in gross terms exaggerates the importance of exports as a share of domestic value added, since some of the value of those exports is embodied in imported inputs. This effect is especially important in manufacturing (which intensively relies on imported inputs), and it explains why both gross exports and gross imports can exceed the total value of domestic manufacturing GDP.

Table 8

Trade exposure of Canadian industries

	Shares of sector GDP (%)		
	Exports	Imports	Imports of inputs
Mining and petroleum	94.8%	23.6%	13.1%
Utilities	8.1%	3.3%	4.7%
Construction	0.2%	0.1%	28.4%
Manufacturing	150.1%	264.5%	89.1%
Wholesale and retail	16.4%	1.0%	8.4%
Transportation	47.4%	13.8%	21.1%
Information and culture	25.7%	26.8%	24.2%
Finance	9.0%	11.7%	5.8%
Professional and technical	29.8%	21.6%	10.1%
Education	13.5%	1.8%	3.3%
Health care	0.8%	0.4%	10.1%
Hospitality	43.5%	57.9%	29.6%
Other services	1.1%	4.0%	16.2%
Public administration	1.9%	0.1%	12.8%
Total economy	32.9%	35.7%	19.8%

Source: Calculations from Statistics Canada Table 12-10-0100-01

Inclusion and equity

Canada's health care system is premised on a strong commitment to provide core health services to all residents, irrespective of income and ability to pay. Of course, this commitment is imperfectly realized in practice: there are important inequities in access to health care based on region and community size; income; Indigenous, racialized or immigration status; gender and gender identity; ability; and other criteria. Reforms are necessary to truly fulfil the promise of universal access enshrined in the *Canada Health Act* and other foundations of the Canadian system. Nevertheless, when most of society can access this essential service equally and fairly, broader social and economic conditions are enhanced, contributing to greater life chances, and less disfunction and polarization across society.

In recent years, economists have begun to acknowledge and even quantify the economic benefits that flow from a society in which most residents can achieve the basic requirements of healthy living and full social and economic participation. These benefits are often referred to as ‘social capital’: gains in efficiency, security and ability to conduct transactions, arising from inclusion, trust and cohesion.²⁸ Quality universal health care is vital for building social capital and attaining the economic benefits which a healthy and more equal society can unlock.

LaVeist et al. (2009) reviewed the direct and indirect costs arising from health inequality on racial and ethnic grounds in the U.S. They found costs in extra direct health care, indirect economic impacts (such as lower productivity) and premature death totalled \$1.2 trillion (U.S.) over a four-year period – equivalent to about 3% of national GDP. Similarly, Mackenbach et al. (2011) identified large costs in European countries arising from health inequality – including losses in labour productivity, higher social welfare expenses and higher direct health spending (due to people experiencing more severe and hence costly health issues as a result of lack of access to primary health care). Canada’s health care system is far from perfect on grounds of equality of access; nevertheless, enormous costs (equivalent to entire percentage points of GDP) are avoided by virtue of our largely universal system, and other ongoing costs could be reduced by improving access. Some key priorities in this regard are highlighted in the next section of this report.

²⁸ See Castiglione et al. (2008) for an overview of the theory and policy implications of social capital.

Strengthening the economic value of public health care

This report has documented the size, growth and wide-ranging economic benefits arising from Canada's universal public health care system. Health care has been the single biggest source of new employment in Canada over the last decade.

It generates decent jobs and incomes in all parts of Canada, including smaller communities. It supports large numbers of private sector jobs through strong spillover effects — experienced both 'upstream' through the health care supply chain and 'downstream' through consumer goods and services industries which depend on the spending power of employed health care workers.

The industry contributes substantially to Canadian GDP growth — and its output and employment are relatively insulated from the global shocks that have been experienced from Donald Trump's aggressive trade policies. It is a vital contributor to Canadian research and innovation, at a time when experts are unanimous that Canada's research effort must be stepped up.

Better access to health care generates many other economic benefits, from more efficient and flexible labour markets to better attendance and productivity at work, to stronger social inclusion and stability.

For all these reasons, fiscal support for public health care cannot be seen solely as a 'cost'. Public health care is also an economic engine: powering growth, job creation, incomes, investment, innovation and well-being. To be sure, health care is expensive — but it generates economic benefits commensurate with those expenditures.

Canada's health care system is far from perfect. It faces multiple stresses: population growth, demographic ageing, technological improvements, new health crises (like the COVID pandemic, or the return of diseases like measles, once thought vanquished), understaffing, waiting times for some treatments, and the basic demand of Canadians to receive the best possible care for themselves and their loved ones. These challenges spark continuing public debate over management and funding of the system.

The core promise of Canada's universal health care system — namely, that everyone should have access to care regardless of their means — is strongly supported by Canadians. But reforms and repairs to the system are required in order to fulfil that promise and to enhance confidence among Canadians that the health care system will be there for them when they need it. Moreover, those improvements in the health care system will simultaneously amplify the considerable economic benefits which have been described above. With reforms to ensure that top-quality health care is available to all Canadians when they need it, regardless of their income or status, the multi-dimensional economic benefits described above will be secured and amplified.

This section provides a brief introduction to several priorities for improvements to Canada's health care system, each of which would further enhance the already-substantial economic benefits of this vital industry.

Protecting the universal public model

Fiscally austere governments and private business interests are exploiting current economic uncertainty to step up their long-time pressure to privatize portions of the universal system. These include plans to expand private surgeries in Ontario and even to establish a parallel private health care system in Alberta.

The preceding review of the economic benefits of the public health care system in Canada has clearly highlighted the importance and value of universal access to care. When health care depends on individuals' financial wealth or social status, the resulting inequities in health care and health outcomes degrade the economic benefits generated when all residents are ensured access to quality care — resulting in improved health, well-being, and social and economic participation.

For these reasons, the priority in future health policy should be to recommit to the core principle of universal access, and then enforce that commitment throughout Canada on the strength of fiscal transfers and their attached performance commitments. Current privatization proposals in Ontario and Alberta would seem to clearly violate the intent and the letter of the *Canada Health Act*, which requires access to core health care services without cost. To buttress confidence in the permanence of this core principle, and shut the door on creeping privatization schemes that would ultimately negate it, the federal and provincial governments should recommit to the universal nature of Canadian medicare. That would set the stage for genuine reform initiatives to improve the realization of that principle in practice — rather than fostering ongoing and unproductive debates and experiments that undermine that core principle.

Broadening coverage

The nature of health care has evolved over time in response to new knowledge and new technologies. For example, prescription drugs make up a growing share of total health expenses: doubling as a share of total health spending since the 1980s and now making up 7% of total health expenditure.²⁹ Drugs are essential to quality care and can reduce total health expenditures when they are accessible and properly used. However, since most drugs prescribed outside of hospitals are not covered by public medicare benefits, access to prescriptions is limited for those with lower incomes and/or those without supplementary benefits tied to their employment. Simply strengthening supplementary drug coverage through employment is not the best solution to this problem since many Canadians do not have jobs with such benefits. Moreover, the research summarized above indicates that tying health coverage to employment generates inefficiencies in labour market outcomes – including higher labour costs (discouraging hiring) and reduced labour mobility.

For all these reasons, moving forward with the phased implementation of public prescription drug coverage should be a major priority. The federal government's stated commitment to implementing initial pharmacare plans in all provinces seems to have been deactivated under the new government, with no funds committed to cover the full implementation of the initial schedule of covered drugs in all provinces. And that initial schedule should be expanded to cover other selected medicines commonly used throughout the population (such as statins, antibiotics, blood pressure medications and mental health medications).

Other categories of health care also fall largely outside the public system and thus generate the same negative side effects as are familiar from privatized health arrangements. Dental care is an obvious priority: traditional claims that dental care is optional or cosmetic in nature are not credible. Failure to access timely dental care leads to more serious and expensive health problems – and larger costs for the public health system (to which patients with severe dental problems will inevitably turn). Better coverage for other equally important categories of health care (including mental health care, vision care, in-home or residential aged care and disability supports) would also help to fill existing gaps in the universal care model, reinforce public confidence in the broader system and further amplify the economic benefits of comprehensive universal care noted above.

Accountability for quality of care

While the overall performance of Canada's public health care system is strong (as evidenced by Canadians' positive health outcomes), many Canadians have experienced frustrations and delays in accessing the services they need. Emergency services are perpetually overstretched; wait times for surgeries and specialist care can be long; too many Canadians lack a primary health care provider; and the availability of mental health care is particularly inconsistent. Pressure on governments and health system administrators to resolve these problems is

²⁹ CIHI Table A.3.3.1.

expressed through many channels — not least being electoral pressure on governments to ensure quality and accessible health care.³⁰ However, the persistence of shortages and wait times in many segments of the health care system suggest that more direct mechanisms of accountability for the quality of health care need to be considered.

One promising proposal in this regard is the call for a Patient and Worker Safety Charter constituting a shared declaration by federal and provincial levels of government to meeting core quality standards (including safe staffing ratios) in care delivery.³¹ This charter would establish specific criteria to monitor quality and access to care, ensuring safe and timely delivery of health care services and setting key working condition targets (such as minimum staffing) so that health care workers can provide the care that Canadians expect. Even within the constraints of federalism, the federal government has plenty of leverage to reinforce a nation-wide commitment to universal high-quality care, including through bilateral agreements with provinces and territories on urgent needs such as labour shortages and wait times.

Of course, it will require additional fiscal support (from both the federal and provincial levels of government) to realize the quality guarantees established in such a model. But if Canadians see the quality of health care steadily improving, thanks in part to stronger oversight and accountability around core quality indicators, incremental expansion of health care budgets will be supported. Moreover, by expanding staffing and improving access to quality care, all the economic benefits catalogued above will be enhanced accordingly.

Addressing staffing challenges

Canada's health care system has been grappling with severe and persistent staffing challenges for years. Labour shortages in numerous fields constrain service provision (even leading to closures of emergency services and other critical services in some communities). Labour shortages have also degraded the quality of work for staff trying to perform their duties in the face of severe understaffing.

In 2024 on average health care employers reported 125,000 unfilled job vacancies. That represented 5% of the total employed health care workforce. As illustrated in [Figure 9](#), the rate of job vacancies in health care is the worst of any industry in Canada, two-thirds higher than the economy-wide average. Staff shortages are especially acute for nurses. For example, health employers reported a 13% vacancy rate for licensed practical nurse positions in 2024, twice the vacancy rate in the broader health care sector.

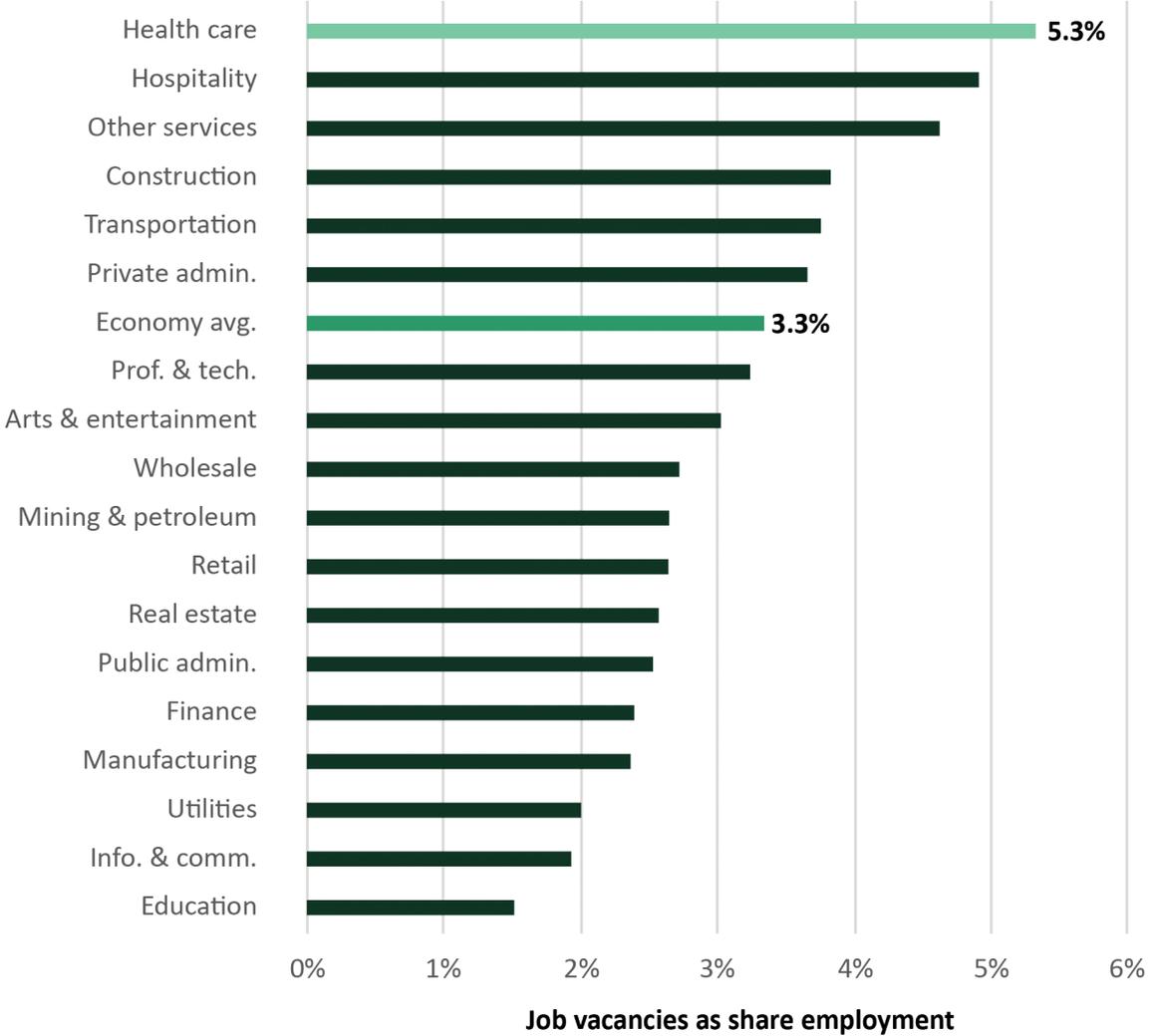
The health care job vacancy rate peaked at over 6% of employment in 2022, in the wake of the COVID crisis and its dramatic impacts on health care facilities. Vacancies at that time were temporarily elevated across the economy due to the rapid rebound in employment after

³⁰ Polling consistently indicates health care to be one of the top issues for voters; see Coletto (2025) for recent evidence, ranking health care as the second-most important issue for the federal government (and likely ranking higher in most provincial contexts, since first responsibility for health care rests with provincial governments).

³¹ See Canadian Federation of Nurses Unions (2025) for more discussion.

COVID lockdowns, and to reductions in labour supply resulting from temporary restrictions on immigration.³² Economy-wide job vacancies and shortages have since moderated substantially due to slower economic growth and hiring. But in the health care sector, recruitment and retention challenges remain severe.

Figure 9. Job vacancies by sector, 2024



Source: Calculations from Statistics Canada Table 14-10-0400-01

The intensity of staffing shortages in health care reflects many factors. Expansion of employment in the sector naturally makes it more challenging to fill vacancies and replace retirements and other staff departures. The specialized training required for most health care occupations (discussed above) requires employers to plan well in advance for staffing needs in order to establish stable pipelines of incoming trained staff so they can fill expected demand. Many employers fail to undertake this longer-term planning, waiting until staff shortages erupt and then trying to fix them with temporary and most often inadequate solutions (such as poaching staff from other provinces or employers, or asking government to facilitate larger

³² That labour supply effect was then dramatically reversed, with a surge in immigration (especially non-permanent immigration) in 2022 and 2023.

inflows of non-permanent immigrant labour). The deterioration in working conditions in health care (arising from understaffing and underfunding) and generally modest compensation arrangements³³ exacerbate challenges in recruiting and retaining staff.

Providing quality health services on a sustainable basis requires a holistic and sustained commitment to expanding and supporting the health care workforce. In this industry, like other caring services, the quality of work determines the quality of care (Armstrong, 2023). The need for comprehensive measures to address staffing shortages and unsustainable workloads is especially acute for nurses, given their more severe shortages, long training times and work-load challenges (Ben Ahmed and Bourgeault, 2022).

Elements of a sustainable labour force strategy in health care must include:

- Better funding for training programs at all levels (university, college and vocational).
- Stronger job placement pipelines to place graduating students in needed roles.
- Overarching commitment to protect work-life balance in health care occupations, prevent physical and mental health injuries, prevent burnout and retain staff.
- Fair compensation arrangements to protect and grow real incomes of health care workers.
- Collective representation and bargaining rights for health care workers who are not covered by a union contract.

These measures will stabilize and support the health care workforce, allowing them to deliver the services Canadians expect. Relieving the intense crisis in the health care labour force will simultaneously amplify the economic and social benefits which these workers deliver through their skills and professional commitment.

* * * * *

Of course, all of these reforms will require stable and adequate funding for public health care programs from all levels of government. Again, if finance ministers think of health care only as a cost, then the tendency toward austerity will be reinforced – and all the problems of shortages, wait times, understaffing and inaccessibility will get worse, along with the intensity of public anger. Merely ‘throwing money’ at health care will not by itself solve any of these problems. But total expenditure on health care will indeed need to grow in the future in order to provide adequate fiscal support for preserving the universal nature of the system, extending coverage to other core categories of care (like prescription drugs and dental care), implementing governance and accountability reforms to ensure quality of care, and investing in a trained and well-supported health care workforce. Allocated strategically, with strong performance measurement and evaluation commitments, these additional fiscal commitments could indeed deliver improvements in health care access and quality. And at the same time, they will amplify the economic benefits of Canada’s public health care system that have been explored in this paper.

³³ As noted above, average compensation in health care is slightly lower than economy-wide averages, despite a much higher level of qualifications in the industry.



Conclusion

Canadians are rightly proud of their national public health care system. It has a long history and reflects uniquely Canadian approaches to federalism, social equality and shared well-being.

Compared to alternative systems which rely on private financing and which ration health care on the basis of ability to pay, Canada's system generates superior health outcomes. Canadians live longer, and better, in large part thanks to this long-term national commitment to a health care system that is accessible to everyone.

This commitment to quality, universal and comprehensive public health care also plays an important role in Canada's economy. The health care sector is one of Canada's biggest industries. It has created more new jobs over the past decade than any other sector. While fiscal hawks and business commentators decry the cost of maintaining the system (and the taxes that must be collected to pay for it), they ignore the equally impressive economic benefits that are generated in turn: growth,

investment, jobs, incomes, innovation, a healthier and more productive workforce, and enhanced efficiency.

It is important for policymakers and the public at large to appreciate this other side of the health care coin. In Canada's current economic context, marked by uncertainty arising from Donald Trump's erratic actions and other challenges, it is enormously important to sustain an industry that steadily employs over 2 million staff, adds consistently to GDP and investment, and underpins health outcomes that are essential to economic and social progress. Knowing and appreciating the many economic benefits generated by Canada's public health care system can be useful in solidifying public support for maintaining and improving that system.

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