

**First Ministers' Meeting
Ottawa, Ontario - September 11, 2000**

**New Federal Investments to Accompany the Agreements on
Health Renewal and Early Childhood Development**

OTTAWA - September 11, 2000. The Prime Minister today announced \$23.4 billion of new federal investments over five years to support agreements by First Ministers on Health Renewal and Early Childhood Development (ECD).

To ensure stable, predictable and growing funding in the Canada Health and Social Transfer (CHST), the federal government will legislate over \$21 billion of additional cash over the next five years. This includes a new \$2.2 billion investment for ECD.

This will bring the total cash transfer to the provinces and territories through the CHST to \$18.3 billion in 2001-02, \$19.1 billion in 2002-03, rising to \$21.0 billion in 2005-06. In that year, CHST cash will be 35 per cent above the current level of \$15.5 billion.

Combined with the growth in the value of the CHST tax points to \$18.8 billion, the federal transfer to provinces and territories, which is for health, post-secondary education and social services, will grow to about \$40 billion by 2005-06.

To ensure further predictability, by the end of 2003-04, the federal government will establish the CHST cash transfers for years 2006-07 and 2007-08.

To accelerate and broaden health renewal, the Government of Canada will also be investing in three targetted areas reflecting agreed priorities:

- It will invest a total of \$1 billion in 2000-01 and 2001-02, through transfers to the provinces and territories for new medical equipment, \$500 million of which will be available immediately to enable the acquisition of necessary diagnostic and treatment equipment;
- It will invest a further \$800 million over four years, beginning in 2001-02, in a renewed Health Transition Fund to support innovation and reform in primary care;
- It will invest \$500 million immediately in an independent corporation mandated to accelerate the development and adoption of modern systems of information technology, such as electronic patient records, so as to provide better health care.
- First Ministers raised the issue of the Equalization. The Minister of Finance will examine this issue further after consultation with provincial Ministers of Finance. While final revisions for Equalization purposes for fiscal year 1999-2000 likely will not be known until October 2002, the Prime Minister agreed to take the necessary steps to ensure that no ceiling will apply to the 1999-2000 fiscal year. Thereafter, the established

Equalization formula will apply, which allows the program to grow up to the rate of growth of GDP.

**Funding Commitments of the Government of Canada to Accompany
the Agreements on Health Renewal and Early Childhood Development**
(billions of dollars)

	Current Legislation				Beyond Current Legislation		Total New Cash
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
CANADA HEALTH & SOCIAL TRANSFER*							
Current cash ¹	15.5	15.5	15.5	15.5	15.5 ²	15.5 ²	--
General cash increase		2.5	3.2	3.8	4.4	5	18.9
Early Childhood Development		0.3	0.4	0.5	0.5	0.5	2.2
TOTAL CHST CASH	15.5	18.3	19.1	19.8	20.4	21	--
Medical Equipment Fund	0.5	0.5					1
Health Information Technology	0.5						0.5
Health Transition Fund for Primary Care		0.2	0.2	0.2	0.2		0.8
TOTAL CASH³	16.5	19	19.3	20	20.6	21	--
CHST tax point transfers	15.3	15.8	16.5	17.2	18	18.8	
Total CHST Entitlements	30.8	34.1	35.6	37	38.4	39.8	
TOTAL FUNDING	31.8	34.8	35.8	37.2	38.6	39.8	--
							23.4

* The CHST supports provincial/territorial programs in the areas of health, post-secondary education and social services.

¹ Current cash includes both CHST supplements of Budget 1999 (\$3.5 billion) and Budget 2000 (\$2.5 billion).

² Existing legislation extends to 2003-04. \$15.5 billion is base cash for subsequent years.

³ Sum of total CHST cash transfers and funding for non-CHST measures.

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