

# Picking up the tab

A complete accounting of federal  
and provincial COVID-19 measures in 2020

David Macdonald





**CCPA**

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**ABOUT THE AUTHORS**

David Macdonald is a Senior Economist with the Canadian Centre for Policy Alternatives.

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# Executive Summary

THE GLOBAL COVID-19 pandemic has required government leadership on a scale that's unprecedented in modern Canadian times. Including liquidity and unallocated funds, federal and provincial governments have announced almost \$600 billion in spending commitments across 849 measures to respond to the COVID-19 crisis. This report is a “who is doing what” exercise, tracking which level of government has picked up the tab for COVID-19, which area the funding went to and, given most of the funding is on the federal government's tab, how the provinces are spending their share of the transfers. It includes all measures announced on or before December 31<sup>st</sup>, 2020 and any measure in the three fiscal years from 2019-20 to 2021-22.

Among the key findings:

**Federalism is doing its job, mostly:** The federal government came into this global pandemic with the greatest fiscal breathing room. Even with historic investments in COVID-19 rapid response, the federal government is doing so in an environment of historically low interest rates, a manageable debt-to-GDP ratio, and a Bank of Canada that serves as a backstop. It's only fitting that the federal government took the lead during this time of crisis: the federal government is spending \$343 billion between the fiscal years 2019-20 and 2021-22—\$24 billion of which is being transferred to the provinces. In turn, the provinces have committed to spend \$31 billion. In other words, of all direct spending commitments during the pandemic, only 8% is coming from the provincial governments; 92% of that spending is on the federal tab.

**Most support for individuals and businesses has come from the federal government:** Almost all of the money provided directly to individuals or businesses is on the federal tab. Businesses are receiving more help than jobless Canadians. Individuals and businesses receiving government support are only receiving 4% and 6%, respectively, from provincial government coffers.

**The feds are doing the heavy lifting on health care:** Health care is the third largest category, including spending on traditional direct health care costs like hospitals, doctors and nurses, but, also, long-term care, personal protective equipment (PPE), COVID-19 testing, contact tracing and mental health. This is a provincial jurisdiction, yet only 12% of COVID-19 health spending is coming from provincial coffers—88% of these expenditures is on the federal tab. The federal government is spending \$30 billion on PPE, vaccines, testing and contact tracing. Another \$9 billion is going to the provinces through Safe Restart agreements. The provinces are spending \$5 billion of their own money on health care.

**Almost every province is leaving federal money on the table:** Three out of 10 provinces (Newfoundland and Labrador, P.E.I., New Brunswick) haven't even spent the federal money transferred to them for COVID-19 health measures yet. Six out of 10 provinces (P.E.I., Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan) haven't met the 50-50 cost sharing stipulation of municipal supports through the Safe Restart agreements. Six out of 10 provinces (Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta, B.C.) didn't access the full federal amount to support low-wage essential workers. Six out of 10 provinces (Newfoundland and Labrador, P.E.I., New Brunswick, Manitoba, Saskatchewan, Alberta) don't have sufficient plans in place to access the full amount of federal long-term care funds, when all they have to do is show the feds their plans. Six out of 10 provinces (Newfoundland and Labrador, P.E.I., Quebec, Ontario, Saskatchewan, Alberta) are sitting on billions of unallocated COVID-19 contingency funds that are built into their budgets.

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## Federal-provincial spending priorities by province, at a glance

Every province faces different challenges due to COVID-19, so their spending priorities may differ. Here's a snapshot of provincial funding priorities—including which provinces are sitting on unspent federal money. Most of this is on the federal tab: federal money makes up 84%–99% of all provincial

government COVID-19 direct spending. The government of British Columbia is devoting almost 3% of provincial GDP to its measures, Manitoba is managing just under 2%. Quebec's ratio is 1.5%, Ontario and Alberta are committing 1% of GDP. The Atlantic provincial governments are spending under 1% of GDP on COVID-19 measures.

**Newfoundland and Labrador:** The COVID-19 response is planned to cost \$9,180 per person, or \$4.8 billion dollars—97% of that is on the federal tab. The largest category of support is for businesses, which receive almost \$4,000 a person. The total value of individual supports is \$3,800 per person. This is mostly all federal money, either through the CERB and its replacements. On the health care front, governments are providing \$990 a person in this province—although the province has yet to fully spend its federal COVID-19 allotment, with \$15.1 million left in the pot.

**Prince Edward Island:** Just over \$8,600 a person is planned for P.E.I. spending—95% of it is on the federal tab. Businesses are receiving the most support, worth over \$3,700 a person. As with other provinces, most of this support is on the federal tab, through the CEWS and CEBA. Individual supports in P.E.I. total \$3,600 a person—almost all on the federal tab. As with other provinces, the CERB and its replacements make up most of the transfers to individuals. Health spending for COVID-19 is worth \$990 a person, however, the province hasn't fully spent federal money—there remains \$4.3 million to be spent.

**Nova Scotia:** In Nova Scotia, \$8,500 a person is being spent on direct COVID-19 measures—94% of that spending is on the federal tab. Individual support amounts to the equivalent of \$3,700 a person, almost all on the federal tab. As elsewhere, the federal support is from the CERB and its replacements. Businesses have the second highest support level, worth \$3,000 a person, mostly through the CEWS and CEBA.

**New Brunswick:** Spending on direct COVID-19 measures in New Brunswick totals \$7,500 a person, 99% of which is on the federal tab. The largest support category is for individuals, who will receive the equivalent of \$3,300 a person—mostly on the federal tab through the CERB program and its replacements. The province provided its 25% wage top-up for essential workers and provided its own emergency workers' benefit, but little beyond those programs for individuals. Businesses saw the second highest level of support, worth the equivalent of \$2,900 a person, 98% of which was on the federal tab through its CEWS and CEBA programs. The province hasn't fully spent what it has received from the federal government in COVID-19 health transfers, \$5.9 million remain to be spent.

**Quebec:** COVID-19 spending in Quebec amounts to \$9,400 a person—92% of that is on the federal tab. Business support amounts to \$3,900 a person, mostly on the federal tab through its CEWS and CEBA programs. Individual supports are slightly smaller than business supports, costing the equivalent of \$3,750 a person, again mostly on the federal tab. Out of that amount the province provides \$100 a person. The main federal individual supports are the CERB and its replacements. Provincial spending is generally focused on wage top-up programs and worker retraining programs, although these expenditures also have a large federal transfer component. Health supports amount to \$1,200 per person—\$160 of which is on the provincial tab. The province has yet to spend \$220 million of its safe-return-to-class transfer from the feds.

**Ontario:** Government spending in Canada’s biggest province will amount to \$9,800 a person on direct COVID-19 measures—94% of which is on the federal tab. Spending on business supports is roughly equal to spending on individuals, just over \$4,000 a person. Most of this is on the federal tab, through both the CEWS and CEBA programs. Provincial supports for individuals are mostly in the form of wage improvements for front-line essential workers, partially offset by federal transfers. Health care spending in Ontario is expected to be the equivalent of \$1,180 a person, with only \$160 on the provincial tab. Of the \$100 a person being spent on child care and school COVID-19 measures, only \$20 is on the provincial tab.

**Manitoba:** The equivalent of \$9,400 a person worth of supports are in place in Manitoba—\$8,400 of which is on the federal tab. Business takes up the largest support category, providing the equivalent of \$3,600 a person, mostly on the federal tab through the CEWS and CEBA. Support for individuals amounts to \$3,400 a person—almost entirely on the federal tab, through CERB and its replacements. Of the \$1,450 per person in COVID-19 health measures, the province is covering 17% of the tab. It also has one of the largest per capita expenditures on stimulative infrastructure.

**Saskatchewan:** COVID-19 measures in Saskatchewan amount to \$9,000 a person—90% is on the federal tab. Transfers to individuals make up the largest type of support, amounting to \$3,400 a person, through CERB and its replacements. The province only matched 5% of total federal essential worker wage top-ups, which was meant to be shared 25%–75%. The second largest area of support is for business, amounting to \$3,300 a person, mostly on the federal tab through CEWS and CEBA. Saskatchewan businesses also benefit disproportionately from federal supports to the agricultural sector, as well as supports for cleaning up former oil and gas wells. Only \$200 out

of the total \$3,300 per person support for businesses is on the provincial tab. As for health care spending, it amounts to \$1,200 a person. Despite being provincial jurisdiction, 98% of the COVID-19 health care tab in this province was paid for by the federal government.

**Alberta:** Albertans are receiving the highest level of per capita COVID-19 spending in Canada, worth \$11,200 a person—93% of which is on the federal tab. Alberta receives \$1,200 more support, per person, from the federal government than any other province. Businesses have the highest level of support: \$5,500 for every Albertan, mostly on the federal tab through CEWS and CEBA. The province’s businesses benefit disproportionately from the federal oil and gas well clean-up fund, as well as the emissions reduction fund for the oil and gas sector. Individual supports are worth \$3,800 a person, mostly on the federal tab through CERB, CRB and EI changes. The province failed to access federal money: of the \$348 million in federal government top-ups for low-paid essential workers in Alberta, the province only accessed \$12 million, leaving \$335.8 million on the table.

**British Columbia:** COVID-19 direct measures in British Columbia amount to \$10,300 a person, the second highest after Alberta. B.C. is second highest due to substantial provincial government spending, whereas Alberta is highest due to far more federal support. Although most expenditures were on the federal tab, 16% of that total is on the provincial tab, the highest provincial contribution in Canada. Individual supports amount to \$4,500 per British Columbian, mostly on the federal tab through CERB, CRB and EI changes. The B.C. government stands out as providing the highest per capita individual supports, worth over \$800 a person—eight times higher than the next highest province, Quebec. Business supports amount to \$4,000 a person, mostly on the federal tab through CERB and its replacements. B.C. businesses also benefit from federal money to clean up former oil and gas wells. Health measures in the province amount to \$1,150 a person, 94% of which is on the federal tab—though, unlike other provinces, B.C. took early leadership by committing much of its COVID-19 health care spending early in the pandemic, prior to knowing the full amount of federal dollars that would later become available.

Providing an accurate overview of the territories was difficult. The distributional proxies used to allocate federal dollars to particular provinces often weren’t available for the territories. As such, this analysis was not extended to the territories.



# Introduction

THE COVID-19 PANDEMIC has forced governments across Canada to create emergency responses to mitigate the impacts on the health care system, long-term care, schools, the economy, the labour market, and individual households. The combined scale of federal and provincial government investments was both massive and unprecedented: almost \$600 billion dollars (including liquidity and unallocated funds) in COVID-19 response spending was announced in 2020. This report provides a comprehensive snapshot of federal and provincial COVID-19 response spending. It estimates the proportion of federal spending compared to provincial spending and tracks how the provinces spent federal transfers.

The federal government claims direct expenditures of \$343 billion for the three fiscal years, between 2019-20 and 2021-22—\$24 billion of which is being transferred to the provinces. The provinces have committed to spend \$31 billion to tackle the challenges that this pandemic presents. In other words, of all direct spending commitments during the pandemic, only 8% is coming from the provincial governments—92% of that money is federal. That the federal government picked up the lion's share of the COVID-19 tab shouldn't be surprising. Federal power, in a lot of cases, is precisely its spending power; the ability to provide funding for programs that, particularly for the smaller provinces, simply wouldn't be possible without it. This report will detail what each level of government is spending its money on, how much of the spending in each province is federal or provincial, and which provinces are still sitting on federal money that was transferred in the middle of a crisis, with few strings attached.

# Methodology

IN ORDER TO track funding commitments vs. spending, this report reconciles multiple announcements of the same programs, to avoid double counting. It disaggregates cost-shared programs into their federal and provincial components. It allocates federal programs, using actual provincial breakdowns, where available, or proxies when spending amounts by province aren't directly available. It includes any new COVID-19 measures that didn't exist before the pandemic. And, where available, it includes costs in 2019-20, 2020-21 or 2021-22. Where year-by-year costing isn't available, the full reported value of a program is included. This report doesn't capture measures funded through municipal budgets; for cost-shared initiatives, only the federal or provincial share is included in the calculations. This report includes all measures announced by December 31<sup>st</sup>, 2020, whether in federal or provincial fiscal updates, budgets, economic statements, COVID-19 plans, press releases or other official government communications. [A full list of these federal and provincial measures can be found here](#), with sources and calculations.

In total, this report tracks 849 individual federal and provincial measures. These programs were all in reaction to COVID-19 in some way and weren't re-announcements of pre-COVID programs. These programs include direct measures, such as increases in spending or planned decreases in revenue (like tax cuts). They include infrastructure programs to stimulate growth, health care expenditures due to COVID-19, business grants to help them re-open, cash transfers to people to help them through tough times, and more.

**TABLE 1** Count of COVID-19 measures by type and level of government

	Federal	Provincial	Total
Direct	132	614	746
Liquidity	7	73	80
Unallocated	-	23	23
Total	139	710	849

**Source** Provincial and federal government estimates of COVID-19 direct measures. See Appendix A for full source list.

This report does not include decreases in revenue due to lowered economic activity as a result of COVID-19. Measures also include liquidity supports, where amounts will ultimately be paid or repaid to governments, but with delays to provide cash-flow support to businesses, individuals or municipalities. In the long run, these liquidity measures would have little or no direct impact on government expenditures or revenues. Some programs contain both a liquidity component, such as a loan, but also a direct measure, the forgiveness component for that loan if certain conditions are met. The Canada Emergency Business Account (CEBA) takes such a form in that it acts as a loan, but 25% of its value may be forgiven if certain conditions are met.

See Appendix A for a more detailed explanation of methodology.

# Overview of COVID-19 measures

IN ADDITION TO specific measures, several provinces have created unallocated funds related to COVID-19. These are a type of contingency fund that may be used in the future for direct measures, but for which there are no committed plans. These funds impact government expenditures and, therefore, government deficits. However, these accounting structures can be eliminated with the stroke of a pen, thereby reducing the deficit. As no details are available on how these funds will be spent, they are excluded from this detailed analysis, although included in these first tables.

Six out of 10 provinces are maintaining some sort of unallocated contingency fund. P.E.I. has the largest number of unallocated funds. It started with a single \$65 million contingency fund, then allocated that fund down to 15 individual departments, some of which allocated those funds to actual programs, but most hadn't by December 31, 2020, leaving \$60 million unallocated. Ontario has, by far, the largest contingency funds, totalling over \$6.4 billion. Saskatchewan also has a very large contingency fund for its size, totalling \$1.4 billion, most of which is in unallocated infrastructure funds. Alberta sits in third place for the value of its COVID-19 contingency fund, at three quarters of a billion dollars. Without increasing their deficits, these provinces have substantial unused resources to combat the health and economic impacts of COVID-19.

**TABLE 2** Unallocated funds by province

	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
Count of funds	1	15	-	-	1	3	-	2	1	-
Value of funds (\$mil)	\$82	\$60	-	-	\$300	\$6,415	-	\$1,436	\$750	-

**Source** Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

This initial count of programs and spending overstates the actual number of measures and monetary support, as it double counts provincial programs that are allocating or cost-matching federal ones. However, the provincial totals align better with the amounts the provinces are using in their communications, which can downplay the federal allocations and cast them as their own new initiative.

Across all the measures, almost \$600 billion has been announced to address the COVID-19 pandemic from both federal and provincial governments. Most of that funding supports direct measures, not liquidity or unallocated funds. Unallocated COVID-19 funds are an exclusively provincial phenomenon at this point. Federal interventions are far larger than the combined provincial response. Whether it's direct measures or liquidity measures, the federal government is providing dramatically more support. This is a role that the federal government should be playing in Canada's system of fiscal federalism. The federal government has a larger tax base, cheaper access to debt and control over the monetary system. It can, and has, played an important role in providing the fiscal firepower to overcome the economic and health effects of COVID-19.

In order to properly understand federal and provincial spending, we need to disentangle federal transfers to the provinces from COVID-related measures made possible by exclusively provincial funds. The transfer category is claimed in both federal and provincial budgets, although the money ultimately comes from the federal government. The federal government budgeted \$343 billion in direct expenditures between 2019-20 and 2021-22. Of that, \$24 billion is transferred to the provinces. Most of this is through the Safe Restart agreements, the Safe Return to Class fund and several cost-matching programs (a complete list is available in *Tables 5 and 6*).

The provincial government budgets also include the \$24 billion in their COVID-19 expenditures. Simply summing all the provincial government direct measures will yield a total of \$55 billion (\$24.1 billion + \$30.7 billion). However, this double counts the federal transfers of \$24 billion. Once those

**TABLE 3** Totals of COVID-19 measures (\$mil)

	Federal	Federal transfer to province	Net Provincial	Total
Direct	\$318,692	\$24,098	\$30,759	\$373,549
Liquidity	\$169,831	-	\$38,357	\$208,188
Unallocated	-	-	\$9,043	\$9,043
Total	\$488,524	\$24,098	\$78,158	\$590,779

**Source** Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

federal transfers are removed, the net new provincial spending is \$30.7 billion, as shown in *Table 3*. Of the \$374 billion in direct spending by all levels of government, only \$31 billion is provincial and \$343 billion is federal. In other words, of all direct COVID-19 measures, 8% is coming from the provincial governments and 92% of that money is federal.

Throughout the rest of this analysis, expenditure amounts will be disaggregated into federally directed measures, federal transfers to the provinces and net provincial costs (after removing federal transfers).

# Direct measures by type

IN ORDER TO better determine the differences in provincial contributions to the COVID-19 effort, measures are disaggregated into seven broad types.

**Business support:** This is the largest category of support. Like the individual supports, the federal business support programs dwarfed provincial government programs. Federally, the biggest programs were the Canada Emergency Wage Subsidy (CEWS) and the CEBA. The CECRA for commercial rent forgiveness, which was cost shared with the provinces, played a much smaller role and was undersubscribed. Looking at provincial supports alone, the provinces contributed more to business support than they did to individual support.

**Individual support:** This category includes direct transfers to people, wage boosts or a reduction in amounts owed to government. Federally, the main individual measures are the CERB and its replacement programs: EI and the Canada Recovery programs. The scale of these programs dwarfed all provincial individual COVID-19 supports. Announcements in the federal fall 2020 fiscal update included two new transfers to the provinces meant for individuals: a \$420 million early childhood educator attraction and retention fund as well as a \$1.5 billion job training fund for workers in hard-hit sectors. These are transfers and, as such, the provinces can receive more money than they spend.

**Health:** The Safe Restart agreements for health with the provinces were simple cash transfers requiring no provincial cost matching. As there is no cost matching, provinces could have received more in transfers from the federal government than they actually have plans to spend. There are several related health Safe Restart streams that are grouped in this report, as it is often difficult to determine how provinces will account for spending, given the overlaps:

1. Safe Restart—Testing, contact tracing and data management
2. Safe Restart—Health care system capacity
3. Safe Restart—PPE
4. Safe Restart—Vulnerable populations
5. Safe Long-term care fund
6. COVID-19 Response Fund

The vulnerable populations stream could be used beyond supporting health, but in most provinces, the bulk was spent on long-term care.

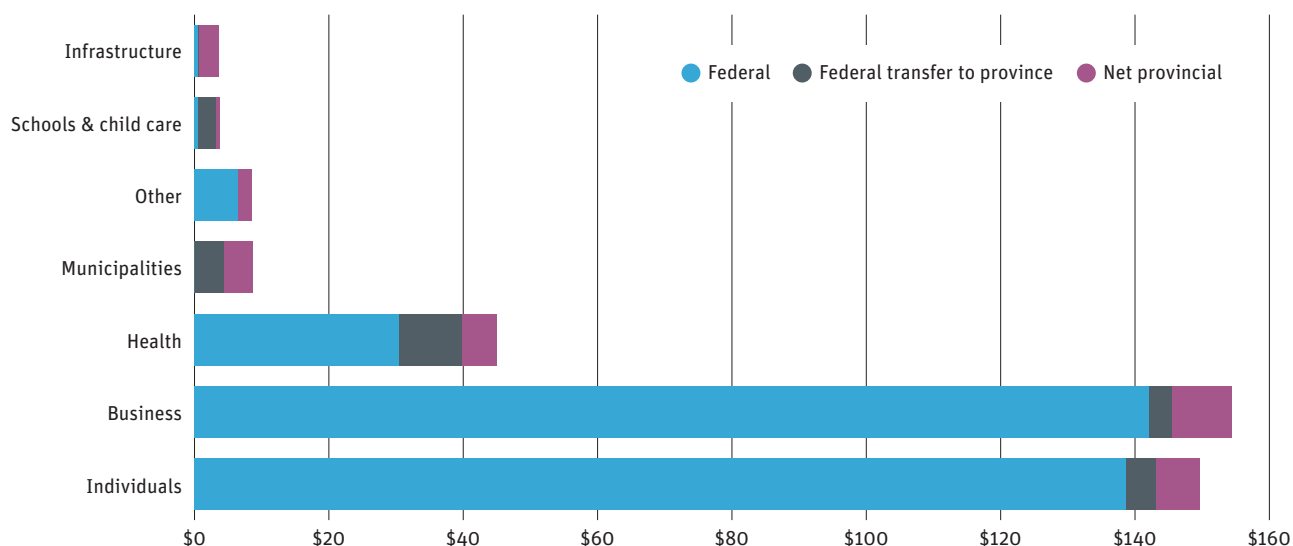
**Municipalities:** Municipalities have been hard-hit by this pandemic, with user fees and transit fares plummeting. One of the Safe Restart agreement streams was to support municipal operating and transit budgets. This portion of the agreements was purportedly cost-shared 50-50 with the provinces, up to the federal cap. In the larger provinces, funding was matched by the provinces (with the exception of Quebec), and some provinces provided more than the federal cap and, therefore, exceeding 50% of contributions. The municipalities category does not include infrastructure spending administered by cities that are unrelated to supporting operating budgets.

**Child care and K-12 schools:** The federal contribution in this category is exclusively transfers to the provinces through the child care stream of the Safe Restart agreements and the Safe Return to Class fund. Since these are straight transfers, not requiring any cost matching, provinces could have received more than they plan to spend in these areas.

**Infrastructure:** Infrastructure spending to stimulate growth is the one area in which several provincial governments outspent the federal government. This is partly due to how few federal government COVID-19 programs are directly related to infrastructure. The biggest expenditure is the \$1 billion Rapid Housing Initiative. Half of that expenditure was transferred directly



**FIGURE 1** Direct measures by type (\$bil)



**Source** Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

to large cities and half were used to purchase existing housing, like hotels, to rapidly convert to emergency housing.<sup>1</sup>

**Other:** These measures often support worker retraining, community organizations and vulnerable populations beyond long-term care. These measures include supporting food banks, shelters, those with developmental disabilities, the homeless, those attempting to flee domestic violence, etc. Aid for post-secondary students, arts and culture organizations, along with government adaptation to COVID-19 through online services are also included in this category.

In the aggregate, direct measures supporting individuals and businesses overshadow expenditures in any other categories, as shown in *Figure 1*. Almost all of the money provided directly to individuals or businesses is federal. Individuals and businesses receiving government support are only receiving 4% and 6%, respectively, of those funds from provincial governments. See *Figure 2*.

The largest federal programs were for businesses, individuals and health. The Canada Emergency Wage Subsidy (CEWS) paid to businesses is scheduled to cost \$100 billion. The Canada Emergency Response Benefit (CERB)—\$83 billion paid to individuals—was the second largest COVID-19 program. The Canada Emergency Business Account (CEBA), the forgiveness

**TABLE 4** Largest direct support measures

Measures	Total Federal cost (\$mil)	Type	Target
Canada Emergency Wage Subsidy (CEWS)	99,765	Spending	Business
Canada Emergency Response Benefit (CERB)	83,033	Spending	Individuals
Canada Emergency Business Account (CEBA)—forgiveness	14,558	Spending	Business
National Medical Research and Vaccine Development	14,050	Spending	Health
Fiscal impact of business credit availability programs (BCAP)	11,044	Revenue	Business
Canada Recovery Benefit (CRB)	9,725	Spending	Individuals
Changes to Employment Insurance (EI)	9,500	Spending	Individuals
Canada Recovery Caregiver Benefit (CRCB)	9,422	Spending	Individuals
Enhanced GST Credit	5,515	Spending	Individuals
PPE and medical equipment (essential workers, procurement, warehousing and GST/HST exemption)	5,352	Spending	Health

**Source** Federal government estimates of COVID-19 direct measures.

portion, is scheduled to cost \$14.6 billion and targets businesses, as do the business credit availability programs.

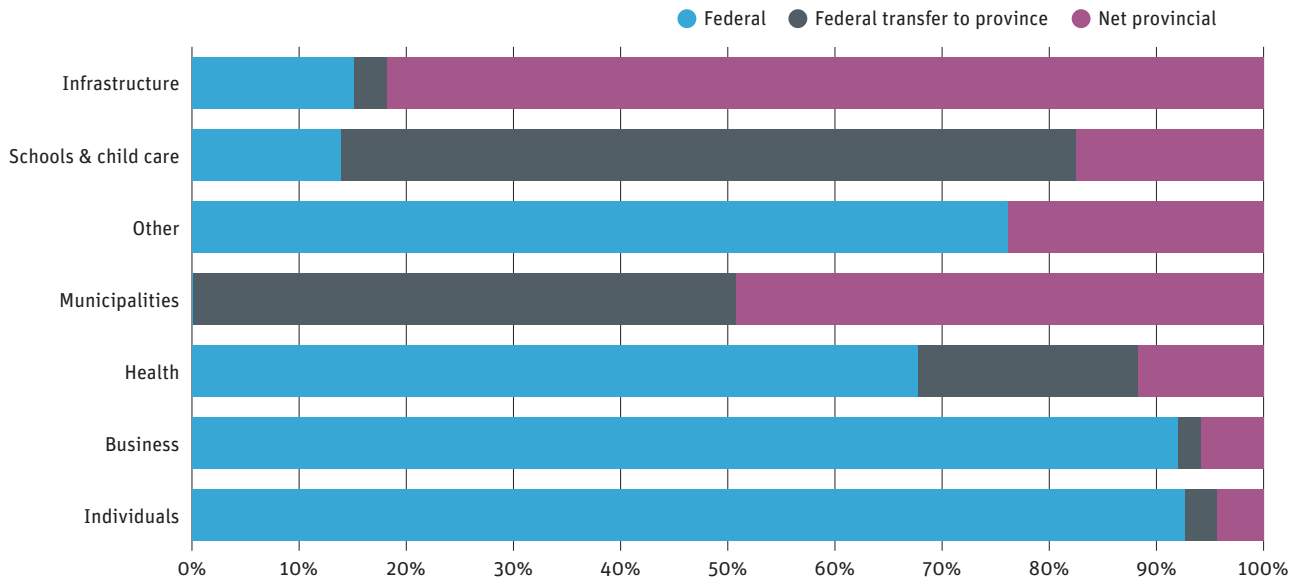
Further down the top 10 list are: the follow-up to CERB, notably the changes to EI, the Canada Recovery Benefit for self-employed workers and the Canada Recovery Caregiver Benefit for workers staying off work due to COVID-19.

There are provincial government programs that provide direct support for either individuals or businesses, but not at the federal scale. When it comes to provincial support for individuals, they are generally one-time transfers for particular types of people. Prior to the full implementation of CERB there were early supports for those who were laid off, but some provinces also made payments to certain types of people, such as parents in Ontario or the Recovery Benefit for middle- and lower-income families in B.C.—these are not ongoing monthly supports.

Provincial business support programs also exist, but, again, not at the same scale as the federal programs. These provincial supports are sometimes just provincially rebranded federal programs, as is the case of the Canada Emergency Commercial Rent Assistance (CECRA), where three quarters of the cost went on the federal government tab. Other provincial business measures include re-opening grants for closed businesses and PPE in those businesses.

Health care is the next largest category, although smaller than for individuals or businesses in terms of support. The health category includes

**FIGURE 2** Direct measures by type (proportional contributions federal/provincial)



Source Provincial and federal government estimates of COVID-19 direct measures.

traditional direct health care costs, such as hospitals, doctors and nurses, but, also, long-term care, personal protective equipment (PPE), COVID-19 testing, contact tracing and mental health. Health care is under provincial jurisdiction, yet only 12% of COVID-19 health care spending has ultimately come from provincial coffers—88% of these expenditures are federal. The federal government is spending \$40 billion on its own and \$31 billion represents federal government spending on PPE, vaccines, testing and contact tracing. Another \$9 billion went to the provinces through the health streams of the Safe Restart agreements. The provinces are spending \$5 billion of their own money, although their relative contribution differs substantially depending on the province.

The fourth largest category is support for municipal operating budgets and transit, worth \$9 billion. This is nominally a 50-50 cost-shared program through the Safe Restart agreements. While the larger provinces are mostly abiding by the cost-sharing breakdown, several of the smaller provinces have not matched federal funds yet will be receiving those federal funds in any event (as shown in *Table 5*).

There is a broad “other” category, worth \$8 billion. These projects are one-quarter provincially funded and three-quarters federally funded. Whether federal, provincial or cost matched, these programs support worker

re-training, arts, culture and heritage organizations, academic research, vulnerable groups (including food banks, the homeless, shelters and non-profits serving these groups), as well as Indigenous supports.

While K-12 education and child care are provincial responsibilities, the COVID-19 measures for these sectors are primarily federally funded. Only 17% of funds for these sectors is on the provincial tab. Almost all the money spent in these areas is from the federal Safe Restart stream for child care or the Safe Return to School transfer for K-12 school re-openings.

Accelerating infrastructure construction to stimulate growth is the final COVID-19 category, worth \$3.6 billion. Unlike the other categories examined, this one is mostly provincially funded, with 80% of funds coming from the provinces. The federal contribution to infrastructure was more limited than in other categories, providing less support for the provinces. The main area of support from the federal government has been the \$500 million fund to buy hotels and motels for rapid emergency housing. Only B.C. has concrete plans to buy hotels, although Saskatchewan may also use this fund for a small program to better house correctional inmates. The federal government also created a Canada Infrastructure Program—COVID-19 Resilience Stream.<sup>2</sup> This allows provinces to access an 80% federal-20% provincial funding split for rapidly implementable infrastructure programs. However, since the money was already part of the bigger 12-year Canada Infrastructure Program announced years before 2020, there was no new federal fiscal cost due to COVID-19.

# Progress in spending federal funds

THE FEDERAL GOVERNMENT has transferred substantial amounts to the provinces to spend where they think best. These transfers have come in various streams meant for particular purposes. For some of these streams, the provinces are expected to account for the funds after the fact; for others, they have to apply and provide detailed plans for how they'll spend the federal dollars before the cheque is written. The Safe Restart agreements and the Safe Return to Class fund typify the first approach, where funds were simply transferred to the provinces with broad guidelines on how the money is to be spent. The provinces would provide a full accounting of how they spent the money within those guidelines after the fact. The Safe Long-term Care fund, announced in the 2020 fall federal economic and fiscal update, typifies the application-based approach, in which the provinces send in detailed plans and then the federal government funds them.

In the first instance of straight transfers, a province can receive more from the federal government than it actually has plans to spend. It may be that plans are still being formulated or haven't yet been made public. In any event, provinces still have federal money to spend in those areas. *Table 5* estimates how much provinces have left to spend in federal COVID-19 transfers.

Health care is collapsed into four Safe Restart streams of testing, contact tracing and data management, PPE for health and non-health workers, health care system capacity and vulnerable populations, as well as the COVID-19

**TABLE 5** Unspent federal COVID-19 transfers by province (\$mil)

	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
Safe Restart—testing, PPE, Health, LTC	\$15.1	\$4.3	-	\$5.9	-	-	-	-	-	-
Safe Restart—Municipalities (operating and transit budgets)	-	No cost matching	Incomplete matching	No cost matching	Incomplete matching	-	No cost matching	No cost matching	-	-
Safe Restart—Child care	-	-	-	-	-	-	-	\$18.6	-	-
Safe Return to Class Fund	-	-	\$6.6	-	\$220.2	-	-	-	-	-
Supporting the Early Childhood Educator Workforce	\$5.8	\$1.8	\$10.8	\$8.6	\$94.8	\$162.8	\$15.2	\$13.0	\$48.9	\$56.9
Job training fund for workers in hard hit sectors	\$19.0	-	\$1.7	-	-	\$316.7	\$47.0	\$42.0	\$185.0	\$102.4

**Source** Provincial and federal government estimates of COVID-19 direct measures.

response fund from March 2020. It is often difficult to disentangle which provincial program might fall under which federal stream. Three out of 10 provinces haven't fully spent their federal COVID-19 health transfers. These Atlantic provinces still have unspent federal money through these streams. They do have programs in these areas, but the total value of their plans is less than what they've received from the federal government.

All of the provinces have committed to passing on federal money to support municipal operating and transit budgets. However, the stipulation for the federal money was that the provinces would match it. Six out of 10 provinces either didn't match it at all or didn't match it 50-50, as stipulated. Despite the matching requirement, the federal government transferred its side anyway.

Saskatchewan has yet to fully allocate the federal funds it has received for child care. For its part, Quebec has allocated few federal funds that it has received to help K-12 schools safely restart. Nova Scotia has held back almost \$7 million of its federal funds for K-12 classes.<sup>3</sup>

In the fall 2020 federal economic and fiscal update, the federal government introduced two new transfers, one to help with early childhood educator training and one to retrain workers in hard-hit industries. Since these funds are new; few provinces have concrete plans to spend the money. Quebec and Ontario both had some retraining plans, which would likely fit into this category. New Brunswick and P.E.I. have recorded that they will spend the money, but the plans are not yet set. No province has concrete plans for the early learning and child care training funds.

**TABLE 6** Federal money not fully accessed by province (\$mil)

	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
Essential Workers Wage Top-up	-	-	\$6.4	\$30.0	-	-	\$10.5	\$49.4	\$335.8	\$29.8
Safe Long-term Care Fund	\$13.9	\$1.1	-	\$19.7	-	-	\$31.6	\$31.3	\$51.7	-
Rapid Housing Initiative—Project Stream (Purchase of hotels, motels and modular housing)	\$6.4	\$2.0	\$12.0	\$9.6	\$105.3	\$181.0	\$16.9	\$11.5	\$54.3	-

**Source** Provincial and federal government estimates of COVID-19 direct measures.

Several of the federal programs for provinces are application-based, where the provinces must submit detailed plans for how they'd spend the money in order to receive funding. This avoids the issue of a province having unspent funds, but provinces can easily leave money on the table if they don't have the plans ready to apply. *Table 6* shows how much more provinces could get in various funds if they applied for them.

The essential worker wage top-up was meant to raise wages for essential workers at the start of the pandemic, although the federal government has subsequently allowed provinces to use it to raise wages for low-paid health care workers, generally. The top-up has to be matched 25% provincial-75% federal. In other words, in order to access additional funds, the provinces would have to put up a third of what is shown in *Table 6*. Six out of 10 provinces could access more funds to raise wages for low-paid essential workers but didn't. Alberta has, by far, the highest amount left on the table as it accessed almost nothing from this program. Proportionally Saskatchewan isn't far behind.

In the November federal economic and fiscal update, the federal government introduced a new Safe Long-term Care Fund which was meant to cover additional long-term care expenses if all of the funds from the Safe-Restart-vulnerable populations stream had been used. Six of the 10 provinces didn't have enough additional long-term care expenses or plans to fully utilize these federal funds. Unlike the wage top-up, this fund doesn't require any provincial matching; it simply requires plans that could be submitted for federal funding.

In the fall, the federal government introduced the Rapid Housing Initiative, a portion of which provided funds to buy hotels, motels and other modular housing to rapidly house people. This fund wasn't allocated on a per-capita basis and, as such, a prepared province could receive more of the fund than its relative population. B.C. was such a province, with a \$111 million

plan ready to go. Saskatchewan might also benefit from a minor modular housing purchase for prisons. If the left over funds are simply allocated by population, you see the figures in *Table 6*, although provinces with readily detailed plans could receive more. Cities, First Nations governments and non-profits can also apply. Applications for this program had to be received by Dec 31, 2020.<sup>4</sup>



# Breakdown of funding by province

NO MATTER THE province, federal money makes up between 84% and 99% of all government COVID-19 direct spending. However, that means the provinces are contributing to the effort over and above the substantial federal commitments.

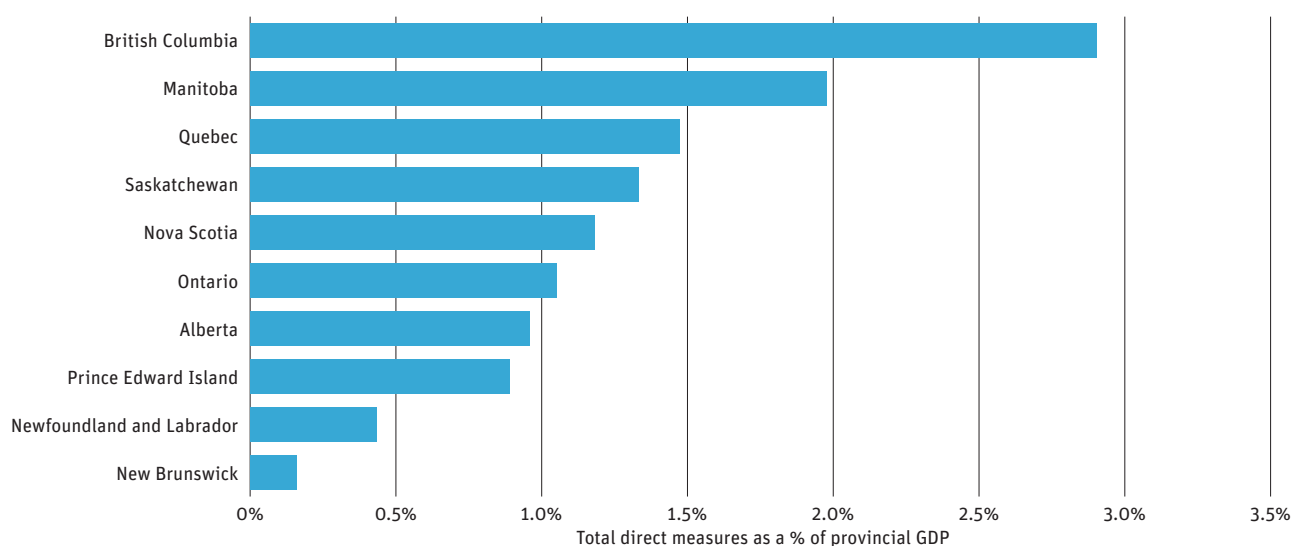
In order to compare provincial commitments, despite large differences in provincial size, net provincial contributions are adjusted for the 2019 provincial GDP, to reflect the capacity of each province to spend to combat the impacts of COVID-19.

By far, the largest net provincial contribution is coming from the government of British Columbia, driven by individual and business supports. It has committed almost 3% of its 2019 GDP to the effort. Manitoba comes in a distant second, with a 2% of GDP contribution—mostly driven by general infrastructure investments, huge PPE investment and large business supports.

Quebec is next, spending 1.5% of its GDP—about half of B.C.’s net contribution to COVID-19 measures. The other large provinces, Ontario and Alberta, are planning to spend roughly 1% of GDP on COVID-19 measures—about  $\frac{1}{3}$  of B.C.’s effort.

The lowest provincial government contributions are found in the Maritimes. The government of New Brunswick has not yet committed all of the federal funds it received for health care. It also appears to have been exempted from the requirement that it match federal funds in support of

**FIGURE 3** Direct measures by province (as % of provincial 2019 GDP)



**Source** Provincial and federal government estimates of COVID-19 direct measures, Statistics Canada table 36-10-0222-01. See appendix for full source list.

municipal operating and transit budgets. A similar situation is playing out across several of the Atlantic provinces.

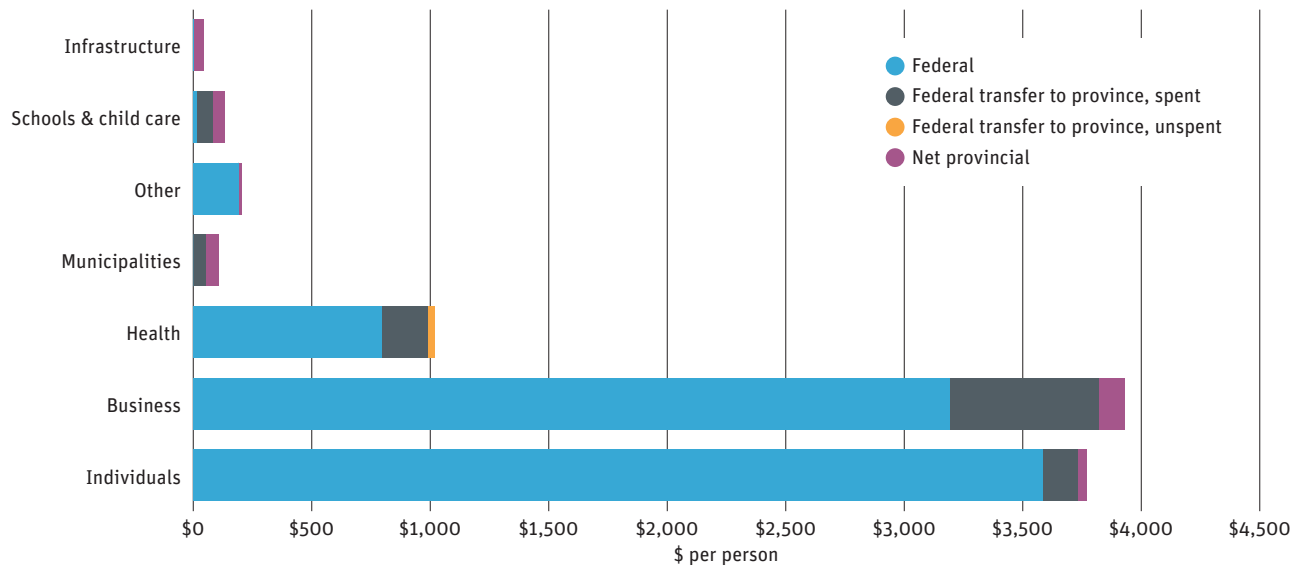
Comparison of federal expenditures in each province on a GDP-adjusted basis is not the fairest approach, since much of the federal money is allocated on a per capita basis. If federal expenditures were compared on a provincial GDP basis, it would appear that Albertans got less and Nova Scotians got more, but this is simply because the GDP, per person, is much higher in Alberta than in Nova Scotia. For the rest of this report, the figures are simply put on a per-capita basis for analysis.

## Newfoundland and Labrador

The total COVID-19 response in Newfoundland and Labrador is planned to cost \$9,180 per person, or \$4.8 billion dollars—97% of which is federal money.

The biggest category of support in this province is for businesses, which receive \$3,900 a person. This is primarily the result of the federal CEWS and CEBA loan forgiveness programs, as with other provinces. The province's businesses also receive support through a dedicated federal transfer for its offshore oil industry. The provincial business support is limited to matching federal CECRA funds, small business grants and aid for the tourism sector.

**FIGURE 4** Direct measures in Newfoundland and Labrador by type



Source Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

The total value of individual supports is \$3,800 per person. This is essentially all federal money, through the CERB and its replacements. The province is providing a renovation incentive to homeowners, which represents its largest support to individuals. There was also limited take up of the essential worker wage top-up for low-wage workers, for which the province pays 25%.

On the health care front, governments are providing \$990 a person in this province. However, Newfoundland and Labrador doesn't yet have plans to fully spend the federal COVID-19 health transfers. It's worth noting that Newfoundland and Labrador budgeting transparency on health care is poor.

Newfoundland and Labrador is matching federal contributions to municipal operating budgets, even though the federal government didn't require matching on its transit support—the only time the feds gave a province an explicit pass on operational cost matching in the text of the Safe Restart agreements. Of the \$134 a person spent on child care and K-12 COVID-19 measures, most is federal money transferred to the province. Newfoundland and Labrador is planning little infrastructure spending outside of a communities stimulus program.<sup>5</sup>

## Prince Edward Island

Just over \$8,700 a person is planned for P.E.I., with 95% coming from the federal government and 5% from the province.

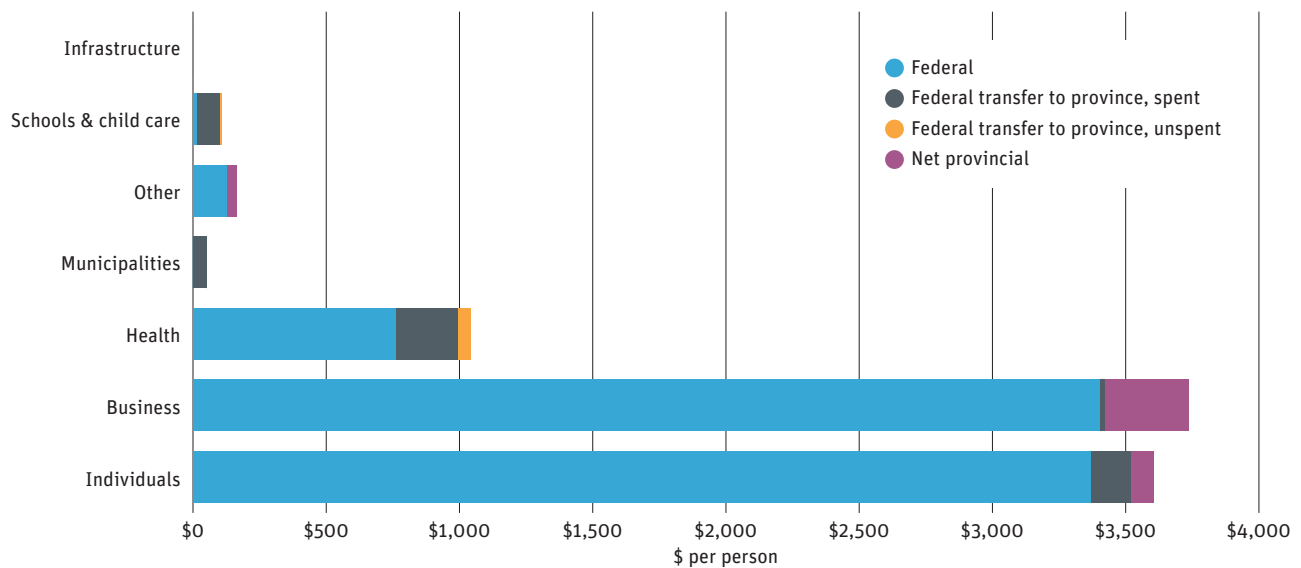
Businesses are receiving the most support of any category, worth almost \$3,700 a person. As with other provinces, most of this support is federal money, through the CEWS and CEBA. P.E.I. businesses will likely gain more than other provinces from federal support for fish harvesters. The province also offers relatively large business supports for tourism and fisheries from its own resources.

Individual supports in P.E.I. total \$3,600 a person, with almost all coming from the federal government. As with other provinces, the CERB and its replacements make up most of the transfers to individuals. The individual supports covered by provincial funds are a lump sum payment for those affected by COVID-19 and a transfer to parents with children in child care.

Health spending for COVID-19, worth \$1,000 a person, is all federal money. In fact, the province doesn't have concrete plans to fully spend its federal allotment—\$4.3 million of federal funds that were transferred remained unspent as of December 31, 2020.

Nominally, the Safe Restart money for municipal operating and transit budgets was meant to be cost-matched by the province, so that each contrib-

**FIGURE 5** Direct measures in Prince Edward Island by type



**Source** Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

uted 50% of the sum. P.E.I. is not matching the federal support, although it is passing the federal support along to the cities. Therefore, all of the support for municipal operating and transit budgets in the province is federal money.

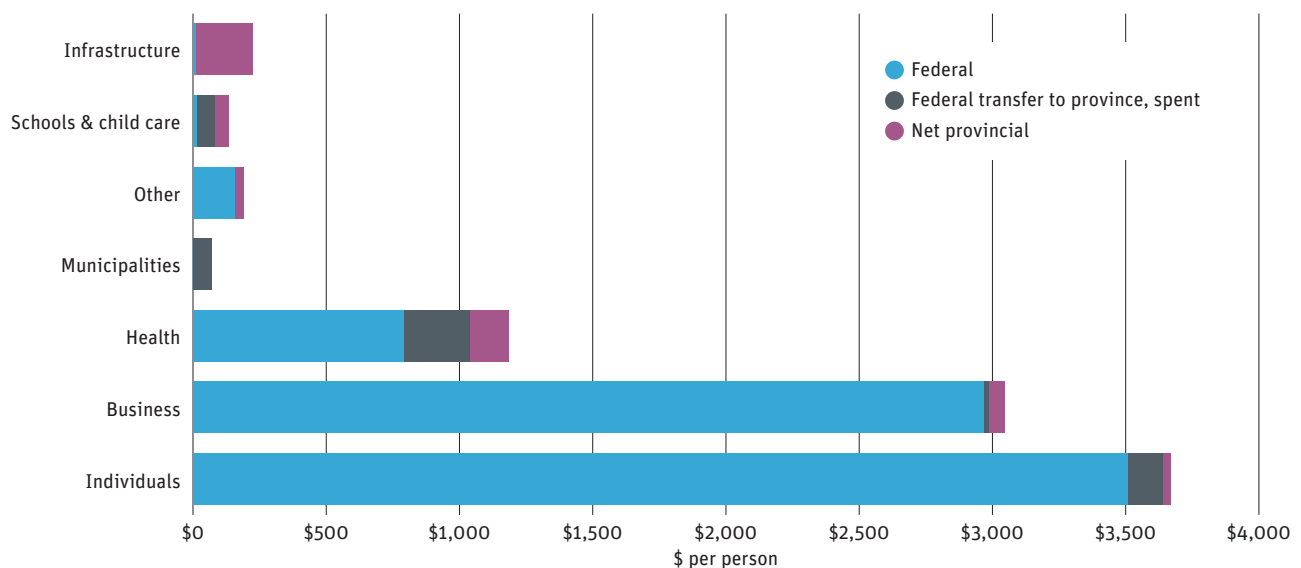
P.E.I. has little in new infrastructure spending and its spending on schools and child care is not much more than what the federal government transferred.

## Nova Scotia

In Nova Scotia, \$8,500 a person is being spent on direct COVID-19 measures—94% of that spending is ultimately coming from the federal government, with 6% from the province.

Support for individuals represents the largest category in Nova Scotia, amounting to the equivalent of \$3,700 a person. The province is providing almost no net support to individuals. As elsewhere, the federal support is from the CERB and its replacements, supporting Nova Scotians who’ve lost work due to the pandemic. The province is scheduled to receive more in transfers to support individuals than they plan to spend. The new federal labour retraining fund and the childhood educators fund will likely support individuals and are booked into the most recent N.S. financial document,

**FIGURE 6** Direct measures in Nova Scotia by type



Source Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

but the precise plans on how to spend those federal dollars don't look as if they've been developed yet.

Businesses receive the second highest level of support. This is predominantly federal money through the CEWS and CEBA. The province's businesses will also disproportionately benefit from support for fish harvesters. The province is providing limited additional programs beyond matching federal funding on federal business supports.

As with several other smaller provinces, Nova Scotia has not matched the federal transfer for municipal operating and transit budgets. The province is passing the federal funds to cities but not matching the federal dollars as required in the Safe Restart agreement.

The infrastructure investments of \$220 a person in Nova Scotia is higher than the other Atlantic provinces, due to larger provincial spending in this area. There is little federal support for infrastructure in the province. Despite a large commitment in this area, details are not forthcoming about how this money will be spent, with those tracking the spending being forced to dig through government websites yet still coming up short.<sup>6</sup>

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## **New Brunswick**

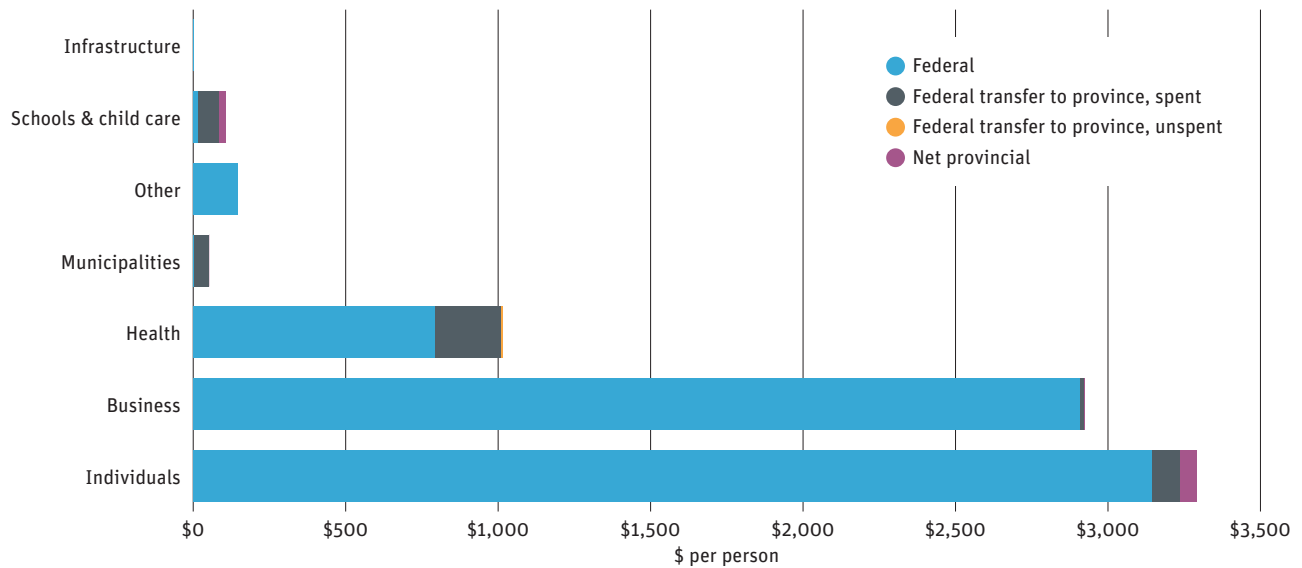
Spending on direct COVID-19 measures in New Brunswick totals \$7,500 a person—99% of which comes from the federal government and 1% comes from the provincial government.

Individuals represent the largest support category for New Brunswickers, receiving the equivalent of \$3,300 a person. This is almost entirely federal money, through the CERB program and its replacements for jobless workers. The province provided its 25% for the essential worker wage top-up and provided its own emergency workers' benefit, but little beyond those programs for individuals.

Businesses received the second highest level of support, worth the equivalent of \$2,900 a person; essentially all from the federal government through its CEWS and CEBA programs. The province has provided little additional business funding above matching federal money for the CECRA.

In the health category, the province doesn't yet have plans to fully spend the federal transfers. There remains \$5.9 million in unallocated federal funds through a provincial health care, PPE, testing or long-term care program.

**FIGURE 7** Direct measures in New Brunswick by type



Source Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

As with other smaller provinces, New Brunswick doesn't appear to be planning to match the federal supports for municipal operating and transit budgets. All of the money in this category is, therefore, federal.

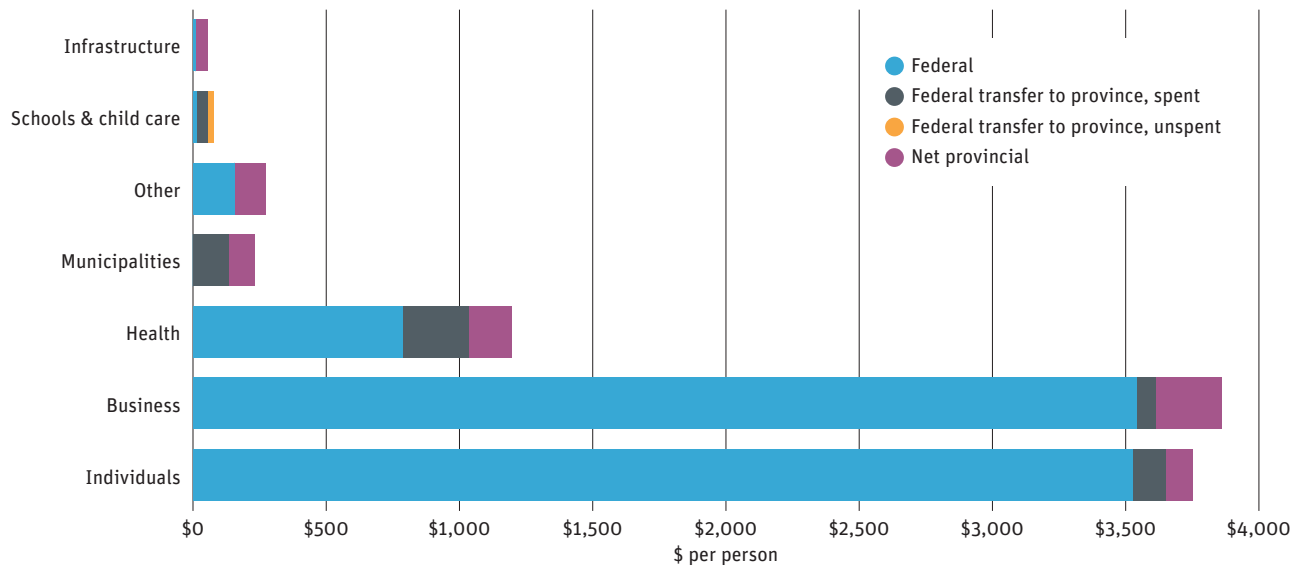
Of the \$110 a person planned for schools and child care, the New Brunswick government will have spent \$20 a person, after subtracting the federal transfers. The province has no substantive infrastructure plans.

## Quebec

COVID-19 spending in Quebec amounts to \$9,400 a person, with 92% of that coming from the federal government and the remaining 8% coming from the province.

Business support is the largest category, amounting to \$3,900 a person. The federal government provides most of this support through its CEWS and CEBA programs, although the provincial government has a relatively large set of business supports through its PACTE and PAUME loan programs, with forgivable amounts, in addition to several sectoral support funds. Of the \$3,900 a person spent on business supports, \$250 comes from the provincial government.

**FIGURE 8** Direct measures in Quebec by type



**Source** Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

Individual supports are slightly smaller than business supports, costing the equivalent of \$3,750 a person. The province provides less net support here than on the business side. Of that \$3,750, the province provides \$100 a person. The main federal individual supports are the CERB and its replacements. The provincial spending is generally around several wage top-up and worker retraining programs, although these expenditures also have a large federal transfer component.

Health supports for Quebecers amount to \$1,200 per person, \$160 of which is net provincial money. This excludes a \$300-million reserve for prospective health care needs, as all contingency funds are excluded in this analysis.

The province has mostly matched federal funding to support municipal operating and transit budgets, but it still didn't totally match it 50-50. The province has a small set of infrastructure investments. Its primary infrastructure project is expediting \$2.9 billion in infrastructure spending that was already booked. There is a small fiscal cost to funding these projects sooner, but new investment is only \$218 million over two years.

When it comes to measures for child care and schools, Quebec has underspent what it has already received from the federal government in transfers. Despite massively outspending the other provinces on child care supports, generally for its \$8.35 a day child care program, it doesn't have



plans to fully spend the money it has received from the K-12 safe return to class funding—\$220 million remain unspent.

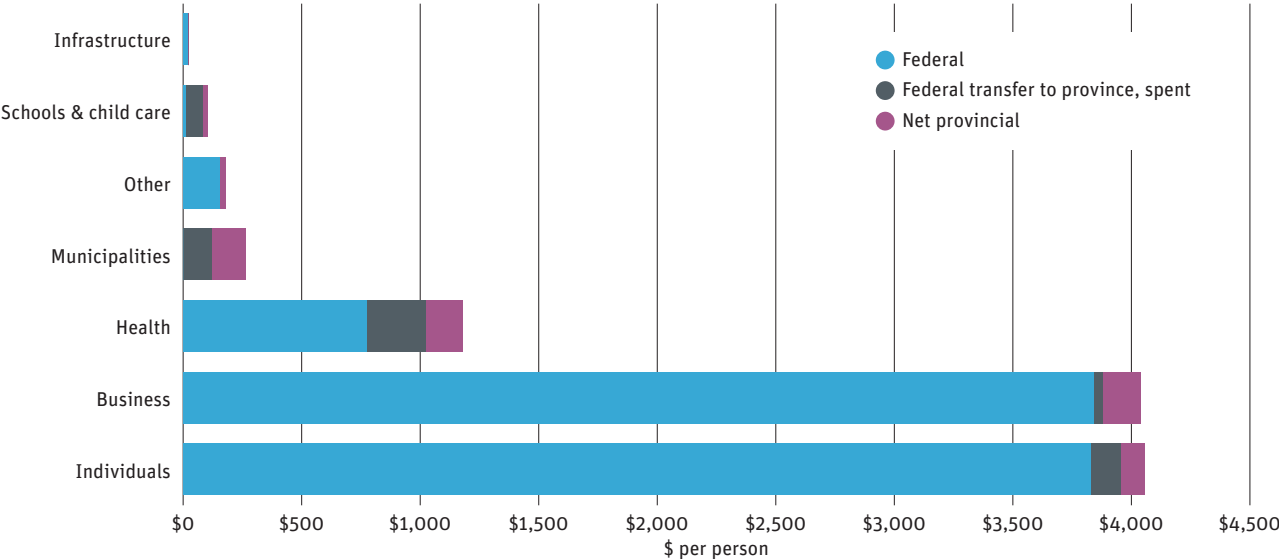
## Ontario

In Canada’s biggest province, the equivalent of \$9,800 a person will be spent on direct COVID-19 measures—94% of those dollars is federal and 6% is provincial.

The spending on business supports in the province is roughly equal to the spending on individuals, at just over \$4,000 a person. As in other provinces, federal spending dominates business supports in Ontario, through both the CEWS and CEBA programs. The larger provincial business supports involve cuts to the education property tax and the employer health tax.

Individual supports are also dominated by federal spending, particularly on the CERB and its replacements. Ontario disproportionately benefits from federal changes to Canada student grants and loans programs, given the higher concentration of students in the province. The larger provincial support for individuals comes mostly in the form of wage improvements for front-line essential workers in the summer and again in the fall, although this was partially offset by federal transfers for that purpose. Two direct

**FIGURE 9** Direct measures in Ontario by type



Source Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

payments of \$200 per child to parents also count towards the individual support category.

Ontario maintains two large unallocated contingency funds worth \$4 billion for the Pandemic Fund and \$2.02 billion for the Support for People, Jobs and Recovery Fund. As these aren't allocated, they aren't included in *Figure 9*. While unallocated contingency funds aren't unique, no province has such large ones.

Health care spending in Ontario is the equivalent of \$1,200 a person, with \$160 a person of that coming from the provincial government. A further \$598 million unallocated health contingency fund is also maintained. Again, as it's unallocated and excluded from *Figure 9*.

Ontario has matched federal funding for municipal operating and transit budgets, therefore making municipal support a 50-50 split.

Of the \$100 a person being spent on child care and school COVID-19 measures, \$20 a person comes from the provincial government. Much of the provincial spending in this area is simply federal transfers allocated for this purpose.

While the infrastructure amount is relatively small in Ontario, the federal government will outspend the province. The federal government has very limited infrastructure programs, the main one being the \$1 billion rapid housing initiative. Half of this fund transfers money directly to big cities to use for rapid emergency housing. Given the concentration of big cities in Ontario, it gains disproportionately from this measure.

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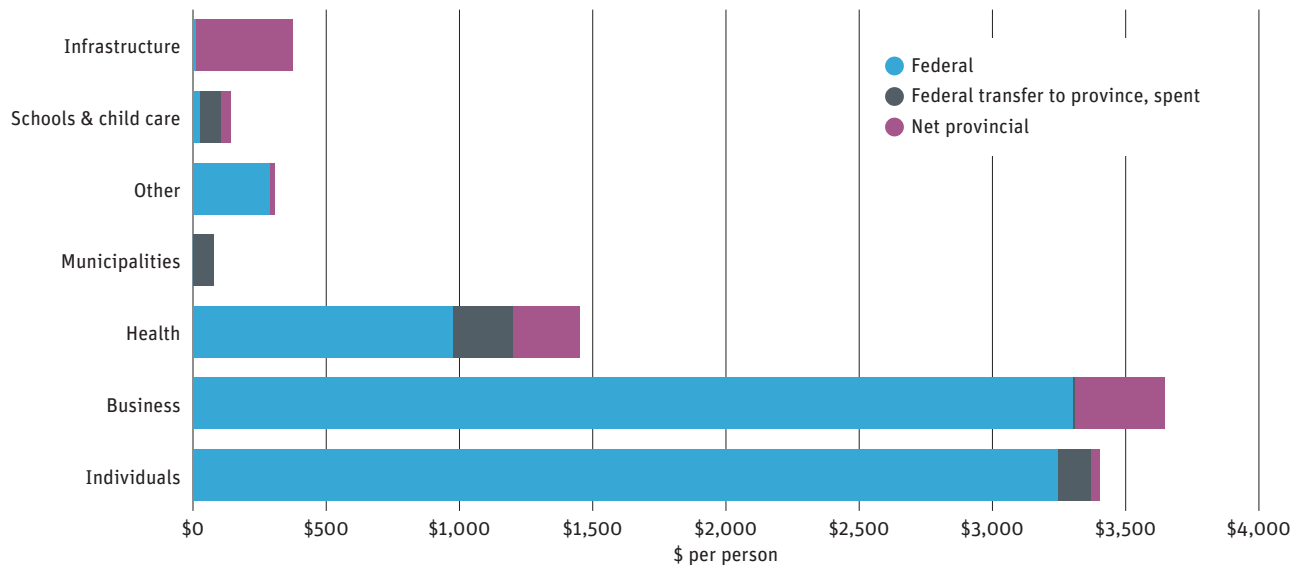
## Manitoba

The equivalent of \$9,400 a person worth of supports are in place in Manitoba. Of that total, \$8,400 a person is federal, with the provincial government making up the remaining 11%.

Supports for business make up the largest direct support category, providing the equivalent of \$3,600 a person. As elsewhere, most of the business support is federal, from the CEWS and CEBA. Federal support for Indigenous businesses disproportionately impact Manitoba, given its relatively large Indigenous population. The Manitoba Bridge Grant, recently created from unspent portions of other business programs from the summer, makes up the largest provincially sponsored business support.

Support for individuals amounts to \$3,400 a person in Manitoba—almost entirely federally funded. The federal supports of the CERB and its

**FIGURE 10** Direct measures in Manitoba by type



Source Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

replacements in EI and the CRB make up the bulk of the support. Manitoba did provide several supports for individuals, notably through its one-time cost-share portion of the essential workers top-up which Manitoba labelled the Risk Recognition Program, as well as a non-income tested \$200 transfer to seniors. However, the federal ECEC training fund and the retraining fund for hard-hit sectors, for which Manitoba doesn't have ready programming, largely offset the prior provincial individual programs.

Of the \$1,500 that is being spent in Manitoba, per person, on COVID-19 health measures, the province is providing 17% of that—the highest proportion of any province. This is largely due to a relatively massive investment in PPE and related purchases. Proper disaggregation of PPE expenses between cash and accrual outlays are opaque and ongoing. Future financial documents might produce more detailed COVID-19 health care cost figures.<sup>7</sup>

As with other smaller provinces, Manitoba is not matching the federal support for municipal operating and transit budgets, thereby making this funding 100% federal.

Of the \$140 a person devoted to COVID-19 measures in child care and schools, the province is ultimately only contributing 28%—the rest of the money is from federal transfers.

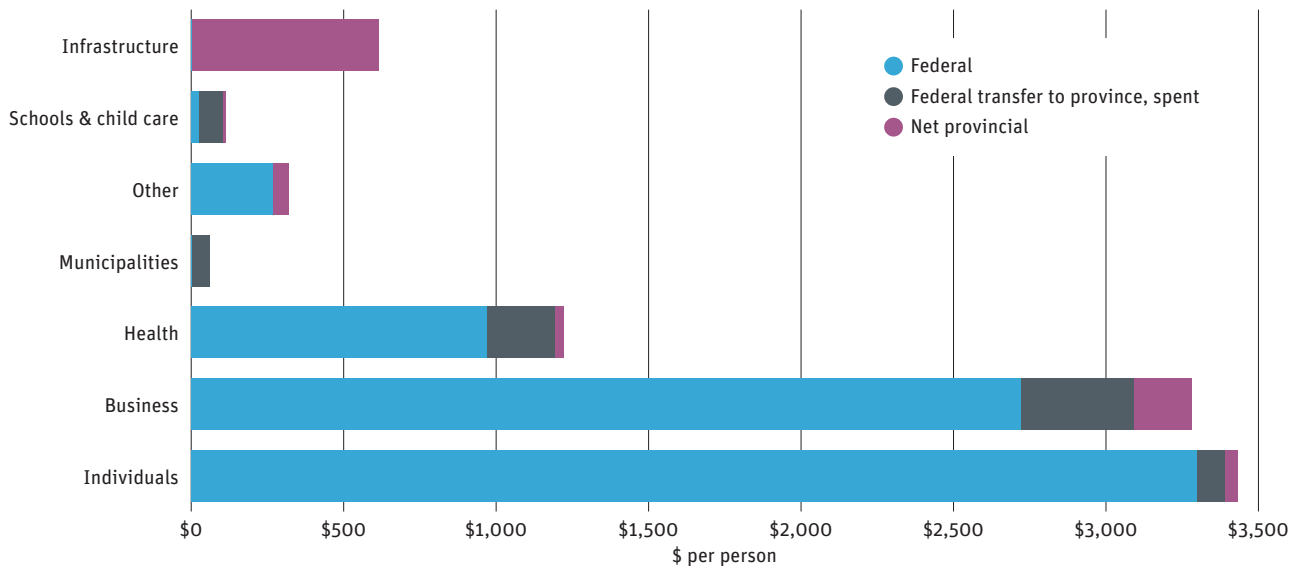
Manitoba has a notable COVID-19 infrastructure stimulus program, worth \$370 a person. The federal government’s rapid housing infrastructure spend provides almost nothing to Manitoba, as it only has one big city and no plans to buy existing buildings to convert to emergency housing. There are important accounting differences, though, between Manitoba and the federal government on infrastructure spending. Whereas the federal government has included no direct expense for moving its infrastructure money forward, Manitoba is booking a cost of \$230 million for its side of the cost sharing. In reality, there are substantial federal expenditures—they just aren’t booked as new COVID-19 expenditures.

## Saskatchewan

COVID-19 measures in Saskatchewan amount to \$9,000 a person; 90% of that spending is from the federal government and the remaining 10% is from the provincial government.

Transfers to individuals represent the largest type of support in Saskatchewan, amounting to \$3,400 a person. The federal government’s main transfers are the CERB and its replacements in EI and the CRB. The province’s own supports for individuals are very limited. The federal essential worker

**FIGURE 11** Direct measures in Saskatchewan by type



Source Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

wage top-up was meant to be cost shared 25% provincial and 75% federal up to the federal maximum. Saskatchewan appears to have only matched 5% of the total funding.<sup>8</sup> In addition, the province has only used up half of its available federal room (see *Table 6*), further reducing the potential support for low-paid essential workers.<sup>9</sup> The federal government has two new transfers for retraining for those in hard-hit sectors and education for early childhood educators. These transfers will likely support individuals, but Saskatchewan has no measures in place.

The second largest area of support is for business, amounting to \$3,300 a person in the province. Federal supports make up the bulk of business supports. The CEWS and CEBA play the largest role, however, Saskatchewan businesses will also benefit disproportionately from federal measures to support the agricultural sector as well as clean up former oil and gas wells. The provincial government contributes \$190 a person of the total \$3,300 for businesses. The primary provincial support is a cut to the small business tax rate. There are also sectoral and small business grants for businesses affected by COVID-19.

In Saskatchewan, \$1,200 a person is allocated to health care—98% of which is federal money and 2% of which is provincial health spending. The province does have an unallocated health contingency fund of \$160 million, however, unallocated funds aren't included in this report until concrete plans for the spending are made.

As with several other smaller provinces, Saskatchewan has not matched the federal supports for municipal operating and transit budgets, as was required in the Safe Restart agreements. The province argues that it already transfers money to the municipalities and that should count towards its cost-matching obligations. As such, all support that the municipalities will receive to combat the effects of COVID-19 is on the federal tab.

Of the \$120 a person devoted to COVID-19 adaptation in schools and child care centres in Saskatchewan, the provincial government is contributing 8% of funding, meaning the federal government is providing most of the money.

Finally, the Government of Saskatchewan does have a large infrastructure program to stimulate growth in the next two years. This amounts to \$620 a person, with almost no federal support, as federal infrastructure funding involves emergency housing and there will be little take up in Saskatchewan.

Beyond the infrastructure spending that is allocated in the provincial budget, an additional \$1.3 billion unallocated infrastructure fund is being maintained. This isn't included in *Figure 11*, since unallocated funds are

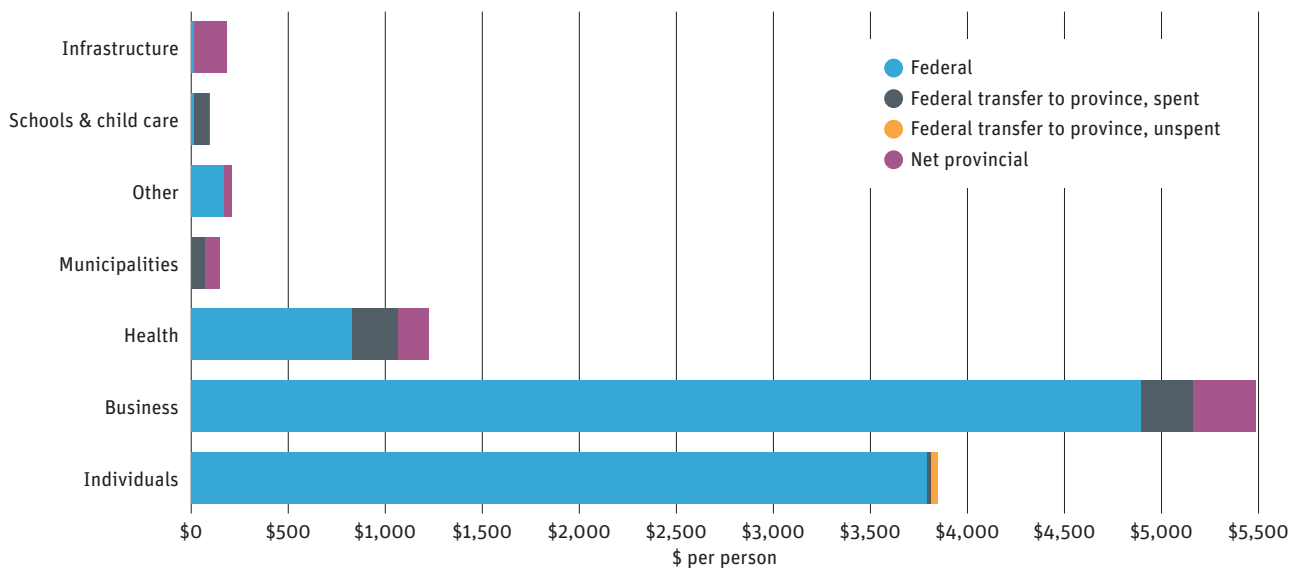
excluded in this analysis. This is in addition to \$724 million in stimulus infrastructure spending.

## Alberta

Albertans are receiving the highest level of per capita spending compared to any other province, worth \$11,200 a person—93% of which is from the federal government, either directly or through transfers to the province. The other 7% is net provincial money. Federal supports amount to \$10,400 a person in Alberta, the highest per capita federal support level of any province by a fair margin. Albertans actually receive \$1,200 more per person from the federal government than any other province.

Business supports represent the largest area of support in Alberta, amounting to \$5,500 for every Albertan. These supports are primarily federal in nature, driven by the CEWS and CEBA. However, the province’s businesses also benefit disproportionately from federal the oil and gas well cleanup fund as well as the emissions reduction fund for the oil and gas sector, something that should be shouldered by the industry. Provincially funded business measures are large compared to other provinces also and include

**FIGURE 12** Direct measures in Alberta by type



Source Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

investments in improved oil sands extraction, an accelerated corporate tax cut and reopening grants for small businesses.

Individual supports, worth \$3,800 a person, represent the second largest category of support, although they are entirely federal. The federal contribution is dominated by the CERB, CRB and EI changes. Despite early plans to take part in the federal essential worker wage top-up program, as evidenced in the initial COVID-19 plan,<sup>10</sup> the province hasn't meaningfully participated. Of the \$348 million available to it from the federal government to top up low-paid essential workers, the province has only accessed \$12 million.<sup>11</sup> Its only other program for individuals, to support those who are self-isolating, is relatively small. The province also has no ready plans for the two new federal transfers for worker retraining in hard-hit sectors and for more early childhood educator education. As such, the province is in a small net surplus in this category.

Alberta, like other large provinces, 50-50 cost-matched the federal contributions to municipal operating and transit budgets.

To adapt child care centres and schools to COVID-19, Alberta has mostly just spent the federal transfers meant for these areas. Net provincial spending amounted to only 8% of the \$100 total per capita spending.

The province does have a stimulative infrastructure plan, mostly for municipal building, and it has devoted funds for water/wastewater infrastructure in its cities. This is almost entirely provincial, with almost no infrastructure spending coming from the federal government, amounting to \$180 a person.

Despite the overwhelming federal support for the province, Alberta has the lowest debt and the lowest per capita amounts raised in taxes of any province. It receives the most, on a per capita basis, from the federal government but has spent among the least on a provincial GDP basis.

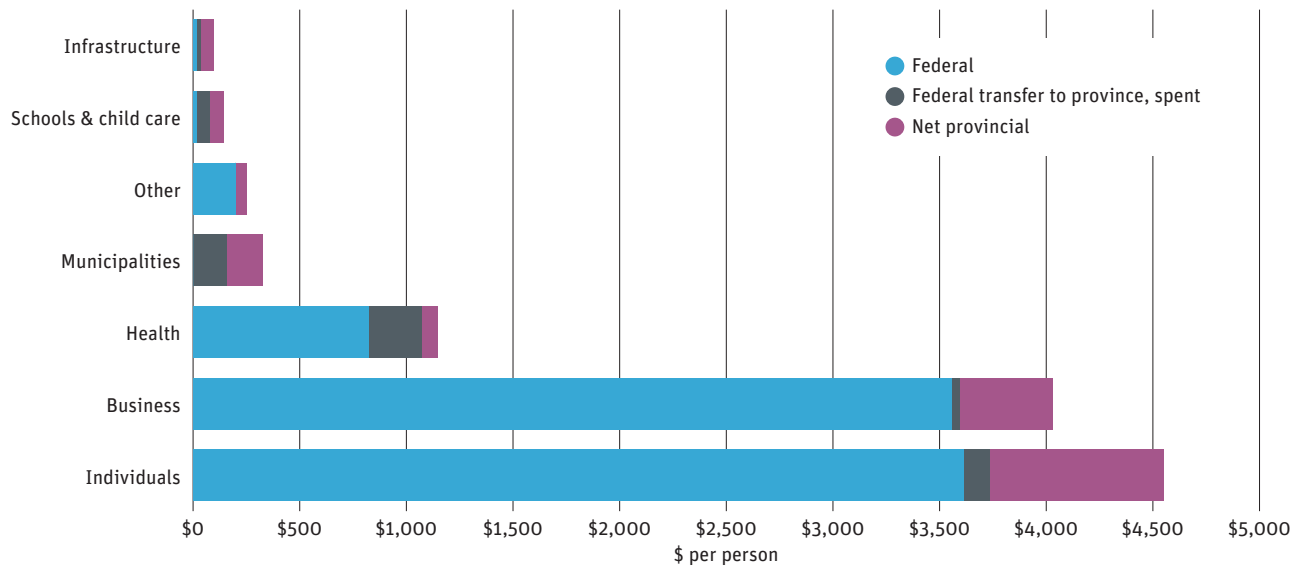
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## British Columbia

COVID-19 direct measures in British Columbia amount to \$10,500 a person. Of this total, the province is contributing 16%—the highest of any province—and the federal government is contributing 84%.

Individual supports represent the largest of the categories, amounting to \$4,200 per British Columbian. Most of this total is federal, via the CERB, CRB and EI changes. However, B.C. stands out as having the highest per capita individual supports, at \$800 a person—eight times higher than the next highest province, Quebec. The main individual provincial supports are

**FIGURE 13** Direct measures in British Columbia by type



**Source** Provincial and federal government estimates of COVID-19 direct measures. See appendix for full source list.

the B.C. Recovery Benefit of \$1,000 for middle- and lower-income families, the \$1,000 B.C. Emergency Benefit for workers affected by COVID-19 in March and a \$300 Crisis Supplement for those receiving income/disability assistance, comfort allowance or the Seniors' Supplement, among others.

Business supports are the second largest category in British Columbia, amounting to \$4,000 a person. Most of this is from the federal government through the CEWS and the CEBA. B.C. businesses also benefit, to some degree, from federal money to clean up former oil and gas wells—something that should be shouldered by the industry. The provincial spending is mostly on a cut on business school property taxes and sales tax on machinery. The province also has a relatively large business restart grant program.

Health measures in the province amount to \$1,100 a person. As elsewhere, much of this money is either directly federal or federal via the Safe Restart agreement streams devoted to health care. In B.C.'s case, the province committed much of its COVID-19 health care spending early in the pandemic, prior to knowing the full amount of federal dollars that would later become available. Unlike some provinces, B.C. has plans to fully spend all federal COVID-19 health transfers, and then some.



As with the other large provinces, the British Columbia government matched the federal transfers to municipal operating and transit budgets, as requested in the Safe Restart agreement.

As elsewhere, the stimulative infrastructure spending in British Columbia is primarily provincial money. However, B.C. is the only province that will likely take full advantage of the federal rapid housing initiative project stream to buy hotels and convert them into emergency housing. Almost a quarter of this federal funding will likely go to B.C. as a result, reducing the effective provincial contribution to infrastructure spending in the process. The recent provincial election included a commitment to spend \$3 billion a year for three years through the Recovery Investment Fund for infrastructure,<sup>12</sup> but that has yet to be officially included in the government's costing and, therefore, would be in addition to what is included in this report.

# Conclusion

AT A TIME when regular budget updates have been erratic and historically large programs have been created to mitigate the impacts of COVID-19, it can be difficult to determine how much has been spent by whom and on what.

This report shows that, in the aggregate, provincial and federal governments have spent more than they planned to due to COVID-19, however, the heavy lifting so far was overwhelmingly federal, either through direct spending or new transfers to the provinces. Federal funding made up the majority of spending in every province, with the exception of stimulative infrastructure, one of the smallest spending categories. Here, few federal programs apply and the provinces are largely on their own.

Federal leadership is as is should be; Canada needs a strong federal government to mobilize resources. Provincial governments have provided some additional support, but the unevenness of provincial responses suggests differences in fiscal capacity and political orientations—which is even more reason for a strong federal response.

There were few federal conditions for provincial transfers, and even when there was—like cost-matching municipal supports—most provinces declined to do so but received the funding in any event. If a blind eye continues to be turned to conditions on federal money, the federal government will have a difficult time ensuring that the priorities it sets as conditions for new money are reliably met. Federal power, in a lot of cases, is precisely its spending power.

Federal power is also the ability to say funding will flow in areas where we want improvements, like the power to impose minimum national standards in long-term care, for example, or in child care spending. Similar to the way in which the Canada Health Act stipulates conditions that provincial health insurance plans must respect in order to receive federal cash contributions, the same standards should apply to COVID-19 crisis funding. This is where the real strength lies, even though federal governments have been reluctant to use this power over provincial objections to having “strings attached”.

In addition to expenditures, all governments—federal, provincial, and municipal—will see their revenues fall as Canadians lose work and business profits fall. This report does not assess these impacts, but the largest programs—the CERB and its replacements, and the CEWS — are reported on a pre-tax basis, even though both will have substantial amounts of taxes paid to both the federal and provincial governments. These programs are not only supporting Canadians, they also benefit provincial governments, through the taxes that will be owed on the benefits. When the public health emergency subsides, revenues are likely to rise rapidly as Canadians can freely return to work, earn and spend their money again.

What this analysis indicates is, while governments are spending more because of COVID-19, there remains much more fiscal capacity to do more to mitigate the impacts of this global pandemic and, post-pandemic, to ensure Canada rebuilds better—to be better prepared for future crises, to tackle the inequities that COVID-19 has exposed, and to improve public services and supports that benefit everyone. The lion’s share of the spending outlined in this report went on the federal government’s tab at a time when interest rates are at historic lows and federal leadership was desperately needed. That leadership will be required for years to come and must be met with provincial partners willing to come to the table, cost-match, adhere to federal transfer conditions, and fully utilize the fiscal capacity within their own jurisdictions. This requires a new kind of federalism, a more cooperative federalism, where the goals of equality, inclusiveness, fairness, justice, community well-being and global sustainability must remain front and centre.

The economic and social challenges that COVID-19 presented Canada aren’t temporary, nor are they like previous economic shocks to the system. The situation is more akin to the emergence from the Great Depression and World War Two—historical events that were followed by government leadership to create a welfare state that left fewer people behind. That project remained unfinished, and was greatly unravelled by decades of neoliberal ideology. There can be no return to that kind of austerity. The federal government

needs to continue to lead the way and provincial governments need to do their part, starting by investing any unspent COVID-19 federal funds that they've been sitting on.

# Appendix A

FEDERAL SPENDING WAS allocated to each province using a variety of methods. These methods generally mirror those used by the Ontario Financial Accountability Office,<sup>13</sup> which conducted a similar examination of COVID-19 measures in Ontario. The method for distributing federal spending in each case is available, upon request, from the author. In some cases, the actual provincial distribution is known and, where it is, the actual amounts are used. This applies to the Safe Restart agreements, for example, where the amounts by province are published.<sup>14</sup> In other cases, while the final distribution isn't known, proxies are utilized. For instance, the actual amounts received through CERB by province are not known, however, the number of recipients in each province is known.<sup>15</sup> In other cases, broader proxies are used. For instance, the uptake of funding for the air transportation sector by province isn't known. In this case, the air transportation GDP breakdown by province in 2019 is utilized.<sup>16</sup>

The CECRA was under-subscribed and the provincial breakdown isn't provided by the federal government. In this report, the CECRA expenditures from provincial reporting are utilized. The federal contributions are created using the 25% province-75% federal cost-matching approach.

The main federal transfers to the provinces are outlined in Tables 5 and 6. Many of these transfers are part of the Safe Restart agreements. The transfers to the provinces during the pandemic had only broad outlines as to how the provinces were to use them. Generally, the exact use of the federal money is not known. There has yet to be a full public reconciliation between the

federal funds received and what specific provincial initiatives they funded. In this report, provincial measures are tagged with the most likely federal support stream that could apply to them, if any. In some cases, there are no obvious federal supports for provincial programs. Provinces may have spent more than they received in a particular area from the federal government; in that case, those provincial expenditures are offset until the federal funds are fully spent.

*Table 7* outlines the major sources for this report. These sources (generally major budget and fiscal updates) are supplemented with additional information from press releases and backgrounders. The specific source for the estimate and details of each of the roughly 850 COVID-19 measures is available in the [full dataset](#).

**TABLE 7** Federal and provincial COVID-19 costing estimate sources

Province	Title (Click for link)	Release Date
Alberta	<a href="#">Alberta's Recovery Plan</a>	2020-06-29
Alberta	<a href="#">2020-21 First Quarter Fiscal Update and Economic Statement</a>	2020-08-27
Alberta	<a href="#">2020-21 mid-year Fiscal Update and Economic Statement</a>	2020-11-24
British Columbia	<a href="#">Backgrounder: Budget allocation</a>	2020-09-09
British Columbia	<a href="#">Summary of covid-19 pandemic funding allocations and other financial relief measures (Auditor General of British Columbia)</a>	2020-09-11
British Columbia	<a href="#">First Quarterly Report: 2020/21 Economic Outlook and Financial Forecast &amp; Three Month Results April–June 2020</a>	2020-10-10
British Columbia	<a href="#">Stronger BC for Everyone: BC's Economic Recovery Plan</a>	2020-10-17
British Columbia	<a href="#">Fall 2020 Economic and Fiscal Update</a>	2020-12-17
Federal	<a href="#">Economic and Fiscal Snapshot 2020</a>	2020-07-08
Federal	<a href="#">Fall Economic Statement 2020</a>	2020-11-30
Federal	<a href="#">PBO's COVID-19 Analysis: Cost Estimates</a>	Ongoing
Federal	<a href="#">Canada's COVID-19 Economic Response Plan</a>	Ongoing
Manitoba	<a href="#">Economic and Fiscal Update: Assessing the impact of COVID-19 in Manitoba</a>	2020-06-30
Manitoba	<a href="#">Projected 2020-21 uptake of Manitoba covid-19 programs for the business and non-profit sectors</a>	2020-09-30
Manitoba	<a href="#">Manitoba 2020/21 First Quarter Report Fiscal and Economic Update</a>	2020-09-30
Manitoba	<a href="#">Manitoba 2020/21 Mid-Year Report—Fiscal and Economic Update</a>	2020-12-17
New Brunswick	<a href="#">Department of Finance and Treasury Board: Fiscal and Economic Update First Quarter 2020–2021</a>	2020-08-07
New Brunswick	<a href="#">Department of Finance and Treasury Board: Fiscal and Economic Update Second Quarter 2020–2021</a>	2020-11-12
Newfoundland and Labrador	<a href="#">Fiscal update 2020-21</a>	2020-07-24
Newfoundland and Labrador	<a href="#">Budget 2020: Technical Briefing</a>	2020-09-30
Newfoundland and Labrador	<a href="#">Newfoundland and Labrador: Estimates of the program expenditure and revenue of the consolidated revenue fund 2020-21</a>	2020-09-30
Nova Scotia	<a href="#">July 2020 Budget Forecast Update</a>	2020-07-29
Nova Scotia	<a href="#">2020 Financial Report: Auditor General</a>	2020-12-01
Nova Scotia	<a href="#">Forecast Update December 17, 2020</a>	2020-12-17
Nova Scotia	Summary of 2020-21 COVID-19 Response (Fact sheet) NS Finance and Treasury Board (Not available online)	2020-12-17
Ontario	<a href="#">Federal and Provincial COVID-19 Response Measures (Financial Accountability Office of Ontario)</a>	2020-09-10
Ontario	<a href="#">Government of Ontario Fall Preparedness Plan for Health, Long-Term Care and Education Keeping Ontarians Safe: Preparing for Future Waves of COVID-19</a>	2020-09-30
Ontario	<a href="#">Ontario Budget 2020: Ontario's Action Plan: Protect Support Recover</a>	2020-11-05
PEI	<a href="#">Prince Edward Island: COVID-19 Response</a>	2020-05-26
PEI	<a href="#">2020-2021 Estimates of Revenue and Expenditures</a>	2020-06-17
PEI	<a href="#">Budget Address 2020</a>	2020-06-17
PEI	<a href="#">Fall fiscal update 2020-2021</a>	2020-09-30
Quebec	<a href="#">Québec's economic and financial situation 2020-2021</a>	2020-06-19
Quebec	<a href="#">Update on Québec's economic and financial situation: Fall 2020</a>	2020-11-12
Saskatchewan	<a href="#">Saskatchewan Provincial Budget 20-21</a>	2020-06-15
Saskatchewan	<a href="#">COVID-19 Response Finance Budget Backgrounder</a>	2020-06-15
Saskatchewan	<a href="#">First quarter budget update and medium-term outlook 20-21</a>	2020-08-27
Saskatchewan	<a href="#">2020-21 Mid-Year Report</a>	2020-11-27

# Notes

- 1 <https://www.cmhc-schl.gc.ca/en/media-newsroom/news-releases/2020/canada-rapidly-create-affordable-housing-support-homeless>
- 2 For plan details see: <https://www.infrastructure.gc.ca/plan/covid-19-resilience-eng.html>
- 3 Jean Laroche, “Federal funds to pay for new water stations, more food and supplies for school” CBC news, December 2<sup>nd</sup>, 2020 (<https://www.cbc.ca/news/canada/nova-scotia/ottawa-health-classrooms-education-covid-19-federal-safety-1.5825126>)
- 4 Prime Minister of Canada, “New Rapid Housing Initiative to create up to 3,000 new homes for Canadians” Oct 27, 2020 (<https://pm.gc.ca/en/news/news-releases/2020/10/27/new-rapid-housing-initiative-create-3000-new-homes-canadians>)
- 5 Although the COVID-19 Stimulus Program for Communities does not appear to stipulate public private partnerships, previous large infrastructures projects have taken a P3 approach. See: Christine Saulnier, “Many Dangers of Public-Private Partnerships (P3s) in Newfoundland and Labrador”, Canadian Centre for Policy Alternatives, Oct 2020 (<https://www.policyalternatives.ca/publications/reports/many-dangers-public-private-partnerships-p3s-newfoundland-and-labrador>).
- 6 Micheal Gorman, “Want to know how the government spent \$228M? Premier says look it up online”, CBC news, November 27, 2020 (<https://www.cbc.ca/news/canada/nova-scotia/covid-19-government-spending-construction-stimulus-1.5817994>).
- 7 As noted on page 10 of Government of Manitoba, “2020/21 Mid-Year Report- Fiscal and Economic Update”, December 2020.
- 8 Government of Saskatchewan, “Budget 2020-21 Backgrounder: 2020-21 COVID-19 Response”, June 15, 2020, pg 2.
- 9 See Alberta Federation of Labour, “Alberta frontline workers are losing out on more than \$400 million in ‘hero pay’ because the UCP refuses to hold up its end on a cost-shared wage program”, November 27, 2020 ([https://www.afl.org/alberta\\_frontline\\_workers\\_are\\_losing\\_out\\_on\\_more\\_than\\_400\\_million\\_in\\_hero\\_pay\\_because\\_the\\_ucp\\_refuses\\_to\\_hold\\_up\\_its\\_end\\_on\\_a\\_cost\\_shared\\_wage\\_program](https://www.afl.org/alberta_frontline_workers_are_losing_out_on_more_than_400_million_in_hero_pay_because_the_ucp_refuses_to_hold_up_its_end_on_a_cost_shared_wage_program)).



**10** See for instance: Government of Alberta, “Getting Alberta back on track, fulfilling promises”, press release, July 29, 2020, estimates “\$170 million for staffing and health-care aide wage increases.”

**11** Alberta Federation of Labour, “Alberta frontline workers are losing out on more than \$400 million in ‘hero pay’ because the UCP refuses to hold up its end on a cost-shared wage program”, November 27, 2020 ([https://www.afl.org/alberta\\_frontline\\_workers\\_are\\_losing\\_out\\_on\\_more\\_than\\_400\\_million\\_in\\_hero\\_pay\\_because\\_the\\_ucp\\_refuses\\_to\\_hold\\_up\\_its\\_end\\_on\\_a\\_cost\\_shared\\_wage\\_program](https://www.afl.org/alberta_frontline_workers_are_losing_out_on_more_than_400_million_in_hero_pay_because_the_ucp_refuses_to_hold_up_its_end_on_a_cost_shared_wage_program)).

**12** See the footnote on page 54 of B.C. NDP, “WORKING FOR YOU: John Horgan’s Commitments to B.C.”, October 2020, ([https://www.bcndp.ca/sites/default/files/bcndp\\_platform2020\\_final4.pdf](https://www.bcndp.ca/sites/default/files/bcndp_platform2020_final4.pdf)).

**13** Financial Accountability Office of Ontario, “Federal and Provincial COVID-19 Response Measures”, Sept 10, 2020.

**14** See the Appendices of the Safe Restart Agreement Response Letters by Province, <https://www.canada.ca/en/intergovernmental-affairs/services/safe-restart-agreement.html>.

**15** Canada Emergency Response Benefit statistics, October 4<sup>th</sup>, 2020, ESDC <https://www.canada.ca/en/services/benefits/ei/claims-report.html>.

**16** In this case, see Statistics Canada. Table 36-10-0402-01 Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000) for NAICS 481.



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