

NEWS RELEASE

Aging population in Atlantic Canada leads to persistent deficits and increased health-care spending

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For immediate release

HALIFAX—Atlantic Canada’s senior population will reach more than a quarter of the total population by 2043, leading to persistent budget deficits and increased health-care spending, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Atlantic Canada’s aging population will only put more pressure on provincial finances in the coming years,” said Jake Fuss, senior economist at the Fraser Institute and co-author of *The Implications of an Aging Population for Government Finances in Atlantic Canada*.

For example, the study finds that health care expenditures are estimated to increase annually by 4.2 per cent in New Brunswick, 4.7 per cent in Nova Scotia, 5.1 per cent in Newfoundland & Labrador, and 5.6 per cent in Prince Edward Island until 2040/41.

The situation is most severe in Newfoundland & Labrador, with the province projecting a primary deficit of 5.3 per cent of GDP in 2040 (excluding interest costs), followed by 2.3 per cent of GDP in Prince Edward Island, 1.1 per cent of GDP in New Brunswick, and 1.7 per cent of GDP in Nova Scotia.

The risk of future recessions, rising interest rates, and other unexpected events will only compound problems further.

“If Atlantic Canadian governments want to avoid even more red ink in the future, they will have to make policy changes and better control spending,” Fuss said.

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