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Transfer tracking: Federal support for the provinces in 2026-27

By Warren Lovely

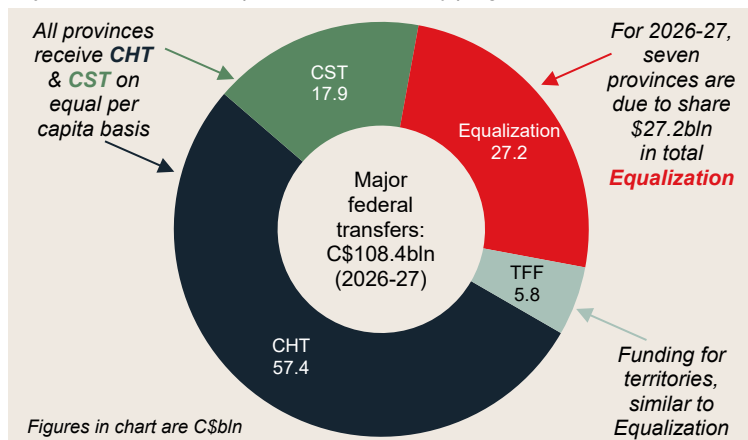
Canada's fiscal federation is characterized, in part, by the direct transfer of cash from one level of government to another. Major federal transfers to the provinces account for roughly 20% of total provincial revenue on average. So we're talking about a non-trivial level of support, even if the relative importance of those transfers can vary considerably by individual jurisdiction. Each December, the feds confirm the precise amount of major transfer dollars due to flow to each province and territory for the coming fiscal year. This year's announcement came alongside a December 11th federal-provincial finance minister's meeting. This *Market View* summarizes key elements of the fresh transfer package:

- As per Ottawa's fresh communiqué (available [here](#)), major federal transfers to the provinces and territories will amount to \$108.4 billion in 2026-27 (i.e., the fiscal year set to start April 1st). That's a record level and, as per the press release, demonstrates "the federal government's unwavering commitment to vital public services";
- The value of major transfer dollars has more than doubled since the Global Financial Crisis. But as a share of GDP, the projected level of support (at 3.3%) is no different than the long-term average. The 4.4% growth rate in total transfer growth is unchanged vs. the prior fiscal year and similarly in line with the longer-term trend;
- In per capita terms, major federal transfer growth will accelerate to a projected 3.5%. Only once in the prior decade have per capita transfers grown at a faster rate. This anticipated acceleration captures the ongoing moderation in population growth, which became necessary after an earlier period of exceptionally brisk (in many cases unabsorbable) population gains. That earlier surge in headcounts strained public services/infrastructure, with local and regional governments in some cases still contending with the after-effects of a poorly calibrated immigration strategy;
- In certain cases, transfer formulas are linked to the three-year average for Canadian nominal GDP growth. While a far-cry from the blowout tallies notched in 2021 and 2022, nominal growth has more recently proven resilient. The three-year average growth rate through 2026 is estimated at 3.8%. That's based: 2024 = 4.8% (actual) | 2025 = 3.5% (budget estimate) | 2026 = 3.0% (budget forecast);

- In terms of aggregate dollars, the Canada Health Transfer (CHT) is the single largest stream. While total CHT cash is linked to the nominal GDP growth trend, the feds committed (in 2023) to a 5% annual growth guarantee through 2027-28. A top-up payment of \$1.4 billion is required to ensure 5% growth in total CHT cash for 2026-27. Those are vital extra health care dollars for the provinces;
- The estimated average nominal GDP growth pace continues to have direct bearing on the size of the Equalization envelop, where total dollars will grow by 3.8% in 2026-27;
- Not all provinces receive equal transfer treatment. Six of the ten provinces are slated for above-average growth in major transfer dollars in 2026-27, led by Newfoundland & Labrador (10.1%), Prince Edward Island (7.4%) and New Brunswick (6.7%);
- In absolute terms, Quebec receives the most transfer dollars (\$30.3 billion), but total transfer growth will remain below-average for a seventh consecutive year at 3.4% for 2026-27;
- On Equalization, seven provinces again qualify in 2026-27. These seven provinces will share \$27.2 billion. It means total Equalization dollars (shared among seven provinces) are 50% more plentiful than the total value of the Canada Social Transfer (which all provinces receive). Just over one-half of available Equalization dollars are claimed by Quebec. While Equalization is important to Quebec, comprising 46% of major transfer dollars, this province's share of the total Equalization pie has been in structural decline;
- Equalization accounts for a clear majority (64-69%) of total transfer dollars in four provinces (Manitoba, New Brunswick, Nova Scotia and Prince Edward Island). While Equalization accounts for a smaller share of total transfers in Newfoundland & Labrador (16%), this province qualifies for a larger share of the pie in 2026-27 (helping to explain the leading growth rate in total transfer dollars). Rounding things out... Ontario technically qualifies for Equalization again in 2026-27. Still, the \$406 million this province is due to receive comprises a little more than 1% of Ontario's major transfer envelop.

Chart 1: \$108.4bln in major federal transfers next FY

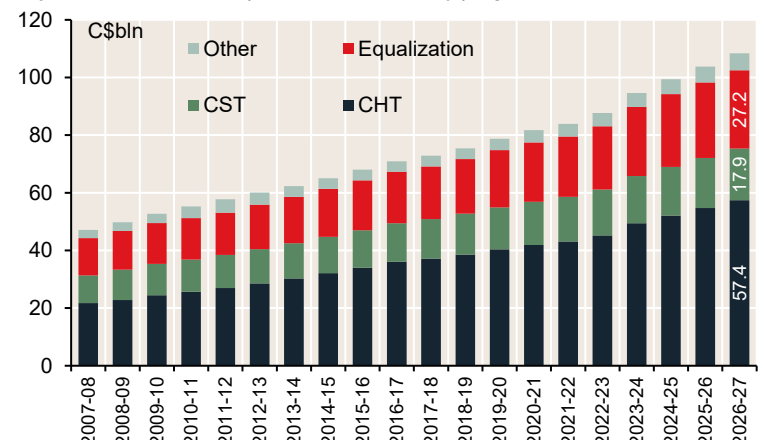
Major federal transfers to provinces/territories by program: 2026-27



Source: NBC, GoC | Note: Preliminary estimates

Chart 2: Fresh record for major federal transfer dollars

Major federal transfers to provinces/territories by program

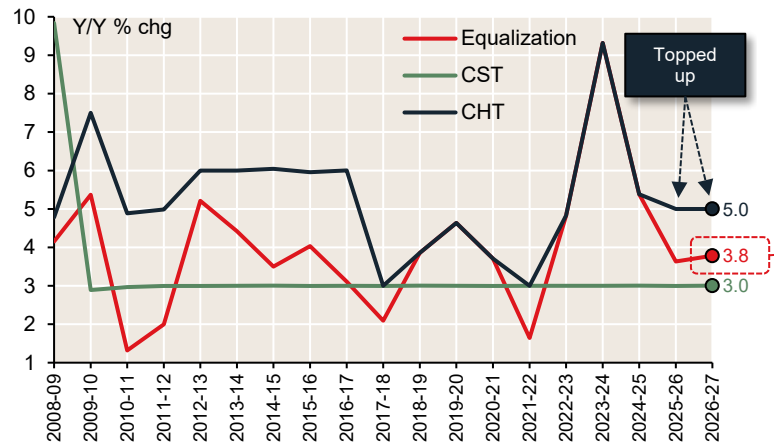


Source: NBC, GoC | Note: 2025-26 & 2026-27 preliminary; excl. certain top-ups & FSP

Over \$108bln in major federal transfer dollars will flow in 2026-27. Health and social transfers go to all provinces on an equal per capita basis, while seven provinces again qualify for Equalization in 2026-27. Relative to the size of the economy, the total transfer envelop (3.3% of GDP) matches the long-run average; year-over-year growth (4.4%) is similarly on par with the longer-term trend.

**Chart 3: CHT topped up, while Equalization tied to GDP...**

Growth in major federal transfers to provinces/territories by key program

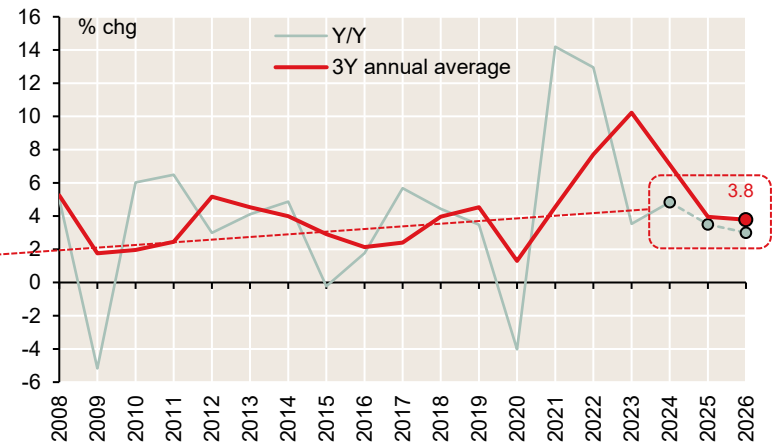


Source: NBC, GoC | Note: 2025-26 & 2026-27 preliminary; excl. certain top-ups & FSP

Total CHT and Equalization dollars are linked to the three-year moving average of nominal GDP. Note, however, that an earlier, 2023 announcement guaranteed at least 5% CHT growth for five years. That floor/top-up kicks in for 2026-27. Average GDP growth is reflected in Equalization, where the total envelop will grow 3.8% to \$27.2bln. Total CST funding grows by 3%/year (no change).

Chart 4: ... where nominal growth trend moving sideways

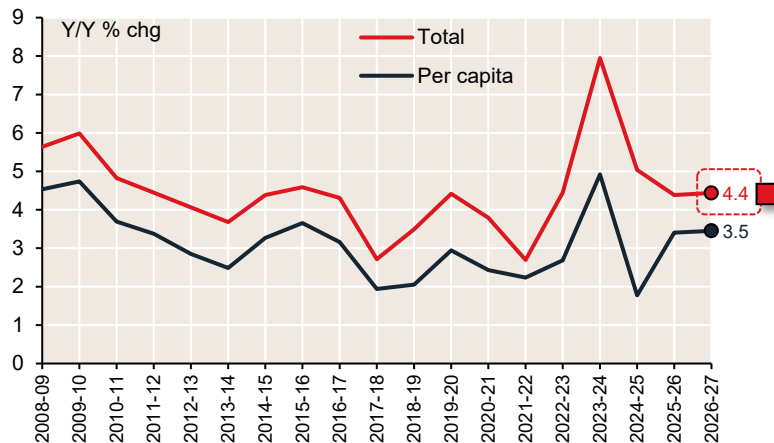
Canada nominal GDP growth: Annual & 3Y moving average



Source: NBC, StatCan, GoC | Note: Actuals to 2024; 2025 & 2026 from Dec-25 budget

Chart 5: Per capita growth picks up to 3.5%

Growth in major federal transfers to provinces/territories: Total & per capita

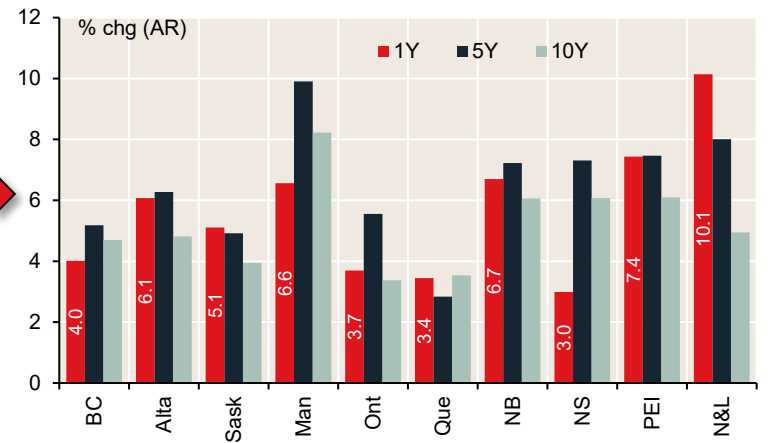


Source: NBC, GoC | Note: 2025-26 & 2026-27 preliminary; excl. certain top-ups & FSP

On a blended basis, the 'average' province sees 4.4% growth in major transfers for 2026-27, which matches the prior fiscal year. Considering the needed comedown in population growth, the average per capita allocation is up to 3.5% – an above-average pace. All provinces will receive more transfer dollars, a larger Equalization entitlement behind N&L's leading growth rate for 2026-27 (>10%).

Chart 6: Some nuance to individual provincial growth rates

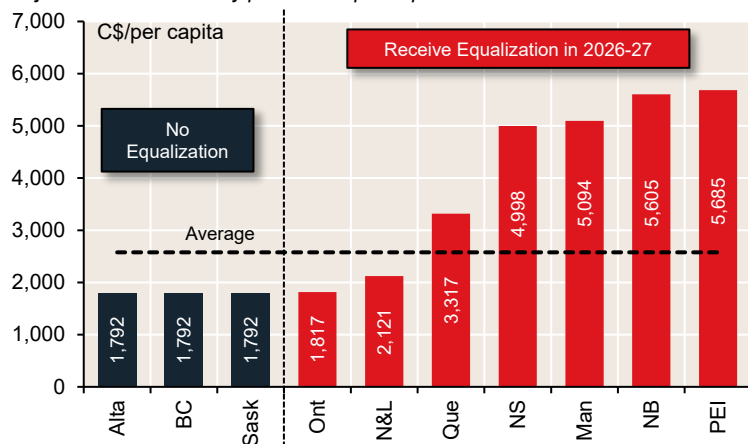
Growth in major federal transfers by province (total): 2026-27



Source: NBC, GoC | Note: Preliminary estimates

Chart 7: Per capita allocations vary considerably

Major federal transfers by province in per capita terms: 2026-27

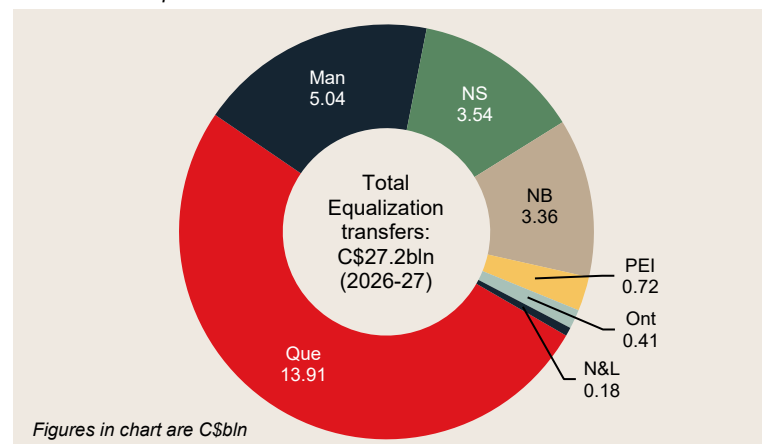


Source: NBC, GoC | Note: Preliminary estimates

Major federal transfer levels (and growth rates) vary across the provinces. In per capita terms, the largest provincial allocations are more than 3-times what non-Equalization provinces are due to receive. For 2026-27, seven provinces will share \$27.2bln in Equalization. Despite the largest entitlement, Quebec's share of total Equalization will decline for a seventh straight year.

Chart 8: Carving up the \$27.2bln Equalization pie

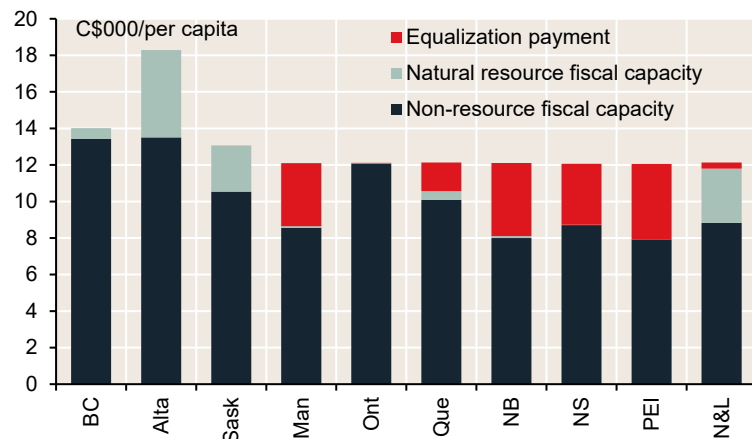
Share of total Equalization entitlement: 2026-27



Source: NBC, GoC

**Chart 9: Equalization aims to close 'fiscal capacity' gaps**

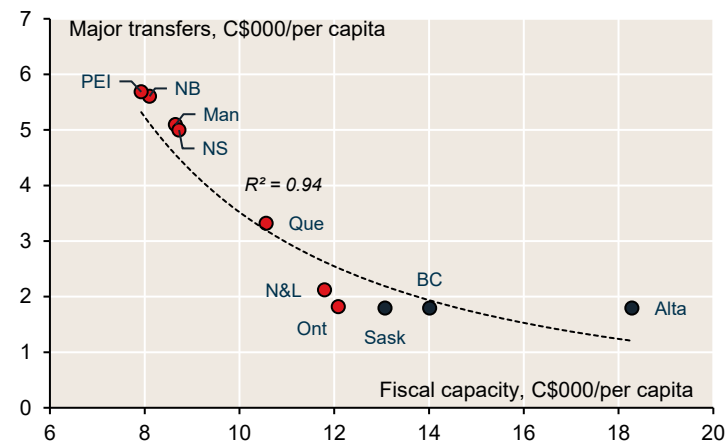
Provincial 'fiscal capacity' & Equalization payment: 2026-27



Source: NBC, GoC

Chart 10: Greater 'fiscal capacity' = less transfer support

Major federal transfers per capita vs. 'fiscal capacity': 2026-27



Source: NBC, GoC | Note: Fiscal capacity incl. natural resources; red=receives Equalization

Equalization aims to smooth fiscal disparities. Individual payments are based on a (smoothed and lagged) assessment of each province's so-called 'fiscal capacity', which is a complex measure of revenue-raising ability. Fiscal capacity linked to natural resources is partly included in these calculations. More details on available [here](#). In general, greater fiscal capacity means less transfer support. For 2026-27, three provinces with superior fiscal capacity will not receive Equalization: Alberta, British Columbia and Saskatchewan. The other seven provinces will receive payments to bring them up a common per capita standard. Equalization accounts for the clear majority (64-69%) of major transfer dollars in four provinces: Manitoba, New Brunswick, Nova Scotia and Prince Edward Island. Quebec receives 46% of its transfers in the form of Equalization. Newfoundland & Labrador has qualified for Equalization since 2024-25 and while this program is relatively less significant in N&L (16% of total transfer dollars), the province's larger share of an expanded pie in 2026-27 helps explain why it has the fastest major transfer growth rate. Ontario receives a modest Equalization entitlement, with a \$406mIn payment equivalent to just 1.4% of the province's major transfer allocation for 2026-27. Refer to the following Tables for complete details.

Table 1: Major federal transfer cash estimated at a record \$108.4bln in 2026-27, up \$4.6bln or 4.4% vs. prior fiscal year

Major federal transfers to provinces/territories by fiscal year & program

	Total	Y/Y: \$mln	Y/Y: %	Canada Health Transfer	Canada Social Transfer	Equalization	Offshore Offset Payments	Territorial Formula Financing	Total Transfer Protection	Additional Payment	Per Capita Allocation
Federal support to provinces & territories via Major Transfers (C\$millions)											C\$
2007-08	47,102			21,729	9,607	12,925	563	2,279	-	-	1,434
2008-09	49,758	2,656	5.6	22,768	10,552	13,462	663	2,313	-	-	1,499
2009-10	52,736	2,978	6.0	24,476	10,857	14,185	645	2,498	-	74	1,570
2010-11	55,281	2,545	4.8	25,672	11,179	14,372	869	2,664	525	-	1,628
2011-12	57,739	2,458	4.4	26,952	11,514	14,659	787	2,876	952	-	1,683
2012-13	60,085	2,346	4.1	28,569	11,859	15,423	443	3,111	680	-	1,731
2013-14	62,297	2,212	3.7	30,283	12,215	16,105	350	3,288	56	-	1,774
2014-15	65,029	2,732	4.4	32,113	12,582	16,669	196	3,469	-	-	1,832
2015-16	68,013	2,984	4.6	34,026	12,959	17,341	125	3,561	-	-	1,899
2016-17	70,943	2,930	4.3	36,068	13,348	17,880	44	3,603	-	-	1,959
2017-18	72,870	1,927	2.7	37,150	13,748	18,254	36	3,682	-	-	1,997
2018-19	75,416	2,546	3.5	38,584	14,161	18,958	-72	3,785	-	-	2,038
2019-20	78,746	3,330	4.4	40,373	14,586	19,837	2	3,948	-	-	2,098
2020-21	81,732	2,986	3.8	41,870	15,023	20,573	86	4,180	-	-	2,149
2021-22	83,935	2,203	2.7	43,126	15,474	20,911	44	4,380	-	-	2,197
2022-23	87,667	3,732	4.4	45,208	15,938	21,920	48	4,553	-	-	2,256
2023-24	94,634	6,967	7.9	49,421	16,416	23,963	-	4,834	-	-	2,367
2024-25	99,401	4,767	5.0	52,081	16,909	25,253	-	5,159	-	-	2,409
2025-26	103,759	4,358	4.4	54,685	17,416	26,170	-	5,489	-	-	2,491
2026-27	108,362	4,603	4.4	57,419	17,939	27,160	-	5,844	-	-	2,577
1Y %	4.4			5.0	3.0	3.8	NA	6.5	NA	NA	3.5
3Y % (CAGR)	4.6			5.1	3.0	4.3	NA	6.5	NA	NA	2.9
5Y % (CAGR)	5.2			5.9	3.0	5.4	NA	5.9	NA	NA	3.2
10Y % (CAGR)	4.3			4.8	3.0	4.3	NA	5.0	NA	NA	2.8

Source: NBC, GoC

Notes: Table prepared by NBF based on Department of Finance Canada information on federal support to provinces and territories; 1Y/3Y/5Y/10Y growth rates relative to 2026-27 allocation announced in Dec-25; 3Y/5Y/10Y figures represent compound annual growth rates; CHT & CST figures for 2025-26 & 2026-27 are preliminary; refer to Government of Canada for complete details and additional notes ([link](#))

**Tables 2-4: Detailed allocations... all jurisdictions receive CHT & CST, while 7 of 10 provinces qualify for Equalization**

Major federal transfers to provinces/territories by fiscal year & jurisdiction, including detailed composition/distribution of 2026-27 major federal transfers

	Total	Y/Y: \$mln	Y/Y: %	BC	Alta	Sask	Man	Ont	Que	NB	NS	PEI	N&L	Territories
Federal support to provinces & territories via Major Transfers (C\$millions)														
2007-08	47,102			4,376	2,795	1,317	2,982	12,087	14,622	2,204	2,442	429	1,465	2,384
2008-09	49,758	2,656	5.6	4,547	2,920	1,090	3,295	13,071	15,952	2,348	2,529	464	1,120	2,419
2009-10	52,736	2,978	6.0	4,789	3,143	1,178	3,359	14,274	16,673	2,488	2,648	490	1,079	2,614
2010-11	55,281	2,545	4.8	5,034	3,374	1,174	3,348	15,446	17,267	2,491	2,626	490	1,253	2,779
2011-12	57,739	2,458	4.4	5,269	3,495	1,204	3,352	17,335	17,292	2,493	2,652	493	1,157	2,997
2012-13	60,085	2,346	4.1	5,523	3,661	1,277	3,355	19,177	17,349	2,497	2,848	509	648	3,241
2013-14	62,297	2,212	3.7	5,790	3,878	1,354	3,363	19,915	17,911	2,497	2,975	519	670	3,426
2014-15	65,029	2,732	4.4	5,832	5,175	1,411	3,359	19,184	19,614	2,616	3,001	544	677	3,618
2015-16	68,013	2,984	4.6	6,152	5,475	1,484	3,436	20,445	20,348	2,658	3,052	553	694	3,716
2016-17	70,943	2,930	4.3	6,482	5,772	1,565	3,531	21,347	21,372	2,741	3,060	584	724	3,766
2017-18	72,870	1,927	2.7	6,857	5,912	1,602	3,680	21,022	22,640	2,829	3,140	600	737	3,852
2018-19	75,416	2,546	3.5	7,114	6,122	1,657	3,964	21,337	23,674	2,972	3,227	637	750	3,962
2019-20	78,746	3,330	4.4	7,442	6,377	1,714	4,257	21,260	25,554	3,160	3,435	649	767	4,131
2020-21	81,732	2,986	3.8	7,715	6,611	1,764	4,576	22,056	26,083	3,381	3,699	695	781	4,370
2021-22	83,935	2,203	2.7	7,970	6,812	1,813	4,853	22,706	26,309	3,485	3,877	736	798	4,577
2022-23	87,667	3,732	4.4	8,408	7,078	1,851	5,153	23,786	27,289	3,630	4,114	765	836	4,756
2023-24	94,634	6,967	7.9	9,081	7,688	1,986	5,900	26,087	28,572	3,999	4,539	847	887	5,049
2024-25	99,401	4,767	5.0	9,482	8,208	2,086	6,847	27,569	28,356	4,332	5,095	910	1,133	5,384
2025-26	103,759	4,358	4.4	9,863	8,706	2,193	7,302	28,690	29,248	4,629	5,357	982	1,065	5,725
2026-27	108,362	4,603	4.4	10,259	9,235	2,305	7,781	29,750	30,256	4,939	5,517	1,055	1,173	6,092
1Y %	4.4			4.0	6.1	5.1	6.6	3.7	3.4	6.7	3.0	7.4	10.1	6.4
3Y % (CAGR)	4.6			4.1	6.3	5.1	9.7	4.5	1.9	7.3	6.7	7.6	9.8	6.5
5Y % (CAGR)	5.2			5.2	6.3	4.9	9.9	5.6	2.8	7.2	7.3	7.5	8.0	5.9
10Y % (CAGR)	4.3			4.7	4.8	3.9	8.2	3.4	3.5	6.1	6.1	6.1	4.9	4.9
	Total	Y/Y: \$mln	Y/Y: %	BC	Alta	Sask	Man	Ont	Que	NB	NS	PEI	N&L	Territories
Per capita allocation (C\$)														
2007-08	1,434			1,021	797	1,316	2,510	948	1,902	2,958	2,611	3,110	2,882	22,270
2008-09	1,499	65	4.5	1,047	814	1,073	2,754	1,016	2,057	3,144	2,703	3,349	2,191	22,344
2009-10	1,570	71	4.7	1,087	856	1,141	2,783	1,100	2,128	3,319	2,824	3,504	2,093	23,888
2010-11	1,628	58	3.7	1,128	905	1,118	2,746	1,178	2,180	3,308	2,788	3,459	2,404	25,056
2011-12	1,683	55	3.4	1,172	924	1,130	2,721	1,309	2,162	3,301	2,810	3,430	2,204	26,548
2012-13	1,731	48	2.9	1,216	946	1,178	2,688	1,431	2,148	3,301	3,014	3,514	1,233	28,379
2013-14	1,774	43	2.5	1,263	973	1,227	2,660	1,471	2,199	3,304	3,154	3,578	1,270	29,752
2014-15	1,832	58	3.3	1,259	1,259	1,259	2,627	1,404	2,390	3,466	3,185	3,722	1,281	30,969
2015-16	1,899	67	3.7	1,312	1,312	1,312	2,655	1,483	2,466	3,525	3,236	3,776	1,312	31,502
2016-17	1,959	60	3.2	1,364	1,364	1,364	2,684	1,530	2,571	3,621	3,228	3,912	1,364	31,448
2017-18	1,997	38	1.9	1,395	1,395	1,395	2,760	1,496	2,732	3,692	3,306	3,991	1,395	31,586
2018-19	2,038	41	2.1	1,425	1,425	1,425	2,932	1,493	2,826	3,858	3,370	4,163	1,425	32,036
2019-20	2,098	60	2.9	1,464	1,464	1,464	3,114	1,464	3,010	4,071	3,547	4,131	1,464	33,052
2020-21	2,149	51	2.4	1,496	1,496	1,496	3,314	1,496	3,041	4,321	3,770	4,316	1,496	34,520
2021-22	2,197	48	2.2	1,534	1,534	1,534	3,488	1,534	3,060	4,416	3,920	4,480	1,534	35,646
2022-23	2,256	59	2.7	1,574	1,574	1,574	3,653	1,574	3,152	4,498	4,046	4,587	1,574	36,875
2023-24	2,367	111	4.9	1,646	1,646	1,646	4,064	1,673	3,237	4,815	4,305	4,883	1,646	38,673
2024-25	2,409	42	1.8	1,672	1,672	1,672	4,589	1,708	3,152	5,047	4,705	5,064	2,071	40,096
2025-26	2,491	82	3.4	1,731	1,731	1,731	4,837	1,765	3,229	5,322	4,900	5,377	1,937	42,073
2026-27	2,577	86	3.5	1,792	1,792	1,792	5,094	1,817	3,317	5,605	4,998	5,685	2,121	44,175
1Y %	3.5			3.5	3.5	3.5	5.3	2.9	2.7	5.3	2.0	5.7	9.5	5.0
3Y % (CAGR)	2.9			2.9	2.9	2.9	7.8	2.8	0.8	5.2	5.1	5.2	8.8	4.5
5Y % (CAGR)	3.2			3.2	3.2	3.2	7.9	3.4	1.6	4.9	5.0	4.9	6.7	4.4
10Y % (CAGR)	2.8			2.8	2.8	2.8	6.6	1.7	2.6	4.5	4.5	3.8	4.5	3.5
	Total	Y/Y: \$mln	Y/Y: %	BC	Alta	Sask	Man	Ont	Que	NB	NS	PEI	N&L	Territories
Distribution of 2026-27 Major Transfers by type (C\$millions)														
CHT	57,419	2,734	5.0	7,817	7,036	1,757	2,086	22,359	12,457	1,203	1,507	254	755	189
CST	17,939	523	3.0	2,442	2,198	549	652	6,985	3,892	376	471	79	236	59
Equalization	27,160	990	3.8	-	-	-	5,044	406	13,907	3,360	3,538	723	182	-
TFF	5,844	355	6.5	-	-	-	-	-	-	-	-	-	-	5,844
Total	108,362	4,603	4.4	10,259	9,235	2,305	7,781	29,750	30,256	4,939	5,517	1,055	1,173	6,092

Source: NBC, GoC

Notes: Tables prepared by NBC based on Department of Finance Canada information on federal support to provinces and territories; 'Major Transfers' include Canada Health Transfer, Canada Social Transfer, Equalization, Offshore Offset Payments, Territorial Formula Financing, Total Transfer Protection & Additional Payments; shading denotes receipt of Equalization in a given fiscal year; 1Y/3Y/5Y/10Y growth rates relative to 2026-27 allocation announced in Dec-27; 3Y/5Y/10Y figures represent compound annual growth rates; CHT & CST figures for 2025-26 & 2026-27 are preliminary; refer to Government of Canada for complete details and additional notes ([link](#))



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