ECONOMIC VIEWPOINT

What's Driving the Surge in Health Care Hiring in Canada?

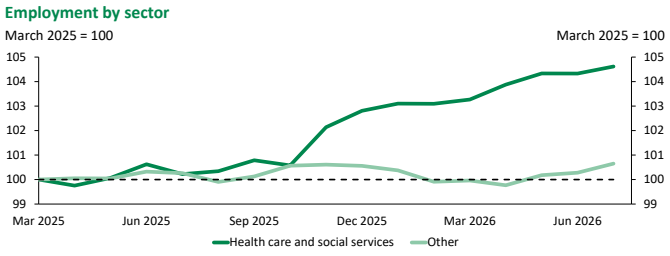
By Randall Bartlett, Deputy Chief Economist

HIGHLIGHTS

- Since the US administration first slapped tariffs on imports from Canada in March 2025, hiring in health care has been almost singlehandedly responsible for national employment gains.
- The surge in health care hiring has largely been concentrated in a small number of provinces, notably Alberta and Ontario, that meaningfully increased public health spending in the 2026 budget season. In combination with a return to population growth and already high per capita spending in Alberta in particular, we believe strong job creation in the health care sector is likely to continue for the foreseeable future.
- That said, it's important to recognize that this health care hiring boom doesn't reflect underlying economic conditions and shouldn't be taken as an indication of strength in the Canadian economy or labour market. But beyond the areas of Canada's economy that are clearly being influenced by public spending, the Canadian labour market remains resilient in the face of ongoing US policy uncertainty and volatility.

Since the US administration first slapped tariffs on imports from Canada in March 2025, hiring in health care and social services has been almost singlehandedly responsible for national employment gains (graph 1). We're hardly the first to point this out. The more interesting question is: what has been driving this hiring and is it likely to persist?

Graph 1
Hiring in Health Care Has Been Driving Employment Gains



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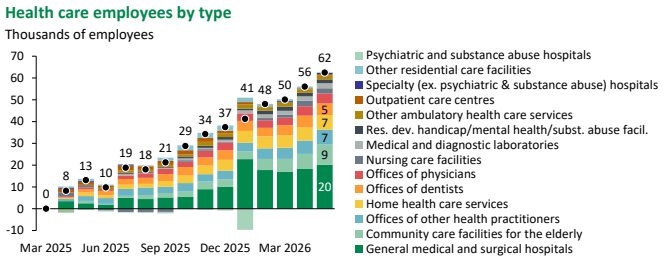
What's Been Driving Health Care Hiring?

The boom in health care hiring started in mid-2025, prior to which it was in line with employment gains in the broader labour market. According to the Survey of Employment, Payrolls and Hours (SEPH), hiring has been most pronounced in hospitals and services for the elderly (graph 2). As such, job creation in health care looks to have been concentrated mainly in publicly funded institutions, suggesting a possible shift in government policy as the cause.

Graph 2
Health Care Hiring Has Been Concentrated in Hospitals and Elderly Care



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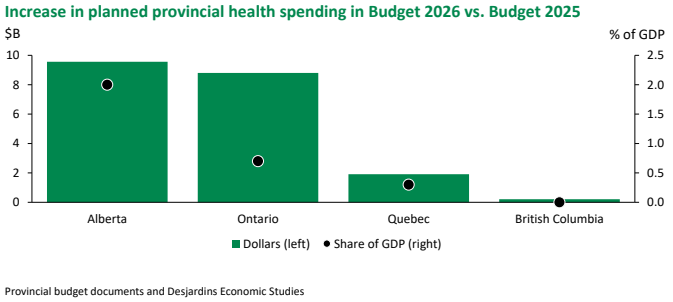
As we highlighted shortly after the 2026 budget season, higher planned health care expenditures are a major contributor to deteriorating provincial fiscal positions. Indeed, economic results in 2025 were generally better than prior budget outlooks, as US tariffs weren't as high as feared. This meant a slight improvement in provincial revenues (apart from energy-producing provinces prior to the conflict with Iran). However, much of this windfall is expected to be spent on health care outlays. The largest forecast expenditure increases on health care in the 2026–27 fiscal year are in Ontario, in dollar terms, and Alberta, as a share of GDP (graph 3). This is followed to a lesser extent by Quebec and British Columbia (BC). Smaller provinces don't publish health care spending forecasts over sufficient time horizons to make the comparison, although they spent an average of about 0.5% of GDP more on health care in the 2025–26 fiscal year than expected in the 2025 budget season. As such, it's not unreasonable to think that their spending on health care this year is greater than previously planned too.

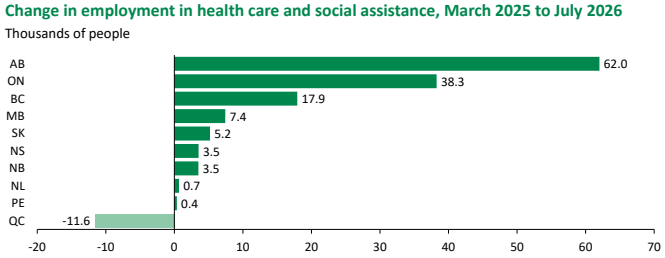
Graph 3
Alberta Stands Out for Increased Health Spending Among the Provinces



Provincial budget documents and Desjardins Economic Studies

Given the sharp ramp-up in health care spending in Alberta and Ontario, one would reasonably expect those provinces to have seen the strongest gains in health care hiring. And indeed, that's the case (graph 4). According to Statistics Canada's Labour Force Survey, the largest number of net new jobs in health care and social assistance have been created in Alberta (62,000) and Ontario (38,300) since March 2025, totalling over 100,000 in those two provinces alone. The remaining provinces saw total hiring of 27,000 in this sector over the same period, two-thirds of which were in BC. Quebec was the lone exception among major provinces, shedding nearly 12,000 health care and social assistance positions, consistent with Santé Québec's mandate to eliminate a $1.5B system deficit through consolidation and workforce reductions since its December 2024 launch. The SEPH shows similar results, albeit more muted. As such, it seems clear that a planned ramp-up (or in Quebec's case, deliberate health care spending control) in provincial government spending on health care is broadly spilling over into hiring outcomes in the sector.

Graph 4
Alberta and Ontario Have Seen the Biggest Jump in Health Care Hiring



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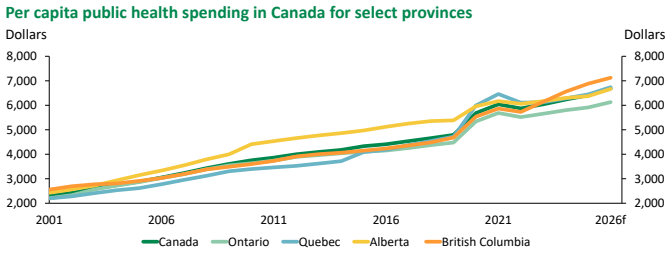
This is not to say that we're passing judgment on the merits of these specific expenditures. In some cases, these expenditures could be needed to catch up with health care demands that had been left unmet. However, on a per capita basis, public spending on health care has continued to rise since the pandemic and is above its pre-COVID trend in most big provinces (graph 5).

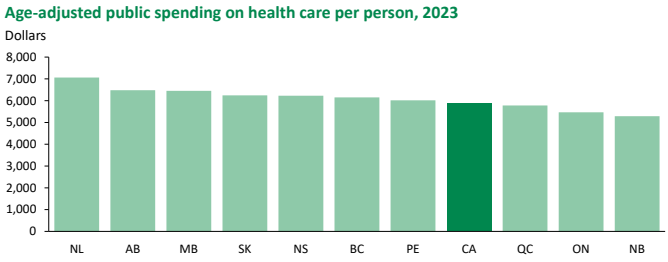
Graph 5
In All Big Provinces, Per Capita Health Care Spending Is on the Rise



f: forecast
Note: The 2024 and 2025 values are forecasts by CIHI. The 2026 value is a forecast by Desjardins Economic Studies.
Canadian Institute for Health Information (CIHI), Statistics Canada, provincial budget documents and Desjardins Economic Studies

Alberta is the exception, although its per capita public health spending was well above that of the other big provinces in the decade before the pandemic, in part reflecting higher than average wages for health care workers. It is only now expected to be in line with the Canadian average due to restraint in the past few years. This is despite Alberta having the youngest population of any Canadian province. Indeed, after adjusting for age, the Canadian Institute for Health Information (CIHI) found that Alberta's per capita health spending was above the Canadian average in 2023, and second only to Newfoundland and Labrador—Canada's oldest province (graph 6 on page 3). This points to a broader question about Alberta's health care spending drivers and value-for-money performance, rather than aging alone, as provincial health costs continue to rise.

Graph 6
After Adjusting for Age, Alberta Is a High Health-Spending Province



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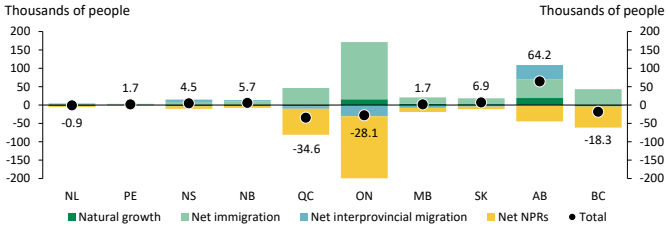
That said, Alberta has had the strongest population growth of any Canadian province in recent years, leading to greater demand for health services regardless of changes in per capita costs. Many of these newcomers to the province are from elsewhere in Canada (graph 7), particularly BC and Ontario, as younger Canadians pursue better employment opportunities and greater housing affordability. This should provide a demographic dividend to the province, as younger residents consume fewer health care resources per capita than older ones while paying more in income taxes to cover the costs. However, an ongoing focus on cost reductions may still be required to further mitigate the rise in per capita spending as Alberta's population continues to grow, albeit at a slower pace than in years past. In this regard, the establishment of Health Shared Services in Alberta's 2026 budget as a new provincial corporation to centralize services is intended to help rein in the cost of health care service delivery.

Graph 7
Alberta's Population Gains Are Supported by Interprovincial Migration



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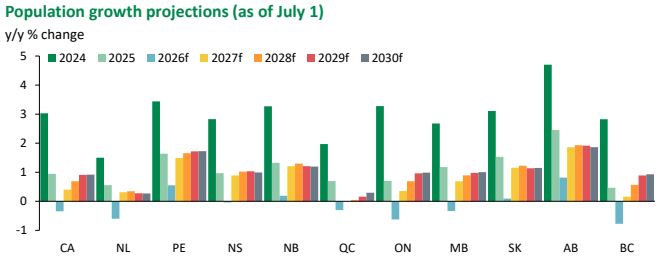
Is Surging Health Care Hiring Set to Continue?

With the surge in health care hiring over the past year being policy-driven and concentrated in a small number of provinces, it's reasonable to wonder if this is likely to continue. The answer, in short, is yes.

First, the governments of Alberta and Ontario have allocated meaningful additional resources to public health care over the next couple of years. Given sustained cost pressures related to aging and other factors, there is no reason to think this will reverse. While this should be reflected in future hiring numbers, some of it will also be going to wage increases for existing health care workers. That said, Alberta's projected health care spending growth of around 4–5% annually may be similarly realistic for other Canadian provinces given the ongoing demands on provincial health care systems. Indeed, longer-term funding and productivity in the health care sector was a key topic at the recent First Ministers' meeting in Charlottetown.

Alberta's population growth is also expected to continue to be at the top of the leader board going forward, supporting sustained health care demand (graph 8). And while Ontario's population is anticipated to shrink this year as fewer newcomers are admitted to Canada, the most expensive users of the public health system tend to be older, often long-time residents. As such, per capita public health care costs may have risen even without the increase in planned expenditures in the Heartland Province. (See our latest Provincial Outlook for a more fulsome discussion of our regional population and economic projections.)

Graph 8
Alberta Should Continue to Lead Canada's Population Growth

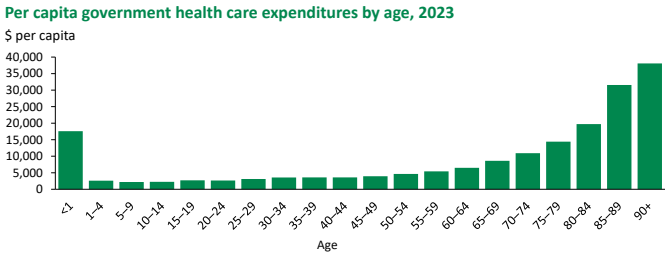


Note: The Canada and Quebec values are forecasts by Desjardins Economic Studies. The population forecasts for all other provinces are benchmarked against Statistics Canada's M1 population projection scenario. f: forecast
Statistics Canada and Desjardins Economic Studies

Several other provinces face even more acute demographic concerns than Ontario. Six of the ten provinces had an average age above the national mean of 41.8 years in 2025. But demographics isn't always destiny. Despite per capita public health care spending increasing almost exponentially with age (graph 9 on page 4), there doesn't appear to be a strong relationship between the average age of a province and public health care spending per person (graph 10 on page 4). Other considerations such as income, urbanization, immigration, Indigenous population and risk factors like the prevalence of smoking, drinking, drug use, obesity and inactivity also play a role. That's in addition to the differences in more general health system performance across Canadian provinces.

Graph 9

Health Care Costs Increase Almost Exponentially After Middle Age



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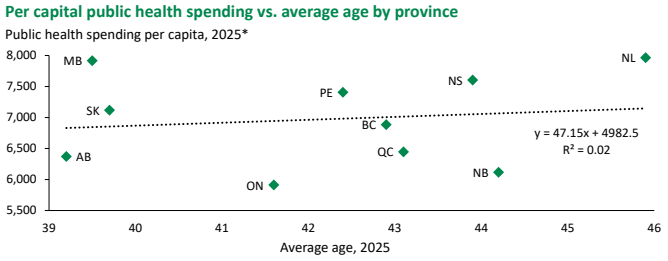
Graph 10

There Isn't a Strong Link Between Age and Per Capita Health Spending



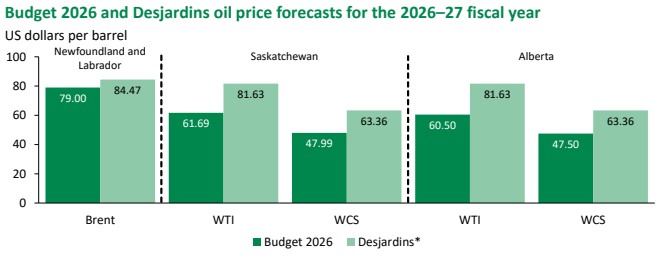
* Forecast from CIHI

Canadian Institute for Health Information (CIHI), Statistics Canada and Desjardins Economic Studies

For energy-producing provinces specifically, there is additional good news on the fiscal front that should help to offset the increase in planned health care spending. The conflict with Iran has pushed energy prices higher and boosted projected revenues relative to the 2026 budget season forecasts (graph 11). According to our latest estimates, Alberta's finances could move from a large deficit to a modest surplus, even after accounting for the $100 Alberta Energy Rebate payments. The magnitude of the fiscal benefits for Saskatchewan and Newfoundland and Labrador is harder to estimate precisely, though the direction is clearly positive.

Graph 11

Oil Prices Are Coming in Above Provincial Government Expectations



WTI: West Texas Intermediate; WCS: Western Canadian Select
* From Desjardins's August 2026 oil price forecast update

Provincial budget documents and Desjardins Economic Studies

Conclusion

All told, we think it's clear that the recent surge in health care hiring is policy-driven, particularly in Alberta and Ontario. As a result, it's likely to continue for the foreseeable future. As such, it's important to recognize that recent health care hiring is more a reflection of demographic and service-demand pressures than a signal of broad-based economic strength. This is similarly the case for the recent boom in consumer spending, which has been buoyed by large income transfers coming from the federal and, to a lesser extent, provincial governments. But beyond the areas of Canada's economy that are clearly being influenced by public spending, the Canadian labour market remains resilient in the face of ongoing US policy uncertainty and volatility.