

Directed Transfers: The Shared-Cost Programs

One of the principal forms of federal-provincial co-operation has been the 'shared-cost' program, in which both levels of government participate in the program funding. Shared-cost programs came into use in Canada innocuously enough in 1900 with a program to assist the provinces to finance 4-H Club activities. By 1963, some 63 shared-cost programs had been initiated.

Today, these programs have been considerably consolidated and the nature of the terms and conditions applied to provincial activities have generally been lessened. For example, the Established Programs Financing of post-secondary education and health care is no longer a shared-cost program in the sense of reimbursing the provinces on the basis of the costs incurred. It does, however, through a per capita subsidy, pay for a substantial portion of provincial costs for programs, such as medicare, promoted by the federal government and is in this sense a 'shared-cost' program. The magnitude of these transfers remains enormous (See Table 12-3). When those transfers designed specifically to foster regional development under the General Development Agreements are included, federal commitments under shared-cost programs amounted to over \$8 billion in 1980-81, over 14 per cent of total federal expenditures.