

Footprint

The educational and health care industries contribute slightly above 13% to the Canadian GDP, or about the same as the construction and retail industries together. Small and mid-sized enterprises (SMEs, 1 to 499 employees) and non-employer businesses account for about 67% of the sector's GDP and make up the large majority of businesses (99.7%) but employ only 46.5% of the workforce.

Table 4 – Educational, health care and social assistance, Canada

	GDP ^{1,2}	Businesses ³	Workforce ⁴
Total	\$295B	354,625	4,380,000
Sector's share of the economy	13.4%	7.9%	21.2%
SMEs' share of the sector	67.4%	99.7%	46.5%

The **educational services** sector⁵ includes businesses that provide instruction and training, either private or public. The private establishments comprise schools, colleges, and specific training institutions such as computer or language schools.

The **health care and social assistance** sector⁵ includes establishments that provide health care by diagnosis and treatment, counselling, and child care services.

Our analysis is focused only on private small and mid-sized establishments.

Sources

- (1) Statistics Canada. Table 36-10-0434-03.
- (2) Innovation, Science and Econ. Dev. Canada, Key Small Business Statistics 2023. Table 11.
- (3) Statistics Canada. Table 33-10-0717-01, and Table 33-10-0718-01.
- (4) Statistics Canada, Labour Force Survey data, custom tabulations.
- (5) Statistics Canada. North American Industry Classification System (NAICS) Canada 2022 Version 1.0.
- (6) CFIB, Your Business Outlook Survey. January 2014 to September 2024, Annualized data. cfib.ca/barometer.

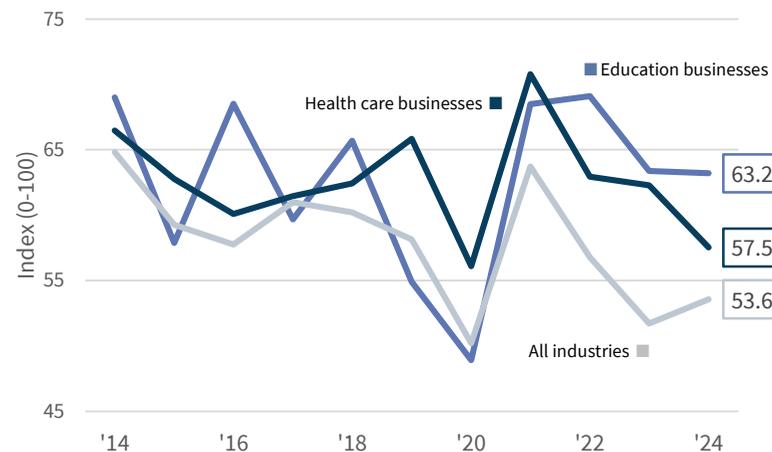
Fitness

The long-term confidence index for SMEs providing educational services has been significantly above the average for all industries since 2021. However, 2024 marks a downturn in optimism for these firms (Figure 8).

The trend for SMEs providing health care services is a bit different, as they recovered fast and strong from the pandemic. However, their optimism level has dropped rapidly also in 2022, and it has been trending downwards ever since. It is important to note that the health and education sector overall ranks in the top three most optimistic sectors among all industries, behind only the information, arts and recreation sector; and professional services.

Figure 7 – Education and health care businesses have become less optimistic since 2021, however their confidence levels remain above the all-sector average⁶

Small business 12-month confidence index



Challenges

While insurance and taxes/regulations are the top cost pressures in all industries, businesses in the education and health care sectors are significantly more concerned by occupancy costs and wage costs (Tables 5, and 6).

Table 5 – Education and health care businesses are more likely to report specific key cost pressures⁶ than all firms on average...

Key cost pressures cited by firms, 2024, % responses

	All firms	Education	Health care
Insurance costs	68	59	54
Tax, regulatory costs	67	61	66
Wage costs	66	71	72
Fuel costs	54	31	31
Occupancy costs	49	73	53
Borrowing costs	47	43	45
Electricity costs	44	31	40
Product input costs	37	14	26
Capital equipment, technology costs	31	12	36
Other energy costs	21	12	21

Table 6 – ...and it is also different for key limitations on growth⁶

Key growth limitations cited by firms, 2024, % responses

	All firms	Education	Health care
Insufficient demand	50	41	33
Shortage of skilled labour	45	37	54
Shortage of working capital	30	35	31
Limited physical space	22	35	21
Shortage of un/semi-skilled labour	21	9	14
Distribution constraints	13	4	6
Shortage of input products	9	4	4