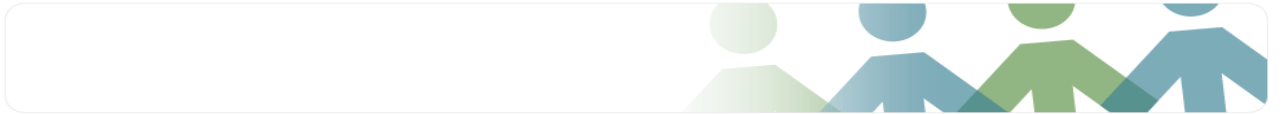


Canada Social Transfer Project

Accountability Matters





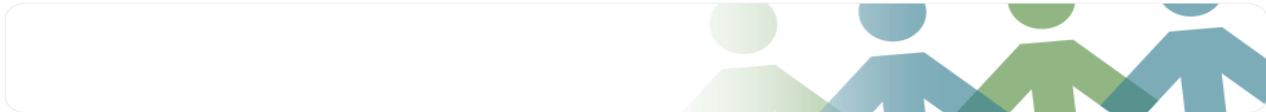
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Canadian Association of Social Workers
383 Parkdale Avenue, Suite 402
Ottawa, Ontario
K1Y 4R4

www.casw-acts.ca

1-855-729-CASW





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- Ernie Lightman, Professor Emeritus of Social Policy, University of Toronto
- Michael Mendelson, Senior Scholar at the Caledon Institute for Social Policy
- John Stapleton, Principal at Open Policy
- Margot Young, Associate Professor, University of Victoria

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Lastly, we acknowledge the expertise of all the authors whose work we drew upon in our literature review and policy scan. In writing this report, we are standing on the shoulders of giants.

Sincerely,
Jenna van Draanen and Ashley Lacombe-Duncan

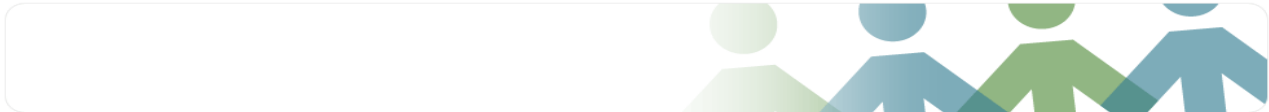
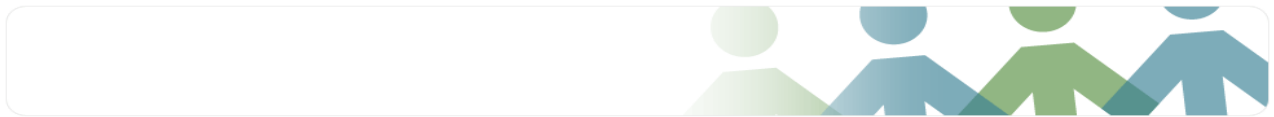


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Executive Summary

Background to the Project

The Canada Social Transfer (CST) is the primary source of federal funding in Canada that supports provincial and territorial social programs, specifically, post secondary education, social assistance, social services, and programs for children. In 2007, legislated funding for the CST was extended to 2013-2014, putting it on the same long-term predictable legislative track as the Canada Health Transfer (CHT). As both 2014 and the review of the CHT and CST are fast approaching, conversations have begun at the federal level about the Canada Health Transfer. The Canadian Association of Social Workers (CASW), a national organization that has adopted a pro-active approach to addressing issues pertinent to social policy and social work practice in Canada, calls for a similar approach of review of the Canada Social Transfer (CST) to be undertaken at the federal level.

In light of this approach, the CASW placed a request for a proposal to explore historical, current, and potential roles, policies, and practices related to the Canada Social Transfer. Given that the Canada Social Transfer is the primary source of federal funding in Canada that supports provincial and territorial social programs, specifically in the areas of post secondary education, social assistance, social services, and programs for children, it has considerable implications for the well-being of all Canadians and for the sustainability of Canada's social programs. While the Canada Health Transfer is attached to a set of conditions through the Canada Health Act, the Canada Social Transfer is a largely unconditional transfer, a fact that has come into question over time by scholars, policy-makers and activists.

Research Objectives

The objectives of this project were to:

1. Document the historical and current role(s) of the federal government and its relationships with provinces and territories to the financing and delivery of social assistance, social services, and child care
2. Create a framework and develop recommendations that address:
 - a. Where the federal government could play a leadership role in the financing, delivery, and shaping of social programs



- b. Where the federal and provincial governments could play a collaborative role in the financing, delivery, and shaping of social programs
 - c. Where the federal government could develop national guiding principles
 - d. Other relevant policy issues; and
3. Identify national guiding principles for the delivery of the CST.

Methods

Literature Review and Environmental Policy Scan

A comprehensive literature search and environmental policy scan was conducted looking for both published research and grey literature pertaining to social program funding and delivery in Canada. Key informants also provided guidance with respect to relevant articles on the CST. A total of 43 relevant articles were reviewed.

Key Informant Interviews

The literature review and policy scan were supplemented with semi-structured key informant interviews with interviewees representative of academia, social policy think tanks, past and present government officials, and human rights activists. Key informants were identified through reviewing the authors of CST papers found through literature review, through recommendations by identified key informants (snowball sampling), and through CASW contacts.

A final sample of nine key informants participated in semi-structured interviews over the phone ranging from 10-50 minutes in length. A total of 23 key informants were contacted to participate in this project. The final sample is reflective of those who could accommodate interviews within the timeframe of the project and who felt it was within their scope of expertise. Seven persons and/or organizations contacted did not respond to initial and follow-up requests for interviews.

Most key informants had over 25 years of experience exploring social policy in Canada, with varying extents to which their work focused on the CST. Although methods were undertaken to ensure representation from a cross-Canada and cross-political spectrum, notable gaps in the final key informant sample include Eastern Canada academic and politically-conservative perspectives.



Key Findings

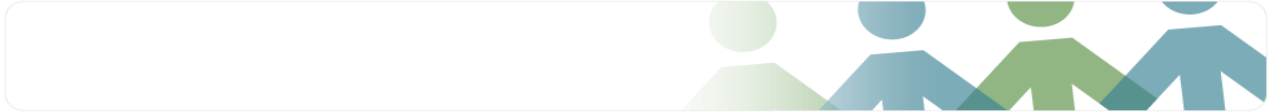
Models of federal financing of social programs have shifted dramatically since the advent of our nation-wide healthcare and social systems. Over time, four models of social program funding have been employed: unconditional, conditional, cost-sharing and direct spending. The Canada Social Transfer is inarguably a largely unconditional transfer which has no accountability measures for ensuring a level of adequacy with respect to social programs across Canada.

The provincial and federal jurisdictional landscape of financing and delivery of social programs is complex, as the federal government funds the majority of social programs through the CST, but provinces are directly accountable to citizens with respect to providing adequate levels of service. When considering the future of the Canada Social Transfer, it is important to consider both the historical and the current federal and provincial/territorial roles and relationship in the financing and delivery of social programs.

A number of contextual factors must also be considered when looking at the CST. These include both economic factors, such as equalization, and factors pertaining to accountability, such as who is responsible, for what, and how will compliance be assured. Moreover, the current political ideology and form of federalism does not support a strong federal role in the determination of social programs, thus, recommendations moving forward need to be highly considerate of what is possible within the current political climate.

Areas where the federal government could demonstrate leadership include: developing a council and tribunal to monitor and evaluate the use of the CST; increasing involvement in social policy through direct spending; implementing legislation that would establish principles for provinces to adhere to; establishing an overall objective for income security programs in Canada; calling key stakeholders, including the provinces and territories together; and implementing an alternative accountability regime, as described extensively by Barbara Cameron (2012).

Areas where the provincial government could provide leadership include: setting up accountability mechanisms within their jurisdictions, the creation of a council to address social policy renewal, educating citizens about the CST, and recognizing and addressing collective provincial weakness with respect to specific



areas of social programming. Federal and provincial/territorial collaboration is necessary moving forward.

The majority of key informants interviewed (six out of nine) recommend some conditionality attached to the CST and, moreover, that mechanisms for accountability and enforcement be put in place for the use of these federal funds. Additionally, most key informants felt that it was the role of the federal government to take leadership in this area, despite their acknowledgement that current political ideology does not favour federal leadership in shaping programs that are delivered primarily at a provincial level.

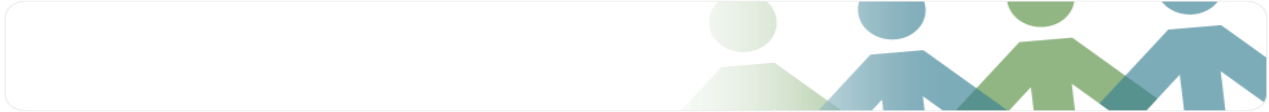
Recommendations

The following recommendations take into account both the idealistic and real-world scenarios in which the CST is rooted.

Recommendation # 1: All parties involved in the financing and delivery of social programs (federal and provincial government) work together to develop conditions for the receipt of the CST. Potential conditions that could be adopted include: at minimum a return to the conditions of the Canada Assistance Plan (CAP); moving beyond CAP, the addition of conditions related to adequacy of service and an increase in transparency. If substantial reporting is required on the part of the provinces, the amount transferred through the CST should reflect the administrative costs of gathering, synthesizing, and reporting data.

Recommendation # 2: Beyond the development of conditions, both parties should agree on an accountability framework that includes: “ what they are obligated to do as part of the relationship or role they are in [in regards to funding or using funds delivered through the Canada Social Transfer], what instrument or type of transfer will be used to fund social services in Canada, standards or conditions that will ensure the obligations of each party are met, how amendments to these standards will be made, how monitoring of the standards or conditions will occur, what kind of sanctions there will be for non-compliance and how those would be enforced (Cameron, 2012).

Recommendation # 3: The federal government should take a leadership role in developing a vision for Canada’s social system and a specific objective with respect to the Canada Social Transfer within that system. The federal government



should take into account principles of dignity, equality, anti-poverty, and accessibility,

Recommendation # 4: The provinces should take a leadership role in revitalizing the Provincial-Territorial Council on Social Policy Renewal or use another forum devoted strictly to social policy renewal to coordinate an approach to national social policy issues.

Recommendation # 5: The provinces should take a leadership role in educating Canadian citizens about the CST and the shared responsibility of federal and provincial governments in ensuring that social rights are realized in Canada.

Recommendation # 6: The provinces should take a leadership role in demanding their involvement in federal decisions with respect to how social programs will be financed moving forward and in ensuring that funding decisions are made transparently and collaboratively rather than behind-closed doors.

Recommendation # 7: Non-governmental organizations should take a leadership role in educating Canadian citizens about the CST and the shared responsibility of the federal and provincial governments in ensuring that social rights are realized in Canada.

Recommendation # 8: Non-governmental organizations, social policy think tanks, and academics with a similar understanding of the broad reaching impact of the CST should be brought together to form a coalition. The purpose of this coalition would be to ensure that the federal and provincial governments are aware of their collective disappointment with the lack of accountability and the objective of ensuring that the CST and accountability measures stays on the political agenda.

Conclusions

Models for financing social programs in Canada have undergone significant changes throughout history. Underlying all these logistical changes are powerful changes in federal-provincial/territorial (FPT) relations and federalism. The current model of financing social programs in Canada, the Canada Social Transfer, has many issues associated with it, the most prominent being an accountability crisis. There is a failure of accountability on many levels, and this must be addressed by adopting the recommendations above.



1.0 Introduction

1.1 Background to the Project

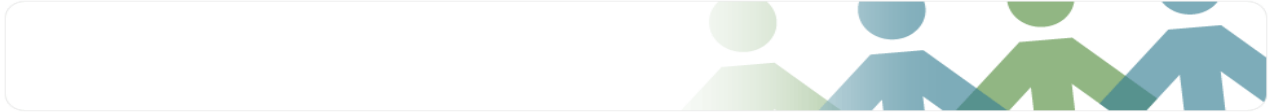
The Canadian Association of Social Workers (CASW) is a national organization that has adopted a pro-active approach to addressing issues pertinent to social policy and social work practice in Canada. In light of this approach, the CASW placed a request for a proposal to explore historical, current, and potential roles, policies, and practices related to the Canada Social Transfer. The Canada Social Transfer is the primary source of federal funding in Canada that supports provincial and territorial social programs, specifically in the areas of post secondary education, social assistance, social services, and programs for children.

Allocation of funds for both health and social services was previously provided from the federal government to the provinces through the Canada Health and Social Transfer (CHST), a single block funding for major federal transfers. In 2004, the CHST was split into the Canada Health Transfer (CHT) and the Canada Social Transfer (CST). In 2007, legislated funding for the CST was extended to 2013-2014, putting it on the same long-term predictable legislative track as the CHT. As 2014 and, subsequently, review of the CHT and CST is fast approaching, conversations have begun at the federal level about the Canada Health Transfer. The CASW advocates that a similar approach to review of the Canada Social Transfer be undertaken.

We have used the term “social programs” throughout the paper to refer to all of the areas of social policy that are currently supposedly covered by the Canada Social Transfer. These areas include: post-secondary education (PSE), childcare and early childhood services, and income security programs. While each of these components are unique and warrant a report of their own, our objective was to report on the CST and Federal-Provincial/Territorial (FPT) relations, therefore, individual discussions about PSE, income security programs, and early childhood policy were out of scope for this project.

1.2 Importance of Social Programs in Canada

Canada has a population of over 34 million people (CIA, 2011). A pride of Canadian society has long been access to medical care that is universal, accessible, comprehensive, portable, and publically administrated, principles that work to ensure that to a certain extent, Canadians living in Newfoundland can



expect the same experience of health care as Canadians living in Saskatchewan or Canadians living in Nunavut. A patchwork of nation-wide social programs has also long been in place. While medical care is one essential piece to the health and well-being of Canadians, social programs arguably play an equally if not greater role. The social determinants of health encompass a broad range of social factors, including socio-economic status (SES), early childhood education, and access to adequate housing, to name a few. Moreover, income inequality is highly associated with the health of a nation. Thus, while the health sphere and the upcoming renewal of the CHT has been a political focus as of late, the negotiations of the CST funding has the potential to have greater implications for the overall health and well-being of Canadians.

In some cases the international community has applauded Canada, and in some cases issued shame, for its performance on particular social indicators. Scholars (Cameron, 2004) remind us that it is the provinces that are responsible for most of these achievements. Social service delivery falls predominantly under provincial jurisdiction, although the federal government does deliver some social programs (Employment Insurance, pensions, etc.). The federal government provides funds to the provinces for the delivery of social programs in the area of social services, post-secondary education and childcare through provision of the block funding of the Canada Social Transfer. Overall, the federal government currently funds the majority of social programs in Canada and yet, plays little role in shaping these programs and ensuring adequate standards for delivery. Gradually, the federal government stepped back from ensuring adequacy of social programs and a unified Canadian experience. Exploring past roles of the federal government and potential future roles provide an important basis for improving the health and social well-being of Canadians.

1.3 Guiding Questions

The Canadian Association of Social Workers had an explicit project carved out in the request for proposals that was issued. From the initial RFP, the following questions became guiding questions for this research project:

- What is the historical, current, and potential future role and relationship of the federal government with provinces and territories in the financing and delivery of social assistance, social services and childcare?
- What are the key elements of a framework that addresses:
 - Where the federal government could play a leadership role in the financing, delivery and shaping of social programs



- Where the federal and provincial governments could play a collaborative role in the financing, delivery and shaping of social programs
- Where the federal government could develop national guiding principles
- Other relevant policy issues
- What are specific, national guiding principles for the delivery of the CST?
- How do these guiding principles align with the guiding principles of the CASW?

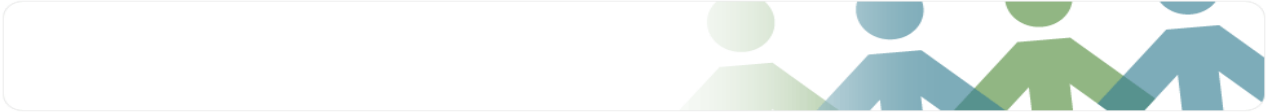
Out of these guiding questions, we established objectives for our research on the Canada Social Transfer. The objectives of the project were to:

1. Document the historical and current role(s) of the federal government and its relationships with provinces and territories to the financing and delivery of social assistance, social services and child care
2. Create a framework and recommendations that address:
 - e. Where the federal government could play a leadership role in the financing, delivery and shaping of social programs
 - f. Where the federal and provincial governments could play a collaborative role in the financing, delivery and shaping of social programs
 - g. Where the federal government could develop national guiding principles
 - h. Other relevant policy issues; and
3. Identify national guiding principles for the delivery of the CST.

2.0 Methods

2.1 Literature Search and Environmental Scan

A comprehensive literature search was conducted looking for both published research and grey literature pertaining to the financing and delivery of social programs in Canada. To carry out the literature review and policy scan, the following search engines were used to search a wide array of databases: Summon search engine, Proquest, Scopus, PAIS International, and Google Scholar. Additionally, the following non-academic sources were searched: PolicyFile, Canadian Research Index, Catalog of US Government Publications, Eurocat: Index to European Community Publications and Documents, House of Commons Parliamentary Papers, UKOP: the Catalog of the United Kingdom Official Publication. The following policy think tank websites were also searched for



relevant publications: C.D. Howe Institute, the Caledon Institute of Social Policy, the Canadian Centre for Policy Alternatives, the Conference Board of Canada, the Centre for International Governance and Innovation, the Canadian Policy Research Network, the Institute for Research on Public Policy, Canada's public policy forum, the Institute on Governance and the Institute of Public Administration of Canada (IPAC).

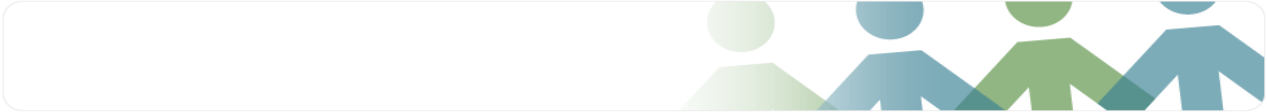
The following key search terms and phrases were adjusted and combined in various combinations to yield the most effective results: 'social service delivery', 'social assistance', 'social service*', 'model', 'delivery', 'administ*', 'transfer', 'Canada', 'Canada Social Transfer', 'federal government', 'national', and 'governmental'.

Key words associated with each relevant article were viewed and documented to ensure that there were no relevant terms being overlooked. The reference list of each relevant article was scanned to find any other relevant sources that were not obtained in the initial search. The search strategy was documented as it was executed, with detailed accounts of which sources and which combinations of key words resulted in the most articles. See Appendix A. Search Results for specific search results.

2.2 Key Informant Interviews

2.2.1 Description of Methods

The literature review and policy scan was supplemented with semi-structured key informant interviews with nine key informants representative of academia, social policy think tanks, past and present government officials, and human rights activists. It proved challenging to categorize key informants into the above discrete categories, as many persons interviewed fit into multiple categories and social policy specializations. Thus, a detailed description of the final sample of key informants can be seen below, and short biographies outlining the breadth of experience in key informants can be seen in Appendix D. Key Informant Bios. Although we had pre-identified individuals for interviews, we also used snowball sampling to add relevant key informants to our list. Key informants were approached using a telephone/email invitation script. Attempts were made to connect with policy makers at the highest level possible (Ministers or Deputy Ministers), facilitated through the provision of a detailed interview guide prior to interview (see Appendix B. Key Informant Interview Guide). The initial



interview questions were designed to elicit specific information from key informants, and were drawn from internal documents provided to Blink Evaluations on behalf of the CASW and from the RFP itself. When identified interviewees were not available, organizational charts were reviewed to determine the next most appropriate contact. Where appropriate, CASW board members and staff were asked to identify individuals whom they thought would be more receptive to contact.

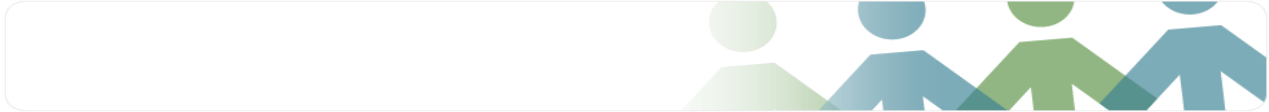
With permission, all interviewees were audio-recorded for the purpose of taking detailed field notes. To facilitate engagement of key informants, they were given the option to complete the interview questions electronically as an open-ended questionnaire, although no key informants chose this option. All key informants participated in interviews that ranged in time from 10-50 minutes, with an average of approximately 30 minutes. The option to remain anonymous was given to key informants.

Given the small sample of key informants and the diversity of their experience, their perspectives present diverse ways of thinking about and understanding the CST. Thus, their perspectives and direct quotes were looked at individually rather than collectively and are interwoven throughout the report in entirety where appropriate and presented as a separate section of findings.

2.2.2 Key Informant Sample

A total of 23 key informants were contacted to participate in this project. Of those, 14 agreed to participate in interviews and nine were able to accommodate and complete interviews within the timeframe of the project. Of the remaining nine key informants contacted who did not participate, two key informants contacted felt that the project did not fall within their area of expertise and seven persons and/or organizations contacted did not respond to initial and follow-up requests for interview.

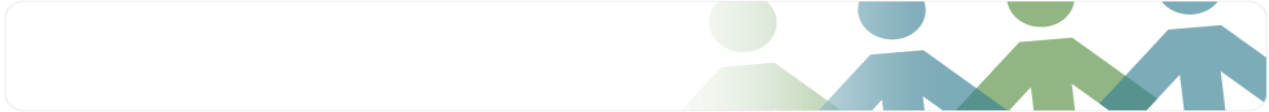
As previously mentioned, the key informants who were interviewed brought a diverse academic and social policy perspective to the project. Most key informants had over 25 years of experience exploring social policy in Canada, with varying extents of focus on the CST. Attention was sought to ensure that the sample represented the diversity of Canada, thus academic and social policy scholars were recruited from the University of Victoria, the University of Toronto and York University. Given time constraints, participants recruited from



academia in Eastern Canada could not participate in this project. Additionally, given that social policy, and the CST specifically, can be examined from a wide array of perspectives (value for money, social determinants of health, human rights etc.), effort was taken to ensure a diversity of academic perspectives and recruitment was undertaken from the disciplines of economics, social work, law, and political science. With respect to social policy think tanks, effort was taken to speak with representatives from a number of Canada's major social policy think tanks: the Caledon Institute of Social Policy and the Canadian Centre for Policy Alternatives. Participation was also sought from the Fraser Institute, however given time constraints they were also unable to participate. It is recognized that there are a number of other key social policy think tanks in Canada whose perspectives we consider invaluable that we were unable to make contact with over the duration of the project. Other organizations also came to participate through snowball sampling, including the Canadian Childcare Research and Resource Unit and the Poverty and Human Rights Centre. Government representation was harder to secure, thus, past government representation was only secured from two provinces and/or territories. The government officials spoken to had more than 25 years within their respective governmental roles and had direct experience navigating provincial/territorial and federal government inter-relations and agreements.

3.0 Financing of Social Services in Canada

There are four categories of ways for the federal government to finance a policy area: unconditional grants, conditional grants, cost-sharing, and direct spending. Very generally, federal transfers of money to the provinces can be either conditional or unconditional. With unconditional transfers (such as the equalization program discussed below), the federal government has no control over how the provinces and territories use the funds. With conditional grants, there are some terms (ranging from very strict to almost negligible) that the provinces and territories are required to meet to receive the funding. The largest conditional federal transfers are the Canadian Health Transfer and the Canada Social Transfer (Library of Parliament, 2007). Shared cost programs are slightly different, in that they are typically programs proposed by the federal government to the provinces which each government covers a portion of the program costs (in practice, the split has usually been 50/50). The last main type of spending that the federal government undertakes is called direct spending, and it involves the federal government allocating money directly to individuals, agencies, or



municipalities (Library of Parliament, 2007).

Federal financing of social programs has shifted dramatically from the advent of nation-wide health and social services in the 1960s to present. Various models of social service funding, including cost-sharing and conditional block funding comprise the major forms of federal funding for social services used by the federal government over the past 50 years. The focus of this paper will be on the weak, conditional grant that the federal government disperses to the provinces known as the Canada Social Transfer.

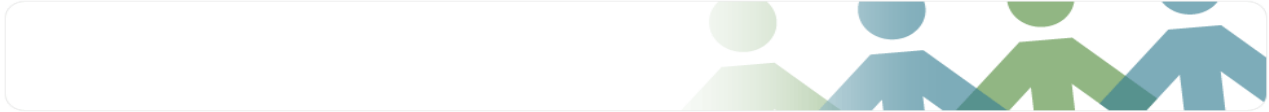
3.1 Cost-Sharing

During the 1960s, the federal government made the development of nation-wide health and social programs a focus (Laurent & Vaillancourt, 2004; Library of Parliament, 2011). During the development of nation-wide programs, approximate 50/50 cost-sharing of health and social programs allowed conditions to be attached to federal funds encouraging the establishment of national standards. These early conditions allowed standards to be developed so that theoretically, regardless of province or territory or residence, all Canadians received health and social services of comparable quality (Library of Parliament, 2011). With these cost-sharing programs, provinces and territories were required to provide detailed documentation of their spending to the federal government. Notable cost-sharing agreements of this time include the Hospital Insurance and Diagnostic Act, the Medical Care Act and the Canada Assistance Plan (CAP) (Laurent & Vaillancourt, 2004). It is well noted within the literature that conditions under cost-sharing programs led to the development of Canada's healthcare and social system as we currently know it. A number of key informants also touched on this fact:

“Historically the federal social transfers have played a very important role in expanding entitlements to social services in Canada, so it’s played a big role in creating a common base of social citizenship in this country.”-Barbara Cameron, York University

3.1.1 Canada Assistance Plan (CAP)

The Canada Assistance Plan (CAP) was a 50/50 cost-sharing program enacted in 1968 that allowed for sharing of costs between the federal and provincial/territorial governments with respect to the provision of social assistance and welfare services (Torjman & Battle, 1995; Library of Parliament,



2011). Associated with CAP, there existed a number of conditions that provinces and territories had to meet to receive their full share of funding, including:

- Prohibition of a minimum residency period
- Welfare system must incorporate an appeals mechanism
- A needs test in place to determine eligibility for financial assistance
- Records regarding programs and services cost shared under the agreement should be kept. (Torjman & Battle, 1995).

The amount of funding provided to the provinces and territories through CAP depended on provincial/territorial spending decisions and the labour market circumstances of each province or territory (Library of Parliament, 2011).

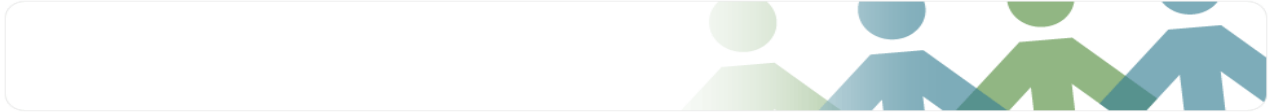
3.2 Block Funding

The Government of Canada switched to less-restrictive block funding to finance health and social services starting in the 1970's. Block funding generally refers to large, conditional transfers of money intended to be allocated to a specific program, service, or policy area.

3.2.1 Established Programs Financing (EPF)

In 1977, the federal government consolidated payments for Medicare and post secondary education into a combined fund made up of equal parts tax room and cash payments to the provinces and territories (Laurent & Vaillancourt, 2004; Library of Parliament, 2011). This decision was based on consensus that there was less need for the federal government to apply conditions, as medical and social service programs were already established, and allowed provinces and territories to redistribute the Established Programs Financing (EPF) to suit their own provincial or territorial priorities (Library of Parliament, 2011). A concern for rising costs on the part of the federal government led to installation of a number of key arrangements, limiting the overall funding provided to provinces and territories with respect to CAP and EPF.

In the 1980's, the federal government reduced the EPF payments below what the provinces were expecting with a final freeze to the per-capita amounts in 1990 (Laurent & Vaillancourt, 2004). This gave the provinces the perception that federal funding was unpredictable, and ultimately led to a Supreme Court Challenge in 1991. The court ruled that the federal government was free to amend



the CAP, as they pleased, notwithstanding the cost-sharing agreements with the provinces (Courchene, 1996). Finally, in 1995, CAP and EPF were merged.

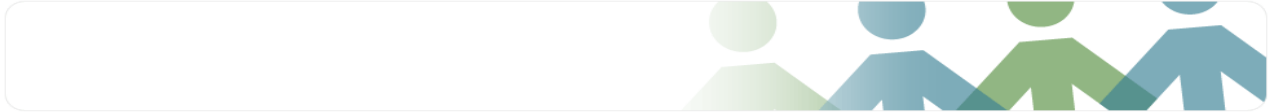
3.2.2 Canada Health and Social Transfer (CHST)

In 1995 the federal government announced that CAP and EPF would be consolidated into one block of funds called the Canada Health and Social Transfer (CHST), a tax and cash transfer (Human Resources and Skills Development Canada, 2008; Library of Parliament, 2011). While the overall objective of the CHST remained the same as CAP and EPF (to ensure the presence of a safety net throughout the country and to maintain Canada's universal health system) (Torjman & Battle, 1995), essentially no conditions of receipt were applied with the exception of the conditions of the Canada Health Act and the prohibition of a minimum residency requirement to receive social assistance. Provinces and territories were no longer required to follow rules dictating which expenditures were eligible for cost-sharing, and would be free to reform social programs: and federal expenditures were to be set, as opposed to dictated by provincial spending (Library of Parliament, 2011). In 1996, a five year funding arrangement was announced for the CHST in which funding would increase at the rate of GDP growth. Additional supports were also put in place specifically related to health care, early childhood development and post secondary education during the time of the CHST (Library of Parliament, 2011).

3.2.3 Canada Social Transfer (CST)

In 2004 the CHST was divided into two separate transfers, the Canada Health Transfer, valued at 62% of the former CHST and the Canada Social Transfer (CST) valued at 38% of the CHST, keeping the format of block funding but making the transfers for health care and social services, post-secondary education, and child care separate. The Canada Social Transfer is the current prevailing method of financing social programs in Canada. The rest of the paper will discuss the CST in greater detail (Laurent & Vaillancourt, 2004; Library of Parliament, 2011).

The purpose of the CST is to support provincial and territorial governments in providing post-secondary education, social assistance, social services and programs for children, through financing of these programs (Department of Finance Canada, 2010), moreover, the purpose of equalization payments in



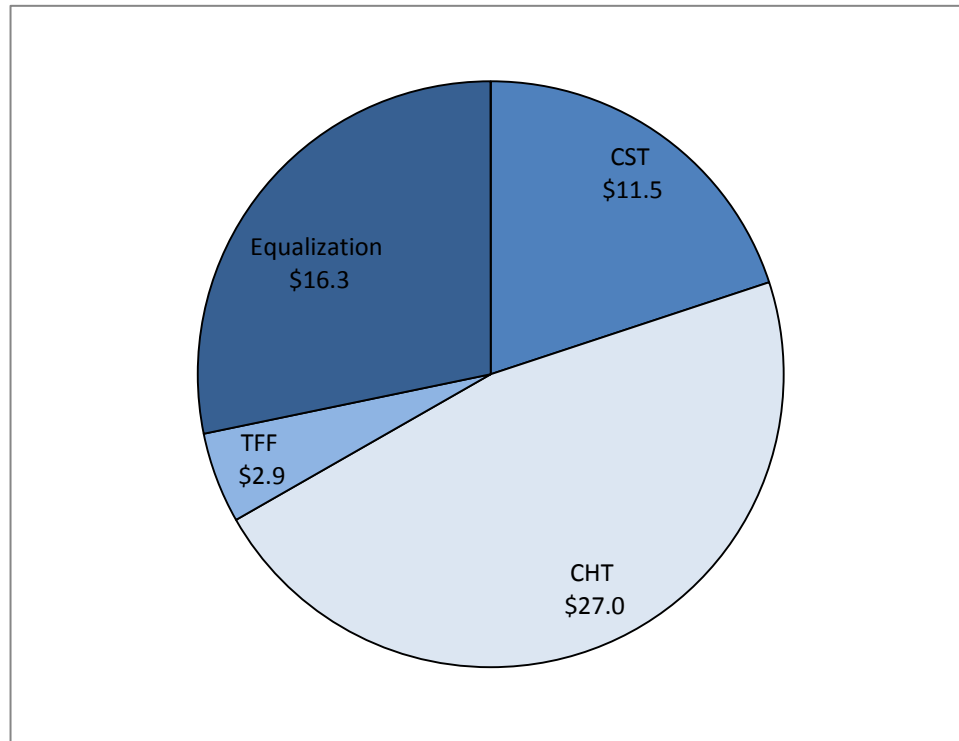
addition to the cash transfer is to ensure that all provincial governments can provide comparable services at comparable levels of taxation (LeGoff, 2005).

The release of Budget 2007 dictated that the CST was to be distributed on an equal per capita cash basis, on the same legislative track as the CHT with an annual 3% escalator. An additional \$800 million was devoted to PSE and \$250 million for childcare spaces (Library of Parliament, 2011; Department of Finance Canada, 2010).

Provinces must uphold only one national standard with respect to social service delivery, according to section 24.3 of the Federal-Provincial Fiscal Arrangements Act: that there is no minimum residency period required before persons are eligible to receive social assistance (Library of Parliament, 2011; Department of Finance Canada, 2010). Therefore, the CST is officially regarded as a conditional transfer, despite being extremely weak in nature.

The CST cash transfer will be approximately \$11.9 billion and the tax transfer is projected to be \$9.0 billion in 2012-2013 (Department of Finance Canada, 2010; Library of Parliament 2011). In 2011-2012, the federal government will transfer a total of \$58 billion, or roughly 23% of all federal program expenses, through the major transfer arrangements: the Canada Health Transfer (CHT), the Canada Social Transfer (CST), Equalization, and Territorial Formula Financing (TFF). See Figure 1 below for a breakdown of the transfers.

Figure 1. Total Major Federal Transfers in Canada 2011/2012 (billions of dollars)

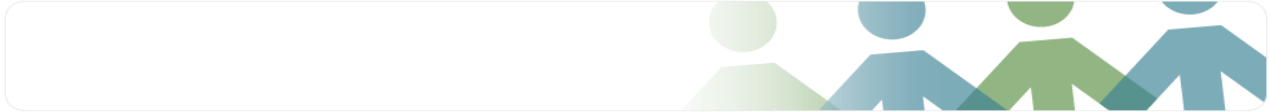


Note: Equalization figure includes other payments (such as Total Transfers Protection and Offshore Accord Payments)

Source: Information in chart obtained from Department of Finance Canada (2012)

3.2.4 Equalization

Since not all Canadian provinces have equal abilities to generate revenue, the federal government (on the principle of fiscal equalization) provides annual equalization transfers to the provinces and territories that generate less revenue. Equalization models and formulas have varied throughout history as much as the transfer system has. Equalization is closely related to the transfer system and has even been intertwined with transfers in the past. Much the same as the transfers, equalization has been a source of conflict and tension in FPT relations throughout history. Especially when transfers have weak conditions and are issued in cash, the same way that the equalization payments are, together they conceptually become part of the total amount of money each province receives from the federal government and this leads to concerns about fairness with allocation. Thus, many discussions about transfers touch on equalization (and vice versa). A complete



discussion of equalization is beyond the scope of this project and thus the issue of equalization will remain peripheral in this report.

Key informants noted the importance of taking a holistic look at the CST, including looking at other forms in which the federal government provides money to the provinces, namely, equalization payments and horizontal transfers.

“You also have to take into account the taxation, equalization, and the effects of horizontal transfers across provinces.”-John Stapleton, Principal at Open Policy

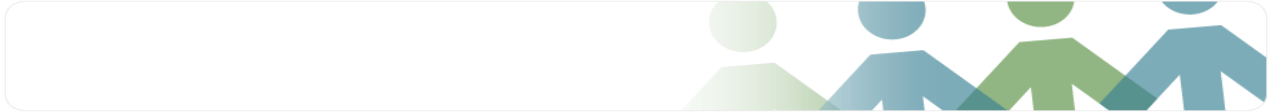
3.2.5 Current Negotiations

A dated quote from a paper published by Mendelson (1995) remains accurate when trying to understand the process of negotiation that takes place around federal transfers:

“Will it be possible for anyone in the media, the public or even members of the federal Parliament and provincial assemblies to find out enough about the negotiations to follow and assess them? Traditionally, federal-provincial fiscal negotiations have taken place behind closed doors with no access to the media and no Parliamentary or public input. In these secret negotiations, not even the opening positions of the respective jurisdictions are known. The public is kept completely in the dark until the last moment – unless there is an acrimonious breakdown.” (Mendelson, 1995)

Still, we know that as a result of the Council of the Federation meeting in 2010, the Premiers reached a consensus in an effort to guide the CST and CHT renewal process. They agreed that:

“Ongoing, stable and predictable federal transfers are necessary to sustain economic growth. Premiers support the federal government’s commitment to protect major transfers to other levels of government in support of health care, social services and equalization. Premiers encourage the federal government to work with the provinces and territories in renewing these arrangements which are due to expire in 2014.” (Council of the Federation, 2010)



Nonetheless, the Canada Health Transfer negotiations and, to a lesser extent the Canada Social Transfer negotiations, have been in the media recently as the negotiations are nearing. Opinions are being voiced throughout mainstream media on these issues.¹

The Minister of Finance announced December 20th, 2011 that the 6% annual increase in the CHT and 3% annual increase in the Canada Social Transfer will continue until the 2016-17 fiscal year. The announcement also stated that after 2017, while the Canada Health Transfer and Equalization will be tied to economic growth, the Canada Social Transfer for post-secondary education and other provincial services will grow at only 3% annually. Until this point, the federal government did not discuss the upcoming CHT/CST expiration.

4.0 Federal and Provincial/Territorial Relations

“Our fiscal arrangements reflect choices about the nature of political community: one vision which celebrates Canada as a community embracing all citizens from one side of the country to the other, and the second which celebrates Canada as an interlinked set of regional communities or a community of communities. Seen in this light, our fiscal arrangements represent one of the ways in which we define the social programs to which we are committed, the nature of democracy that we are going to practice, and the conception of community we are going to reinforce. The issues may be technical, and in some immediate sense the debates are inevitably about money and power. But our fiscal arrangements embody big choices about the kind of country we want to be.” (Banting, 2005)

4.1 Jurisdictional Landscape of Social Service Delivery: Past and Present

¹For example:

<http://opinion.financialpost.com/tag/canada-social-transfer>

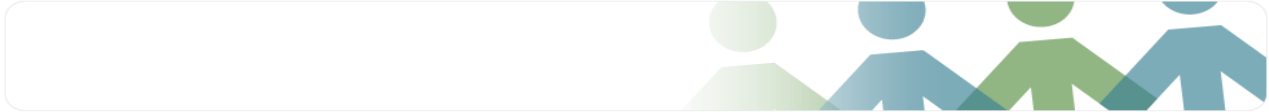
<http://www.progressive-economics.ca/2011/12/20/modest-inflation-outstrips-wages-cst/>

<http://www.mowatcentre.ca/opinions.php?opinionID=46>

http://www.theglobeandmail.com/life/health/new-health/andre-picard/shrewd-tactics-not-the-same-as-good-health-policy/article2277226/?utm_medium=Feeds%3A%20RSS%2FAtom&utm_source=Opinions&utm_content=2277226

<http://www.emckemptville.ca/2011/12/29/news/Year+End+Commentary,+MP+looks+back+on+busy,+productive+year+for+federal+government>

<http://www.emckemptville.ca/2011/12/29/news/Year+End+Commentary,+MP+looks+back+on+busy,+productive+year+for+federal+government>



Section 92 of the *Constitution Act 1867*, grants the provinces jurisdiction over delivery of social services (Human Resources and Skill Development Canada, 2008). However, there are many ways in addition to the transfers that have been discussed above, in which the federal and provincial governments both participate in the financing and delivery of social programs, income security, and post-secondary education. Complexity of the areas funded and mechanisms of funding have increased considerably due to multiple different sources of funding. Funding for children is obtained from the CST and the National Child Benefit, and funding for PSE is obtained from federal and provincial budgets, foundations, and the CST.

The division of power in Canada has evolved over time and brought us to the point where today, the federal government has exclusive jurisdiction over unemployment insurance, shared jurisdiction with the provinces over pensions and old age income security, and shared responsibility with the provinces (based on section 36 (1) of the Constitution Act of 1982), for “(a) promoting equal opportunities for the well-being of Canadians; (b) furthering economic development to reduce disparity in opportunities; and (c) providing essential public services of reasonable quality to all Canadians”. The provinces still have primary jurisdiction over social services but both levels of government are permitted to spend in the area of social programs (Cameron, 2012).

In practice, this leaves the federal and provincial governments entangled in service provision and both levels of government ultimately play significant parts. The federal government funds and delivers Employment Insurance and the Canada Pension Plan. The provinces and territories deliver social assistance and workers’ compensation programs. Both levels of government offer child benefits as well as several, specific refundable tax credits (Caledon Institute of Social Policy, 2003).

Key informants noted that given the distinct role of the federal government in financing the majority of social programs, at least with respect to income security, the lack of use of the federal spending power to ensure standards of adequacy is concerning:

“When it comes to such overall issues of poverty reduction, [the federal government] sees it as the responsibility of the provinces. I personally find this to be very strange when [the federal government] owns or controls 80% of the programs that would have an effect and then say that



it is the provinces that have the responsibility for it; it seems to be like there is some kind of lapse in government.” -John Stapleton, Principal at Open Policy

4.2 Social Union Framework Agreement (SUFA)

All of the provincial and territorial first ministers, including the Quebec premier, met in 1998 and laid out the parameters for an agreement that outlined a renewed social union (Library of Parliament, 2007). Following that, the federal government joined the discussions, and the Social Union Framework Agreement (SUFA) was produced and signed on February 4, 1999 by the federal government and all provinces, except for Quebec.

The purpose of signing this agreement was to foster a closer working relationship between the two levels of government. It clearly laid out roles in health care, social services, post secondary education, and social assistance. One of SUFA’s objectives was to give co-operation and efficiency precedence over division of power (Laurent & Vaillancourt, 2004).

The two reasons that Quebec objected to signing the SUFA were: 1) that it would not allow a province with existing similar services to opt-out, and 2) that it recognized and legitimated the federal spending power as a way to achieve social policy objectives (Library of Parliament, 2007).

Despite SUFA being more decentralized than the policy approaches up to that point, the main difference in this agreement was not the decentralization but the mutually agreed upon principles that it contained and the focus on collaboration to achieve national objectives for health and social programs. Scholars have pointed out that it was mutually beneficial in the way it allowed the federal government to have more predictable funding agreements and the provinces to have reliable funding for the services they were delivering (Cameron, 2004). Cameron (2004) also states that this agreement was helpful in improving transparency, accountability, and avoiding redundancies. Although the Social Union Framework Agreement was seen as a positive development in this field by many social policy scholars, the current status and importance of it remains elusive.

“SUFA [...] was an agreement among all the provinces and the federal government in 1999. [...] And then, it just kind of fell off the table. So one question is do we have SUFA or do we not have SUFA? [...] Does it exist, does it not exist, does it govern anything, what does it mean?”-Martha



Friendly, Executive Director of the Childcare Resource and Research Unit

“There was the Social Union Framework Agreement for awhile. It seems not to have meant very much, but that framework was put in place for the federation for just these things - development of policy, development of standards for social programs, the involvement of civil society in the development of those standards. Unfortunately, SUFA has really meant nothing and certainly has not been used.” -Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

4.3 Changing Funding Models and Commitments

The original objective of the CHST was to control federal spending commitments for provincial social programs and to encourage the provinces to control excess expenditures relative to the matching grants of CAP (Smart, 2005). By 1997, however, there was less concern with excess spending. Federal budgets since then have planned for stable or even declining transfers under CHST, but have seen these figures replaced by higher provincial spending tracks (Smart, 2005). Because of this, federal officials have been pressured to increase the amount transferred to the provinces (Smart, 2005). Authors from the Fraser Institute also state that federal spending on health, education, and social assistance through the CST and the CHT has increased over the period 1999-2005 (Clemens, Veldhuis, Palacios, 2007). Alternatively, other scholars argue that federal investments in social policy, specifically, through the transfers, have actually decreased over time (Cameron, 2012). St-Hilaire (2005) distinguishes between the health transfer and the social transfer by saying that we have, “one active social transfer instrument and two others that are basically on life-support, growing at a rate only slightly above that of inflation and population growth for the foreseeable future.”

In addition to the CST, there are multiple models currently used for funding in the area of social policy, which now includes transfer supplements, trust funds, special funding arrangements, and arm’s length foundations (Laurent & Vaillancourt, 2004). Some argue that this complicates FPT relations, and makes it increasingly difficult for citizens to hold their governments accountable for their actions, which may have implications for civic engagement (Laurent & Vaillancourt, 2004).



4.4 Changes in Roles and Relationships

Individuals who are interested in inter-governmental transfers are typically also interested in respective roles and levels of accountability between the two levels of government. The gradual but substantial shift in the approach to social policy and FPT relations that has taken place over the past half-century has generated a lot of discussion.

4.4.1 Trends

Some scholars point to ways that the federal government has been changing their relationship with the provinces in regards to the Canada Social Transfer by becoming more and more decentralized, and view this as a deterioration of the FPT relations over the past decade. Yet some would say the opposite, that it shows an improvement of relations because it shows respect for provincial jurisdiction under the constitution. Since the public discussion has shifted to one of deficits and debt, the federal government has been reluctant to return to intergovernmental transfers as a means to achieve social policy objectives (St-Hilaire, 2005). St-Hilaire (2005) notes that the federal government has recently shown clear preference in direct spending initiatives over transfers, as direct spending allows the federal government to maintain full control and gain visibility.

Since the 1960's, there has been ongoing discussion about federal spending power. Several attempts have been made historically through proposed constitutional reform (Meech Lake Accord 1987, Charlottetown Agreement 1992) to strengthen or weaken the federal spending power. More recently, discussions about the spending power and attempts to change it have been proposed in non-constitutional venues through the frame of a renewed social union or an attempt to redress the fiscal imbalance (Anderson & Findlay, 2010).

Graefe (2006) argues that the nature of federal-provincial relations has not changed dramatically over time, despite the reference to decentralization given above. He asserts that the federal government continues to exert control over provincial social assistance programs, with the example of the National Child Benefit. In his view, the federal government continues to have a hierarchical relationship with the provinces, and plays an assertive role in social citizenship (Graefe, 2006). Others note that the provinces have been unsuccessful in their bargaining attempts with the federal government in general because Canadians (outside of Quebec) favour the federal government as the most appropriate actor



for creating and maintaining a pan-Canadian social citizenship (Noel, 2000).

4.4.2 Types of Federalism

Although federalism may seem like an abstract or theoretical concept, it is actually an important way to characterize the federal-provincial relations in Canada and the way they have evolved over the years. Because the model used to fund social programs is dependent on the prevailing government's approach towards FPT relations, the type of federalism involved is important.

Collaborative federalism

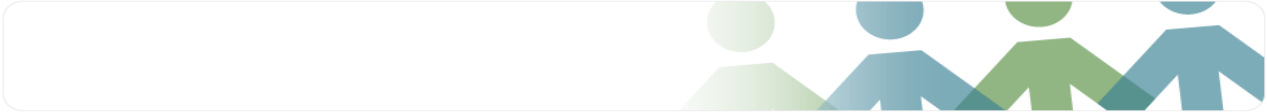
In the 1950's and 1960's, which is where we started our discussion of the federal transfer of finances to the provinces, the model of federalism in place has been called "cooperative federalism". The CAP itself has been referred to as "perhaps the most harmonious product of the cooperative federalism period" (Dyck, 1976). This particular model governing the division of jurisdiction between regional and general governments, known as cooperative, collaborative, administrative, or executive federalism implies mutual interdependence, joint problem solving amongst elected officials, and little or no hierarchy in working relations between the levels of government in Canada (Smiley, 1987).

Classic federalism

The model of federalism which comes closest to describing the current approach to the Canada Social Transfer is classic federalism, with the federal government having little involvement in the provinces' responsibilities and service provision being highly decentralized. Classic federalism is typically characterized by unilateral decision-making, strong provincial control, and restrained use of federal spending power (Smiley, 1987). Movement towards classic federalism has been gradual and ongoing for the past several decades.

Open Federalism and the Harper Government

The Harper government, when elected, made a commitment to "open federalism" which was defined imprecisely, yet implied concrete policy positions. Notably, open federalism, as it was implied and as it has been practiced, is not significantly different from classic federalism.



The 2007 Speech from the Throne announced the introduction of legislation to place limits on the use of federal spending power for new shared-cost programs in areas of provincial jurisdiction (Telford, Graefe, Banting, 2008).

“Our Government believes that the constitutional jurisdiction of each order of government should be respected. To this end, guided by our federalism of openness, our Government will introduce legislation to place formal limits on the use of the federal spending power for new shared-cost programs in areas of exclusive provincial jurisdiction. This legislation will allow provinces and territories to opt out with reasonable compensation if they offer compatible programs.”(2007 Speech from the Throne)

Similar language can be seen in the 2007 federal budget.

“Budget 2007 reconfirms the Government’s commitment to limit the use of the federal spending power to ensure that:

- *Provinces and territories have the right to opt out of cost-shared federal programs with compensation if they offer similar programs with comparable accountability structures.*
- *New cost-shared programs in areas of provincial responsibility have the consent of the majority of provinces to proceed.”* (2007 Federal Budget)

The model open federalism referred to by the Harper government is thought to be comprised of six key elements, as defined by Young (2006):

- Order in the process of federal-provincial relations
 - Mutual respect in negotiations, “principled” commitments
- Strong provinces
- Strict constructionism about the constitution
 - Roles of Ottawa and the provincial governments should be clarified
 - The division of powers as laid out in the Constitution Act should be respected
- Exceptions for Quebec
 - A broader recognition that Quebec’s provincial government has special cultural and institutional responsibilities
- Addressing fiscal imbalance



- Done through increasing equalization, boosting other transfers, reducing taxes to leave room for the provinces and/or transferring tax points
- Municipalities are provincial
 - Provinces control municipalities, and across Canada this is acted upon
 - Increasingly decentralized government

All key informants discussed the approach of the federal government similarly to the way it was outlined in the literature, that is, a hands-off approach representing a trend towards increasing decentralization:

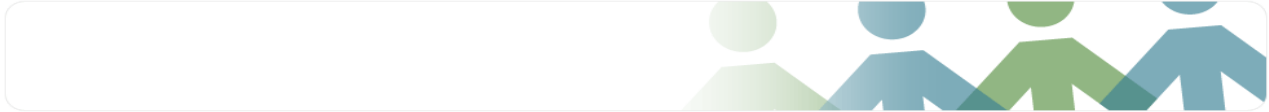
“I think the current federal government would like to get out of financing social services as far as possible. They cannot get out of healthcare because of its symbolic importance but I think that they would like to reduce the federal role as much as they can.”-Barbara Cameron, York University

“From my viewpoint, the role [of the federal government] is inadequate, but from the perspective of the federal government it is probably very effective; because I think that the federal government should have a much more active and engaged role and the Conservatives don’t see it that way. You can only talk about effective with respect to certain goals, and the goals I would define are different than the goals that the federal government would define.”-Ernie Lightman, Professor Emeritus of Social Policy, University of Toronto

“The Harper government considers the federal government to have a very narrow role. Mainly it believes that its role has to do with the military, foreign policy and taxation.”-Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

4.4.3 The Case of Quebec

The literature reviewed indicated overwhelmingly that Quebec has a different perspective from the rest of the provinces on FPT relations and the value of federalism, equalizations, and transfers. The impact this has had on the other provinces’ ability to negotiate with the federal government is substantial. In addition, it means that every model of federalism that is theoretically in place has always had exceptions for Quebec embedded in it. Moving forward, the unique position of Quebec will have to continue to be considered, perhaps with even



more creativity than in the past, when designing and implementing changes to the CST. Telford, Graft, and Banting (2008) have written extensively about the position of Quebec relative to the Canada Social Transfer and Canada Health Transfer in their paper.²

Key informants also spoke of the need for asymmetrical federalism and explicitly stated in a few cases that their thoughts and suggestions did not apply to Quebec. Key informants also noted that a historical inability to account for the individuality of Quebec has been a barrier to the development of shared principles or standards.

“This issue of the national status of the Quebec people which the parliament of Canada has recognized and it’s very tied up with social transfers to the provinces. That needs to be addressed without moving to a model of complete decentralization.”-Barbara Cameron, York University

“There are two major barriers [to change]. [...] The second major barrier is our inability to accommodate a large national minority in Quebec within our framework. So the whole notion of provincial equality is a barrier within our conversation.”-Barbara Cameron, York University

“Well I think there has to be a more expanded role from the federal perspective but there also has to be recognition of the special status of Quebec.”-Ernie Lightman, Professor Emeritus of Social Policy, University of Toronto

“I would give Quebec all the autonomy that it wants and be very comfortable with that. To let the other provinces make asymmetrical arrangements would be harder for me to go along with.”-Ernie Lightman, Professor Emeritus of Social Policy, University of Toronto

² For more information on Quebec’s perspective, see Telford, H., Graefe, P., & Banting, K. (2008). Defining the Federal Government’s Role in Social Policy: The Spending Power and Other Instruments. *Political Studies*, 9(3).



5.0 Issues with the Current Canada Social Transfer

There are many issues that have surfaced in regards to the CST as it exists now. The literature paints a picture of an extremely flawed system that has a variety of critical issues needing to be addressed.

5.1 Accountability Issues

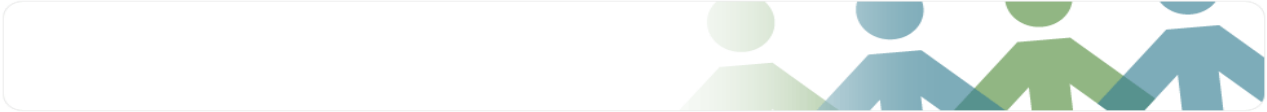
By far, the biggest issue with the CST is the lack of accountability that it has at present. This lack of accountability is present in three different accountability relationships described by Cameron (2012): accountability from the legislators to citizens for fulfilling social rights, accountability from the executive branch at the federal level to the House of Commons for spending federal money on approved purposes, and accountability between the executive branches at the federal and provincial levels for the obligations they have to each other under the transfer arrangement. Most other critics were less specific about the relationships involved in the accountability, but just as clear that there is an accountability crisis.

5.1.1 No Accountability to the Public

Citizens are poorly positioned to hold the government accountable or audit the provincial and territorial use of federal transfers (Kershaw, 2006). This has been brought up by policy scholars in the academic literature but also by citizens in the popular media. It is currently very hard for citizens to a) understand the complexity of roles and players involved in funding and delivering various social services, and b) track where the money is spent once they are aware of whom is spending it. Also, if citizens were to take issue with the way the CST is spent in a province, they lack a clear mechanism of action to address the issue.

5.1.2 No Accountability within Government

Provinces and territories are not required to report to the federal government about how they spent the transferred funds or the effects of spending (Library of Parliament, 2011). The current arrangement does not satisfy the need for the federal and provincial governments to remain accountable to each other. Since there are no conditions, no mandatory monitoring or reporting, and no enforcement, the provinces have no need to be prudent or accountable to the federal government in their spending of the Canada Social Transfer money.



Key informants also spoke much of the lack of accountability of both the federal and provincial governments.

“I think there is a problem in the failure of the federal government, not just this one but recent ones, to be clear about what the federal role is, why they are funding the provinces to deliver social services and there is a problem with the inability to have effective accountability mechanisms. So the transfers are really pretty much unconditional right now.”-Barbara Cameron, York University

“Clearly [the federal government] plays a role in financing social services, but I think it is a very ineffective role because [...] it’s not monitored, there are no clear goals or objective....” Martha Friendly, Executive Director of the Childcare Resource and Research Unit

5.1.3 Illusion of Conditionality

Since there is a name given to the transfer, but there are no conditions associated with the CST, it gives citizens the illusion that money in being spent in particular areas, when, in fact, it may not be. The Caledon Institute of Social Policy (2003) points out how powerful and convenient the illusion is, since it offers a compromise between provincial resistance to conditionality and the problem of a having federal grant with no strings attached at all. “The compromise, however, is no compromise at all; it is just a way to appear as if we are doing something when we are not.” (Caledon Institute of Social Policy, 2003) They go on to say that:

“Whether the CST is divided into two or three or ten funds, called social or post secondary or whatever, is merely symbolic so long as the transfer has no effective conditions and makes no demands on the provinces to adapt their behaviour.”-Caledon Institute of Social Policy (2003)

“The Canada Social Transfer is essentially a name given to an unconditional transfer that goes into the general revenue of provinces and has no impact at all on provinces other than to give them a little extra revenue.” -Michael Mendelson, Senior Scholar, The Caledon Institute of Social Policy

“A program of transfer programs only has an impact if it’s attached to conditions.” -Michael Mendelson, Senior Scholar, The Caledon Institute of Social Policy



5.2 Role and Relationship Issues

5.2.1 Shifting Roles

Many authors have pointed to the way that the FPT roles have shifted over time, but have not been agreed upon at each stage. This leads to the problem of no particular government having clear responsibility for delivering key programs, and, according to some key informants, results in both levels of government blaming each other when something goes wrong.

St-Hilaire (2005) writes that although the provinces are not supposed to act as the “administrative arm” of the federal government, they must because presently they do not have enough fiscal capacity to act in their intended role. This is attributable to the federal government is taking too much “tax room” while still providing provinces with insufficient transfers (St-Hilaire, 2005). In addition, some citizens view the federal government as being the appropriate and more authoritative body to govern social services, and this represents a barrier to dramatic change in the system of financing.

Another issue that came up in our research was not being able to properly address the vertical fiscal imbalance without permanently redistributing tax points, and not being able to transfer tax points because it would limit the federal spending power, and limiting the federal spending power requires a complete change in the current model of classic (or open)federalism.

5.3 Financing Issues

5.3.1 Distorted Incentives

Michael Smart (2005) writes about the issue of provincial spending driving up federal transfers with incremental health-care expenditures that must be covered by the federal government. He reports that the governments’ incentives are being distorted in the current system of fiscal arrangements, resulting in a transfer system that is very different in effect from the way it was envisioned. Smart (2005) writes about the idea of “cheque book federalism” where provinces/territories request extra money, resulting in continual renegotiation of transfers. In addition, this constant renegotiation creates:

- the bailout problem: where there is no incentive for provinces to control spending because then their funds would be cut



- the common pool problem: where there is a competition among provincial governments to exploit taxpayers in other provinces through federal tax negotiations
- fiscal illusion problem: calling for more transfers essentially raises taxes at a federal level (and makes it look like provinces are fighting for more money for citizens when citizens themselves have to pay) (Smart, 2005).

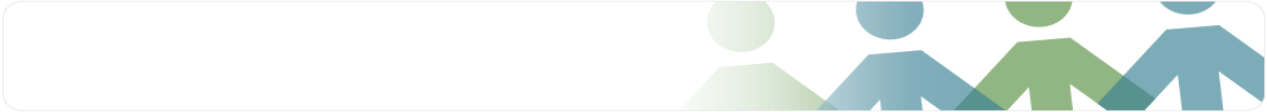
5.3.2 Formula of Calculation

Prior to 2007-2008, the formula for calculating the per capita value of each component of the CST (cash transfer and equalized tax point transfer) ensured that the sum of the amounts was equal across provinces and territories. More recently, concerns have been raised about the ongoing relevance and lack of transparency with the tax point transfer arrangement. This type of arrangement creates provinces that are more dependent than others, specifically Newfoundland and Labrador, Nova Scotia, Prince Edward Island, New Brunswick, Manitoba (Clemens, Veldhuis, & Palacios, 2005). As with equalization, there always have been and will likely always be issues brought up about fairness with the formula used to calculate the transfer amount.

5.3.3 Fiscal Imbalances

Both vertical and horizontal fiscal imbalances pose problems for the CST. Vertical fiscal imbalance occurs when the excess revenues of the federal government are not redistributed adequately enough, and the provinces cannot meet their own spending obligations. This is not an issue inherent to social policy funding, rather, it is an issue that arises occasionally because of the value of transfers and is problematic because inadequate funding impairs service delivery.

Horizontal fiscal imbalance occurs when there is an inequality in the revenue-raising capacity of each province and the amount of money given to the different provinces by the federal government, hence it is an issue tied to equalization. Often, the provinces are so concerned with horizontal fiscal imbalances, that they spend considerable time and energy on addressing this imbalance – devoting



attention to this issue that could have instead been focused on the broader framework of transfer payments.

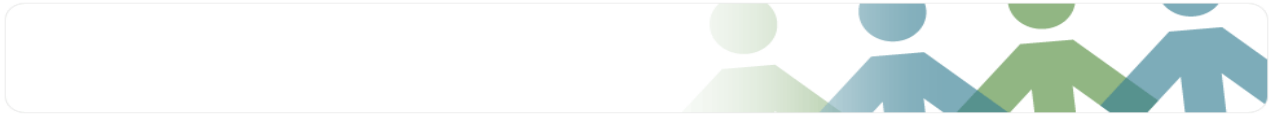
6.0 Transfers and Social Citizenship Rights

The Universal Declaration of Human Rights states that “everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality” (United Nations General Assembly, 1948). This has been ratified in Canada, but not realized to its fullest extent.

The transfers, which at one point in history were constructive tools for realizing social rights, became destructive when the federal government unilaterally reduced the amount of money transferred to provinces and the eliminated the conditions attached to the funds (Cameron, 2012). Advocates concerned with human rights are increasingly concerned with accountability and have called for the government to: reinstate the conditions in the social transfers that were eliminated; introduce new standards for post secondary education, housing, and poverty; and to create new child care service programs with enforceable standards (Cameron, 2012).

“There is a lot to be said for using human rights standards as a backdrop to social programs. So it matters that Canada is a signatory to the International Covenant on Economic, Social and Cultural Rights, which guarantees everyone an adequate standard of living, including food and shelter and housing. There’s a lot of elaboration within the international sphere of the meaning of ‘adequacy’, particularly in the case of housing. Those articulations are particularly useful to us and can be drawn into our domestic understanding of standards and conditions for social programs.”-Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

People living in poverty in Canada have suffered greatly as a result of the decision to eliminate the Canada Assistance Plan and the standards that accompanied it (Howlett, 2006).



“For more than a decade the poverty gap has grown and welfare rates in Canada are nowhere near adequate. We are putting the most disadvantaged people in worse and worse circumstances because we don’t have conditions attached to the transfers for social assistance that require that welfare rates provide an adequate standard of living..”-Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

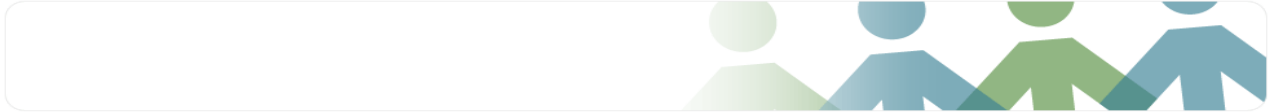
Social and economic union frameworks set out in the Charlottetown Agreement, the Social Union Framework Agreement, and the Council of the Federation are not been seen as initiatives that strengthen social rights (Cameron, 2012). These frameworks have not been strong enough to make tangible differences in the realization of social rights. In fact, key informants interviewed questioned the existence of SUFA and commented on the lack of will at both the provincial and federal level to enact SUFA.

7.0 Potential Future Roles for Federal Government

Thinking outside of the current system, many authors have proposed options for reform that would dramatically alter the current FPT relations and the way the CST is financed.

Rather than decentralization, one paper recommends transferring responsibilities that would benefit from a national approach from the provincial to the federal government. These include pharmacare, social assistance, and labour market training – domains where the federal government could reinforce its existing activities and programs, and that would benefit from a more coordinated national approach (Lee, 2006). John Stapleton, Principal at Open Policy, is one key informant who spoke of this idea:

“The type of standards that I’d like to see from the federal government is taking initiative in some areas such as poverty reduction, assuming health standards (eg. pharma, dental) or base standards of services that any Canadian can expect. At the same time I would like to see a reduced role in the area of EI.” -John Stapleton, Principal at Open Policy



Other authors have favoured major constitutional change realized by more provincial power and autonomy.

One proposal, by the Seguin Commission in Quebec (2002) and also advocated by a number of the premiers at the time, called for a tax point transfer from the federal to provincial governments. In this type of proposal, federal transfers like the CHT and CST would be eliminated and instead federal tax revenues would be completely transferred to the provinces (Smart, 2005). A few key informants noted that it appears as though this is the desire of the federal government, and also spoke of the problematic nature of tax-point transfer in that it results in an inability then for the federal government to make use of federal spending power to ensure adequacy of social programs nation-wide.

“The current federal government would like to transfer tax points to the provinces so that there was in effect no cash being transferred. There are huge problems with that from my perspective. I see the transfers to the provinces and territories as one of the most important human rights tools that Canada has to ensure that Canadians wherever they live enjoy social programs that are necessary to their well-being and that are of reasonable quality.”-Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

Although all of these dramatic reforms to the division of power are possible, none of them are very likely (Cameron, 2012) so the rest of this paper will focus on options and solutions that would work within the existing division of power.

Key informants all agreed that in the current political context change is unlikely, more so related to politics rather than policy.

“So I don’t think there are going to be any discussions about the Canada Social Transfer. I think that they’re going to just lay out what they’re going to do and that is going to be the end of it.” -Michael Mendelson, Senior Scholar, The Caledon Institute of Social Policy

“Policy and politics are not the same thing. The politics or political ideology will support a particular type of policy.” -Martha Friendly, Executive Director of the Childcare Resource and Research Unit



“Major barriers to that change are ideology, which is to say that they have it and other governments don’t, everybody has their own particular ideological perspective but the dominant one of our government right now is reduced government which encompasses not merely reduction but the extent to which the national government directly provides services or puts its money to those services and the extent to which the national government funds and directs those services through funding.”-Margot Young, Professor, Faculty of Law, University of Victoria

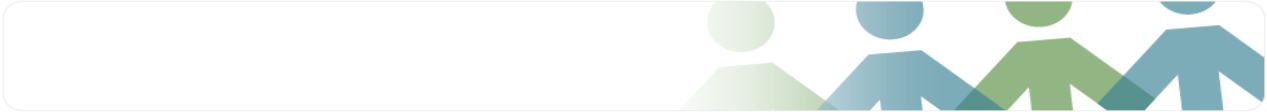
7.1 Available Policy Tools

There are many options available that can be used to address the accountability crisis and other issues with the Canada Social Transfer. Objectives, principles, standards, and conditions are distinct concepts and these will be clarified. In this context, objectives will refer to the overall goals that the federal government seeks to achieve. Principles act to set guidelines with respect to how these goals should be pursued. Standards can be thought of as benchmarks to judge the adequacy of public programs or services. Conditions will be defined as explicit requirements for the receipt of federal funds, where the funds can be reduced or withheld for lack of compliance (Torjman & Battle, 1995).

7.1.1 Objectives

The Caledon Institute of Social Policy (2003) points out that applying effective conditions is possible, but that before any of this is done there should first be a shared vision of what Canada’s income security system should look like.

Various over-arching visions and specific objectives for the Canada Social Transfer have been proposed. One prominent objective is ensuring that the social and human rights in the Universal Declaration of Human Rights are upheld for all Canadians. Another paper proposed Canada’s social security system should seek to achieve the following objectives: to compensate for the inadequacies of the labour market; to protect against commonplace risks and threats to economic security including unemployment, illness, accident, and disability; and to guarantee a basic income below which no citizen should fall (Torjman & Battle, 1995). The Caledon Institute of Social Policy (2003) suggests at the very least the CST should state explicitly the objective of ensuring an income safety net in all



parts of the country for all citizens in need. Yet another suggested objective is the realization of social rights (Cameron, 2012).

Regardless of the specific objectives held, most scholars and key informants interviewed believe that a unified vision for the social security system is necessary and that the appropriate actor to create this vision is the federal government.

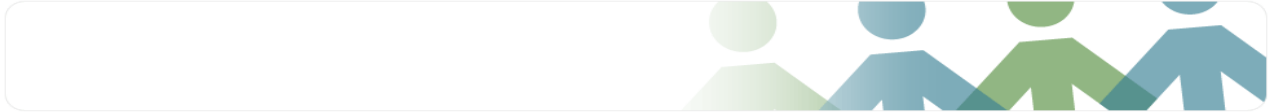
“I think there needs to be other conditions. I think the federal conditions should be clearly tied to the federal role in maintaining a common set of social rights for Canadians. So I don’t think the federal government should interfere with a lot of detail about how the programs are delivered or services are delivered but they need to be involved in promoting affordability and accessibility and attaching those types of conditions”.- Barbara Cameron, York University

“We need to identify the programs that are basic to the wellbeing of Canadians – education, health care, income security, housing. Then we need to have stable agreements about levels of funding and common standards of eligibility and adequacy so that there is pan-Canadian consistency and adequacy for everyone.”-Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

“The federal government really is the only level of government that has the fiscal capacity to equalize the Canadian experience. And even though the provinces have the responsibility for those programs the fact that the federal government has the fiscal capacity to tax allows them to be in a position to create a relatively uniform Canadian experience. That’s part of nation-building instead of saying “too bad all these programs work differently in different provinces.”” -John Stapleton, Principal at Open Policy

7.1.2 Standards

Standards can be thought of as benchmarks by which to judge the adequacy of public programs or services, or minimum levels beyond which no service provision should fall. Related to the CST, some have suggested that welfare incomes could be mandated as a certain percentage of a benchmark measure (eg. 80% of the poverty line or 85% of the after tax poverty line), and could be required to index annually to increase with the cost of living.



Best practices are exemplary models that are in place, have been proven to work, and exist for quality improvement. They are not the same as standards but rather guidelines for optimal function. Battle and Torjman (1995) suggests that the federal and provincial governments could develop best practices for certain aspects of welfare and social services through working with consumers, service providers, social policy experts, academics, and provincial and local governments; and that these should be empirically based.

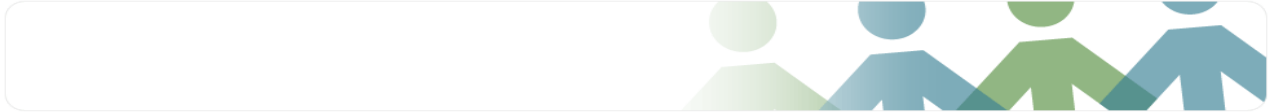
If standards are to be set, Cameron (2012) offers guidance for where and how they should be determined.

“Intergovernmental forums are a suitable place to determine the standards each level of government is to respect in meeting their mutual obligations. But the fundamental social rights of Canadians should not be determined in negotiations between representatives of the executive branches of the two levels of government. The realization of social rights involves choices about the allocation of society’s resources and the regulation of markets that are essentially political. In a democratic society, debates around what priority is to be given to them belong in forums that permit dialogue between elected representatives and the people, including election campaigns, transparent public consultations, and legislatures. Given the shared responsibility for social rights under Canada’s constitution, such debates can occur at the federal or provincial levels or both. The standard-setting procedures for the executive-legislature relationship are the established parliamentary procedures and conventions.”(Cameron, 2012)

“I think [the federal government] is wasting the opportunities they have to take a more national leadership role in setting basic minimum standards of access to social economic goods. And it’s a kind of social citizenship that’s not being realized.” -Margot Young, Professor, Faculty of Law, University of Victoria

7.1.3 Principles

Principles give guidance with respect to how goals should be pursued, they are typically mutually agreed upon, and represent the foundation on which a policy or program operates. Some principles that have been suggested for the Canada



Social Transfer include: the right to a basic income for essential needs, regardless of cause of need and regardless of place of residence; the right to appeal decisions made in income security programs, and the responsibility of individuals to support themselves and their families (using social services as a temporary measure) (Battle & Torjman, 1995).

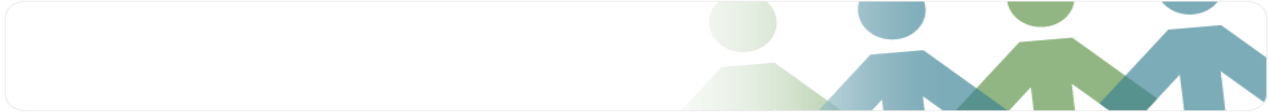
Other principles that are endorsed by the Child Care Advocacy Association (2004) of Canada include: universal accessibility, high quality, comprehensiveness, and accountability.

7.1.4 Conditions

Conditions are a stronger policy tool than objectives, principles, and standards, and they set out explicit requirements for the receipt of federal funds. These are requirements that must be met in order for provinces to receive funding from the federal government.

Laurent & Vaillancourt (2004) recommend discussing conditions by first distinguishing between six different types of conditions – the first three being economic conditions directly applicable to the spending by recipient governments and the following three being more political in nature:

- micro-conditions: these specify precise items (lists of items, etc.) that funds can be spent on by recipient governments
- meso-conditions: these specify broad policies that must be respected by recipient governments for funds to flow to them (for example, the conditions in the Canada Health Act)
- macro-conditions: these set the overall amount of spending in a given area by recipient governments (an example is the NCB)
- labeling conditions: this is when a transfer is given a name by the federal government, with or without the agreement of the provinces, but nothing is done to ensure that it is spent on the labeled item as such (the 1999 CHST increase, for example)
- linking conditions: these occur when direct spending on one item by one order of government is linked to direct spending on another item in the same policy area by another order of government
- reporting conditions: these occur when the recipient of a transfer must provide information to receive it (Laurent & Vaillancourt, 2004)



As referred to throughout this paper, the CAP had conditions present in it when it was in place including: prohibition of a minimum residency period for eligibility for welfare, the requirement that welfare systems include an appeal mechanism, the requirement of a needs test to determine eligibility for financial assistance, the maintenance and availability of records regarding the programs and services cost shared under the act. Notably, these are all meso-conditions. Attention to types of conditions as well as implications of conditions attached to the Canada Social Transfer will be important going forward.

Some scholars and key informants have noted that it is hard to impose conditions with one hand while withdrawing funds with the other, and that the imposition of conditions has typically occurred with the addition of funds (Battle & Torjman, 1995). They have also noted that the political climate would likely not be favourable for any form of federal control, especially explicit control over the design or delivery of social services under provincial jurisdiction.

At the very least, many policy scholars and a number of key informants interviewed believe the CST should at the very least embody the four conditions that were part of the Canada Assistance Plan and/or move past conditions of CAP. Ideally, the CST should move beyond CAP by setting standards for the adequacy of the safety net.

“Absolutely [there should be more conditions put in place in order for provinces/territories to receive their full share of funding]. At a minimum we should go back to the minimum provisions of CAP. Including things like adequacy, a proper appeals structure, an administrative structure.... Well I’d want to see more than what was under CAP. So I’d want there to be not only stipulations not only to access and mobility but also levels of benefits and character of benefits.” -Margot Young, Professor, Faculty of Law, University of Victoria

“I would develop a policy framework [for the development of conditions]. I would go further than CAP actually. It had some good ideas but it would have to be modernized.” -Martha Friendly, Executive Director of the Childcare Resource and Research Unit

“I think the conditions that were attached to CAP could be improved on, but certainly the conditions in CAP were way beyond where we have now.



So I would be happy to go back to CAP and improve.”-Shelagh Day,
Human Rights Activist, Executive Director of the Centre for Poverty and
Human Rights

*“I would recommend an increase in the amount of money that is spent on
social programs, both in terms of social programs for which the federal
government has jurisdiction but also on directed funds to provinces for
programs that lie in their jurisdictions and attach conditions to it.”* -
Margot Young, Professor, Faculty of Law, University of Victoria

7.1.5 Canada Health Act: An Example of a Principled and Conditional Approach

A principled and conditional approach has been taken to guide the funding and delivery of health care services in Canada. Although once lumped together, the financing of health care and social services in Canada now operates dramatically differently. The Canada Health Transfer is supported by the conditions of the Canada Health Act, and sees much more involvement of the federal government in the way health care is delivered.

In 1984, to clarify and consolidate the guiding principles for federal support of provincial and territorial health care plans, Parliament unanimously passed the Canada Health Act. The Act’s five principles of universality, portability, comprehensiveness, accessibility, and public administration are now seen as inviolate and define the fundamental shape of health care in Canada. In 2003, the provinces and federal government struck a 10-year Health Accord (2004 10-Year Plan to Strengthen Health Care) with the following principles agreed to:

- Universality, accessibility, portability, comprehensiveness, and public administration; access to medically necessary health services based on need, not ability to pay;
- Reforms focused on the needs of patients to ensure that all Canadians have access to the health care services they need, when they need them;
- Collaboration between all governments, working together in common purpose to meet the evolving health care needs of Canadians;



- Advancement through the sharing of best practices; continued accountability and provision of information to make progress transparent to citizens; and jurisdictional flexibility.

In the process of forming the Health Accord, national health goals were also formed³.

Worthy of note is the fact that although these conditions and principles exist, the federal government avoids applying the Canada Health Act to withhold transfers to the provinces when there are issues of non-compliance (Maioni, 2000). Thus, these conditions are viewed as an assertion of the federal government's leadership in the area of health rather than an instrument for monitoring and accountability (Graefe, 2006). Key informants also expressed doubt of the meaningful impact of conditions of the Canada Health Act and spoke of the idea that conditions are meaningless without enforcement.

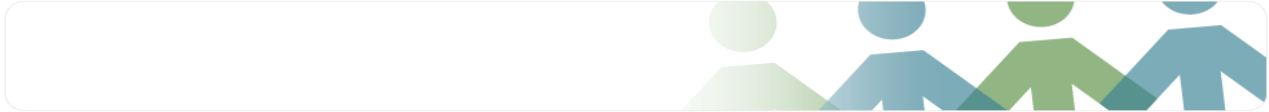
“In principle it [the Canada Health Act] is enforced. In practice it’s sporadically enforced or imperfectly enforced. There have been times in the past when the federal government has told a province that if they don’t stop the extra billing of transfer payments and in fact they have withheld transfer payments. But then the provinces get in line and they get their money back.”-Ernie Lightman, Professor Emeritus of Social Policy, University of Toronto

“The Canada Health Act is a model in terms of conditions. It’s very weak in terms of its accountability mechanisms. I think we have to put quite a bit more into enforcement at a provincial level and involve non-government organizations in enforcement of the conditions. And also involve the Parliament of Canada more than it’s been involved.”-Barbara Cameron, York University

7.2 Areas for Federal Leadership

Areas that the federal government could demonstrate leadership in include: developing a council and tribunal to monitor and evaluate the use of the CST, increasing their involvement in social policy through other venues (as described below), implementing legislation that would establish principles for provinces to

³ See health goals at: www.phac-aspc.gc.ca/hgc-osc/pdf/goals-e.pdf



adhere to, establishing an overall vision or objective for income security programs in Canada, bringing the provinces together, and implementing an alternative accountability regime described by Cameron (2012) in Appendix C. Alternative Accountability Regime.

Some authors have called on the federal government to establish a Canada Social Council and a Social Rights Tribunal to monitor and evaluate the use of the Canada Social Transfer (Howlett, 2006); similar to what has been done in the past with the Canada Health Council.

With the current piecemeal approach to addressing the social rights of Canadians, authors have also called for increased federal involvement in social policy by implementing a national housing strategy, implementing a national childcare and ECE program, increasing the child tax benefit, improving the EI system, creating a national pharmacare plan (Howlett, 2006).

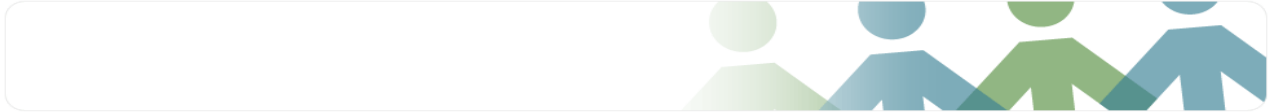
Another approach proposed by Howlett (2006) is the introduction of federal legislation that requires all governments respect and implement the obligations in the International Covenant on Economic, Social and Cultural Rights (ICESCR), which some Quebec groups have been supportive of and which has already been ratified by the federal and provincial governments.

Some also advocate for the federal government to lead the way in setting a vision of what Canada's income security system should be, and even continuing to reform towards that vision through direct transfers as seen through the National Child Benefit (Caledon Institute of Social Policy, 2003). For PSE funds, in particular, these authors recommend post secondary funding going directly to research, and to students and their families.

"I don't think that we can expect much from institutions like the Council of the Federation I don't think the provinces are going to be able to agree, you know, I think it takes federal leadership." -Barbara Cameron, York University

7.3 Areas for Provincial Leadership

Several areas for potential provincial leadership emerged in our research. These include: the provinces setting up an accountability mechanism for themselves, the creation of a council to address social policy renewal, educating citizens about the



Canada Social Transfer, and recognizing and addressing collective provincial weakness.

One possibility to solve the current issues and accountability crisis associated with the Canada Social Transfer is for the provinces to come together and determine a mechanism to hold themselves accountable for the funds they receive through the Canada Social Transfer. This degree of collaboration is unlikely, given the typical behaviour of the provinces (Cameron, 2012), but nonetheless, is worth mentioning.

The Provincial/Territorial Council on Social Policy Renewal (PTC) was created in 1995 by nine provinces and the territories (excluding Quebec), and stands as a clear example of instituting interprovincialism (Prince, 2002). The mandate of the PTC was to coordinate an approach to national social policy issues (Prince, 2002). The PTC had “ground rules” of ensuring transparency on agreements; approaching negotiations as equal and respectful partners; and taking a “whole of government” perspective on social policy issues (Prince, 2002). Revitalizing the PTC, or using another forum devoted strictly to social policy renewal would be a way for the provinces, or provincial representatives to demonstrate leadership on these issues.⁴

There is, and has always been the potential for pressure from the provinces to the federal government to change the Canada Social Transfer. However, the provinces struggle to reach a consensus and as a result struggle with consistent messaging to the federal government. The provinces could demonstrate leadership by recognizing and addressing their collective weaknesses and working together on shared goals.

Finally, as suggested in Cameron’s alternative accountability regime, the provinces could demonstrate leadership by educating Canadian citizens about the Canada Social Transfer and the shared responsibility of the federal and provincial governments in ensuring that social rights are realized in Canada (Cameron, 2012).

⁴ For further information on the Ministerial Council on Social Policy Renewal, see Dianne Cunningham, “Ontario’s Approach to Improving Canada’s Social Union,” Policy Options 19,9 (1998), 14-17; and Thomas J. Courchene, “In Praise of Provincial Ascendancy,” Policy Options 19,9 (1998), 30-33



7.4 Areas for Improved Collaboration

It is clear, through our research that changing the Canada Social Transfer in any meaningful capacity is going to require change at both the federal and provincial level. This could involve discussions as large as the redesigning of the federation, or focus on ways to make the current arrangement more effective. Some collaborative actions that could be taken by the two levels of government include: the design and implementation conditions for the CST, and more involvement of the municipalities.

The federal and provincial governments should work collaboratively to design and implement conditions for the CST going forward, at the very least, as recommended by key informants. We believe the two levels of government should go further and collaboratively lay out the parameters of an accountability framework, described in the next section.

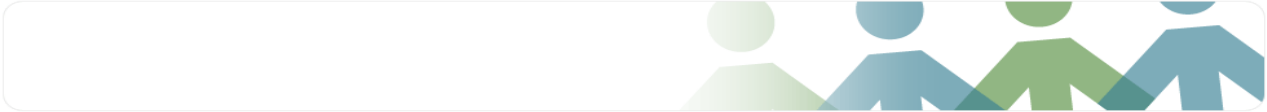
Some authors have cited that the Canada Assistance Plan, including its standards, emerged through consensus between federal and provincial officials working and networking in the Canadian Welfare Council's Public Welfare Division. Federal-provincial negotiations determined the parameters of the negotiations but the bureaucracy was involved in setting the final shape that the standards would take (Haddow, 1993). If standards or conditions were to be put in place with the Canada Social Transfer, leveraging the knowledge and skills of the bureaucracy to help shape those terms would be an important.

Additionally, Gibbens (2001) writes about the relative neglect given to municipal or local governments within federations, and encourages the redesign of these systems to better harness the power of municipal governments. Collaborating with all three levels of government to redesign the system is another way collaborative solutions could be realized.

7.5 Areas for Improved Accountability

7.5.1 Accountable Relationships

Three important accountability relationships exist when considering the Canada Social Transfer, as described by Barbara Cameron (2012). As aforementioned, the first is accountability from the legislators to citizens for fulfilling social rights, the



second from the executive branch at the federal level to the House of Commons for spending federal money on approved purposes, and the third is between the executive branches at the federal and provincial levels for the obligations they have to each other under the transfer arrangement (Cameron, 2012). Cameron (2012) writes that these have not been clearly distinguished, the result of which is a confusion of accountable parties and barriers for citizens attempting to hold their governments accountable. These three accountability relationships should be made explicit and publically acknowledged, so that frameworks to improve accountability in each relationship could exist.

7.5.2 A Framework for Improving Accountability

A clear framework for accountability of the CST is needed. Drawing heavily on the work done by Barbara Cameron (2012), we propose this would be composed of, at a minimum, the executive branches at the federal and provincial levels coming to agreement on:

- What they are obligated to do as part of the relationship or role they are in (in regards to funding or using funds delivered through the Canada Social Transfer)
- What instrument or type of transfer will be used to fund social services in Canada
- Which conditions will ensure the obligations of each party are met
- How amendments to these conditions will be made
- How monitoring of the conditions will occur
- What kind of sanctions there will be for non-compliance and how those would be enforced

Cameron (2012) has described what a fully detailed alternative accountability regime for the Canada Social Transfer might look like, see Appendix C. Alternative Accountability Regime for more details.



8.0 Key Informant Interview Findings

The below findings represent a summation of answers from key informant interviews and their diverse commentary on all of the above issues, including conditionality (or lack thereof), accountability (or lack thereof) with respect to the CST and future directions (both predicted and desired).

8.1 Current Approach to the CST

All key informants interviewed felt that the current Harper government's approach to the delivery and/or influencing of social programs is minimal and that political drive from the current federal government is towards decreasing involvement further.

“I think the current federal government would like to get out of financing social services as far as possible. They cannot get out of healthcare because of its symbolic importance but I think that they would like to reduce the federal role as much as they can.” –Barbara Cameron, Professor of Political Science, York University

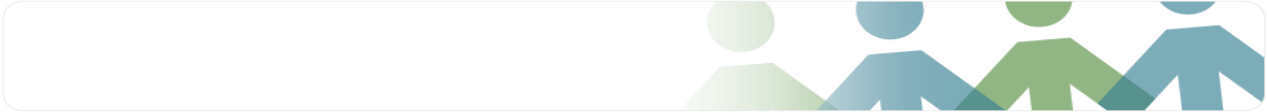
“Stephen Harper is a strict constitutionalist and under the constitution of Canada the delivery of services is a provincial responsibility and he wants that clear division”. –Ernie Lightman, Professor of Social Policy, University of Toronto

Overall, the current strategy as defined by key stakeholders is the idea of “give people money rather than services in kind”.

One key informant noted the significant contribution that the federal government makes to the financing of social programs, in that they finance approximately 80-85% of all social programs.

“In terms of the social programs the [federal contribution in the] income security area alone is about 150 billion dollars. That is about 80% [of the overall cost] which would make even that about 10% of GDP. And then when you put in all other social programs I wouldn't be surprised if it's about 1/6th of our GDP. So in the sense that they're spending that money and that those programs are ongoing, of course it's a very effective role.”
-John Stapleton, Principal at Open Policy

The majority of key informants interviewed reflect the viewpoint that the federal government should play a more active role in the development of a shared



national vision for social services. Thus, most key informants interviewed felt that the current federal role of providing funding for provinces through the CST without conditions placed upon funding was an ineffective role that has no impact on the quality of social programs delivered nation-wide. Although key informants were able to cite areas where the federal government was playing a role (eg. the universal child tax benefit), the monitoring in terms of whether or not these programs have goals and objectives is unclear. Lack of accountability was also explored directly in relation to the CST:

“The federal government has very little role in financing provincial social programs. The Canada Social Transfer is essentially a name given to an unconditional transfer that goes into the general revenue of provinces and has no impact at all on provinces other than to give them a little extra general revenue.” -Michael Mendelson, Senior Scholar, The Caledon Institute of Social Policy

“Clearly [the federal government] plays a role in financing social services, but I think it is a very ineffective role because [...] it’s not monitored, there are no clear goals or objectives.” –Martha Friendly, Executive Director of the Canadian Childcare Resource and Research Unit

“I think there is a problem in the failure of the federal government, not just this one but recent ones, to be clear about what the federal role is and why they are funding the provinces to deliver social services, and there is a problem with the inability to have effective accountability mechanisms. So the transfers are really pretty much unconditional right now.” - Barbara Cameron, Professor of Political Science, York University

As Ernie Lightman, Professor of Social Policy at the University of Toronto notes, from a Conservative government perspective the role is highly effective, in the sense that the federal government is currently far removed from the social program and service scene across Canada:

“Effective is a hard word to answer; from my viewpoint, the role is [...] inadequate, but from the perspective of the federal government it is probably very effective; because I think that the federal government should have a much more active and engaged role and the Conservatives don’t see it that way. You can only talk about effective with respect to



certain goals, and the goals I would define are different than the goals that the federal government would define.” –Ernie Lightman, Professor of Social Policy, University of Toronto

Key informants also noted the significant leadership of the past federal governments in developing nation-wide health and social programs (eg. through cost-sharing programs) and the lack of potential being utilized by the federal government currently with respect to building of social programs.

“Historically, the federal social transfers have played a very important role in expanding entitlements to social services in Canada. So it’s played an important role in creating a common base of social citizenship within the country.” –Barbara Cameron, Professor of Political Science, York University

“The role is potentially very effective. It is the way in which, for example, that we ensure the development of access to health care and other care across the country. [...] so it’s potentially very effective but it depends upon a particular politics of federalism that is not dominant at the moment.” -Margot Young, Professor, Faculty of Law, University of Victoria

Government key informants also spoke of how the federal government previously provided a level of funding that ensured all jurisdictions were able to provide a comparable level of programming, however, some funding mechanisms make that difficult. There is a great fear among a few key informants that the approach to financing of social services will shift to tax-point transfer, causing further inequality in terms of the ability of less populated provinces and territories to provide equally adequate social services to larger provinces. The general sentiment of a number of key informants was that inter-provincial inequality is a huge issue that needs to be addressed in order for provinces to present a unified front in negotiations with the federal government, as can be seen with the recent struggles of provinces with respect to the CHT.

“If you look at the social transfer it looks the way in which [the federal government is] going to move ahead with those transfers there will be incredible imbalances that would favour provinces like Alberta.” -John Stapleton, Principal at Open Policy



“The current federal government would like to transfer tax points to the provinces so that there was in effect no cash being transferred. There are huge problems with that from my perspective. I see the transfers to the provinces and territories as one of the most important human rights tools that Canada has to ensure that Canadians wherever they live enjoy social programs that are necessary to their well-being and that are of reasonable quality.”-Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

Lastly, key informants noted that the social transfer is hardly discussed at the level of the federal government.

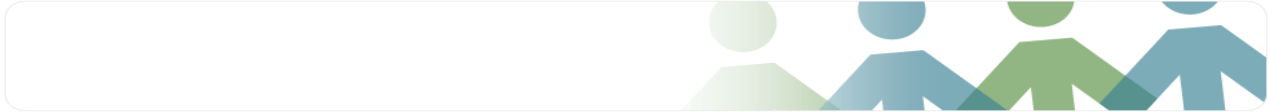
“Of all the time I was in government which is quite a bit of time I never once heard the amount of the federal transfer discussed when the budget was being set for social programs. It just doesn’t come up. I can’t describe the degree of irrelevancy other than to say it has no bearing.” - Michael Mendelson, Senior Scholar, The Caledon Institute of Social Policy

8.2 Federal and Provincial Roles

All key informants felt that the federal government should play an expanded role in the financing and delivery of social programs, although not necessarily all with respect to adding conditions to the CST (see next section). Some key informants commented on an expanded role from the context of Canada as a whole:

“I would say that is what the Canadians want. I’m not talking about CAP I’m talking about a modernized version that has a policy framework. We should have a national program.” -Martha Friendly, Executive Director of the Childcare Resource and Research Unit

Other key informants discussed the support for an expanded role within specific provinces. Key informants felt that a number of provinces would be amenable to the federal government taking some sort of leadership role with respect to developing, in consultation with the provinces, shared principles and objectives for social programs. For example, this is evident through recent discussions around the CHT whereby the Premier of Ontario has stated that he would welcome and demand an expanded federal role in health and through similar



statements in support of conditions with respect to the CST have been made by the province of Ontario in the past.

“Nobody has talked much about the Canada Social Transfer. But they have been talking a lot within the last week about the CHT. And certainly the premier of Ontario has said that he would not only welcome but he would demand (if he could) an expanded federal role in health. And there’s no reason to believe they would approach social services differently.” -Ernie Lightman, Professor Emeritus of Social Policy, University of Toronto

The provinces of Alberta and Saskatchewan may be an exception to provinces that would invite an expanded role. A number of key informants pointed out that Quebec would also not invite an expanded role of the federal government.

However, with respect to Quebec, key informants noted the necessity of asymmetrical federalism. Additionally, one key informant noted that while the provinces were in favour of the CHST initially, most are having significant trouble providing these services.

“I think there is a strong base for [an expanded federal role] and I think there is a strong eagerness on the part of the Canadian public to have the state involved in the provision of social welfare services.” -Margot Young, Professor, Faculty of Law, University of Victoria

8.3 Attaching Conditionality to the CST

Six out of nine key informants were in favour of additional/other conditions being in place for provinces or territories in order to receive their full share of funding. Additionally, as Ernie Lightman, Professor of Social Policy at the University of Toronto pointed out, conditions put in place must also be enforced. With respect to the Canada Health Transfer, while conditions do exist through the Canada Health Act; enforcement of conditions is sporadic. Provinces have contravened the Canada Health Act and while transfer payments may be intermittently withheld, they are provided once the province rectifies the contraventions.

“There’s a real difference between the way the Canada Health Act and the Canada Health Transfer is treated and the way the social transfer is treated. There is no legislation that sets out the objectives of the Canada Social Transfer and in my view there needs to be legislation and there’s



been calls for legislation for the post-secondary education act and national child care act and that should be linked to the federal provincial fiscal arrangements act so the conditions should be set out and the accountability mechanism set out in a separate piece of legislation that's linked to the federal provincial fiscals act.” -Barbara Cameron, York University

Three key informants felt that conditions should not be attached to the Canada Social Transfer for varying reasons:

- Development of equally adequate levels of service could be achieved through other means than placing conditions on the CST

“I don’t think as a transfer payment it should change. I think that the federal government should have a different role in social programs but not via financing provinces.” -Michael Mendelson, Senior Scholar, The Caledon Institute of Social Policy

- Conditions are often attached to onerous reporting requirements that results in financial resources being used to complete reports versus actually deliver social programs and/or provinces having to spend provincial money to complete the work to report

Specifically suggested conditions was dependent on the perspective of key informant (eg. entitlement to income security programs should be based solely on need, return to standards of CAP, move beyond standards of CAP, look at it from a human rights perspective, etc.) Key informants articulated a process for developing conditions that included federal leadership to develop a policy framework, proposed conditions and consult with provinces.

All key informants, including those who did not favour the addition of conditions, did feel that it was the responsibility of the federal government to, through some mechanism, ensure that Canadians experienced a similar level of access to adequate social services regardless of where they live in the country.

“You have to think about what the role of the federal government is in Canada, and some of the federal role is convening the provinces. You can’t have an operation like a country unless there is a reasonable glue that holds it together.” -Martha Friendly, Executive Director of the



Childcare Resource and Research Unit

“There has to be some mechanism for discussion of basic social programs that are essential to the wellbeing of all Canadians and how we arrive at standards and basic thresholds that we can all agree on. In a federal state, the senior government has an obligation to lead. Under international human rights law, it is the obligation of the federal government to ensure that human rights are fulfilled in all parts of the state, no matter what the distribution of particular powers is inside the state.” -Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

8.4 The Development of Shared Principles and/or Objectives

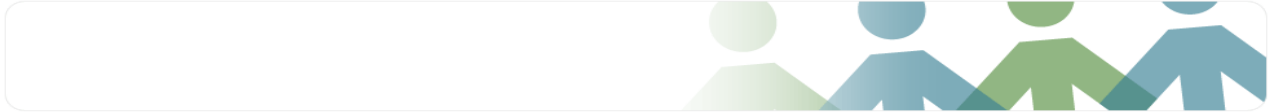
Key informants noted that at a federal level, the development of shared principles and objectives for social programs is not occurring at all. Key informants noted a number of areas of social programs where provinces are showing leadership on development of provincial guiding principles for program provision.

Additionally, with respect to healthcare, the development of shared principles is occurring through provincial leadership at an inter-provincial level as was noted by key informants and as is noted earlier in this report.

Key informants noted the benefit of provinces working together in development of social programs; currently functioning in silos, may actually be duplicating work that is unnecessarily duplicated.

“Unless that happens, like somebody convenes it and tries to pull it together, what happens is that the provinces keep spinning their wheels. In general it’s one of the things that makes Canada not very functional.” - Martha Friendly, Executive Director of the Childcare Resource and Research Unit

Most key informants felt that the federal government must take a leadership role in developing a modern policy framework that stretches across all provinces and territories. Not only did most key informants feel it would take some form of federal leadership to develop a shared vision, but key informants also pointed out that this is a necessary role. That is, the federal government has a constitutional responsibility to ensure all Canadians experience similar access to adequate levels of social assistance. Beyond development of shared principles and objectives,



key informants also felt it was necessary for the federal government to impose sanctions if these shared principles are to be upheld (essentially, without sanctions there is no impetus for working together).

A couple of key informants also noted commitments to basic human rights on an international level that are already in place that are not being adhered to; eg. the international human rights agreements on which Canada must report every five years to the UN). Legislation should be developed to further those commitments. Federal spending power is the federal instrument to implement commitments. Nonetheless, one key informant noted that given the hands-off role of the federal government with respect to social policy, it may not be in a position to lead, and instead this will need to come together from the provinces. It was noted by three key informants that the Ministers of Social Service/Community Service/Social Development have not come together since the beginning of the Harper government.

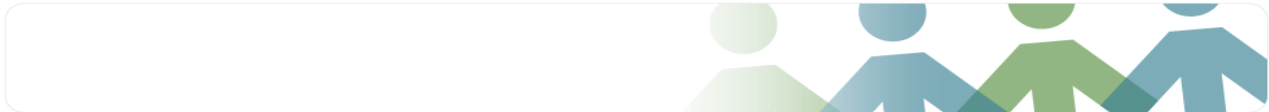
Two key informants talked about the promise of SUFA as a framework for determining shared principles, although the extent to which SUFA has been acted on is lacking.

“SUFA [...] was an agreement among all the provinces and the federal government in 1999. [...] And then, it just kind of fell off the table. So one question is do we have SUFA or do we not have SUFA? [...] Does it exist, does it not exist, does it govern anything, what does it mean?”-Martha Friendly, Executive Director of the Childcare Resource and Research Unit

8.5 Social Determinants of Health and the Canada Social Transfer

Key informants had difficulty commenting on the general link between financing of social programs and the social determinants of health. What was clear to key informants was the link between poverty and poor health and the disparity experienced by some groups with respect to receipt of adequate social services within Canada (eg. First Nations people).

“The lack of a national housing policy is a dismal failure in a supposedly advanced democracy that is very wealthy.” -Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights



“The fact that the federal government, when it comes to issues of destitution and very deep poverty, claims itself to have no role and imposes no conditions or cost-sharing standards of any sort and just leaves provinces to do what they have to do, means that a fundamental aspect of what it means to be Canadian is abandoned.” -John Stapleton, Principal at Open Policy

8.6 Upcoming CST Renewal

Key informants are skeptical that anything will change with respect to the CST in the upcoming renewal process. There is a sense among key informants that provinces and territories will be told as opposed to negotiated with respect to the level of funding, and that the conversation will be a financial one, not one centered around building in conditions or standards for social programs.

“So I don’t think there are going to be any discussions about the Canada Social Transfer. I think that they’re going to just lay out what they’re going to do and that is going to be the end of it.” -Michael Mendelson, Senior Scholar, The Caledon Institute of Social Policy

There is also great concern that the current federal government is willing to abandon the five principles of medicare, and, given that, there is little room to hope that conditions would be put in place and enforced with respect to the CST.

“Let’s take health for example, this federal government is willing to give provinces money but they look pretty willing to throw the Canada Health Act out the window. If they’re willing to do that I can’t imagine what will happen to social programs. It’s very upsetting, because I think what is the future here?” -Martha Friendly, Executive Director of the Childcare Resource and Research Unit

“What the feds have said is that even with health care they aren’t going to set any standards. That means that they are abandoning the five principles of Medicare.” -Ernie Lightman, Professor Emeritus of Social Policy, University of Toronto

In an ideal situation, most key informants would like to see conditions attached to the Canada Social Transfer, developed collaboratively with the provinces, with



measures of accountability and enforcement.

“I think there needs to be other conditions. I think the federal conditions should be clearly tied to the federal role in maintaining a common set of social rights for Canadians. So I don’t think the federal government should interfere with a lot of detail about how the programs are delivered or services are delivered but they need to be involved in promoting affordability and accessibility and attaching those types of conditions”. - Barbara Cameron, York University

“We need to identify the programs that are basic to the wellbeing of Canadians – education, health care, income security, housing. Then we need to have stable agreements about levels of funding and common standards of eligibility and adequacy so that there is pan-Canadian consistency and adequacy for everyone.”-Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

“I would recommend an increase in the amount of money that is spent on social programs, both in terms of social programs for which the federal government has jurisdiction but also on directed funds to provinces for programs that lie in their jurisdictions and attach conditions to it.” - Margot Young, Professor, Faculty of Law, University of Victoria

8.7 Overcoming Barriers to Change

The major barrier to change with respect to having the federal government take a leadership role in the shaping of social programs is political ideology. This was cited as a barrier by all key informants interviewed. Cutting spending at a federal level is also seen as a barrier as it’s difficult (if not impossible) to impose conditions with one hand while cutting back on spending with the other. Key informants also proposed a number of solutions to overcoming barriers, including:

- Leaving it up to the Canadian people to elect a new government
- Staying on the political agenda through advocacy (key informants cited examples of civic engagement eg. City of Toronto budget) and research
- Educating the public about what the CST is and its importance
- The Federal role in research and development to increase revenue and, in turn, increase financial capacity to provide funds to the provinces



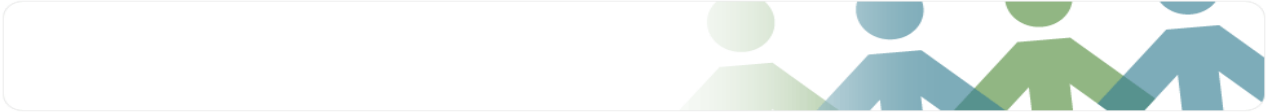
“What can you do with a government that doesn’t want to do it? You know people have tried different strategies. You know, attempts to get the charter of rights and freedoms to be read in such a way that it constitutionally obligates more spending on the part of the federal government, that hasn’t been particularly effective. Attempts to have international human rights aid activists to comment on and ultimately be critical of the failure of our federal government to do these sorts of things. [...] So I suppose it’s a question of politics, who people choose to elect and it’s a question of public education and engagement, and that people realize both the effect and the potential in having government play a role in ensuring that we have a just society.” -Margot Young, Professor, Faculty of Law, University of Victoria

“I think [in order for change to occur] [issues] have to absolutely be kept on the agenda in the way [this project] is doing. We joke about advocacy through research but I think that the Canadian population is completely in the dark about this. It’s important to first of all keep making demands on government, but also to work with the opposition parties and with provincial governments.” -Martha Friendly, Executive Director of the Childcare Resource and Research Unit

“It may be difficult for those who are not social policy wonks to grasp the significance of the CST and yet I believe that everyone knows and agrees about the public good of basic and adequate social programs, accessible to all, and I think that’s still a fundamental Canadian value.” -Shelagh Day, Human Rights Activist, Executive Director of the Centre for Poverty and Human Rights

9.0 Recommended Federal, Provincial, Territorial Leadership and Collaboration

The reality is that making any of the suggested changes to the potential areas for federal leadership, provincial leadership, and federal and provincial collaboration would likely be better than the current unconditional transfer of the CST in helping Canada realize a national set of social rights. The following recommendations take into account both the ideal scenario for moving forward as well as the best options considering the current political climate.

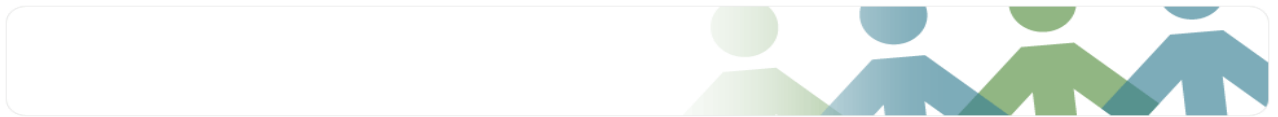


Recommendation # 1: All parties involved in the financing and delivery of social programs (federal and provincial government) should work together to develop conditions for the receipt of the CST. Potential conditions that could be adopted include:

- At minimum a return to the conditions of CAP:
 - no minimum residency requirement;
 - a process for appeals;
 - needs test in place to determine eligibility; and
 - records regarding programs and services under the agreement should be kept.
- Moving beyond CAP, there should be conditions of adequacy of service. While we cannot define what adequacy means in the Canadian context, much has been written in the domain of human rights with respect to adequacy from which Canada can draw definitions.
- Moreover, beyond CAP, transparency could be realized through the public availability of records kept on social programs and services under the agreement in an accessible format. If substantial reporting is required on the part of the provinces, the amount transferred through the CST should reflect the administrative costs of gathering, synthesizing and reporting data.

Recommendation # 2: Beyond development of conditions, involved parties should agree on an accountability framework and process for enforcement of conditions. The aforementioned framework for accountability, drawn heavily from the work of Barbara Cameron (2012), would outline the following:

- What they are obligated to do as part of the relationship or role they are in (in regards to funding or using funds delivered through the Canada Social Transfer)
- What instrument or type of transfer will be used to fund social services in Canada
- Standards or conditions that will ensure the obligations of each party are met
- How amendments to these standards will be made
- How monitoring of the standards or conditions will occur



- What kind of sanctions there will be for non-compliance and how those would be enforced

Cameron (2012) has described what a fully detailed alternative accountability framework for the Canada Social Transfer might look like; see Appendix C. for more details.

Recommendation # 3: The federal government should take a leadership role in developing an overall vision for Canada’s social system and specific objectives with respect to the Canada Social Transfer within that system. Principles of dignity, equality, anti-poverty, and accessibility should provide a foundation for this vision.

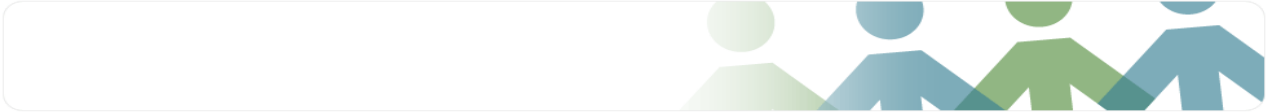
Recommendation # 4: The provinces should take a leadership role in revitalizing the Provincial-Territorial Council on Social Policy Renewal or use another forum devoted strictly to social policy renewal to coordinate an approach to national social policy issues.

Recommendation # 5: The provinces should take a leadership role in educating Canadian citizens about the CST and the shared responsibility of federal and provincial governments in ensuring that social rights are realized in Canada.

Recommendation # 6: The provinces should take a leadership role in asserting their involvement in federal decisions with respect to how social programs will be financed moving forward, and in ensuring that funding decisions are made transparently and collaboratively, rather than “behind closed doors”.

10.0 Action Plan for Moving Forward on Recommendations

Given the current political climate, it is recognized that substantial work on the part of non-governmental organizations will likely need to occur in order to achieve the above recommendations. Thus, the following recommendations refer to work that can be undertaken on the part of non-governmental organizations in helping the CST reach its full potential as a means to ensuring equitable, adequate access to social programs for all Canadians.



Recommendation # 7: Non-governmental organizations should also take a leadership role in educating Canadian citizens about the CST and the shared responsibility of the federal and provincial governments in ensuring that social rights are realized in Canada. Informed citizens requesting accessible information from their provincial governments on the CST spending, delivery of social programs, and provincial social indicators alone, could add significant accountability into the current model.

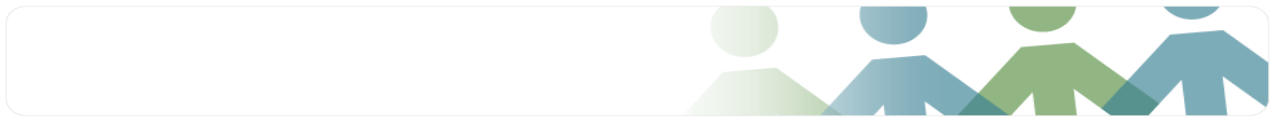
Recommendation # 8: Non-governmental organizations, social policy think tanks and academics with a similar understanding of the broad-reaching impact of the CST should be brought together to form a coalition whose purpose is to ensure that the federal and provincial governments are aware of the collective disapproval of the lack of accountability in the current arrangement. A secondary objective of this coalition could be ensuring that the CST and accountability measures stay on the political agenda.

11.0 Conclusions

The results of our research have led us to the following conclusions. Models for financing social programs in Canada have undergone significant changes throughout history. Underlying all these logistical changes are powerful changes in FPT relations and federalism. The current model of financing social programs in Canada, the Canada Social Transfer, has many issues associated with it, the most prominent being an accountability crisis. There is a failure of accountability on many levels, and this must be addressed. Ways to address this and other issues in the current CST include: creating a vision for social programs (informed by principles), developing conditions for the CST, agreeing on an accountability framework, educating citizens, and revitalizing a council for social policy renewal. Ensuring these issues are addressed will likely require the education of citizens and the creation of a coalition.

Appendix A. Search Results

Source	Key search terms	Total hits	Relevant original articles obtained
Summon search engine results	- (social service delivery OR social assistance OR social service*) AND - (model OR delivery OR administ*) AND - (Canada OR Canada Social Transfer OR federal government OR national OR governmental)	>50 000	2
Summon	- Canada Social Transfer	>5000	2
Proquest	all(model OR delivery OR administer OR administration OR transfer) AND all((canada social transfer OR canada)) AND all(social)	27362	1
Proquest	canada health and social transfer (2000 > present, English)	1546	1
Proquest	"Canada social transfer" OR "canada health and social transfer"	124	5
Scopus	TITLE-ABS-KEY - (social service delivery OR social assistance OR social service*) AND - (model OR delivery OR administ* OR transfer) AND - (Canada OR Canada Social Transfer OR federal government OR national OR governmental) (2000 > present, social sciences)	12	0
Scopus	- Canada Social Transfer (2000 > present, social sciences, health sciences)	1	1
Scopus	Canada health and social transfer (2000 > present, social sciences, health sciences)	7	2
Scopus	TITLE-ABS-KEY(model OR delivery OR administer OR administration OR transfer) AND TITLE-ABS-KEY(canada OR canadasocialtransfer OR federalgovernment OR national OR governmental) AND	44	5



	TITLE-ABS-KEY(social) AND SUBJAREA(mult OR arts OR busi OR deci OR econ OR psyc OR soci) AND PUBYEAR >1999		
PAIS International	- (social service delivery OR social assistance OR social service*) AND - (model OR delivery OR administ* OR transfer) AND - (Canada OR Canada Social Transfer OR federal government OR national OR governmental)	818	0
PAIS International	- “Canada Social Transfer” or “Canada Health and Social Transfer” >2000	3	1
Google Scholar	- (social service delivery OR social assistance OR social service*) AND - (model OR delivery OR administ* OR transfer) AND - (Canada OR Canada Social Transfer OR federal government OR national OR governmental)	>80000	11
Google Scholar	- Canada Social Transfer or Canada Health and Social Transfer	984	2
Google Scholar	- Canada Social Transfer or Canada Health and Social Transfer >2000	284	10



Appendix B. Key Informant Interview Guide

An Exploration of the Canada Social Transfer: Current and Potential Policies, Practices and Governmental Roles

Key Informant Interview Guide

1. Please briefly describe your primary interest or role in social policy and/or social service delivery.
 - a) What is the primary perspective you bring to social policy and/or social service delivery (eg. Clinical, Policy, etc.)?
2. Please describe to the best of your knowledge the current federal government's approach to the financing and delivery of social programs.
3. How effective do you think the current role being played by the federal government in the financing and delivery of social programs is?
 - a. In what ways is it effective or ineffective?
4. What would you describe as the (insert specific province/territory) attitude toward the federal government playing a different role in the financing or delivery of social programs?
 - a. Expanded role?
 - b. Reduced role?
5. In what areas has the current federal government demonstrated leadership in the financing and delivery of social programs?
 - a. What policy instruments can be linked to this success?
6. According to section 24.3 of the Federal Provincial Fiscal Arrangements Act, to receive their full share of funding, provinces and territories must meet the sole national standard that no person is required to live in a province or territory for a minimum period of time before becoming eligible to receive social assistance.
 - a. In your opinion, should other conditions be in place for provinces or territories in order to secure their full share of funding?
 - b. If yes, what kinds of conditions?
 - c. If no, why not?
7. The act also encourages federal, provincial and territorial governments to coordinate on developing shared principles and objectives for these social programs.



- a. To what extent do you feel that the development of shared principles and objectives for social programs is occurring at i. the federal level, ii. the provincial level, iii. the municipal level?
 - b. What shared principles and objectives for social programs would you recommend?
8. How would you describe the link between the CST and the social determinants of health?
 - a. What social determinants of health are more likely to be impacted by financing of the CST? Less likely to be impacted?
9. At the end of the 2014 long-term legislative track of funding the CST, what would you recommend in terms of funding and delivery of social programs?
10. Is there any other advice on the federal role in financing and delivery of social programs in Canada that you would like to share with me?
 - a. (If recommend change), what do you see as the major barriers to change?
 - b. What could be done to overcome these barriers?



Appendix C. Alternative Accountability Regime

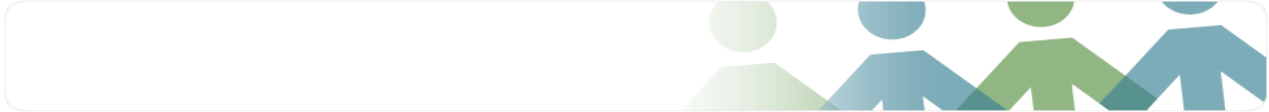
The following alternate accountability regime is entirely the work of Barbara Cameron (2012) in her forthcoming publication:

Cameron, Barbara. “Accountability Regimes for Federal Social Transfers: An Exercise in Deconstruction and Reconstruction”, in Peter Graefe, Julie Simons and Linda White, eds. *Overpromising and Underperforming? Understanding and Evaluating New Intergovernmental Accountability Regimes*. (Toronto: University of Toronto Press, forthcoming 2012).

“Under the proposed alternative accountability regime, the statute would be the primary instrument for establishing the accountability relationship between legislators and members of society, and between the executive branch and the legislature. At the federal level, these should be dedicated statutes setting out the purposes of the transfer and the accountability regime to govern them rather than omnibus financial legislation such as the Federal-Provincial Fiscal Arrangements Act that provides little more than spending authorization.

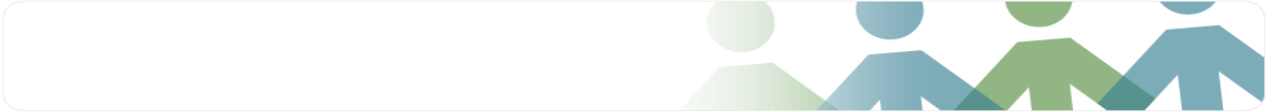
The purposes and substantive standards of the transfer should be articulated clearly using the language of social rights and referencing where appropriate Canada’s international human rights commitments. These should be explicitly linked to the federal Parliament and government’s role in promoting a shared, country-wide social citizenship and to their commitment under section 36(1) of the Constitution Act, 1982, to promoting equal opportunities for the well-being and providing essential public services to all Canadians.

The procedures governing the accountability of the Minister to the House of Commons should be clearly specified, with details provided on the kind of reporting required. The nature and scope of the authority delegated to the Minister to negotiate agreements with the provinces should also be clearly delineated. Intergovernmental agreements would be used to establish the accountability relationship between the executive branches at the two levels of government, as necessary. However, any such agreements should be seen as implementing instruments concluded under authority delegated through the statutes, which is consistent with their status as administrative agreements.



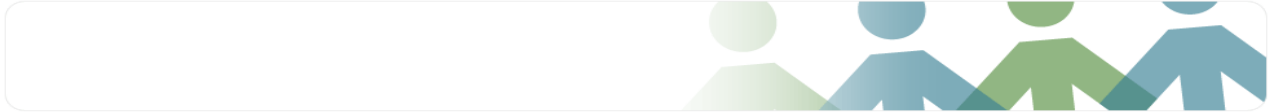
The monitoring and enforcement of standards have been the most problematic elements of previous regimes of accountability. Between elections, which are the ultimate enforcement procedure, citizens are dependent on the legislature to hold the executive branch accountable. They are assisted in this task mainly by nongovernmental organizations that monitor the activities of government, usually with very limited resources. The accountability of the federal executive to the House of Commons is governed by the procedures and conventions of Parliament and the often very general statutory delegations of power. Legislative oversight is very weak and could be strengthened by measures such as requiring that intergovernmental agreements be tabled in the House of Commons and automatically referred to a standing committee, which is the current practice regarding regulations, another type of executive instrument. The agreements should also be made publicly available on government websites, as is currently the case with intergovernmental agreements in Quebec and international treaties at the federal level. Reporting requirements of the Minister to the House of Commons could be made more explicit and stricter in legislation. Additional support could be provided to the elected legislature by the creation of a representative advisory council as recommended below.

It is, however, the monitoring and enforcement procedures involved in the relationship between the executive branches at the two levels of government that have been the most contested and present the greatest challenges. There are two aspects to this. The first is the accountability of the provincial executive for spending federal money according to the terms of the agreement, which effectively means according to purposes approved by Parliament, and reporting on that spending. The second is the accountability of the federal government to deliver on the funding promised to the provinces in exchange for their acceptance of the federal conditions. The alternative regime would address the tension between federalism and responsible government inherent in the provincial expenditure of federal tax dollars by locating as much of the monitoring and enforcement activity as possible at the provincial level. An innovative approach borrowed from the 2005 bilateral agreements-in-principle around the \$5 billion promised by the government of Paul Martin for child care transfers might help achieve this goal. Instead of tying federal funding to the realization of the substantive objective of the funding, the bilateral agreements made the trigger for the flow of federal money the publication by the province of an Action Plan. This Plan was to show how the province intended to use the federal funding to progress toward the realization of objectives. The idea was that the citizens of a province



rather than the federal government would hold the province accountable for carrying out its own Action Plan. As discussed earlier, the weakness of the accountability regime in the agreements was that it relied too heavily on public reporting by the provincial executive to the public. Instead, stronger mechanisms for monitoring a province's record in fulfilling its Action Plan need to be created at a provincial level. These mechanisms should provide increased avenues for public engagement linked to and supportive of the legislature's role in holding the executive branch accountable.

An example of a stronger monitoring mechanism was set out in Bill C-303, the private members' bill directed at putting in place an accountability regime for federal social transfers for child care services.¹⁰ The Bill called for an Advisory Council to consist of individuals who support the purposes of the legislation and who would be chosen by a process involving the appropriate House of Commons standing committee. The Advisory Council was to report directly to Parliament and the Minister would be required to mention any advice received from the Council in his report to Parliament. An Advisory Committee with similar reporting powers at the provincial level could monitor progress under the province's Action Plan. Another way that monitoring could be located at the provincial level would be to have the provincial auditor general report on the province's use of a federal social transfer. An appeals procedure for individuals with rights under a program funded by the transfer could serve as both a monitoring and enforcement mechanism, as was the case under the Canada Assistance Plan. The federal spending power is a blunt enforcement mechanism and has recently not proven very effective in ensuring provincial respect for the criteria in the Canada Health Act. Intergovernmental dispute resolution mechanisms may be appropriate for addressing disputes between the executive branches of government related to federal-provincial implementing arrangements. They are not at all appropriate for enforcing respect for fundamental social rights, which are matters between citizens and legislators. The alternative accountability regime would reserve the sanction of withholding federal money for enforcing provincial reporting (as a necessary condition for the Minister's accountability to the House of Commons) and ensuring effective monitoring mechanisms are in place provincially. With respect to substantive standards that express social rights, the emphasis here is on creating mechanisms that facilitate public engagement and encourage enforcement through political means with the province rather than the federal government being the focus of attention. The emphasis should be on political sanctions enforced through public debate, political mobilization, and



elections. The accountability of the federal executive to the provincial executive to deliver on the promised funding is more difficult to resolve. Here, there are two problems: unilateral federal changes in the course of an intergovernmental agreement, and the reductions in the federal contribution at the termination of an agreement. The first problem was caused by the 1990 Supreme Court of Canada decision in the reference case on the Canada Assistance Plan. While the Court made general statements about the political rather than legal enforceability of intergovernmental agreements, the reasons it gave were more specific, referring to the appearance of the funding formulae only in the federal legislation and not in the funding agreement and other details of the arrangement. Governments appeared to be trying to address these criticisms in the 2005 bilateral child care funding agreements which were written in contract-like language. The second problem, sustaining the federal funding commitment over the long term, is essentially a political one, requiring public pressure on the federal government. The provinces could facilitate this by educating Canadians about the shared federal and provincial responsibility for social rights and the role that the social transfers play in this. Instead, the provinces frequently imply that the federal government has virtually no role in social programs and then complain about the inadequacy of federal funding.”



Appendix D: Key Informant Bios

Barbara Cameron, Professor, Faculty of Liberal Arts & Professional Studies

Barbara Cameron holds a Doctorate in Political Science from the University of Toronto. She is Associate Professor of Political Science at York University's Faculty of Liberal Arts and Professional Studies where her research focuses on social rights, democratic accountability and federalism. As part of the SSHRC-funded "Social Rights Accountability Project", she worked in partnership with the Child Care Advocacy Association of Canada to monitor the negotiation and implementation of intergovernmental agreements related to early learning and child care. She has published several articles on social rights, democratic accountability and social transfers. Her most recent article, "Accountability Regimes for Federal Social Transfers: an Exercise in Construction and Deconstruction" appears in the 2012 volume *Overpromising and Underperforming? Understanding and Evaluating New Intergovernmental Accountability Regimes* published by the University of Toronto Press.

Shelagh Day, Director of the Poverty and Human Rights Centre

Shelagh Day is an expert on women's human rights, with many years of experience working with governments and non-governmental organizations. Currently, she is a Director of the Poverty and Human Rights Centre, and the Chair of the Human Rights Committee of the Canadian Feminist Alliance for International Action. Ms. Day writes extensively on human rights, and is the author with Dr. Gwen Brodsky of *Women and the Canada Social Transfer: Securing the Social Union*. Ms. Day works internationally, appearing on behalf of Canadian women before United Nations treaty bodies when they are examining Canada's compliance with its international human rights obligations. She was the first Human Rights Officer in the Province of British Columbia, the Director of the Saskatchewan Human Rights Commission, the first President of the Women's Legal Education and Action Fund (LEAF), and a founder of the Court Challenges Program. She publishes the Canadian Human Rights Reporter. In 2008, Ms. Day was awarded the Governor General's Award in Commemoration of the Person's Case for her contributions to advancing the equality of women in Canada.

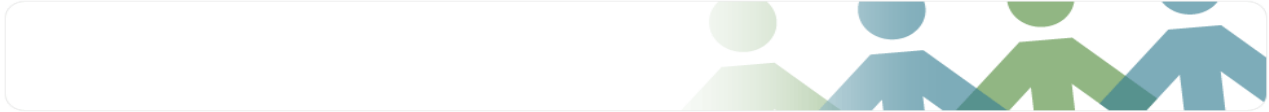


Martha Friendly

Martha Friendly was educated in the United States, majoring in psychology as an undergraduate, and studying social psychology at the graduate level at the University of Connecticut. Before moving to Canada in 1971, she became involved in child care/early childhood education as a researcher studying the American Head Start program at Educational Testing Service in Princeton, New Jersey. Following her immigration to Canada, she worked on child care research at the Social Planning Council of Metropolitan Toronto. She became a research coordinator at the University of Toronto's Child in the City program (at the Centre for Urban & Community Studies) in 1978. Martha is the founder and Executive Director of the Childcare Resource and Research Unit. She has authored numerous articles, chapters and reports on child care and a book on child care policy, and participates in several child care advocacy groups.

Ernie Lightman, Professor Emeritus of Social Policy, University of Toronto

Ernie Lightman received his BA in economics and political science from the University of Toronto and his MA and PhD in economics from the University of California at Berkeley. After graduation he taught for two years at the London School of Economics and for over 35 years was a professor of social policy at the University of Toronto Faculty of Social Work. In 1991-92 he was a one person commission of inquiry looking into unregulated housing – boarding homes, care homes, retirement homes -for vulnerable adults in Ontario. He has published widely, in both academic and popular venues, on a range of topics through the years. For the last nine years he has been Principal Investigator for a series of major studies funded by the Social Sciences and Humanities Research Council of Canada (SSHRC) on precarious work, its health outcomes, and welfare-to-work programs in Ontario. He is also author of *Social Policy in Canada* (Toronto: Oxford University Press, 2003).



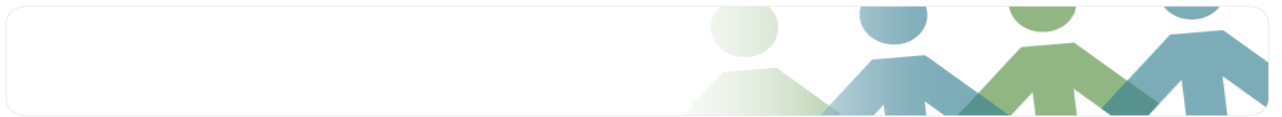
Michael Mendelson, Senior Scholar at the Caledon Institute for Social Policy

Michael Mendelson is Senior Scholar at the Caledon Institute of Social Policy. He has held many senior public service positions prior to his appointment to the Caledon Institute. Michael has been an active participant in many of Canada's major developments in federal-provincial relations, finance and social policy in the last decades. He co-chaired Ontario's delegation on 'division of powers' in the Charlottetown Constitutional negotiations. In the 1980s in the Federal Privy Council's Ministry of State for Social Development, he played a critical role in the development of the Canada Health Act. He was a consultant for the Parliamentary Task Force on Federal-Provincial Fiscal Relations and for the more recent National Forum on Health. Michael has published many articles on social and fiscal policy, as well as books on the issue of universality and the administrative cost of income security programs. He has been a Visiting Professor at the University of Toronto School of Social Work and Visiting Fellow at Queen's University School of Policy Studies. Michael was also co-Principal Investigator of the 'Speaking Out' project: a multi-year qualitative research project looking at the effects of budget and tax cuts on Ontario households, through in depth interviews with 40 households over three years.

John Stapleton, Principal at Open Policy

John Stapleton worked for the Ontario Government in the Ministry of Community and Social Services and its predecessors for 28 years in the areas of social assistance policy and operations. During his career, John was the senior policy advisor to the Social Assistance Review Committee and the Minister's Advisory Group on New Legislation. His more recent government work concerned the implementation of the National Child Benefit. John was Research Director for the Task Force on Modernizing Income Security for Working-Age Adults in Toronto and was the co-chair of the working group associated with this project. He is undertaking an Innovations Fellowship with the Metcalf Foundation. He teaches public policy and is a member of 25 in 5. He has written reviews for the Literary Review of Canada and written articles and studies for Ideas that Matter, the Canadian Centre for Policy Alternatives, the C.D. Howe Institute, the Canadian Working Group on HIV and Rehabilitation, the Caledon Institute, The Toronto Dominion Financial Group, the Metcalf Foundation, Human Resources and Skills Development Canada, The Toronto City Summit Alliance and many others.

<http://www.openpolicyontario.com/>



Margot Young, Associate Professor, Faculty of Law, University of Victoria

Professor Young began her teaching career at the Faculty of Law, University of Victoria in 1992 after doing graduate work at the University of California, Berkeley in the fields of feminist legal theory and reproductive technologies. Her focus quickly shifted to the areas of constitutional law, in particular, equality law and theory, and social welfare law. She has continued to teach and research widely in these areas. Professor Young has worked with a number of non-governmental groups on issues of women's economic equality and justice. She has authored alternative NGO reports for Canada's periodic reviews under the United Nations ICESCR, ICCPR and CEDAW Committees. Recently she is co-author of the collection **POVERTY: HUMAN RIGHTS, SOCIAL CITIZENSHIP AND LEGAL ACTIVISM**, published by UBC Press.



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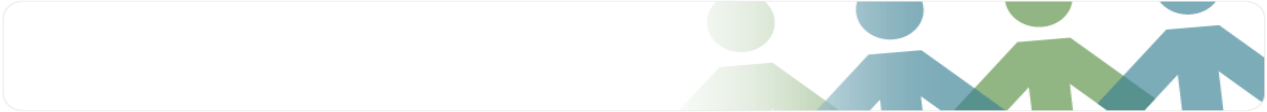
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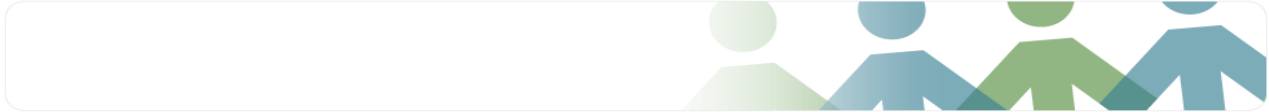
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