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# **Can We Have National Standards**

*by*

**Sherri Torjman and Ken Battle**

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## *Executive Summary*

The 1995 federal Budget announced a new Canada Health and Social Transfer (CHST) which will take effect in 1996-97. The CHST will combine federal transfers to the provinces for welfare and social services with federal transfers for health and post-secondary education into a single block fund.

One of the fundamental *objectives* of the CHST should be to ensure the presence of a safety net throughout the country; another should be to maintain Canada's universal, accessible health care system. The CHST should include a set of *principles* that provide for the right to a basic income but that also spell out the responsibility of Canadians to ensure that the safety net is used only as a last resort. The key principles of medicare already exist in the Canada Health Act; the CHST must preserve the federal cash necessary to enforce the Canada Health Act.

The issue of incorporating *conditions* and *standards* in the CHST is more contentious. At the very least, the CHST should embody the four conditions that were part of the Canada Assistance Plan. Ideally, the CHST should move beyond CAP by setting standards for the adequacy of the safety net.

In practice, however, the inclusion of conditions or standards is highly unlikely. The political climate is not very warm to any form of federal control – least of which over conditions or standards that set explicit requirements for the design or delivery of provincial social programs. Moreover, the disappearing federal cash transfers render purely theoretical Ottawa's ability to negotiate, let alone enforce, any conditions or standards.

There is still time for the federal government to put a stop to the declining cash transfers. There is nothing 'inevitable' about this dangerous trend, which was initiated by the Tories as an astute, but terribly wrong-headed, cost-cutting strategy. No federal cash means no enforceable conditions, no national standards, no realizable objectives for medicare or an income safety net.

Unless the federal government decides to stem the decline of its social transfers, perhaps the most Canadians can hope for is for Ottawa to act as a 'moral' leader by helping to set out *best practices* that seek to improve the quality of welfare and social service delivery. Best practices carry no enforcement weight and are therefore much less desirable than conditions or standards. But at least best practices, especially with respect to welfare and social services, would represent a qualitative advance over what we have now.

## *Introduction*

The 1995 federal Budget introduced the most profound change to social policy since Canada constructed its social security system in the 1950s, 1960s and 1970s. Mr. Martin's social security reform went well beyond any options that had been publicly discussed or even considered as part of Mr. Axworthy's Social Security Review.

A single new program – the Canada Health and Social Transfer (CHST) – will replace both federal cost-sharing of provincial welfare and social services (currently paid under the Canada Assistance Plan) and federal transfers for provincial health and post-secondary education (currently paid under Established Programs Financing). Starting in 1996-97, the provinces will receive their federal transfers in one block fund and will be free to spend the money as they wish. The kicker is that federal transfer payments under the CHST will be reduced by a substantial amount from what the old system paid (the cumulative loss during the first two years will be \$7 billion), and will decline steadily and rapidly thereafter to disappear entirely early in the next century.

The Finance Minister told Canadians on Budget night not to worry about the CHST; he assured us that the Minister of Human Resources Development would be sitting down with his provincial counterparts to discuss the objectives and principles of the Canada Health and Social Transfer. But there was no reference in either the Budget speech or Bill C-76, the enabling legislation

that creates the CHST, to national conditions or standards — which hold greater weight in the real world of federal-provincial relations than abstract ideals or lofty goals that everyone can support because they are so vague and general.

In fact, objectives, principles, standards and other terms are used loosely and often synonymously while they are, in fact, quite different. In this context, *objectives* refer to the overall goals that the federal government seeks to achieve. *Principles* act as guides with respect to how these goals should be pursued. *Conditions* set out explicit requirements for the receipt of federal funds; these monies can be reduced or withheld for non-compliance. *Standards* set benchmarks by which to judge the adequacy of public programs or services. *Best practices* represent exemplary models that are in place, that have been proven to ‘work’ and that can act as guides for improving the quality of programs and services.

### **Objectives**

Canada’s social security system should seek to achieve the following objectives:

- compensate for the inadequacies of the labour market
- protect against commonplace risks and threats to economic security including unemployment, illness, accident and disability
- guarantee a basic income below which no citizen should fall.

One of the most important functions of a social security system is to offset the well-proven and continuing inability of the labour market to provide adequate and secure employment for all who want to work. The gap between rich and poor with respect to market income (i.e., income from wages and salaries, self-employment, savings, investments and other private sources) has widened in recent years. Poor, modest-income and middle-income households have experienced a decline in their share

of market incomes since 1989. Upper-middle-income and high-income households, by contrast, have seen their market income share increase somewhat in recent years.) There are several causes of the increasing inequality in private incomes — including mass unemployment, the growing division of the workplace into good jobs and bad jobs, and the high rate of marriage breakdown which plunges many mothers and children into poverty.

Government has played an important, but under-appreciated, role in substantially narrowing the wide gap in incomes from the marketplace by means of social programs and the income tax system, which redistribute income from rich to poor. For example, the Child Tax Benefit for low- and modest-income families, the Guaranteed Income Supplement for low-income seniors, and the GST credit for all low-income Canadians play an important role in raising the incomes of families and individuals on the lower rungs of the earnings ladder. Social programs and the income tax system together largely offset the growing disparity in market incomes created by the recessions that began and ended the 1980s, and by the fundamental restructuring of the labour market. Without a social security and income tax system, the gulf between haves and have-nots would be much wider — and growing.

In addition to compensating for the failings of the labour market, the social security system protects against commonplace events and threats to employment earnings such as unemployment, illness, accident, disability and retirement. Decades ago, Canada put in place a system of vital social insurance programs in the form of medicare, Unemployment Insurance (UI) and the Canada/Quebec Pension Plans (*C/QPP*) to protect against these widespread risks (although we still do not have an adequate disability income system). But two of these programs (medicare and UI) are themselves at risk as a result of Ottawa’s reviews of social programs — both Minister Axworthy’s Social Security Review and real social security reform, the 1995 federal Budget. In addition, the *C/QPP* is faced with mounting demands from an ever-increasing aged population.

The third major objective of the social security system is to ensure the presence of an income safety net below which no citizen should fall. It is easy to jump to the conclusion that this objective should be achieved by means of a guaranteed annual income – the Holy Grail of income security reform. This need not be the case.

It is possible to have, as we do in Canada, a set of social programs that are financed and administered in different ways and that meet different purposes. These include social insurance programs such as ill and the C/QPP, income-tested programs such as the Child Tax Benefit and the Guaranteed Income Supplement, and needs-tested programs such as welfare. Moreover, not all social programs deliver their benefits in cash; social services, for example, provide ‘income-in-kind’ and medicare ensures that all Canadians have access to essential health care without having to pay user fees.

Income security programs ensure a basic income below which no citizen should fall; however, the level of income guarantee varies from program to program and, in the case of welfare, from province to province (though benefits everywhere fall below the poverty line). Unfortunately, the 1995 Budget places in doubt not only Canada’s capacity to realize the basic objectives of its social security system, but indeed its commitment to the objectives themselves. The third objective – ensuring a basic income for Canadians in need – is most in jeopardy.

The problem is that the legislative base for the needs-tested program – welfare – will be withdrawn entirely at the federal level. The Canada Assistance Plan, the legislation that allows the federal government to share with the provinces in the cost of welfare and social services, will be dismantled and replaced by the new Canada Health and Social Transfer. This means that the presence of a safety net throughout the country is no longer guaranteed.

Since it was legislated in 1966, the Canada Assistance Plan has embodied the commitment of the federal and provincial governments to the

objective of ensuring a basic income for non-elderly Canadians with no other source of support. (Old Age Security, the Guaranteed Income Supplement and the Spouse’s Allowance ensure a higher income floor for low-income elderly women and men.) In order to receive cost-sharing from the federal government under CAP, provinces were required to provide financial assistance to all citizens deemed to be in need. The cause of that need was irrelevant. Applicants did not have to be ‘worthy’ candidates with a specific type of disability, condition or status (e.g., single parent with a very young child) in order to qualify for assistance. They could be eligible for welfare if their assets fell below certain levels and if their needs exceeded their available resources.<sup>2</sup>

There is no question that welfare needs reform. In the past few years, virtually every province and territory has conducted a review of its welfare system. Countless reports have called for major changes. The 1988 National Council of Welfare study, *Welfare in Canada: The Tangled Safety Net*, put forward proposals for reform of all aspects of welfare including the asset levels for determining eligibility, adequacy of benefits, indexation, enforcement of rules and appeal procedures.

While there is a pressing need to reform welfare and to remove its disincentives to work, there is no need to ‘destroy the system in order to save it.’ But this is just what the CHST threatens to do. The Canada Assistance Plan, which furnished the legislative base for needs-tested welfare, will be replaced by the CHST which does not enshrine the objective of ensuring a basic income to all Canadians in need. The door will be open for provinces to deny social assistance to whole categories of poor people.

The impact could be disastrous in terms of increased homelessness, use of food banks, poor health, crime and a host of other negative effects associated with poverty. While Caledon has argued elsewhere that income security needs are best met through social insurance and income-tested programs (especially an enhanced Child Tax Benefit),<sup>3</sup> we maintain that a safety net is essential in the

absence of improvements to other income programs. *At the very least, the CHST should state explicitly the objective of ensuring an income safety net in all parts of the country for all citizens in need.*

## **Principles**

In order to translate into reality the objectives of protecting Canadians from risks to income and ensuring an income safety net, the CHST should incorporate several guiding principles in its design.

The CHST should include a statement of both *rights* and *responsibilities*. All Canadians should have the right to a basic income for essential needs. All Canadians should have the right to a basic income regardless of the specific cause of need and regardless of their place of residence. They should have the right to appeal decisions made by social program administrators with respect to their particular case.

But these rights are not unconditional. They come with associated responsibilities. Canadians have a responsibility to support themselves and their families. They should turn to the safety net only as a last resort – when all other sources of support have been fully explored and are unavailable. Moreover, government financial assistance should be seen as a temporary measure – except in extenuating circumstances such as a severe disabling or medical condition. The problem is that it is difficult for Canadians to fulfill their obligation in this respect in the face of near-double-digit unemployment – all the more reason to ensure the maintenance of the safety net.

Several provincial reviews have identified the principles for a reformed welfare system. The *Transitions* report in Ontario, for example, identified eligibility, adequacy, accessibility and personal responsibility among its key operating principles.<sup>4</sup>

*Eligibility* means that all members of a community have a right to social assistance based on need. Levels of assistance should be *adequate*

to meet the basic essentials – shelter, food, clothing, and personal and health care. *Accessibility* refers to the importance of ensuring that social assistance is simple, easily understood and responsive to need on a timely basis. In addition to these ‘rights’ or entitlements, the principle of *personal responsibility* means that welfare systems should encourage individuals and families to assume responsibility for themselves and should ensure choice, self-determination and participation in community life.

There are also examples of principles which could apply to social services. The Child Care Advocacy Association of Canada, in conjunction with several other national organizations, has developed a national policy framework for child care that is built on a set of principles. *Universal accessibility* refers to the availability of appropriate and affordable services. *High quality* includes training and decent wages for caregivers as well as regulated, non-profit services that provide excellent programming for children. *Comprehensiveness* refers to the availability of a range of programs including centre-based care, regulated family day care homes, family resource centres, part-time care and programs for school-age children. Each community would determine the appropriate mix. *Accountability* means responsiveness to consumers and full disclosure of the use of public funds.<sup>5</sup>

The Canada Health Act sets out five principles which constitute the basis for the medicare system. *Public administration* means that the provincial health insurance plan must be administered on a non-profit basis by a public authority responsible to the provincial government. *Comprehensiveness* requires that all medically necessary services performed by doctors or in hospitals are covered. Insured hospital services include in-patient care at the ward level and all necessary drugs, supplies and diagnostic tests as well as a broad range of outpatient services. *Universality* refers to the requirement that each health plan cover all legal residents of the province who are eligible for coverage after a minimum period of residency of not more than three months. The *accessibility* condition requires provinces to provide reasonable access to necessary hospital and physician care without financial or

other barriers; no one may be discriminated against on the basis of income, age or health status. *Portability* means that all residents are entitled to coverage when they are temporarily absent from home or when moving to another province or territory. All provinces have limits on insured health care coverage provided out of Canada and require prior approval for non-emergency out-of-province services.

It is important to note, however, that the principles embodied in the Canada Health Act have assumed the status of conditions because there are penalties associated with non-compliance. Provinces must uphold these conditions in order to receive funding for health care under the Established Programs Financing (EPF) arrangement. The issue of conditions is discussed below.

### ***Conditions***

Conditions are requirements that *must* be met in order for provinces to receive funding from the federal government. Under the system that has been in place over the past three decades, provincial social programs that receive federal financial support must contain certain features that apply throughout Canada.

The Canada Assistance Plan, which is being eclipsed by the CHST, had four key conditions: the prohibition of a minimum residency period for eligibility for welfare; the requirement that welfare systems incorporate an appeals mechanism; the requirement of a needs test to determine eligibility for financial assistance; and the maintenance and availability of records regarding the programs and services cost-shared under the Act. Caledon recommends that these important CAP conditions be preserved in the CHST.

#### ***i. residence prohibitions***

The 1995 federal Budget announced that residence requirements for welfare would continue to be prohibited under the CHST. While it is good

that this condition will be carried over to the CHST, unfortunately this protection will be of no use to certain categories of poor people that provinces could decide to treat as ‘undeserving’ of assistance. In other words, the CHST also must maintain the all-important needs criterion (discussed below).

#### ***ii. appeals***

CAP requires every province to have an appeals system which allows welfare recipients to question decisions regarding their cases. Appeal systems are important for an income program like welfare because its highly complex, discretionary nature leaves the door wide open to extensive administrative error and inconsistent treatment.

Neither the 1995 Budget nor Bill C-76 indicates that the CHST will include this condition. It is essential that the CHST require provinces to maintain an appeals procedure for welfare.

#### ***iii. ‘in need’***

CAP ensured that needy Canadians could qualify for financial assistance regardless of the cause of need. They do not have to have a particular disabling condition (e.g., blindness, paralysis) or a designated personal status (e.g., single parent with very young child) in order to qualify. They simply must be in need.

There is no mention of this crucial condition in Bill C-76 that creates the CHST. Provinces will be free to provide financial assistance to whichever ‘deserving’ applicants they choose. This change will turn back the social policy clock and constitutes one of the worst mistakes in the history of our social security system. We strongly recommend that the CHST require provinces to maintain an income safety net for all persons in need, regardless of the cause of that need.

Contrary to ‘conventional wisdom,’ the ‘in need’ criterion has never been interpreted to mean that anyone who doesn’t want to work is still eligible



for financial aid. The ‘in need’ criterion removes the requirement for categorization; but it has acted, nonetheless, as a fairly stringent criterion for determining eligibility. It is not a ‘blank cheque’ as many people believe. The value of applicants’ cash assets and fixed assets (i.e., home, car, furniture) must fall below certain levels. Their income must be below a certain amount. If their income happens to be higher than the designated level, then they must have a special health- or disability-related condition that pushes their needs beyond their resources.

While needs testing is actually an eligibility criterion, it has become, in effect, a condition because it requires the payment of financial assistance on the basis of need without categorical distinctions between ‘deserving’ and ‘undeserving’ Canadians. Provinces cannot refuse financial assistance for people who do not participate in a ‘workfare’ program – although the rates of assistance can be lower than for those who choose not to participate. This is the one area in which there likely will be substantial changes with the introduction of the CHST; the loss of the ‘in need’ criterion means that provinces will be free to introduce work-for-welfare that requires certain categories of recipients to work – or they will not receive benefits.

Alberta and New Brunswick are already experimenting with ‘innovations’ in this area. Both the Liberal and Progressive Conservative leaders in Ontario included some form of workfare as part of their election platforms.

Caledon has no objection to tying benefits to training and education in order to provide real opportunities to leave welfare. Real opportunities for skills development that lead to employment in the new economy, along with incentives such as work-related allowances and supports like child care, will not require a punitive approach. But we do object to work-for-welfare that essentially grants a stipend for labour that should pay at least the minimum wage.

#### *iv. reporting*

There are serious data gaps even under the current system in which CAP requires provinces to report welfare caseload data and other basic information.<sup>6</sup> The CHST may make the situation even worse.

There are no nationally available figures on actual average welfare rates in each jurisdiction. Neither is there a coordinated tracking system to determine how long people stay on welfare and how often they use this program.

It will also become increasingly difficult to get a national picture of provincial social spending if there is no requirement under the CHST to report how the money is spent. In fact, there may be insufficient information to conduct a valid audit of the use of federal funds; the Auditor General may have some thoughts on this issue.

#### *Enforcement*

The cooperative federalism of the 1950s and 1960s, when Ottawa and the provinces together built much of Canada’s social security system, had a strong cash component: Federal funds helped the provincial governments develop their welfare programs, social services and health care systems far beyond what they could have done on their own. By the same token, Ottawa’s capacity to withhold its financial support enabled it to enforce a relatively small but vital set of conditions that maintained important national standards for Canada’s health and welfare system.

The conditions attached to federal social transfers were enforced with the carrot and stick of federal cash. In order to receive federal cost-sharing under the Canada Assistance Plan, provincial welfare programs and social services had to meet the conditions of CAP. In order to receive federal transfers under Established Programs

Financing, provincial health care systems had to meet the conditions of the Canada Health Act. The federal government can withhold part of its transfer payments from provinces which allow violations of the conditions of the Canada Health Act; in the case of user fees and extra-billing, Ottawa can deduct dollar-for-dollar for all charges allowed.

But this system of ‘fiscal federalism,’ as it is termed, began to break down in the mid-1980s. In 1986, the Mulroney government partially de-indexed its transfers under Established Programs Financing to the annual increase in GNP minus two percentage points; in 1989, it cut indexation by another percentage point; it then stopped even partial indexation and froze transfers from 1990-91 through 1994-95. In 1990, the Tories also introduced a ‘cap on CAP’ that limited increases in federal payments under the Canada Assistance Plan to Ontario, Alberta and British Columbia to five percent a year. These changes bled billions of dollars from federal transfers to the provinces for health, welfare, social services and post-secondary education.

The 1995 Liberal Budget did not resolve the problem of declining cash transfers. To the contrary, the CHST will payout \$2.5 billion less than the old system when it starts in 1996-97 and another \$4.5 billion less in 1997-98. But this is only the beginning of the end. Assuming that the CHST is partially indexed using the established GNP-less-three-percentage point formula and also adjusted for changes in provincial population, Caledon estimates that federal cash transfers will disappear by 2011-12. Federal cash transfers will end two years sooner, in 2009-2010, if the CHST does not adjust for population growth. If the federal government were to freeze its entitlement at the starting level of \$26.9 billion and provide no annual adjustment, then the end to cash transfers will come in 2006-07.<sup>7</sup>

Whether the entitlement is frozen or partially indexed, and whatever the underlying assumptions, the inevitable result is a gradual decline and eventual disappearance of federal cash transfers to the provinces under the CHST. Only by restoring full indexation will the federal payments be preserved.

Maintaining a cash transfer in the formula is important; the only way that Ottawa can enforce the conditions of the Canada Health Act – which guarantee the presence of a universally accessible, comprehensive health system – is by withholding dollars for non-compliance with the act. *This leverage disappears as the dollars disappear.* The declining cash transfers – both the direct withdrawal of funds and the partial indexation of the funding formula – spell the end of medicare.<sup>8</sup>

It is also possible that non-compliance with the conditions of the Canada Health Act will begin to show well before the precise termination date of the cash transfers. As the cash declines, the federal contribution will become increasingly irrelevant. Some provinces may even decide to forego the federal dollars altogether if they can more than offset the loss by imposing user fees and/or de-listing insured services.

The Budget indicated that negotiations would begin with the provinces regarding the conditions for the new Canada Health and Social Transfer. Caledon supports the inclusion of the current CAP conditions within the new CHST. We are not optimistic, however, about the ability of the federal government to set conditions with one hand when it is withdrawing its influence and enforcement clout with the other. Disappearing cash transfers will make it difficult to negotiate conditions for welfare and social services under the CHST and, in any case, virtually impossible to enforce whatever conditions might be negotiated.

The only solution is to maintain federal cash transfers under the CHST. The fiction that Ottawa ‘transfers’ part of the CHST in the form of tax points – i.e., taxing powers transferred many years ago to the provinces – should be dropped. The CHST should pay a cash transfer that is fully indexed to the change in GNP. Moreover, a specified portion of the CHST transfer should be allocated for welfare and specially indexed using a formula that includes indicators of demand, such as the percentage of each province’s non-elderly population that is not employed.

## *Standards*

Standards set benchmarks by which to judge the adequacy of programs or services.

While CAP requires the payment of benefits to people in need, it does not set any standards for the adequacy of benefits paid under provincial welfare systems. The Act states that “basic requirements” must be met. These are defined as food, shelter, clothing, fuel, utilities, household supplies and other personal items. This lack of an adequacy standard is the primary weakness of CAP. Even though it ensures the *presence* of a safety net, CAP sets no basic minimum payment.

Ideally, the new piece of legislation creating the Canada Health and Social Transfer (Bill C-76) will have in Regulation some benchmarks for adequacy which could take into account regional variations in the cost of living. Explicit standards for adequacy could be set in three areas: definition of basic needs, levels of benefits and indexation.

### *i. definition of basic needs*

The definition of basic needs could include such items as a telephone, winter clothing allowance for children, winter fuel subsidy, laundry allowance and occasional babysitting monies. These are not luxury items; winter clothing allowances and fuel subsidies, in particular, are necessities in a country like Canada. Only a few jurisdictions make provision for these needs. Ontario, for example, provides a winter clothing allowance for children while Yukon permits this allowance for all recipients in the household. Newfoundland pays a fuel subsidy between the months of October and April inclusive. A telephone is considered an item of special need in most provinces and is generally authorized under special circumstances only – e.g., for medical reasons or when family isolation could contribute to the risk of child abuse.

### *ii. rates of assistance*

A second adequacy standard could be set with respect to rates of welfare assistance. Welfare incomes fall well below both poverty levels and estimated average incomes in all parts of the country. They ranged, for example, from 24 percent to 62 percent of the poverty line and between 16 and 40 percent of estimated average incomes for single employable persons in 1993, the most recent year for which figures are available. Single persons with disabilities had welfare incomes ranging from 44 to 76 percent of the poverty line and 27 to 46 percent of average estimated incomes in that year. Single-parent families with one child aged 2 received welfare incomes that fell between 55 and 80 percent of the poverty line and between 40 and 61 percent of estimated average incomes. The welfare incomes of two-parent families with two children, ages 10 and 15, were between 45 percent and 73 percent of the poverty line and between 23 and 38 percent of estimated average incomes in 1993.<sup>9</sup>

In setting standards for adequacy, welfare incomes could be set as a certain percentage of a benchmark measure. They could be pegged, for example, at 80 percent of the poverty line (or 85 percent of the after-tax poverty line) or a designated percentage of average incomes.

Clearly, welfare benefits can be improved only in relation to minimum wages and adequate incomes for the working poor to ensure that welfare benefits do not exceed market incomes. The *Transitions* report recommended that both the adequacy of benefits and the rate-setting process should be established in legislation, along with a public process by which existing rates are periodically reviewed.<sup>10</sup>

### *iii. indexation*

The indexation of welfare benefits is a third component of adequacy. Rates of assistance should be indexed annually to ensure that they keep pace

with the increase in the cost of living. While provinces adjust their welfare rates on a regular basis (and most often these days, the rates are changed to go down rather than up), no province indexes its rates – i.e., pegs them to an economic indicator and changes them automatically on a statutory basis in line with changes in that indicator. The exception is Quebec for its Financial Support Program intended only for persons with severe and prolonged disabilities; the scale of benefits is changed on January 1 each year by applying the same adjustment as for the Quebec Pension Plan.

In practice, it is unlikely that the federal government would be able to strike a deal with provinces if it were to require welfare benefits to reach established levels of adequacy. There is a profound gap between welfare incomes and poverty lines; it would cost many millions to close that gap. Ottawa could not impose more standards than are now in place while transferring fewer dollars to the provinces. Moreover, as noted earlier, the disappearance of the federal cash will make it difficult for Ottawa to negotiate, let alone enforce, any standards.

It is also preposterous to imagine that Ottawa could impose an indexation requirement when the federal government itself is a master of the art of de-indexation. Since 1986, the federal government has partially de-indexed child benefits (Family Allowances, the refundable and non-refundable child tax credits and the new Child Tax Benefit), the refundable GST credit, the clawback on Old Age Security, personal income tax brackets and credits, and transfer payments to the provinces under Established Programs Financing for health and post-secondary education.<sup>11</sup>

Finally, the current political climate makes it extremely unlikely that the federal government could impose standards even under the best of fiscal circumstances. The provinces complained of too much federal interference when a proposed Social Services Act was introduced in 1977. Ottawa subsequently tabled in 1978 a proposal for block-funding social services that would have given the provinces more flexibility. Interestingly enough,

the Social Services Financing Act died on the order table when the provinces rejected Ottawa's proposed move to cut \$220 million from shared-cost and block-grant funds as part of its budget reductions.<sup>12</sup> Yet the CHST is a far more draconian measure.

### ***Best Practices***

Even if the CHST had clear objectives, principles, conditions and standards, there is still a missing element in this equation – the *quality* of program and service delivery. While CAP requires the provision of assistance on the basis of need, it sets no parameters for the desired delivery arrangements.

In the area of social services, CAP requires these to be delivered to persons in need or likely to be in need – but this is more an eligibility criterion than a standard of service. The Act states who may qualify for services but does not identify any benchmarks for the quality of service delivery. Some would say that CAP sets standards implicitly through its requirement that funds paid under its welfare services provisions be directed only toward non-profit agencies. In this case, non-profit could be seen as a proxy for quality. Others argue that this was not the intention of the Act – that it simply prohibits the payment of funds to private agencies because it is not in the public interest to pay operating subsidies to private businesses.

To respond to the need for benchmarks for the quality of services, the federal and provincial governments could develop 'best practices' guidelines for certain aspects of welfare (ideally the adequacy issue would be addressed through standards) and for social services. The federal government could work with consumers, service providers, social policy experts, academics, and provincial and local governments to identify best practices in various aspects of service.

It should be noted that the term 'best practices' does not refer to some abstract ideal that would be 'nice to have.' Rather, best practices are empirically based; they are exemplary policies and

programs that have been evaluated and proven to be effective. The following represent areas in which best practices could be identified.

## ***Welfare***

### ***i. rules***

Provinces would review their welfare rules – i.e., legislation, policies and practices – on a regular basis. They would ensure that the decisions of welfare workers are subject to ongoing review to determine whether appropriate decisions have been made. Provinces would make available information on welfare policies and make public policy directives that affect any aspect of welfare – including entitlement, benefit levels, enforcement and appeals. Regular meetings with representatives of community organizations, such as anti-poverty groups and social planning councils, would be held to discuss problematic aspects of welfare regulations and policies.<sup>13</sup>

### ***ii. appeals***

Provinces would inform welfare recipients in writing of any decision to refuse their applications or suspend their assistance at least one month before the action is taken to allow them to provide evidence as to why such action should not be taken. Provinces would require training in social welfare legislation, regulations and policies for all members of provincial appeal boards. Welfare benefits would continue to be paid until after the outcome of an appeal. Provinces would consult with community groups and conduct a review of appeal procedures. All refusals or suspensions would be accompanied by a written notice providing reasons as to the refusal or suspension. Appeal boards would be required to publish, without revealing the identity of appellants, the content of selected decisions and, where appropriate, the precedents upon which these outcomes were based. The decisions of appeal boards should be appealable to a higher court of law.<sup>14</sup>

## ***Social services***

### ***i. child welfare***

Child welfare is concerned with the protection of children who have been neglected or abused. Best practices can be developed in all areas of child welfare including protocols for reporting suspected abuse; investigating reports of suspected abuse; removing abusers from the home; removing children from the home; selecting, training and monitoring foster parents; selecting and training adoptive parents; and case management for children in care.

In June 1994, the Child Welfare League of Canada and its Nova Scotia counterpart organized a workshop for youth in the care of child welfare agencies. The young people who participated in the workshop devised an extensive list of recommendations to improve the quality of service delivery to children in care. The recommendations do not generally entail extra cost; rather, they represent ways of helping young people cope with difficult circumstances. The proposals included the requirement that youth taken into the care of child welfare agencies be provided with as much information as possible before going to a foster home, that a pre-placement visit be arranged where feasible, and that out-of-home placements be made in their own community to ensure continued contact with extended family and friends.<sup>15</sup>

### ***ii. disability-related services***

People with disabilities have written and spoken eloquently about the kinds of changes that could be made to existing programs and services to better meet their needs. Representatives from the independent living movement and other consumer-based organizations have done extensive work in identifying the most effective models of delivering social programs – especially with respect to attendant and homemaker services.

## Conclusion

The CHST as currently proposed in Bill C-76 gives license to the federal government to get out of the health and welfare business. The CHST allows Ottawa to wash its hands of any responsibility for low- and modest-income Canadians under age 65. It is not too late for the federal government to use the Bill as a framework for objectives, principles, conditions, standards and best practices. It is not too late for the federal government to ensure that Bill C-76 does not become a 'let-them-eat-cake' law.<sup>16</sup>

## Notes

1. Battle, Ken. (1995). *Government Fights Growing Gap Between Rich and Poor*. Ottawa: Caledon Institute of Social Policy, February, p. 2.
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