The new fiscal federalism will change your life. But how? [1]

Author: Yalnizyan, Armine
Source: Toronto Star
Format: Article
Publication Date: 1 Dec 2021

AVAILABILITY
Access online [2]

EXCERPTS

How will the business world change in the wake of the pandemic?

In Canada, it depends on how the meaning of one phrase evolves: fiscal federalism.

The way we pay for basic public services such as health and education is changing as the federal government plays a bigger role in financing care.

How the federal role affects the quantity, quality and costs of care will shape the type of economy we have and the type of country we live in. Population aging will expand the care economy's footprint in the broader economy. If the care economy becomes more driven by non-profit care, it would trigger a cascade of economic and social effects. If that doesn't happen, we'll all lose ground.

Key in this evolution is the federal government's role. In the era of cash-strapped provincial budgets, it will determine what new public financing will pay for, and what will be provided through markets. The relative roles of governments and markets will shape the future of the care economy, which is the foundation of everything else we do.

The federal role has changed dramatically over the course of the pandemic but, as we reimagine our post-pandemic country, it helps to recall how much this role has already changed over time.

The feds started cost sharing provincially regulated public services, including health care, in 1957. Twenty years later, they gave provinces cash and tax room to raise money for their own priorities. But, by 1995, when everyone was cutting taxes and Liberal finance minister Paul Martin cut billions in cash, too, the provinces found themselves once again doing the heavy lifting. Since then, the provinces have been saying "just give us the money."

That's what they're still saying, but the pandemic helped birth something entirely new. Provinces short on revenue and faced with demands for expanded services can get "free" money from the feds. They don't need to match funds with more of their own money, but federal cash comes with conditions that aim to change outcomes.

The exemplar of this new deal for Canadians is not health care but the nine provincial and territorial Early Learning and Child Care Agreements recently signed with the federal government. Federal cash has to reduce costs to parents, expand access to care, improve the quality of care, and increase recruitment and retention of qualified workers with better wages and working conditions. That framework still leaves plenty of provincial/territorial ability to define priorities, as the recent "made in Alberta" deal emphasized. (As of today, Ontario, New Brunswick, Nunavut and Northwest Territories have not signed, but negotiations continue.) While there are new questions about the significance of these variances in provincial approaches, there are emerging standards for improvement of care, if not its standardization.

Last week's speech from the throne noted that long-term care needs similar attention. Given the pandemic's revelation of the problems with elder care, it's long overdue.

The Ontario Health Coalition just raised the alarm on how things could play out. Providers of 31,000 long-term-care beds in Ontario see their existing 30-year licences, issued under Conservative premier Mike Harris, expire by summer 2025. That's almost half the current stock of beds. The Ford government has been favouring for-profit providers in issuing licences for the next 30 years, perhaps in keeping with the status quo: the majority (57 per cent) of LTC is now run as a for-profit service. It's a troubling truth that even a pandemic and the offer of more public funds haven't compelled some of these owners of aging for-profit facilities to improve conditions.

What are the standards of care we should expect and pay for as taxpayers?

At last count (June 2021) Ontario had 78,902 long-term-care beds, serving a population of 2.6 million people aged 65 and older. While most seniors will never use a facility before they die, the number of seniors is poised to grow, so the province plans to add another 30,000 beds over the next decade. There's a lot of money on the table, but also many quality issues. There have been 3,837 COVID-related deaths in LTCs in Ontario so far. For-profit homes had twice the rate of infection, and 78 per cent more resident deaths than non-profit and public institutions.

People pay out of pocket for care, but all providers, whether for profit or not for profit, get the same amount of public funding per patient. The quality of care we buy as taxpayers varies tremendously. We should lean into expecting better governance of what we pay for.

The care economy will grow in the coming years. How it grows matters to your quality of life. It's time for ambition, both for those who need and those who provide care. It's time for better standards, and enforcing rules, for the organizations that care for those among us too young, too old and too sick to fend for themselves.

Should new federal funds for health care and elder care be modelled on new deals for child care? Should public finances pay for more private profits or dividends in this sector?

"Just give us the money" is what robbers say during a holdup. Somebody's going to get hurt without a clear plan for making things better with that money. That's just what a new fiscal federalism could avoid.

Region: Canada [3]

Tags: federalism [4]

government [5]

care work [6]
