

***New Approaches to Canada's
Social Union***

An Options Paper

Prepared by the Provincial/Territorial Council on Social Policy Renewal

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Executive Summary

Over the last two years, provinces and territories have taken a leadership role in developing proposals for the renewal of Canada's social union. Premiers recognize the need to support and protect the social programs that Canadians value. It is important to ensure that all Canadians, regardless of where they live, will have access to quality health care, social services and education.

Premiers asked the Provincial/Territorial Council on Social Policy Renewal to explore options for new ways of managing the way governments work together in social policy. Both provincial/territorial and federal/provincial/territorial approaches were to be considered. Premiers made it clear that both orders of government have a role in developing and interpreting national principles for social programs, but that these roles need to be defined more clearly. Premiers wanted provincial and territorial governments to do further work on new options before pursuing these issues with the federal government.

This paper presents **new approaches for intergovernmental cooperation** that can:

- Assure Canadians that provinces and territories are committed to maintaining viable and effective social programs that meet the needs of all Canadians.
- Increase public confidence in the sustainability of our publicly funded social programs.
- Improve accountability, effectiveness, efficiency, comparability and transparency in the design and delivery of social programs.
- Clarify and coordinate governments' roles and responsibilities to help manage the impacts that one government's actions can have on other governments, and to ensure that the order of government that has the responsibility has the resources to do the job.

Key elements of a new partnership for strengthening the management of the social union include:

- a cooperative approach to developing, reviewing, and interpreting principles and standards, and monitoring outcomes, in key social policy areas,
- establishing ground rules for intergovernmental cooperation,
- clarifying the roles and responsibilities of each order of government,
- preventing intergovernmental conflicts and reconciling disputes, and
- developing a new approach to the use of the federal spending power.

New approaches to intergovernmental cooperation will strengthen and maintain the social union in Canada. New approaches for implementing this cooperative approach through intergovernmental agreements are presented in this paper. In addition, new mechanisms could be put in place to improve opportunities for intergovernmental discussion, coordination, and joint action on an ongoing basis.

The various options represent pragmatic approaches to clarifying roles and responsibilities, improving the working relationships between governments, and improving the ability of governments to efficiently and effectively provide the social programs that Canadians value. The options are not necessarily mutually exclusive, but could complement each other.

The new approaches for intergovernmental cooperation include:

1. Federal/Provincial/Territorial (F/P/T) Approaches such as:

- **developing a broad F/P/T framework agreement** to guide social policy renewal, with subagreements in specific areas of national concern.
- **developing a limited F/P/T framework agreement** on one or more key issues such as the federal spending power.
- developing smaller F/P/T agreements in a **step-by-step approach without first developing an overarching framework.**

2. Provincial/Territorial (P/T) Approaches such as:

- developing a **broad P/T framework agreement** to guide national social policy renewal in areas of provincial/territorial responsibility with subagreements in priority areas,
- developing smaller P/T agreements in a **step-by-step approach without first developing a framework agreement.**

3. Parallel Processes - Framework Agreements:

- building a **F/P/T framework agreement in combination with a P/T framework agreement** with subagreements to address specific priority issues.

4. Parallel Processes - Step-by-Step Approach:

- building F/P/T and P/T agreements in combination in a **step-by-step approach** to address specific priority issues, without first developing a framework agreement.

5. Increasing Intergovernmental Dialogue and Cooperation on Social Policy Issues

- Methods are proposed to **strengthen intergovernmental dialogue** on social policy, and increase opportunities for governments to develop shared priorities and cooperative action, and to monitor progress on key outcomes.

To assist in ongoing discussions, a comprehensive and balanced range of alternatives has been presented, without prejudice to the position of any government on the relative merits of the various options. All of these options will receive further examination as the dialogue on social policy renewal continues, and as governments strive to develop new, cooperative ways to work together.

A. INTRODUCTION

Provinces and territories are committed to supporting and protecting Canadians in need and to renewing the social programs that Canadians value. All Canadians, regardless of where they live should have access to quality health care, social services and education.

Provincial and territorial governments believe that new approaches for managing Canada's social union need to be developed and implemented. New approaches will build on the provincial and territorial vision of social renewal, which includes strengthening social programs and improving the way governments work together. Canadians' values must continue to be reflected in key social programs and through national principles and standards. The management of the social union should help maintain and protect these values.

Both orders of government have a significant role to play in defining the future direction of Canada's social union. For many years, the federal government was instrumental in supporting the development of national social policy programs, often covering 50% or more of total costs. Times have changed, and now the provincial and territorial governments play a much larger role in the funding of social programs. Between 1994-95 and 1998-99, the federal government unilaterally cut financial support to provinces of health, education and social services, through the Canada Health and Social Transfer, by almost \$8 billion. Reduced federal transfers for key social programs have caused the provincial/territorial share of funding for these social programs to increase dramatically to over 80%.

To support and protect social programs, governments recognize that they must be fiscally responsible and find better ways to use available resources. This can help strengthen the ability of Canadians to compete in the global economy and maintain and protect the shared values of Canadians.

Governments must improve the way they work together. Provincial and territorial governments know that public confidence in the future of social programs has been undermined by unilateralism and confrontations between governments.

The challenges posed by reduced federal transfers and unilateralism have led provinces and territories to assume a leadership role in social policy renewal and to articulate, through this paper, their vision of new partnership arrangements. New approaches to the management of Canada's social union should lead to more effective cooperation between governments in the design and delivery of social programs and enhanced accountability for the outcomes of those programs.

An important element of a new federal/provincial/territorial approach to Canada's social union will be the delineation of clear roles and responsibilities for each order of government, consistent with their responsibilities in the federation. As roles and responsibilities are clarified and realigned, commensurate resources must also be transferred so that the order of government charged with the responsibility of delivering services has the authority and resources to do the job.

The purpose of this paper is to present new approaches for federal/provincial/territorial and provincial/territorial cooperation that can:

- Assure Canadians of the continuing priority that provinces/territories attach to maintaining viable and effective social programs that meet the needs of all Canadians.
- Increase public confidence in the sustainability of our publicly funded social programs.
- Improve accountability, effectiveness, efficiency and transparency in the design and delivery of social programs.
- Clarify and coordinate governments' roles and responsibilities to help manage the impacts that one government's actions can have on other governments.

Direction

At their 1995 Annual Conference, Premiers stated that social policy reform was one of the most significant challenges facing the nation, and made a commitment to improve cooperation and take on a leadership role with respect to national social policy matters. They formed the Ministerial Council on Social Policy Reform and Renewal which provided them with the 1995 *Report to Premiers*. That document contained principles to guide social policy reform and renewal, and innovative proposals on how to reform both the social programs of the nation and the ways in which governments work together.

Premiers, at their August 1996 Conference, adopted the *Issues Paper on Social Policy Reform and Renewal: Next Steps*. They also established the Provincial/Territorial Council on Social Policy Renewal to move the renewal agenda forward and work with the federal government on a number of priorities. Premiers directed the Provincial/Territorial Council to:

“Design options for mechanisms or processes to develop and promote adherence to national principles and standards, for review by Premiers within six months. Both provincial/territorial and federal/provincial/territorial options should be identified together with the issues best addressed by each of these options;” and,

“Look at new approaches to the use of the federal spending power to ensure that the federal government cannot continue to unilaterally use it to impose conditions on social programs.”

Premiers' intent was clear. Federal unilateralism must end. New ways of managing interdependence must be developed, including both federal /provincial/territorial and provincial/territorial mechanisms and processes. Provincial/territorial governments should do further work on options for intergovernmental mechanisms and processes before pursuing these issues with the federal government.

This paper identifies a range of options for building a new cooperative approach between governments. It reflects the direction and leadership provided by Premiers in both the *Report to Premiers* and the *Issues Paper*. These two documents, along with the Conference of Provincial/Territorial Ministers of Health document, “*A Renewed Vision for Canada’s Health System*” and the federal government’s commitments to a new approach for the social union in its 1996 Speech from the Throne, are important building blocks in creating the kind of new federal/provincial/territorial and provincial/territorial approaches contemplated in this paper.

All provinces and territories except Quebec agreed to work together on these issues. Quebec, while not participating in the discussions, has been represented by observers at Council meetings.

In line with direction provided by Premiers and to assist in ongoing discussions, the provinces and territories have outlined a comprehensive and balanced range of alternatives. These alternatives are presented without prejudice to the positions of individual governments on the relative merits of the various options.

Key Objectives

The options identified for developing new intergovernmental approaches should be considered against eight main objectives:

- Maintaining an effective and efficient system of social programs that support the needs of all Canadians.
- Maintaining comparability in social policy across the country, while supporting innovative and flexible approaches which address the different needs of different provinces and territories.
- Allowing for the joint creation of national social policy principles, standards or outcomes measures through cooperative intergovernmental processes.

- Ensuring that these principles are applied and adhered to fairly and objectively, so that intergovernmental disputes are prevented or resolved in a way that promotes the social union.
- Meeting the special needs of different social policy areas, and coordinating activities between those areas.
- Ensuring adequacy and continuity of funds, both for the government delivering the services, and for the people receiving the services.
- Ensuring the ability of all provinces and territories to provide reasonably comparable social programs at reasonably comparable levels of taxation.
- Achieving greater cooperation and coordination in the management of social programs through improved intergovernmental processes.

What follows are some key elements of federal/provincial/territorial and provincial/territorial cooperation, along with some possible approaches on implementation.

B. ELEMENTS OF FEDERAL/PROVINCIAL/TERRITORIAL COOPERATION

Cooperation between governments could include one or more of the following five elements. These elements could form the basis of a new partnership for strengthening the management of the social union.

1. Identifying Shared Principles, Standards and Outcome Goals
2. Establishing Procedural Ground Rules
3. Clarifying Roles and Responsibilities
4. Preventing Conflicts and Reconciling Disputes
5. Developing a New Approach to the Federal Spending Power

1. Shared Principles, Standards and Outcome Goals

Reflecting the shared social values of Canadians, the federal/provincial/territorial governments could agree to:

- Broad principles to guide the renewal and management of social programs. These principles could include the fifteen principles outlined in the *Ministerial Council Report*, the five principles of the Canada Health Act, and other mutually agreed upon principles
- A cooperative process to develop, review, and interpret principles and standards, including existing principles and standards, in key social policy areas.
- A cooperative process to develop, monitor and report on program outcomes.

2. Procedural Ground Rules for Intergovernmental Cooperation

Ground rules should be developed to guide the way that governments work together. Options could include commitments by all governments to adhere

to the following ground rules that the Provincial/Territorial and Federal/Provincial/Territorial Councils on Social Policy Renewal have agreed will guide their work:

- *Cooperation* - Begin a process of effective and respectful cooperation, with major decisions in areas of shared jurisdiction, or that impact on other orders of government, made through agreement by both orders of government, rather than unilaterally.
- *Transparency* - Any offer or agreement made available to one province or territory from the federal government should be communicated to all provinces and territories, and made available to all provinces or territories.
- *Equal Partners* - Each government comes to the negotiations as an equal partner.

3. Clarifying Roles and Responsibilities

The Ministerial Council Report and the *Issues Paper*, acknowledged that both orders of government have a role in the development, maintenance, interpretation and promotion of adherence to national principles and standards for social programs. In some areas, a federal/provincial/territorial process is appropriate, whereas in other areas, a provincial/territorial process is appropriate.

An effective partnership will depend on each order of government having a clear understanding of its roles and responsibilities. New approaches to the social union must reduce unnecessary overlap and duplication and identify more efficient, effective and accountable ways for the two orders of government to work together within the Canadian federation.

The framework for clarifying roles and responsibilities in the *Ministerial Council Report* will help to identify program areas best addressed by a provincial/territorial approach, and areas for cooperative and respectful federal/provincial/territorial involvement.

4. Preventing Conflicts and Reconciling Disputes

A cooperative approach among governments will increase Canadians' confidence in the ability of their governments to work together to solve and resolve issues related to social policy. A new approach could establish mechanisms for:

- preventing intergovernmental conflicts;
- managing intergovernmental conflicts; and,
- promoting adherence to principles and standards.

Preventing Intergovernmental Conflicts:

To help prevent disputes and facilitate planning for program delivery, governments could implement procedures to share information and consult with each other on policy and program matters in areas that impact on programs delivered by either order of government.

A cooperative approach based on each order of government having a clear and shared understanding of its roles and responsibilities would also assist in preventing conflicts.

Managing Intergovernmental Conflicts:

Jointly developed mechanisms to resolve disputes between governments could include:

- strengthened consultation processes at officials, ministerial or first minister levels;
- public discussion and consultation on the issues under dispute;
- a formal advisory mechanism or adjudication process, such as the one proposed recently by Provincial/Territorial Health Ministers in their *Health Vision* document;

- some combination of the above.

Promoting Adherence to Principles and Standards:

Adherence to principles and standards could be promoted through:

- a cooperative process for developing and updating principles and standards as necessary;
- agreement by governments on outcome goals, the measurement of outcomes, and public reporting on results;
- new joint mechanisms for assessing and imposing sanctions, including financial penalties, could be developed to ensure adherence by all governments.

5. Federal Spending Power

In Canada, the use of the federal spending power has at times been a unifying force but at other times it has created strains within the federation. Problems have arisen when the federal government entered into funding arrangements with the provinces and territories and then withdrew or reduced its level of funding. This has left the provinces and territories with the responsibility of either maintaining the program or restructuring the service. Furthermore, the use of the federal spending power in areas of provincial jurisdiction has not always been consistent with provincial and territorial priorities. Strains have also been caused when the federal government has unilaterally defined and interpreted national principles.

It is vital that a new approach to the use of the federal spending power be developed. Provinces and territories, in the *Ministerial Council Report* and the *Issues Paper*, and the federal government, in its 1996 Speech from the Throne commitment on the use of the federal spending power, have indicated a desire to develop an alternative to the current approach. Provinces and territories can work with the federal government to develop this alternative approach and build on the federal 1996 Speech from the

Throne commitment. The Throne Speech indicated that the federal government:

“...will not use its spending power to create new cost-shared programs in areas of exclusive provincial jurisdiction without the consent of a majority of the provinces. Any new program will be designed so that non-participating provinces will be compensated, provided they establish equivalent or comparable initiatives.”

The options for the new approaches to the federal spending power outlined below are consistent with the Ministerial Council Report which stated that “federal activity in areas of sole provincial responsibility should only occur after federal/provincial/territorial consultation and provincial/territorial agreement on how federal spending can be effectively applied.”

This new approach will need to include:

- consent alternatives;
- rules to guide compensation for provinces/territories that opt out;
- the scope of programs to be included; and
- guidelines for ensuring financial partnerships.

Consent Alternatives:

Federal spending in areas of exclusive provincial jurisdiction would require some level of agreement by provinces and territories. Federal spending in areas of exclusive provincial jurisdiction which occurs in a province or territory must have the consent of the province or territory involved.

Options for consent to federal spending on national programs include:

- a simple majority of provinces;
- a simple majority of provinces and territories;

- a majority of provinces representing a threshold percentage of provincial populations;
- a majority of provinces representing a threshold percentage of provincial and territorial populations;
- a majority of provinces and territories representing a threshold percentage of provincial and territorial populations;
- provinces representing the majority of the population;
- provinces and territories representing the majority of the population;
- regional approval;
- unanimity of provinces; and
- unanimity of provinces and territories.*

Rules to Guide Compensation for Opting Out Provinces and Territories:

Rules for opting out are needed to guide compensation for those provinces and territories that choose not to participate in a national program funded, or partially funded, by the federal government. Options could include:

- opt out with unconditional compensation; or
- opt out with conditional compensation. To receive compensation, provinces/territories opting out would be required to undertake

* * It is not the intention of this section to be precedent setting in future areas of provincial consent mechanisms or provincial relations with the federal government, but recognizes the practical reality of both Territorial governments having full jurisdiction over social programs as considered in this section.

comparable programs, or programs directed to achieving comparable outcomes.

The Scope of Programs to be Included:

A new approach could apply to one or all of the following programs within exclusive provincial jurisdiction:

- new shared cost programs;
- existing shared cost programs;
- federally funded programs, including those directly delivered by the federal government.

Guidelines for Financial Arrangements:

Financial arrangements between governments should not be subject to unilateral change. To help ensure stability in social programs for Canadians, funding must be adequate and predictable. Options to ensure provincial/territorial consent to amend funding arrangements include:

- legislation with notice provisions;
- intergovernmental agreements on funding certainty, including ensuring multi-year funding commitments, with consent of the parties required for changes in the terms of the agreement, and compensation for early termination.

C. ELEMENTS OF PROVINCIAL/TERRITORIAL COOPERATION

Provinces and territories, acting together, can build on past successes to strengthen the national dimensions of social programs. Ongoing cooperation is necessary and desirable because most social programs are delivered directly by provincial and territorial governments.

Additional provincial/territorial arrangements could occur on their own or at the same time as new federal/provincial/territorial arrangements.

Elements of provincial/territorial cooperation could include:

- developing common principles and standards, agreeing on outcomes goals, outcomes measurement and public reporting of progress towards achieving outcome goals;
- establishing procedural ground rules for provincial/territorial cooperation;
- promoting partnership and reconciling disputes.

There are many issues in the delivery of social programs that can best be addressed by provincial and territorial governments. Provinces and territories could deal with many issues related to accessibility, portability, mobility and residency. Provincial/territorial leadership could support Canadians' expectations that necessary medical care and social services, and high quality, comparable schooling for their children be accessible to them wherever they go or live in Canada.

In addition, provinces and territories will continue to cooperate in developing common proposals on federal initiatives that impact on provincial and territorial governments. These include an appropriate delineation of roles and responsibilities in social policy between the two orders of government; and, a new approach to the federal spending power. Once developed, these provincial/territorial proposals could form the basis for discussions with the federal government.

Provincial and territorial governments have a history of working together. Provinces and territories have jointly developed and articulated their vision

for social renewal and the future of Canada's social union through the 1995 *Ministerial Council Report to Premiers*, the 1996 *Issues Paper* and this report. Provincial/territorial cooperation is also evident in numerous social policy areas including:

Social Services: Recent success in achieving a national consensus on a national child benefit is the result of provincial-territorial leadership and cooperation. Provinces and territories laid the ground work for this initiative and recommended it for consideration by Premiers in the 1995 Ministerial Council Report. Premiers then brought the issue to the 1996 meeting of First Ministers. Similarly, provincial-territorial leadership has resulted in federal-provincial-territorial cooperation to find ways to integrate support for individuals with disabilities.

Education: Provinces and territories, through the existing Provincial/Territorial Council of Education Ministers, Canada (CMEC), have a long record of consultation and cooperation in developing "pan-Canadian" standards.

A recent example of this cooperation includes the *Protocol for Collaboration on School Curriculum* (adopted in 1995). This protocol will result in joint initiatives to develop curriculum, evaluate programs and assess needs for learning resources and technology. This work is leading to a Pan-Canadian Science Project to develop a common framework for science outcomes from kindergarten to Grade 12. Another example is the *Schools Achievement Indicators Program* (science, mathematics, and reading and writing), initiated in 1989 to arrive at a consensus on elements of a system of pan-Canadian assessment. A third example is the *Pan-Canadian Protocol on the Transferability of University Credits* (February, 1995). The goal here is to achieve pan-Canadian recognition of university undergraduate credits in order to promote mobility across the country.

Health: Provincial/Territorial Ministers of Health recently released their consensus document "A Renewed Vision for Canada's Health System." The paper notes that the major challenge facing the provinces and territories is to preserve, protect and promote our national health system in light of massive federal reductions, increasing costs and increasing demand for

health services.

The vision paper notes that the health system in Canada has moved beyond hospital and medical services. All provinces and territories continue to support the principles of the Canada Health Act for insured hospital and medical services. Provinces and territories have also developed, and are committed to maintaining, a network of services and programs beyond the Canada Health Act which make a critical contribution to the health and wellness of Canadians.

Provincial/Territorial Ministers of Health believe that their vision paper will provide a solid basis for continuing dialogue both among themselves and with the federal government on a joint vision of a sustainable, high quality health system.

In addition, there are emerging areas that may in future call for provincial/territorial cooperation. Labour market training is an example:

Training: Labour market development policy in Canada is currently in a state of transition as the federal government negotiates new bilateral agreements with the provinces to clarify roles and responsibilities. This increasing provincial/territorial role in training may require an increasing level of cooperation and coordination among provincial/territorial governments.

D. IMPLEMENTATION APPROACHES

This section presents an overview of the options for implementing new approaches that could strengthen and maintain the social union in Canada. New approaches could be formalized through intergovernmental agreements, complementary legislation or constitutional amendment. At present, the most efficient means of implementing more formal co-operative approaches is through intergovernmental agreements. In addition, new less formal mechanisms could also be put in place to improve intergovernmental coordination and co-operation in social policy on an ongoing basis.

The new approaches outlined below are not mutually exclusive. The range of options includes:

1. Federal/Provincial/Territorial Approaches such as:

- developing a federal/provincial/territorial framework agreement on broad overarching issues to guide social policy renewal with sub-agreements in specific sectoral or cross sectoral areas of national concern,
- developing a federal/provincial/territorial framework agreement limited to one or more key issues, i.e. spending power,
- developing, in a step-by-step approach, federal/provincial/territorial sectoral and cross-sectoral co-operation and agreements without first developing an overarching framework.

2. Provincial/Territorial Approaches such as:

- developing a framework agreement on broad, overarching issues to guide national social policy renewal in areas of provincial/territorial responsibility (could include sectoral sub-agreements),
- developing, in a step-by-step approach, provincial/territorial sectoral and cross-sectoral co-operation and agreements without first developing a framework agreement.

3. Strategic Combination of Framework Approaches/Parallel Processes:

- building a federal/provincial/territorial framework agreement in combination with a provincial/territorial framework agreement and f/p/t or p/t sectoral and cross-sectoral agreements to address specific priority issues.

4. Strategic Combination of Step-by-Step Approaches/Parallel Processes:

- building some small federal/provincial/territorial agreements in combination with provincial/territorial agreements in a step-by-step approach to address specific priority issues.

5. Mechanisms for Increasing Intergovernmental Dialogue and Co-Operation on Social Policy Issues:

- developing mechanisms that could strengthen intergovernmental dialogue on social policy and increase opportunities for developing shared priorities, co-operation and monitoring progress.

An overview of the options for implementing each of these approaches is presented in more detail below, with considerations related to adopting each course of action.

1. Federal/Provincial/Territorial Approaches

Federal/Provincial/Territorial approaches could build on the commitment of all governments to develop a more cooperative and effective intergovernmental approach to social policy issues in Canada. This approach should build on the successes of the Federal/Provincial/Territorial Council on Social Policy Renewal and federal/provincial/territorial sectoral councils.

I. Developing A Federal/Provincial/Territorial Framework for Social Policy Renewal (Overarching Approach)

Any framework should build on existing areas of agreement and indicate how the federal and provincial/territorial governments could cooperatively develop, interpret, and renew standards and principles, outcome measures, and graduated dispute resolution mechanisms. The framework agreement should not unduly limit future flexibility, but should balance the need for comparability and portability with the need for provinces to innovate and to respond to the specific and regional needs of their citizens.

A number of elements could be included as outlined below. The framework could include all of the elements or only those that governments feel are of greatest priority. The framework could be implemented in a staged manner with an initial agreement along with a commitment to work together towards further agreements in other priority areas:

- a) Principles (based on the Ministerial Council Report Principles).
- b) Procedural Ground Rules (outlining how governments will work together).

- c) Roles and Responsibilities (based on the Roles and Responsibilities section of the Ministerial Council report).
- d) A Co-operative Approach to the Use of the Federal Spending Power.
- e) Funding certainty (based on the principles of multi-year funding commitments, with consent of the parties required for changes in the terms of the agreement, and compensation for early termination).
- f) Cooperative process for resolving intergovernmental disputes.
- g) A cooperative process for the development, review, and interpretation of principles and standards, as appropriate (including existing standards and principles).
- h) Agreement on outcome goals (such as a reduction in the number of child deaths, or a reduction in the unemployment rate), outcome measurement, and reporting of progress toward achieving outcome goals.
- i) Agreement on appropriate fiscal arrangements to support social policy (to help governments provide reasonably comparable social programs at reasonably comparable levels of taxation).
- j) Other areas, as agreed, which could include sectoral sub-agreements (e.g., measuring Health Outcomes such as child health), or cross-sectoral sub-agreements (e.g., developing priorities to address children's problems, resolving funding of services to Aboriginal people).

II. Developing a Limited Federal/Provincial/Territorial Framework Agreement

Another option would be to work toward the development of a federal/provincial/territorial agreement in one or a few overarching areas. For instance, provinces and territories could offer to work with the federal government to identify how the federal government's Throne Speech commitment, promising a more cooperative approach to the use of the federal spending power, could be broadened or formalized through intergovernmental agreements or legislation.

Similarly, a separate federal/provincial/territorial agreement on a method for resolving intergovernmental disputes on social policy issues could be pursued.

III. Developing Sectoral and Cross-Sectoral Federal/Provincial/Territorial Agreements (Step-By-Step Approach)

Another approach to renewing the social union could be developed step-by-step as the sum of a few smaller agreements without first developing an overarching framework agreement. The smaller agreements could include for example, cooperative approaches for developing, reviewing and interpreting principles and outcome goals, ground rules outlining how governments will work together, approaches to clarifying roles and responsibilities, approaches to appropriate fiscal arrangements and funding certainty and cooperative approaches for resolving intergovernmental disputes. When a number of smaller agreements have been concluded, it may be useful to take

common elements which could apply to broader areas of social policy and include them in a framework agreement.

Examples of such agreements could be:

- a) Pursuing federal/provincial/territorial sector by sector agreements on vision, goals, dispute resolution, and funding arrangements (e.g. Health).
- b) Developing federal/provincial/territorial cross-sectoral agreements for a client group (e.g., National Child Benefit System, Integrated Income Support for persons with disabilities, and resolution of funding of services for Aboriginal persons).

CONSIDERATIONS AROUND FEDERAL/PROVINCIAL/TERRITORIAL APPROACHES

A federal/provincial/territorial approach:

- responds to the expressed wish of all governments to develop a more cooperative approach to intergovernmental relations in social policy.
- responds to the reality that the federal government is very involved in social policy, as a deliverer of social programs on reserves and armed forces bases across the country, as well as a funder of some social programs, and as a government responsible for legislation that can affect social programs.
- provides the opportunity to develop a new cooperative working relationship between Canadian governments to benefit the Canadian people.

Developing a federal/provincial/territorial approach:

- can increase the probability that issues which are important to one order of government but not the other can be discussed and resolved as part of a broader package.
- allows for more joint priority-setting, and establishment of cooperative ways of working together on broader issues.
- may facilitate progress on sectoral and cross-sectoral federal/provincial/territorial issues, by defining the basis on which sectoral negotiations could occur for key issues such as how governments will work together (ground rules), and on funding certainty.

Developing in a step-by-step approach sectoral and cross sectoral federal/provincial/territorial agreements without first developing an overarching framework agreement:

- allows the most flexibility for all parties.
- can entail a lower risk of failure.
- can help ensure that practical issues are dealt with before signing broad, overarching agreements.

2. Provincial/Territorial Approaches

A provincial/territorial approach could build on previous progress and commitments made by Premiers, and demonstrate continuing provincial/territorial leadership in addressing areas of common concern that fall within provincial/territorial responsibility. This approach would build on the successes of the work to date of the Provincial/Territorial Council on Social Policy Renewal and provincial/territorial sectoral councils.

Provinces and territories could address issues of mobility, portability and residency that are of concern to Canadians. Canadians expect that necessary medical care and social services should be accessible to them wherever they go or live in Canada. Regardless of where they live, Canadians want high quality, comparable schooling for their children. Provincial and territorial leadership has already been demonstrated through the Educational Indicators project, and through procedures for the transferability of post-secondary credits. Provincial/territorial momentum should be maintained.

1. Developing a Provincial/Territorial Framework (Overarching Approach)

The Ministerial Council Report recommended that provinces and territories develop a national framework to guide the reform process in areas of provincial/territorial responsibility. Provinces and territories, acting together, are in a position to strengthen the national dimensions of social programs.

Provincial and territorial cooperation is necessary and desirable because most social programs are delivered by provincial and territorial governments, and are primarily funded by the provincial and territorial governments. A provincial/territorial framework agreement could include:

- a) Principles (based on Ministerial Council Report Principles).
- b) Procedural Ground Rules (outlining how governments will work together).

- c) Cooperative development, review, and interpretation of principles and standards as appropriate.
- d) Cooperative dispute resolution.
- e) Agreement on outcome goals (such as increasing the proportion of young people graduating from high school), outcomes measurement, and reporting of progress toward achieving outcomes goals.
- f) Common proposals on federal/provincial/territorial issues such as clarifying roles and responsibilities and cooperative approaches to the use of the federal spending power.
- g) Other priorities, as agreed, which could include sectoral agreements like the School Achievement Indicators Program, cross-sectoral sub-agreements, and issues related to mobility, portability and residency.

II. Developing Sectoral and Cross-Sectoral Provincial/Territorial Agreements (Step-By-Step Approach)

Another approach to renewing the social union could be developed step-by-step as the sum of a few smaller agreements without first developing an overarching framework agreement. The smaller agreements could include for example, cooperative approaches for developing, reviewing and interpreting principles and outcome goals, ground rules outlining how governments will work together, common proposals on issues such as clarifying roles and responsibilities and cooperative approaches to the federal spending power, and cooperative approaches for resolving intergovernmental disputes. When a number of smaller agreements have been concluded, it may be useful to take common elements which could apply to broader areas of social policy and include them in a framework agreement.

Areas for possible agreements include:

- a) Reaching sector specific provincial/territorial agreements on vision, principles, and outcomes, such as Kindergarten to Grade 12 education, mutual recognition of employment qualifications, and portability and accessibility of health benefits.
- b) Cross-sectoral provincial/territorial agreements such as initiatives to address child poverty.

CONSIDERATIONS AROUND PROVINCIAL/TERRITORIAL APPROACHES

A provincial/territorial approach:

- reflects the commitment of provinces to provide positive continued leadership on

national matters that affect provincial jurisdiction.

- responds to the expressed wish of all provincial and territorial governments to develop a more cooperative approach to intergovernmental relations in social policy.
- responds to the reality that most social programs are in areas of exclusive provincial jurisdiction under the Constitution, and in areas where the territories have province-like jurisdiction.
- recognizes that provinces and territories are the primary funders and deliverers of social programs in Canada, and maintains clear accountability for policies and delivery standards.
- Provides the opportunity to develop new cooperative working relationships between participating provinces and territories to benefit the Canadian people.

Developing a provincial/territorial framework approach:

- allows for the development of more comparable, flexible, and accountable national social programs.
- allows for more joint priority-setting, and establishment of cooperative ways of working together on broader issues.
- may facilitate progress on sectoral and cross-sectoral provincial/territorial issues, since agreements in areas such as mobility issues may be useful in defining the basis for agreements in more than one sector.

Developing in a step-by-step approach sectoral and cross sectoral provincial/territorial agreements without first developing an overarching framework agreement:

- allows the most flexibility for all parties.
- can entail a lower risk of failure.
- can ensure that practical, substantive issues are dealt with before signing broad, overarching agreements.

3. Strategic Combination of Framework Approaches (Parallel Processes)

Another alternative would be to work with the federal government to develop a broad framework agreement on the areas best suited to a federal/provincial/territorial approach. At the same time work on a broad provincial/territorial framework agreement could proceed to guide work in areas that are primarily provincial/territorial responsibilities.

Sub-agreements for each framework could include process issues (e.g., developing a cooperative dispute resolution process), sectoral agreements (e.g., a f/p/t Health Vision developed under the federal/provincial/territorial process, and p/t Grade 12 Graduation Indicators developed by the provincial/territorial process). Cross-sectoral agreements could be dealt with under the f/p/t process where appropriate (e.g., children's agenda, funding of services to Aboriginal people), and through the p/t process where appropriate (e.g., child welfare).

4. Strategic Combination of Step-by-Step Approaches (Parallel Processes)

Similarly, a parallel process could be implemented in a step-by-step approach without first developing a broad framework agreement. A few small agreements with the federal government on the areas best suited to a federal/provincial/territorial approach could be developed at the same time as a few small agreements among provinces and territories are developed in areas that are primarily provincial/territorial responsibilities. When a number of agreements have been concluded, it may be useful to take common elements which could apply to broader areas of social policy and include them in framework agreements.

CONSIDERATIONS AROUND DEVELOPING PARALLEL FEDERAL/PROVINCIAL/TERRITORIAL AND PROVINCIAL/TERRITORIAL APPROACHES

A parallel framework approach:

- has demonstrated success many times in the sectoral councils, and in the Council on Social Policy Renewal.
- allows further clarification of responsibilities and accountability in social policy
- provides an appropriate forum to make progress on most critical social policy issues.
- can respond to the twin needs of increasing cooperation and comparability, while

ensuring the flexibility to innovate and to meet the different needs of people in different provinces and circumstances.

A parallel step-by-step approach:

- has demonstrated success many times in the sectoral councils, and in the Council on Social Policy Renewal.
- allows further clarification of responsibilities and accountability in social policy.
- provides an appropriate forum to make progress on most critical social policy issues.
- can respond to the twin needs of increasing cooperation and comparability, while ensuring the flexibility to innovate and to meet the different needs of people in different provinces and circumstances.
- can ensure that practical issues are dealt with before signing broad, overarching agreements.

5. Mechanisms for Increasing Intergovernmental Dialogue and Co-operation on Social Policy Issues

Less formal methods for achieving ongoing co-operative processes that could strengthen federal/provincial/territorial dialogue on social policy and increase opportunities for developing shared priorities and monitoring progress include:

- a) special Premiers' Conferences on social policy issues of national importance, to which the Prime Minister is invited; and/or
- b) renewed First Ministers' Conference with joint agenda-setting, joint or revolving chairs, and joint commitments to action; and or,
- c) strengthening the channels through which the Federal/Provincial/Territorial Council on Social Policy Renewal and/or Federal/Provincial/Territorial Sectoral Councils of Ministers could forward issues for consideration to special Premiers' Conferences and/or First Ministers' Conferences, and provide progress reports on initiatives undertaken at the direction of First Ministers.
- d) strengthening the channels of provincial-territorial cooperation through, for example, the Provincial/Territorial Council on Social Policy Renewal and/or Provincial/Territorial Sectoral Councils of Ministers.

CONSIDERATIONS AROUND MECHANISMS TO IMPROVE INTERGOVERNMENTAL COOPERATION

Strengthening intergovernmental mechanisms for increasing dialogue and cooperation could:

- provide more opportunities for information sharing and dialogue, which could reduce misunderstandings and disputes.
- provide more opportunities for joint consideration of social policy issues of national importance.
- provide more opportunities for joint priority setting, and setting of direction for action.
- allow First Ministers to jointly evaluate progress on initiatives they have mandated.