

Public Welfare Reorganization in Canada II.

By HARRY M. CASSIDY

IN a preceding article in PUBLIC AFFAIRS I pointed out that Canada lacks an efficient, modern system of public welfare. If this system is not strengthened now it will be in no position to meet adequately the terrific post-war demands that are likely to be made upon it. It is the thesis of these articles that a great contribution towards the prevention of post-war social chaos can be made by thoroughgoing reorganization of the provincial and local welfare services from one end of the country to the other.

The organizational weaknesses of the welfare services are of two main types. In the first place, responsibilities, financial and administrative, are not well distributed among the provincial governments and their municipalities and provincial and local services are not well coordinated. Secondly, administrative machinery is generally weak on both provincial and local levels. These defects go far to explain why the quality of service in Canadian public welfare agencies is too often much below that of similar agencies in Great Britain and the United States.

I believe that there is need in every province for thorough survey of the existing welfare system, leading to the preparation of over-all plans of reorganization. These plans cannot be precisely the same for all provinces, for differences in conditions will dictate somewhat differing organizational patterns from province to province. But there are certain general principles of reorganization that should be followed everywhere. Six principles are proposed below for consideration, the first two of which were discussed in more detail in the preceding article of this series.

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1. *Operating functions should be redistributed between the provincial governments and the municipalities in accordance with their respective administrative and financial capacities.*

2. *The provinces should delegate administrative responsibilities only to local units that are suitable in population, in area, and in other characteristics, for the efficient performance of operating functions.*

3. *Provincial-municipal relations with respect to the welfare service should be so adjusted that the financial burden is divided equitably between them, that every municipality is protected against unreasonable welfare costs, and that the system is compatible with good administrative standards.*

Application of this principle calls for drastic revision of present arrangements for welfare finances. In the first place it means that, if there is to be local administration, the costs should be shared by the provincial and local authorities. It is contrary to every sound principle of administration for one branch of government to pay all the bills for a service operated by another. This invites irresponsibility on the part of the administering authority. The municipalities should bear a significant share of the costs, probably not less than 15 or 20 per cent in the case of any one of them, so that they will have a substantial financial interest in the services they are operating. At the same time, the provinces should contribute towards the expenses of all locally-administered services. This will permit the emergence of a genuine system of partnership, operating subject to provincial standards, supervision, and coordination. For the making of grants by the provinces carries with it the power to set conditions to be observed everywhere.

Secondly, a single inclusive grant-in-aid should replace the several separate grants for specialized services which have been common in the Canadian provinces.

This means that the municipalities would no longer be reimbursed more for one service than for another. That is to say, they would get just as much assistance on a percentage basis with respect to hospitalization or mothers' allowances as with respect to poor relief. The first object of this would be to simplify the grant system. A second object would be to prevent the municipalities from placing any person in one category of assistance rather than another for purely financial reasons, and thus to encourage sound administration.

Thirdly, the burden of charges to be imposed upon the municipalities must be stabilized, at a reasonable figure, so that it can be met, *in every municipality*, from local tax resources without undue difficulty. Since the local governments must raise funds mainly from the general property tax their revenues are definitely limited and are not easily expansible in case of need. In 1937, according to the Rowell-Sirois Commission, they spent about \$53,000,000 on public welfare, equivalent to the yield of some 6½ mills on their taxable valuations, which was probably not too heavy a burden if it had been fairly distributed among them. They should be protected against total charges that go much beyond this amount, which represents about 20 per cent of their total revenues from taxation.

Even more important is equitable distribution of the burden. Indeed, this is the very nub of the problem. During the 1930's, when the air was full of cries of municipal bankruptcy on account of relief costs, it was not the total welfare burden but its mal-distribution that caused the trouble. For some local authorities were forced to pay for relief and other welfare services many times as much as others in relation to their taxable resources and were literally forced into default upon bonded obligations while others remained quite solvent.

Equitable distribution of local welfare costs can be achieved by means of a revised system of provincial grants to the municipalities, whereby the grants are varied in amount in accordance with

local needs for assistance. This policy has been followed in England since adoption of the Local Government Act of 1929 and has been followed also in various American states. In the state of Washington, for example, the counties are required to appropriate annually the yield of three mills on their taxable valuations for welfare purposes and the state government meets all costs in excess of this amount. This method has the great advantage of simplicity and, with some modification, might be applied to the Canadian scene. A workable system might be for the municipalities to meet welfare costs for service (apart from administration) up to the yield of a fixed number of mills, perhaps five, on their taxable valuations, with the provincial governments bearing 90 or 95 per cent of all excess costs; and for administrative costs to be shared equally.

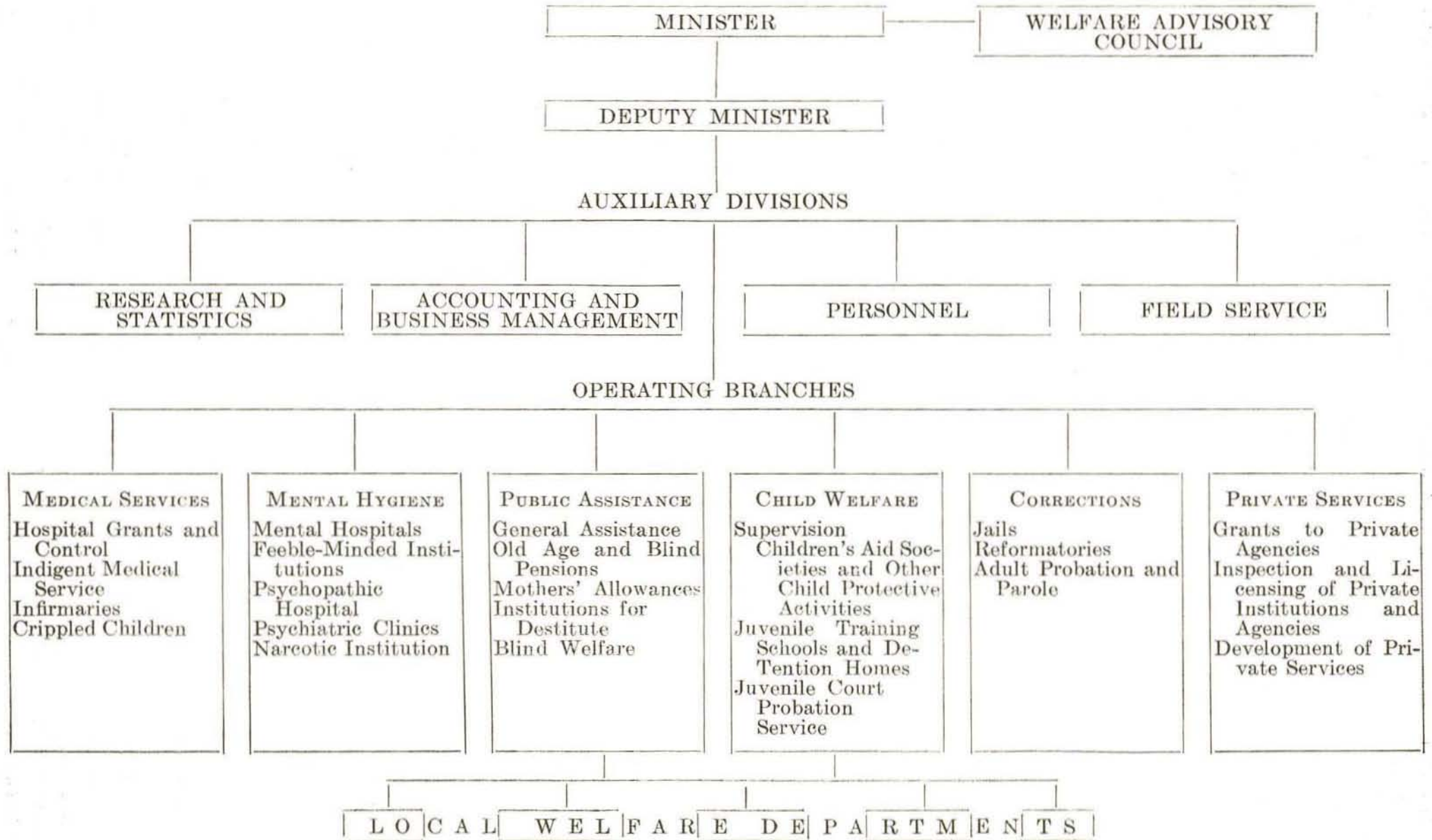
The effect of such a policy would be to stabilize the total municipal welfare burden at a reasonable figure, to spread it much more evenly than at present among the different local units, and to protect every community against unfair charges. The provincial governments, with their broader tax resources and more elastic revenue systems, would thus assume the liability to meet any heavy increases in welfare costs that might occur in the future.

4. *At the provincial level there should be extensive administrative reorganization, designed to integrate the welfare services departmentally and to develop effective coordination between the various branches.*

A "model" organization chart for a provincial welfare department is presented on the next page.¹ However, it is not suggested that it will be applicable as it stands in all or any of the provinces. As it has been stated previously, no standard plan of reorganization will fit the circumstances of every province. Subject to these reservations, the chart is submitted to illustrate how principles of sound administrative structure might

1. EDITOR'S NOTE: The chart is, on the whole, self explanatory. The author had, however, accompanied it by certain notes which lack of space prevented from being published. Those interested in them may obtain them on request from the Editorial Office.

ORGANIZATION CHART—PROVINCIAL WELFARE DEPARTMENT



be implemented in the Canadian Provinces.

The chart is based on the presumption that the larger municipalities, assisted by provincial grants, operate the main public assistance services, while all institutional and specialized programs are operated by the province, as well as public assistance within municipal units of small population.

5. *Provincial departments should be given ample powers to set standards of service to be observed by local and private welfare agencies and to supervise their activities.*

This is essential if reasonable uniformity in welfare services is to prevail throughout the whole province. The provincial department should have power to fix by regulation assistance budgets, rules of eligibility, and certain administrative procedures, and to formulate and enforce standards of personnel. Both the local and the private agencies should be required to submit reports to the provincial department in prescribed form, to keep records that are adequate, and to follow prescribed accounting methods. Their financial affairs should be audited periodically by provincial officials. The department should also have power to review and revise the decisions of the municipal agencies with respect to grants of assistance to particular persons. Besides exercising these controls over municipal and private agencies the provincial department should provide for them, through its field agents and through its specialized staff at the central office, consultant and advisory services regarding problems of management.

Two main sanctions may be suggested to be used by the provincial departments if the municipal agencies fail seriously to comply with regulations. The first of these is the power to withhold grants. The second is the power to take over local administration completely. These are both drastic powers which should not be employed except as a last resort.

6. *Local welfare agencies should be re-organized where necessary, under the direction and with the assistance of the provincial department, to bring them into line with new province-wide policies and to fit them*

for a high level of administrative performance.

The reasons for this are obvious. All welfare services should be integrated departmentally at the local level and an administrative structure built up that is appropriate for the nature and the size of the program to be operated. Organization within the local welfare agencies will naturally be more complex in the larger cities than in smaller places. The provincial department should be empowered to prescribe minimum organizational standards.

* * *

A word of comment needs to be added about the broader implications of the suggestions for reorganization that have been made. In the first place, they have been limited to the provincial-municipal sector of the welfare front. What about the role of the Dominion, it may well be asked. Certainly reorganization of the welfare services under Dominion jurisdiction is needed; and certainly action should be taken to settle the great question of distribution of welfare functions between the Dominion and the provinces, an acceptable solution to which the Rowell-Sirois Commission did not find. Moreover, the Dominion should assist the provinces to reorganize and strengthen their services by means of research and information, technical assistance, and possibly carefully planned grants-in-aid. But whether the Dominion undertakes these jobs or not in the near future the provinces can and should get on with their own housecleaning. The proposals that are made here, therefore, need not be set aside until the Dominion acts.

Secondly, much of what has been said about provincial-municipal relations in the public welfare field is applicable also to other fields of service, including police and fire protection, recreation, education, public health, and housing. Complete local autonomy, without financial assistance or supervision by provincial authorities, has not given the country a satisfactory system of local government. There is a general need for amalgamation

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of small units, revision of local systems of finance, and the improvement of local administration. Provincial financial assistance, standards of performance, supervision, and leadership are as necessary in the municipal field in Canada as they have proven to be in Great Britain or in other countries. If this larger task of municipal reform is undertaken vigorously many welfare problems should be solved incidentally. If not the need will remain for measures such as those suggested here.

Thirdly, administrative reorganization on both provincial and municipal levels is desirable not only for the welfare services but also for other activities of government. Probably the administrative structure of most provincial governments could be thoroughly revised with great profit, and the same is no doubt true of many municipalities. In Canada but little serious attention has been given by the general public, by politicians, by civil servants, and by the universities and research agencies to problems of public administration, and the country is not distinguished for its administrative system. If this larger problem were dealt with adequately many of the defects of public welfare machinery would no doubt be overcome. But pending such action it seems appropriate to study and to point out what can be done in one of the most important areas of government service, public welfare.

In conclusion it must be reiterated that the case for welfare reorganization is urgent. The Canadian provinces cannot afford to neglect the problem longer. They now have an opportunity, when there is relative quiet in provincial and local affairs, to prepare for the post-war social problems that are almost certain to impose burdens greater than ever before upon their welfare services. The Rowell-Sirois Commission has stated that the need for constitutional reform is even "more urgent in time of war and of post-war reconstruction than it is in time of peace." The same is true of welfare reorganization on the provincial-municipal front.

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