

Chapter 6

Human Resources Development Canada — Accountability for Shared Social Programs

National Child Benefit and
Employability Assistance for People
with Disabilities

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Human Resources Development Canada — Accountability for Shared Social Programs

National Child Benefit and Employability Assistance for People with Disabilities

Main Points

National Child Benefit

6.1 The National Child Benefit (NCB) represents a new form of collaborative arrangement between provinces (except Quebec) and territories and the federal government. A key challenge for all involved is to assure taxpayers that moneys are spent for the purposes intended, with due regard to economy and efficiency and with appropriate means to measure and report on effectiveness. Because there are many governments involved, it is also necessary to respect the jurisdictional competence of the different parties. As the NCB is implemented it is critical that, at a minimum, there be no less accountability because it is shared than if only one jurisdiction were involved.

Background and other observations

6.2 The goal of the National Child Benefit is to reduce the depth of poverty among families with children and to increase parental attachment to the work force. The NCB involves no new law, contract, or contribution agreement, but rather an increased federal child tax benefit (the NCB supplement) for low-income families — about \$850 million in 1998, rising to \$1.7 billion by 2000. In turn, jurisdictions providing social assistance benefits to families may reduce their payments by the amount of the increased tax benefit. They have agreed to reinvest these savings in programs that have mutually agreed-upon objectives and that benefit poor families with children.

6.3 One of the clear achievements of the negotiations leading to the NCB was the partners' agreement on the overall goals of both the federal and the provincial elements of the program. They also have committed to a new kind of joint accountability to the public. What is distinctive about this commitment is that no level of government is more responsible for reporting on the results than another. Each is accountable for the overall program.

6.4 It will be a significant challenge in the first few years, before evaluation results are available, to demonstrate precisely how the National Child Benefit has contributed to reduced depth of poverty and increased employment among its recipients. In assessing progress, the NCB accountability report will also need to be clear about any trade-offs among goals and to discuss the implications. Otherwise, readers may expect that all goals can be achieved at the same time.

6.5 There are potential gaps in the quality of financial and other information. The credibility of the accountability reports depends on the comparability, accuracy and verifiability of information from all parties — not only those who negotiated the arrangement (provinces, territories and the federal government) but also those who are responsible for designing and implementing only specific sub-programs (Ontario municipalities and First Nations). This is also a challenge for audit offices that serve the partners in this arrangement.

6.6 We think the key ingredients in reporting the NCB's results to the public are transparency and adequacy of the information. This means:

- appropriate care is taken to ensure that the information is credible and, at least for financial information, subject to audit;
- data are adequate to determine if the program's overall goals are being achieved; and
- data are sufficiently comparable that outcomes of different provincial approaches can be compared.

It must also be clear whose responsibility it is to do all this, and who will provide assurance that it has been done. Moreover, those charged with the responsibility must have the capacity to undertake the task.

The Department has said that this chapter will be of considerable assistance in its work to build an accountability regime for the NCB. Some issues are already being addressed. The remaining issues identified in this study will be raised by the federal government in its capacity as co-chair of the federal-provincial-territorial group working on the NCB.

Employability Assistance for People with Disabilities

6.7 Employability Assistance for People with Disabilities (EAPD) is the other program to emerge from federal-provincial discussions in 1997–98 on the social union. The aim of this 50–50 cost-shared arrangement is to help people with disabilities overcome the barriers they face in the labour force. EAPD supports provincial and territorial programs and services ranging from programs that assist in the first steps toward developing skills to those that support a person at work so the person can keep working. Our interest in the program at this early juncture is that steps be taken to ensure that the information each partner will provide on its own expenditures and programs is credible, and permits comparisons of different approaches and assessments of the overall program's effectiveness.

Background and other observations

6.8 Each province has signed an agreement with the federal government. Taken together, the agreements illustrate several of the elements of a collaborative arrangement discussed in Chapter 5 of this Report. For instance, the governments agree to follow a co-ordinated, participative planning process and to evaluate program results.

6.9 Human Resources Development Canada (HRDC) and provincial partners have set about to solve implementation issues in a collaborative fashion. For example, the provinces have committed to annual accountability to HRDC. However, so far there is no specific commitment to the format, substance, or timing of any overall annual report, nor are there specific goals or targets over any time frame. We recommend that HRDC prepare a brief overall annual report for EAPD, comparing activities, expenditures, program outputs and performance of the partners.

6.10 The partners still have important work to do. When so many jurisdictions are involved, those with oversight and audit responsibilities face the challenge of helping to ensure that the quality of financial and performance reporting is maintained and enhanced.

The Department has said that the case study will be useful in its work with provinces. It agrees in principle with the recommendation to produce an overall annual report on EAPD expenditures and performance. It pointed out that it will be important to note that EAPD is only one part of overall programming for people with disabilities.

Preface

The federal government's role in Canada's social programs has undergone important changes over the last few years. Recently, it has agreed with nine provinces and two territories on a framework for new types of arrangements in a social union. Citizens, legislative bodies and, thus, audit offices may justifiably seek assurance that these new arrangements increase, or at least do not diminish, accountability for expenditures on shared social programs and their outcomes.

This chapter looks at the challenges for accountability that characterize the two recently implemented social programs that are already part of the social union: the National Child Benefit and Employability Assistance for People with Disabilities.

The case studies

6.11 The National Child Benefit (NCB) is an innovative arrangement that combines federal tax expenditures and provincial programs. The aim is to reduce the depth of poverty in families with children, with a particular emphasis on providing incentives for low-income parents to enter and remain in the work force. Provincial premiers and the Prime Minister have referred to the NCB as a positive example of how social programs can be delivered collaboratively in a social union.

6.12 Employability Assistance for Persons with Disabilities (EAPD) is also cited as an example of a social union program. It is a relatively more traditional form of federal cost-sharing in provincially delivered programs. Its aim is to help people with disabilities overcome the barriers they face in the work force by helping them to prepare for, obtain and maintain employment.

Challenges for accountability are great

6.13 Accountability has been a key element for designers of both programs. In official statements, all partners have made a commitment to account for the expenditure of funds and for the outcomes. In the case of the National Child Benefit, territories, provinces (except Quebec) and the federal

government have committed to an annual joint accountability report and, eventually, to evaluations of the program. This is the first joint report of its kind, due in the spring of 1999.

6.14 For EAPD, provinces have committed in bilateral agreements to publish reports annually starting in 1999–2000. They have also agreed to share and make public the results of evaluations and to conduct a review of the arrangement at the end of its third year, in 2001.

6.15 Notwithstanding these commitments, it is not clear exactly how accountability for overall results of these programs will be achieved. An important question for this Office is, How should the Auditor General, in fulfilling his obligations to Parliament, look at programs that are not fully federal? Our Office clearly has an interest in arrangements that use federal resources. Parliament expects us to cover such arrangements in our work and to report on them (see Appendix A). Since all levels of government agree on the need to be accountable to citizens and legislatures for these programs, our task is simply to assist in this endeavour. The case studies in this chapter show that there is no single best approach to demonstrating accountability, but there are some basic principles that can usefully be followed.

All levels of government have committed to accountability but the question is, How will this be accomplished?

The initiatives emerged from collaborations among provincial premiers.

By 1997, the National Child Benefit was seen as a model for future social programs in Canada.

Canada's approach to social programs is changing

6.16 Both the National Child Benefit and Employability Assistance for People with Disabilities can best be understood in the context of the ongoing federal-provincial collaboration that produced them. Although they are now referred to as examples of the "social union", they were negotiated separately and not as part of any overall framework. The initiatives emerged from several interprovincial and federal-provincial-territorial meetings, conferences, councils, working groups and committees. Although decisions taken in such forums do not have the force of law, they impact directly on social program design and expenditure.

6.17 Annual Premiers' Conferences. Each summer, premiers meet at Annual Premiers' Conferences to discuss matters of mutual interest without federal government participation. At the 1995 Premiers' Conference, after major cuts in federal transfers to provinces had been announced, premiers reiterated their desire to work together on national matters affecting areas of provincial jurisdiction and to speak with a common voice in the national debate on social policy reform.

6.18 Ministerial social policy councils. In 1995, premiers formed a Ministerial Council on Social Policy Renewal to deal specifically with social policy issues. At the 1996 Premiers' Conference, they invited the federal government to join them in establishing a reconstituted Federal-Provincial-Territorial Council on Social Policy Renewal to advance the agenda of collaboration. This Council oversees social policy initiatives involving more than one department. In November 1996, it agreed that its first priorities were an integrated child benefit and improved services to persons with disabilities. The overall goals of co-operation were to reduce duplication and renew the social safety net.

6.19 First Ministers' Meetings. All premiers and the Prime Minister attend First Ministers' Meetings. In 1996, First Ministers began to discuss a collaborative and accountable approach to Canada's social programs. In communiqués, they referred to the National Child Benefit as part of a broader National Children's Agenda. They cited child poverty and persons with disabilities as collective priorities. The 1997 Speech from the Throne referred to the agreement among all levels of government to "work together to develop this broader agenda for children, including clear outcome measures by which to gauge success."

6.20 At the First Ministers' Meeting in December 1997, they reiterated the need to negotiate "a set of principles for social policy, such as mobility and monitoring social policy outcomes." They affirmed the National Child Benefit as a possible model for future social programs: the federal government would increase the Canada Child Tax Benefit, while provinces would use their resulting savings in welfare expenditures to undertake programs consistent with mutually agreed-upon goals. They also requested that social services ministers conclude the development of a vision statement and national framework for assistance to persons with disabilities.

6.21 Ministers Responsible for Social Services. After the 1996 First Ministers' Meeting, the task of program design for the National Child Benefit and Employability Assistance for People with Disabilities had been assigned to Ministers Responsible for Social Services. This group had many of the same members as the Council on Social Policy Renewal. In face to face meetings and through electronic communication, federal-provincial-territorial ministers and their public servants set about to design the NCB and EAPD.

6.22 Working groups of public servants. Officials were organized into the NCB Working Group and the EAPD

Working Group. Each group was co-chaired by a provincial and a federal official. There were also sub-groups to work on specific issues. While Human Resources Development Canada (HRDC) had lead responsibility at the federal level, the Department of Finance, Revenue Canada, Indian and Northern Affairs Canada and Health Canada were all represented. The groups reported to Ministers Responsible for Social Services and to the Council on Social Policy Renewal. Each member also reported to his or her superiors and minister.

6.23 Public consultation. Most of the ministerial meetings also had a public component: the decisions that ministers wished to make public were announced through press releases, interviews, and postings to the Internet (http://socialunion.gc.ca/menu_e.html). As well, the groups and their ministers received input from a variety of formal and informal consultations with experts, advocates for the poor and the disabled, and other non-governmental organizations.

Quebec's policies are consistent, even if not formally aligned

6.24 Quebec's general position has been that all federal funding for social programs should be transferred directly to Quebec. It has nevertheless negotiated an agreement on EAPD. For the NCB, Quebec wanted to develop its program proposals according to its own priorities and timetable. Notwithstanding its concerns, Quebec representatives have participated as observers at ministerial meetings that discussed both programs, at the Council on Social Policy Renewal and on most of the working groups of officials. Quebec residents receive the Canada Child Tax Benefit on the same terms as all other residents of Canada. As well,

Quebec has introduced several programs for children that would very likely have qualified as part of the NCB program. Indeed, programs for children in Quebec are generally aimed at reducing child poverty and increasing incentives for greater parental attachment to the work force, the same aims as the National Child Benefit's. The most significant difference is that as long as Quebec remains a non-participant, its programs for children will not be included in the joint accountability report on the National Child Benefit.

Focus of the study

6.25 The two programs we studied represent a situation where a federal department is involved in program delivery but does not have sole responsibility, and where new kinds of accountability arrangements define relationships between governments. Our purpose in studying the NCB and EAPD was to arrive at answers to the following questions:

- How can credible reporting on these two programs best be achieved?
- What are realistic expectations for measuring the program outcomes?
- Are there information gaps that will need to be filled?

6.26 In approaching these questions, we focus primarily on the accountability reports that will be published annually for each program. It is through these reports that readers will be able to assess the programs and how well the federal government and its partners have fulfilled their joint commitment to accountability. The case studies also illustrate and draw on Chapter 5 of this Report, where we suggest a framework for parliamentarians to use in assessing collaborative arrangements.

A major challenge for both shared arrangements is how to achieve credible reporting of overall results.

Our study was undertaken at an early stage to help achieve appropriate arrangements.

6.27 Appropriate accountability arrangements must include the provision of relevant, verifiable information to parliamentarians and others to assess whether funds have been spent for approved purposes and expected outcomes have been achieved. Providing such information when many partners are involved is not an easy task. We believe that making some general suggestions while the accountability arrangements are still being implemented will help achieve appropriate arrangements in a timely fashion.

6.28 Further details on our approach to the case studies can be found in **About the Study** at the end of the chapter. Appendix A contains information on our earlier work that addressed related issues in HRDC, more general issues of performance measurement and the quality of provincial accountability information in a federal-provincial context. Appendix B provides historical context for the NCB. Appendix C compares the two programs.

The National Child Benefit

Introduction

6.29 The National Child Benefit (NCB) combines two significant trends of the last 20 years — the trend toward delivery of social programs through tax benefits and the trend toward shared initiatives negotiated with provinces and territories. It is innovative in that federal tax benefits and provincial programs together aim to achieve mutual objectives.

6.30 Another important feature of the NCB is that all participants have committed to joint public reporting on the program and on the extent to which it is achieving its intended outcomes. What is distinctive about this commitment is that no level of government is more responsible than another for reporting on the results. All are responsible for the overall product. We believe that this is the first time this kind of co-operative effort has been undertaken in Canada.

6.31 The case study sought to:

- help develop an awareness of what has been achieved so far with the National Child Benefit, and of the factors that may delay or constrain the establishment of appropriate accountability arrangements and credible measurement of results; and
- assist the reader of the annual “public accountability reports” by discussing what can reasonably be expected from them.

NCB supplement: The federal contribution

6.32 In the first phase of the NCB, the federal government’s annual financial commitment is \$850 million beginning in 1998. This includes \$250 million announced in the 1996 Budget and \$600 million announced in the 1997 Budget to supplement the Canada Child Tax Benefit (CCTB). In the 1998 Budget,

the federal government announced that it would provide an additional \$425 million in 1999 and another \$425 million in 2000, bringing its total contribution to \$1.7 billion per year beginning in 2000–01. This commitment was reaffirmed in the 1999 Budget.

6.33 The federal contribution to the NCB is an estimate based on economic models and Revenue Canada data. The amounts of the NCB supplement that will actually be paid depend on family incomes in the previous year. We did not verify the models, and it is too early to know if they have correctly anticipated total levels of benefits. Variances could also occur because of economic and labour market changes.

6.34 Although millions of non-poor families receive the base Canada Child Tax Benefit, only low-income families benefit from the NCB supplement. This supplement is being introduced over several years. In 1997 the Working Income Supplement benefit to working poor families was restructured from a flat \$500 per family to a per child basis: \$605 for the first child, an additional \$405 for the second child and \$330 more for each additional child. In 1998 this became the NCB supplement to all families with income under \$20,922. The supplement increased the base CCTB to a maximum of \$1,625 for one child, \$3,050 for two and \$4,475 for three.

6.35 However, as a tax benefit recipients could also receive less than the maximum amount. For each dollar of net income over \$20,921, the maximum NCB supplement is phased out by 12.1 percent for a one-child family, 20.2 percent for a two-child family and 26.8 percent for larger families, reducing to zero when income reaches \$25,922. The 1999 Budget maintained approximately the same rates

The combination of federal tax benefits and provincial programs is innovative.

Joint accountability reports to the public on outcomes and expenditures are a key feature.

Provinces and territories have agreed to “reinvest” savings from reduced social assistance payments in new programs that are consistent with the objectives of the National Child Benefit (NCB).

of phase-out when it increased the maximum NCB supplement by an additional \$180 per child in 1999 and a further \$170 per child in 2000. With a larger benefit to be phased out, the cut-off point at which the supplement is reduced to zero will increase to \$27,750 in 1999 and \$29,590 in 2000.

6.36 The 1997 federal Budget indicated (see Appendix B) that although the intent of the NCB was to reduce social assistance by the amount of the supplement, a family on social assistance would be no worse off as a result of the NCB. However, the discontinued Working Income Supplement was not counted as income, whereas the NCB supplement was to be considered income and deducted dollar for dollar from social assistance benefits in most jurisdictions. Therefore, some families on social assistance who had received the Working Income Supplement in 1997 would potentially receive less in 1998. To avoid this, provinces and the federal government agreed to share 1998–99 costs of transitional assistance (under provincial social assistance budgets) for families whose income would otherwise have declined. It is not known whether this arrangement will continue beyond June 1999.

Reinvestments: The contributions of provincial, territorial, municipal and First Nations governments

6.37 The financial commitment of provinces, territories, First Nations and Ontario municipalities is equal to the savings they will realize in reducing social assistance payments by the amount of the NCB supplement. The participants in the negotiations agreed that these “reinvestments” would be used to develop “programs and benefits reflective of each jurisdiction’s special needs and priorities. These reinvestments are consistent with the goals of the NCB: to reduce the depth of child poverty and help low-income

families find and keep work.” These could include:

- income support programs and tax measures for families with children and with incomes below certain levels;
- earnings supplements for families with children and with employment income in a specified range;
- extension to working poor families of in-kind benefits available for children in families receiving social assistance (for example, health benefits);
- improvement in overall child benefits to families receiving social assistance;
- social services, such as child care, that support parents’ attachment to the work force; and
- other initiatives aimed at preventing and reducing child poverty, such as child nutrition and teen parent programs.

6.38 Specific child care subsidies and initiatives, for example, have been introduced or enhanced as part of the NCB in Newfoundland, New Brunswick, Prince Edward Island, Nova Scotia, Manitoba, and Alberta. Earned-income or child support supplements for families with children have been introduced or enhanced in Ontario, British Columbia, Saskatchewan, Nova Scotia and the Northwest Territories. Alberta, Saskatchewan and Prince Edward Island have introduced health benefits.

6.39 Not all provinces reduced social assistance payments by the full amount of the NCB supplement. Newfoundland and New Brunswick chose to maintain social assistance payments at their previous levels, and thus had no savings to reinvest. Nevertheless, each instituted additional programs aimed at low-income families: New Brunswick allocated a portion of what it would have saved, and Newfoundland the entire amount. Although Alberta initially reduced social assistance payments by the amount of the

NCB supplement, it found that it was spending less than anticipated on its main reinvestment initiative, a child health benefit. It therefore increased shelter benefits for families on social assistance who have children.

6.40 In June 1998, provinces (except Quebec) and territories announced the level of their commitments to the NCB: a total of \$329.4 million between July 1998 and June 1999. (These commitments will increase in July 1999 as the NCB supplement increases.) The First Nations commitment is \$27.8 million for the same period.

Observations

NCB Goals Involve Trade-offs and Performance Measurement Challenges

6.41 In negotiations, it is often helpful to agree first on general principles. However, this is not the end of the process. As any negotiator knows, “the devil is in the details.”

6.42 The partners negotiated three objectives for the National Child Benefit:

- reduce the depth of child poverty;
- increase parents’ attachment to the work force; and
- reduce administrative overlap and duplication.

6.43 It is important to understand how these goals interact with each other in order to appropriately assess the program’s success. The underlying premise is that in the long term, child poverty will be reduced if parents on social assistance enter the work force and remain in it. The strategy of the National Child Benefit is to reduce child poverty by providing income supplements and other assistance to working families. The intention is to increase the benefit over time until it is large enough to eliminate

the “welfare wall” and is “sufficient to remove benefits for children from the welfare system”. In other words, the long-term aim is to eliminate the economic disincentives to work that occur when social assistance benefits for families with children are more than the earnings and other benefits of a minimum-wage job. The expectation is that more parents will enter or remain in the work force and that their children will benefit from their parents’ improved status. These are all testable propositions and the challenge for reporting on the NCB will be to show that this is indeed what has happened.

Reducing the depth of poverty

6.44 The first goal of the National Child Benefit is to reduce the depth (rather than the incidence) of poverty. Depth of poverty is the amount by which family income is below a poverty line; incidence is the number of people living below that line. According to those involved in developing the NCB, depth of poverty is a better measure than incidence. An aim to reduce the incidence of poverty would simply encourage serving the “richest” of the poor, since it might focus on helping those nearest the line to move just over it. In aiming to reduce the depth of poverty, however, the program designers aim to assist families regardless of income: each additional dollar of income reduces the depth of poverty, independent of whether the family is close to or far from the poverty line.

6.45 One key question for assessing the success of the NCB will be, How deep is the depth of poverty? As defined in the preceding paragraph, depth of poverty is the amount by which family income is below a poverty line. Using Statistics Canada’s low-income cut-off as a poverty line, HRDC estimates that in 1996 the aggregate depth of poverty for all families with children living below that line was \$7 billion. (The total depth of poverty is

As any negotiator knows, “the devil is in the details”.

The NCB goals involve testable propositions.

greater because it also includes persons without children.)

The choice of a poverty line depends on political and social values, not just technical considerations.

6.46 A second key question will be, How much has the NCB reduced the depth of poverty? The federal commitment for the NCB supplement to the base Canada Child Tax Benefit is \$850 million beginning in July 1998, rising to \$1.7 billion beginning in July 2000. The depth of poverty could theoretically be reduced by the entire amount if the value of all the provincial benefits were included. (Some provincial NCB programs, aimed at lowering the welfare wall by improving health benefits or subsidizing child care, might improve the economic situation of poor working families without providing direct income.) The depth of poverty could also be reduced by more than the supplement alone by counting the additional amounts earned by parents who enter the work force as a direct result of the NCB.

Even with the NCB supplement, some families may be economically less well-off working than on social assistance.

6.47 The choice of poverty measure has an impact on measures of program performance. The resources required to meet any specific target for reducing the depth of poverty and to measure the degree of program success for a given level of expenditure will depend on how poverty is defined. A higher poverty line will mean that the aggregate depth of poverty is greater and therefore that more resources are required to reduce it. Ministers have decided to use two measures of low income for the first NCB report: Statistics Canada's low-income cut-offs (LICOs) and the low-income measure (LIM). While this Office and other credible bodies may comment on overall criteria, data quality and other implementation and administrative issues, how and where a poverty line is constructed depends in the final analysis on fundamental social and political value judgments, not just technical considerations.

Although the NCB emphasizes accountability to the public, accountability to Parliament and accountability of government to government are also important.

Increasing parents' attachment to the work force

6.48 The premise for this goal is that in the longer term, working parents will be better able to meet the needs of their children than non-working parents. While some research supports this view, another view is that much more research is needed — especially on the outcomes of very young children whose parents work compared with those whose parents stay at home. Whatever the research concludes, NCB partners face a challenge in attributing changes in work force attachment to the NCB: first, changes in the economy unrelated to the NCB can affect labour markets; and second, at current NCB levels the benefits in most provinces reduce, but do not eliminate, the welfare wall.

Reducing overlap and duplication

6.49 Reducing overlap and duplication is an administrative goal. The challenge of achieving it is significant because the NCB can operate more efficiently if provincial social assistance data and federal child tax data are shared. There are problems of systems integration, and privacy laws may limit partners' ability to share data for administrative purposes. The most obvious opportunities for administrative savings are in tax benefit programs that use Revenue Canada systems.

There are trade-offs in the short term between two goals

6.50 While goals are sometimes mutually reinforcing, in other cases one may be achieved at the cost of not fully achieving another. In the NCB, the long-term intent is that increasing parental attachment to the labour market reinforces the goal of reducing the depth of poverty. However, there are potential trade-offs between these goals in the short term. That is, people leaving social assistance to take low-wage employment may actually be worse off economically in the short

term, even with the NCB supplement and other NCB program benefits. This happens whenever the total value of wages and increased benefits attributable to the NCB is less than the value of social assistance payments and benefits.

6.51 In their accountability reports on the NCB, the partners will need to clearly discuss any such trade-offs and their implications. Otherwise, readers of the reports may expect that all the goals can be achieved simultaneously.

The goals are general, without specific targets or time frames

6.52 Qualitative measures can be very useful indices to demonstrate the effectiveness of an arrangement. However, performance expectations should have a quantitative component whenever it is feasible and appropriate. The goals for the NCB do not contain quantifiable expectations of performance. For example, there is no specific target amount by which the depth of poverty is to be reduced. As the goal is stated, it could be achieved if the depth of poverty were reduced by one dollar. Reducing the depth of child poverty is a goal for which targets can feasibly be set. It should be possible to identify specific areas and targets for the reduction of duplication and overlap. If these goals had been expressed as quantitative targets with specific time frames, it would be easier to determine the degree to which governments have achieved their aims.

The relationship of goals to performance expectations can be better explained

6.53 Transparency of the assumptions and evidence that underpin the design of a social program is essential to assessing the program's performance and outcomes. It is important for readers of the accountability report to know why the program is attempting to do what it is doing and what outcomes are anticipated. It is also useful to differentiate between

what is expected in the short term and what might be observed in the longer term.

6.54 In the NCB, many of these relationships are made clear. For example, in the September 1997 background booklet, "Building a Better Future for Canadian Children", good use is made of research demonstrating the importance of early childhood intervention (see Appendix B). Evidence that parental attachment to the work force contributes to better outcomes for children was not presented, perhaps because research is not yet conclusive on this issue (as we note in paragraph 6.48). The issue is very complex. Recent HRDC-sponsored research tends to support the conclusion that work force attachment does not negatively affect outcomes for children. Positive outcomes are correlated with education and with parents who read to their children, and less positive outcomes with being on welfare. However, it is not easy to sort out cause and effect so that social policy can be designed. This is why HRDC continues to sponsor such research.

Accountability, Results Measurement, Audit and Evaluation Issues

6.55 An essential feature of the NCB is that provincial and territorial governments are responsible for delivering programs that lie within the NCB framework. However, the level of funds they commit to reinvestments is contingent on the level of savings they achieve in reducing social assistance payments. Who is responsible for assuring that this commitment is met? This raises a key question of roles and responsibilities.

Who is accountable to whom?

6.56 The NCB Governance and Accountability Framework, released in March 1998, distinguishes government-to-government accountability from government accountability to legislatures and from government

Readers of the accountability report should be told whether the data are comparable, accurate and, at least for financial information, subject to audit.

Each partner is responsible for its own data, and for obtaining assurance about the quality of the data that other partners submit.

accountability to the public. For the NCB, “governments will emphasize accountability to the public.” However, in our view there is no need to emphasize one type of accountability over another. Accountability to the public for the NCB is consistent with, but different from, accountability to other governments, or accountability to legislatures. For example, accountability to Parliament is related to its annual approval of budgets and Estimates, whereas accountability to the public is related to the public’s role as electors of MPs. These differences are important. Care will be required to ensure that all three types of accountability are maintained.

6.57 A key mechanism for demonstrating accountability is credible reporting. While mechanisms for reporting to the public tend to vary according to the nature of each program, arrangements for reporting to legislatures are well defined and involve auditors general and legislative committees. The partners in the NCB state that one advantage of accountability to the public is that it will “minimize administrative reporting.” However, accountability is unlikely to be served best by minimized administrative reporting. Administrative data are part of the accountability and operational relationship between partners. They are also necessary for reporting both outputs and performance outcomes. The goal, therefore, should be to report appropriately. At the same time, if accountability to the public means that performance reports on the overall program present the necessary relevant, credible and auditable information to the public rather than to internal administrations, this would be one appropriate way to deal with the NCB’s interjurisdictional aspects.

Key Accountability Ingredient: Adequate Information

6.58 In the NCB Governance and Accountability Framework, partners have

agreed on the importance of obtaining relevant information. “The partners support the importance of evaluative and analytical work to ensure the appropriate and reliable measurement of program outcomes. The partners recognize the importance of ensuring that data provided for purposes of public reporting [are] open to public scrutiny.” Implementation needs to carry through on this commitment.

6.59 However, smaller provinces and perhaps First Nations and municipalities may lack the resources to obtain accurate, comparable and relevant data and to verify them. This is an issue that can be addressed in the same collaborative spirit as has prevailed in the NCB design and implementation to date. For example, if asked, the federal government or larger provinces might work with partners to help them build capacity.

6.60 Data do not have to be perfect, but they should be as good as possible. One important reason is that in negotiations it is important for the parties to have accurate information about their own and their partners’ contributions. This information is also useful for operational purposes. Later on, in reporting results and expenditures, data from several jurisdictions and levels of government will have to be aggregated and synthesized to assess whether progress is being made. The key ingredient to credible reporting, therefore, is that each partner take steps to ensure that:

- the information presented is credible and, at least for financial information, subject to audit;
- data are adequate to determine if overall program goals are being achieved; and
- data are sufficiently comparable that outcomes of different provincial approaches can be compared.

We expect that in negotiating agreements and, afterward, in reporting on the program, the federal government and its

partners will know and communicate information about the accuracy of the data they have received.

6.61 The reinvestments raise particularly challenging questions of compliance, comparability and verifiability of data, and audit assurance. Clearly, each partner is responsible for data on its own contributions and, where assurance is required, can arrange for its own auditor to verify the information. Another possibility is that the partners' auditors can co-ordinate this task themselves. Whatever arrangement is finally arrived at, each partner is responsible for obtaining assurance from other partners that all the information is accurate and relevant. It will be important that readers know what information has been verified or is consistent with independent analysis, what has been or will be audited or otherwise independently verified, and what information must be accepted on trust.

6.62 We examined information made available to federal officials about provincial reinvestments during 1998, as the NCB was being implemented. Although we did not perform a formal audit, we do have some preliminary observations.

Reinvestments are within the parameters of the NCB goals and objectives but there are information gaps

6.63 According to the information that we have seen on reinvestments, their objectives appear to correspond clearly with at least one of the NCB objectives. However, there are gaps in the information. In general, the partners believe that most of these will be filled as the program matures.

6.64 First Nations and Ontario municipalities will have funds available for reinvestments, but did not participate in the negotiations or the design of the accountability framework. As of February

1999, they were still formulating plans and had not announced them to the general public. (According to Indian and Northern Affairs Canada, some First Nations reinvestment programs have been announced to their own communities.) We do not yet know what measures they, like the provinces and territories, will take to ensure that their information is of adequate quality.

6.65 With respect to First Nations programs, Indian and Northern Affairs Canada has informed us that it believes the steps taken to date will fulfil the obligation to account for the performance of the NCB in First Nations communities. It points out that since the reporting required from First Nations is based on the fiscal year, it will not receive information on the operations of reinvestment programs until July 1999. Indian and Northern Affairs believes that it will then be in a better position to assess the quality of data and the capacity of First Nations to provide it. It has said it is committed to working in partnership with First Nations to assess and evaluate the long-term impacts of the NCB on reserves.

6.66 First Nations directly administer at the community level an estimated \$592 million in social assistance programs. Indian and Northern Affairs has indicated that the First Nations commitment for on-reserve reinvestments in the first full year is \$27.8 million — the fourth-largest reinvestment amount after Ontario, Quebec, and British Columbia. First Nations communities are very diverse in size, population, socio-economic conditions, governance and capacity. Indian and Northern Affairs points out that the introduction of a largely federal-provincial-territorial program into this diverse population, with concomitant reporting and accountability expectations, presents unique challenges. It has informed us that its regional offices have been working with First Nations and, where appropriate, with provinces and territories to develop mutually acceptable

So far, there is little information on exactly what reinvestments Ontario municipalities and First Nations are making in the NCB.

It is easier to determine whether a certain amount of money has been spent than to determine whether in the longer term the expenditures are achieving program goals.

The accountability report should state the level of actual expenditures and compare them with the commitments made by each partner.

frameworks that will guide the implementation, funding and reporting requirements of the NCB reinvestment initiatives. Its aim is to have frameworks that are both consistent with the objectives of the NCB and flexible enough to address the different priorities and needs of First Nations communities.

6.67 Because municipalities pay 20 percent of social assistance expenditures, Ontario has asked them to design their own NCB reinvestment programs. Those will account for 20 percent of Ontario's reinvestments. At December 1998, municipalities had only begun to design their programs. The province has informed us that it is putting in place a requirement that municipalities provide it with the necessary information to demonstrate that they have met their obligations under the NCB. It indicated that it is a high priority for Ontario to have accurate and timely information on municipal strategies, expenditures, and program performance and it does not anticipate any gaps in information on municipal reinvestments.

6.68 Finally, there is no information about Quebec's reinvestments, since Quebec has participated in the discussions only as an observer. As we indicated in paragraph 6.24, Quebec has instituted programs that would likely have qualified as reinvestments. HRDC estimates that if Quebec had been a party to the agreement, its reinvestment envelope would have been approximately \$150 million.

Are reinvestments "new" money?

6.69 The reinvestments not only must meet the objectives of the National Child Benefit but also must represent new programs or enhancements to existing ones. According to information supplied by the provinces, the reinvestments announced so far meet both these criteria. However, because that information has not been verified, there is no independent assurance yet that this is indeed the case.

Definitive answers may come later; these programs are in the early stages of implementation.

Are the data on the size of reinvestments reasonably accurate and is the degree of inaccuracy, if any, known and acceptable?

6.70 Participating provinces and territories have agreed that the amounts they reinvest will be at least equal to the savings they realize in reducing welfare payments. Clearly, future savings can only be estimated. The amounts of the actual savings will have to be reported when they have been realized. As well, when there are uncertainties about the data it will be important to give readers information on the range of uncertainty, much as is done with polling results. However, it is also important to keep in perspective the question of whether the reinvestments are at the right levels. It is easier to determine whether a certain amount of money has been spent than to determine whether in the longer term the expenditures are achieving program goals.

6.71 Estimating the amounts to be reinvested is not a straightforward task. For example, they depend on the number of children in families receiving social assistance, not on total population. Thus, Alberta plans to reinvest less per capita than Saskatchewan because it has fewer children in families on social assistance. Another complication is that reinvestment levels are related to the previous year's income of families on social assistance, because this is how the amount of a parent's Canada Child Tax Benefit is determined. Since families whose previous year's income was over \$25,921 do not receive the NCB supplement, a province would not be entitled to reduce their social assistance. If the economy were to take a sudden downturn and the number of people on social assistance increased, the commitment to reinvestment would increase. However, the calculation would have to take into account that some of the new social

assistance recipients might have had too high an income the previous year to qualify for the NCB supplement, and for these individuals there would be no savings to reinvest.

6.72 Federal officials have told us they are satisfied that provincial estimates of planned reinvestments are accurate and that correct levels of reinvestment are planned. We have not verified these calculations, and would need more information to do so. We have not seen estimates of an acceptable range of accuracy for the projections of provincial reinvestments, nor have we seen plans to verify the actual levels. We have no reason to believe that the calculations are inaccurate or that planned and actual expenditures will be less than agreed, except perhaps in the first year (see paragraph 6.80).

Are there known data gaps and problems and are plans in place to fix them?

6.73 A technical sub-group of the NCB Working Group has devoted a great deal of study to these issues. From the information made available to us, it is evident that many data issues were identified but, given the short time available for implementation, only the issues most critical to starting the program were addressed.

6.74 One of the key remaining issues is how to obtain and link data on employment, social assistance, income tax and family structure without compromising privacy. For example, a two-way “data exchange” between provinces or municipalities and Revenue Canada could help reconcile differences in data on family structure, movement of children between caregivers, etc., so that overpayments and underpayments could be dealt with quickly and accurately, perhaps automatically. To enhance

comparability and increase efficiency, there may be a need to reconcile differences between data systems of the different jurisdictions. A related question will be whether data will be available for evaluation and analysis.

Means to monitor and inform all participants and stakeholders

6.75 Co-ordination and negotiation of the next phase of the NCB and reporting on its performance will continue. Given the collaboration that has taken place so far with provinces and territories, we would expect the federal government, as a partner, to be informed on a timely basis about changes to programs and levels of expenditure as well as outcomes. However, it is too early to be able to report that this is actually happening.

What are the means for dispute settlement?

6.76 The NCB is not a contract or contribution agreement. The NCB Governance and Accountability Framework offers partners several processes for resolving issues. These range from submitting the issues to bodies such as Ministers Responsible for Social Services to ad hoc bilateral processes, whose results are communicated to the other partners. However, in the final analysis there is no mechanism other than mutual agreement for settling disputes, and no provision for sanctions if the agreement is not observed. The federal government has no direct means to influence provincial actions since the Canada Child Tax Benefit goes directly to families, not provinces. Similarly, despite the high degree of collaboration, it is ultimately the federal government that decides the level and basic structure of the tax benefit. In the NCB, trust and transparency are the basic means for stakeholders to determine whether all partners are meeting their commitments.

A key issue is how to obtain and link data held by different partners without compromising privacy.

The first accountability and performance report on the NCB is due this spring.

There is a risk that savings are being realized before reinvestment programs are in place.

Proposed outcome indicators may not reflect very accurately the impact of the NCB.

The First Accountability and Performance Report

6.77 Federal-provincial-territorial partners have said that the first National Child Benefit accountability and performance report “will outline the results of the NCB to date and detail the performance measures that will help us to remain publicly accountable for the success of the NCB.” That report, originally scheduled for September 1998, was due at this writing in the spring of 1999. Our observations are based on the description of the report in the Governance and Accountability Framework released after the March 1998 meeting of Ministers Responsible for Social Services.

6.78 The partners stated that the goals for the report are to:

- place the NCB in the context of child poverty;
- establish some baseline data;
- provide some statistics on program recipients and expenditures; and
- provide some preliminary information on how the program will be monitored and assessed, what indicators will be used, and what studies will be undertaken.

6.79 The report is the core accountability document for the NCB. We recognize that in the first report it will be too early to comment on whether the NCB has achieved its aims. However, it is not too early to make some preliminary judgments about mechanisms for ensuring the quality and relevance of information to be gathered, and to discuss the relevance and limitations of the chosen performance indicators. Nor is it too early for the partners to say what targets and benchmarks they will use to monitor the program’s success.

Data for outcome indicators need to be accurate and comparable

6.80 We believe the report needs to contain assurances from the partners that estimates are based on a consistent and appropriate methodology, and that data on savings and on actual expenditures have been (or can be) verified. In other words, the report should indicate actual amounts of federal tax benefits, as well as actual expenditures by the other partners. This will enable readers to determine to what degree each has met its financial commitments. There is a risk, particularly in the first year, that savings will already have been realized while some reinvestments may not yet have been made. It would be appropriate for the federal government to report the actual amounts of the NCB supplement broken down by province and other relevant analytical categories, and to include the total in Volume I of the Public Accounts.

6.81 In the accountability and performance reports, the federal government and its partners have, in our view, individually and collectively committed to ensuring that relevant and comparable data are available. An important question will be whether this is accomplished.

6.82 The partners have announced that the first report would contain two kinds of measures:

- program statistics to indicate the inputs and outputs of the NCB — who has benefited, overall expenditures, and so forth; and
- outcome indicators — to assess the impact of the NCB on low-income families with children.

6.83 The ministers said:

Outcome indicators could include:

- Changes in the percentage of the total income of low-income families that result from employment:

By monitoring this outcome indicator, we would be able to measure the degree to which low-income families with children increase their attachment to the workforce over time.

This indicator would measure changes in attachment to the work force. However, the reasons for change might not be clear. For example, more stringent criteria or lower social assistance payments could also produce a positive trend in the ratio of employment income to non-employment income. This would not necessarily mean that child poverty was declining.

- Changes in the number of families with children on social assistance:

This indicator would reflect the degree to which low-income families with children move off social assistance, as compared to being in the workforce and/or receiving income supplements.

This is probably a good indicator of general changes in the labour market. A lower proportion of families on social assistance would indicate that, all other things being constant, working was a more attractive option than receiving social assistance. However, it is less useful as a measure of NCB success, because attributing success or failure to the NCB would assume that labour market conditions and requirements for social assistance were constant. This is a large assumption.

- Changes in depth of poverty:

The NCB is an important step being taken to reduce the depth of child poverty over time. The depth of poverty indicates the income gap for families with children measured against one or more lines of low-income measurement.

This indicator would show the NCB's relative impact on family income assuming that, overall, economic

conditions remained constant. However, the numbers would need to be broken down by gender, location, family size, income level, type of employment, and so forth in order to be useful.

6.84 Experts and advocacy groups were asked for their comments on these proposed measures. In response to their suggestions, the report will likely contain revised measures of outcome, offer caveats about their accuracy and validity, and present additional relevant background information for assessing NCB success.

What the indicators tell us

6.85 The word “indicators” tells us that the proposed measures will indicate whether or not things are going in the right direction, but not necessarily why. In complex situations, indicators are a useful diagnostic tool but not an unambiguous measure of program performance. Also needed are measures of intermediate outcomes (such as the extent to which a decrease in the poverty gap can be attributed to the NCB) and program evaluation.

6.86 In the booklet entitled “Building a Better Future for Canada’s Children”, the federal-provincial-territorial governments promise that the accountability and performance report will contain performance measures for the program as a whole:

Governments are now identifying performance outcomes that will measure the National Child Benefit’s success in achieving its objectives. They are also evaluating how closely results can be linked to the investments made in the National Child Benefit, recognizing that this program will be only one of many factors that will affect the well-being of children and families.

Performance outcomes will be incorporated into public reports that will describe the National Child Benefit’s success in meeting its

Some outcome indicators may be more useful as diagnostic tools than as program performance measures.

objectives. These reports will ensure that governments are fully accountable to the public. They will also allow provinces and territories to evaluate and share the results of their various National Child Benefit reinvestment initiatives.

The accomplishments so far reflect a spirit of trust and collaboration.

6.87 Notwithstanding this optimism about measuring performance outcomes, it will be a great challenge to attribute outcomes to the impact of the NCB. For example, if more families leave social assistance to go to work, how much of this outcome can we attribute to the National Child Benefit and how much to general improvements in the economic climate and labour market? Conversely, if fewer parents leave social assistance to enter the work force, is it because the NCB is poorly designed? In both cases, there are other factors at play. It is important to deal openly with this issue. The most obvious reason is the time it will take to determine the NCB's long-term impact on children. It could take 20 years to see whether they have entered the work force, gone to university and so on. This makes it essential that the report use measures of intermediate outcomes, and that it explain the degree to which measured trends and outcomes are attributable to the NCB.

Role of evaluation

6.88 How, then, can Parliament and other interested parties find out what the program has accomplished? As we have noted, good measures of intermediate outcomes will provide useful information. As well, evaluation studies will eventually provide insight on program results that are not easily captured by single measures. In the NCB's Governance and Accountability Framework, the partners have said they "support the importance of evaluative and analytical work to ensure the appropriate and reliable measurement of program outcomes [and] recognize the importance of ensuring that data provided for purposes of public reporting [are] open to public scrutiny." The evaluation

It will be important to carry through on the commitment to evaluation.

framework is still being developed. As a result, there are not yet concrete plans that include both organizational and financial commitments to do the work set out in the framework, including ensuring that information systems are in place to show whether the NCB and similar programs lead to better outcomes for Canada's children. It is important that this commitment be kept. The accountability report should report on the status of this work.

Accomplishments to Date

Reaching agreement: Clear evidence of common goals and trust

6.89 Achieving federal-provincial-territorial agreement on a major social program and implementing it in less than two years is a significant achievement. In our interviews and in the documentation we saw from working groups of officials and meetings of ministers and deputy ministers, we found evidence of people working hard toward common goals. Many participants used the word "trust" to describe their relationships with each other and said that this program could not have got off the ground without it.

6.90 There was a good level of co-operation in all of these groups and committees. When ministers met, for example, they used common briefing notes agreed on by their officials for each agenda item. Comments of those involved suggest that these meetings met the criterion (discussed in Chapter 5 of this Report) of dealing with complex relationships with co-ordination, mutual trust and confidence.

6.91 A significant aspect of reaching agreement was the decision to link the goal of reducing child poverty to the goal of increasing parents' attachment to the work force. While this linkage makes performance measurement a greater challenge, it is clear that agreement on these policy goals has been a critical factor in the progress to date.

**Implementation: Continuing
commitment to outcome measures and
accountability**

6.92 The participants have displayed a commitment to transparency through frequent public announcements of most results of ministerial meetings, and in continuing statements committing to accountability. While some issues remain, the early stages of the process clearly reflect a desire to display an appropriate degree of accountability for this program.

**Transparency and consultation: Public
was informed at many key steps**

6.93 A potentially important aspect of a commitment to transparency is consultation. When the target group is children living in poverty, direct consultation on relatively complex matters related to reinvestment strategies and selection of outcome measures is very difficult. Proxies must do. To provide a forum for exchange on NCB issues, HRDC set up the NCB Reference Group with representatives from 10 groups of non-governmental organizations that are concerned about children in poverty. Although the consultations were not public, the recommendations from these groups were considered in the NCB Working Group's deliberations. As well, some jurisdictions undertook public consultations about their reinvestment strategies.

6.94 At several points in the process, public announcements were made. An Internet site was established that provided all the documents released after meetings of Ministers Responsible for Social Services (http://socialunion.gc.ca/ncb_e.html). All this was in addition to special efforts by Revenue Canada to inform the public and respond to its concerns in order to ensure as smooth a transition as possible when the new benefit was implemented in July 1998.

Conclusion

6.95 In observing the early stages of the National Child Benefit, we recognize the special effort participants are making to ensure accountability. There are potential gaps in the quality of financial and other information that will need to be addressed. Outcome indicators will not reflect the impact of NCB programs alone. It will therefore be important to have realistic expectations about what the joint accountability and performance reports can say, in the short term, about the impacts of the NCB. Nor is it clear to what degree the information supplied by all parties will be accurate and verifiable. This includes information from those who helped frame the agreement (provinces, territories and the federal government), as well as those responsible for designing and implementing only specific programs (Ontario municipalities and First Nations). It is not clear if data will be sufficiently comparable to allow for comparison of the outcomes of the different reinvestments made under the NCB.

6.96 The challenge for all involved in this program is to be able to assure taxpayers that moneys are spent with due regard to economy and efficiency, and with appropriate means to measure and report on the effectiveness of not only individual parts of the program but also the program as a whole. This needs to be done in a way that respects the jurisdictional competence of the different parties involved. We believe that it is possible to do so and that many steps in the right direction have already been taken. Indeed, if the issues we have discussed are successfully addressed by all parties concerned (including audit offices), accountability for the expenditures and outcomes of the National Child Benefit will be just as rigorous and comprehensive as it would had only one jurisdiction been responsible.

**Comparable data are
needed to see what
works and what does
not work.**

**We believe that
accountability for this
shared program can
be achieved if the
issues raised in this
study are successfully
addressed.**

How to achieve accountability for the NCB: Five suggestions

6.97 To parliamentary committees and others who may want to examine the early reports on NCB expenditures and outcomes, we offer five suggestions consistent with the general questions about collaborative arrangements discussed in Chapter 5 of this Report.

- Ask how and when we will know if desired results have been achieved. In other words, have reasonable expectations for the accountability reports—at current levels of funding, the NCB cannot be expected on its own to fully eliminate child poverty or the “welfare wall”. Some impacts will not be visible in the first or even the second year, but means of collecting the data to show the impacts must be in place now.

- Ask how reliable the information is. How good are the data? How can one know? Information could be unverified and still be reliable, but in what circumstances should only those supplying the information make this judgment? Where there is potential for conflict of interest (an interest in reporting mainly positive results, for example) ask not only whether there is a need to consider obtaining independent assurance but also whether doing so would be worth the cost.

- Accept that the choice of outcome measures is partly political. It is reasonable to question whether a chosen measure is appropriate, but not whether final accountability for the choice should rest with elected officials. Consider asking under what circumstances it might be appropriate to delegate the responsibility to independent third parties for implementing or revising the measures and evaluating the results.

- Encourage transparency and openness by treating the publication of

negative trends in outcomes as opportunities for learning or improving the program, not for laying blame.

- Accept that in an interjurisdictional situation like the NCB, accountability is shared. Seek answers from those best able to answer. Overall accountability can be achieved only through holding partners accountable for not only their own programs but also overall outcomes.

Department’s comment: The Department appreciates the thoughtful analysis that the Auditor General provided in this case study on accountability for the National Child Benefit (NCB). The study raises some important issues surrounding the establishment of appropriate accountability arrangements and the credible measurement of results. The comments and suggestions of the Auditor General will be of considerable assistance to the Federal-Provincial-Territorial NCB Working Group as it prepares the NCB Progress Report and continues to build a NCB accountability regime.

We can report that many of the issues raised by the Auditor General are being addressed by the federal government and its provincial and territorial partners. For example, outcome indicators and evaluation issues have been the subject of consultations with experts and advocacy groups and work will continue on these issues. In addition, the Federal-Provincial-Territorial NCB Working Group is currently preparing the first NCB Progress Report. All efforts are being made to ensure that the information contained in the Progress Report is timely, comparable, credible and complete. The remaining issues identified by the Auditor General will be raised by the federal government in its capacity as Co-Chair of the NCB Working Group.

Employability Assistance for People with Disabilities

Introduction

6.98 During 1997–98, provinces (except Quebec) and Human Resources Development Canada (HRDC), on behalf of the federal government, agreed on a framework for a new initiative: Employability Assistance for People with Disabilities (EAPD). Quebec did not endorse the framework, but in 1999 it did sign a bilateral agreement with the federal government to participate in EAPD. Implementation began in 1998–99, with plans to be fully operational by 2001–02. This is a \$193 million shared-cost contribution arrangement (annual provincial costs are matched by the federal government), which is described more fully in the federal government’s Social Union Internet site (<http://socialunion.gc.ca>). As a financial arrangement, it is similar to other shared-cost programs, including its immediate predecessor, Vocational Rehabilitation of Disabled Persons.

6.99 The EAPD initiative represents a small, targeted portion of total spending on persons with disabilities. Its objectives emphasize employability; that is, it supports programs aimed at helping people with disabilities achieve the capacity to enter and remain in the regular labour market, as distinct from supporting participation in sheltered workshops and related kinds of employment supports.

6.100 This case study focusses on the accountability arrangements of EAPD and the elements to be included in future reports on its results, particularly the performance indicators that have been identified and the challenges implicit in designing and using these indicators. Our aim was to assess whether EAPD has some of the characteristics of a collaborative arrangement, to identify the factors that may delay or constrain the achievement of appropriate accountability

arrangements and to make suggestions for improvement at an early stage in the process of implementing this initiative.

6.101 As the population ages, the numbers of persons with disabilities will increase. The most recent Statistics Canada data (1991, based on the since-discontinued Health and Activity Limitation Survey) indicate that 16 percent of Canadians (or approximately 4.2 million people) report some level of disability. Fifty percent of those over 65 report some level of disability.

6.102 The last five years have seen major efforts to revise and improve services while reducing costs. The 1994 government-wide Program Review, the Mainstream ’92 initiative and the 1996 report of the Federal Task Force on Disability Issues (the Scott Task Force) have all had a significant impact. The Standing Committee on Human Resources Development and Status of Persons with Disabilities produced four reports between 1990 and 1995, dealing with such matters as the legislative and regulatory framework, the continued “marginalization of persons with disabilities”, improvements to the tax system, and the integration of persons with disabilities from the concept of a “warehouse” toward an “open house”.

6.103 The process of arriving at a new program arose from federal-provincial-territorial discussions on social policy renewal. Annual Premiers’ Conferences, First Ministers’ Meetings, meetings of Ministers Responsible for Social Services, and meetings of the Federal-Provincial-Territorial Council on Social Policy Renewal all made it a priority to improve income support for disabled persons through increased employment. Indeed, one measure of program success would be savings realized by income support

There are 4.2 million Canadians who report some level of disability.

Agreement on the initiative emerged from a process of successful federal-provincial-territorial collaboration.

A multilateral framework served as a guide for subsequent bilateral negotiations.

programs due to increased labour market participation by persons with disabilities. In addition to the clear benefits for persons with disabilities, their increased pay would mean increased government revenue and reduced income support expenditures over the long term. With this direction in mind, in February 1997 officials began to review programming then funded under the *Vocational Rehabilitation of Disabled Persons Act*.

6.104 The first order of business was to develop a mutually acceptable multilateral framework that would guide the negotiations of subsequent bilateral contribution agreements between the federal government and the provinces and territories. Three informal task teams worked in tandem to develop an accountability framework, proposals for changes to the funding allocation formula and a policy framework for EAPD. The chief policy thrusts are a clearer focus on employability and accountability, bolstered by commitments to measuring results and to ongoing evaluation of the program. HRDC held formal consultations with representatives of the community of people with disabilities in April and June 1997. Provinces also incorporated the input from their own consultations into the work of the Federal-Provincial-Territorial Working Group.

Observations

Governance and Accountability Arrangements

6.105 The multilateral framework and the bilateral contribution agreements have several of the elements discussed in Chapter 5 of this Report, on collaborative arrangements. The governments agreed to a co-ordinated, participative planning process and to evaluation of program results. The agreements also call for both a quantitative and a qualitative approach to assessing performance. Results

indicators are stated, taking into account the characteristics of people with disabilities, the desire to achieve administrative efficiencies and the value of stakeholder participation.

6.106 The partners agreed that the initiative would emphasize “annual accountability to consumers and the general public.” As we discuss more fully in the case study on the National Child Benefit (paragraph 6.56), accountability to the public need not diminish accountability to Parliament; the key is that information must be adequate so reporting is credible.

Performance measures are varied: Some present challenges to implement and use

6.107 The multilateral framework recognizes that the program is accountable to funders and to the public; results in the short, medium and long terms must be monitored and assessments of results should involve the client groups. The framework also recognizes that not all results are easily quantified, so it allows for qualitative assessments such as “best practices”. Use of both qualitative and quantitative measures is expected to produce more useful and balanced information than either type alone.

6.108 The primary quantitative indicators of results focus on the “supply side” — increasing the number of employable persons with disabilities who are ready to enter the labour market. Other programs for persons with disabilities have dealt with the “demand side” of the equation — stimulating the demand for employees who are disabled by working with employers, business and community groups to change stereotypes, identify appropriate training and job opportunities and demonstrate how persons with disabilities can fit into the workplace. The challenge is to ascertain, when indicators show a positive or a negative trend, whether employment opportunities have been affected by external labour market

factors (such as a general rise or fall in the unemployment rate) rather than by EAPD.

6.109 Our 1997 Report Chapter 22, *Crown Corporations: Making Performance Measurement Work*, describes a good performance indicator as one that is meaningful, reliable and practical. “Meaningful” means the indicator is understandable (clear, concrete/measurable, in context), relevant (related to objectives, significant, useful, attributable) and comparable (over time and with other organizations or standards). “Reliable”, in this context, means it is an accurate representation (valid/free from bias) of what is being measured, is replicable or verifiable, is free from error or manipulation and balances other indicators. “Practical” means that it is feasible, both financially and temporally, to gather data.

6.110 The quantitative indicators described in the multilateral framework were developed through an analysis of EAPD’s component programs, the input of the client community, and HRDC’s experience with results indicators in the Employment Insurance program. The measures tend to focus on activities and intermediate outcomes rather than on long-term results. The indicators agreed on in the multilateral framework show some of the challenges that arise when trying to measure results, as the following paragraphs discuss.

6.111 Number of people employed, or sustained in employment in the event of vocational crises. This indicator actually contains two measures that have meaning and relevance, where it is feasible to gather the data. The bilateral agreements recognize this and split them. However, the task of defining the measures is not finished. For instance, the partners will need to define operationally what “sustained in employment” means.

6.112 Number of people actively participating in or successfully completing an EAPD program and, if

unsuccessful, the reasons. The number of active participants is meaningful as a “throughput” measure, and is practical to collect. Determining why participants may not have succeeded could provide important information for lessons learned and program redesign. However, unless all jurisdictions have similar definitions of what it means to complete a program, and similar methods of data collection, the information will not necessarily be comparable.

6.113 Number of people not served, on waiting lists or unable to access interventions. This indicator in the multilateral framework contains three measures, the first and last of which were omitted from all bilateral agreements. The “number of people on waiting lists” is a measure of unfulfilled demand for services, but different standards and practices for compiling waiting lists in different jurisdictions will cause data variations, making comparisons difficult. Length of time on the waiting list is also important. Several bilateral agreements therefore added a measure for “waiting periods”.

6.114 Savings to income support programs as a result of increased earnings through employment. This potentially valuable indicator presents major challenges of practicality in obtaining accurate and reliable data. The federal-provincial accountability task team recognized this complexity and proposed that “all provinces should be engaged in a discussion around the methodological design required to capture this element”. The idea behind the measure is simple — a person whose employment income increases as a result of this program will need less income support or perhaps none, enabling government to save correspondingly. However, the question immediately arises as to whether, for how long, and in what proportion the disabled person’s increase in income is to be claimed as “savings” to income support programs. The answer will require good research into the causal

Defining good performance indicators is a challenge.

Partners must all use the same definitions for terms like “successful” so that measures of performance are comparable among jurisdictions.

The implementation issues seem solvable.

linkages among EAPD, employment earnings and savings to income support programs. Virtually all bilateral agreements state that joint evaluation of this indicator will be “subject to the feasibility of collecting the data and establishing the systems linkages required”. A further complication is that federal and provincial privacy laws must be respected.

6.115 Number of people who have received support and have maintained employment or advanced in their jobs.

This indicator was incorporated into only one bilateral agreement. The other indicators already capture most of the required information. Advancement in employment would be useful to know but actually obtaining the data would present significant challenges: the meaning of “advancement” would have to be defined in ways that would allow for a comparison of the results of different programs in various jurisdictions.

6.116 In general, it is too early to assess how successfully the program has addressed the challenge of gathering and presenting data that are reliable and comparable across jurisdictions and that reflect the program’s performance. The partners are aware of the challenge. For example, they have agreed to modify in the bilateral agreements the primary indicators agreed to in the multilateral framework. They agreed that some of the indicators would be reported in annual reports; participants would use formal evaluation to measure the others and to assess the reasons for any lack of success. This is clearly a step in the right direction.

Roles and responsibilities are stated in general terms

6.117 The bilateral agreements set out the general roles and responsibilities of the parties; this general approach was helpful in reaching agreement. The most fundamental distinction is that while partners share responsibility for the

overall framework and the contents of each bilateral agreement, the provinces deliver EAPD programs and the federal government pays half the cost. Many specific details, such as roles and responsibility for evaluation, have yet to be specified. Officials involved in the negotiations state that the complexity of the program and the tight time frame in which the bilateral agreements were negotiated tended to preclude covering these implementation issues in the agreements. As we note in the case study on the National Child Benefit (paragraph 6.41), negotiations typically concentrate on general principles in order to reach general agreement. The resultant flexibility and room to manoeuvre can, appropriately, leave many important details to be worked out later. However, implementation should not be an afterthought. Those responsible for program design, delivery and oversight must all pay close attention to the issues it raises. We saw no evidence that the partners have encountered implementation issues that are insoluble.

It is too early to say whether reporting will be credible

6.118 We are encouraged by the commitment to accountability made in the multilateral framework. We are also aware that informal federal-provincial task teams have been working since 1997 on performance indicators and on specifying the data needed. Work is now commencing on establishing evaluation parameters. Given the lead time and the planning that has already taken place, we expect that eventually there will be good information on what works and what does not work.

6.119 Readers of accountability reports will want to ask the following kinds of questions.

6.120 Are the data presented reasonably accurate and is the degree of any inaccuracy known and acceptable?

One important aspect of reporting credibly

Roles and responsibilities for evaluation have yet to be specified.

on program results is describing the reliability and validity of the information presented and the methods used to collect and verify the data, giving an indication of their accuracy, and noting any related factors that may have influenced the results. The technical and practical challenges of obtaining valid, reliable and consistent data are many, including the challenges of attributing results to the measures and tracking clients. The parties will need to continue working to resolve many of these issues if information on results is to be credible, timely, meaningful and useful.

6.121 Is there knowledge of what data gaps and problems exist and are there plans in place to fix them? There may be, for example, differences among the parties in their standards of program completion, measurements of waiting lists, and calculations of savings to income support programs. We are aware that this is a concern for officials, but we do not know precisely what plans they have to deal with these issues.

6.122 Is there reasonable provision for review, audit and program evaluation? The parties have agreed to review the arrangements under the EAPD agreements after the end of the third year (2000–01). We expect that all parties will routinely review and adjust their programs, in order to improve services and capitalize on best practices and lessons learned from pilot projects. The multilateral framework commits the partners to reasonable review efforts (which normally would result in adjustments to improve efficiency and effectiveness, and in more transparency). The key will be how these review provisions in the framework are implemented.

6.123 The bilateral agreements require the provinces to produce audited financial statements of program expenditures. These statements are sent to HRDC for approval and reimbursement of expenses.

There is no requirement for independent verification of other performance information. We believe that the federal government should seek some assurance about the accuracy of the systems that provide the information.

6.124 The bilateral agreements also require the provinces each to produce annual reports and multi-year program and expenditure plans. These annual reports are to be published. However, it is not clear that they will contain comparative or analytical cross-provincial data. We believe this type of data would contribute to accountability for the federal expenditure, by providing information to identify best practices and to make valid comparisons of provincial program performance. We recognize that comparisons can be misinterpreted and oversimplified. It will be important to make the appropriate qualifications in the overall annual report that we recommend HRDC prepare (see paragraph 6.129).

6.125 The agreements also require provinces to conduct program evaluations of longer-term impacts (though no due dates are specified) and to measure progress using the identified performance indicators. These evaluations may serve to confirm the provinces' performance information. HRDC, as one of the parties, agrees to undertake ongoing evaluations with its partners and to make the evaluation results public. The partners are aware of the challenges to fulfilling the evaluation requirement. A group of provincial and HRDC regional officials is working out the details of how, when and by whom the various aspects of evaluation will be undertaken. HRDC's Evaluation and Data Development group is actively involved in defining approaches to the EAPD evaluation and has developed a discussion draft *Proposed Framework for the Evaluation of EAPD*. Two federal-provincial accountability sub-working groups were created to develop options for the evaluation and to establish a common set of definitions for

**Accountability is
better served if data
are comparable across
jurisdictions.**

the results indicators. This presumably will involve identification of common issues, supporting data, time frames, roles and responsibilities, as well as an approach to national issues and a national synthesis of results. So far, the majority of provinces have agreed to proceed with an assessment of the feasibility of evaluations that would examine the design and delivery features of the EAPD interventions existing across Canada. This work may also determine if it will be possible, given the data being collected, to carry out a longitudinal survey of EAPD participants and to follow their outcomes.

Conclusion and Recommendation

Accountability, performance measures and evaluation remain at issue

6.126 The process by which the two levels of government arrived at the bilateral agreements for EAPD contains many worthwhile elements that illustrate the precepts outlined in Chapter 5 of this Report, Collaborative Arrangements: Issues for the Federal Government. The degree of co-operation and collaboration involved in reaching these agreements deserves praise. However, in the final analysis, the success of EAPD will be judged not by what is in the agreements but by the results they generate. Nevertheless, adherence to the agreements may contribute to program success. Have the evaluations actually been undertaken? What do they tell us? Have gaps in data been successfully addressed? With implementation still under way, it is too early to have definitive answers to such questions but it is not too early to ask whether plans and budgets indicate a firm commitment to realize these aims. At this early juncture, we have two observations and a recommendation for improvement.

6.127 There are no plans to publish any overall annual report. The first

provincial annual reports will be produced for the year 1999–2000. However, no deadline has been set for tabling or submitting these reports and there is no provision for an overall annual report.

6.128 There are no specific goals or targets over any specified time frame. HRDC officials cite the lack of baseline data and the complexity of the services delivered by provinces and third parties as reasons for the lack of defined performance expectations or established targets. They also consider it more important to meet the needs of individuals than to set targets, though some provinces have made some projections. Stakeholders and officials are also concerned that setting such targets would encourage “creaming”—that is, selecting first the clients with the greatest chance of success so as to yield early positive results. This would discriminate against persons who need longer and/or more interventions to achieve success. While this means that overly simplistic targets are inappropriate, we believe that well-defined goals can, and still should, be established for each EAPD program.

6.129 To add to the annual reports by the partners, Human Resources Development Canada should, in collaboration with its partners, prepare a brief overall annual report on Employability Assistance for People with Disabilities, comparing partners’ activities, expenditures, program outputs and performance.

6.130 The report should include:

- performance targets both for the program overall and for the individual provincial programs;
- a description of limitations in the accuracy and the comparability of data;
- an indication of which data have been audited;
- information on program adjustments and lessons learned from

In the final analysis, success will be judged by results, not by what is in the agreements.

reviews of the federal-provincial arrangements;

- **performance measurements; and**
- **evaluation studies.**

6.131 This annual report should be made public not later than six to nine months after the end of the fiscal year.

Department's response: The Department appreciates the contribution of this case study to our work with provinces in implementing Employability Assistance for People with Disabilities (EAPD). The Auditor General has outlined many of the key challenges we face in meeting the commitment to accountability and results indicators agreed to by federal and provincial-territorial Ministers Responsible for Social Services. The case study provides a useful analysis that will inform our ongoing work with provinces.

The Department agrees in principle with the Auditor General's recommendation to produce an overall annual report on EAPD. Work is under way, in collaboration with provinces, to ensure consistency in reporting on EAPD-funded programs. The Department will consider the suggestions and comments of the Auditor General in the development of annual report. In preparing the reports and in measuring and comparing results and outcomes, it will be important to note that EAPD-funded programs constitute only part of overall programming for people with disabilities and should be considered in the unique context of each province.



About the Study

Objective and Scope

Our aim was to help parliamentarians and others to arrive at a reasonable set of expectations for the accountability arrangements and measures that are important features of shared social programs in which Human Resources Development Canada (HRDC) is responsible for federal policy co-ordination and leadership. Our scope included two case studies of programs in the “social union” — the National Child Benefit (NCB) and Employability Assistance for People with Disabilities (EAPD). We sought answers to the following questions:

- How can credible reporting on these two programs best be achieved?
- What are realistic expectations for measuring the program outcomes?
- Are there information gaps that will need to be filled?

In each case study our aim was to help develop:

- an understanding of potential accountability gaps and the context and factors that may delay or constrain improvement in accountability and results measurement; and
- an appropriate response to public accountability and performance reports, reports on social outcomes, and jointly designed performance management systems of these programs.

Criteria

Because this was a study of programs at an early stage of development, we did not have formal criteria against which to audit. We did nevertheless have expectations that could be used in a future audit. They derive from our 1997 Report Chapter 11, Moving toward Managing for Results. In particular:

- indicators and measures should be clear and concrete; and
- information should be understandable, balanced, attributable, and reliable.

As well, for the National Child Benefit we expected that in the negotiations and in the joint accountability and performance report, the information ultimately would meet the following criteria:

- Data on expenditures and for outcome indicators and evaluations are credible and comparable so that overall outcomes of the NCB can be measured and evaluated. The accountability report informs readers whether financial information has been audited, and whether arrangements are in place to ensure that due care has been taken with respect to the information presented, including data used for performance reporting.
- Reinvestments are within the parameters of the NCB goals and objectives, and represent new programs or enhancements to existing ones.
- There is knowledge of the data gaps and problems that exist and there are plans in place to fix them.
- There are means to monitor and inform all participants and stakeholders about individual reinvestment expenditures, outputs and outcomes, as well as the outcomes of the entire effort.

Approach

We examined relevant departmental documentation and conducted interviews with officials for each of the chosen programs, concentrating on the design and implementation of governance and accountability frameworks. We also reviewed literature on performance and outcome measurement in Canada and elsewhere, as well as transcripts of relevant hearings conducted by the Standing Committee on Public Accounts and the Standing Committee on Human Resources Development and Status of Persons with Disabilities. We also drew on the findings from our work on performance management and measuring results (1997 Chapter 11) and, from our work in this Report on collaborative arrangements (1999 Chapter 5).

Study Team

Assistant Auditor General: David Rattray
Principal: Louis Lalonde
Director: Lewis Auerbach

Allison Fader
Martin Dompierre
Ali Jakubec

For further information, please contact Lewis Auerbach.

Appendix A

Auditor General's Related Work

Human Resources Development Canada (HRDC)

The case studies are an extension of previous audits that have concentrated on the challenges for HRDC of achieving results and demonstrating accountability in very complex environments. This includes our 1997 Report Chapter 17, A Critical Transition toward Results-Based Management; and more recently our 1998 Chapter 16, Management of the Social Insurance Number, where responsibilities and impacts range widely between the federal and provincial governments and the private sector.

Performance reporting

In our 1997 Chapter 11, Moving toward Managing for Results, we said it is important to go beyond merely measuring inputs and outputs.

Meeting the expectations of Canadians for programs that work and finding more cost-effective means of delivering them requires managing for results. When managing for results, ministers, senior officials, managers, staff, central agencies and Parliament make decisions based on what a program is achieving for Canadians — the results that citizens value — and at what cost. In particular, there is a focus on outcomes, that is, the benefits realized. Putting this approach into practice means agreeing on expected outcomes, measuring progress toward them, using the information and reporting results.

Quality of provincial information

Our interest in the quality of provincial information is not new. We have been commenting on aspects of interprovincial agreements for many years. For example, 10 years ago we observed that federal officials responsible for the Canada Assistance Plan did not know how much reliance they could place on provincially supplied information. Nor was this problem immediately corrected. In our 1991 Chapter 3 follow-up, we stated that the issue was being addressed but that information to Parliament was still not adequate.

More recently, in our 1996 Chapter 26, Canada Infrastructure Works Program – Lessons Learned, we observed that provincially supplied information had not been verified:

In the majority of files we examined, federal officials endorsed provincial assessments without requiring direct supporting information, or at least ensuring that appropriate information had been provided to, and analyzed by, the province concerned.

The Commissioner of the Environment and Sustainable Development is also concerned about achieving accountability when several jurisdictions are involved. He said in his 1998 Chapter 3, Responding to Climate Change, that while many jurisdictions were involved in climate change issues, ultimately the federal government is accountable for the overall structure:

We believe that undefined and diffused accountability erodes the authority and responsibility of the federal, provincial and territorial governments and their officials and makes it difficult for anyone to measure their respective performance. It also means that accountability for Canada's progress toward its stabilization goal is obscured. Nevertheless, in our opinion the federal government remains accountable to Parliament for establishing an effective management structure to respond to climate change.

Appendix B

Historical Context – National Child Benefit

Beginning with a children's income tax exemption in 1918 and universal family allowances in World War II, and continuing throughout the 1960s and '70s, many federal programs such as child care tax credits were specifically designed to improve child welfare. Others such as Medicare and Unemployment Insurance had outcomes that, by improving the situation of parents, clearly benefited their children.

Early social programs of the '40s, '50s, and '60s such as Unemployment Insurance, Old Age Assistance and Family Allowance were direct federal expenditures administered entirely by the federal government. Each such program required an Act of Parliament and, unless funded separately like Unemployment Insurance, required annual appropriations as part of the federal Budget. The Office of the Auditor General can, and did, audit the expenditures as well as the administration of such programs. As well, parliamentarians had opportunities through the Budget debates to question the expenditures and the administration of these programs.

The 1978 revisions to the *Family Allowance Act* increased child allowances but made them taxable. Making child allowances taxable had the effect of targeting the benefit more toward lower and middle income families. From an accountability perspective, the relationship of Parliament and the nature of program delivery remained the same — the program was still an expenditure in the Budget cycle. The Child Tax Credit introduced in 1978 to further supplement the Family Allowance for families of modest means was an even more significant change. Because tax credits form a part of the income tax system, the credit did not require annual review by Parliament; the form of financial assistance was not direct payment but rather forgone revenue, that is, a tax expenditure.

In 1992, family allowances were eliminated completely and replaced by the Canada Child Tax Benefit. One consequence for accountability (as we observed in our 1994 Report Chapter 6, Study of Key Federal Social Programs) was that “because the new Child Tax Benefit is now delivered through the tax system, it is not included in budgetary spending. Thus, it becomes difficult to make comparisons or analyze trends in program spending in this area.” In our 1998 Chapter 8, Effectiveness Measurement and Reporting in the Department of Finance (which is responsible for tax policy and evaluations of taxes and tax expenditures), we noted that effectiveness measuring and reporting of the child tax benefit were “insufficient”.

Whatever the shortcomings of past child support programs, at least the role and responsibility of the federal government was clear. In the case of the 1992 changes, for example, a budget was presented and debated, and Parliament enacted the necessary changes to the *Income Tax Act* and replaced the *Family Allowance Act*.

Current situation

With the National Child Benefit (NCB), accountability is less well defined. Responsibilities are negotiated and shared. Moreover, there is no single piece of legislation that mandates the program. While this means that the potential exists for gaps in accountability, federal and provincial partners are aware of the potential problems and are working to resolve them. The co-operation we received from officials and the documentation we reviewed confirm that the partners in the NCB also wish to see good accountability arrangements in place for this program. However, it is too early to judge that they have succeeded.

Policy context: Research results demonstrate importance of early childhood

Over the last 10 years, research has convincingly demonstrated that very early childhood experiences can have lasting impacts, both positive and negative. Moreover, poverty is associated with many of the negative indicators, such as poor health or low birth weights. The government summarized this research in 1997:

Most Canadian children are doing well and are physically, emotionally and socially healthy. Unfortunately, some children are not doing as well. Many experience emotional, behavioural or learning problems that affect school performance and personal development. Others suffer from physical problems such as disease, disability and injury.

Such difficulties can and do affect children being raised in all family situations—in two-parent as well as single-parent families, in every neighbourhood and community throughout the country. But decades of research in Canada and abroad have shown that low family income is strongly linked with these problems. Compared to children from middle- and upper-income families, poor children run a greater risk of inadequate nutrition, mental and physical health problems, poor school achievement and difficulties with the law.

Living on a low income can exert a heavy toll not only on children and their parents but also on the economy and society. Although many low-income children grow up and out of poverty, its harmful effects in childhood can often linger long into their adult years. The costs include increased expenditures for welfare, employment insurance, social services, health care, the courts and the penal system; lost tax revenues; wasted productivity; and missed opportunities for both individuals and society.

The 1997 federal Budget

The 1997 federal Budget announced the goals and major premises for a National Child Benefit (<http://www.fin.gc.ca/budget97/childe/childe.html>). These goals linked a commitment to reduce poverty, with the concern that welfare systems create disincentives for parents to work. The Budget papers explained this as follows:

- Right now, the combined effect of federal and provincial programs is to reduce the child benefits of parents who leave welfare to enter the workforce. Parents should not be put in the position of penalizing their children in order to take a job.
- [The benefit would be directed to working families, who would see their incomes rise. Although the intention was to reduce social assistance by the amount of the benefit] ...the overall income of families on social assistance will be protected.
- In addition to being a win for Canadian children, the National Child Benefit system is a step forward in Canadian federalism, with the federal, provincial and territorial governments seizing on a good idea, setting common objectives and working as partners to secure better lives for our children.
- To accomplish this, an enriched federal benefit along the lines set out above will require provinces and territories to make offsetting reinvestments of provincial funds to assist children in low-income working families.

Appendix C

A Comparison – National Child Benefit and Employability Assistance for People with Disabilities

In addition to the characteristics outlined in Exhibit C.1, the National Child Benefit (NCB) and Employability Assistance for People with Disabilities (EAPD) each have the following similarities and differences:

Similarities

- No specific legislative act governs either initiative; the parameters are an outcome of federal-provincial agreement.
- First Ministers agreed on the program goals.
- The program is not aimed at all members of the target group, but is primarily focussed on helping those who wish to enter or remain in the work force.
- Program design responsibilities are delegated from First Ministers to Ministers Responsible for Social Services to their officials.
- Provinces are responsible for program delivery (although many have arranged for Revenue Canada to deliver provincial and territorial tax benefits on their behalf).
- The federal government's role is to provide a substantial amount of the funding, to help establish an overall accountability framework, and to work with provinces to ensure that the program meets the basic overall objectives agreed to by the partners.

Differences

The differences reflect the fact that EAPD is more like a traditional federal contribution arrangement whereas the NCB is a new kind of arrangement.

- In EAPD, the federal government's financial contribution goes to provinces whose programs meet the mutually agreed criteria. In the National Child Benefit, federal funds go directly to individuals.
- A formal, written multilateral framework for EAPD forms the basis for comprehensive bilateral agreements with provinces. For the NCB, the only bilateral agreements are operational agreements between Revenue Canada and provinces and territories for the transfer of information on recipients of NCB supplements, and administrative agreements to deliver certain tax benefit programs. NCB agreements on matters related to goals, accountability and governance are the public announcements and brochures that all participants approved.
- For EAPD, each province has agreed to deliver its own annual report. HRDC is responsible for undertaking overall evaluations and assisting with individual evaluations, in collaboration with provinces. Federal and provincial officials are already meeting to establish the parameters for this work. There is no commitment yet to a periodic accountability report for the overall program like the joint annual report on the NCB.

Exhibit C.1

Characteristics of the National Child Benefit and Employability Assistance for People with Disabilities

	National Child Benefit	Employability Assistance for People with Disabilities
Current Status	<p>Implemented on 1 July 1998.</p> <p>Provincial reinvestment plans announced; some have yet to be designed and implemented.</p> <p>Quebec subscribes to principles, has relevant programs, but does not participate formally.</p> <p>Outcome measures are in final stages of design.</p>	<p>Program started 1 April 1998.</p> <p>Bilateral agreements between federal government and provinces are now signed.</p> <p>Results indicators agreed to in multilateral framework.</p>
Program Delivery and Financing	<p>Federal tax benefit for low-income families with children.</p> <p>Provincial programs, services, in-kind benefits for low-income working families funded by “reinvestments” of provincial savings on social assistance to families with children.</p>	<p>Provincial delivery; federal government contributes 50 percent of costs.</p>
Accountability Arrangement	<p>Governance and Accountability Framework released in March 1998.</p> <p>Emphasizes public reporting and public accountability rather than government-to-government accountability.</p>	<p>Multilateral framework provides for results measurement, annual reports by provinces and involvement of persons with disabilities.</p>
Performance Measures and Results Indicators	<p>Outcome measures and performance indicators are still being designed. Consultations were undertaken to determine if there is broad support for the proposed performance indicators.</p> <p>The indicators are intended to measure:</p> <ul style="list-style-type: none"> • reduction in depth of poverty; • increased parental attachment to labour force; • attributable improvements in child welfare; and • reductions in overlap and duplication. 	<p>Primary indicators include:</p> <ul style="list-style-type: none"> • number of people employed or sustained in employment; • number of people actively participating in or successfully completing programs; • number of people on waiting lists; and • savings to income support programs as a result of increased earnings through employment.
Evaluation	<p>First Accountability and Performance Report scheduled for release in early 1999. Annual publication of the Report is mandatory under the Governance and Accountability Framework. Evaluations are envisioned, but no agreement yet on approach and funding.</p> <p>Ministers Responsible for Social Services approved a report outline in October 1998.</p> <p>All jurisdictions (except Quebec) will report on a designated set of indicators.</p>	<p>Agreements require evaluation. Partners have agreed to assess types of data being collected, costs and benefits of evaluation, options for how, when, and by whom evaluations will be performed, and how they will be funded.</p>
Annual Cost	<p>Federal contribution for NCB supplement: \$850 million (1998–99), increasing to \$1.7 billion (2000–01).</p> <p>Provincial-territorial reinvestment commitment for June 1998–July 1999: \$359 million (Quebec excluded).</p> <p>First Nations commitment: \$27.8 million.</p> <p>Reinvestments will increase as the NCB supplement increases.</p>	<p>\$193 million plus matching amounts from provinces.</p>