

Serving the public interest

JUDITH MAXWELL
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The Conservatives came to power in 2006 determined to shrink the role of the federal government and avoid getting entangled with provinces and territories. But they were in for a big surprise.

The private sector was not ready to take over responsibility for child care or for affordable housing. Business leaders don't see themselves delivering those services. It's not their core business. But they do understand that access to housing and child care can have an impact on their ability to recruit and retain staff.

The Conservatives' error is to see the economy in two dimensions – public or private. In doing so, they ignore the power of civil society organizations that can (if they have the financial partner) build and operate affordable housing, provide affordable child care and offer a helping hand to people who have fallen through the cracks – those who are mentally ill, for example.

Rather than dismiss these organizations as too left-wing, the government should begin to see them as partners in problem solving, with the capacity to innovate and to lever government funds to attract financial and in-kind commitments from a “coalition of the willing” including other governments, business, labour and community and faith groups.

Let's look at affordable housing.

In the early nineties, the Mulroney government reduced federal support for affordable housing, expecting private developers to take on the job. Developers balked for the simple reason that such projects do not produce an adequate rate of return. The result was a slump in construction of housing for low and modest income families. That planted some of the seeds of the homelessness problem now plaguing so many communities.

Eventually, the federal government began to expand its housing programs, and, when the Harper government came to power, the opposition exerted enough pressure to force the Conservatives to do even more. They therefore extended the life of three affordable housing programs and created a new three-year program of transfers to the provinces called the Housing Trust Funds. Together, the four programs are worth \$825-million a year. All of them are due to expire on March 31, 2009. It almost looks like a set-up to vacate the field.

Judging by past experience, if the federal money disappears, the provinces will also withdraw their share of the costs. And if the governments cut back, there is a smaller base to lever private sources of funding. Are we about to see a replay of the 1990s slump in affordable housing investments?

Instead of walking away, this is a time for innovation. One way is to create real Housing Trust Funds, that is, not-for-profit organizations with a mandate to assemble land and buildings to be held in trust, in perpetuity, for purposes of affordable housing. That mandate is somewhat longer than three years.

The trusts are typically funded through a revenue stream from local land transfer or development fees. They still need access to big blocks of capital from public and private sources. But they can deepen, broaden and stabilize the financial resources available to house people earning low and modest incomes.

And then there is early childhood development. When Quebec ramped up its spending on early childhood education over the past decade, the immediate economic impact was a significant increase in women's participation in the labour force. By going out to work, thousands of lone-parent women were able to escape poverty. Quebecers pay \$7 a day for each child, compared with as much as \$50 a child in other parts of Canada.

The Conservatives took the opposite tack. They chopped 75 per cent of the planned increase in child care spaces over the next four years by cutting child care transfers to the provinces from \$1-billion to \$250-million a year.

The result is that Canada has enough regulated spaces for only 17 per cent of children under 12 years old, ranging from a high of 35 per cent in Quebec to a low of 6 per cent in Saskatchewan. Only 10 per cent of children living on reserves have access to appropriate early childhood education and care.

Once again, it is time to innovate. Why not create community trust funds to stimulate investments in affordable child care spaces offering quality education?

The message here is that civil society organizations deserve more respect. Working with non-profit organizations, governments can:

Provide social infrastructure that respond to local needs and help solve employers' recruitment and retention problems.

Offer real choices to families about whether both parents should work.

Give single parents a chance to be economically independent.

Reduce the cost of other government services.

The savings in other programs are a neglected bonus: Wayne Stewart, president and chief executive officer of the Calgary Homeless Foundation, says that the foundation can provide supportive housing to a homeless person with mental illness at a cost of \$30,000 a year. This compares with the \$100,000 the Foundation estimates it would cost to keep that person alive on the street, using shelters, hospital and emergency services.

It is no surprise that a Conservative government brings a different perspective to the role of government. But that is no excuse to drop the ball. Instead, it is a reason to find new partners to deliver social programs that serve the public interest.

Judith Maxwell is the former head of the Economic Council of Canada and Canadian Policy Research Networks.