



NEWS RELEASE

Chretien-era reductions in federal welfare regulations provide a blueprint for health-care reforms

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VANCOUVER—Fundamental reform of Canada’s health care system needs to start with replicating changes made in the 1990s when Ottawa removed strings to federal funding for welfare to provide the provinces with more autonomy and flexibility, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“COVID-19 has exacerbated two of the most important ongoing public policy challenges facing Canada: the deterioration of government finances, and the comparative underperformance of our health care system,” said Ben Eisen, senior fellow at the Fraser Institute and co-author of *Less Ottawa, More Province, 2021: How Decentralized Federalism Is Key to Health Care Reform*.

The study notes that despite high spending levels in Canada, compared to other universal health care countries, our performance is poor to moderate on most measures.

Critically, Canada ranks fifth highest out of 28 universal health care countries examined in terms of age-adjusted health care expenditures per capita, as well as 26th for physicians, 14th for nurses, 25th for curative (acute) care beds (out of 26), and 24th for psychiatric care beds per thousand population on an age-adjusted basis.

The study highlights the successes of the Chretien-era welfare reforms, which provide a blueprint for health-care reforms.

Consider that in 1994 more than 10 per cent of Canadians—over 3.1 million people—were on welfare and it was consuming large portions of provincial budgets. As part of its deficit reduction plan, the federal government reduced federal welfare transfers to the provinces while also eliminating most of the strings attached to the funding, spurring innovation and reform by the individual provinces.

As reforms were introduced by the provinces, particularly programs like workfare and limiting benefit periods for employable people, the proportion of Canadians on welfare dropped to less than five per cent and welfare spending as a share of provincial program spending dropped to less than four per cent by 2008.

“Cutting the strings attached to the health-care transfers from Ottawa—as the Chretien government did with welfare—while maintaining the principles of universality and portability, would free the provinces to experiment and reform health-care delivery and financing,” said Eisen.

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