

Impediments to Innovation in the Canadian Social Union: The Case of the Labour Market Agreements for People with Disabilities

Conference Draft

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INTRODUCTION

Attempts at renewing social policy following the retrenchment of the 1995 Federal budget are now a decade old. While considerable effort has gone into negotiating new agreements and elaborating new reporting and accountability mechanisms, the results in terms of expanding social rights or developing innovative policies have regularly been seen as thin and limited (Cameron 2004; Day and Brodsky 2007; Friendly 2001). One standard explanation for this outcome is that accountability and policy learning have been fused in recent agreements: provinces are required to prepare annual plans and reports, both as a form of accountability, but also to allow for the exchange of information and best practices (Phillips 2003; Saint-Martin 2004). As the provinces have successfully limited their reporting responsibilities as part of jurisdictional struggles with the federal government (Kershaw 2006), innovation has been stunted.

This paper does not fundamentally challenge the relationships that these authors identify, and their contribution to thin policy learning. However, it does question whether the architecture of accountability proves to be too easy a villain, to the point that other potential factors are ignored. In particular, they seemingly take for granted that social policy renewal would have been more robust and more innovative in the absence of intergovernmental conflict. That may be true, although the experience of social programmes that are not subject to intergovernmental conflict does not necessarily support such a conclusion, if one thinks of employment insurance, on the one hand, or the non-development of provincial childcare services over the past half century (Friendly and White 2008).¹ There are clearly impediments to social programme expansion and reform *within* governments as well as *between* governments, so some attention should be given to how the design of recent agreements serve to either reinforce or dismantle those impediments.

Our paper considers labour market agreements for people with disabilities, an area that has seen little bold policy innovation. It is based on a corpus of bilateral agreements, provincial reports, and interviews. We find that the linkage of accountability and learning means that learning gets caught in long-standing jurisdictional disputes, leading to perverse forms of learning. But, more significantly, we also find significant barriers to innovation in federal funding, which neither provides incentives for “have provinces” to expand their programming, nor provides sufficient funds for “have-less” provinces to transform their programmes. At a minimum, this should lead to a less unidimensional take on the causes of stagnation in this policy-field, and across the social union more generally. But it also invites some reflection on how the money question interacts with the accountability problems. Are failures in the accountability/learning nexus mostly about unavoidable jurisdictional squabbles, or could these squabbles be attenuated with the proper financial lubrication?

SOCIAL POLICY REDESIGN AND ACCOUNTABILITY

The 1995 budget was seen at the time as a watershed in Canadian social policy. In cutting cash transfers to provinces for health, post-secondary education and social

¹ This point about childcare is somewhat controversial, given the evidence that CAP tied provincial childcare spending into a residualist logic, and that the end of CAP was required to clear the ground for Quebec’s universal early childhood education and care system (Vaillancourt 2002).

assistance by a third (after a decade of ongoing erosion through the partial indexation of Established Programs Financing (EPF) and the cap on the Canada Assistance Plan (CAP) for non-equalization receiving provinces), the federal government also surrendered some claims to leadership in the field. The rolling of the CAP and the EPF into a Canada Health and Social Transfer (CHST) also shrunk the formal social rights of citizenship by stripping all of the conditions tied to social assistance, save the prohibition on residency requirements. To extend the metaphor, in crossing a watershed, the question becomes, where now does the water flow? For many, it was in the direction of a much diminished federal social policy role, to be replaced either with provinces racing (or muddling) to the bottom, or with interprovincial mechanisms of policy coordination hovering around the lowest common denominator.

With the benefit of over a decade of hindsight, we can see that these more extreme scenarios have not come to pass. The federal government has continued to engage the provinces, and has negotiated agreements in the health, child, disability and housing fields, to say nothing about the government's urban policy initiatives (e.g. Turgeon 2006). The form of this involvement is nevertheless different from that associated with the conditional, cost-shared programmes that were the hallmark (albeit far from the only form, see Banting 2008) of the post-war welfare state. Inspired by New Public Management, federal leadership moved from an emphasis on imposing conditions on formal processes, towards setting priorities on the front-end and emphasizing outcomes and results on the back-end (Boismenu 2006, 2007; Saint-Martin 2004). While there is some variability between fields and over time, the new form of intergovernmental relations privileges the development of framework agreements setting out a broad philosophy and priorities for action. These agreements also sketch out relatively broad and flexible categories where provinces are expected to invest federal funds.

Accountability for the use of funds is controlled through reporting to the public. The provinces generally commit to producing annual reports setting out and acknowledging the use of federal monies, as well as noting outcomes on a number of agreed indicators. Some agreements, such as in the 2005 bilateral childcare agreements or in the Labour Market Agreements for Persons with Disabilities (LMAPDs), also require the provinces to develop action plans or annual plans to be shared with the relevant federal department, but with the caveat that the plan does not affect eligibility for federal transfers (Boismenu 2007). The general idea here seems to be that citizens can keep the provinces accountable for their use of federal money by naming and shaming provinces that fail to use the money in a manner consistent with the agreement (Phillips 2003). The promise of these agreements for policy innovation is three-fold: first, that the two orders of government have developed institutions and processes allowing for developing new policies and renewing old ones; second, that the process of reporting can lead to better and more effective policy through the sharing of best practices between provinces; and third, that ongoing citizen monitoring of outcomes acts as constant productivity and innovation "whip" on governments.

While the past decade has been good to the federal government in terms of rebuilding the legitimacy of its participation in social policy, there are many observers who see that this decade of redesign has been less good for social policy, either in terms of renewing existing programmes (e.g. health) or in terms of meeting new social risks (e.g. early childhood policy, homecare). For these critics, the period has delivered far

more statements of good intention about working collaboratively towards priorities than genuine progress in meeting those priorities. Thus, fifteen years of work on child benefits have brought forward some clever and bold reworking of the benefits system, but they still are not pulling the poorest children out of poverty (Paterson, Levasseur and Teplova 2004). A decade of work on early childhood education and development has not created anything approaching a coherent system of childcare and development services (Friendly 2001; Friendly and White 2008). In health care, the series of health accords have pumped money into the system, but a lack of conditions attached to it means that it is not galvanizing structural reform (Sullivan and Flood 2004). In our interviews with provincial officials responsible for labour market programmes for persons with disabilities, we noted a similar frustration and sense of inertia. While change had come to this field over the past twenty years, with the spread of the philosophy of “full participation”, and while this change was reflected in a programme shift in the mid-1990s (to be discussed below), many of the officials seemed to feel that their programmes were treading water. There was a sense that new initiatives were needed on both the income and the service side to make the right to full participation meaningful. For many of these officials, including some who made strong statements about protecting provincial jurisdiction, there was a sense that the federal government had a responsibility for getting the ball rolling, albeit working in close collaboration with the provinces (for an interesting blueprint, see Rice and Prince 2004). Our use of “innovation” is therefore pretty loose in this paper, but reflects the sense of frustration in a number of social policy fields with the slow pace of change in developing new programmes and approaches.

Much of the critique of recent agreements has centred on the problems linking social learning and accountability. Phillips’ (2003) early analysis of the Social Union Framework Agreement was remarkably prescient in highlighting two shortcomings of the framework, and of the social policies determined under them. The first of these is the manner in which reporting is used both for accountability and learning. As noted above, reporting seems to be conceived *both* to allow provinces to learn from one another *and* to make sure that provinces are making good use of the federal money. While the agreements state that funding is not tied to success in meeting goals or targets, provinces recognize that transparent reporting can be dangerous. There is a risk of setting up an interprovincial beauty contest where lagging provinces risk being shamed. Provinces object to this, both on the grounds that it discourages policy diversity within fields of provincial jurisdiction, and on the grounds that outcomes are so overdetermined that interprovincial differences may have little to do with policy effectiveness. Beyond this “individual” risk of shaming is the sense that transparent reporting may serve to enable ever more targeted and specific federal intervention in a given policy area by demonstrating problem areas as well as by providing predictable windows for agenda-setting. In addition, there is no telling whether the federal government may end up making funding reliant on results once a reporting regimen is well-established. In light of these, one could expect ongoing provincial resistance to transparent and far-reaching reporting. However, if learning and diffusion of best practices also rely on reporting, resistance to accountability equates with diminished capacity for learning (see Saint-Martin 2004; Jenson 2004).

The second shortcoming identified by Phillips was that these agreements rely on citizens to act as social scientists, poring over technical reports and indicators in an

attempt to suss out what their governments are doing, and how their province stacks up against other provinces. Kershaw's (2006) review of British Columbia's reports for the use of National Children's Agenda money provides a telling illustration of how even social scientists are hard pressed to make use of the reports given the poor quality of data and the difficulty even locating reports. This is corroborated by a more comprehensive review of reporting on child policy, which finds that reports are missing, late, internally contradictory, and lack explanations about key points such as changes in numbers for previous years or unspent money pulled forward to a future year (Anderson and Findlay 2007).

The arguments about how the new accountability measures contribute to thin policy outcomes are implicitly or explicitly comparing recent agreements with those obtained in the post-war period by a federal government using its spending power to exact minimum standards or national standards. On the one hand, they emphasize that citizen oversight cannot compete with a firm application of central standards. On the other, they suggest that the forms of learning and sharing of best practices that might mimic central standards in terms of producing policy innovation and a degree of interprovincial convergence, are unable to do so as jurisdictional disputes over accountability prevent learning from taking place. This view echoes older debates and claims about Canadian federalism, and the capacity for the "union" side of the social union to cancel out the "social" side (see Vaillancourt 2002).

At the same time, this intergovernmental perspective and its emphasis on federal initiative and provincial resistance, ignores the importance of intra-governmental processes. The manner in which the federal government funds programmes, both in terms of absolute levels of funding, but also in terms of funding formulas, affects the ability of provincial ministries to develop new programmes or alter existing programmes in light of experiences elsewhere. When cost-sharing was criticized for distorting provincial priorities, it was precisely on this basis, as "fifty-cent dollars" promoted spending in cost-shared programmes over non-cost-shared ones. This also provided social policy ministries with some extra financial leverage within their respective bureaucracies. The social policy agreements since 1995 have been marked by a different funding formula. It tends to take the form of a fixed envelope to cover eligible provincial expenditures. The sums are also quite modest compared to what was cut in the 1980s and 1990s, at least in initial rounds of negotiation in a policy area. Put another way, the federal government is often putting money on the table to get provinces to do new things without backfilling previous cuts.

An alternative explanation for the thin policy outcomes would therefore centre on how intergovernmental policy-making has been hamstrung by a lack of financial lubrication. The desire of finance ministries to keep their financial commitments predictable and modest might then come to play a much larger role in explaining the relatively modest social policy renewal, and indeed some of the uncreative jurisdictional squabbling. Nor would it take too much to see these intragovernmental conflicts between Finance and social policy as reflecting a broader political environment where the voices for social purpose within all major political parties have become less numerous (Ayres 2004), where forms of access to decision-making have shifted away from advocacy (Laforest and Orsini 2005; Smith 2005), and where the movements holding more radical visions of social policy, such as the labour movement and the women's movement, have

disappeared from the social policy community (McKeen 2004). We are not rooting the paper's argument in this sort of macro-sociology, but raise this issue to signal that a study of the intragovernmental dimension allows us to situate this question in the existing debate about whether federal institutions or broader struggles around social citizenship (traditionally rendered as class, but now including interest in other social relations) best explain the particular course of Canadian social policy.

On the basis of our research, we cannot make definitive claims about the relative importance of federal-provincial conflict as opposed to the importance of funding levels and formulae in stifling innovation, even sticking solely to the field of labour market policies for people with disabilities. To date, we have gathered all the multilateral and bilateral agreements in this field over the last decade and the annual reports prepared by the provinces as part of the 2003 *LMAPD*, as well as conducting interviews with officials from two "have" (Ontario, Alberta) and two "have-less" (New Brunswick, PEI) provinces. These materials allow us to identify recurring trends and tensions in the negotiation and management of intergovernmental agreements in the area, but provide limited leverage in ranking their importance. Indeed, even with more research and a more sophisticated research design, the complexity of the relationships in any policy area would make it difficult to arrive at firm conclusions for a given policy area, let alone in social policy as a whole. This paper nevertheless aims to make the point that a broader range of factors and relationships beyond simply those of intergovernmental negotiations have to be brought into the picture to make sense of the limited innovation.

FROM VOCATIONAL REHABILITATION TO EMPLOYABILITY ASSISTANCE

Canadian disability policy has evolved over three main periods. From 1961-1997, the Vocational Rehabilitation of Disabled Persons Act (VDRP) largely guided disability policy initiatives in Canada. Under this Act, the provinces and federal government entered into agreements of two to three years for cost sharing of programmes and services for persons with disabilities. The thrust of the agreements were aimed at equipping disabled individuals to seek gainful employment and included such services as support for sheltered workshops and post secondary education, employment research aid, summer recreation activities and respite services. These short agreements, continually renewed until 1997, were cost sharing agreements whereby the federal government paid for 50 per cent of the costs of programmes offered and administered by the provinces. Note that there was no ceiling² on the federal contribution which totaled 168 million dollars in its last year.

The 1980s saw a call for change in disability policy. Various reports were released which included the *Obstacles Report* in 1981, the *Report of the Royal Commission on Equality in Employment* in 1984, the *Equality For All* report in 1985 and the 1992 *Pathway to Integration* report. The reports were aimed at reviewing federal laws and regulations and highlighted questions of equality, the need to remove systemic barriers and elaborated a strategy for the full integration for persons with disabilities (Canada, Chambres des Communes 1985; Canada, Commission Royale d'Enquête sur l'Égalité en Matière d'Emploi 1984; Ministres Responsables des Services Sociaux 1998).

² The VDRP was capped at 168 million dollars in 1994 as part of the federal government's austerity programme which lasted until the negotiation of the EAPDs.

The substance of these reports was captured in the 1998 *In Unison* document which outlined the change in philosophy that had occurred. Persons with disabilities were no longer clients of programmes, rather they were another consumer group and their full participation in all realms of society was imperative. Work to ensure such participation was to be directed at addressing disability supports, employment preparation and income supports (Ministres Responsables des Services Sociaux 1998).

The Multilateral Framework for Employability Assistance for People with Disabilities (EAPD) reached in 1997 and related bilateral EAPD agreements of 1998 with each of the individual provinces and territories reflected the employment preparation pole. These five year agreements saw the federal portion of 50% capped at approximately 190 million dollars per year and introduced elaborate accountability processes discussed below. It also terminated funding for non-employment related services such as sheltered workshops and addictions services.

The EAPD framework was continued in its successor Multilateral Framework for Labour Market Agreement for Persons with Disabilities (LMAPDs) and its bilateral LMAPDs (2004). The focus on employability continued yet the provinces and territories were given increased flexibility in reporting requirements, additional funds for evaluations though the federal contribution remained shared (50% with a cap) albeit at a higher level of approximately 223 million dollars per year (although not that much higher when inflation and population growth are taken into account).

While much studied and with many changes in the titles of the agreements including a major change in philosophy to one of full inclusion over the past half century, actual programmatic changes and innovation has been limited. Similar programmes continue to be funded even when they are in violation of the current agreements such as addictions services and sheltered workshops. It appears that the disability policy field is in a state of flux with the provinces desiring even more flexibility with a significant increase in funds in the form of a block transfer from the federal government. At the same time, the federal government is not exactly sure what to do with the file as highlighted with the short term nature of the recent agreements (renewed for two one year periods) and the high mobility of personnel related to the file (Interviews with all government officials). It is the limitations these accountability and funding mechanisms pose on programmatic changes and learning processes that are examined in the next two sections.

THE INTERGOVERNMENTAL DIMENSION: ACCOUNTABILITY BARRIERS

Provincial resistance to federal accountability initiatives, which form an integral part of the agreements, have hampered programmatic innovation and learning processes (Graefe and Levesque 2006). Such resistances surround agreement flexibility and funding levels involving the provision of annual plans, reporting requirements and programme evaluations. Under the EAPDs, for instance, provinces had to submit annual plans to federal Human Resources and Development Canada (HRDC) regional offices for expenditure approval, as well as, submit detailed programmatic reports documenting such things as programmatic service time for each client and for each service delivery worker (e.g. number of hours of employment training, home support; Interview with Alberta, Ontario and New Brunswick government officials). This amounted to little more than

data collection for the federal government to perform further programme evaluations. Furthermore, this information would be compiled by the federal government and reported to the public in one national report (e.g. EAPD National Report 99-00, 00-01).

Such reporting mechanisms proved to be highly conflictual and problematic. The approval of programme expenditures by regional HRDC (now Human Resources and Social Development Canada) offices was frustrating and onerous for the provinces especially when additional (and often extensive) details needed to be furnished. Often, further negotiation and changes were needed before federal approval was given (Interviews with officials in all four jurisdictions). The different interpretations given to the EAPD agreements by the various regional HRDC offices also did not help matters (Interview with Ontario Government official). Similarly, detailed programmatic reports were often not done due to difficulties in data collection related to the setting of targets and indicators for programmes that had mixed goals. Coupled with the lack of additional funding for such reporting and a provincial distaste for the production of one national report further ensured that little reporting was done (Interviews with Alberta and Ontario government officials).

Similar resistances to the federal accountability initiatives can be seen in relation to the LMAPDs. Note that the LMAPD accountability requirements while more flexible are still very similar to the EAPDs. Increased flexibility is seen in the fact that annual plans are submitted to HRDC offices in Ottawa for information purposes only. In other words, the federal government no longer has a veto over the programmes funded by the agreements provided the programmes submitted cater to the core principles of the LMAPDs versed on employability.³ Furthermore, reporting is now done directly to the public by each provincial government on a yearly basis and funds are available for programme evaluation (see HRDC 2003; and, any bilateral LMAPD).

The above changes in the accountability provisions from the EAPD to the LMAPDs alone highlight the extent and success of provincial resistance towards the federal government initiative. Yet further resistance can be seen in the programmes (e.g. addictions services) many provinces continue to fund and report on via the annual plans and reports. Note that the federal government has not acted on its right to refuse funding such programmes that do not address the core principles of the LMAPDs. This may be due to various reasons including the lack of importance placed on the file (in comparison to others such as child care) by the federal government, political reasons (public relations given recent minority governments) and/or its realization of the difficult fiscal positions of some provinces (Interviews with Alberta and New Brunswick government officials).

It could also be a case of where the federal government has learned about the difficulties associated with reporting requirements. Such evidence can be found in the fact that detailed information on a per client or per service delivery worker is no longer required. Rather, the provinces need only report client participation numbers in the various programmes offered, which are dubious statistics at best since they offer little in terms of whether the programme made a difference in the lives of the people they serve (Interviews with Alberta and Ontario government officials). Even here though, the reporting requirements are watered down since provinces are only obliged to report on

³ This is important to note, since a surface reading of the EAPD and LMAPD multilateral agreements might suggest that accountability increased since the latter agreement presents the planning and reporting requirements in much greater detail.

numbers "where possible"; two little words Alberta, in particular, but other provinces as well, fought to have inserted into the reporting requirements of the LMAPDs to reflect difficulties in tracking people and services. Furthermore, the federal government has given the provinces much latitude in reporting dates for the annual plans and the annual reports. Note that New Brunswick's Annual Report is regularly released in May though it is supposed to be released in December of the previous year, a full six months later. Lastly, while federal funds exist for evaluations, few are done due to the costs involved and the "cumbersome" federal procedures. Essentially, the provinces want to ensure any funds go to programmes rather than elaborate and expensive evaluation programmes. Note that only two provinces have undertaken evaluations with Nova Scotia set to complete its summative evaluation in 2008 a full four years after the process began and a full two years after which said evaluations were to be completed (Canada 2003a, b; Canada-Nova Scotia LMAPD 2006-07; Interviews with officials in all jurisdictions).

The success of the provinces in resisting federal attempts at strengthening accountability therefore also impedes social learning and innovation, in that the accountability and learning aspects are tied together. As a result, the plans and reports that the provinces draw up are of little use for other provinces, or for the general public. This is not to say that the reports are not reviewed by the other provinces. They are examined yet neither for programmatic results nor for the range of programmes offered, rather they are reviewed for the type of information they include. The fact various formats and levels of detail are provided in the reports ensures their limited use as a learning tool. Alberta's Annual Reports, for instance, are regularly six to seven pages long while Nova Scotia's average forty pages in length (see Canada-Alberta and Canada-Nova Scotia LMAPD Annual Reports 2003-04 to 2006-07). The reports, given their lack of focus on programme outcomes, are also of limited utility to the disability community. As officials noted, the disability community is interested in whether a programme meets their goals and not in the number of people it has served. Utility aside, most disability organizations are ill informed of the reports' existence which is complicated by the fact that no peak disability organization exists in any of the provinces (Interviews with officials in all jurisdictions).

On an internal governmental basis, the Annual Reports and Plans are also of limited value. Learning is limited since no new dollars exist for programmatic changes and few "nitty-gritty" details are provided (Interviews with New Brunswick and Ontario government officials). Instead the reports and plans are rarely used, used as "progress markers" to document the work by some provincial departments while others use them as a general "briefing" for new ministers due to the limited information they contain (Interviews with Ontario, PEI and Alberta government officials). Other documentation such as individual ministry annual reports are consulted for more in-depth factual information (Interviews with Alberta government officials).

Hence, it appears that interprovincial learning is limited. The accountability provisions have provided limited programmatic knowledge and, therefore, learning opportunities and have led to few, if any, changes in the programmes offered by the provinces (see next section). Limited funds have also acted as a disincentive to learning processes. Yet such an analysis is misleading for learning has occurred though not as originally conceived. Note that provincial officials are in contact with each other "at the very least weekly, if not daily" and "certainly in the case of difficulties with the federal

government in terms of the interpretation of the agreements, the provinces are in *constant* contact with each other" (emphasis added; Interviews with Ontario government officials). This is reinforced by the tone of the EAPD and LMAPD negotiations which were "very nasty" and "very difficult" respectively with Alberta threatening to pull out of the negotiations largely due to the onerous reporting requirements and the lack of additional funds. On both occasions, the personal involvement of the federal/provincial/territorial ministers was required to complete the agreements (Interviews with Ontario and Alberta government officials). Learning has occurred, yet it can be characterized as "perverse" in nature. In other words, it appears that the provinces and the federal government have learned from previous negotiations how to better "hammer" each other to achieve their goals—increased flexibility and funding, with success only on the former for the provinces and continued limited funding with a cap and public reporting for the federal government. In contrast, learning has been much more difficult, limited and localized in regards to programmatic issues as the next section reveals.

THE INTRAGOVERNMENTAL DIMENSION: FUNDING BARRIERS

As noted above, much of the analysis and critique of recent intergovernmental relations in social policy has focused on the accountability provisions. Yet the effects actual federal funding levels have on provincial policy innovation and learning needs to be considered, especially in light of barriers introduced due to the different fiscal capacities of the provinces and the cap on the federal contribution. Simply put, a province's fiscal reality and limitations to federal funds provide different incentives and limitations for "have" and "have-less" provinces.

the "have" provinces

On the one hand, "have" provinces such as Alberta and Ontario face few limitations on programme funding and even fewer incentives to either innovate and/or expand their own spending. The federal dollars provided under either the EAPD or the LMAPD form an insignificant part of their overall programmatic spending for persons with disabilities and, as such, have little effect on their priorities. In Alberta's case, for example, the federal contribution of 22.3 million dollars under the first year of the LMAPD helped it deliver 1.7 billion dollars (annually) of disability related programmes (Canada-Alberta LMAPD Baseline Report 2004-2005). This represented a federal contribution of approximately 1.3 per cent, a figure that has remained constant to the present (see Canada-Alberta LMAPD Annual Reports 2004-2005 to 2006-2007). A similar situation exists in Ontario where the federal contribution in 2001 under the EAPD represented 1.1 per cent of its programmatic spending for persons with disabilities (65.4 million federal dollars towards 6 billion dollars spent on programmes and services; Human Resources Development Canada 2002; Ontarians with Disabilities Act Committee 2001).

Comments by government officials also reflected the insignificant federal contribution. Alberta officials were very clear in noting that their programmes "would not stop if federal dollars were terminated". As they stated, they could afford to not stop them while recognizing the fact that other provinces, especially the Maritime ones, faced

a very different situation. In short, Alberta did not need the money which also reflected their “tough” negotiation stance (Interviews with Alberta government officials). Similarly, one Ontario official emphasized the fact that it (Ontario) decides its disability policy objectives and then looks around to see “what parts can be funded from what sources of funding” while another official noted the “smallness” of the federal contribution which negated any demands the federal government could make on the province (Interviews with Ontario government officials). In other words, a much larger federal financial contribution is required if it wants to have an “active” voice in fostering innovation and facilitating learning.

The small size of the federal transfer has also not led to programme changes for the “have” provinces. In fact, they have easily found eligible expenses to qualify for the federal funds and, given their expansive set of programmes, this is not surprising. Alberta, for instance, combed employment related elements out of its addictions and mental health programmes during the EAPD’s transition phase while incorporating other educational and employment components from other programmes in order to claim its share of the funding under the last year of the EAPD and the LMAPDs. Make no mistake, no new programmes were introduced, as government officials indicated, much to the chagrin of the disability community who also stated there was “too much relabelling” going on (Interviews with officials from the Alberta government and the Premier’s Council on the Status of Persons with Disabilities).

This “reshuffling” of programmes also occurred in Ontario. Vocational rehabilitation services were replaced by employment supports offered through the Ontario Disability Support Program and programmes delivered in psychiatric hospitals were largely shifted to community mental health employment programmes (compare and contrast LMAPD Annual Reports with the EAPD National Report-Ontario section). Yet the bottom line remained the same with one official noting “we did not spend any money differently” (in terms of programmes), rather they merely shifted the pocket from which the money came (Interviews with Ontario government officials).

Moreover, the cap on the federal contribution has proved to be a disincentive or a non-incentive for the “have” provinces to try new things or to expand their own spending. It is a non-incentive in that it has not affected the priorities of Alberta and Ontario which again is largely due to the relative “smallness” of the federal contribution. The cap is a disincentive for programme innovation largely due to the costs involved in developing and implementing new programmes which can be exorbitant. No extra funds are available for programme innovations and existing funds are tenuous at best given the short term nature of the LMAPDS. Note that the LMAPD agreements were for an initial two year term with their renewal having twice been made for a one year period.

Perhaps more problematic in terms of policy innovations are policy legacies. What do you do with pre-existing programmes such as sheltered workshops or addictions services long established under the VRDP? Programmatic innovation can be a challenging endeavour when one operates within the shackles of such past programmes. A case in point lies with addiction services. On the surface, and following a narrow interpretation of the LMAPDs, a case can be made that they should not be covered, that is, the provision of substance abuse treatment and rehabilitation services have little to do with employability aspects for persons with disabilities. On the other hand, one can also see that unless addiction issues are dealt with, employability issues may be

insurmountable. In short, no consensus exists as to how these services should be classified which hampers efforts to move forward with new programmes and services and is further complicated by judicial decisions (Interview with Ontario government officials).

This is not to say that innovation in programmes will not occur in the “have” provinces. Rather, innovation will occur as a result of the provinces deciding to try something different and funding it themselves and not as a result of the LMAPDs. Alberta’s Training and Demonstration projects are a case in point. These projects, nine in 2006 alone, try to increase employers’ willingness to hire persons with disabilities by increasing their awareness of the potential pool of skilled labour among persons with disabilities. Note that the projects operate within the existing funding envelope and that their funding has been guaranteed until 2011, a full three years beyond the current LMAPD agreements (see Canada-Alberta LMAPD Annual Reports 2004-2007). As can be seen, for the “have” provinces, no incentives are provided by the LMAPDs to innovate and/or expand current spending, a matter complicated by policy legacies and the provision of insignificant amounts of federal funding.

the “have-less” provinces

Matters are very different for “have-less” provinces such as New Brunswick, Nova Scotia and Prince Edward Island (PEI) where transfers from other government sectors are an integral part of their revenue stream. This is seen in the fact that such transfers (general and specific purpose which include those from the EAPDs or LMAPDs) for the time period 1999-2000, the first year under the EAPDs, to 2006-2007, the latest year for which statistics are available, averaged 35.5, 34.8 and 38.4 per cent of total provincial revenues for New Brunswick, Nova Scotia and PEI respectively (calculations made from Statistics Canada *Public Sector Statistics* 1999-2007). This dwarfs the significance of similar transfers to Alberta (9.3%) and Ontario (12.9%) for the same time period and emphasizes the importance of actual funding levels and related mechanisms for the “have-less” provinces which is recognized by the larger “have” provinces (Interviews with Alberta and Ontario government officials).

One funding related mechanism of prime importance is in the method for calculating LMAPD transfer amounts. The “have” provinces favoured per capita funding which the “have-less” opposed due to stagnant or declining population levels which would have negatively affected their federal transfers. It was PEI that initiated and developed, in conjunction with the other “have-less” provinces, a baseline funding formula for the smaller jurisdictions with per capita funding applicable only to any additional monies in the federal transfer, an initiative which was later adopted by the parties (Social Development Canada 2003; Interviews with PEI government officials).

Interestingly, even with a guaranteed baseline funding, which effectively doubled the federal transfer to PEI under the LMAPDs for example, no new programmes were introduced. Rather, existing programmes were streamlined to fit the LMAPD agreements. In PEI's case, eligible LMAPD funding programmes were combined together under a Disability Supports Program and placed under one ministry for ease of access and accountability. More importantly, all Maritime jurisdictions continue to fund ineligible expenses with LMAPD dollars. Sheltered workshops in PEI and many mental health and addictions services in New Brunswick continue to be funded with LMAPD

dollars. As one official noted "the federal government has not said much to date about it" (PEI Social Services and Seniors - LMAPD Annual Reports 2004-2007; Canada-New Brunswick LMAPD Annual Reports 2004-2006; EAPD National Report 1999-2001; Interviews with New Brunswick government officials). Nova Scotia is emphatic on such continued funding explicitly recognizing the link between employability and the treatment and rehabilitation of persons with substance abuse problems. As they state, "clients of addiction services are considered to have a disability" and that Nova Scotia "is a leading jurisdiction in Canada and elsewhere" in such recognition (Canada-Nova Scotia LMAPD Annual Report 2006-2007: 30).

Looking broadly at the situation, the continued funding of potentially ineligible programmes may reflect the limited number of employability related initiatives in the "have-less" provinces and the pressing need to find funds to ensure programmes long established under the VRDP continue to be offered. This also brings into question the efficacy of cost matched funding (even with a cap) for smaller jurisdictions. Simply put, they lack a sufficient number of existing programmes and the resources to offer a new range of programmes to fully capitalize on federal dollars under cost matched funding formulas. As one official noted, "the time is fast approaching when some provinces will have to leave money on the table" (Interviews with New Brunswick government officials; this point is made more generally by Smith 2004).

This brings into question the cap on the federal contribution under the LMAPDs. In one sense, this is largely a non-issue in relation to the "have-less" provinces. Their limited eligible programming and their need to "find" funds to cover other on-going programmatic costs has previously been discussed. This poses a real challenge for disability organizations that desire enhanced services yet see designated funds deposited in a province's consolidated revenue fund where it is whittled away to cover other provincial expenditures, something which does not appear to occur in the "have" provinces (Interviews with New Brunswick NGO, Alberta and Ontario government officials). Programme innovations under such circumstances are indeed limited or effectively stifled. On the other hand, it is an issue, as in a resource-constrained environment, the lure of 50-cent dollars could skew provincial resources towards new or reformed programmes in this area.

DISCUSSION AND CONCLUSION

Our interviews with provincial officials and our reading of the annual reports lead us to the not entirely surprising conclusion that innovation in labour market development agreements for people with disabilities has been hindered by a variety of factors, including the bottleneck created by having accountability and learning pass through the same reporting process, and a lack of funding in the right quantity and character to enable change within provincial governments. The paper therefore provides some confirmation to the claims made about how the accountability measures of these agreements impede programme expansion, let alone greater interprovincial commonality, but it also suggests that the findings beneath such claims need to be resifted to consider the weight that financial considerations may play.

It may be that these are not entirely separate sources of inertia. The provincial unwillingness to invest in reporting may not only reflect a jurisdictional interest in not

providing information that the federal government can use against the provinces (singly or jointly). It may also reflect an unwillingness to invest in joint policy processes that require further provincial action and accountability without providing additional resources. In that case, the blockage at the accountability/learning nexus may not be a fatality, but more of a reflection of the lack of financial lubrication in the intergovernmental system. This is, of course, an issue that is hard to investigate empirically. If more money leverages more provincial buy-in, how much of this buy-in reflects an instrumental choice (do not like the conditions, but cannot pass up that kind of money), and how much reflects a genuine enthusiasm in working with a federal government willing to pay a reasonable share. Looking at the negotiation of the bilateral childcare agreements of 2005, for instance, the balance of motivations in certain provinces would seem to fall in the first camp, and others into the second. Similarly, taking an overall view of the federal spending initiatives under Paul Martin's prime ministership, Courchene (2008) argues that the extent of provincial engagement with these initiatives suggests that provinces must not have been entirely resistant to the federal role, and indeed must have considered that it had some legitimacy.

What does this suggest for those academic observers or social policy organizations that have been critical of the thin results of policies to date? The usual response to date has been to junk the new form of governance and return to tying federal transfers to enforceable conditions. The difficulties here are overcoming provincial resistance, which our discussion above showed to be quite formidable, and finding a political vehicle to carry that project given the seeming comfort of the Conservative and Liberals (and in some sense also the NDP) with the current form of negotiations. There is then the additional problem of political will in enforcing conditions, which for example may explain the lack of enforcement of the Canadian Health Act (see Choudhry 2000), even in many cases of non-compliance. The examples of the experience of have-less provinces under the EAPD/LMAPD should underline the difficulty of actually enforcing such conditions, since the firm application of conditions might well fall hardest on provinces with stretched resources.

The alternative that comes out of this paper would be to work on two fronts. It would first mean finding a way to bypass the bottleneck at the learning/accountability nexus. Jenson (2004) has suggested one way of doing so, namely the creation of "meeting places" for the ongoing review and discussion of evidence and social policy assumptions. These places could help work on the ideas and assumptions being fed into the process, and they might come to host effective institutions for social learning, including improved mechanisms for broad participation by an informed public. The second front would involve developing the political conditions for significant reinvestment, such that social policy advocates within both have and have-less provinces would have some real leverage and room to manoeuvre in renewing and expanding programmes. This room to manoeuvre might in turn contribute to more interest in, and use of, forums for learning or "meeting places." Of course, there are problems with this approach too in terms of accountability and the enforceability of social rights (Cameron 2007). Our point in this paper has not been to decide this question, which is ultimately a normative and strategic one, but to further illuminate it by unpacking the relationships surrounding recent intergovernmental policy-making, particularly the relatively neglected ones around funding.

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