



## New Brunswick Women's Council

# Pre-budget consultation 2020-2021

Submitted to the Government of New Brunswick

For government to meet its goals of managing New Brunswick's finances responsibly and moving the province toward a more prosperous future, it must think about deficits and debt in broader terms and with more comprehensive foresight. Specifically, government must develop deeper rigour in its budgeting and decision-making processes by accounting for the financial costs of social deficits and debt.<sup>1</sup> This will not only help the government better manage its finances and ensure value for money in the delivery of services, it will also open avenues of economic growth that have been inadequately leveraged to date in New Brunswick – notably the gross domestic product (GDP) gains that are associated with advancing women's equality.

Government must also develop deeper rigour in engaging the public in the design of services to address social deficits and debt. Adopting co-creation as a way of working will ensure that services are designed in collaboration with individuals and communities who need and will use the services. Designing *with*

rather than *for* people and communities will result in services that respond to on-the-ground realities effectively and are less likely to generate negative unintended consequences that will need to be addressed downstream.

This submission provides further detail on this advice, which largely relate to government's priorities of affordable and responsive government and high performing organization. Recommendations on specific investments under the priorities of vibrant and sustainable communities, energized private sector, and dependable public health care are also provided. This submission is broken into the following sections:

- Social deficits and debt in New Brunswick
- Women's equality as an economic opportunity
- Co-creation for effective services
- Specific investment recommendations for the 2020-2021 budget

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<sup>1</sup> Imagine Canada (a charitable organization that provides programs, services, and accreditation to charities; advocates for the charitable sector federally; and promotes corporate giving) uses the term social deficit to describe "the gap between projected demand for the services of charities and nonprofits, and the financial resources available to them."\* In this submission, the Women's Council builds on this term by applying it to gaps between what is needed and what is available in terms of services provided by charities, nonprofits, as well as government.

\* Emmett, Brian. (2019, May). What Does the Federal Budget Tell Us About Canada's Social Deficit?

Retrieved from <https://www.imaginecanada.ca/en/360/what-does-federal-budget-tell-us-about-canadas-social-deficit>

## Social deficits and debt in New Brunswick

Social deficits are the gap between what people need in terms of services and what is available to them (these services may be offered publicly or by the community sector).<sup>2</sup> Like fiscal deficits, social deficits do not simply disappear at the start of a new year; they become debt with interest. The interest looks like problems becoming more entrenched and complex, both in individuals' lives and as public policy issues, the longer that adequate services are missing.

These deficits and debt are not publicly accounted for with the same attention that fiscal or infrastructure deficits are; they are not typically assessed rigorously and regularly by governments to have dollar values assigned or long-term costs projected clearly.<sup>3</sup> Where fiscal and infrastructure deficits are concrete figures, social deficits are left vague—and are therefore easily minimized, overlooked, or ignored.<sup>4</sup>

When government does not account for social deficits and debt, it does not have the full picture of its fiscal reality as these deficits and debt have a financial cost that eventually comes due. As individuals go without the supports they need, they have fewer meaningful options in their lives and are more likely to end up subsisting in survival-mode. Their friends and family, as well as community organizations, will rally to attempt to cover the gap in services. As service shortfalls persist and challenges become more intractable, those trying to cover the gap will burnout from doing too much for too long with too little.<sup>5</sup>

This is where the cost lies: survival-mode and burnout mean reduced participation in the workforce, poor health outcomes, and increased use of crisis services. For government, this translates to lost tax revenue, increased stress on the health care system, and higher demand for crisis response, which is significantly more expensive than early-intervention.

Government's recent approach to funding services to address homelessness is a clear example of social deficits and debt, as well as their financial cost. As winter 2018 approached, a lack of investment in affordable and supportive housing over time, combined with inadequate addiction and mental health services and a broader housing crunch, resulted in a rise in homelessness. Crisis services like homeless shelters were overwhelmed by demand. Government responded by establishing temporary emergency shelters and supporting community groups to acquire new space for permanent shelters. In December 2019, government shared that to offset the unexpected two-million dollar expense of these measures, 65-77 existing rent subsidies would not be renewed until the new fiscal year in April 2020. Front line workers in the community pointed out that government may be wrong in assuming that it can pick up where it left off in terms of landlord engagement in April.<sup>6</sup> Low vacancy rates in the province mean that landlords (who receive the subsidies directly to house eligible renters) will have no incentive to offer subsidized units.

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<sup>2</sup> The Women's Council uses *community sector* to refer to community-based charities and non-profits and umbrella organizations that unite them, but not larger non-profit para-public institutions like universities, hospitals, or nursing homes.

<sup>3</sup> The community sector holds significant data on the effect of social deficits and debt on individuals, families, and communities, as well as the financial cost of ignoring them. The sector, however, is underfunded and primarily operating on a project-basis, leaving little capacity for research or data collection for purposes other than funding requests. For a glimpse into the conditions this sector is operating under, visit the Women's Council's public engagement initiative, [Resonate](#).

<sup>4</sup> While government does reference maintaining access to services when discussing its goals and vision, the emphasis is placed on health care and education. Based on the pre-budget survey, social services appear to be linked to government's priority area of vibrant and sustainable communities; the publicly available measurable outcomes for this priority, however, relate only to financial and environmental sustainability. The Women's Council is therefore concerned that government views social services as wants, not needs.

<sup>5</sup> In addition to burnout, they may face compassion fatigue, vicarious trauma, and post-traumatic stress disorder. Workers in the community sector are less likely than those in the for-profit or public sector to have health care benefits or employee assistance programs to support their recovery from these conditions.

<sup>6</sup> Blanch, Vanessa. (2019, December). Cuts to Housing Subsidies Shortsighted, Advocate for Homeless Says. Retrieved from <https://www.cbc.ca/news/canada/new-brunswick/lisa-ryan-homelessness-rent-subsidies-dorothy-shephard-1.5392355>

This is a textbook illustration of the kind of decisions that confound those outside the corridors of power: a lack of early intervention services leads to a crisis that government must respond to; government then covers the cost of their response by further reducing early intervention services, thereby exacerbating the conditions that caused the situation in the first place and guaranteeing future crises.

When this cycle is pointed out to government, its response is that the books must be balanced, so the cuts needed to happen even if they undeniably perpetuate the very issue government is trying to address. But what if the books were more comprehensive and included social deficits and debt and foresight about the long-term cost of short-term cuts? Situations like the homelessness crisis would happen less frequently if that level of rigour was part of the decision-making process.

Reducing the frequency of these situations is not only the humane thing to do, but also aligns with government's commitment to value for money in the delivery of services. In Lean Six Sigma, the need for crisis responses to homelessness would be understood as failure demand: "the delivery or production of products and services downstream, as a result of defects in the system upstream."<sup>7</sup> While the intervention is absolutely necessary, it offers poor value for money because it could have been avoided with lower-cost early interventions. The alternative would be approaching homelessness with a longer-term view and a commitment to addressing the problem upstream through housing supports. This would provide more stability to those who are precariously housed or experiencing homelessness as well as the organizations that serve them. It would also be cheaper: a 2007 report on addressing homelessness

in Toronto from the Wellesley Institute found the cost of rent supplements and supportive housing to be \$701 and \$199.92 a month per person respectively compared to \$10 900 for a hospital bed, \$4 333 for provincial jail, or \$1 932 for a shelter bed. While the numbers are dated and based out-of-province (see footnote 2 on the limitations the community sector faces in producing up-to-date research) they provide an idea of the costs of crisis response compared to early intervention.<sup>8</sup>

Government says that it does not want to put off tough decisions or pass on a burden of debt to future generations—but underinvesting in services will do just that. By looking at a balance sheet that fails to account for social deficits and debt, government feels justified to make decisions that reduce critical services and are guaranteed to produce expensive failure demand down the line.

### **Women's equality as an economic opportunity**

Social deficits and debt are not gender neutral. These service shortfalls disproportionately affect women and slow progress toward women's equality—and in doing so, also stifle a potential source of GDP growth.

The Institute for Gender and Economy at the University of Toronto's Rotman School of Business explains that "[t]his is often referred to as the "triple whammy" impact of cuts to social services: women are the primary users and deliverers of public services and most likely to pick up the slack when services are cut. Women are more likely to replace losses in public benefits with unpaid work, constraining women's ability to participate in the labor force."<sup>9</sup> The Canadian Centre for Policy Alternatives reports that cuts to public service "have made the imbalance (of unpaid

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<sup>7</sup> Lean Consulting. Failure Demand. Retrieved from <https://leanconsulting.com/lean-resources/lean-six-sigma-white-papers/failure-demand/> on February 24, 2020

<sup>8</sup> Shapcott, Michael. Wellesley Institute. (2006). Framework for the Blueprint to End Homelessness in Toronto. Retrieved from [https://www.wellesleyinstitute.com/wp-content/uploads/2011/11/Blueprint\\_TheFrameworkfinal.pdf](https://www.wellesleyinstitute.com/wp-content/uploads/2011/11/Blueprint_TheFrameworkfinal.pdf)

<sup>9</sup> Coovadia, Zainab & Kaplan, Sarah. University of Toronto Rotman School of Management, Institute for Gender and the Economy. (2017) Gender budgeting: A tool for achieving equality. Retrieved from <https://www.gendereconomy.org/gender-budgeting-a-tool-for-achieving-equality/>

work by men v. women) worse, as women fill the gap left by federal and provincial governments.”<sup>10</sup> This effect is recognized internationally as well. The Gender Development Network (a membership-based organization in the United Kingdom whose members are academics and non-government organizations including Oxfam, the British Red Cross, Amnesty International, and UN Women UK) affirms that “cuts in public spending have reduced state provision of care services, leaving women to make up the shortfall through their unpaid care work. This reduces women’s time for paid employment, political activity or leisure and puts further pressure on women’s health.”<sup>11</sup>

This limits economic growth opportunities by slowing down progress on women’s equality. According to McKinsey Global Institute (MGI), “Accelerating progress toward gender equality is not only a moral and social imperative, it would also deliver a growth dividend for Canada... by taking steps to address this issue, Canada could add \$150 billion in incremental GDP in 2026 or see a 0.6 increase of annual GDP growth. That’s 6 percent higher than business-as-usual GDP growth forecasts over the next decade. Put another way, this figure is equivalent to adding a new financial-services sector to the economy.” MGI pegs New Brunswick’s growth in this scenario at 3-4% above business-as-usual.<sup>12</sup>

While most of the increase would be derived from women’s participation in the workforce (e.g. seeing more women in high productivity sectors, boosting their participation in the workforce, and increasing their paid working hours), MGI is also clear this participation cannot be achieved without addressing

gender equality more broadly. MGI specifically points to five priority areas: “removing barriers against women entering STEM fields, enabling more women to be entrepreneurs, reducing gender inequalities in child care and unpaid care work, amplifying women’s voice in politics, and reducing gender bias and reshaping social norms.”<sup>13</sup> This provides yet another fiscal rationale for addressing social deficits and debt: advancing women’s equality is a growth opportunity for this province, but it cannot be leveraged without gender inequality issues like social deficits and debt being addressed.

### **Co-creation for effective services**

For services to reduce social deficits, address longstanding social debt, and not result in failure demand downstream they have to be effective – they need to address the real problem in the right way. One of the best ways to increase the odds of a service’s success is by involving the people and communities who are impacted by the situation in the process of identifying the problem, designing the services that will address it, and establishing how the services will be evaluated. This is co-creation.

Too often, however, this is not what happens. Due to capacity challenges, timing constraints, and deeply entrenched ways of working, public servants who have technical expertise but are disconnected from the on-the-ground reality of situations are charged with defining the problem, developing solutions, and establishing the evaluation criteria. Additionally, these public servants may be aware they are operating under unspoken constraints and propose the best

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<sup>10</sup> McInturff, Kate & Lambert, Brittany. Canadian Centre for policy Alternatives and Oxfam Canada. (2016). Making Women Count- The Unequal Economics of Women’s Work. Retrieved from [https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2016/03/Making\\_Women\\_Count2016.pdf](https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2016/03/Making_Women_Count2016.pdf)

<sup>11</sup> Gender Development Network. (2018). Submission to the Independent Expert on foreign debt and human rights on the links and the impact of economic reforms and austerity measures on women’s human rights. Retrieved from <https://www.ohchr.org/Documents/Issues/Development/IEDebt/WomenAusterity/GenderDevelopmentNetwork.pdf>

<sup>12</sup> Devillard, Vogal, Pickersgill, Madgavkar, Nowski, Krishnan, Pan and Kechrid. (2017, June). The Power of Parity: Advancing Women’s Equality in Canada. Retrieved from <https://www.mckinsey.com/featured-insights/gender-equality/the-power-of-parity-advancing-womens-equality-in-canada>

<sup>13</sup> Devillard, Vogal, Pickersgill, Madgavkar, Nowski, Krishnan, Pan and Kechrid. (2017, June). The Power of Parity: Advancing Women’s Equality in Canada. Retrieved from <https://www.mckinsey.com/featured-insights/gender-equality/the-power-of-parity-advancing-womens-equality-in-canada>

approach that they believe decision-makers will support, not what they think is the best approach overall.

Governments—including but not limited to the current one—also often rely on superficial engagement and consultation, which erodes public trust. Take, for example, the current budget consultation that this submission is in response to. The consultation period is open until February 25<sup>th</sup> for a March 10<sup>th</sup> budget speech; will the public believe that in the nine working days between the close of the consultation and the tabling of the budget that their input will be given fulsome consideration? Government has also announced significant changes to rural hospital services while its pre-budget online survey is soliciting input on health care service delivery.

Co-creation will not only result in better services but will also increase public trust in government. This, in turn, can help ensure that evidence-based decisions and investments in effective services are resistant to being cut or altered without good reason. To ensure value for money, good services alone are not enough—they must be consistently available over time with changes based on users' needs and not government preference.

The conditions for co-creation are already being fostered in the civil service through processes like gender-based analysis and work being done by the Innovation and Design Services Unit. The community sector also can offer invaluable support to government in better understanding on-the-ground realities and building relationships with impacted people and communities so that co-creation is possible. The sector also has experience in many of the skills and approaches used in co-creation, though it rarely uses design language to describe them (user-centred, for example, would be “meeting people where they are at” in community sector parlance). Additionally, many of the principles of entrepreneurship that government admires and

are useful in co-creation processes, such as being lean or agile, are also fundamentally embedded in community organizations seeking to advance social causes—again, they are simply using different language to describe it.<sup>14</sup> The expertise and effectiveness of the sector is undeniable: in the Women's Council's Resonate initiative, which surveyed over 1 300 women in New Brunswick, the most common answer to a question on what is working well to improve the lives of women in the province was community-based organizations—government came in second.<sup>15</sup>

Despite all that it can offer, the community sector largely has a transactional relationship with government in which it receives (often insufficient) funding to deliver services; on the whole, it is not engaged adequately for its expertise or its ability to connect government to people and communities impacted by issues (the existence of this sector is, in fact, often not even acknowledged in government's significant speeches). Resonate found that one of the main struggles that community-based organizations face is engagement with government.

### **Specific investment recommendations for the 2020-2021 budget**

The priorities of vibrant and sustainable communities, energized private sector, and dependable public health care are profoundly interdependent as the private sector cannot thrive without strong communities or healthy New Brunswickers. It is, after all, people who are the workers, entrepreneurs, researchers, and buyers who drive the private sector.

Resonate validates this perspective. Through this initiative, the council identified the top issues that had both affected women's lives and that women said needed to be addressed in order to improve things for women as a group in New Brunswick: health care, economic security and employment, access to

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<sup>14</sup> Thomas, Hanna. (2019, September). Why Don't We Just Call Agile What it is: Feminist. Retrieved from <https://medium.com/@Hanna.Thomas/why-dont-we-just-call-agile-what-it-is-feminist-8bdd9193edba>

<sup>15</sup> New Brunswick Women's Council. (2019, November). Indigenous Women in New Brunswick. Retrieved from [https://resonatenbresonances.ca/Resonate\\_Indigenous\\_women.pdf](https://resonatenbresonances.ca/Resonate_Indigenous_women.pdf)

and provision of care, safety and violence, and gender inequality and discrimination. Women often explicitly identified the connections between priority areas, naming that economic insecurity left them unable to leave violent relationships; that between their low wages and the cost of child care they are barely breaking even; that the exhaustion from the unpaid care labour they were providing prevented them from thriving; and that discrimination meant limited job opportunities, to name only a few examples.

Taking into account both government's and women's priorities, the Women's Council makes the following recommendations. Many of these are interrelated and each will help to close social deficits and address social debt, reduce future failure demand, and contribute to advancing women's equality.

- Increase funding for Preventing and Responding to Sexual Violence in New Brunswick: A Framework for Action. Funding the framework will help close service gaps for survivors of sexual violence and provide better support for community organizations addressing this issue. As the framework is premised on collaboration between government and the community sector, it is also an opportunity for government to build its capacity for co-creation.
- Provide supports for immigrant women seeking to enter the workforce. As government works to grow the population and workforce through immigration, this population requires tailored supports. The Women's Council recommends working with partners like the New Brunswick Multicultural Council and its partner agencies to increase employment opportunities for women immigrants and newcomers in all fields and at all levels of work.
- Reduce poverty. This will require:
  - addressing the low wages that individuals in traditionally women dominated fields earn (this includes early childhood educators and care providers, such as homecare workers) and expanding pay equity legislation to cover the private sector (in 2017, The Institute for Women's Policy Research conducted work estimating that equal pay for women would reduce the poverty rate for working women by half);<sup>16</sup>
  - moving the minimum wage toward a living wage as this would not only improve women's economic security (according to 2017 numbers, women accounted for 57% of minimum wage workers in the province<sup>17</sup>—and the number of women earning minimum wage is growing<sup>18</sup>) but also contribute to addressing the systemic undervaluing of women's labour (as the majority of minimum wage jobs are for labour that is traditionally considered to be “women's work” such as retail, customer service, office or sales support, hospitality and food service) which would support broader effort to address gender-based discrimination; and
  - schedule gradual increases to bring social assistance rates to the Market Basket Measure levels.
- Provide longer-term, sustainable operational funding models for the community sector to support service delivery, internal capacity-building, and improve wages for workers. This will also support the conditions required for co-creation.

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<sup>16</sup> Hartman, Hayes, Huang and Milli. (2017). The Impact of Equal Pay on Poverty and the Economy. Institute for Women's Policy Research. Retrieved from <https://iwpr.org/wp-content/uploads/2017/04/C455.pdf>

<sup>17</sup> Department of Post-Secondary Education, Training and Labour, Province of New Brunswick. (2018, May). 2018 Minimum Wage Report. Retrieved from [https://www.nbjobs.ca/sites/default/files/pdf/2018\\_minimum\\_wage\\_report\\_v1\\_en.pdf](https://www.nbjobs.ca/sites/default/files/pdf/2018_minimum_wage_report_v1_en.pdf)

<sup>18</sup> Women's Equality Branch, Executive Council Office, Province of New Brunswick. (2016). Equality Profile, Women in New Brunswick. Retrieved from <https://www2.gnb.ca/content/dam/gnb/Departments/eco-bce/WEB-EDF/pdf/en/Equality%20Profile%202016-PDF-E-.pdf>

- Enable pharmacists to bill Medicare for assessing urinary tract infections, as recommended by the New Brunswick Pharmacists' Association.<sup>19</sup> The present system, in which individuals can pay out of pocket for these services from a pharmacist, creates unequal access for those who can pay the fee versus those who cannot. The Women's Council also recommends that government explore expanding pharmacists' regulated scope of practice to allow them to prescribe hormonal birth control; should this be integrated into the services pharmacists can offer, it too should be eligible for billing to Medicare to ensure equitable access to health care regardless of income. This will help improve women's access to health care in New Brunswick while reducing stress on family practices, community health centres, walk-in clinics, and hospitals.
- Increase support for midwifery services in New Brunswick. Midwifery care saves money and reduces stress on hospitals and specialists by moving low-risk pregnancies into a community health care setting. The existing demonstration site in Fredericton must be better resourced not only to serve the local community, but also to generate data required for evaluating the site and planning an expansion of midwifery services to more regions of the province.
- Work with Clinic 554 to co-create a solution to prevent their impending closure. While Clinic 554 operates as a family practice, it is also the lone out-of-hospital surgical abortion provider in the province and offers specialized LGBTQ2S+ health care for New Brunswickers as well as individuals from Prince Edward Island; it is not compensated by Medicare for surgical abortions and it is not adequately compensated for the complex care it provides to trans persons, which has left it financially vulnerable and at risk of closure.
- Increase the availability of mental health services. This will relieve pressure on family practices, community health centres, walk-in clinics and hospitals. Given the current social deficit and debt in mental health services, early-intervention, ongoing maintenance, and crisis services must all be available.

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<sup>19</sup> New Brunswick Pharmacists' Association. (2018, June). Election Priorities: Prescription for Progress. Retrieved from <https://nbpharma.ca/news/43>