

NEWS RELEASE

Chretien-era welfare reforms offer blueprint to cure Canada's costly health-care system

September 22, 2016
For immediate release

TORONTO—To fix Canada's costly and under-performing health-care system, the federal government should learn from the welfare reforms of the 1990s that empowered provinces to lower costs while improving services, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

The provinces and federal government are currently negotiating a new health-care funding agreement as the current deal expires in April of next year. Last year, health-care costs consumed more than 40 per cent of provincial budgets on average, and they're estimated to rise to more than 47 per cent by 2030.

"Escalating costs defined the welfare system of the 1990s as well as today's Canadian health-care system, which is plagued by long wait times and consistently underperforms relative to other countries with universal access," said Bacchus Barua, senior economist for health-care studies at the Fraser Institute and co-author of *Less Ottawa, More Province: How Decentralization Is Key to Health Care Reform*.

In 1994, more than 10 per cent of Canadians—a staggering 3.1 million people—were on welfare, an increase of more than 100 per cent from 1975.

At the same time, as part of its deficit restructuring plan, the federal government led by Prime Minister Jean Chretien reduced federal welfare transfers to the provinces in 1995, but also cut the strings attached to the funding, spurring innovation and savings among the provinces.

Subsequently, by 2010, the number of Canadians on welfare had dropped to less than five per cent and welfare as a share of provincial program spending dropped to four per cent by 2009, down from seven per cent in 1994.

"The welfare reforms of the 1990s are a great example that policymakers should follow for health care. Keeping the system universally accessible, but giving provinces more autonomy and flexibility to innovate with financing and services are the keys to improving the performance of our health-care system," said Ben Eisen, director of provincial prosperity studies at the Fraser Institute and study co-author.

(30)

MEDIA CONTACT:

Ben Eisen, Director, Provincial Prosperity Studies
Fraser Institute

Bacchus Barua, Senior Economist, Health Policy Studies
Fraser Institute

To arrange interviews with Ben Eisen or Bacchus Barua or for more information, please contact:

Bryn Weese
Media Relations Specialist, Fraser Institute
Office: (604) 688-0221 ext. 589
Cell: (604) 250-8076
bryn.weese@fraserinstitute.org

The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit www.fraserinstitute.org