

Building a robust and sustainable care economy

Submission to The Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on labour shortages, working conditions, and the care economy.

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“So, let's get one thing straight - we all depend on the care economy. In fact, we saw in stark terms during the pandemic that we don't have an economy without care, be that for young children, the sick, or the elderly. We all depend on caregivers, informal and formal. We also saw, though advocates have been saying it for years, that often those we most rely on to keep society and the economy going are the most undervalued, both socially and economically.”

-Minister Karina Gould (*Commission on the Status of Women 2022*)

The Care Economy is Essential yet Undervalued

Everyone needs care, and much of it is provided by nonprofits

Care work meets the physical, psychological, and emotional needs of everyone: adults and children, the old and young, the frail and able-bodied.¹ It creates the conditions for the economy to function and is indispensable to our collective well-being.

Care work can be understood in three overlapping ways:

- Direct, face-to-face caring activities;
- Indirect caring or domestic labour activities that create the preconditions for reproducing and maintaining people and households;
- Direct and indirect activities that ensure the development and transmission of knowledge, social values, and cultural practices. This includes the emotional labour involved in

¹ ONN's definition of care work is adapted from the [International Labour Organization](https://www.ilo.org/gateway/topics/care-economy) and many feminist scholars.

sustaining relationships within families, friends, colleagues, neighbours, and broader community.

The care economy is the sum of these paid and unpaid activities. Many care work industries are entirely or partly composed of nonprofit workplaces: child care, long-term care (LTC), home care, meals on wheels, developmental and disability services, shelters and supportive housing, community health centres, gender-based violence services, mental health and addiction supports, family services, settlement and refugee services, and employment and training services. This submission focuses on the nonprofit portion of the care economy.

Care jobs are growing and are resistant to technology

Demand for affordable, accessible, inclusive, and high-quality care across Canada will continue to grow as baby boomers age, our working age population shrinks, and women's participation in the labour market increases (as women usually take on the bulk of unpaid care work). Extensive waitlists for care services demonstrate how the pandemic has both magnified and increased unmet needs for affordable and quality care. The World Economic Forum forecasts that over the next three years, 40 per cent of projected job opportunities are emerging in the care economy.²

Unlike in other industries where technological disruption is eradicating jobs, in the care economy, technology will assist care workers in doing the work. Care jobs are least likely to be automated or taken over by robots because they require mostly complex cognitive tasks (e.g., critical thinking, judgement, situational awareness, creative problem-solving) and emotional intelligence that can only be done by people in the foreseeable future. Other tasks can change or be complemented with the use of technology, but the job itself will still not be replaced. Technology can take over mundane tasks, leaving time for care workers to focus on what they do well. Only 11 per cent of jobs in the "health care and social assistance" industry - the North American industry classification code in which many care jobs fall into - are at high-risk of automation, compared to the Canadian average of 20 per cent across all industries.³

Systemic devaluation of care work is rooted in gender and race

Care work is predominantly performed by women, particularly Black, newcomer, migrant, and racialized women.⁴ This is because, historically, women were concentrated in industries and occupations that are aligned with their traditional gender roles while systemic racism has

² World Economic Forum. "Jobs of Tomorrow: Mapping opportunity in the new economy." January 2020. http://www3.weforum.org/docs/WEF_Jobs_of_Tomorrow_2020.pdf

³ Darren Gresch. "Responding to Automation: How adaptable is Canada's labour market." May 2020. <https://www.conferenceboard.ca/e-library/abstract.aspx?did=10626>; Rosalie Wyonch. "The Next Wave: Automation and Canada's Labour Market." November 2020. <https://fsc-ccf.ca/research/the-next-wave-automation-and-canadas-labour-market/>

⁴ Farhana Khanam, Manon Langevin, Katherine Savage, and Sharanjit Uppal. "Women working in paid care occupations." January 25, 2022. https://www150.statcan.gc.ca/n1/en/pub/75-006-x/2022001/article/00001-eng.pdf?st=xtP87_6

confined racialized women to care work.⁵ As a result, care work is vastly undervalued, low-waged, precarious, and lacks benefits and pension plans - all cornerstones of decent work. Systemic devaluing of the care economy significantly drives down women's economic security overall.

The care economy is in serious trouble after years of neglect

Two decades of austerity measures at the federal and provincial/territorial levels have left Canada ill-prepared to respond to the growing care deficit.⁶ The distribution of care work across the state-market-community-family nexus has shifted as different levels of governments withdrew from or devolved responsibility for delivering care. As a result, the nonprofit sector has assumed a critical role in Canada's care economy, albeit on precarious financial terms that expose individuals providing these services and Canadians relying on them to significant risks. Antiquated funding agreements that do not fund the true cost of delivering care services means nonprofits cannot recruit and retain the best people to perform care work and communities cannot access affordable and high-quality care.

But the nonprofit business model is worth preserving because it centres people and well-being to safeguard quality for public interest. The key elements that differentiate them from for-profit business models are:

- Nonprofit business models put mission first, not profit. Any generated profits are reinvested back into the organization rather than disseminated to shareholders. Providing programs and supports in communities is not a short-term endeavor to a longer-term financial goal, but rather to build stable systems of care and function as anchors in communities.
- Volunteer board members govern nonprofits, ensuring local community voices and needs are represented.
- Nonprofit assets are community-owned where ownership is based on community needs rather than on building a real estate portfolio, ensuring public investment in capital infrastructure remains within a community. Nonprofit assets are rarely sold. If the nonprofit is defined as a public-benefit nonprofit in Ontario, their real estate can only be transferred to another nonprofit or to government.
- Incorporated nonprofits are subject to various provincial and federal regulations and must adhere to higher standards of accountability, oversight, and transparency. This is of particular importance when using taxpayer dollars.

⁵ Ontario Nonprofit Network. "Decent Work for Women - A literature review of women working in Ontario's nonprofit sector." 2018. <https://theonn.ca/our-work/our-people/decent-work/literature-review/>

⁶ Canadian Women's Foundation, Canadian Centre for Policy Alternatives, Fay Faraday and Ontario Nonprofit Network. "Resetting Normal: Women, Decent Work and Canada's Fractured Care Economy." June 2020. <https://theonn.ca/our-work/our-people/decent-work/resetting-normal/>

- Numerous studies⁷ in Canada and other jurisdictions demonstrate how the nonprofit model delivers higher quality, more affordable, and more inclusive direct and indirect care services than for-profits.
- Nonprofits are the very few types of organizations that actively seek out partnerships with others doing similar work with the goal of collaboration and innovation to better serve communities.
- By leveraging the contributions of donors and volunteers, nonprofits provide greater value for community members and government dollars.

Care services are at risk of financialization

In Canada, governments and nonprofits have traditionally engaged in partnerships to build and operate care infrastructure. Community assets, such as seniors' homes, child care centres, and supportive housing options, serve people locally and are accountable to communities through their volunteer boards of directors. Nonprofit services are rarely sold and remain in their communities providing services, often for decades. Over the long-term, there is stability of essential services and public assets remain in public hands.

Since the 1990s, however, this nonprofit care system has been eroded in numerous service delivery areas. Large, for-profit chains have persuasively presented themselves as better-positioned to provide these local services and better-financed to build and own the facilities that house them. For-profit companies offer governments the promise of ready capital, greater efficiencies, cheaper services, and reduced governmental risk. However, private companies pay more for capital than governments who have better borrowing capacity, so construction is more expensive, as numerous experts have pointed out.⁸

The bigger problem, however, has turned out to be financialization of care services. That is, when off-shore shell corporations, private equity firms, or companies listed on the stock market deliberately buy, sell, and leverage (load up with debt) care services for large profit gains and real estate portfolios.⁹ In numerous jurisdictions, financialized care services have left governments without facilities they have been paying to finance and maintain over the years - and so the government ends up paying twice. Years of operating funding as well as any capital investments are never recouped by the public treasury when the asset is sold. For-profit ownership leaves care

⁷ ONN. "Keeping human services in community hands: Why nonprofits deliver better". 2020. https://theonnc.ca/wp-content/uploads/2020/06/Keeping-human-services-in-community-hands_-Why-nonprofits-deliver-better-June-2020.pdf?mc_cid=3272b77f3e&mc_eid=e798c86726; Ontario Nonprofit Network. "Not for Sale: The case for nonprofit ownership and operation of community infrastructure." 2018. https://theonnc.ca/wp-content/uploads/2020/06/Not-for-Sale-2018-FINAL.pdf?mc_cid=3272b77f3e&mc_eid=e798c86726

⁸ Office of the Auditor General of Ontario. "Public-private Infrastructure Projects Can Be Expensive, Auditor General Says." December 9, 2014.

www.auditor.on.ca/en/content/news/14_newsreleases/2014news_3.05.pdf

⁹ Jackie Brown. "The dangers of financialized long-term care." January 20, 2021. <https://healthydebate.ca/2021/01/topic/dangers-financialized-long-term-care/>

services vulnerable to foreign takeovers which can threaten both the quality of care and the quality of jobs - and create the risk of closures if they are not sufficiently profitable.¹⁰

Moreover, big-box ownership comes with a shareholder motive where profit generation is an indicator of success and so comes at the cost of quality of care and working conditions. This is money that leaves the system and benefits investors rather than improving quality of care, affordability, accessibility, and inclusivity for Canadians.¹¹ The risky financialized business model common to chains, whether publicly traded or not, puts profit extraction first.

The following examples of financialized care services are warnings for Canada:

- Across the country and in multiple provinces, for-profit LTC homes were overrepresented among homes that had COVID outbreaks and also experienced higher death rates from the virus; those owned by corporate chains performed the worst.¹²
- For-profit corporate chains Extencicare, Sienna Senior Living, and Chartwell Retirement Residences collectively distributed nearly \$171 million to their shareholders.¹³
- Public health authorities had to take over operations of five LTC homes in B.C. and Alberta – owned by the troubled Beijing-based Anbang Insurance Group investment firm.¹⁴
- Growth in for-profit child care in Canada is not occurring in independent home-based providers (licensed or not), but through “big-box” for-profit chains in both home-based and agency-based child care, which now own a substantial portion of for-profit child care centres in Canada.¹⁵ For-profit child care in Canada increased from 20 per cent in 2004 to 30 per cent in 2016.¹⁶

¹⁰ Steven Chase. “No pledge to create new Canadian health care jobs in Chinese takeover.” *Globe and Mail*. February 22, 2017.

<https://www.theglobeandmail.com/news/politics/no-pledge-to-create-new-canadian-jobs-in-anbang-deal/article34116476/>

¹¹ Lisa A. Ronald et al. “Observational Evidence of For-Profit Delivery and Inferior Nursing Home Care: When is There Enough Evidence for Policy Change?” April 19, 2016. <https://doi.org/10.1371/journal.pmed.1001995>

¹² Nathan M Stall et al. “For-profit long-term care homes and the risk of COVID-19 outbreaks and resident deaths.” August 17, 2020. <https://www.cmaj.ca/content/192/33/E946>; Jackie Brown, Amit Arya, Andrew Longhurst. “How can we start to make Canada’s long-term care homes about care, not profit?” September 15, 2021.

<https://policyoptions.irpp.org/magazines/septembe-2021/how-can-we-start-to-make-canadas-long-term-care-homes-about-care-not-profit/>;

¹³ Kenyon Wallace, Ed Tubb, Marco Oved. Big for-profit long-term-care companies paid out more than \$170 million to investors through Ontario’s deadly first wave. December 26, 2020.

<https://www.thestar.com/news/gta/2020/12/26/big-for-profit-long-term-care-companies-paid-out-more-than-170-million-to-investors-through-ontarios-deadly-first-wave.html?rf>

¹⁴ Elise von Scheel. “Why officials took over this Calgary seniors home with a COVID-19 outbreak.” May 6, 2020.

<https://www.cbc.ca/news/canada/calgary/millrise-calgary-seniors-covid-pandemic-von-scheel-1.5554991>

¹⁵ Martha Friendly. “A bad bargain for us all: Why the market doesn’t deliver child care that works for Canadian children and families.” May 2019.

<https://childcarecanada.org/sites/default/files/OP31-A-bad-bargain-for-us-all.pdf>

¹⁶ Child Care Now. “An Analysis of the Multilateral early Learning and Child Care Framework and the Early Learning and Child Care Bilateral Agreements.” February 2019.

https://timeforchildcare.ca/wp-content/uploads/2019/03/Main-Report-English-v7.2-Screen_compressed.pdf

- The UK's Busy Bees chain, which also operates in Canada, has been sold and bought over four times while simultaneously overtaking smaller child care centres in Europe and Australia. More recently, it was bought by the Ontario Teachers' Pension Plan while some standalone centres were bought by Home Consortium (HMC), a fund listed on the Australian Stock Exchange.¹⁷

HR crisis in the nonprofit care economy

Over the past eight months, ONN has heard from its network that nonprofit care services are facing overwhelming staff and volunteer vacancies. It appears that nonprofit care services may be facing at least one of the following phenomena: the great resignation, where there are enough people to work but they do not want to work in the jobs available, and/or a labour shortage, where there are not enough people to work in the available jobs. In both instances, the supply of care workers would expand if job quality is improved. Below is a summary table of what ONN is hearing from its network in Ontario and across the country.

Issues	Impact
<ul style="list-style-type: none"> -Staff experiencing burnout, high stress, low morale, vicarious trauma, mental health concerns -Staff pushback to return to in-person work -Employers having difficulty implementing vaccine mandates -Reduced staff due to decline in revenues and implementation of vaccination policies -Skills shortage with emerging technological disruptions -Low pay, limited benefits, contract-based jobs -Lack of wage parity across sectors for the same job (e.g., loss of early childhood educators or personal support workers to the 	<ul style="list-style-type: none"> -Resignations and turnover at all levels: frontline, senior leadership, and the board of directors -Early retirements and limited leadership pipeline -Employers struggling to recruit and retain workers, job vacancies, no applications, applicants failing to show up to interviews -Nonprofit invests resources into training staff to only have them gain experience and leave for the same job in a better paying sector -Increasing pressure on paid staff to do more with less and low job quality -Care workers cannot live and work in expensive urban centres, save for retirement, and other life milestones, and many live pay

¹⁷ Sean Farrell "Busy Bees nursery set to go global after sale to Ontario Teachers' Pension Plan." November 1, 2013.

<https://www.theguardian.com/business/2013/nov/01/busy-bees-nursery-buyout-ontario-teachers-plan>;

Rhys Prka. "HomeCo (ASX:HMC) announces \$132m worth of acquisitions." May 17, 2021.

<https://themarket Herald.com.au/homeco-asxhmc-announces-132m-worth-of-acquisitions-2021-05-17/>

<p>public sector or private sector signing bonuses)</p> <p>-Increased use of and reliance on temporary agencies to staff care services for double the cost</p> <p>-10-20 years of stagnant funding from governments to deliver services in communities</p>	<p>cheque to pay cheque or work multiple jobs/shifts to make ends meet</p> <p>-Rationing, reducing, and shutting down services, especially in rural areas</p> <p>-Nonprofit selling-off of community/public owned assets to stay afloat, closing, filing for bankruptcy</p> <p>-Loss of public funding to temporary agencies</p> <p>-Governments left with even higher and acute needs, populations, and costs</p>
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Nonprofit care services have always faced HR challenges and barriers to providing high-quality work in the sector. However, this moment is different as the HR situation is rapidly deteriorating to a crisis point. The sector and its workers have been on the frontlines of a global pandemic. The cost of living is increasing rapidly. There is limited care infrastructure to offload unpaid care work in the home, and people are reconsidering - whether by choice or force - what type of work they want to do and the role work plays in their lives.

At the same time, demand for nonprofit care services is growing, earned-income revenues are down, and government funding has not kept up with increases in population as well as the cost of program delivery for the past 20 years. As a result, the quality of work is suffering when it is more important than ever for nonprofits to recruit and retain the best people to carry out our sector's community-oriented missions and solve the most complex social problems of our time.

Over the past year, unfilled job vacancies have shot up in Canada by 53 per cent in hospitals, and 49 per cent in nursing and residential care facilities. By the second quarter of 2021, almost 100,000 healthcare sector jobs went unfilled (in a workforce of over 2.5 million people).¹⁸ Child care, essential for women to return to work post COVID, is reporting reduced capacity in centres due to staffing shortages.¹⁹ Recent statistics indicate that Ontario's home care system has lost 3,000 nurses, hundreds of skilled therapists, and thousands more personal support workers.²⁰

Addressing the working conditions and acute labour shortage in the care economy will require a multi-factored approach. While this may seem daunting, since reliance on women's underpaid

¹⁸ Statistics Canada. "Job vacancies, first quarter 2021." June 22, 2021.

<https://www150.statcan.gc.ca/n1/en/daily-quotidien/210622/dq210622a-eng.pdf?st=25a1SZ98>

¹⁹ CBC News. "Employment among child-care workers 21% lower in February 2021 than in previous year: StatsCan." June 2021.

<https://www.cbc.ca/news/canada/toronto/statistics-canada-child-care-workers-study-employment-lower-pandemic-1.6081944>

²⁰ Ontario Community Support Association. "7 Reasons to Care" February 2022.

<https://irp.cdn-website.com/9100a73e/files/uploaded/OCSA-PreBudgetReport2022-web.pdf>

and unpaid work is deeply embedded in our social fabric, the pandemic has exposed how essential it is that all orders of government seriously address the systemic inequities that have caused a crisis in the care economy.

Investments in the care economy yield long-term benefits

Emerging evidence across jurisdictions demonstrates that levelling up the care sector - boosting care services, ensuring care work is decent work, and taking profit out of care - has significant social, economic, and ecological benefits. It is good for women (both those who rely on and work in care), good for the economy, good for the environment, and good for government revenues as it is certain to pay large dividends in improving the well-being of Canadians. Raising the floor for and expanding care can help achieve gender and racial equity in Canada.

- Ensuring care work is nonprofit-operated will put up to 24 per cent more dollars into the quality of care and staff wages.²¹
- Economic modeling in the US suggests an annual public investment of \$77.5 billion in child care, residential care, and home health care will generate over \$220 billion in new economic activity annually and 22.5 million new jobs over 10 years.²²
- In the UK, investing in care work over construction would create 2.7 times as many jobs and increase employment overall by five per cent. Half the investment could be recouped by the Treasury in direct and indirect tax revenue, and the policy choice would produce 30 per cent less greenhouse gas emissions.²³
- A robust care infrastructure can deliver cost savings in other public systems like health care, education, social services, justice, and housing.²⁴
- Policy analysis in the US has highlighted how the care economy has the potential to be a green and decarbonized economy as care jobs fit the “definition” of green jobs. Care jobs are necessary for sustaining economies and societies and they contribute less to climate change in comparison to other sectors of the economy.²⁵ Families can rely on robust care infrastructure to transition out of dying industries (fossil fuel workers) and re-skill and retrain for clean energy jobs.

²¹ The Office of the Seniors Advocate. “A Billion Reasons to Care.” February 2020.

<https://www.seniorsadvocatebc.ca/osa-reports/a-billion-reasons-to-care/>

²² Ontario Community Support Association. “7 Reasons to Care” February 2022.

<https://irp.cdn-website.com/9100a73e/files/uploaded/OCSA-PreBudgetReport2022-web.pdf>

²³ Women’s Budget Group (UK). “A Care-Led Recovery from Coronavirus.” June 30, 2020.

<https://wbg.org.uk/analysis/reports/a-care-led-recovery-from-coronavirus/>

²⁴ Ontario Community Support Association. “7 Reasons to Care” February 2022.

<https://irp.cdn-website.com/9100a73e/files/uploaded/OCSA-PreBudgetReport2022-web.pdf>

²⁵ A Feminist Green New Deal Coalition Brief. “Care & Climate: Understanding the Policy Intersections.” April 2021.

<http://feministgreennewdeal.com/wp-content/uploads/2021/04/FemGND-IssueBrief-Draft7-Apr15.pdf>

Amanda Novello and Greg Carlock. “Redefining Green Jobs for a Sustainable Economy.” December 1, 2019.

<https://www.dataforprogress.org/memos/redefining-green-jobs>; Kate Aronoff. “Care Work is Climate Work.”

April 9, 2021. <https://newrepublic.com/article/161998/care-work-climate-work>; Karel Hermans. “Caring

Jobs are Green Jobs.” July 10, 2020. <https://cpj.ca/caring-jobs-are-green-jobs/>

Investing in care work makes fiscal sense. It would lift thousands of women and families out of working poverty and income instability, address growing gender and racial income disparities, support economic growth, and provide quality care to those most vulnerable among us.

Recommendations for building a robust and sustainable care economy

Create a Care Commission to oversee the transformation of the care economy

- Lead a meaningful policy discussion with all stakeholders to reimagine care and build a sustainable care economy anchored in decent work that ends the devaluation of care work.
- Set, monitor, and enforce national standards for quality care services based on evidence-based best practices covering staffing levels, training, service management and delivery, and protection of labour rights.
- Report annually on the delivery and impact of care services in the federal legislature in collaboration with all stakeholders. Include the performance of a broader coordinating policy mechanism and implement a national secretariat.

Support labour force strategies and decent work policies to recruit and retain care workers and improve quality of care

- In federal transfers for care sectors, prioritize stipulations for labour force strategies based on appropriate valuing of the skill, effort, and responsibility required and target benchmarks for decent work.
- Create pathways for workers in declining industries to transition into care jobs.
- Scale up flexible training and education initiatives for care workers.
- Establish comprehensive care work labour force market information.
- Modernize and strengthen social protections for workers, such as employment insurance, to reflect current and future labour realities.

Establish simplified immigration pathways for care workers

- Ensure migrant care workers have access to decent work conditions and are fully protected by provincial labour and employment laws.
- Grant permanent residence status to all migrant care workers who are currently in Canada, including migrant care workers who have become undocumented.
- Ensure that in the future, migrant care workers have secure permanent residency status on arrival in Canada.
- Include migrant care workers in discussions that shape a sustainable care economy.

Take profit out of care

- Phase out the participation of for-profit owners/operators in Canada's care systems by combatting financialization in care services
- Target new federal public investments for expanding care services and assets (e.g., infrastructure funding) exclusively to nonprofits (including nonprofit co-operatives) and/or the public sector.
- Provide grants for nonprofits to hire professional advisory services such as capital finance planning, feasibility and risk-management assessments, site selection, leasing and acquisition, project management and construction, and staff training.
- Facilitate community and co-operative ownership of care enterprises, especially as a wave of small business owners retire.

Conclusion

Canada stands at a critical juncture: We can either build a robust and sustainable care economy for all, and for years to come, or revert to an inadequate status quo that will worsen an already-precarious system. The care economy is the key to a more equitable future that centres people and well-being and continues to build our economy. Moving beyond the current fragmented approach of underfunding, privatization, and exploitation propped up by systemic discrimination must be a priority if the care economy is to deliver for all Canadians.

The time for robust policy action is now.