

# The coronavirus shows we should treat public health the same as public works

July 15 2020, by Jeremiah Hurley



Canada's budgeting process needs to regard vaccination programs, to name just one example, the same way it regards investments in physical infrastructure like bridges and highways. Credit: CDC/Unsplash

Natural disasters like earthquakes, floods and hurricanes reveal the little-noticed cracks in our physical infrastructure as buildings, highways, dams and other <u>structures fail under the extraordinary stress</u>.

Similarly, the stresses of the coronavirus have revealed little-noticed cracks in our <u>public health</u>, social and community infrastructure that has



suffered from under-investment.

Public health agencies in many parts of Canada have struggled to provide basic pandemic-related services such as testing. Across Canada, we don't <u>count COVID-19 cases and deaths consistently</u>, and we still lack strong testing and tracing programs necessary to reopen in a safe manner.

Social support programs—such as employment insurance and <u>social</u> <u>assistance</u> —are outdated and unsuitable for providing support for laid-off workers in our modern gig economy. The result has been <u>numerous</u> <u>temporary emergency programs</u>.

<u>Under-funding combined with weak and unenforced regulation</u> of longterm care for our elderly has caused hundreds of unnecessary deaths.

Health and safety protocols have failed to protect workers in many sectors, <u>meat-packing in particular</u>. Our ability to protect vulnerable women and children experiencing intimate-partner violence has <u>faltered</u> <u>just when that protection is most needed</u>. The list could go on.

### **Delivering services and support**

By public health, social and community infrastructure, I don't mean the services themselves—the tests, the financial support.

Rather, I mean the capacity of government and <u>community organizations</u> to deliver such services and support. That is, the institutional and organizational protocols, the processes and structures that enable governmental and community organizations to provide needed health, social and community services.

Unlike buildings and bridges, much of this infrastructure is intangible.



You can't kick it like a bridge, but this does not make it any less an essential asset for society.

Why have we failed as a society to invest in this crucial infrastructure? Human nature is partly to blame. In the competition for scarce public resources, investments in infrastructure for prevention and early intervention lose out to the demands of immediate, identifiable crises. Change is also hard. Inertia causes programs to stagnate in the face of the ever evolving health, social and economic problems they are meant to address.

An important part of the blame, however, lies with the way government budgeting and reporting works.

## Public works versus public health

Compare the treatment of public works spending on building a bridge to that of public health spending to create a vaccination program.

Spending on a bridge is treated as an investment, with all its positive connotations. Spending on vaccination infrastructure is treated as consumption, no different than paper clips.

Because the bridge is classified as an asset, government can spread the construction costs over the life of the bridge. Because the infrastructure for a vaccination program is not classified as an asset, government must record the development costs in the year they occur.

And on government financial statements, the completed bridge increases the value of government assets. The infrastructure to deliver a vaccination program, however, is not recorded anywhere. <u>All these factors create a bias against investment in intangible social infrastructure</u>



What is to be done? Two things, one immediate and one a long-term initiative.

#### Two solutions

First, in addition to investing in physical, shovel-ready infrastructure to help revive the post-COVID economy, governments should invest in service-ready public health, social and community infrastructure.

While the pandemic has exposed cracks in this essential societal infrastructure, the cracks have been there all along and need to be repaired to strengthen the capacity of governments to provide necessary social, health and community services as we emerge from the pandemic.

Second, over the longer term, governments need to reform their budgeting and reporting methods to recognize the true underlying nature and value of expenditures on this societal infrastructure.

Such expenditures are investments in essential, intangible assets for government and society, and budget processes and financial reporting should reflect this. Further, governments should report such investments as part of performance reporting.

New Zealand's <u>Wellbeing Budget and reporting process</u> offers a useful example.

The country's budgeting process highlights the investment value of such expenditures. As part of its performance reporting, government documents investments in four types of societal capital: traditional financial and physical capital, but also <u>social capital</u>, human capital and natural capital.

It's time for Canada to do the same.



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