



**Canada Disability Benefit:  
A Vision and Design Outline**

**July 2021**

**Preamble**

*“The Government will bring forward a Disability Inclusion Plan, which will have: A new Canada Disability Benefit modelled after the Guaranteed Income Supplement for seniors...”*

Speech from the Throne, September 23, 2020

Inclusion Canada must act quickly to present the Federal government with a proposed design for this new benefit that will meet the needs of people with disabilities in Canada, including the unique needs of those with intellectual disabilities and their families. In keeping with the spirit of “nothing about us without us”, it is our expectation that the new Canada Disability Benefit will be developed and rolled out in a timely manner, with the meaningful engagement and participation of the disability community throughout the process. This benefit has the potential to significantly address issues of poverty experienced by people with disabilities. We acknowledge that the Canada Disability Benefit is only one element

of the larger disability and inclusion agenda that must address the inequality and discrimination experienced by individuals with disabilities. This proposal sets out essential elements and guiding principles for a Canada Disability Benefit. A robust income security system must also address issues of access to federal government programs such as Registered Disability Savings Plans (RDSP) and income support throughout the lifespan inclusive of families and seniors with disabilities over 65).

### **What does the Throne Speech commitment mean?**

We interpret it to suggest:

- a new permanent income support program at the federal level.
- focused on low-to modest-income persons with disabilities.
- the intended population is working age people with disabilities, which usually means people aged 18 to 64.
- modelled after the Old Age Security (OAS) Guaranteed Income Supplement (GIS) program, that is, the combined OAS/GIS.
- modelled in the sense of following, not simply copying all design elements of the OAS/GIS, allowing for other preferred program elements, adapting good ideas and practical elements from other income security programs.
- to operate in combination with other federal and provincial income and tax programs (not to replace any).
- the disability community will have further opportunity for meaningful engagement and contribution to the specific design of the program before and after the legislation has passed.

This could potentially be the most significant income security reform and advance for Canadians with disabilities since the 1960s.

The following sections describe Inclusion Canada's recommendations for the design of the Canada Disability Benefit.

### **Justification for a new disability income benefit**

- a) Federal government lacks a policy to reach most low-income Canadians with disabilities.
- b) A more inclusive and direct way for the federal government to tackle the poverty that is negatively impacting people with disabilities.
- c) While employment should be an important source of income for most people with disabilities, their income still falls short of those without disabilities. There are approximately 500,000 working age individuals with an intellectual/developmental disability in Canada – but only one in four, or 25% are employed. Those who are employed often work part-time hours earning minimum wage or slightly above.
- d) Assure income stability from month-to-month for people with disabilities. Many individuals working part-time or with precarious employment currently experience fluctuations in their income.
- e) Enable people with disabilities to meet their needs and live with dignity. This includes having the income to pay for basic needs including housing, food, and clothing.
- f) Contribute to economic recovery and stability.

### **Objectives of the Canada Disability Benefit**

1. To provide a guaranteed adequate income floor for working age persons with disabilities.

2. To be a broad-based program offering financial support to individuals with any disabilities in low- to moderate-income.
3. To offer incentive for employment for those able to work.

## **Eligibility**

- Available to the working age population of people (18 to 64 years of age).
- Inclusion Canada supports using the *UN Convention on the Rights of Persons with Disabilities* and the *Accessible Canada Act* definitions of disability. Eligibility for the Canadian Disability Benefit should be based on a social model that recognizes the environmental factors that contribute to disability. Minimum parameters must include people currently eligible for federal programs including the Disability Tax Credit (DTC), Canada and Quebec Pension Plan Disability (CCP-D/QPP-D), disability support provided by Veterans Affairs Canada, disability benefits provided by Indigenous Services Canada (ISC) and First Nations administering their own Social Programs under Treaty and 10 Year (Block Funding) Agreements. The legislation **must** build in a process to address eligibility issues, ensuring that people on provincial, territorial, and federal disability income benefits are included and not left behind.
- Income-tested, with need as measured by income and based on annual income tax returns and other attestation processes specific for First Nations.
- No employment test/requirements or requirement to have made employment contributions to qualify.
- Other than being a legal resident of Canada for tax purposes, not tied to residency requirements.

- Individuals should be able to apply any time throughout the year if financial circumstances change.
- Benefit should not be tied to an asset test to encourage asset accumulation and foster the resilience of individuals and families.

### **Population covered**

- According to the 2017 Canadian Survey on Disability there were approximately 4.1 million people with disabilities between the ages of 18 to 64, however this does not include statistics regarding peoples residing within Canada's over 630 First Nation communities.
- A majority have two or more types of disability.
- In the prime working age population of those aged 25 to 64, there were 3.7 million, of which the number employed in 2016 was 2.2 million. Half of those employed were people with mild disabilities.

### **Nature of the benefit**

- A monthly, cash payment.
- Income-tested, like the GIS.
- Non-taxable, like the GIS.
- Indexed (increased quarterly to the cost of living) like the GIS. Income thresholds for determining full payments amounts also fully indexed to inflation.
- Annualized earning exemptions for employment or self-employment income equal to the Federal Basic Personal Amount for Income Tax, which is \$13,808 in 2021. This amount is scheduled to increase to \$15,000 in 2023. The annualized earning exemption should continue to be indexed in line with the

Basic Personal Amount. The annualized earning exemption amount applies to each individual and does not change as a result of someone's relationship status or who they live with.

- The benefit will be portable meaning that people can move between provinces and territories without losing or having to reapply for the benefit. People can also leave the country for a period of time as long as they remain a resident of Canada.

## **Dignity**

- Benefit paid on an individual basis like Old Age Security (OAS) - not to the family or household. This is the "eligible in your own right" principle. The federal government must take steps to ensure that payments to individuals do not trigger guardianship or substitute decision making for the purposes of transacting with financial institutions to receive the benefit and that support alternatives are recognized for this purpose. Individuals are entitled to the benefit regardless of their relationship status or who they live with. If more than one individual in a household is eligible for the full amount benefit, they will each receive it in its entirety. There will be no reduced amount for couples or households.
- The benefit amount is adequate to enable people to achieve a good quality of life. This includes recognizing and offsetting the additional costs associated with having a disability without imposing extra requirements to 'prove' these costs exist.
- The process to apply for the benefit is accessible and not administratively burdensome. This includes addressing issues such as requirements to

reapply, costs for completing medical forms, and access to approved practitioners. The process should be simple, transparent, and clearly communicated. In situations where the government already has equivalent information, individuals should not be required to provide the same information again.

### **Setting the income guarantee**

Potential benchmarks for setting the monthly payment for the new Canada Disability Benefit include:

- OAS/GIS combined: \$1,529.91 monthly (September 2020)
- Ontario's Basic Income Pilot for a single person with a disability: \$1,915.00 monthly (2018/19)
- Employment Insurance regular benefit: \$2,000.00 monthly (October 2020)
- Low Income Measure: \$25,153 annually (2019), equivalent to approximately \$2,096 monthly

**Inclusion Canada recommends an assured income floor of at minimum \$2,200 per month.** This amount aims to provide a reasonably adequate level of assistance; and to recognize that people with disabilities have additional costs of everyday living.

Programs such as Employment Insurance, the Canada Emergency Response Benefit (CERB) and the Canada Recovery Benefit (CRB) each provide the equivalent of \$2,000 per month of income to meet basic needs. A \$2,200 per month Canada Disability Benefit provides the \$2,000 required for essentials plus a 10% addition (extra \$200) to account for the extra disability expenses people experience. Even

at this recommended level, the Canada Disability Benefit will only bring people to an income level in line with the Low Income Measure.

As the new benefit will be income-tested, not all those who qualify will receive the full monthly amount. A number, especially those employed full-time and those with moderate to middle incomes, will receive a partial payment.

### **Earning exemptions and phasing out of the benefit**

Inclusion Canada's priority is to ensure that individuals with disabilities have sufficient income to achieve a good quality of life. We believe this means bringing all people with disabilities up to a minimum income of \$2,200 per month (\$26,400 per year). For people whose only source of income is federal, provincial, or territorial income programs, the benefit should be stacked (added) on top of their existing amount to bring them to the minimum of \$2,200 per month.

As an income-tested program, the Canada Disability Benefit will be progressive (a sliding scale). As non-exempt income increases, benefit payments are gradually reduced at a rate equivalent to the federal tax level. Eventually the benefit phases out entirely.

This model proposes an annual employment/self-employment earning exemption equal to the Basic Personal Amount (currently \$13,808 in 2021) relative to this benefit. This means that the first \$13,808 of employment/self-employment income is tax-free and is not included when calculating the Canada Disability Benefit payment. Any employment/self-employment income earned beyond \$13,808 per year is treated as federally taxable and reduces the benefit at a rate equivalent to existing federal income tax rates. This reduction will include First Nations peoples who are working within First Nations communities and on reserve First Nation



businesses deemed tax exempt. This eliminates the longstanding history of employment claw backs and punitive reduction rates and instead encourages participation in the labour market and equal treatment under the income tax system. By tying the earning exemption to the Basic Personal Amount, we ensure this amount is indexed moving forward.

We define Employment / Self-Employment income as earning declared on lines 10100 and 10400 of a T1 General Tax Return.

### **Interaction with Other Programs**

The interaction between income programs and the risk of losing benefits is a firmly established and profound fear for many people who depend on public programs. The success of the Canada Disability Benefit will depend largely on how the new benefit interacts with other federal, provincial, or territorial income programs and how these interactions are communicated to people accessing these programs. It should be clear that the Canada Disability Benefit is an **income support** program addressing the liveable income required to meet basic needs. This benefit does not replace or reduce the need for disability support programs, including support to children and families.

- The benefit should be stackable – meaning that the Canada Disability Benefit can be combined with other federal and/or provincial/territorial programs to bring all people with disabilities up to a minimum income of \$26,400 per year (\$2,200 per month).

- Bringing everyone up to the \$26,400 assured floor may require some existing programs like Canada Pension Plan-Disability/Quebec Pension Plan-Disability (CPP-D/QPP-D), Employment Insurance, veterans' disability benefits, workers compensation, private disability insurance, and provincial/territorial income assistance programs to be treated as **partially or fully exempt** from income.
- Registered Disability Saving Plans (RDSPs), Registered Education Savings Plans (RESPs), Henson Trusts or inheritances, motor vehicle accident settlements, criminal injuries compensation, First Nation/Indigenous economic dividends payments, and child support payments should be **fully exempt** as income. These mechanisms and sources of income exist primarily to address the extra costs and unique needs of people with disabilities/in poverty and allow them to live with dignity. Exempting these sources of income supports personal savings and recognizes income sources related to events beyond the control of individuals.
- Existing benefit programs must not be reduced or eliminated because the Canada Disability Benefit is introduced – this includes, but is not limited to, provincial/territorial or federal (First Nations) income support programs, housing/rent subsidies, medical, dental, employment supports and programs, vision, and transportation programs. Individuals should never find themselves worse off because of interaction between programs. Programs that are currently indexed (like CPP-D) should continue to be.
- In addition to exemptions at the federal level, no existing provincial/territorial exemptions should be reduced as a result of the new benefit.

## **Application, administration, and adjudication**

- The Canada Disability Benefit application and administration process should be guided by the principles of the Accessible Canada Act. Information must be available in accessible and alternative formats and the program must include an education and outreach component.
- Decision-making and appeal processes must be transparent and clearly communicated.
- Individuals should be able to apply any time throughout the year if their financial circumstances change.
- Individuals currently receiving provincial/territorial or First Nation government-administered disability benefits should be automatically approved for the new benefit.
- Self-governing First Nations and those First Nations with 10-year Block Funding agreements who develop their own eligibility criteria for disability benefits, including approval or denial of benefits for members within their community, will have to be engaged to ensure that their process meets disability benefit eligibility requirements of the jurisdiction they are in (provincial/territorial/federal).
- Due to varying eligibility criteria of provincial /territorial disability benefits, an application for the new benefit, for those not on provincial/territorial disability assistance must be developed. This application should reflect an average criteria requirement based on existing provincial/territorial application processes.
- Existing federal government mechanisms that could be used include:
  - Service Canada's secure online portal via My Service Canada account.

- Social Security Tribunal of Canada
- Program uptake and accessibility can be streamlined through the Canada Revenue Agency by implementing auto-completion of simple tax returns and auto-enrollment in the benefit program.
- Other mechanism may need to be developed for First Nation peoples who are tax exempt.

### **Financing**

- Funded from federal government general revenues.

### **Establishment of Federal-Provincial-First Nation/Indigenous Agreements**

Intergovernmental agreements will be needed to guarantee the new benefit will not be clawed back or considered as employment income at the provincial/territorial/First Nations level; and, further, that provinces/territories/First Nations will not reduce or eliminate their existing income and associated support programs (e.g., prescription, dental, transportation) as a result of the federal benefit. This will be particularly critical for First Nations under self-governing Treaties and those under the new 10-year (Block) funding agreements.

Therefore, the legislation establishing the Canada Disability Benefit should include a section on the ability to enter into federal-provincial agreements pertaining to the purposes of this Act. Something like:

*The Minister may, with the approval of the Governor in Council given on the recommendation of the Minister of Disability and Inclusion, enter into an*

*agreement with one or more provincial/Indigenous governments for the provision of services or the carrying out of activities within the purposes of this Act, in common with those governments.*

*An agreement may authorize the Minister, jointly with one or more provincial/Indigenous governments, to have under this Act and/or an equivalent provincial/federal (First Nation) statute, to implement the agreement.*

The introduction of the Canada Disability Benefit is an excellent opportunity to consider ways that existing benefits can be enhanced at all levels. This could include encouraging provinces / territories / First Nations to improve allied benefits (e.g., prescription benefits, dental benefits, etc.) and looking for ways to improve national equity so that people with disabilities are not better or worse off because of where they live in the country.

### **Coming into force**

In June 2021, the Government of Canada introduced Bill C-35, *The Canada Disability Benefit Act*. Recognizing that Canada may have a federal election in 2021, Inclusion Canada calls for a commitment to the *full implementation* of this benefit by June 2022, regardless of which party is in power. While there has been speculation that government may stagger the roll-out of this benefit - providing it first to people who already receive federal disability benefits, with a commitment to further expand eligibility – we do not support this approach. For this benefit to be impactful in lifting people with disabilities out of poverty it must leave no one behind.

## **Summary**

The vision is within our reach for an adequate national program of income security for millions of Canadians with disabilities that would significantly reduce poverty and encourage employment.

A broadly-based, dignity-enhancing, federal income-tested guaranteed income of, at minimum, \$2,200 per month to working-age people with disabilities in low-to-modest income ranges. Indexed, non-taxable, portable, and paid monthly on an individual basis.

And with an annualized earning exemption for employment or self-employment income equal to the Basic Personal Amount (currently \$13,808 in 2021) and any additional earnings taxed used existing federal tax rates.

Our current focus is on significantly contributing to the design of a Canada Disability Benefit that will dramatically improve the lives of people with disabilities in our country. It is our hope that the success of this benefit will eventually create a foundation for broader social assistance reform.