

# **The Canada Pension Plan Disability Program: Values and Solutions**

Prepared for the House of Commons Sub-Committee on the Status of Persons with Disabilities

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## **Central Message**

To adequately address the income needs, daily activity requirements, work experiences and opportunities of Canadians with disabilities, the Sub-Committee needs to examine:

- ❑ The Canada Pension Plan Disability benefit (CPP-D);
- ❑ Other existing income benefit programs and tax measures;
- ❑ A new Disability Income Benefit; and
- ❑ A National Strategy on Disability Supports.

A comprehensive approach is essential for addressing the fragmentation of the current system of disability income and supports in the country, and to advance the vision of full citizenship for people with disabilities.

## **Values for Reform**

- That people who experience a disability and are unable to work for a prolonged period have a reasonable level of income replacement;
- That every Canadian with a disability has timely access to necessary supports, including employment services, regardless of their ability to pay for these supports;
- That no Canadian suffers undue financial hardship as a result of having to pay for disability-related supports;
- That programs have clear and coherent eligibility criteria in keeping with the intentions of Parliament and or provincial legislative assemblies.

## **Pathways to Solutions**

### Canada Pension Plan – Disability.

Eligibility criteria should return to that which was in effect before the 1998 changes; that contributions must be made in 2 of the last 3 years or 5 of the past 10 years. This will restore flexibility to the contributory requirement, by recognizing the episodic and degenerative nature of many disabilities as well as the challenges of finding and keeping employment when living with a disability.

The earnings exemption ceiling of \$3,800 for disability recipients should be reviewed and possibly raised on an automatic basis each year.

The definitions of “severe” and “prolonged” in the CPP legislation should be reviewed and amended in light of the Federal Court of Canada’s ruling in the *Villani v. Canada* case.

Human Resources Development Canada should study the impact of freezing the Yearly Basic Exemption on the eligibility of low-income workers to qualify for disability benefits.

In the medium term, raise the earnings-related portion of the disability benefit to provide a more reasonable level of income replacement.

#### Other Existing Income and Tax Programs.

Definitions of disability in different federal income benefit and tax assistance programs need to be reviewed and harmonized as much as possible. The process for doing this, which is underway by HRDC, must be transparent, accountable, and participatory, involving members from the disability community. This Sub-Committee should automatically assess the review's results within five years time.

Information sharing and administrative coordination be strengthened between the CPP and Employment Insurance, Workers' Compensation, and social assistance programs.

The Sub-Committee should review the reimbursement agreements between HRDC and private insurance companies.

#### A New Canada Disability Tax Benefit and a National Strategy for Disability Supports.

The Canadian disability income system is missing a vital pillar – a national public program funded from general government revenues, which provides income support to low-income people with disabilities. This can be linked to a federal/provincial/territorial arrangement with certain shared goals. These goals would be to take people with disabilities off welfare programs, to recognize the extra costs of living with a disability, and to promote the expansion of supply and thus access to supports.

The federal government would invest in a new Canada Disability Tax Benefit (CDTB), a refundable tax credit replacing one or more exiting federal income tax measures, with new investments in the CDTB phased in over a five-year schedule. Federal funds would be transferred directly to individuals and families who use them to offset the costs of disability supports and to purchase such services and goods as needed.

As the value of the CDTB grows, the provinces and territories, as well as First Nations, would reinvest saved monies from social assistance and or related disability assistance programs into a broadly established, mutually agreed framework of areas of action.

In sum, the CCP-D is an important program worth keeping within the CPP. It needs internal changes but even more importantly it needs to be reinforced with other major reforms.