

## MEMORANDUM

**TO:** Members of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA), House of Commons

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**DATE:** 15 November 2022

**SUBJECT: HUMA Committee's Study of Bill C-22: Canada Disability Benefit Act**

### WHO WE ARE

Cardus is a non-partisan think tank dedicated to clarifying and strengthening, through research and dialogue, the ways in which society's institutions can work together for the common good. Cardus's Work and Economics Program is committed to the renewal of an economic architecture that supports a wide array of individuals, communities, and the common good.

### ISSUE

In March 2022, Cardus published a paper titled "Breaking Down Work Barriers for People with Disabilities." In it we take a closer look at the human costs of Canadians with disabilities' exclusion from work and identify some of the key questions standing in the way of positive policy reform. As HUMA considers [Bill C-22](#), Cardus encourages the committee to design the policy with a bias toward facilitating access to work for people with disabilities, while ensuring those who are unable to work receive a living wage.

**Read the full paper for references, data, and analysis:** [Breaking Down Work Barriers for People with Disabilities](#) (Cardus, March 2022). **En français:** [Abattre les barrières pour les personnes en situation de handicap \(Extrait\)](#).

### RECOMMENDATIONS

Cardus has three recommendations that are summarized below. The data supporting these recommendations is detailed in subsequent sections:

- **RECOMMENDATION 1:** The data show that people with disabilities want to work and are able to work. The Canada Disability Benefit should be designed in a manner that provides the highest support to those with the most severe disabilities. Wherever possible, the Benefit must be designed to support entry or re-entry into the workforce.
  - Section 11 (Regulations) of the Act should be amended to explicitly stipulate that the Canada Disability Benefit shall be designed in a manner that provides tiered support depending on the severity of the disability. Those with the most severe disabilities should receive the most support, those with the least severe disabilities should receive the lowest support.

- Additionally, the eligibility for the Canada Disability Benefit should not penalize recipients on the basis of household or family income. That is to say, important social bonds (such as marriage or family) should not be treated as a disincentive to receiving the full benefit.
- Section 11 (Regulations) should include provisions that incentivize work and that reward (re)entry into the workforce. The benefit should be designed in a way that is phased out gradually (not precipitously) as recipients' employment incomes rise. While Cardus is not prescriptive on the exact structure of these incentives, the disability supplement of the Canada Workers Benefit and the EI Working While on Claim Program may be useful models.
- **RECOMMENDATION 2:** The evidence shows that there is considerable heterogeneity in the nature of the disabilities that people experience and the resulting barriers to employment. Given the nuances of this heterogeneity, employers and non-profits are best positioned to address these complexities at a local level. Therefore, the Canada Disability Benefit and any associated agreements with the provinces must consider how to engage employers and other civil society actors to address the prevalence of unemployment and poverty faced by the disabled population in new and locally-responsive ways.
  - Section 8 (Agreements) of the Act should be amended to stipulate that the nature of the agreements the Minister enters into must include employment incentives that engage local employers and other civil society actors.
- **RECOMMENDATION 3:** When the Canada Disability Benefit is designed and implemented, the reviews conducted must include detailed evaluations of the labour force participation of Benefit recipients. These reviews should also include robust reporting at the federal and provincial levels that compares spending on financial assistance relative to employment supports, and how the Benefit impacts employment rates for people with disabilities.
  - Section 12 (Parliamentary review) of the Act should be amended to include proactive reporting to Parliament on an annual basis. These reports must be tabled in Parliament on each anniversary of the implementation of the Benefit and include (1) reporting on the labour force participation of Benefit recipients and (2) comparisons of financial assistance spending relative to employment supports (both federal and provincial/territorial).

## KEY CONSIDERATIONS

The debate around Bill C-22 must be guided by the following pillars:

1. **Work is a fundamental human good to which all persons should have access.** Work is about more than money and is integral to human flourishing. A large body of research shows that work provides a range of non-monetary benefits, including positive social, psychological, physical, and mental-health benefits. Government supports alone cannot generate these non-monetary benefits.
2. **Wherever possible, our social-policy framework should be biased toward supporting work.** Except in the most exceptional cases, we must ensure that policies do not rely exclusively on government income-support programs in the long-term as these programs do not provide the

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many non-financial benefits that come with work. Policies must be structured to incentivize working or seeking work for persons with disabilities. Other actors within the system such as businesses (employers) and civil society actors are important partners and must be leveraged to provide upskilling, employment coaching, vocational training, and job placement support.

- 3. Every person should receive a living wage, whether through private earnings, public income support, or some combination of the two.** We are cognizant that the ability to earn income is constrained for some, and that in those cases it is a moral public duty for governments to provide supports. However, earned income and government income support are not mutually exclusive. Government programs such as the Canada Disability Benefit should supplement, not replace, employment earnings for those who are able to work.

## SUPPORTING DATA

### For Recommendation 1: Employment Characteristics of People With Disabilities

- While Canadian data on the attitudes of people with disabilities is limited, surveys from the United States show that most people with disabilities want to work. However, factors such as the nature of the disability, its severity, the stage of life when a disability is acquired, intellectual versus physical disabilities, gender, and age all impact the capacity for an individual to work and the barriers they face.
- Based on the Canadian Survey on Disability in 2017, we found that the vast majority of Canadians with disabilities (three in four) are able to work. The same survey reported that 76 percent of working-age Canadians with mild disabilities were employed (similar to the overall employment rate of 80 percent). However, those with severe disabilities only had an employment rate of 31 percent.

### For Recommendation 2: People with Disabilities Face Barriers to Work

- When they do engage in employment, people with disabilities often work less, earn lower pay, generally hold entry-level positions, and face more instability from involuntary job loss or lay-offs. These low rates of employment persist despite the fact that governments in various developed countries have implemented initiatives to increase employment for people with disabilities.
- For working-age Canadians experiencing disability and poverty, two-thirds (65.2 percent) of their income comes from government transfers and a third comes from private market sources (34.8 percent). Research has found that government income supports are not operating as safety nets or short-term measures that support these individuals until they can return to work. Rather, government supports have become long-term income replacements that can, and often do, act as barriers to re-entering the workforce.
- When considering program design, it is important to note that income assistance programs that limit eligibility only to those who state they are unable to work incentivizes recipients not to seek employment so they can continue receiving the benefits that help them to get by.

### **For Recommendation 3: Balancing Financial Assistance with Employment Supports**

- The interactions between social assistance policies, labour market conditions, and demographic trends are highly complex. However, what we have observed is that by 2010, a higher number of working-age Canadians accessed disability programs compared to unemployment support programs. In part, this can be attributed to disabled workers engaging in precarious jobs that do not qualify them for programs linked to more secure employment. The shift from labour-market-oriented programs (that are usually time-limited) to certain disability-benefit programs (that are long-term or permanent) has negative effects on people with disabilities.
- By 2010, the majority of OECD countries dedicated over 90 percent of disability expenditures to passive cash benefits. Canada followed this trend and devoted more spending to these passive support programs. Our analysis shows that in 2019/20, close to \$8 billion (or 90 percent) of Canada's federal disability spending went to income support, while only \$414 million (or 5 percent) spending went to programs that promote employment. The provinces we studied showed a similar trend with more spending on income assistance and significantly less going to employment programs.
- Our research shows that counterbalance pro-work policies that support both the supply and demand side of hiring a person with disabilities are an effective approach. Counterbalances address supply (ex. by increasing the productivity disabled employees through training) and demand (ex. by subsidizing the employer's costs to accommodate the employee's physical needs).