

The 2005 Federal Budget and Liberal Commitments to Canadians with Disabilities:

Delivering, Dithering or Declining?

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March 1, 2005

Introduction

The 2005 federal budget, delivered just a few weeks ago, is a worrisome development for Canadians with disabilities, despite the tax reforms announced. My critique is that the budget demonstrates a declining commitment by the Martin Liberals to be steadfast advocates of inclusion and to undertake transformative change in social policy for people with disabilities.

We can move forward with a national strategy for investments in disability supports by building on the Multilateral Framework for Labour Market Agreements for Persons with Disabilities.

Immediate media reaction to the 2005 federal budget tagged it as a “something for everyone” budget, a political spin most likely welcomed by the Martin Liberals. This characterization, while predictable, given the government’s minority status in Parliament, is, I argue, dangerously misleading for what the budget means (and does not mean) for disadvantaged and marginalized groups in Canadian society such as persons with physical and mental disabilities.

The 2005 Federal Budget

It has been said that with this budget Prime Minister Martin opened the floodgates of spending, showering billions around the country.¹ If this is true, then what Canadians with disabilities receive from this budget in new spending can only be described as a mere trickle. Of the \$6.3 billion in new social spending planned over the next five years announced in this budget, \$300 million, or just over four per cent, is specifically earmarked for Canadians with disabilities and family caregivers.²

The 2005 budget surprisingly fails to deliver on Liberal commitments to Canadians with disabilities made over recent months and years. The actions that are undertaken reflect only partially Canadian values and Liberal pledges on removing barriers, advancing inclusion, fostering security and widening opportunity. While the government's agenda for Canada's future is described as "ambitious," this claim rings hollow with respect to disability issues, an area in which there is a total absence in this budget of a long-term plan and vision as well as the lack of significant investments across a range of programs, services and transfers.³

What we are seeing here is an apparent decline in commitment by this latest budget, a postponement of attention to this group of Canadians and, perhaps of greater concern, a waning of sustained interest in matters of priority concern to Canadians living with disabilities. This is more worrisome and serious than rhetorical charges of dithering, which at least imply that a government knows the issues and options on the agenda that are before it, but hesitates and wavers prior to acting.

In the 2005 federal budget, new disability measures are a series of modest changes to tax measures that will make an important difference to only a relatively small proportion of persons living with disabilities. The main initiatives are:

- Extending eligibility for the disability tax credit (DTC) to individuals who face multiple restrictions that together have a substantial impact on their everyday lives.
- Extending the DTC to more individuals requiring extensive life-sustaining therapy on an ongoing basis.
- Increasing the maximum annual Child Disability Benefit to \$2,000 per child.
- Expanding the list of expenses eligible for the disability supports deduction and the medical expense tax credit.

¹ See the lead editorial, "The Prime Minister opens the floodgates," in *The Globe and Mail*, February 24, 2005, p. A18. The editorial states "Mr. Martin put aside his tightwad days and spread money around the country like a broken garden hose."

² See *The Budget Plan*, chapter 3. If we include new investments for First Nation special education, the total is \$420 million in disability-related initiatives over the next five fiscal years.

³ For example, *The Budget Plan* refers to the upcoming triennial review of the Canada Pension Plan by the federal and provincial governments. While mention is made about financial sustainability and diverse transitions to retirement, there is absolutely no mention of the Disability program component of CPP that is, after all, the largest public disability insurance plan in the country.

As well, this budget doubles, to \$10,000, the maximum amount of medical and disability-related expenses that caregivers can claim on behalf of their dependants.

From the perspective of the overall fiscal plan, obvious social needs, and expressed intergovernmental priorities, the measures for Canadians with disabilities are really minor steps in delivering on commitments to Canadians with disabilities and their families.

Reactions from National Disability Organizations: Polite Disappointment

National disability organizations have responded to the latest federal budget with what may be called polite yet profound disappointment. The Council of Canadians with Disabilities has stated that, “The improved tax measures are a positive step in the right direction in addressing the need for investments in supports. But, they are of no benefit to the vast majority of Canadians with disabilities who live in poverty and have no taxable income.” Marie White, the chairperson of the CCD, asks, “What will it take to get governments to address the real need? What will it take to get governments to address our priority – the investment in disability related services and supports?”⁴ The Canadian Association for Community Living (CACL), while welcoming the implementation of the tax reforms, expresses frustration and regret that the Martin government has not moved ahead on other commitments to Canadians with disabilities.

Disappointment by the disability community over the latest federal budget is conditioned by a number of factors: first, that “the tax system is limited in its ability to address the systemic issues of poverty, unemployment and exclusion effectively;”⁵ second, that the research evidence clearly documents significant gaps in needed services and supports by children and adults with disabilities in Canada; third, that House of Commons committees, public attitudes, and federal/provincial/territorial Ministers of Social Services have all recognized the importance of new investments in disability supports to advance the full participation of persons with disabilities; and, fourth, that the 2004 federal budget, which was relatively more fiscally cautious, included investments in employment, disability supports and income, and thus had been interpreted by many disability activists as laying the platform for a national disability strategy.⁶

In addition, what *text* there is in the budget speech on issues of disability, and there is not very much, is problematic in what it says and in what is not said.⁷ Implicit in the language used and in the issues highlighted in the budget speech is the old view of disability as a personal tragedy and bio-medical phenomenon, resulting in a situation that

⁴ Council of Canadians, *Canadians with Disabilities Once Again Left Without Supports*, News Release, Winnipeg: February 23, 2005, p. 1. Available at www.ccdonline.ca.

⁵ Canadian Association for Community Living, *Tax Fairness Only One Part of the Picture: New Investments Need to Secure the Citizenship of Persons with Disabilities*, News Release, Toronto: February 23, 2005, p. 1. On the uses and limits of tax measures as disability policy, see Michael J. Prince, “Tax Policy as Social Policy: Canadian Tax Assistance for People with Disabilities,” *Canadian Public Policy*, 2001, December, 27, 4, pp. 487-501.

⁶ For example, see the response to the 2004 federal budget by the CACL, *Budget 2004 – A National Disability Agenda to Take Shape*.” Available at <http://www.cacl.ca>.

⁷ See the *Budget Speech*, February 23, 2005, p. 7.

intrinsically is burdensome for family caregivers. Absent is any reference to the more contemporary social model of disability that addresses attitudinal, institutional and environmental factors; absent too, is any reference to equality rights and full citizenship, a terminology and philosophy apparent in previous budget speeches.

So, what to do? In his budget speech, Finance Minister Ralph Goodale declares, “this government will deliver!” For “[t]he disabled and their caregivers,” among others, “This government will deliver.”⁸ The immediate and obvious question for Canadians with disabilities is: when will the government deliver, on what exactly, and through which policy instruments?

The budget does contain a favourable fiscal context and some design elements for a possible strategic approach to disability supports. Budget surpluses are projected in each of the next five years, along with steady economic growth, low and stable inflation and a declining national debt. A number of other policy areas in the budget are guided by general goals, and the pacing of implementation over several years, using a five year fiscal framework to provide reliable and long-term funding. As an approach to innovating social policy, these are aspects of “directed incrementalism” – the setting of bold goals and working toward them step-by-step over the medium to long term.⁹

I want to turn to sketching the outlines of an approach to formulating a national strategy on disability supports using the federal spending power of direct expenditures, more specifically intergovernmental transfer payments.

Steps towards a National Strategy

Federal grants in aid of particular expenditures in disability services have a fairly long and evolving history. The transfer of funds from the federal government to the provinces has been an important aspect of disability supports and intergovernmental relations in Canada for about 50 years.

Arrangements in the 1950s were formalized with legislation in 1961 on the Vocational Rehabilitation of Disabled Persons (VRDP), a program which ran from the early 1960s to the late 1990s when it was replaced with the Employability Assistance for Persons with Disabilities (EAPD), a multilateral agreement in effect from 1998 to 2003, when it, in turn, was succeeded by the Multilateral Framework on Labour Market Agreements for Persons with Disabilities, with bilateral agreements in effect from 2004 to 2006.

There has been, then, a solid history of governments working in partnership, based on the use of the federal spending power and a shared commitment to improve opportunities for Canadians with disabilities, specifically working age adults and increasingly on employment-related activities.

⁸ *The Budget Speech*, February 23, 2005, pp. 4 and 5.

⁹ Michael J. Prince, “The Return of Directed Incrementalism: Innovating Social Policy the Canadian way,” in G. B. Doern (Ed), *How Ottawa Spends 2 002-2003*, Toronto: Oxford University Press, 2002, pp. 176-95.

It is more than mere historical interest, that while other shared cost transfer arrangements in social policy disappeared or declined in the 1990s, this mechanism was preserved and subsequently revised with successive arrangements. This policy choice is politically significant, telling us something of the values that Canadians hold and the belief in a continued role by the federal government in the field of disability services and supports.

The rationale for a continued federal role in this field through intergovernmental transfers includes the following ideas:

- ✓ To address the core mandate and underlying mission of the Department of Social Development Canada;
- ✓ To support the portability of services and the mobility rights of Canadians with disabilities within and across jurisdictions and life situations;
- ✓ To encourage the further development and enhancement of the current patchwork of disability-related supports across the country;
- ✓ To assist provinces and territories, with their varying degrees of fiscal capacity, to undertake the provision of a range of accessible and responsive supports; and,
- ✓ To advance equality rights under the *Canadian Charter* by sponsoring programs and activities that aim to ameliorate conditions of disadvantaged individuals because of mental or physical disability.

By increasing the size and nature of transfers to the provinces for disability supports, the federal government can directly contribute to closing the gaps between needs and services and thus truly advance the economic inclusion and social citizenship of Canadians with disabilities.¹⁰

Options for a Federal Transfer on Disability Supports

In transferring funds to the provinces and territories for disability supports, three basic options seem available in theory.

One option is to create an entirely new federal transfer arrangement for this initiative. There seems little appetite or support for this approach by some federal officials and by some provinces and territories. It would also likely add to the complexity of an already multifaceted system of fiscal federalism.

¹⁰ For a compelling argument by a leading Canadian economist on the need for federal transfers as a means of accomplishing national equity and efficiency objectives, see Robin Boadway, *Should the Canadian Federation be Rebalanced?* Working Paper 2004 (1), Kingston: Institute for Intergovernmental Relations, Queen's University.

A second option is to add a fund within either the Canada Social Transfer or the Canada Health Transfer, in effect an earmarked supplement for financing disability supports. A concern with using either of these transfers is that given their large expenditures for other policy matters, disability issues could easily be dwarfed within them in terms of public support, political attention, and future investments. Another concern, with respect to the CST is that few accountability mechanisms are associated with this transfer arrangement. And, with respect to the CHT, a concern is that it would reinforce a medical model of disability rather than the social model preferred by most in the disability community.

[Rather than using either the CST or CHT for disability-specific supports, another approach would be to ensure that these transfer arrangements reflect in their goals, values and administrative principles that vision of inclusion and empowerment expressed by *In Unison* and other policy statements.]

A third option is to adapt and build on the federal transfer that already exists for disability supports. This approach involves engaging the disability community and other governments in a process of planning for a successor agreement to the Multilateral Framework for Labour Agreements for Persons with Disabilities.

While this option raises issues of its own, such as the fact that Quebec and the territories are not signatories to the Multilateral Framework¹¹, it has a number of advantages: there is here a record of intergovernmental collaboration; it is a transfer familiar to groups in the disability community; it recognizes that provinces have primary responsibility in this area; administrative and accountability systems are in place; and, the arrangement is up for review in any case for 2006.

The Multilateral Framework as a Platform for Reform

The Multilateral Framework can readily serve as the platform for a new national strategy on disability supports. A new National Strategy can build on the goals, objectives and principles, and the accountability and reporting features of the existing transfer program.

This is a key message: it is not a huge leap from the existing framework and transfer arrangement to a more comprehensive and substantial federal investment in supports and service for Canadians with disabilities.

A revised multilateral framework builds on the idea that employment-related supports are central to the success of persons with disabilities in the economic mainstream by adding other equally critical areas that require further public investments. The concept of supports would therefore be broadened to include an intervention, service, benefit or assistance provided to a person with a disability to assist the person and or their family in

¹¹ Even these are not insurmountable problems. Quebec has participated in past intergovernmental agreements for persons with disabilities under bilateral arrangements with Ottawa; and the issue of participation by the territories is linked with resolving the relation between territorial financing and territorial own-source revenues, a matter, quite frankly, for political leaders to resolve.

activities of everyday living and caregiving, in learning and education, and in preparing for, or attaining or maintaining employment.

Expressed in relation to the strategic outcomes of Social Development, our proposal is to build on the goal of enhancing the economic participation of adult Canadians with disabilities, extending it to include promoting economic and social inclusion, participation, and well being within inclusive communities for Canadians with disabilities of all ages.

Desired outcomes from such a collaborative intergovernmental initiative, that would form the basis for the accountability and reporting system, could include:

- ❖ Expanded quantity of existing supports to alleviate major gaps in coverage;
- ❖ Improved quality of supports;
- ❖ Reduced costs to individuals and families; and
- ❖ Enhanced portability of supports.

The actual number, nature and measures for desired outcomes would be, as expected, the subject of negotiations and consultations both within and across governments and the disability community. A parallel process would take place with national Aboriginal organizations and community organizations.

Funded priority areas would span the life course and various life transitions, such as educational supports for children and youth; information and respite services for parents and other informal caregivers; and - for persons with disabilities of all groups - personal care, home supports, home modifications, local transportation arrangements, and service planning and service brokerage/coordination. These are the areas research consistently points to as essential for addressing gaps in unmet needs for supports; overcoming barriers, and enabling inclusion and independent living; and supporting consumer control and improving the quality of life for Canadians with disabilities.

Federal funding under a new policy framework would be available to provinces and territories for this kind of array of personal supports for Canadians with disabilities and their families. Since the intent is to increase the supply and quality of much needed disability supports, there would need to be agreement of no “clawback” of new federal investments in disability supports by recipient governments.

Recognizing and respecting that disability supports and services is an area of primarily provincial jurisdiction under the constitution, the actual mix of areas funded in a given jurisdiction would be determined by that provincial or territorial government, in the context of shared goals and principles, and in consultation with representatives of the disability community in the jurisdiction. The approach I propose is not a national *system* with a standardized design with commands and controls by Ottawa; rather, I envisage a national *strategy* with shared policy objectives and desired outcomes informed by guiding principles and jurisdictionally-based accountabilities.

The federal government would also offer adequate funding to enable national and provincial/territorial disability organizations to have the capacity to engage effectively in such consultations. A related question for the community and government to ponder is the necessity and potential effectiveness of a national council on disability, like the ones in health or learning that would act as a mechanism both to do public reporting and give some profile to the federal role.