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FEB 21 2019

The Honourable Chantal Petitclerc, Senator
Chair, Standing Senate Committee on Social Affairs, Science and Technology
The Senate of Canada
Ottawa, ON K1A 0A4

Dear Senator Petitclerc:

We are pleased to respond, on behalf of the Government of Canada, to the recommendations made by the Standing Senate Committee on Social Affairs, Science and Technology in its report entitled *Breaking Down Barriers: A Critical Analysis of the Disability Tax Credit and the Registered Disability Savings Plan*, tabled in the Senate on June 18, 2018.

Our Government would like to thank the members of the Committee for undertaking this study, which examines issues relating to the structure and administration of the Disability Tax Credit (DTC), re-establishment of the Disability Advisory Committee (DAC), and administration of the Registered Disability Savings Plan (RDSP). The Government also thanks the witnesses who participated in this study, who have provided valuable perspectives on the experiences of persons with disabilities.

We have given consideration to the sixteen recommendations developed by the Committee and presented in its Report. These recommendations will help inform our ongoing commitment to ensure our policies and programs support the economic and social inclusion of persons with disabilities. We have grouped our comments on the recommendations into three areas that speak to the themes of the report: administrative improvements; policy changes to existing tax and savings measures; and income support for persons with disabilities. Also included are highlights of related initiatives and investments supporting the financial security of persons with disabilities.

Administrative Improvements

Since 2015, the Government has established and supported a variety of policies, programs, and initiatives that support the full inclusion of all Canadians, including Canadians with disabilities. However, our Government shares the Committee's view that more needs to be done to support Canadians with disabilities and their families. It is critical that the perspectives of persons with disabilities and those implicated by our programs and policies are able to provide input that informs future changes and improvements. That is why our Government is engaging directly

with Canadians with disabilities. For example, the Government reinstated the Canada Revenue Agency's (CRA) DAC in November 2017. With the DAC's unique knowledge and networks, the Government is confident that the DAC's work will help us better serve Canadians with disabilities and ensure that they receive the benefits and credits to which they are entitled. The DAC is expected to share a number of recommendations with the Government in the spring of 2019. The Government looks forward to receiving this advice and considering ways to improve our tax system.

A key recommendation from the Standing Senate Committee *Breaking Down Barriers* report spoke to DAC membership better reflecting the diversity of the larger disability community. This will be taken into consideration in the near future, as new members are selected when terms are completed. The terms of reference of the DAC intentionally established different term lengths for committee members allowing for new nominations after 24, 36 and 48 months, or as vacancies arise, and the opportunity to continuously refresh the representation of views. Our Government is committed to ensure that the DAC gives a fair representation to the many communities who claim the DTC, and the medical and tax communities who are involved in the application process.

In addition, based on consultations with the DAC, as well the context of the work of your Standing Senate Committee, the CRA has implemented changes to its administration that provide greater support to Canadians claiming the DTC. For example, the Agency has put in place a dedicated telephone service where claimants of the DTC can call and get direct access to a specialized agent to provide information about their DTC application or answer any DTC-related questions.

To increase awareness about the DTC in the disability and medical communities, greater outreach efforts have also been made. In 2017, the Agency announced the creation of the role of Chief Data Officer and in 2018 the role of the Chief Service Officer. These two roles will improve data collection, and, in turn, improve the Government's service offering to Canadians. This includes improvements in services to persons with disabilities and their dealings with the CRA regarding their access to the DTC. With better evidence and data collection, the CRA will be better placed to review its processes and the administration of programs such as the DTC.

In light of this and much of the other work the DAC has done, the Minister of National Revenue is proud to report that the DAC has formed several subgroups, each charged with consulting various stakeholder communities on how the Agency can improve the administration of measures for persons with disabilities, including the DTC. The results of these consultations are informing the DAC's deliberations and will form part of the report to come in the spring of 2019. Many groups that are part of the larger disability communities have been consulted and were able to express their concerns or challenges facing the administration of the DTC and other measures impacting the disability community. As well, the DAC has been accepting, and is currently accepting, submissions made by individuals with a disability, associations and representatives in order to best advise the Minister of National Revenue on next steps.

Policy Changes to Existing Tax and Savings Measures

The Government of Canada recognizes, as highlighted by the Standing Senate Committee report, that persons with disabilities may have additional expenses related to their disability which impact their ability to pay taxes and have concerns about their long-term financial security. The DTC and RDSP have an important role to play in creating opportunities for a real and meaningful impact in the day to day lives of Canadians in that regard.

Recent Government efforts correspond with the Committee's concern for improving access to tax measures for persons with disabilities. A significant number of individuals benefit from the tax relief available under the DTC. About 1.2 million individuals claimed the credit in 2015, and the DTC provides in excess of \$1 billion in tax relief annually. To ensure more options for Canadians who want to apply for the DTC, Budget 2017 made a change to recognize nurse practitioners as one of the medical practitioners who can certify the DTC application form. With over 4,500 nurse practitioners across Canada who can now certify patients for the DTC, this change has improved access to the DTC, and in particular, benefited those who live in an area where nurse practitioners are the first point of contact with the medical system. With respect to medical expenses that can be incurred by some individuals with disabilities, Budget 2018 expanded the recognition under the Medical Expense Tax Credit for costs related to service animals to include psychiatric service animals. This will better support those with severe impairments, such as post-traumatic stress disorder.

At the CRA's request, the DAC also considered and provided input on possible options for a maximum fee structure related to the *Disability Tax Credit Promoters Restrictions Act*, which received Royal Assent in May 2014. The feedback received from the DAC will help the CRA finalize regulations for the Minister of National Revenue to recommend in the coming months on the fee limits, as set out in the legislation, meeting one of the recommendations of the Standing Senate Committee's report.

Aligning with part of the recommendations of the Standing Senate Committee, during the meeting of the DAC held on October 22nd and 23rd 2018, members of the DAC had the opportunity to discuss DTC legislation and how DTC eligibility has an impact on the RDSP with representatives from the Department of Finance and Employment and Social Development Canada. The ability to discuss policy and legislative considerations related to both the DTC and the RDSP is an important element of the DAC's work to develop recommendations to the Minister of National Revenue.

As an important part of the RDSP, the Government of Canada offers the Canada Disability Savings Program (CDSP) as a tool to support the long-term financial security of persons with disabilities. Over the first ten years of the CDSP, the Government has paid over \$2 billion in grants and \$929 million in bonds to eligible RDSP beneficiaries. The total assets held in their plans now exceed \$4.78 billion, which represents an average value per plan of more than \$27,000. The Government of Canada is continuing to take steps to improve access to the RDSP and CDSP through continuing outreach initiatives with community agencies. In addition, Budget 2018 extended the qualifying family member provision by five years, to the end of 2023, which makes it easier for some adults to benefit from RDSPs, and CDSP grants and bonds.

The recommendations made by the Standing Senate Committee on Social Affairs, Science and

Technology have been crucial in complementing the work of the DAC, as recommendations made in *Breaking Down Barriers* have been, and will be, considered by DAC members in the making of the DAC's recommendations in the coming months. The alignment of these two processes will be critical in order to have a better picture of the complexity of issues faced by persons with disabilities and their families.

Income Support for Persons with Disabilities

The Government of Canada is committed to supporting the income security of all Canadians, including Canadians with disabilities. *Opportunity for All – Canada's First Poverty Reduction Strategy*, reflects what we heard during consultations across the country and recognizes that some groups are more at risk of poverty than others, including persons with disabilities. *Opportunity for All* lays out a bold vision of a Canada without poverty and puts in place targets to reduce poverty amongst all Canadians: by 20 per cent by 2020; and by 50 per cent by 2030 from its 2015 level. Progress towards the targets will be measured by Canada's Official Poverty Line, based on the Market Basket Measure published by Statistics Canada. In support of the measurement of poverty, Budget 2018 invested \$12.1 million over five years to address key gaps in poverty measurement in Canada, including ensuring that poverty data is inclusive of all Canadians.

This important progress towards more accurate data is also supported by the release by Statistics Canada of the updated Canadian Survey on Disability on November 28th, 2018.

On November 6th, 2018, the Government introduced Bill C-87 'Poverty Reduction Act' which would entrench the targets, Canada's Official Poverty Line, and a National Advisory Council on Poverty into law. Given the primary role of the provinces and territories in delivering income support through social assistance, any exploration of income support solutions would require further consultation with the provinces, territories, and persons with disabilities.

Additional Initiatives and Investments

We continue to move forward on other actions and investments in partnership with Canadians with disabilities. The Government of Canada recognizes that persons with disabilities continue to face barriers that can limit their access to economic and social opportunities in general, and to government programs in particular. This is why one of our early actions by the Government's first ever Minister dedicated to disability and accessibility issues, was to follow through on our promise to develop accessibility legislation. This proposed legislation will increase the inclusion and participation of Canadians with disabilities, and promote equality of opportunity by increasing accessibility and removing barriers in areas of federal jurisdiction. To inform the development of the legislation, our Government held the largest and most accessible national consultation on disability issues ever, between June 2016 and February 2017. In total, more than 6,000 Canadians participated in the consultations. A report on what was learned from these consultations was released in May 2017.

On June 20, 2018, the Government of Canada introduced in Parliament, Bill C-81, the proposed Accessible Canada Act. The tabling of this Bill signals one of the most significant advances in the Government of Canada's disability rights legislation in over 30 years. The purpose of Bill C-

81 is to benefit all persons, especially persons with disabilities, through the realization of a Canada without barriers.

The proposed Act will achieve this through the proactive identification, removal, and prevention of barriers to accessibility wherever Canadians interact with areas under federal jurisdiction, leading to more consistent experiences of accessibility across Canada. The Government will take measures to ensure that persons with disabilities and the disability community continue to be engaged throughout the debate of the Bill and its implementation. Continued and meaningful collaboration with Canadians with disabilities will be essential as we work toward realizing a barrier-free Canada. The Government of Canada has proposed funding of approximately \$290 million over six years to further the objectives of the new legislation.

Our Government has also made investments to improve accessibility and support the inclusion of persons with disabilities in our communities. This includes measures such as increasing funding to the Enabling Accessibility Fund and the Opportunities Fund.

The Enabling Accessibility Fund directly supports the removal of barriers in the built environment in communities across the country. Budget 2017 provided an additional \$77 million over 10 years, starting in 2018-19, to expand the activities of the Enabling Accessibility Fund, which brings the Fund's total annual budget to \$22.7 million per year. The additional funding will enable the program to support approximately 1,846 additional small, mid-sized, and youth-driven projects combined. These projects remove barriers, and improve accessibility and safety for all Canadians.

The Opportunities Fund focuses on the need to remove barriers persons with disabilities face in accessing employment. The Government of Canada provides \$40 million per year to third party service providers to assist persons with disabilities prepare for, obtain, and maintain employment or self-employment. The goal of the program is to increase labour market participation and independence of persons with disabilities. In June 2018, the Government of Canada announced a new investment of \$18.4 million over six years starting in 2018-2019 under the Opportunities Fund to expand program support to employers and for the creation of supportive workplaces for employees with disabilities.

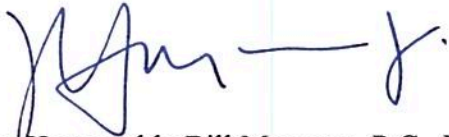
The Government of Canada is committed to ensuring that its obligations under the United Nations Convention on the Rights of Persons with Disabilities (CRPD) are respected as programs and initiatives are developed or revised. States Parties to the CRPD are expected to promote, protect, and ensure the full and equal enjoyment of all human rights by persons with disabilities. On December 3, 2018, the Government of Canada announced that, with the support of all provinces and territories, Canada has acceded to the Optional Protocol to the CRPD. This, in addition to the proposed Accessible Canada Act designating the Canadian Human Rights Commission as the body responsible for monitoring the Government of Canada's implementation of the CRPD, would strengthen the implementation and monitoring of the CRPD by providing additional mechanisms through which alleged violations under the treaty could be considered.

Despite the Government of Canada's commitment to persons with disabilities and the progress that has been made, we recognize there is more to be done to improve the tax system and, more

broadly, to promote the full inclusion of persons with disabilities. Having put in place critical building blocks to achieve this goal, the Government remains committed to working with Canadians with disabilities, other levels of government, and other partners to ensure Canadians with disabilities have access to the supports they need to enjoy the same opportunities afforded to other Canadians.

On behalf of the Government of Canada, we reiterate our thanks to all those who participated in the creation of this Report. The recommendations of this Committee will help to guide the way forward as we continue to explore ways to improve tax measures, and financial stability and security for Canadians with disabilities.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bill Morneau', with a stylized flourish at the end.

The Honourable Bill Morneau, P.C., M.P.,

A handwritten signature in black ink, appearing to read 'Diane Lebouthillier', with a stylized flourish at the end.

The Honourable Diane Lebouthillier, P.C., M.P.,

A handwritten signature in blue ink, appearing to read 'Carla Qualtrough', with a stylized flourish at the end.

The Honourable Carla Qualtrough, P.C., M.P.