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# *Federal Budget Initiatives: Enhancing the Economic Basis for Mental Health*

Submission to:

THE HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE

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Canadian Mental Health Association, National Office

Chief Executive Officer: Dr. Taylor Alexander

Thank you for providing us with the opportunity to address the Committee today.

The Canadian Mental Health Association (CMHA) National, is Canada's only voluntary charitable organization that exists to promote the mental health of all people and support the resilience and recovery of persons experiencing mental illness. The CMHA accomplishes this mission through advocacy, research, education and service. Our vision - "Mentally healthy people in a healthy society" – promotes both individual and collective health and public accountability, and provides a framework for our work. In addition to our national office in Ottawa, we have eleven provincial and territorial divisions and some one hundred and thirty-five branches and regions in communities across the country.

### **Executive Summary**

People living with mental illness are severely affected by social and economic inequality. Through no fault of their own they face extended and often lifetime unemployment, social exclusion, isolation, relationship distress, poor physical health and lack of hope for the future. In Canada, persons who suffer from mental illness constitute a disproportionate percentage of persons living below the poverty line, thus exacerbating problems associated with mental illness and contributing to stressors which cause poor mental health. A high proportion of those with mental illness are also unemployed and underemployed. The correlation between a high incidence of poverty and poor mental health profoundly affects families, especially children, and creates barriers to education and other economic opportunities. With over twenty percent of our population living with mental illness, and a much higher number impacted by increasing stressors associated with daily life, the effect on Canadians and on the national health budget is both profound and staggering. We now spend over 14 billion dollars per year on mental health care.

According to the Canadian Council on Social Development, individuals with disabilities are vulnerable to poverty. In Canada, according to the 2006 census, there are an estimated 4,635,185 individuals with disabilities. According to the Participation and Activity Limitation Survey 2006, 15% of those individuals had a psychological disability. Of that 15%, 70.8% were unemployed (PALS, 2006). The median income for a person with disability is \$19,199, almost 30% less than someone without a disability with a median income of \$27,496.

Lack of opportunity is still the biggest barrier for persons with mental health problems. Stigma and discrimination have largely directed the treatment of and services for recipients of mental health services. Policies have also been driven by deficit perspectives and incorrect assumptions of the lived experience of those affected by mental illness, inevitably preventing the adoption of recovery-oriented legislation. And yet, we know that recovery from mental illness is possible and, that persons living with mental illness can be and are mentally healthy. Like anyone, persons with mental illness require a safe, affordable home, a job, education, and opportunity for advancement for themselves and their families. A structural change is necessary if we

are to realize the potential of a mentally healthy society, including the full participation of persons experiencing mental illness. This is completely possible within an integrated mental health strategy supported by policies founded on principles of comprehensiveness and accessibility. We wish to stress the need for leadership and collaborative action on the part of the federal, provincial and territorial governments in a shared mental health strategy. The climate for achieving this is now opportune because of two factors, namely, the federal government's commitment to an integrated mental health strategy, and the groundwork already done by the Mental Health Commission of Canada on linking the number of practical and policy issues involved in mental health, illness, and wellness.

In this brief we advocate that income support and other measures to prevent and reduce poverty can play several roles with regard to mental illness and mental health. We have attempted to mainstream our advocacy to cover three areas of importance to the planning and configuring of the upcoming federal budget. These areas cover modifications to the National Child Benefit Supplement, Canada Social Transfer, and development of Basic Income Support Programs for persons living with mental illness and other disabilities. We believe that our recommendations are realistic and realizable, and that they have the potential to promote mental health and wellness, and optimize psychological, social, civic, and economic functioning. Positive policy implementation, such as that connected to healthy families and early childhood intervention, can also contribute to the prevention of the original occurrence of mental illness and relapse because income is a determinant of mental health. Re-examining the Canada Social Transfer and redesigning basic income supports for persons experiencing mental health problems can assist in several ways, including by helping those with labour attachment to maintain employment, helping those with the potential for employment to attain it, and adequately supporting those without significant labour attachment and with limited employment potential.

### **National Child Benefit Supplement**

The federal government should increase the National Child Benefit Supplement to create a full child benefit for low income families of \$5,200 per child per year in 2009 dollars. In this we join Campaign 2000 to End Child Poverty because of the psychological damage to children living in poverty, which often has lifelong effects. The Canadian Child Tax Benefit and the Supplement have been an important measure in decreasing the depth of poverty for many children. The recommended increase would render the benefit even more effective in preventing sometimes life-long mental health problems.

The Canadian Mental Health Association is making this recommendation because of its interest in preventing mental illness and the overwhelming evidence that poverty is a determinant of mental health. As Wadsworth and Achenbach have noted, "growing up and living with persistent poverty is detrimental to one's psychological, physical, and educational health. Social causation studies show that poverty contributes to the development of a wide range of child and adult psychopathology (Wadsworth &

Achenbach, 2005). For example , Pachter, Auinger, Palmer and Weitzman (2006) found that the effects of poverty on children's behaviour problems were significant, comprehensive and occurred through a number of pathways: "Through its nature, poverty exerts its effects by limiting material and other resources; the lack of these resources affects children through altering the quality of the home environment, the physical and social conditions of the neighborhood in which the child and the family live, the mental health of the child's caregivers, parental interactions with children, health, nutrition, etc."

According to Campaign 2000, the National Children's Benefit prevented an estimated 59,000 families with 125,000 children from living in poverty. This is a 12% decrease in the number of families living in poverty during 2004. It also helped to reduce the depth of poverty by 18% among those families who remained in low income. According to a simulation they commissioned, an investment of five billion dollars would have resulted in a 31% decline in the child poverty rate in 2007. This does not even account for the reduction in mental health and other service costs.

### **Basic Income Benefit**

The federal government should establish a federal Basic Income Benefit for persons who cannot reasonably be expected to earn an adequate income from employment as recommended by the Caledon Institute on Social Policy. This would include many persons with mental health problems. Those with severe and prolonged disabilities would clearly be eligible, but a combination of limited training, advanced age, inconsistent labour market attachment and psychiatric disability should also be considered for eligibility.

This Benefit would be income-tested, with eligibility based on a demonstration of disability. This eligibility test must be sensitive to the restrictions that flow from mental illness, which can be substantially different and more difficult to assess than those which flow from physical or sensory disability. Arbitrary and restrictive interpretation of disability related to mental illness would be a major barrier for many persons disabled by mental illness, which has been demonstrated by difficulties in accessing both C.P.P. Disability Benefits and the Disability Tax Credit. This restrictive eligibility would and does result in the systematic exclusion of persons with mental illness.

This Basic Income Benefit would remove many persons with significant and persistent employment-related disabilities based on mental health problems from provincial and territorial social assistance programs. The federal government should seek agreements with provincial and territorial governments that they use the resulting savings to deliver a more comprehensive range of disability supports.

Its design would be similar to the Old Age Security/ Guaranteed Income Supplement Program, with similar benefit levels. Income would therefore be much more adequate than that provided by provincial and territorial welfare programs. An additional

allowance for Northern and remote communities should be included to recognize the additional costs of living in such areas.

It will also be important to insure that those persons who do earn income through episodic, short-term and/or partial labour market attachment receive the reinforcement of significantly benefiting from this income. Such involvement is often an important component of mental health treatment and should not be discouraged.

This Basic Income Benefit would be delivered through the personal taxation system, so the federal government is in the best position to deliver it. This mode of delivery will avoid stigmatization which often occurs when benefits are received from last resort residual welfare programs.

### **Canada Social Transfer**

Approximately 70% of unemployed individuals with a psychiatric disability are subsisting on Social Assistance Payments and living in poverty. According to the National Council on Welfare, in the ten provinces, the yearly income of an individual with a disability can be as low as \$7,851.00, two-thirds below the poverty line.

Provincial and territorial programs, largely funded through the Canada Social Transfer, are fraught with inconsistencies and counter-productive to employment and access to education. Employment income is taxed back at a punitively high rate, therefore discouraging work. Re-qualification is often uncertain and difficult when episodes of employment end. Administrative rules and practices are often stigmatizing. The federal government should take a leadership role in improving the Canada Social Transfer by restoring federal funding to at least the current value of 1994-1995 levels.

The Federal government should work collaboratively with provinces and territories to establish conditions that are more equitable and humane, and set standards that require provinces and territories to establish programs which pay adequate benefits, do not punish recipients for obtaining employment, allows the assembly of a reasonable level of assets, and do not increase stigmatization for persons with mental illness. Provinces and territories will continue to have sufficient flexibility to respond to the unique needs of their citizens

Income assistance payments in all provinces and territories should be increased to 80% of the post-tax LICO. Mechanisms for reporting and public accountability to ensure transparency and adherence also need to be developed.

### **Conclusion**

The Government of Canada has demonstrated commitment to the mental health of Canadians through establishing the Mental Health Commission of Canada and charging it with developing a national mental health strategy. The analysis presented above

shows that improvements to federal income support programs are important components of this mental health strategy, and that funds to support these improvements should be made available in the 2009 budget.

Improving income support programs is relevant for the national mental health strategy for three reasons:

- Socio-economic status, and especially income, is an important determinant in the etiology of mental health problems for both children and adults. Therefore, improving the adequacy and operation of income support programs is a key preventive measure, which can limit the economic and human burden of mental disorder.
- A disproportionate number of persons with disabilities live in poverty or near poverty, partially because of the costs of their disability, disability-related limitations to employability, and the lack of adequate accommodations in many workplaces. For persons with mental health problems the stress and marginalization related to poverty and low income compromise their treatment and exacerbate their symptomatology. Therefore, providing adequate income is an important rehabilitative measure, which can increase the economic and curative benefits of mental health treatment.
- Many persons with mental health-related problems live in or near poverty through no fault of their own. Mental disorders, such as schizophrenia, are very often expressed in late adolescence or early adulthood and interrupt educational attainment. This generally has lifelong effects on occupational success. Symptomatology and the side effects of medication typically interrupt labour market attachment. Many persons with mental health problems are also victimized by stigmatization and discrimination in the workplace. Therefore, it has long been accepted that there is a public obligation to support the disadvantaged in a dignified manner, which enhances their quality of life.

In conclusion, poverty is both a cause of and result of mental illness. To interrupt both causal mechanisms, we have recommended the following considerations in the planning of the upcoming federal budget:

- Enhance the National Child Benefit Supplement. The maximum amount payable to low-income families should be raised to \$5,200 in 2009 dollars.
- Initiate and operate a Basic Income Program for persons with disabilities, including persons diagnosed with mental illness.
- Restore the Canada Social Transfer to the present value of 1994 – 95 transfers and develop standards of adequacy and humane program delivery in consultation with the provinces and territories.

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