

Ensuring an Inclusive and Equitable Covid-19 Pandemic Recovery Plan

Submission to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities regarding the Canadian Response to the COVID-19 Pandemic

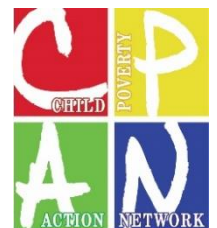
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MAKE POVERTY HISTORY
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Social Planning Council
of Winnipeg



A TURNING POINT
FOR WOMEN



Contact: Claudia Calabro, Campaign 2000, Ontario Coordinator, claudiaca@familyservicetoronto.org

The federal government must take a human-rights based approach towards all who have accessed emergency benefits in order to cover basic expenses at a time of heightened need. This approach is especially important during the current moment where institutions and those that govern them are being forced to reckon with deeply-rooted inequities like systemic anti-Indigenous racism, anti-Black racism, and racism within their own foundational processes.

Introducing penalties for any recipient who is deemed ineligible is contrary to the federal government's stated purpose of introducing the benefit – to support people through this crisis. All recipients of Canadian Emergency Response Benefit (CERB) should not be assumed to be abusing the system simply through its use. Those who received the benefit despite not being eligible should not be assumed to have applied with fraudulent intent.

As the federal government continues to develop recovery plans for the country that are inclusive and equitable, we encourage the committee to adopt the following recommendations:

Recommendation 1:

- a. Implementation of a CERB repayment amnesty for individuals whose annual total income for 2020 is \$30,000 or less, two person families whose total income is \$45,000 or less, three person families whose total income is \$50,000 or less,¹ with larger families receiving amnesty based on the total income LIM threshold that applies to their family size.
- b. Develop reduced repayment plans for those whose annual income is above but close to these low-income thresholds.

Recommendation 2:

Commit to ensuring that repayment plans will not include any penalties for any CERB recipients deemed ineligible, outside of specific fraudulent behaviour already addressed by existing CRA legislation.

¹ This recommendation is based on a rounded number close to the LIM threshold (total income) for 2018, which is \$27,750 for an individual and \$39,244 for a couple. Data taken from Table 11-10-0232-01. Low income measure (LIM) thresholds by income source and household size, customized to show total income (including market income and government transfers). Statistics Canada, 2018.

Emergency Benefits and Poverty Reduction

Prior to the pandemic, over 4.4 million people in Canada lived in poverty.² Reduction of systemic barriers and access to government benefits have been shown to help reduce poverty levels, particularly for those belonging to groups that are marginalized. The federal government's own Poverty Reduction Strategy acknowledges this.

During the pandemic, CERB and other emergency benefits have functioned as de facto short-term poverty reduction income assistance initiatives, running parallel to other established forms of federal income assistance provided to residents of Canada, like the Goods and Services Tax (GST) credit and the Guaranteed Income Supplement (GIS). These federal benefits, along with the Canada Workers Benefit, Canada Child Benefit (CCB) and provincial/territorial benefits, have had a significant effect of reducing poverty for families and individuals who can access them, including children in single parent families.³

However, these benefit programs taken together are far from adequate. Though decreases in the national child poverty rate have accelerated since the introduction of the CCB in 2015,⁴ Campaign 2000's Child and Family Poverty Report Card 2019 found that over the 28 years between 1989 and 2017, the national child poverty rate had decreased by only 3.3 percentage points. This is an average decrease of 0.12 percentage points per year.⁵ At that low rate, it will take over 155 years to eliminate poverty.

Even where existing federal benefits have made a tangible difference in the lives of people living on low incomes, since they are distributed through the income tax system, they are still inaccessible to many who stand to gain the most from them.⁶ The CCB, for example, has not reached as many people as it was intended to. 30-40% of First Nation families living on reserve still do not have access to the CCB⁷ and thousands of people with precarious immigration status in Canada are ineligible because of an arbitrary tax regulation.⁸

While CERB was not designed to be a universal benefit for people living on low incomes, the increasingly expanded eligibility requirements in combination with the ease of access to the benefit has made it a lifeline for many.

² This statistic is based on the Low Income Measure. Statistics Canada, Table 11-10-0135-01, Low income statistics by age, sex and economic family type, 2018

³ Campaign 2000. "2020: Setting the Stage for a Poverty-Free Canada." January 2020. Retrieved from: <https://campaign2000.ca/wp-content/uploads/2020/01/campaign-2000-report-setting-the-stage-for-a-poverty-free-canada-updated-january-24-2020.pdf>

⁴ Ibid

⁵ Ibid

⁶ John Stapleton. "A fortune left on the table: Why should low-income adults have to pass up government benefits?", Open Policy Ontario, June 2018. Retrieved from <https://openpolicyontario.s3.amazonaws.com/uploads/2018/06/INFORMAL-A-Fortune-Left-R3.pdf> and Elizabeth Mulholland, "Filing taxes brings major benefits to people on low incomes", Maytree Foundation, February 14, 2017. Retrieved from: <https://maytree.com/stories/filing-taxes-brings-major-benefits-people-low-incomes/>

⁷ Prosper Canada. "Increasing Indigenous Benefit Take-Up in Canada: 2018 Federal Budget Submission." February 2018. Retrieved from: <https://prospercanada.org/getattachment/f4add5df-0edb-4883-b804-60661f500c56/Increasing-Indigenous-benefit-take-up-in-Canada.aspx>

⁸ Income Security Advocacy Centre (ISAC), Campaign 2000, Chinese and Southeast Asian Legal Clinic, and South Asian Legal Clinic of Ontario, "Every Child Counts: Making sure the Canada Child Benefit is a Benefit for All Children", September 2018. Retrieved from: <http://incomesecurity.org/wp-content/uploads/2020/04/Every-Child-Counts-Canada-Child-Benefit-for-All-September-2018.pdf>

CERB Repayment Amnesty for People Living in Low Income

CERB recipient scenarios vary considerably across the country, across workplaces, and across life contexts. Recipients of social assistance, workers receiving low wages, people with temporary resident status, students, and people living on low incomes outside of the paid labour market have had to contend with rapidly changing conditions while also struggling to survive on chronically insufficient incomes.

Consider the case of social assistance (SA) recipients with enough earnings in the labour market to qualify for CERB. SA rates across the country are very low in general, forcing recipients of social assistance to live below the poverty line, in some cases up to 60% below the poverty line.⁹ Upon receiving CERB, some individual SA recipients and small families who receive SA saw their monthly income double overnight, bringing them up to or around the poverty line.¹⁰ SA recipients who were not deemed eligible for CERB or who live in jurisdictions where the benefit was clawed back at 100% were offered little to nothing in the way of additional income support, while household costs have increased and access to community supports such as food banks and clothing banks have decreased.

Low income workers in non-standard employment, such as contract-based work and cash-based economies, the vast majority of whom are Black and racialized women, are ineligible to receive CERB because they do not possess the documentation to prove it despite their best efforts. Putting the burden of proof on workers disproportionately targets low income workers, women, and racialized people.

By setting emergency benefits at \$2000 a month and providing a lower barrier to access the benefits, the federal government has both set an income floor and designed a benefits program that is more humane and generous than many other income support programs that tend to keep vulnerable people in a state of chronic impoverishment. In the context of a pandemic-induced recession, the federal government must continue along this compassionate and constructive course of action and review the minimum standard of social assistance.

Recommendation 1:

- a. Implementation of a CERB repayment amnesty for individuals whose annual total income for 2020 is \$30,000 or less, two person families whose total income is \$45,000 or less, three person families whose total income is \$50,000 or less,¹¹ with larger families receiving amnesty based on the total income LIM threshold that applies to their family size.

⁹ This percentage is based on Census Family Low Income Threshold (After-Tax) 2017 rates, and Ontario Works (OW) and Ontario Disability Support Program (ODSP) rates calculated by ISAC, which are some of the highest rates across all provinces according to Maytree Foundation's *Welfare in Canada 2018*. This percentage may change based on a SA recipient's market income, differing earned income clawback rates across jurisdictions, and differing SA rates across jurisdictions.

¹⁰ Larger households of 5+ persons with one or more household member receiving social assistance benefits may not be brought up to the LIM threshold even with the addition of annualized CERB.

¹¹ This recommendation is based on a rounded number close to the LIM threshold (total income) for 2018, which is \$27,750 for an individual and \$39,244 for a couple. Data taken from Table 11-10-0232-01. Low income measure (LIM) thresholds by income source and household size, customized to show total income (including market income and government transfers). Statistics Canada, 2018.

- b. Develop reduced repayment plans for those whose annual income is above but close to these low-income thresholds.

No penalties for CERB recipients deemed ineligible

Changing the eligibility criteria for CERB multiple times throughout the last four months has created confusion for recipients, government workers tasked with administering the benefit, and social service workers who support client access to these benefits. Some CERB recipients have been ineligible one day, and eligible the next (or vice versa).

Punitive CERB repayment measures stand to affect vulnerable residents the most. Rhetoric about penalizing individuals for receiving CERB after having been deemed ineligible as proposed in Bill C-17 will discourage individuals from filing their tax returns and will perpetuate pre-existing systemic discrimination on the basis of race, gender, disability, and other intersecting identities. Punitive measures will leave many people worse off and excluded from economic recovery, trapping them in unnecessary debt cycles as bills get deferred but not forgiven.

Developing repayment programs that exclude penalties is much more in line with the spirit of the CERB as stated by the Prime Minister, Minister Qualtrough, and others.¹² In cases where individuals have applied to receive emergency benefits multiple times under different names or with organized fraudulent intentions, the CRA has existing mechanisms to address fraudulent access to benefits which can be engaged. Additional measures are not needed.

While Bill C-17 has not moved past the first reading, the messaging was damaging because it discouraged even those who are eligible from accessing CERB, for fear that they might be penalized. Strong messaging must be delivered from the Prime Minister's Office stating that penalization due to ineligibility is no longer on the table.

Recommendation 2:

Commit to ensuring that repayment plans will not include any penalties for any CERB recipients deemed ineligible, outside of specific fraudulent behaviour already addressed by existing CRA legislation.

Summary

The federal government has repeatedly acknowledged that the pandemic has further laid bare the inequities faced by people belonging to marginalized groups. People living in low income who have received CERB benefits despite being deemed ineligible must be shown

¹² Kathleen Harris, "Governments shouldn't 'scare' Canadians, Liberal MP says as Ottawa threatens penalties for CERB fraud", *CBC News*. June 16, 2020. <https://www.cbc.ca/news/politics/cerb-legislation-penalties-parliament-1.5604306>

compassion. They have experienced more hardships before, and throughout, this pandemic. Their futures are also more uncertain.

Penalization and criminalization of people who received CERB despite being ineligible is a move in the wrong direction. All recipients of CERB must be reassured that there will be no more Bill C-17, and that no additional penalties will be introduced for those who are asked to repay their CERB benefit after being deemed ineligible to receive it.

The cost of not addressing poverty during recovery and reopening will far outweigh the cost of an amnesty. Cost aside, it is the right thing to do. An amnesty is one more step towards ending systemic inequities endured by people living on low incomes.

Brown & Associates Legal Services

Campaign 2000

The Canadian Centre for Policy Alternatives

Chebucto Connections

Citizens for Public Justice

The Community Society to End Poverty

Every Woman's Centre

First Call: BC Child and Youth Advocacy Coalition

Income Security Advocacy Centre

Make Poverty History Manitoba

The North Grove

The Nova Scotia Action Coalition for Community Wellbeing

ODSP Action Coalition

Ontario Council of Agencies Serving Immigrants

Open Policy Ontario

Renfrew County Child Poverty Action Network

Social Planning Council of Winnipeg

South Asian Legal Clinic of Ontario

Voices of Scarborough

West Scarborough Community Legal Services

Western Area Women's Coalition (WAWC)

Women's Place Resource Center (WPRC)

YWCA Toronto

Browne & Associates Legal Services is based in Ontario and provides legal services in human rights, landlord and tenant matters, labour relations, administrative and summary criminal matters. Browne & Associates provides expertise in the areas of mental health and general social policy, educational tools, workshops and other supports to the community.

Campaign 2000 is a non-partisan, pan-Canadian network of over 120 national, provincial and community partner organizations committed to working to end child and family poverty.

The Canadian Centre for Policy Alternatives (CCPA) is an independent, non-partisan research institute concerned with issues of social, economic and environmental justice.

Chebucto Connections, located in Spryfield, Nova Scotia, helps residents in the area participate in community life by focusing on individual and community strengths, identifying and attracting resources to increase opportunities so we can work together to improve the quality of life.

Citizens for Public Justice (CPJ) is a national, progressive organization of members who are inspired by faith to act for social and environmental justice in Canadian public policy. CPJ's work focuses on three key overlapping policy areas: poverty in Canada, climate justice, and refugee rights.

The Community Society to End Poverty is a coalition of service-based organizations advocating for real transformation of Nova Scotia's Social Assistance program.

Every Woman's Centre services and advocates for women in Sydney, Nova Scotia.

First Call: BC Child and Youth Advocacy Coalition is a non-partisan coalition of 110 provincial and regional organizations who have united their voices to put children and youth first in BC through public education, community mobilization, and public policy advocacy.

The Income Security Advocacy Centre (ISAC) is a community legal clinic established in 2001 and funded by Legal Aid Ontario. We have a provincial mandate to advance the systemic interests and rights of low-income Ontarians around income security programs and low-wage precarious employment.

Make Poverty History Manitoba is a coalition of groups and individuals working to end poverty in Manitoba.

The North Grove is a multi-service hub in Dartmouth, Nova Scotia providing support to individuals and families through advocacy, food security programs, and other services.

The Nova Scotia Action Coalition for Community Wellbeing is a coalition of organizations and groups advocating for social justice, health equity and better living conditions for low income people.

The ODSP Action Coalition is based in Ontario and is a province-wide coalition of community disability agencies, provincial organizations, anti-poverty groups, legal clinics, and people with disabilities on ODSP.

Ontario Council of Agencies Serving Immigrants (OCASI) was formed in 1978 to act as a collective voice for immigrant serving agencies and to coordinate responses to shared needs and concerns. The mission of OCASI is to achieve equality, access and full participation for immigrants and refugees in

every aspect of Canadian life.

Open Policy Ontario is the social policy consultancy of John Stapleton.

Renfrew County Child Poverty Action Network is a grassroots network based in Ontario whose members range in age and profession and come from a variety of social and economic backgrounds, but all share a common goal, a commitment to eliminating child poverty in an empowering and inclusive way.

Social Planning Council of Winnipeg's vision is of a sustainable, just, equitable and caring community. It has a 100 year history of community led development with a focus on poverty eradication as poverty is a main barrier to full social inclusion.

The South Asian Legal Clinic of Ontario (SALCO) is a not-for-profit legal clinic funded by Legal Aid Ontario. Our broad mandate is to enhance access to justice for low-income South Asian communities in through the provision of direct legal services, law reform, community development, and public legal education in a number of areas of poverty law including income maintenance.

Voices of Scarborough is a group of community residents, activists, and individuals directly affected by issues such as Workers' Rights, Refugee Rights, and Tenants' Rights. We aim to amplify the voices that need to be heard to make real changes in our community and advocate for those who are not able to access adequate legal services. Voices of Scarborough is committed to fighting poverty and being advocates for positive social change.

West Scarborough Community Legal Services exists to provide lower-income people access to the legal system and to promote social justice through legal education, advice, representation, advocacy, and community partnerships.

Western Area Women's Coalition (WAWC) is a coalition of women's organizations in Nova Scotia advocating for policy and program changes that benefit all women.

Women's Place Resource Center (WPRC) advocates for and service women in the Annapolis Valley, Nova Scotia.

YWCA Toronto is a leading multi-service women's organization. We are committed to ending poverty, violence, and systemic oppression faced by women, girls, and gender-diverse communities in Toronto.