

Pre-Budget Consultation in Advance of 2021 Budget

Given the astronomical \$1 trillion+ debt facing Canadians, recommendations by J James mostly concern revenues:

- 1. Allocate the auditor-general's requested funding to enable her department to audit the unprecedented spending, to determine whether taxpayers' money was properly spent, and recommend program improvements to inform future prudent use of public funds.**
- 2. Fund CRA and assign sufficient staff to recover benefits paid out due to fraudulent use of all emergency programs, especially more costly ones such as CERB.**
- 3. Collect penalties and multiple times repayment from cheaters to offset CRA funding for the purpose of recovering funds from emergency programs fraud. If legislation is required, pass Bill C-17 CERB penalties and double repayment for cheaters and enact similar legislation for the other programs benefitting individuals and businesses.**
- 4. Recoup CERB paid to dependents living at home and thus not paying for rent/food compared to independent adults paying their own market rent/food and/or supporting families.**
- 5. Share the relevant details of fraudsters/cheaters/dependents living at home with provinces and territories that also provided an emergency benefit based on recipients being eligible to collect CERB (eg. BC). This will enable those provinces and territories to recoup their benefit as well.**
- 6. Collect a new tax on future earnings of the remaining eligible individuals who received CERB/CESB (eg. like EI premiums for workers) until they have repaid 55% of what they received. Apply the same to those who will transition to the EI-like benefit if they do not qualify for actual EI.**
- 7. Enact legislation to eliminate expiry of Canada Student Loan debt collection.**

1. Fund the auditor-general

As a net taxpayer, I have serious concerns with how our/our children's/our grandchildren's future tax dollars are being spent. However, I am in full support of putting our tax dollars towards the auditor-general's auditing work, especially given the astronomical spending and future interest owing that is indebting Canadians for decades to come. In comparison to what is being spent on these emergency programs, \$11+ million is 'small' and necessary.

We need non-partisan oversight and review of the emergency programs, such as eligibility criteria, benefits, potential for fraud, to determine where our tax dollars were wisely and prudently spent, and where there were mistakes and mismanagement of the public purse. Recommendations need to result from these audits and to be implemented. Learning should be transferred to future emergency benefit programs.

2. Fund CRA

The CRA is taxpayers' hope of recovering emergency program benefits paid to people/businesses defrauding and cheating the system. In actuality, they're defrauding and cheating the net taxpayers, which is unacceptable. If CRA requires funding to be able to accomplish retrieving billions of dollars back, provide it to them. It will unburden us of some crushing debt that should not have been incurred.

3. Impose significant fines for fraudulent use of emergency benefits programs

Now, how can we offset the cost of some of this funding? Let's call it 'user-pay' or, in this case, 'fraudster-pay'/'cheater-pay.' We need to charge these individuals and businesses significant fines to deter future abuse of taxpayers' money.

Eg. for CERB, Bill C-17 proposes a \$5k fine and double the repayment of benefits received. If legislation is required to impose penalty and repayment terms, create it for each of the emergency programs and pass it as soon as possible. Make the terms stiffer for businesses since they stand to benefit from greater tax dollars than individuals.

An overwhelming majority of Canadians support the idea of fines for abuse of taxpayers' money. On July 16, 2020 at 4:00 am, Global News published online a report, "*85% of Canadians believe fraudulent CERB users should be fined: Ipsos poll.*" This poll was conducted with a sample of 1,000 Canadians from Ipsos' I-Say panel and is accurate to within +/- 3.1 percentage points. As one commenter of the article sums up, "Anyone who takes advantage during a time of crisis like this, needs to face some kind of consequence."

This poll also found that an equally huge majority, 85% of Canadians, agreed that CERB deterred people from returning to work when they could have. Bill C-17 spells it out that failure to return to work equals ineligibility for CERB and should be passed if CRA needs it for enforcement, and reasonable expectations of the same are not enough:

"Exception — return to work

(2.1) A worker is not eligible for an income support payment if they

- (a)** fail to return to work when it is reasonable to do so and the employer makes a request for their return;
- (b)** fail to resume self-employment when it is reasonable to do so; or
- (c)** decline a reasonable job offer when they are able to work."

I propose adding clause **(d)** "Negotiating with your employer to work less hours so that you can qualify for the \$1,000-eligibility threshold," as quoted from the June 12, 2020 article published by [bnnbloomberg.ca](https://www.bnnbloomberg.ca), "*Pattie Lovett-Reid: What should you do if you suspect a CERB fraudster?*"

It is upsetting to read stories about people who are doing these very things and yet are still inappropriately receiving taxpayer handouts. Emergency benefits for individuals were not intended to fund a summer off from work. People should not get to choose whether they return to work when recalled or to purposely reject hours to stay under \$1k earnings, and continue to collect benefits.

More articles regarding the same:

June 14, 2020 National Post "*NP View: Crack down on CERB fraud*" "For months, Canadians have heard anecdotal accounts of people collecting [CERB] while working: employees banking hours while receiving benefits, nannies paid in cash so they can collect CERB....now that the country is reopening,

we have an opportunity to implement changes that will reduce the incidence of fraud and punish those who have been taking advantage of a crisis for personal gain. And it seems there may be many of them. By mid-May, 7.8 million Canadians had received CERB benefits, but only five million had lost their jobs or had their hours cut by more than half."

June 10, 2020 CBC "*CERB benefits contributing to spike in overdoses, outreach workers warn*" "But many outreach workers also say the CERB benefit is putting too much temptation in the way of struggling users by providing sudden infusions of cash with few questions asked...'never seen the amount of money on the streets that I've seen in the past number of months'...heard of multiple instances of people being pressured into applying for CERB and paying a "kickback" to those who coerced them."

4. Recoup CERB paid to dependents living at home

It was sold to us repeatedly that CERB was intended to help those who'd lost jobs from Covid-19 to pay for essentials—namely rent/food. CERB paid to dependents living at home should not have been part of the target audience.

June 23 & 24, 2020 Epoch Times "*National Debt Skyrockets Even Higher With CERB Extension: Economic recovery will require a policy oriented toward balancing the budget, expert says.*" A Fraser Institute expert said, "'the lack of household income as a filter for CERB eligibility...means a significant number of school-aged children (under 24 years of age living with their parents in households with reasonable income are eligible for CERB...Should CERB cover households with an income over \$100,000 when the applicant is 21 and in school full time? Indeed, there are a surprising number of young people in this category whose monthly income has actually increased markedly under CERB. That doesn't strike me as a wise or even reasonable use of public resources.'"

July 16, 2020 Markets Insider "*Fraser Institute News Release: Young Canadians living in high-income households eligible for nearly \$12 billion in CERB payments*" This same expert said, "'With the federal government running a deficit of \$343 billion this year, every government dollar should target people genuinely in need, which doesn't appear to be the case with CERB.'" "...nearly one million young people aged 15 to 24 who live at home with their parents in households with incomes of at least \$100,000 are eligible to collect \$11.8 billion in CERB payments over the 24-week period that the benefit is expected to be available...an estimated 400,000...had earnings between \$5,000 and \$12,000 in 2019...would actually see, on average, an increase in their monthly earnings from the receipt of CERB compared to their 2019 earnings...which is not the point of income stabilization policies."

July 17, 2020 Toronto Sun "*EDITORIAL: CERB is a lifeline, not a buffet*" "...wasn't intended to be an all-you-can-eat buffet for youngsters who are able to parlay their part-time work into \$1,000 a month in pocket money....That's a lot of cash if you don't have the financial responsibility of putting food on the table....The way the rules are written, there's nothing fraudulent about collecting CERB if you don't need it. That's where the flaw lies....We'll all pay the price eventually in taxes or service cuts."

June 19, 2020 Financial Post "*Howard Levitt: False claims are rife as companies and employees take advantage of CERB*" "...in the radio shows I now do every week in different Canadian cities, callers are indignant when I inform them that they are ineligible for one of the government's multiple programs. Employees are submitting the CERB claims when their dismissal or reduction in earnings has little to do with COVID-19. One small entrepreneurial client had its employees asking to falsely claim that their relatives had also been working for him and were laid off due to COVID-19 in order to fraudulently claim the CERB. Employees dismissed for cause or terminated before the pandemic, or

those who request layoff or leave of absence, refused to return to work, abandoned their jobs, or resigned from their employment due to circumstance unrelated to COVID-19, have all been claiming and receiving the CERB. None are eligible....Small employers have been using the wage subsidy to “hire” friends, relatives and others while providing them with minimal or no duties, as favours to those friends or to obtain free labour. I know of a small employer who is getting a personal loan repaid by putting the debtor on their payroll and paying themselves back through the wage subsidy.”

In the Senate debate transcripts, one senator said her son owns a couple of restaurants and when he recalled his staff, they asked to be paid in cash (so that they could continue to collect CERB).

5. Share relevant details of ineligible CERB recipients with provinces/territories as required

The SIN and contact information of fraudsters/cheaters/dependents living at home need to be shared with provinces and territories that also provided an emergency benefit based on recipients being eligible to collect CERB. Eg. BC would need to recover benefits they paid to these ineligible recipients, having already spent about \$600 million on its income support benefit.

6. Collect a new tax on future earnings of remaining eligible CERB/CESB recipients

In the EI system, employees and employers make contributions to the EI program. The unprecedented spending on emergency benefits that have ballooned the federal debt needs unprecedented measures to pay for them. If we treat the benefit payments like EI, recipients should retroactively pay into the pot. A new tax, like EI premiums for workers, should be collected on future income until they have repaid a certain percentage, like EI’s 55%, of what they received in income support. Apply the same to those who will transition to the EI-like benefit if they do not qualify for actual EI. Otherwise it will be unfair to the rest of the EI recipients who did pre-pay into the benefit.

7. Enact legislation to eliminate expiry of Canada Student Loan debt collection

Hundreds of millions of uncollected Canada Student Loans have been written off annually. This is a mismanagement of public funds. Part of the problem lies in the six-year limitation period between when the borrower last acknowledged a loan and any legal activity by CRA to recoup the debt. Eliminate (or extend) this period, proactively collect and ensure credit ratings remain affected from non-payment.