
Dangerous double standard in treatment of pandemic benefit programs in AG report, warn anti-poverty advocates

For Immediate Release – The Auditor General’s report released last week on COVID-19 benefits is a cause for concern say anti-poverty advocates. The report, which calls for a more vigorous post-payment verification and repayment process for individuals, will drive more people into deeper poverty while it lets corporations who benefitted from the pandemic off the hook.

Data show that marginalized workers – women, Indigenous, racialized, young, low income, and with precarious labour market attachment – were more likely to receive pandemic benefits. These benefits led to significant reductions in poverty and inequality, precisely when these payments were needed most.

Alarmingly, the AG finds that the benefits paid resulted in disincentives to work at a time that the government was urging Canadians to stay at home and many lower wage service jobs were unsafe. “The AG was not hired to be an expert in social policy, and she has no qualifications in employment policy,” said Sid Frankel, Associate Professor of Social Work at the University of Manitoba and Campaign 2000 Steering Committee member. “She clearly lacks awareness of [relevant research](#) from more than a dozen basic income trials that found no evidence of significant reductions in either hours of work or labor participation rates in response to these programs.”

During the pandemic and after its worst days, low-wage workers have experienced difficulties in obtaining and maintaining housing, supports to manage child and elder care, and achieving basic food security, contributing significantly to the inability of people to return to work when pandemic restrictions were loosened or lifted altogether.

For the AG to say that the availability of additional income resulted in failure to take on employment among the poorest of the poor reveals a significant misunderstanding of how the job world works. Canadians would be best served if the AG focused on accounting and audit functions within her considerable realm of expertise and refrained from conjecture rooted in stereotypes of benefit recipients gaming the system and being lazy and undeserving of help.

“Parliament presumably neither retained nor paid the Auditor General to serve up this kind of misinformation concerning which features of pandemic relief programs actually incentivize work. On the one hand, she is out of her depth. On the other, it is simply not in her mandate,” said Shalini Konanur, Executive Director of the South Asian Legal Clinic of Ontario.

The federal government is already spending more than \$250 million in taxpayer dollars to verify eligibility and pursue repayments from people they have deemed ineligible for pandemic benefits they received. While they have been calling their approach compassionate and flexible, what we have been learning in the nearly two years since this process started is that it causes unnecessary hardship for the mostly low-income people who are being pursued.

Low-income earners have a much harder time meeting verification requirements. Many are paid in cash and these payments do not flow through bank accounts because of their need to make essential purchases immediately. People who receive honoraria from non-profits rarely receive accompanying paperwork they can use to prove eligibility.

Others were encouraged to apply at the outset of the pandemic when the Canadian Emergency Response Benefit (CERB) was rolling out quickly and there was much confusion regarding eligibility. We will not leave anyone behind, the federal government repeatedly announced. Social workers, community workers, welfare case workers, constituency office workers, CRA workers all either encouraged or mandated people to apply.

“The pandemic benefits were not tucked away into savings accounts by people who struggle to live on low incomes. The money was spent to provide for their basic needs,” Leila Sarangi, National Director of Campaign 2000. “Seeking repayments now, in the context of record high inflation, from people who already cannot make ends meet, can only result in more hardship and destitution.”

The Auditor General’s report also looks at the Canada Employment Wage Subsidy. It found that, alarmingly, the program did not collect enough data for the report to determine its effectiveness in supporting employees. The Auditor General was unable to determine if wage subsidies were even used to prevent layoffs because the government chose not to collect that data or to follow up with employers.

[The report fails to address the fact that wage subsidies flowed to major corporations who were strong enough to withstand pandemic downturns.](#) It does find, however, that unlike the CERB, which changed over time to address the changing landscape, there were few improvements made to the wage subsidy program over the course of its life.

The Auditor General’s report should have recommended more aggressive pursuit of large corporations that used wage subsidy programs to pad their bottom line and the [pockets of their CEOs](#), and a CERB repayment amnesty for individuals living on low and moderate incomes who continue to struggle to make ends meet.

“The bias displayed in this report is reprehensible. Individuals who were struggling before the pandemic took the lifeline, CERB, offered by the federal government as they had nothing to fall back on. Now we are going to force them to pay back what they used to survive and have a different standard of accountability for businesses who accessed pandemic benefits?” said Kate Kehler, Executive Director of Social Planning Council of Winnipeg. “If employers want to attract and retain employees, they need to pay a living wage and provide good working conditions and governments should be mandating that, not pushing struggling individuals and families over the edge.”

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About Campaign 2000: Campaign 2000 is a non-partisan, pan-Canadian network of 120 national, provincial and community partner organizations committed to working to end child and family poverty, hosted by Family Service Toronto. For more information visit <http://www.campaign2000.ca>. To view an interactive map of Canada showing child poverty rates by federal riding, [click here](#).

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