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CONTRIBUTORS

Opinion | CERB was a lifeline for many low-income Canadians, but for some it's become an anchor

The federal government should show low-income Canadians the same grace it extends to the owners of yachts and private jets.

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While the federal government set a plan in action to claw-back CERB funds from largely low-income Canadians, it gifted a tax break to the rich, Amanda Therrien and Leila Sarangi say.

Sean Kilpatrick/The Canadian Press file photo

By Amanda Therrien and Leila Sarangi
Amanda Therrien is the senior staff lawyer at the National Association of Women and the Law. Leila Sarangi is the national director for Campaign 2000: End Child and Family Poverty.

In 2020, one in four workers relied on financial support from federal benefits like the Canada Emergency Response Benefit (CERB) to survive the economic shutdown caused by the COVID-19 pandemic.

Most of these recipients had pre-pandemic incomes of less than $50,000. Indigenous people, racialized women, refugees and young workers were among those most likely to depend on benefits like CERB.

These benefits were not windfalls, they were lifelines.

The CERB actually decreased the poverty rates in Canada by a significant margin during the first year of the pandemic. However, as emergency benefit programs were discontinued, these rates rebounded. Many industries did not fully recover following the pandemic, and, today, the ongoing global political instability, inflation and persistent threat of tariffs continues to erode the economic security of some of Canada's most vulnerable people.

Bewilderingly, it's in this context that the government has elected to intensify efforts to recover overpayments related to pandemic emergency benefits, with Budget 2025 allocating $123 million to Employment and Social Development Canada and the Canada Revenue Agency (CRA) for that purpose. The government framed this measure as contributing to a "more efficient utilization of public funds" but using public funds to hound low-income individuals who received modest pandemic overpayments, rather than repairing Canada's fraying social safety net, is an example of extreme inefficiency and short-sightedness.

Additionally, the government's own impact assessment acknowledges that these collection efforts "could impose a burden on low-income Canadians." While the budget states enforcement will focus on those with the highest likelihood of repayment, and that flexible repayment arrangements will be available, media reports indicate the government is taking a far more aggressive approach, including wage garnishment.

While most pandemic benefit legislation technically establishes a six-year limitation period for the collection of overpayments, that period can be extended through broad exceptions, including something as simple as acknowledging the debt, even while disputing it.

Despite Budget 2025's suggestion that collection activities will continue until March 31, 2028, it's clear that, without a significant policy shift, debt collection could persist far longer, pushing already precarious workers deeper into poverty and undermining the very objective of these emergency supports.

What began as a lifeline risks becoming an anchor.

In that same budget, while the federal government set a plan in action to pursue largely low-income Canadians, it gifted a tax break to the rich.

The budget eliminated luxury taxes on aircrafts and vessels on the basis that they were "inefficient, costly to administer, and challenging for Canadian industries at a time of ongoing global uncertainty." Despite being framed as a move toward greater administrative efficiency, the impact assessment starkly outlined exactly which population that would be most affected by such a change: "individuals who are disproportionately higher income and primarily men."

The contrast is difficult to ignore.

The government is prepared to forego revenue from those at the top end of the income distribution scale while pursuing repayment from some of the lowest-income Canadians who relied on emergency benefits during a national crisis.

Luxury asset owners are relieved of tax obligations on the grounds that enforcement is burdensome, while significant public funds are redirected toward recovering comparatively modest overpayments from low-income workers. One is framed as administrative efficiency, the other as fiscal responsibility, but the end result is that individuals who are struggling to stay afloat are forced back underwater.

Emergency benefits were delivered quickly because the crisis demanded speed over perfection. Clawing them back years later reframes that urgency as error.

While the CRA claims it is owed $10 billion in pandemic related benefits, the amounts being pursued at an individual level are often quite modest, even while the human cost is not. For many low-income workers, repayment demands can mean depleted savings, renewed debt or missed rent.

Those who wish to challenge the CRA's decisions often lack the financial means to obtain legal counsel and are therefore forced to navigate the complex judicial review process unrepresented.

The government can, and should, cease its pandemic benefit collection efforts. If not in the name of strengthening the economic security of low-income Canadians, then, as with their eradication of the luxury tax, in the name of administrative efficiency and simplicity.

It's time for the government to show low-income Canadians the same grace it extends to the owners of yachts and private jets.

Opinion articles are based on the author's interpretations and judgments of facts, data and events. More details

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