

Recommendation 1 – Reform Employment Insurance into a fair and accessible program for all workers by setting a cross-Canada qualifying rule of 360 hours or 12 weeks for all benefits and setting a benefit floor at \$500 per week.

Recommendation 2 – Allocate the necessary funding to implement the Canada Disability Benefit in 2024 in a way that meets the needs of people with disabilities. In particular, the Benefit must have broad eligibility and accessibility, be exempt from clawbacks, and have low-barrier appeal rights.

Recommendation 3 – Extend eligibility for the Canada Child Benefit to all children who reside in Canada, regardless of their parents' immigration status. Invest in targeted community outreach strategies to reduce barriers and to ensure Indigenous communities can access the Benefit.

Recommendation 4 – Improve income security for low income Canadians by improving and investing in broadly accessible social programs aimed at reducing poverty.

Recommendation 5 – Investigate and hold accountable major corporations that misused pandemic benefits. Implement a broad program of debt forgiveness for low-income individuals who received pandemic benefits, and ensure low repayment plans are easily available.

Recommendation 6 – Make relevant and needed financial investments in First Nations, Métis, Inuit, and urban Indigenous communities, as determined by community leadership and community members, without delay.

Recommendation 7 – Bring in a comprehensive and inclusive regularization program for migrants that includes undocumented migrants.

Recommendation 8 – Increase the minimum wage for federally regulated workers to \$20 an hour, while maintaining annual indexing to the Consumer Price Index.

Recommendation 9 – Remove the accrual model for the ten employer-paid sick days legislated in Bill C-3 and replace it with full access to ten paid sick days per year immediately upon starting new employment and at the beginning of each calendar year.



ISAC is a specialty legal clinic funded by Legal Aid Ontario. Our mandate is to advance the rights and interests of low-income Ontarians with respect to income security and employment. We carry out our mandate through test case litigation, policy advocacy, community organizing, and public education.

Founded in 2001, we are governed by a community Board of Directors representative of all regions of Ontario. Our Board includes legal clinic caseworkers and people who identify as low-income, with representation from Indigenous communities, racialized communities, people with disabilities, and recipients of income support benefit programs.

We make the following nine recommendations for the 2024 budget:

Reform Employment Insurance into a fair and accessible system

Employment Insurance (EI) is long overdue for reform. The system must change to meet the needs of working Canadians who lose their jobs, fall ill, go on parental leave, or are unable to work. The program's eligibility requirements have become increasingly inaccessible to workers, including low-wage precarious workers. This has most hurt women, Indigenous, racialized, disabled, and migrant workers.¹

The federal government has recognized the need for modernization and reform of the EI system, conducting two phases of consultations over the last two years. However, in September 2022, the government returned to the EI rules that were in place before the pandemic, making EI inaccessible for thousands of workers once again. Budget 2023 then failed to address EI reform, and the government has provided no indication of when reform can be expected.²

Canada has waited long enough for EI reform. We therefore make the following recommendations:

1. Immediately set a new cross-Canada qualifying rule of 360 hours or 12 weeks for all EI benefits.
2. Set a minimum benefit floor of \$500 per week.
3. Eliminate unfair disqualification rules that hurt vulnerable workers the most (including management-labelled "quit-fire").
4. Expand access to migrant workers and those misclassified as independent contractors.

We also support the [recommendations of the Ontario Community Legal Clinics Employment Insurance Working Group](#).

Recommendation 1 – Reform Employment Insurance into a fair and accessible program for all workers by setting a cross-Canada qualifying rule of 360 hours or 12 weeks for all benefits and setting a benefit floor at \$500 per week.

Invest in the Canada Disability Benefit to implement an adequate and accessible Benefit in 2024

Bill C-22 was passed in early Summer 2023, prompting the start of the process to design the Canada Disability Benefit before it can be implemented. There is no time to delay in making sure that the Benefit is delivered to people with disabilities, who are twice as likely to live in poverty as people without disabilities³, and who become more vulnerable to poverty based on intersecting identities and related discrimination.

Designing and implementing a federal disability benefit is no small feat. While there are many elements of the Benefit to get right, Federal Budget 2024 must include enough funding to ensure that the benefit rate will be adequate enough to lift all recipients out of poverty. Disability Without Poverty has determined that at least \$10 billion will be needed to resource the Benefit based on approximately 1 million recipients.⁴ However, the federal government must prepare for costs above and beyond this amount. The number of people who qualify for the Disability Tax Credit, which is difficult to access, is over 1.2 million,⁵ and people in Canada with a disability self-described as moderate to very severe is much higher than 1.2 million.⁶

Using a broad definition of disability to determine eligibility, as well as a higher qualifying income threshold, will help the Benefit reach more people in need. The federal government must consider these factors when determining how much to invest in the Benefit.

Further, for the Benefit to support those most in need, there must be mechanisms in place to safeguard against provincial and territorial clawbacks. Without these safeguards, the purpose of the Benefit loses its impact.

Federal Budget 2024 also must include the funding required to implement a low-barrier, timely appeal process through an accessible administrative tribunal. Canada Disability Benefit recipients must have an easy-to-access avenue to challenge decisions that deny them the Canada Disability Benefit. A tribunal structure provides a less formal appeal venue that allows for more flexible evidentiary requirements, a focus on dispute resolution, and the expertise in adjudicating matters that are brought by self-represented parties.⁷

We recommend:

1. Allocate enough funding in the budget to roll out the Canada Disability Benefit across the country in 2024 at a rate that is set high enough to bring people living with disabilities above the Official Poverty Line;
2. Ensure eligibility determination is broad and that the Benefit is easily accessible to everyone who resides in Canada regardless of their immigration status;
3. Safeguard the Benefit against provincial and territorial clawbacks;

4. Include funding necessary to implement a low-barrier, timely appeal process through an accessible administrative tribunal.

Recommendation 2 – Allocate the necessary funding to implement the Canada Disability Benefit in 2024 in a way that meets the needs of people with disabilities. In particular, the Benefit must have broad eligibility and accessibility, be exempt from clawbacks, and have low-barrier appeal rights.

Increase access to the Canada Child Benefit

In its seventh year of delivery to low- and middle-income families, the Canada Child Benefit (CCB) has continued to improve the lives of children in Canada whose families can access it. The CCB has been heralded as one of the foundational tools of the federal government's Poverty Reduction Strategy. Unfortunately, not every child living in poverty has access to the CCB. The CCB is a tax-delivered benefit, meaning families who do not file their taxes are not able to access this incredibly important benefit. Studies have indicated that First Nations families living on reserve have lower rates of tax-filing compared to others in Canada,⁸ causing a gap in access. While the reasons for low uptake varies between Indigenous communities, barriers cited include infrequent access to technology and reliable internet services, difficulty with obtaining supportive tax-filing services, and fear of scrutiny from government agencies.⁹ Without additional investments to support First Nations, Métis, and Inuit families with access to tax-delivered benefits, income inequities faced by members of these communities will become even more entrenched.

Families with parents who are refugee claimants are also not able to access the CCB, regardless of whether they are filing taxes. Recent data shows that the majority of refugee claimants are single mothers, many of whom are racialized.¹⁰ The federal government can help reduce poverty by ensuring that children and their families are not pushed further into poverty due to barriers to accessing benefits specifically designed to reduce poverty. ISAC has previously recommended an investment of at least \$160 million¹¹ to account for increased uptake related to this change, though that number may be even higher now.

To achieve the CCB's intended impact for children whose families are vulnerable to living in poverty, we recommend:

1. Extend eligibility for the CCB to all children who reside in Canada regardless of the immigration status of their parents, and invest at least \$160 million to account for increased uptake related to this change.
2. Invest in targeted community outreach, education, and support strategies that will ensure Indigenous and other under-reached communities can access this critical benefit.

Recommendation 3 – Extend eligibility for the Canada Child Benefit to all children who reside in Canada, regardless of their parents' immigration

status. Invest in targeted community outreach strategies to reduce barriers and to ensure Indigenous communities can access the Benefit.

Invest in policy initiatives that will improve income security in vulnerable communities and account for the intersecting factors that influence and entrench poverty

The federal government will need to take a variety of measures to ensure that the pace of poverty reduction continues. Communities who historically have not felt the impact of ongoing poverty reduction measures must be included and supported into income security and prosperity.

National poverty is on the rise. It has been five years since the federal government released the official Poverty Reduction Strategy (PRS). Among other initiatives and goals, the PRS includes specific percentage targets for the reduction of poverty across the country. The 2025 poverty reduction targets were met ahead of schedule due to widespread, low-barrier access to temporary federal pandemic benefits like the Canada Emergency Response Benefit (CERB) and the Canada Recovery Benefit (CRB) in 2020 and 2021.¹² However, we are already seeing an increase to national poverty rates, rising to 7.4% in 2021, from 6.4% in 2020, as well as a rise in deep income poverty rates, rising to 3.6% in 2021, from 3.0% in 2020.¹³ Canada's poverty reduction approach must be updated to account for the impact of the pandemic on communities made vulnerable to poverty, including the impacts of Long COVID and the current cost of living crisis. National programs that are working should be expanded, enhanced, and resourced.

Investing in and expanding access to the Canada Workers Benefit (CWB) is one way that the federal government can support single, working-age people who are working yet still live in poverty. Currently, the Benefit amount is inadequate and the Benefit is not accessible for all who need it. Like many federal benefits, the CWB, and its related disability supplement, are delivered through the tax system, requiring any appeal to route through the inaccessible Tax Court of Canada.

Implementing and developing a transparent, timely appeal process through an accessible administrative tribunal will allow better access to the CWB and its related disability supplement. Others have also suggested expanding the Benefit to include an additional supplement that would support those living in deep poverty.

We recommend:

1. Updating PRS targets for poverty reduction;
2. Investing in and improving the Canada Workers Benefit to ensure easier access and to reduce deep poverty rates for working-age individuals living on low incomes.

Recommendation 4 – Improve income security for low income Canadians by improving and investing in broadly accessible social programs aimed at reducing poverty.

Focus efforts on the recovery of pandemic overpayments from corporations, not the poor

Over the last two years, the Canada Revenue Agency (CRA) has engaged in extensive and aggressive efforts to recover alleged overpayments of pandemic benefits, including the CERB and the CRB. These recovery efforts have ignored large corporations while targeting low-income individuals, many of whom face serious barriers to proving their income for eligibility purposes and to challenging decisions by the CRA.

In the December 2022 report by the Auditor General of Canada (AG), *COVID-19 Pandemic: Specific COVID-19 Benefits*, the AG recommended more post-payment verifications and repayments of pandemic benefits, and to apply tax refunds and GST credits to debts owed.¹⁴ Since then, low-income people in Canada have received overpayment notices demanding repayment of thousands of dollars that they cannot afford. Alarming, legal clinic caseworkers have seen that since March 2023, the CRA has no longer offered low repayment plans but instead demanded minimum repayments as high as \$200 per month. Those who need lower repayment plan amounts must call a separate hardship phone line, but are often unable to get through to speak to anyone.

Targeting low-income individuals for pandemic overpayments ignores the realities of low-wage and precarious work and the systemic barriers they face to prove their eligibility. For example, many low-wage workers who engaged in self-employment work were asked to verify that they met the \$5,000 minimum income threshold for pandemic benefits. These workers include housekeepers, personal assistance workers, babysitters, tutors, handypersons, artists, and other precarious workers. Many were paid in cash by their customers and have no records of depositing the funds into a bank account. Many do not have sophisticated documentation of their work, such as written contracts or formal invoices, because of the informal and precarious nature of their work.

To make matters worse, the entire review process is inaccessible, opaque, and fraught with problems. CRA agents often do not tell benefit recipients the precise reason why they are deemed ineligible, or what documents are required or not required to prove eligibility. Recipients are left in the dark about what they need to do to prove their eligibility. CRA decision letters are standard templates that do not explain specifics. Workers who are unable to satisfy the CRA of their eligibility because of a lack of formal paperwork, must challenge the CRA's decision through an application for judicial review at the Federal Court of Canada. The process is complex, inaccessible, and most people cannot afford a lawyer to help them.

Meanwhile, the CRA says that to investigate and attempt recovery of the \$15.5 billion paid out in Canada Emergency Wage Subsidy benefits to employers who may have been ineligible is “not worth the effort”.¹⁵ This CRA recommendation amounts to de-facto forgiveness of billions of dollars for major corporations who, while receiving pandemic wage benefits meant for their workers, paid out dividends to shareholders, afforded bonuses to executives, experienced billions of dollars in windfall profits, hired replacement workers during strikes, or proceeded with massive layoffs.

This is neither the right nor the fair approach. The CRA can and should investigate and hold accountable major corporations that misused wage benefits, and ensure that they repay the public funds they misused. This pursuit must be paired with a broad program of debt forgiveness for low-income individuals who received pandemic benefits who may not have been eligible, but applied in good faith and spent the money to meet basic needs.

Recommendation 5 – Investigate and hold accountable major corporations that misused pandemic benefits. Implement a broad program of debt forgiveness for low-income individuals who received pandemic benefits, and ensure low repayment plans are easily available.

Make relevant and needed financial investments in First Nations, Métis, Inuit, and urban Indigenous communities

For many in Canada, income insecurity is connected to experiences of oppression (both historical and current) and inequitable policies, laws, and regulations enacted by all orders of government. Income insecurity can be caused by and re-enforced through overt and covert discrimination, stigma, and a lack of access to equal rights in practice.

Nowhere is this more evident than in the way federal commitments are made to First Nations, Métis, and Inuit communities across the country, and then ignored or followed through in half-measures. In her 2023 Federal Budget Analysis, Yellowhead Institute research fellow Riley Yesno suggests four questions to consider to “determine if we’ve seen a ‘good budget’”.¹⁶ These four questions are:

- “1. Responsiveness: Do investments meet the demands made by Indigenous leaders and experts to bridge long-known gaps in funding?
2. Accessibility: Are dollars, wherever possible, made *directly accessible to Indigenous people or organizations*? Or are they made out to government departments and agencies to be further distributed at the pleasure of some assistant deputy minister or regional director?
3. Depth: Can the investments made be categorized as symbolic or otherwise presently immaterial (i.e. providing funding for a committee or

plan, where acting on the outcomes from that body would require additional, yet unseen dollars)? Or do they directly intervene in the everyday lived realities of Indigenous people?

4. Affirming Self-Determination: Do investments support pathways for Indigenous capacity-building on their terms?"

- Riley Yesno, "Budget 2023: A Profound Failure to Meet Indigenous Demands", Yellowhead Institute, April 2023.

Yesno's analysis found that actual budget investments were far below what was recommended by three major Indigenous advocacy bodies: The Assembly of First Nations (AFN), Métis National Council (MNC), and Inuit Tapiriit Kanatami (ITK).¹⁷ As Yesno and others have said, throughout regular budget processes, ongoing strategy consultations, special advisory committees, reports, inquiries, and other consultative processes, the federal government "has mountains of evidence telling them precisely what changes they need to be making with immediacy."¹⁸ We support the budget submissions and calls for investment from major Indigenous advocacy bodies such as the AFN, MNC, and ITK, and believe that the Government of Canada should spare no expense.

Recommendation 6 – Make relevant and needed financial investments in First Nations, Métis, Inuit, and urban Indigenous communities, as determined by community leadership and community members, without delay.

Bring in a comprehensive and inclusive regularization program for documented and undocumented migrants

Nearly two years ago, Prime Minister Trudeau promised a regularization program for migrants in his mandate letter to the Minister of Immigration. There are 1.2 million people in Canada on temporary work, study, or refugee claimant permits. In addition, there are 500,000 undocumented migrants in Canada. These 1.7 million migrants (making up 1 in 23 residents in Canada) do not have access to equal rights. Migrants are excluded from healthcare and social services and cannot unite with their families. Lack of permanent resident status makes it difficult, and often impossible, for migrants to speak up for their rights at work or to access services, including those they may be eligible for, because of a well-founded fear of reprisals, termination, eviction, and deportation. Migrants – mostly low-waged, racialized, working class people – are deemed essential but are denied rights.

A comprehensive regularization program (that includes all 500,000 undocumented people) will address a historic wrong, improve working conditions by giving migrants the power to protect themselves, guarantee public health, and add at least \$1.1 billion dollars to the public purse per year through contributions by employers who currently do not pay taxes.¹⁹

Recommendation 7 – Immediately bring in a comprehensive and inclusive regularization program for migrants that includes undocumented migrants.

Increase the minimum wage for federally regulated workers to \$20 an hour

On December 29, 2021, a federal minimum wage of \$15 per hour was brought in for the federally regulated private sector, encompassing roughly 955,000 workers. The federal minimum wage is annually adjusted on April 1st of each year in line with the Consumer Price Index (CPI). The current federal minimum wage is \$16.65 an hour.²⁰

Implementing a minimum wage in the federal sector was long overdue. Indexing wages to the CPI is important to ensure workers do not fall behind as they are confronted with the cost of living crisis. However, the pandemic has revealed that a baseline of a \$15 per hour wage is not enough. Workers in the federally regulated sector need a higher minimum wage to keep up with the cost of living crisis. The cost of food, shelter, and transportation are putting workers further behind. Within the last year alone, the price of groceries increased by 11%.²¹ Therefore, we recommend raising the minimum wage to support workers and ensure none are left behind.

Recommendation 8 – Increase the minimum wage for federally regulated workers to \$20 an hour, while maintaining annual indexing to the Consumer Price Index.

Fix problems with the way employer-paid sick days are earned for federally regulated workers

The federal government implemented the ten employer-paid sick days for federally regulated workers in the *Canada Labour Code* by passing Bill C-3 in December 2022. Implementing ten employer-paid sick days was an important step to protect the health of all federally regulated workers. However, the accrual model for these paid sick days raises significant concerns. Workers need adequate, universal, and accessible paid sick days. For workers starting new employment, they will earn only three days after a 30-day waiting period and then begin accruing one paid sick day per month up to a maximum of ten days. The monthly accrual model has left many workers with inadequate protection. In particular, barriers to accessing adequate paid sick days for those in temporary and insecure employment persist, disproportionately affecting racialized and immigrant workers.

Recommendation 9 – Remove the accrual model for the ten employer-paid sick days legislated in Bill C-3 and replace it with full access to ten paid sick days per year immediately upon starting new employment and at the beginning of each calendar year.

Endnotes

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- ² Nojoud Al Mallees, "Ottawa left EI reform out of Budget 2023. Here's why", *Global News* (1 April 2023), online: <<https://globalnews.ca/news/9595361/budget-2023-employment-insurance-reform/>>
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- ¹³ Statistics Canada, *Dimensions of Poverty Hub* (last visited August 1, 2023), online: <<https://www.statcan.gc.ca/en/topics-start/poverty>>
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