

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 680-19(2): INCOME ASSISTANCE AND TAX REFUNDS

March 29, 2021

MR. O'REILLY: Merci, Monsieur le President. My questions are for the Minister of Education, Culture and Employment, who administers Income Assistance. First, I would like the Minister to confirm that it is this government's position that a garnishee of a tax refund is counted as unearned income and is deducted from Income Assistance payments to that client. Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you, Member for Frame Lake. Minister of Education, Culture and Employment.

HON. R.J. SIMPSON: Thank you, Mr. Speaker. The Income Assistance Regulations, Section 4(j), (n), (o.2) state that the following shall be considered unearned income. That includes the GST tax credit, income tax refunds including payments of tax credits, so, yes, that is the correct interpretation of the legislation. Thank you.

MR. O'REILLY: I want to thank the Minister for confirming that. Yes, the Minister said that Income Assistance clients can use their annual "unearned income exemption of up to \$1,200 to offset the penalty for the garnishee." While this may be true, most people are required to pay back CERB through tax-refund garnishees, and they probably owe a lot more than \$1,200. This exemption was meant to offset the occasional gift from family or friends. Will the Minister be lenient in his interpretation of the words "tax refund" in the Income Assistance regulations and not claw back garnishees from tax refunds for CERB recipients for money that was never supposed to reduce Income Assistance in the first place?

HON. R.J. SIMPSON: CERB never did reduce Income Assistance. Right now, if someone receives a tax refund, it is counted as income. If the Government of Canada takes that back, it's still counted as tax income. The Income Assistance Program does not pay debts. However, the Government of Canada has stated that they are not going to be clawing back any of the monthly or quarterly tax credits that people received, such as GST or Child Tax Benefit, so it would likely only be the income tax refund. For the majority of clients, that's worth \$350, so that would be \$350 out of the \$1,200.

The Government of Canada is taking a compassionate approach to the collection of these debts, and I encourage any residents who have to pay CERB back to contact the Government of Canada and create a payment plan so that they can avoid hits like that. Right now, they're not strong arming. They're not taking a very aggressive approach, and they understand that not everyone is in a situation to repay this money. There are financial hardship provisions to ensure that a person is not put into undue financial hardship because of recovery of government debt. However, in order to get that from the CRA, you have to reach out to them, so I encourage anyone who has to pay CERB back, to reach out and make payment arrangements.

MR. O'REILLY: I want to thank the Minister for that compassionate response. It's great

to point to the federal government and try to get compassion from them. I'm talking to the Minister on the floor here; he needs to demonstrate and lead with some compassion from our government. This perverse practice of deducting garnishees from tax refunds from Income Assistance is going to lead to excessive hardships for many NWT residents who received CERB payments. Can the Minister tell us whether this situation is being tracked and what percentage of total Income Assistance recipients are suffering from this deduction of garnishees from their monthly payments?

HON. R.J. SIMPSON: I can also point out that a number of people have voluntarily paid back CERB once they realized that they weren't eligible for it. They made repayment arrangements. There're a number of people who are working who aren't on Income Assistance who may have to pay CERB back. The Income Assistance program has continued throughout CERB, and it continues. No changes have been made except for the exemption of CERB, so there has been a very compassionate response.

To the Member's exact question, which I should have answered first because it's alluding me somewhat. Yes, tracking the results. Generally, there is reporting done on a monthly basis with Income Assistance. However, during the pandemic, that was put on hold, and we've asked people to report their income starting in November. We've taken a lenient approach with that, and those numbers are still tricking in. We don't have a total of how many people received CERB and do not know how many people need to pay it back. It's a small percentage of the total number of Income Assistance recipients.

MR. SPEAKER: Thank you, Minister. Final supplementary. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister for that, and of course, I'm going to be asking him the same question in May/June. That's a quick heads-up. Look, I'm convinced that we will be punishing Income Assistance recipients who were supposed to have no deductions as a result of CERB payments, who now have to pay it back through garnishees to tax refunds. I think that's just a result of a harsh interpretation of the regulations. Will the Minister exercise some discretion and stop a garnishee on tax refunds as being considered unearned income or change the regulations now to stop this punitive and perverse practice in these extraordinary times? Mahsi, Mr. Speaker.

HON. R.J. SIMPSON: No, we won't be changing the regulations. We won't be stopping this practice there. The CRA, whose program this is, has policies to prevent undue hardship. The Income Assistance Program has policies to exempt these types of funds. There're people who have made payment arrangements with CRA. There're people who have already paid this back. We'd be punishing them for paying the money back when they could have just not paid it back and had it forgiven by Income Assistance. Essentially, what the Member is asking is that the GNWT take over the CERB program and then pay CERB. That's what we would be doing by basically writing off these amounts. The CERB was a federal program, and the feds are handling it. We are in contact with the federal government. I've had calls with the relevant Ministers, and I told them about our situation here in the territory and that they need to take a compassionate approach. From everything I can see, they have been doing that, and we will continue that advocacy. I'm happy to keep the Member and the Assembly updated with any progress and let everyone know what we hear. Thank you, Mr.

Speaker.