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Minister of Education, Culture and Employment
P.O. Box 1320
Yellowknife, NT, X1A 2L9

Dear Minister Simpson,

I am writing this letter to inform you about a potentially devastating situation that many NWT residents who receive Income Assistance could face during the next tax season. It is my hope that with your attention, the GNWT can work to support residents and avoid this situation.

Issue:

In the uncertain period of time between March and September 2020, many residents across the territory received the Canadian Emergency Response Benefit (CERB). Unfortunately, as in the rest of Canada, it has come to light that a large number of them were not eligible and will have to repay the benefit. This will be achieved through garnishing of their child tax and tax returns. From this garnishing, the ability for families and individuals to meet their basic needs will be jeopardized. Under the current Income Support policy, garnished tax returns currently qualify as income and count against Income Support recipients. Fortunately, a small change in ECE policy could avoid this situation.

Background:

To receive Income Support benefits, recipients must file their taxes. When their taxes are garnished, the money that they would have received is counted as income. Every year, this leads to some Income Support recipients losing their benefits, which leaves them unable to meet their basic needs. At the YWCA NWT there are clients that come to us every April because of a large debt they owe and pay on every year. In turn they do not receive Income Assistance, and they are unable to afford food or pay their rent. People may owe money to the Canada Revenue Agency for any number of reasons.

The amount of tax returns that every individual in the territory receives if they have not worked is around \$300. Income Assistance provides \$343/month for food money for an individual adult; \$480 for a couple. So, for a single adult who is on income assistance, did not work, and incorrectly claimed the CERB, they may not have money for food for the month. For a couple who lives in an apartment that Income Assistance pays for, they

will lose all their food money, plus they will be short on their rent. If they have children, they may also have part or all of their child tax garnished. NWT residents who incorrectly claimed the CERB will likely be paying back the money for years to come.

We anticipate a large increase in demand in rental support and food during tax season. The YWCA's Transitional Housing Program relies on funding from the Municipal and Territorial governments. This funding goes to disenfranchised families with added expenses for staffing and programming. The demand for the YWCA's Transitional Housing Program is increasing, and housing instability is only getting more desperate in this slow recovery from COVID 19.

Key Recommendation:

We recommend that the Department of Education, Culture and Employment and the GNWT change the Income Support policy so that garnished tax returns are no longer counted against Income Support clients. This will allow Income Support recipients to maintain their basic needs, while still working to pay back the CERB through their garnished returns as required by the federal government. We believe that this will reduce the anticipated financial pressure on already in-need NWT residents this coming tax season.

Thank you for your consideration,



Sarah Arngnaanaq

On behalf of the YWCA NWT Advocacy Committee

CC: Minister Caroline Wawzonek, Minister Responsible for the Department of Finance, the Department of Justice, the Status of Women, and MLA for Yellowknife South

Minister Julie Green, Minister of Health and Social Services, Minister Responsible for Persons with Disabilities, Minister Responsible for Seniors, and MLA for Yellowknife Centre