

SYM  
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FINANCES PERSONNELLES  
ET VULNÉRABILITÉ  
FACE AUX CRISES

SETTING THE CONTEXT

Event presented by

**union**  
des consommateurs

With the financial  
participation of

**Canada**

## INTRODUCTION

This document, intended for participants of the “*Symposium - Finances personnelles et vulnérabilité face aux crises*”, is a starting point for reflection and discussion during the day. The Symposium aims to provide an overview of recent economic challenges and proposed policy responses to identify possible solutions to better protect consumers, particularly the most vulnerable, in future crises.

This context paper focuses on three areas: the personal finances of Canadians, government measures deployed in Canada and, finally, those implemented abroad.

It is based on an extensive literature review undertaken by Union des Consommateurs' team of analysts to map the COVID-19 pandemic's impact on consumers and the inflationary period that followed it, both in Canada and abroad.

# CANADIANS' PERSONAL FINANCES

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## Impacts of the pandemic

COVID-19 profoundly disrupted Canada's economy and the finances of Canadian households: health restrictions, including confinements, and disruptions to supply chains led to widespread financial insecurity. Between March and April 2020, nearly 3 million jobs were lost in Canada, exacerbating the economic vulnerabilities of households, particularly those with low incomes and the precariously employed. As a result, many Canadians had to dip into their personal savings and turn to emergency government assistance, which played a crucial role in helping households meet their needs during this period. As a direct result of increased government transfers, the population living below the official poverty line in Canada fell from 10.3% in 2019 to 6.4% in 2020.

In response to the crisis, the Bank of Canada lowered its policy interest rate to 0.25% in March 2020 to stimulate the economy. This measure was intended to encourage spending and investment to keep Canada's production capacity running.

## Post-pandemic inflation

The end of sanitary measures did not bring economic stability. Inflation rose rapidly, fueled by disruptions to global supply chains, increases in transport and raw material costs, and international armed conflicts. Food was one of the sectors most affected by inflation, exerting significant financial pressure on all households, but especially low-income ones.

To curb economic overheating, the Bank of Canada rapidly raised its policy interest rate from 0.25% in February 2022 to 5% in July 2023. The immediate effect of this measure was to increase mortgage payments and borrowing costs, exacerbating household financial difficulties. Canadians faced a double threat: rising prices for essential goods and services and increased financial burdens linked to debt. Household debt levels rose, as did bankruptcy rates. Food bank use also increased, indicating growing food insecurity. The sharp rent rise was another factor putting financial pressure on many households.

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41% of Canadians feel their financial situation has worsened over the past two years, compared to 19% who feel it has improved.

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57% of respondents admit they had difficulty paying at least one bill.

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According to a cross-Canada survey conducted by Union des consommateurs in 2024, 41% of Canadians feel their financial situation has worsened over the past two years, compared to 19% who feel it has improved. Most respondents attribute these changes in their financial situation to inflation and high interest rates. Responding to these challenges, consumers have cut back on non-essential spending and sought ways to save money. Even so, 57% of respondents admit they had difficulty paying at least one bill.

The official poverty rate rose from 7.4% in 2021 to 9.9% in 2022, mainly due to the end of pandemic-related government benefits. Rising inflation has eroded household purchasing power, particularly for essential goods. In this situation, low-income households, essential workers, minorities and the elderly were particularly hard hit.

Food prices have risen significantly, with the Consumer Price Index (CPI) for food purchased from stores showing an increase of 9.8% in 2022 and 7.8% in 2023. Confidence in grocery stores has been shaken, with a general feeling that they are getting rich at the expense of consumers. In response, the government has called on grocers to develop a voluntary Grocer's Code of Conduct with representatives of the food retail and manufacturing industries.

Food insecurity has increased, with growing demand on food banks since the pandemic. Monthly visits to Canadian food banks totaled just over 2 million in March 2024, representing a 90% increase over 2019. With rising prices, many consumers have had to replace or go without certain products. According to the survey conducted by Union des Consommateurs, 51% of respondents are avoiding buying certain non-essential foods, 41% are buying fewer products, and 27% are buying lower-quality products.

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## GOVERNMENT RESPONSE

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### Federal measures

Among the most important measures introduced by the federal government were the Canada Emergency Response Benefit (CERB), which offered \$2,000 a month to workers affected by the pandemic, and the Canada Emergency Student Benefit (CESB), which offered \$1,250 a month to students. The Canada Recovery Benefit (CRB) was also introduced to replace the CERB, offering \$1,000 per two weeks, dropping to \$600 after 21 periods.

The government also introduced emergency wage subsidies to support employers and maintain jobs, as well as mortgage payment deferrals for homeowners in financial difficulty. Other measures included a special one-time payment of the GST credit, increased maximum benefits for the Canada Child Benefit, and a one-time payment of the Old Age Security Pension and Guaranteed Income Supplement.

### Provincial measures

The provinces have also deployed support measures; for example, **Quebec** introduced a temporary assistance program for workers, offering \$573 per week per two weeks, extendable to 28 days. **British Columbia** introduced an emergency worker benefit, offering \$1,000 for residents affected by COVID-19, as well as a climate action tax credit.

**Alberta** introduced emergency isolation support, offering \$572 for working adults in forced isolation, and protections for tenants, including a moratorium on evictions for non-payment of rent. **Saskatchewan** introduced an isolation support program and a temporary wage supplement for low-income essential workers.

**Manitoba** offered rental assistance, insurance reimbursements and economic support for people with disabilities. **Ontario** froze rents, reduced license fees and offered help with electricity bills. **New Brunswick** introduced a benefit for low-income seniors and income support for workers. **Nova Scotia** offered a wage bonus for healthcare workers and temporary assistance for workers. **Prince Edward Island** introduced an income support program and a moratorium on evictions. **Newfoundland and Labrador** introduced a moratorium on evictions and changes to student debt collection.

## ELSEWHERE IN THE WORLD

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### United States

Among the most important measures implemented south of the border are direct transfers (Economic Impact Payment), offering up to US\$1,400 per adult and \$500 per child for households with incomes under US\$75,000 per year. A moratorium on evictions and financial assistance for housing (ERAP) has also been introduced to prevent evictions and help tenants in financial difficulty. The temporary Child Tax Credit offered up to US\$3,600 per child for low-income families. The Inflation Reduction Act capped the price of certain drugs and prescription drug expenses for Medicare beneficiaries. The Supplemental Nutrition Assistance Program (SNAP) was enhanced to enable low-income families to purchase groceries, but no food price controls were put in place.

### France

France has introduced exceptional solidarity aid, offering €150 per adult and a further €100 per dependent child for recipients of the Revenu de Solidarité active (RSA) and the Aide personnalisée au logement (APL). A tariff shield has been introduced to cap increases in electricity and gas prices at 15%. A one-off €100 to €200 energy voucher was offered to 40% of households on the lowest incomes. An inflation allowance of €100 was paid to households earning less than €2,000 monthly.

The Élysée introduced the “anti-inflation basket” to mitigate the impact of inflation on consumers. This program offered everyday products at reduced prices, including dairy, meat and hygiene products. Various supermarket chains, such as Carrefour, Leclerc and Intermarché, were involved in the program, each drawing up its own list of products to make up this anti-inflation basket. Although food inflation had reached 8.2% by 2023, the price of products in the anti-inflation basket appears to have fallen by 10%, according to the French government.

### Brazil

Brazilians, for their part, could benefit from emergency vouchers distributed by their government, offering US\$120 spread over five months for informal workers, small entrepreneurs, the unemployed and those registered with CadÚnico. A wage subsidy (Prorrogação do Benefício Emergencial de Preservação do Emprego e da Renda) was introduced to offer payments to workers suffering a reduction in working hours or wages. Despite high food inflation, no specific measures were implemented to control food prices directly. Instead, the government focused on direct financial aid and the distribution of food baskets to families in difficulty.

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## New Zealand

Among the most important measures deployed by the New Zealand government were wage subsidies for employers to maintain jobs, income support payments for households in financial difficulty, and assistance with energy costs.

New Zealand has seen a significant rise in the cost of groceries, **with an increase of 56% between 2022 and 2023**. This increase is due to several factors, including high import costs in this Oceania Island country, as well as competition issues on which the government has intervened.

In 2020, the New Zealand government commissioned a study on competition in the food retail sector. The study, published in March 2022 by the Commerce Commission of New Zealand, found that competition in the grocery retail sector was not working. The government adopted the study's recommendations and, on September 1st, 2023, introduced the Grocery Code of Conduct. This code aimed to break the stranglehold of New Zealand's food duopoly and make trading fairer in the grocery business.

## Australia

In Australia, the policy response targeted low-income households and workers affected by restrictions with direct supports such as one-off vouchers and benefit top-ups.

With the aim of tackling the inequity between retailers and their smaller suppliers, a grocers' code of conduct was introduced back in 2015 in Australia, one of the forerunners in this field. This code, initially voluntary, has not achieved its objectives of protecting small suppliers according to the Australian federal government, which in June 2024 announced that it intended to make the code mandatory for large chains.

## CONCLUSION

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The economic recession, inflation and rising interest rates have severely affected Canadians' finances, leading to increased indebtedness, food insecurity and poverty. Government measures, both federal and provincial, have played a crucial role in providing timely support to households, offering emergency benefits, wage subsidies, mortgage payment deferrals and specific assistance for workers and students.

These measures have often been temporary and have only exceptionally tackled underlying structural problems. In this, Canada is no exception: countries such as the USA, France, Brazil, New Zealand and Australia have also implemented a variety of measures to offer immediate relief to their populations. However, their mostly ephemeral nature has had, as in the Canadian case, little impact on the long-term financial security of households, particularly the most vulnerable among them.

While these one-off emergency measures have generally been useful and necessary, structural reforms aimed at strengthening the social safety net in the long term, guaranteeing equitable access to essential services and adapting aid measures to the needs of households, including the most vulnerable, appear to be more effective in building our societies' long-term resilience to economic shocks.

The effectiveness of our governments' response to future crises will depend directly on the lessons learned and on the ability of decision-makers to draw inspiration from the best measures deployed here and elsewhere to adapt our public policies and aid programs ahead of crises.

This context paper provides an overview of the various government measures deployed to set the stage for the discussions that will take place at the *"Symposium - Finances personnelles et vulnérabilité face aux crises"*. The effects of these measures are analyzed in greater detail in a Union des consommateurs research report to be published in 2025, of which this summary is a preview. The Symposium is an integral part of this research, and the discussions that will take place there will feed into and enhance the findings of the report.