

Extending CERB for months could double \$60-billion budget, PBO report suggests ^[1]

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EXCERPTS

OTTAWA — Parliament's spending watchdog has put a price tag around talks to extend the Canada Emergency Response Benefit, estimating it could potentially double the current \$60-billion budget.

Under one scenario parliamentary budget officer Yves Giroux looked at, the government would claw back 50 cents of each dollar earned over \$1,000 and allow recipients to receive an additional 12 weeks of benefits.

The cost to provide more weeks of payments, and letting people earn some extra income, would be an additional \$64 billion. Simply extending the maximum number of weeks from 16 to 28, and extending the program through to January 2021, would cost about \$57.9 billion.

The most recent federal figures show 8.41 million people have applied for the CERB, with \$43.51 billion in payments made as of June 4.

The Liberals say 1.2 million recipients went off the CERB in May when its budget was increased to \$60 billion, up from \$35 billion, because more people have claimed it for longer than expected.

Giroux said the longer the program is extended, the more pressure will build to make the CERB, or parts of it, permanent.

It is a similar dilemma facing other federal aid programs aimed at supporting people and businesses through the COVID-19 pandemic shutdown, such as the wage subsidy program that is being reviewed for changes to boost take-up so fewer people need the CERB.

"Can we afford as a country an additional \$58 billion? Probably," Giroux said in an interview.

"But when you take that together with all the other programs that are likely to be under pressure for extensions, then it becomes very expensive and it's a matter of trade-offs," he said, pointing to either reduced program spending, or higher taxes as a result.

The government had proposed legislation that would extend benefits, but cut off recipients who don't return to work when "it is reasonable to do so" and where their employer has asked them to come back, or if they can work but decline a reasonable job offer.

The opposition parties refused to give unanimous consent to the bill on Wednesday afternoon.

Speaking at a midday press conference, Deputy Prime Minister Chrystia Freeland said the government believed people would take jobs if positions are available.

"Canadians really want to work, but because of coronavirus, many people have been unable to work," she said.

The Canadian Federation of Independent Business said Wednesday that many small business owners support cutting off CERB payments to workers who are offered their jobs back, barring health-related issues.

A survey of its members suggested more than two-thirds support letting workers earn more than \$1,000 and retain CERB payments.

"While it's too early to do away with CERB, it's time to shift gears on the federal support programs to encourage people to rejoin the labour force," CFIB president Dan Kelly said in a statement.

Giroux's report estimates that \$3.2 billion in benefits would likely be paid out to people who don't want to work and stay on an extended CERB. The estimated cost rises to \$3.7 billion if people could earn beyond the \$1,000-income cutoff.

"There's still a significant disincentive for people not to work, but less so when there's a huge penalty as is the case for the current CERB," Giroux said, referring to the complete loss in payments for those earning over \$1,000.

Further complicating the return to work is the need for child care — a concern shared by CFIB members and child-care advocates.

Although May's labour force report from Statistics Canada showed a bump in job numbers, the results disproportionately favoured men. For women, parents with children six and up gained back jobs at a faster rate than those with younger children.

A survey of more than 8,000 regulated child-care centres and home daycares, released Wednesday by a group of child-care groups, suggested over one-third were uncertain they would be able to reopen.

Some 70 per cent also said they had laid off staff, with almost 90 per cent of centre staff applying for the CERB. Don Giesbrecht, chief executive of the Canadian Child Care Federation, said the results showed a need to help with low wages in the sector to bring back employees.

The federal government has offered \$14 billion to provinces to help with reopening plans, with an unknown part of that targeting child care.

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