



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Legislative Costing Note

Announcement date:	2020-03-25 (C-13)
Publication date:	2020-06-18
Short title:	Canada Emergency Response Benefit (CERB) – Update
Description:	<p>Canada Emergency Response Benefit (CERB) is a taxable benefit that would provide \$500 a week for up to 16 weeks for workers who lose their income due to reasons related to COVID-19.¹ This includes Canadians who have lost their job, are sick, quarantined, taking care of someone who is sick with COVID-19 as well as working parents who must stay home without pay to care for children who are at home because of school and daycare closures.</p> <p>Workers are defined as anyone who received at least \$5,000 in the previous 12 months in employment income, self-employment income, Employment Insurance benefits, or other provincial benefits as outlined in Bill C-13.</p> <p>Workers who earn less than \$1,000 in a 4-week period are eligible for the CERB. Individuals who have exhausted their Employment Insurance regular benefits between December 29, 2019 and October 3, 2020 are also eligible for the CERB.</p>

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¹ Government of Canada. *Canada Emergency Response Benefit*. Retrieved June 15th, 2020, from <https://www.canada.ca/en/services/benefits/ei/cerb-application.html>

² This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSPD/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

Estimation and projection method: PBO updated the model used for previous CERB cost estimates to include more recent labour force data and projections.³ Assumptions related to CEWS take-up were updated as well.

To incorporate behavioural responses to the CERB program, the PBO used the Labour Force Survey from March and April 2020 and attempted to identify workers who may have adjusted their labour supply in response to incentives created by the CERB program. These identified workers are taken as the basis of the behavioural response to the CERB model.

Aggregate Results: PBO estimates the CERB program will have a total cost of \$53.4 billion in 2020-2021.

Source of Uncertainty: The estimate is highly sensitive to the assumed economic outlook and the probability of contracting COVID-19. Due to the unavailability of microdata regarding CERB recipients, any estimates of the behavioural response to the CERB program are highly uncertain and rely on strong assumptions.

Further uncertainty stems from how the proposed measure will be administered (more specifically the extent and intensity of compliance activities) and the actual take up of the CEWS.

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Cost of proposed measure (includes behavioural responses)

\$ millions	2020-2021
Total cost	53,414
Gross cost	61,116
Cost recovery (Personal Income Tax Paid on Measure)	-7,702

Notes:

Estimates are presented on an accruals basis as would appear in the budget and public accounts.

Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

"-" = PBO does not expect a financial cost

³ See Previous Legislative Costing Note: Canadian Emergency Response Benefit. https://www.pbo-dpb.gc.ca/web/default/files/Documents/LEG/LEG-2021-019-S/LEG-2021-019-S_en.pdf.