

Trudeau unveils \$27-billion in aid, \$55-billion of tax deferrals in coronavirus response

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Prime Minister Justin Trudeau has unveiled a sweeping \$27-billion emergency aid package that offers immediate and direct help to Canadians and businesses, plus \$55-billion in tax deferrals, to help them survive the severe economic downturn caused by the coronavirus pandemic.

The massive stimulus package will inject cash into businesses to keep workers on the payroll even if they have been sent home and bolstering federal benefits and employment insurance programs.

“The measures we are announcing today will provide up to \$27-billion in direct support to Canadian workers and businesses, plus \$55-billion to meet liquidity needs for Canadian businesses and households through tax deferrals to help stabilize the economy,” he said. “This \$82-billion in support represents more than 3 per cent of Canada’s GDP.”

The Prime Minister told a news conference that Ottawa is taking direct action to help Canadians who don’t qualify for employment insurance or don’t have access to paid sick leave and that they will receive up to \$900 biweekly for 15 weeks.

“There are many families across this country who are looking at their sources of income drying up because of COVID-19,” he said. “Many workers do not qualify for EI. Therefore we are putting in place exceptional measures that will flow money to them every two weeks.”

Ottawa is also creating an emergency support benefit for self-employed and part-time workers who do not qualify for EI.

Small-business owners will receive a temporary wage subsidy from Ottawa that will

be equal to 10 per cent of salary paid to employees for a period of three months.

“This will encourage employers to keep staff on the payroll during this uncertain time,” Mr. Trudeau said.

Mr. Trudeau said tax filings have been delayed and he promised more targeted measures for “individuals who are particularly affected by the virus or are in vulnerable position.” Individuals will not have to file their tax returns until June 1 and can defer any payments until after August 31.

Parents facing school and kindergarten closures, Ottawa will temporarily boost the Canada Child Benefit.

In May, Ottawa will boost the GST credit to help lower income people, which is a tax-free payment sent to Canadians.

“Every adult who qualifies will receive up to \$300 with \$150 for every child,” Mr. Trudeau said.

For people paying off student loans, the government will put in place a six-month moratorium on repayment of their loans.

“For people experiencing homelessness we are doubling the Reaching Home Program that provides funding for communities to address their local needs,” he said. A separate fund is being set up to help Indigenous communities.

“No matter where you live or who you are, you will get the support you need during this time,” Mr. Trudeau said.

The \$82-billion in support was hastily put together over the last few days in place of a federal budget that had been planned for March 30.

Tammy Schirle, an economics professor at Wilfred Laurier University, said the package is a “good start” that includes both targeting and speed.

Increases to the CCB and GST will provide direct help to low-income Canadians who may have lost part-time jobs and who might not qualify for EI, she said.

“I think Canadians are looking for signals that our social safety net will catch them when they need it. I think the announcements today will help maintain confidence in that regard, but more may be needed as we move forward,” she said.

Dan Kelly, president of the Canadian Federation of Independent Business, said in a statement that wage subsidies are needed to prevent layoffs. But he questioned why the federal government set the subsidy at 10 per cent of wages, as opposed to the 75 per cent support that was recently announced in Denmark.

“I know the feds are working fast to respond to the health emergency, but the related economic emergency requires we do everything we can to avoid layoffs, not just making it easier to get EI benefits if one loses their job,” he said.

So far, Ottawa has pledged \$1-billion in funding for health research and aid to the provinces as well as \$10-billion in new credits to backstop businesses. It also announced \$300-billion in liquidity measures through the Office of the Superintendent of Financial Institutions and committed to buy up to \$50-billion in mortgages to allow banks to continue to lend.

In the new plan announced Wednesday, Mr. Trudeau said Export Development Canada will provide support for Canadian companies hit by

the COVID-19 crisis and Farm Credit Canada will get additional funds to help farmers.

“The economic measures will ensure that our economy rebounds after this,” Mr. Trudeau said.

When asked Wednesday whether Canada is on the brink of an inevitable recession, Mr. Trudeau said the government is focused on ensuring that Canadians who are not getting an income or who are unable to pay for groceries can get by in this “difficult time.”

Mr. Trudeau said the government recognizes many businesses are closed and many workplaces are facing significant slowdowns if not stoppages but that the “fundamentals of the Canadian economy are strong.”

“In a number of weeks, or a number of months, or however long it takes, once we get rolling again, the capacity of the federal government to invest in the economy, to support businesses and individuals, will ensure that we bounce back strongly,” Mr. Trudeau said.

“We have the fiscal room to do this because of prudent decision-making over the past five years.”

The Prime Minister said he has been coordinating economic actions with other G7 leaders including U.S. President Donald Trump. The two leaders agreed to close the border to non-essential travel but will keep trade flowing.

Finance Minister Bill Morneau told a separate news conference that he is working with the airlines and oil and gas sector on specific measures to help them through the difficult times. Airlines are facing closure of routes and the energy sector is reeling from bottom-basement oil prices.