

## Nearly 5.4 million receiving emergency federal aid as requests climb

By Jordan Press

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Nearly 5.4 million Canadians are receiving emergency federal aid, with hundreds of thousands more claims waiting to be processed, the federal government said Monday, providing another snapshot of the economic fallout from COVID-19.

Federal figures showed that by Monday morning, 5.38 million people were getting payments through the Canada Emergency Response Benefit.

That includes some two million people who were previously approved for employment insurance benefits, but moved over to the new \$2,000-a-month benefit that opened for applications one week ago.

During the first week it was available, there were just under 3.5 million claims, including nearly 172,000 over the weekend.

Figures provided by Employment Minister Carla Qualtrough's office show the government has received about six million claims for financial help in total since the crisis began about one month ago, when non-essential economic activity was paused due to public health concerns.

The Liberals are likely to roll out more help soon to fill gaps in existing programs, such as by broadening the scope of the CERB to capture workers currently being left out.

On Wednesday, the Bank of Canada will make a rate announcement, issue an economic outlook, and could co-ordinate any new actions with the Finance Department, said Scotiabank deputy chief economist Brett House.

"The bank's work isn't quite done here," House said.

"If they're going to roll out additional measures, it's the perfect time to do so."

Since the start of March, the central bank has slashed its key interest rate to 0.25 per cent from 1.75 per cent, including two unscheduled cuts. It has also started a massive bond purchase program that goes beyond what the central bank did during the global financial crisis just over a decade ago.

At the last of those unscheduled cuts, the bank indicated the target overnight rate was as low it could be.

Last week, A C.D. Howe Institute panel of economists concluded there was little reason for the bank to move the key rate "appreciably over the next year" and instead should focus on keeping credit markets functioning.

Panelist Thorsten Koepl, a professor in the economics department at Queen's University, said he expects the rate to go to zero because the central bank is paying interest at the target rate instead of on a half-point band around the rate – removing any hurdle to putting the rate lower.

Coupled with the rate announcement will be a monetary policy report that the bank says will provide its analysis of COVID-19's economic impact, and any foreseeable rebound to the closures of businesses and loss of jobs.

More federal help for companies is to arrive next week in the form of an interest-free loan program to provide eligible small businesses and non-profits up to \$40,000, with the promise of \$10,000 being forgiven if paid by the end of 2022.

Conservative finance critic Pierre Poilievre asked the government to increase the loan limit

as an interim measure to help companies cover payroll costs while they await payments from a new wage subsidy program.

When the government is able to pay the subsidy to eligible businesses in a few weeks, Poilievre proposed companies take the first tranche to pay off the increased loans provided by banks and credit unions.

“The government is stretched, so why not let our front line lenders deliver the money now and take that strain off the governmental system,” he said during a press conference.

The 75 per cent wage subsidy program, approved by Parliament on Saturday, will pay up to \$847 per week, per employee for up to 12 weeks. The subsidy is retroactive to March 15 and will be available to companies with a 15 per cent revenue drop in March, or 30 per cent decline in April or May.

As part of an agreement to get swift approval of the \$73 billion subsidy, the Liberals

promised to cover gaps in its various aid programs.

Also on Monday, a handful of Conservative business critics called on the Liberals to develop a plan to help the nation’s restaurant, hospitality and tourism sectors.

Many of those businesses were either among the first to close due to public health concerns related to COVID-19, or have seen dramatic declines as consumer spending drops.

Among the ideas proposed are temporarily allowing owner-operators to qualify for the federal wage subsidy program as well as refunding a year’s worth of GST remittances to small businesses.

A report last week by the parliamentary budget officer estimated that refunding federal sales tax to small businesses would cost Ottawa’s coffers about \$12.9 billion.