

Minister of Employment,
Workforce Development
and Disability Inclusion



Ministre de l'Emploi,
du Développement de la main-d'œuvre
et de l'Inclusion des personnes handicapées

Ottawa, Canada K1A 0J9

AUG 27 2020

Mr. Yves Giroux
Parliamentary Budget Officer
Office of the Parliamentary Budget Officer
900-99 Bank Street
Ottawa ON K1A 0A9

Dear Mr. Giroux,

I am writing in response to your letter dated July 27, 2020, concerning the request for information number IR0509.

Please find attached the requested information.

If you or your staff have any questions about this response, please contact Mr. Andrew Brown, Director General, Employment Insurance Policy at andrew.brown@hrsdc-rhdcc.gc.ca.

Please accept my best wishes.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Carla Qualtrough'.

The Honourable Carla Qualtrough, P.C., M.P.
Minister of Employment, Workforce Development and Disability Inclusion

Enclosure: 1

Responses to PBO Information Request IR0509

Context:

The Canada Emergency Response Benefit (CERB) as publicly communicated was implemented under two parallel authorities introduced by the Minister of Employment, Workforce Development and Disability Inclusion. The CERB was delivered by the Canada Revenue Agency under the authority of the *Canada Emergency Response Benefit Act* and the Employment Insurance Emergency Response Benefit (EI ERB) was delivered by ESDC (Service Canada) under the authority of the *Employment Insurance Act*.

1. Of the total estimated Canada Emergency Response Benefit (CERB) gross costs for 2019-20 and 2020-21, please specify the following:
 - a) How much in each year will be booked as an expense within the Employment Insurance (EI) Operating Account? How much will be booked as expenses outside the EI Operating Account;

As per Department of Finance's Economic Snapshot in July 2020

(<https://www.canada.ca/en/department-finance/services/publications/economic-fiscal-snapshot.html>), it is estimated that:

- \$3.3B in 2019-20 and \$32.9B in 2020-21 (i.e. the EI ERB) will be charged to the EI Operating Account; and
- \$4.1B in 2019-20 and \$40.2B in 2020-21 (i.e. CRA portion of the CERB) will be charged outside the EI Operating Account.

- b) What criteria will determine the categorization of CERB expenses;

As per the existing legislative framework, costs under the Employment Insurance Emergency Response Benefit stream (EI ERB), are to cover EI-eligible individuals and are to be charged to the EI Operating Account, while costs under the CRA-delivered Canada Emergency Response Benefit (CERB) stream are to cover non-EI-eligible individuals and are not to be charged to the Account.

- c) Please share any CERB program data to help us model this categorization.

CERB expenses are being recorded as per the program costs incurred under the CRA CERB and ESDC EI ERB streams, as per the respective pieces of legislation (i.e. the CERB Act and the EI Act, respectively). Current aggregate CERB data is available under the following website:

<https://open.canada.ca/data/en/dataset/94906755-1cb9-4c2d-aaa6-bf365f3d4de8>

2. If a premium rate increase is required to balance the EI Operating Account within 7-years, will the rate be increased starting in 2021?

The EI Act requires that the premium rates are set to balance the EI Operating Account within 7 years. However, the EI Act limits the annual premium rate change to no more than 0.05% (5 cents per \$100 of insurable earnings) from one year to the next. This limits the amount that premiums can rise in any single year.

In normal circumstances, an increase in benefits paid from the Account would result in premium increases going forward. However, on August 20, 2020, the government announced it “will also freeze the EI insurance premium rates for two years, so Canadian workers and businesses will not face immediate increases to costs and payroll deductions due to the additional expenses resulting from the pandemic.”¹

3. Will EI-eligible CERB expenses be reflected in the Chief Actuary’s EI report this August? If the expenses will be included in the report, which policy parameters will be used?

As described, CERB is currently administered under the CERB Act and the EI Act. As a result, the CRA CERB costs are currently charged outside the EI Operating Account, whereas the ESDC EI ERB costs are currently charged to the EI Operating Account. Changing the account to which the ESDC EI ERB costs are charged would require a decision by the Government, with the appropriate legislation to be put in place. In line with current legislation, the EI Chief Actuary’s report will reflect ESDC EI ERB costs and set forth the recommendation for the EI premium rate for 2021.

1. <https://www.canada.ca/en/employment-social-development/news/2020/08/government-of-canada-announces-plan-to-help-support-canadians-through-the-next-phase-of-the-recovery.html>