

The New Canada Emergency Response Benefit for Canadians Who Need Income Support as a Result of COVID-19

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Last week, the Government of Canada announced two new forms of relief for Canadians who have lost their source of income as a result of the COVID-19 crisis, the Emergency Care Benefit and the Emergency Support Benefit. The former was for workers who must stay home and do not have access to paid sick leave, while the latter was for workers facing unemployment, but who are not eligible for EI.

But in this pressured time, things change rapidly, and on March 25, the Prime Minister announced a new approach, merging the two benefits into a single Canada Emergency Response Benefit (CERB).

This \$500 weekly taxable benefit is to be paid every four weeks, and is available to any Canadian who suffers a complete loss of income due to COVID-19, regardless of whether they are employed, on contract, or self-employed.

According to the Government's News Release, the benefit is for "Canadians who have lost their job, are sick, quarantined, or 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 sick or at home because of school and daycare closures. The CERB would apply to wage earners, as well as contract workers and self-employed individuals who would not otherwise be eligible for Employment Insurance (EI)."

It is also available to "workers who are still employed, but are not receiving income because of disruptions to their work situation due to COVID-19. This would help businesses keep their employees as they navigate these difficult times, while ensuring they preserve the ability to quickly resume operations as soon as it becomes possible."

The CERB runs for a maximum (at this point) of 4 months, until October 3, 2020, and applications can be made through an online portal that is to be in place by April 6, with payments said to be starting to flow 10 days after an application is made.

It integrates with EI as follows:

EI Status	CERB Eligibility
Presently in receipt of EI regular or sickness benefits	Ineligible for now. If EI benefits expire prior to October 3, 2020, and they are still unable to return to work due to COVID-19, they may apply then.
Applied for EI regular or sickness benefits, but not yet processed	No need to reapply.
Eligible for EI regular or sickness benefits	Eligible to apply for CERB, and then EI, if still unemployed is preserved after the CERB program runs out.

If you are an employer contemplating a workforce reduction due to the situation or facing a complete shutdown, it may be useful for you to understand that this is where both your employees and non-employed support may turn for income replacement.

The federal government has indicated that the EI system is unable to handle the unprecedented levels of incoming applications over the past week or so, and as a result, pending and future EI will be processed through the new CERB structure.

While this will benefit low income earners, whose weekly EI benefit would be less than the \$500.00 the CERB will provide, it will, however, appear to have the opposite effect on those whose EI benefit would exceed \$500 weekly, who could lose as much as \$73.00 weekly (the current maximum EI benefit being \$573). It remains to be seen whether this differential will be resolved, but we are still in the very early days of developing these new mechanisms.

Employers may also want to explore other options short of complete layoff, such as Work-Sharing arrangements with wage loss support through EI, or the topping up of EI benefits, some of which are discussed in our previous publication [What Employers Need to Know in the Era of Covid-19](#). Members of the Blaney McMurtry Labour and Employment Practice Group are always just a phone call or an email away, to provide further detail, or to assist in developing the best approach for your particular circumstances.

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