

Temporarily Expanding Eligibility for the Local Lockdown Program



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The local lockdown program provides increased support under the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS) programs for businesses whose activities are restricted by public health measures. As enacted in Bill C-2, the increased subsidy rates were applicable to businesses whose activities stopped due to a public health restriction that accounted for more than 25% of baseline revenues.

A proposed Order in Council expands this measure between 19 December 2021 and 12 March 2022. Specifically, the measure is extended to all businesses with any location whose capacity has been reduced by 50% or more due to a public health measure, and whose activities restricted by the public health order account for at least 50% of the entity's total qualifying baseline revenues. For this period, the threshold to qualify for the CEWS and CERS is revised to a 25% revenue reduction and subsidies are increased to be proportional to revenue declines up to a maximum of 75%. This costing focuses only on the period during which the expanded lockdown eligibility is in effect.

5-Year Cost

\$ millions	2021-22	2022-23	2023-24	2024-25	2025-26	Total
CEWS	766	-	-	-	-	766
CERS	292	-	-	-	-	292
Total	1,058	-	-	-	-	1,058

Increased subsidies under the Canada Emergency Wage Subsidy Program

	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Cost	885	-	-	-	-	885
Cost recovery	119	-	-	-	-	119
Total cost after recovery	766	-	-	-	-	766

Increased subsidies under the Canada Emergency Rent Subsidy Program

	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Cost	338	-	-	-	-	338
Cost recovery	46	-	-	-	-	46
Total cost after recovery	292	-	-	-	-	292

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.

Estimation and Projection Method

The PBO adjusted the subsidy rates within our existing models for the cost of the CEWS and CERS. These estimates were then discounted based on the share of claims to date submitted by businesses potentially subject to qualifying capacity restrictions, based on their industry, their province, and the time period.

Sources of Uncertainty

The main sources of uncertainty for this estimate are the share of businesses with sufficient revenue losses subject to qualifying public health orders, the severity and distribution of revenue and employment impacts from the pandemic, and the timing of corporate income tax recoveries.

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Data Sources

Variable	Source
Cost Models for the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy	PBO
Claims to Date by Industry and Province for Canada	CRA
Emergency Wage Subsidy and Canada Emergency Rent Subsidy	

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