

Canada Worker Lockdown Benefit (CWLB) under Expanded Eligibility



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The Canada Worker Lockdown Benefit (CWLB) provides a taxable benefit of \$300 per week to workers whose weekly income is at least 50% decreased compared to the previous year's average due to a government-imposed COVID-19 lockdown. The worker must be in an area that is designated as a lockdown region for the week of application. Workers must have earned at least \$5,000 in any of 2020, 2021 or the 12 months before their benefit claim. While receiving the CWLB, workers must not simultaneously be receiving employer-paid leave or certain other types of government benefits (such as the Canada Recovery Sickness Benefit or Employment Insurance).

For the period of December 19, 2021 to March 12, 2022, the definition of "lockdown" for the purposes of the CWLB was expanded by the federal government. This costing will only focus on the period during which the expanded lockdown definition is in effect.

Eligible workers can currently retroactively apply to the CWLB up to October 24, 2021, for which the original lockdown definition applies. However, only a very small number of workers resided in regions that met the original lockdown criteria from October 24 to December 18, 2021. Due to the small number of potential claimants and data limitations, the PBO did not calculate the cost of the CWLB before December 19, 2021.

5-Year Cost

\$ millions	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Total cost	248	-	-	-	-	248

Detailed 5-Year Cost

	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Cost	266	-	-	-	-	266
Cost recovery	-18	-	-	-	-	-18
Total cost after recovery	248	-	-	-	-	248

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

For the period covered by this costing, all of Canada was considered to qualify for the expanded definition of lockdown, with the exception of Saskatchewan.¹

The lockdown was expected to affect certain sectors much more significantly than others. Based on sub-national lockdown details, this costing assumed that only workers in certain sectors would be affected significantly enough to meet the requirements for the CWLB.²

Based on historical labour force data, the number of workers in affected industries who were expected to lose at least 50% of their income due to government-imposed lockdowns³, and resided outside of Saskatchewan, were estimated for each week of costing period.

To determine the income tax recovery associated with the CWLB, the estimated marginal tax rate of claimants was calculated. The income and tax data used in the calculations was from workers who claimed the Canada Recovery Benefit (CRB) while it was in effect. Recipients of the CRB were expected to be the most comparable group to the CWLB claimants in terms of earnings and tax situations.

Sources of Uncertainty

Uncertainty for this costing relates to the impact of lockdowns on businesses and on employment in the affected sectors. Due to data limitations, there is comparatively more uncertainty about the number of workers who will become unemployed or who will leave the labour force due to a lockdown.

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Data Sources

Variable	Source
Labour force data from January 2017 to January 2022	Labour Force Survey Public Use Microdata Files
Canada Recovery Benefit (CRB) data	Canada Revenue Agency

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¹ <https://www.canada.ca/en/revenue-agency/services/benefits/worker-lockdown-benefit/cwlb-regional-lockdowns.html> Retrieved February 7, 2022.

² The affected industries include the following North American Industry Classification System (NAICS) sectors: Retail trade (sector 44-45); Arts, Entertainment and Recreation (sector 71); Accommodation & Food Services (sector 72); and Other Services, except Public Administration (sector 81). However, beginning the week of February 13-19 in Alberta and the week of February 20-27 in Ontario, only workers in sectors 71 and 72 in those provinces would be affected enough to qualify for the CWLB, due to lesser restrictions coming into effect.

³ This includes workers who are still working but earning at least 50% less than usual, as well as those who lose their job or self-employment work, specially due to a lockdown.