

Costing 2018 Fall Economic Statement and Off-Cycle Measures

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Contact :	Robert Behrend robert.behrend@parl.gc.ca
Short title:	Supporting Workers in Seasonal Industries
Description:	<p>A repurposing and reprofiling of funds announced in Budget 2018. The proposal introduces an Employment Insurance Part I pilot project to provide additional weeks of income support to seasonal claimants, and to offer incremental funding through Labour Market Development Agreements to support workers in seasonal industries. The cost of additional income support is estimated, while the incremental funding through Labour Market Development Agreements is not included in this cost estimate.</p> <p>The EI Part I pilot project provides up to five additional weeks of Employment Insurance (EI) regular benefits to eligible seasonal workers. Workers in a seasonal industry who establish an EI claim on or between August 5, 2018, and May 30, 2020 in any of the 13 EI economic regions identified are considered eligible if the following criteria is met:</p> <ul style="list-style-type: none">• in the previous five years, the worker has had at least three EI claims and received regular or fishing benefits; and• at least two of those EI claims started around the same time of year. <p>The 13 EI economic regions are: Bas-Saint-Laurent–Côte-Nord; Central Québec; Charlottetown; Chicoutimi-Jonquiere; Eastern Nova Scotia; Gaspésie–Îles-de-la-Madeleine; Madawaska–Charlotte; Newfoundland / Labrador (excludes capital); North Western Québec; Prince Edward Island (excludes capital); Restigouche-Albert; Western Nova Scotia; and Yukon (excludes capital).</p>
Operating line(s):	Major transfers to persons (EI), EI premium revenues
Source Data:	PBO fiscal forecasting model. Employment and Social Development Canada: <ul style="list-style-type: none">• Employment Insurance Monitoring and Assessment Report for the fiscal year beginning April 1, 2016 and ending March 31, 2017, March 2018.• Evaluation of the Pilot Project to Extend Employment Insurance Benefits by Five Weeks: 2004-2009, March 2010
Estimation and projection method:	Bottom-up micro-accounting model. PBO's calculations
Uncertainty assessment:	The uncertainty of the cost estimate is moderate, as it relies upon micro simulation modeling of aggregated EI program data. As a result, the degree of randomness attributed to when claimants exhaust their regular entitlements before receiving benefit payments from this pilot project is not captured in the model outlook. There is useful information on outcomes of similar previous

pilot projects using a sample of administration data to determine take-up rates and the number of extra weeks claimants are expected to use. The large empirical evidence base, of previous projects demonstrate a behavioural response where claimants increased the number of weeks, however there was some variation in the additional number of weeks taken.

EI administration expenses will generally hover around 10% the of total EI expenses over the outlook. As this measure increases total EI costs, PBO expects a resulting impact on administration costs.

The EI account is budgeted on a 7-year horizon. All EI expenses are offset by a corresponding increase in EI premium revenues. As a rule of thumb, \$1.0 billion in new spending over a 7-year period corresponds to a \$0.01 increase in the EI premium rate.

Cost of proposed measure

\$ millions	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total cost	36.4	106.8	33.7	-29.6	-30.6	-31.6

Note: The cost estimate is for the new targeted Employment Insurance Part I pilot project to provide additional weeks of income support to seasonal claimants. It does not include incremental funding through Labour Market Development Agreements to support workers in seasonal industries. All employment insurance expenses are offset by a corresponding increase in employment insurance premium revenues.

Supplementary information

		Description	Operating line	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Costs	No change in activity	Additional EI benefits	Major Transfers to persons (EI)	19.0	59.5	32.5	-	-	-
		Behavioural response		14.1	44.1	24.1	-	-	-
		Administration costs		3.4	10.4	5.7	-	-	-
Total cost before interactions				36.4	113.9	62.3	-	-	-
Cost recovery		Employment Insurance premium revenues		-	-7.1	-28.6	-29.6	-30.6	-31.6
Total cost including recovery				36.4	106.8	33.7	-29.6	-30.6	-31.6
Number of beneficiaries				9,900	30,900	16,700	-	-	-

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.

All employment insurance expenses are offset by a corresponding increase in employment insurance premium revenues.

The number of beneficiaries is rounded to the nearest hundred people.

small = cost is smaller than \$500,000

"..." = PBO has not attempted to model the costs

"-" = PBO does not expect a financial cost