

Costing 2018 Fall Economic Statement and Off-Cycle Measures

Publication date:	2019-01-17
Contact:	Diarra Sourang diarra.sourang@parl.gc.ca
Short title:	Earlier Implementation of Employment Insurance (EI) Parental Sharing Benefit
Description:	Additional funding required to implement the EI Parental Sharing Benefit in March 1, 2019 rather than June 1, 2019
Operating line(s):	Major transfers to persons (EI), EI premium revenues
Source Data:	Statistics Canada Vital Statistics database, 2017 Employment Insurance Coverage Survey, 2016-17 EI monitoring and assessment report, PBO
Estimation and Projection:	Bottom-up micro-accounting model; PBO's calculations
Uncertainty Assessment:	The PBO expects this cost estimate to have moderate uncertainty.

There is no public data available yet on the distribution of claims by type of parental leave (standard or extended). Therefore, we assume that all parents will take standard parental leave. We also assume fathers will receive the entire benefit associated with the additional weeks of leave.

The PBO expects the measure to have a behavioural response and forecasts that approximately 55% of eligible new fathers will be enticed to claim parental leave when the measure is implemented. The actual number of beneficiaries could be different, which would affect the cost estimate.

The measure is not expected to have a significant impact on personal income tax revenues. The initial decrease in tax revenues due to the lower income replacement rate will be potentially offset by employer top-ups as well as additional employees backfilling the roles.

The cumulative balance of the EI operating account is legislated to be balanced over a 7-year period. As such, all increases in benefits must be accompanied by an equivalent increase in revenues, which is achieved by increases in EI premium rates. The PBO does not expect the early implementation of the EI Parental Sharing benefit to have a significant impact on premium rates.

Cost of proposed measure

\$ millions	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total cost including recovery	26	53	-9	-10	-10	-10

Supplementary information

	Description	Operating line	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Costs	No change in activity		5	10	-	-	-	-
	Behavioural response		19	40	-	-	-	-
	Administration costs		2	5	-	-	-	-
Total cost before recovery	Additional EI benefits	Major transfers to persons (EI)	26	55	-	-	-	-
Cost recovery	Additional EI premiums	EI premium revenues	-	-2	-9	-10	-10	-10
Total cost including recovery			26	53	-9	-10	-10	-10
Number of beneficiaries (count)			29,900	110,600	111,700	112,800	113,800	114,800

Notes:

Estimates are presented on a cash basis.

Positive numbers subtract from the budgetary balance. Negative numbers contribute to the budget balance.

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

"-" = PBO does not expect a financial cost.