

Bills C-37 and C-47

Cost estimate of Employment Insurance Board of Appeal

Legislative
Costing
Note



Published on May 12, 2023

A Member of Parliament requested that the PBO estimate the cost of Bill C-37. This bill, along with Bill C-47, proposes the establishment of the Employment Insurance Board of Appeal (BOA) which will replace the Social Security Tribunal General Division – Employment Insurance (SST – EI).¹ The total net cost between 2023-24 to 2027-28 is estimated to be \$132 million. The necessary funding is expected to be covered by the Employment Insurance Operating Account (EIOA) and the cost to be recuperated by increasing Employment Insurance (EI) premiums by less than 1 cent.

5-Year Cost

\$ millions

Fiscal year	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	Total
Total cost	15	41	31	22	23	132

Detailed 5-Year Cost

\$ millions

Fiscal year	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	Total
Gross cost						
BOA	15	37	33	34	34	153
SST Appeals Division	0	1	2	2	2	6
Other	0	3	3	0	0	5
Total gross cost	15	41	37	35	36	164
Cost recovery						
SST – EI	0	0	-6	-13	-13	-32
Total net cost	15	41	31	22	23	132

¹ Bill C-37 is specifically to establish the BOA. Bill C-47 is an implementation bill for Budget 2023, and it contains the same text that is in Bill C-37.

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Numbers do not necessarily add up due to rounding.

Estimation and Projection Method

With the establishment of the BOA, it is expected that clients will find it easier to pursue a BOA appeal than it was to pursue an SST – EI appeal. Consequently, the number of appeals that are pursued under the BOA is expected to be substantially higher than under the SST – EI.

For the BOA, the cost of the personnel needed to perform the projected number of hearings was calculated. Other related costs (such as travel) and support costs were added to obtain the total cost.

The rate of first-level appeals (that is, BOA or SST – EI appeals) that go on to the second level of appeal, the SST Appeals Division, is expected to stay the same. Given the increased number of first-level appeals under the BOA, the absolute number of second-level appeals is estimated to increase. Thus, the introduction of the BOA is projected to lead to an incremental cost for the SST Appeals Division. This cost was calculated in a similar way to the BOA cost.

Other costs associated with the transition from the SST – EI to the BOA were assumed to be incurred in the first two years that the BOA would be holding hearings.² Thus, these costs were split evenly between the two years.

The cost savings from no longer operating the SST – EI were determined by calculating how much it would have cost to keep operating the SST – EI.³ The methodology used was similar to the methodology for the BOA cost calculation.

² The transition from the SST – EI to the BOA will include costs for aspects such as relocation, storage, document destruction and contract penalties. The time period corresponds to the last year of operation of the SST – EI and the first year after it shuts down.

³ This assumes that the client-centric changes would not have been introduced, so the volume of claims under the SST – EI would have been similar to previous years.

A PBO model of the EIOA estimated the change in EI premiums that would be needed to cover the net cost resulting from the introduction of the BOA.

Assumptions

The BOA is assumed to begin holding hearings in July 2024, although it will begin to incur some administration costs in 2023-24. Once the BOA begins holding hearings, it will receive all new EI appeals. However, appeals that were filed with the SST – EI before the BOA begins holding hearings will still be heard by the SST – EI. The SST – EI is assumed to have finished all of its remaining hearings by July 2025, one year after the BOA would start holding hearings. The SST - EI would then take a few months to wind down and would no longer incur costs as of October 2025.

The PBO requested data about the outcomes of appeals (such as new benefits being issued after an appeal). Employment and Social Development Canada (ESDC) indicated that this information was not readily available.⁴ The department indicated that the proportions by type of outcome are expected to be the same under the BOA as under the SST – EI.

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Data Sources

Various data about EI appeals

Employment and Social Development Canada (ESDC)

Various public SST data

Social Security Tribunal

Various public compensation data

Privy Council

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⁴ Documentation exists for each SST – EI hearing. However, the documentation is in a format in which tabulations about outcomes would not be possible to perform. ESDC estimated that it would take 210,000 hours for the department to transform hearing outcome data into a form that would be usable by the PBO.