

EXTENDING THE HIRING CREDIT FOR SMALL BUSINESS

Economic Action Plan 2012 promotes job creation by extending the temporary Hiring Credit for Small Business to make it more attractive to hire new workers. A small or medium-size business can receive a credit of up to \$1,000 against the increase in its 2012 EI premiums (over those paid in 2011). This temporary credit will benefit about 536 000 employers, reducing small business payroll costs for 2012 by about \$205 million.

For more information, visit cra.gc.ca/hiringcredit.

Supporting economic growth

Canada's well-trained and highly educated workforce is one of our key advantages to compete and succeed in the global economy. Too often, however, barriers or disincentives discourage workforce participation. Making better use of Canada's workforce and making our labour market more adaptable, will help ensure our long-term economic growth.

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THE NEW WORKING WHILE ON CLAIM PILOT PROJECT

Economic Action Plan 2012 invests \$74 million over two years for a new national EI pilot project to ensure that EI claimants always benefit from accepting work by allowing them to keep more of what they earn while on EI. The new Working While on Claim pilot will come into effect on August 5, 2012.

How it works

Jennifer is a dental hygienist who has been laid off and is receiving EI benefits of \$450 per week. She has found part-time work in a dental clinic that pays a total of \$600 per week.

Under the previous Working While on Claim pilot project, Jennifer could earn up to 40% of her weekly EI benefits with no reduction in her EI benefit payment. This would allow her to keep \$180. Earnings above that threshold would have reduced her benefit payment dollar-for-dollar. Jennifer's combined earnings and EI benefits would have been \$630.

Under the new pilot project, Jennifer's EI benefits will only be reduced by 50% of her earnings from working while she is on claim. Her combined weekly income will be \$750, an increase of \$120 per week.

For more information, visit www.servicecanada.gc.ca/work-ei.

ECONOMIC ACTION PLAN 2012
JOBS, GROWTH AND LONG-TERM PROSPERITY

IMPROVING THE EMPLOYMENT INSURANCE PROGRAM



JOBS, GROWTH AND LONG-TERM PROSPERITY



ECONOMIC ACTION PLAN 2012

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Ce document est également offert en français.

Budget measures are subject to parliamentary approval.

Canada



OVERVIEW

Employment Insurance (EI) is Canada's largest labour market program, providing temporary income replacement to help individuals and their families, as well as training and support to help people return to work.

Helping people who have lost their jobs get back to work is vital to supporting Canada's long-term economic growth, productivity and quality of life. As Canada's economy and labour market context changes over time, the EI program must evolve to ensure it remains flexible enough to meet the ongoing challenge.

Economic Action Plan 2012 makes targeted, common-sense changes that promote job creation, remove disincentives to work and enhance fairness so that EI continues to effectively and efficiently support unemployed Canadians.

CONNECTING CANADIANS WITH AVAILABLE JOBS

Economic Action Plan 2012 invests \$21 million over two years in a multi-pronged approach to encourage and support Canadians to stay active in the job market—either working or looking for work.

Enhancing the Job Alert system

Currently, people on EI receive up to three job postings when they apply and complete their online report every two weeks. The enhanced Job Alert system will send claimants daily job postings, as well as labour market information on the demand and current wage rates for selected occupations and related jobs. Canadians receiving EI benefits will not have to accept work outside a reasonable commuting distance, but may choose to receive job information from different regions so they are aware of all available work in their chosen (or related) occupation across Canada. Having access to this type of information will help people receiving EI benefits make informed decisions about how best to conduct or expand their job search.

Creating links between EI and the Temporary Foreign Worker Program

There is significant evidence to suggest that some employers are hiring temporary foreign workers while Canadians/permanent residents are making claims for EI in the same occupation and region.

Creating a link between the EI program and the Temporary Foreign Worker Program will help make qualified Canadians aware of vacancies in their local area through the Job Alert system, while ensuring temporary foreign workers are employed where they are needed.

Clarifying EI claimant responsibilities

Under the current *Employment Insurance Act*, claimants are required to look for and accept suitable work, but the Act does not provide a clear definition.

New regulations will clearly define "suitable work" based on several criteria that will apply to all claimants equally:

- personal circumstances
- working conditions
- hours of work
- commuting time

Two additional criteria will vary according to a person's history on EI and the duration of the claim:

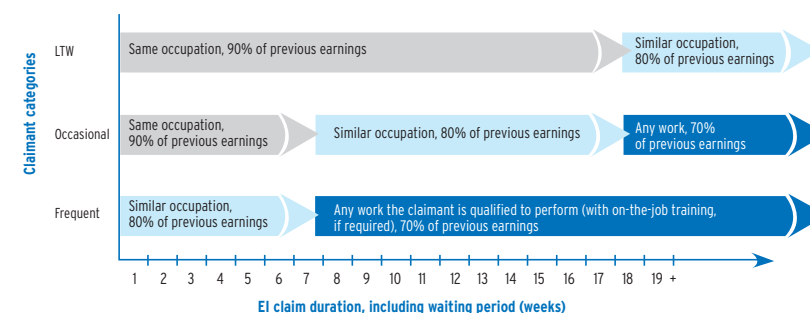
- type of work
- wages

In determining these criteria, EI claimants will be placed in one of three categories:

- **Long-tenured workers (LTW)** - those who have paid EI premiums for at least 7 of the last 10 years and who, over the last 5 years, have collected EI regular or fishing benefits for 35 weeks or less.
- **Frequent claimants** - those who have had 3 or more claims for regular or fishing benefits and collected benefits for a total of more than 60 weeks in the past 5 years.
- **Occasional claimants** - all other claimants.

As the duration of their EI claim increases, claimants will have to expand what is considered suitable employment in terms of type of work and wage. The time intervals for expanding their job search will vary for each category of EI claimant. As is currently the case, Canadians will not be required to take jobs with unsafe working conditions or at a wage lower than the minimum wage effective in the province or territory where employment is being sought.

Work that claimants will be required to seek and accept



NEW VARIABLE BEST WEEKS RATE CALCULATION

Economic Action Plan 2012 invests \$387 million over two years to improve the way EI benefits are calculated. Beginning in April 2013, all claimants will have their EI benefit amount calculated based on the highest weeks of earnings over the preceding year. The number of weeks used will depend on the unemployment rate in the particular EI region. This approach to calculating the value of EI benefits will make the program more fair and responsive to changes in the local labour market.

How it works

Under the current system, EI benefit rates are calculated differently for John in Toronto, Ontario and Mel in Trois-Rivières, Quebec, even though they live in regions with similar unemployment rates (between 8.1% and 9%*).

Assuming John and Mel have qualified for EI with the same work pattern [22 weeks total work with 14 weeks of full-time work (\$600) and eight weeks of part-time work (\$300), with the same total income of \$10,800], they currently receive different EI benefits.

John, in the non-pilot region, receives \$270 per week, based on the average of his full income: $\$10,800 \text{ in earnings} \div 22 \text{ weeks} \times 55\% = \270 .

Mel, in the current pilot region, receives \$330 per week, based only on his best 14 weeks: $\$8,400 \text{ in earnings} \div 14 \text{ weeks} \times 55\% = \330 .

Under the new Variable Best Weeks calculation, both John and Mel will receive \$287 per week, based on their best 19 weeks: $\$9,900 \text{ in earnings} \div 19 \text{ weeks} \times 55\% = \287 .

*At the time of printing