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CANADA

MODERNIZING THE EMPLOYMENT INSURANCE PROGRAM

**Report of the Standing Committee on Human Resources,
Skills and Social Development and the Status of Persons
with Disabilities**

Sean Casey, Chair

**JUNE 2021
43rd PARLIAMENT, 2nd SESSION**

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Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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DEVELOPMENT AND THE STATUS OF PERSONS
WITH DISABILITIES**

has the honour to present its

SIXTH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied the review of the Employment Insurance program and has agreed to report the following:

TABLE OF CONTENTS

SUMMARY.....	1
LIST OF RECOMMENDATIONS	3
MODERNIZING THE EMPLOYMENT INSURANCE PROGRAM.....	9
Introduction.....	9
Chapter 1: Overview of the Employment Insurance Program.....	10
Key Employment Insurance-Related Measures Introduced in Response to the COVID-19 Pandemic	11
Labour Market Conditions and Recent Trends in Employment Insurance Accessibility.....	13
Chapter 2: Employment Insurance Financing.....	17
2021 Budget Announcements Related to Employment Insurance	18
The Employment Insurance Operating Account	20
Employee and Employer Insurance Premiums	23
Premium Increases in Different Maximum Insurable Earnings Scenarios.....	24
Benefits and Income Replacement Rates	25
Selected Cost Estimates Related to Witness Recommendations	27
Increasing the Replacement Rate Under Different Maximum Insurable Earnings – Program Cost Estimates	27
Selected EI Sickness Benefit Recommendations – Cost Estimates	28
Chapter 3: Employment Insurance Regular Benefits	29
Eligibility for Benefits	30
Reasons for Separation	30
Hours of Insurable Employment and Economic Regions	32
Special Categories of Workers.....	36
Self-Employed Persons and Gig Economy Workers	36
Workers in Seasonal Industries.....	39

Migrant Workers	40
Adequacy of Benefits.....	41
Income Replacement Rate and Maximum Insurable Earnings.....	41
Benefit Clawbacks	43
Duration of Benefits	44
Duration of Combined Regular and Special Benefits	44
Waiting Period.....	45
Complementary Reforms	46
Chapter 4: Employment Insurance Special Benefits.....	47
Maternity and Parental Benefits.....	48
Impact of Current Rules on Women.....	49
Attachment Benefits for Adoptive Parents.....	51
Sickness Benefits	53
Special Benefits for Self-Employed Persons	55
Additional Suggestions Regarding Special Benefits.....	57
Chapter 5: Training and Labour Market Programming.....	58
Pursuing Training While Receiving Employment Insurance Benefits.....	59
Work-Sharing.....	59
Employment Insurance Training Support Benefit	60
Investing in Labour Market Programming.....	60
Role of Training Within the Employment Insurance System	61
Chapter 6: Technological Infrastructure and Modernization.....	62
Age and Complexity of the System.....	62
Rollout of the Canada Emergency Response Benefit and Implications for Employment Insurance.....	63
Benefits Delivery Modernization.....	65
Chapter 7: Administration of the Employment Insurance Program	66
Canada Employment Insurance Commission.....	66
Client Service.....	68

Conclusion	70
APPENDIX A: DETAILED GLOSSARY OF SELECTED TERMS.....	71
APPENDIX B: SUMMARY OF EMPLOYMENT INSURANCE BENEFITS.....	75
APPENDIX C: FEDERAL EMPLOYMENT INSURANCE PREMIUM RATES AND MAXIMUMS.....	79
APPENDIX D: GENDER EQUITY CONSIDERATIONS RELATED TO DISTRIBUTION OF THE LABOUR FORCE	81
APPENDIX E LIST OF WITNESSES	83
APPENDIX F LIST OF BRIEFS	87
REQUEST FOR GOVERNMENT RESPONSE	89
SUPPLEMENTARY OPINION OF THE CONSERVATIVE PARTY OF CANADA	91
SUPPLEMENTARY OPINION OF THE BLOC QUÉBÉCOIS	95

SUMMARY

The Employment Insurance (EI) program is a federal insurance-based program that provides temporary income support in the event of a job loss or other life event, as well as employment programs and services. Since its implementation in 1940, it has formed an important part of Canada's social safety net.

The House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (the committee) received testimony from senior federal officials, advocacy groups, and representatives from labour and business in relation to its study of the EI program over the course of seven meetings, as well as numerous written briefs. This report outlines the findings of the study.

The committee understands that the EI program no longer reflects the realities of today's labour market and is not well-positioned to respond to sudden labour market disruptions, such as those that resulted from the COVID-19 pandemic. In addition, the committee heard of the significant challenges posed by the 50-year-old legacy computer system used to administer the EI program. Reforms are urgently required to make the program nimbler and to better meet the needs of workers and employers. Through oral and written testimony, witnesses proposed reforms related to the financing of the EI program, EI regular benefits, special benefits, training and labour market programming, the technological infrastructure that supports the program, and the administration of the program.

LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That the Government of Canada direct Employment and Social Development Canada to collaborate with the Department of Finance Canada to assess the costs and benefits of returning to a tripartite (employer, employee and government) financing arrangement for the Employment Insurance program. 23

Recommendation 2

That Employment and Social Development Canada review the Employment Insurance program requirements related to valid job separation in order to:

- **Assess the impact that the list of valid reasons for separation has on the most vulnerable workers, and the extent to which it reflects current labour market realities; and**
- **Ensure that Employment Insurance program requirements related to valid job separation do not deter claimants from accepting new employment. 31**

Recommendation 3

That Employment and Social Development Canada decrease the number of hours of insurable employment needed to qualify for all types of Employment Insurance benefits in order to ensure equitable access for diverse workers across Canada, including those in part-time or non-standard work. 35

Recommendation 4

That Employment and Social Development Canada reconsider, and ensure robust consultation with stakeholders on, current practices with regard to Employment Insurance Economic Regions, including:

- The number and boundaries of regions; and
- The existence of varying Employment Insurance eligibility requirements based on claimants’ region of residence.

Further, that it reinstate a single Employment Insurance Economic Region for Prince Edward Island within 12 months. 36

Recommendation 5

That Employment and Social Development Canada conduct consultations with relevant stakeholders on ways to provide self-employed persons, including those in the gig economy, with access to regular Employment Insurance benefits; and that, based on the results of these consultations, Employment and Social Development Canada make permanent changes to the Employment Insurance program to address the unique needs of self-employed persons. 39

Recommendation 6

That Employment and Social Development Canada take further steps to solve the problem of the Employment Insurance “black hole” (a situation in which a seasonal worker has insufficient weeks of Employment Insurance benefits to bridge the period of unemployment between seasons), including by expanding the coverage of Pilot Project No. 21 (which provides up to five additional weeks of Employment Insurance regular benefits to eligible seasonal workers in select regions), as well as making it permanent. 40

Recommendation 7

That Employment and Social Development Canada assess the impact of Employment Insurance eligibility rules on migrant workers who have been paying into the EI system. 41

Recommendation 8

That Employment and Social Development Canada consider increasing the income replacement rate, maximum insurable earnings, and minimum weekly benefit, as well as decreasing benefit clawbacks, to ensure that Employment Insurance regular and special benefits are sufficient and liveable. 43

Recommendation 9

That Employment and Social Development Canada increase the duration of combined regular and special benefits in order to avoid penalizing claimants – largely women – who may claim both regular and special Employment Insurance benefits such as maternity or parental benefits during the same benefit period. 45

Recommendation 10

That Employment and Social Development Canada review the fiscal and social impact of the temporary measure waiving the one-week waiting period for Employment Insurance benefits during the COVID-19 pandemic, and consider permanently removing the one-week waiting period for all claimants. 46

Recommendation 11

That Employment and Social Development Canada explore ways to make Employment Insurance parental benefits and the Working While on Claim provisions of the program more flexible, with a view to increasing a claimant’s agency over their benefits and facilitating their continued participation in the labour market while caring for young children. 51

Recommendation 12

That Employment and Social Development Canada explore the option of creating “attachment benefits” modeled after Employment Insurance maternity benefits, to ensure equitable treatment of adoptive, kinship, customary and biological parents in the amount of time and benefits provided to bond with their children. 52

Recommendation 13

That Employment and Social Development Canada, in consultation with employee and employer groups, consider expanding the maximum duration of Employment Insurance sickness benefits to 50 weeks in order to ensure that workers have sufficient time to fully recover before returning to work. 55

Recommendation 14

That, in addition to considering ways to provide self-employed persons with access to Employment Insurance regular benefits as outlined in recommendation 5, Employment and Social Development Canada review the access to Employment Insurance special benefits by self-employed persons with a view to removing barriers to increased participation. 57

Recommendation 15

That Employment and Social Development Canada conduct consultations with employee and employer groups to determine whether special benefits should be part of the Employment Insurance program or be administered separately, and that this be done with a view to increasing access to benefits while facilitating program administration. 58

Recommendation 16

That Employment and Social Development Canada consider expanding Employment Insurance coverage to more workers pursuing training, as well as enhancing the proposed Employment Insurance Training Support Benefit (for example, by increasing the income replacement rate and/or the duration of the benefit). 62

Recommendation 17

That Employment and Social Development Canada keep the committee apprised of the Benefits Delivery Modernization initiative’s progress. 66

Recommendation 18

That Employment and Social Development Canada appoint, without delay, a Commissioner for Employers to the Canadian Employment Insurance Commission. 67

Recommendation 19

That Employment and Social Development Canada improve the quality and accessibility of client-facing services provided by Service Canada to Employment Insurance claimants and recipients, including through:

- **A review of current communications materials and client service practices to ensure that low-income individuals, seniors, individuals with language barriers, and other vulnerable groups do not face undue barriers to accessing Employment Insurance benefits; and**
- **Improved training to ensure that Service Canada officers are prepared to respond to detailed queries from claimants about rules and requirements related to Employment Insurance. 70**

Recommendation 20

That Employment and Social Development Canada reinstate the system of Employment Insurance liaison officers in order to better support Employment Insurance claimants and the frontline organizations that assist them. 70



MODERNIZING THE EMPLOYMENT INSURANCE PROGRAM

INTRODUCTION

The Employment Insurance (EI) program is a complex, multi-faceted program that constitutes a key part of Canada's social safety net. In spring 2020, labour market disruptions related to the coronavirus disease 2019 (COVID-19) pandemic led to the loss of 2.9 million jobs from Canada's economy.¹ This resulting increase in the number of Canadians requiring rapid financial support shone a spotlight on long-standing issues within the EI program, reinforcing the importance of having an accessible, adequate, and agile income replacement system that is built for the 21st century labour market.

On 28 October 2020, the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (the committee) adopted the following motion:

That, pursuant to Standing Order 108(2), the committee undertake a study on the review of the Employment Insurance program; that the committee invite the Minister of Employment, Workforce Development and Disability Inclusion to address that subject; that the committee hold a minimum of five meetings on that matter; and that the committee reports its finding, including its recommendations to the House.²

The committee previously studied the EI program during the 1st Session of the 42nd Parliament. On 15 June 2016, the committee tabled its report, *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program* in the House of Commons.³ In addition, the 2015 mandate letter to the Minister of Employment, Workforce Development and Labour tasked the minister with "undertaking a broad review of the EI system with the goal of modernizing our system of

1 Statistics Canada, [Canadian Economic Dashboard and COVID-19](#).

2 House of Commons, Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA), [Minutes of Proceedings](#), 28 October 2020.

3 HUMA, [Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program](#), Third report, June 2016.



income support for unemployed workers that leaves too many workers with no unemployment insurance safety net.”⁴

As a part of the present study, the committee held 7 meetings between 18 February and 22 April 2021, hearing from a total of 31 witnesses, including representatives from federal departments, labour organizations, advocacy groups, and business. The committee also received 34 briefs.

Committee members appreciate the insights shared by the various participants, and would like to thank sincerely all those who appeared before the committee or submitted briefs. In this report, the committee provides an overview of what it heard and reports on its findings.

CHAPTER 1: OVERVIEW OF THE EMPLOYMENT INSURANCE PROGRAM

The Employment Insurance (EI) program is an insurance-based program that operates under the jurisdiction of the federal government. Implemented in 1940, the EI program is designed to provide temporary income support in the event of a job loss (through regular benefits) or other life events such as the birth of a child, sickness or the need to care for a gravely ill family member (through special benefits). The EI program also offers employment assistance through various programs and services, including those delivered by the provinces and territories under the Labour Market Development Agreements. In addition, the EI program provides supports for workplaces facing a temporary decrease in business activity beyond the control of the employer. EI benefits, support measures and program administration costs are financed by employee and employer contributions.⁵ EI benefits are summarized in Appendix B to this report.

4 Office of the Prime Minister of Canada, [*ARCHIVED—Minister of Employment, Workforce Development and Labour Mandate Letter*](#), 12 November 2015. Priorities related to Employment Insurance were also listed in the 2019 and 2021 mandate letters for the Minister of Employment, Workforce Development and Disability Inclusion. See Office of the Prime Minister of Canada, [*Minister of Employment, Workforce Development and Disability Inclusion Mandate Letter*](#), 13 December 2019; and Office of the Prime Minister of Canada, [*Minister of Employment, Workforce Development and Disability Inclusion Supplementary Mandate Letter*](#), 15 January 2021.

5 For additional information about the Employment Insurance [EI] program, please refer to the following source: Government of Canada, [*Digest of Benefit Entitlement Principles*](#). See also Government of Canada, [*Summary of the Actuarial Report on the 2021 Employment Insurance Premium Rate*](#) and [*About the Labour Market Development Agreements program*](#).

The EI program's parameters are primarily set out in the *Employment Insurance Act* (EIA),⁶ the *Employment Insurance Regulations*,⁷ the *Employment Insurance (Fishing) Regulations*,⁸ and the *Insurable Earnings and Collection of Premiums Regulations*.⁹

The Canada Employment Insurance Commission (CEIC) is responsible for overseeing the EI program. It is comprised of a chairperson (the Deputy Minister of Employment and Social Development Canada or ESDC) and a vice-chairperson (the Senior Associate Deputy Minister of ESDC) who represent the interests of government, as well as a Commissioner for Workers and a Commissioner for Employers, who are appointed by the Governor in Council and represent the views of labour and business. ESDC and Service Canada carry on the administration of the EI program on behalf of the Commission.¹⁰

Key Employment Insurance-Related Measures Introduced in Response to the COVID-19 Pandemic

In order to mitigate the economic effects of the COVID-19 pandemic, the federal government introduced a series of temporary measures in 2020 and 2021 to support eligible workers. Initial measures came in the form of the Canada Emergency Response Benefit (CERB), which was introduced to help workers who ceased working for reasons related to COVID-19 with \$500 a week for up to 28 weeks, during the period from 15 March to 3 October 2020. The CERB was administered jointly under the *Canada Emergency Response Benefit Act*¹¹ (in relation to workers not eligible for EI) and under the EIA as the EI Emergency Response Benefit (EI ERB).¹² As a result, new claims for EI regular and sickness benefits made during this period were processed as claims for the EI ERB, while claims made prior to 15 March 2020 were processed under the traditional EI rules.¹³ The government introduced these measures with the objective of temporarily

6 [Employment Insurance Act](#), S.C. 1996, c. 23 [EIA].

7 [Employment Insurance Regulations](#), SOR/96-332.

8 [Employment Insurance \(Fishing\) Regulations](#), SOR/96-445.

9 [Insurable Earnings and Collection of Premiums Regulations](#), SOR/97-33.

10 Government of Canada, [Canada Employment Insurance Commission \(CEIC\)](#).

11 [Canada Emergency Response Benefit Act](#), S.C. 2020, c.5, s.8.

12 [Interim Order No. 1 Amending the Employment Insurance Act \(Employment Insurance Emergency Response Benefit\): SOR/2020-61](#), *Canada Gazette*, Part II, Vol. 154, No. 8, 1 April 2020.

13 Government of Canada, [Questions and Answers on the Canada Emergency Response Benefit](#).



simplifying the EI program and broadening the eligibility in the face of an extraordinary volume of claims.¹⁴

Following the phase-out of the CERB, the federal government authorized the payment of three temporary recovery benefits under the *Canada Recovery Benefits Act*¹⁵ for workers affected by the pandemic who are not entitled to EI benefits: the Canada Recovery Benefit, the Canada Recovery Sickness Benefit and the Canada Recovery Caregiving Benefit. At the time of the committee study, these benefits were scheduled to be in place until September 2021.¹⁶

The federal government also introduced a series of measures with the objective of facilitating access to the EI program.¹⁷ Amendments to the EIA introduced via interim order have, among other aspects, set the minimum unemployment rate used to calculate EI regular benefits at 13.1% for all regions across Canada, such that claimants are eligible for a minimum of 26 weeks of EI regular benefits, with their benefit rate calculated based on their 14 highest weeks of earnings over the qualifying period.¹⁸ Amendments have also provided a one-time top-up of insurable hours, such that claimants only need 120 hours to qualify for EI regular and special benefits.¹⁹ In addition, the need for a medical certificate to access EI sickness benefits has been waived, and the CEIC now has the flexibility to waive this requirement in relation to compassionate care and family caregiver benefits. A minimum benefit rate has also been set at \$500 per week for most EI benefits (or \$300 per week if claiming extended parental benefits).²⁰ At the time of the committee study, these measures were scheduled to be in place until September 2021.²¹

14 Department of Justice, [*Government of Canada's response to COVID-19*](#).

15 [*Canada Recovery Benefits Act*](#), S.C. 2020, c.12, s.2.

16 Ibid.

17 Government of Canada, [*Employment Insurance – COVID-19*](#).

18 [*Interim Order No. 8 Amending the Employment Insurance Act \(Facilitated Access to benefits\): SOR/2020-187*](#), *Canada Gazette*, Part II, Vol. 154, No. 19, 29 August 2020. See also Government of Canada, [*EI regular benefits: How much you could receive*](#); and EIA, s. 14(2) and Part VIII.5.

19 [*Interim Order No. 8 Amending the Employment Insurance Act \(Facilitated Access to benefits\): SOR/2020-187*](#), *Canada Gazette*, Part II, Vol. 154, No. 19, 29 August 2020. See also EIA, Part VIII.5.

20 [*Interim Order No. 10 Amending the Employment Insurance Act \(Employment Insurance Emergency Response Benefit\): SOR/2020-208*](#), *Canada Gazette*, Part II, Vol. 154, No. 21, 26 September 2020. See also EIA, Part VIII.5.

21 Government of Canada, [*Employment Insurance – COVID-19*](#).

The EIA has also been amended to temporarily increase the maximum number of weeks for which EI regular benefits may be paid to 50 weeks. In addition, the 2020 insurable earnings threshold for self-employed persons to qualify for EI special benefits in 2021 has been temporarily lowered from \$7,555 to \$5,000. At the time of the committee study, these measures were scheduled to be in place until September 2021.²²

During his appearance before the committee, ESDC representative Andrew Brown spoke about the department's plans regarding reforms to the EI program. He indicated that once the pandemic subsides, there are plans to move forward with further measures to reform the EI program, particularly those highlighted in the mandate letter of the Honourable Carla Qualtrough (Minister of Employment, Workforce Development and Disability Inclusion).²³ Notably, the 2019 mandate letter tasked the Minister with strengthening the EI program, including by extending EI sickness benefits from 15 to 26 weeks, introducing a 15 week leave for adoptive parents, and improving access to EI benefits for workers in seasonal industries.²⁴ In addition, during the course of the committee's study, the federal government tabled its budget containing proposals related to the EI program.²⁵ Relevant Budget 2021 proposals will be explained in greater detail in Chapter 2.

Labour Market Conditions and Recent Trends in Employment Insurance Accessibility

During her appearance before the committee, Statistics Canada representative Josée Bégin indicated that the COVID-19 pandemic has caused “unprecedented” job losses in Canada. She explained that while the unemployment rate stood at 5.7% in February 2020, by May of that year this figure had almost tripled, reaching 13.7%. She acknowledged that the labour market has improved since that time but stated that most

22 [*An Act to amend the Employment Insurance Act \(additional regular benefits\), the Canada Recovery Benefits Act \(restriction on eligibility\) and another Act in response to COVID-19*](#), S.C. 2021, c.3, ss.1-3. See also [*Legislative Summary of Bill C-24: An Act to amend the Employment Insurance \(additional regular benefits\), the Canada Recovery Benefits Act \(restriction on eligibility\) and another Act in response to COVID-19*](#), Publication no. 43-2-C24-E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 17 March 2021.

23 HUMA, [*Evidence*](#), 18 February 2021, 1555 and 1615 (Andrew Brown, Director General, Employment Insurance Policy, Skills and Employment Branch, Employment and Social Development Canada).

24 Office of the Prime Minister of Canada, [*Minister of Employment, Workforce Development and Disability Inclusion Mandate Letter*](#), 13 December 2019.

25 Government of Canada, [*A Recovery Plan for Jobs, Growth, and Resilience*](#), Budget 2021, pp. 85-92.



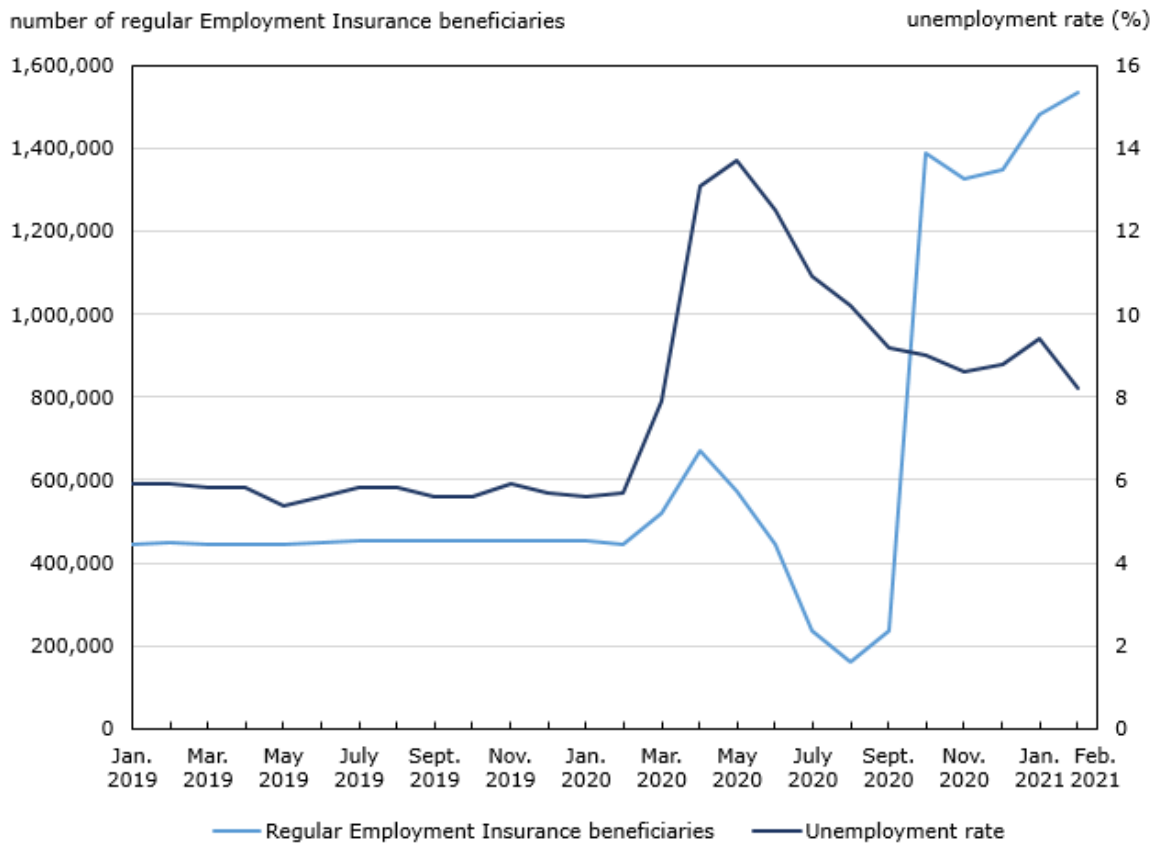
labour market indicators have not yet returned to their pre-pandemic levels. The unemployment rate stood at 9.4% in January 2021.²⁶

Figure 1 illustrates both the unemployment rate (dark blue line, right axis) and the number of regular EI beneficiaries (light blue line, left axis). The number of regular EI beneficiaries is a function of both the unemployment rate and the measures introduced to respond to the COVID-19 pandemic. The figure shows the number of regular EI beneficiaries decreasing sharply in mid-March 2020 when the EI ERB and CERB are introduced. Regular EI beneficiaries then increase dramatically in October 2020 when EI ERB and CERB are ended and new rules are introduced that lower the number of insurable hours of work needed to access regular EI benefits.²⁷ Starting at the beginning of 2021, the graph shows that the unemployment rate is falling at the same time as the number of EI regular beneficiaries is increasing.

26 HUMA, [Evidence](#), 23 February 2021, 1535 (Josée Bégin, Director General, Labour Market, Education and Socio-Economic Well-Being, Statistics Canada).

27 Government of Canada, [Employment Insurance – COVID-19](#).

Figure 1—Regular Employment Insurance Beneficiaries



Source(s): Employment Insurance Statistics (2604), table 14-10-0011-01; Labour Force Survey (3701), table 14-10-0287-01.

Source: Statistics Canada, "[Employment Insurance, February 2021](#)," *The Daily*, 22 April 2021.

Statistics Canada provided the committee with a comparison of EI accessibility rates (broken down by province, sex and age) before and after measures temporarily lowering the number of insurable hours. This data, which is illustrated in Tables 1 to 3 below, show an increase in the proportion of people qualifying for EI regular benefits following the introduction of the measures.



Table 1—Number and Proportion of Regular EI Beneficiaries Qualifying Under the New Rules, by Geography

	Number October 2020	Proportion October 2020	Number January 2021	Proportion January 2021
Canada	135,440	11.3%	231,260	13.5%
Newfoundland and Labrador	3,890	9.4%	9,210	16.8%
Prince Edward Island	1,040	10.4%	2,030	13.7%
Nova Scotia	4,820	11.1%	8,330	15.0%
New Brunswick	5,680	12.4%	9,400	15.2%
Quebec	37,170	14.5%	67,260	15.5%
Ontario	45,860	10.9%	77,160	13.0%
Manitoba	4,200	12.0%	7,680	13.9%
Saskatchewan	3,560	11.5%	5,670	13.3%
Alberta	13,200	8.2%	21,450	9.9%
British Columbia	15,410	10.6%	22,120	12.6%

Source: Statistics Canada, Employment Insurance Statistics (EIS), custom tabulation.

Table 2—Number and Proportion of Regular EI Beneficiaries Qualifying Under the New Rules, by Sex

	Number October 2020	Proportion October 2020	Number January 2021	Proportion January 2021
Both sexes	135,440	11.3%	231,260	13.5%
Males	66,180	10.8%	116,330	12.4%
Females	69,260	11.9%	114,930	14.9%

Source: Statistics Canada, Employment Insurance Statistics (EIS), custom tabulation.

Table 3—Number and Proportion of Regular EI Beneficiaries Qualifying Under the New Rules, by Age

	Number October 2020	Proportion October 2020	Number January 2021	Proportion January 2021
15 years and over	135,440	11.3%	231,260	13.5%
15 to 24 years	33,550	19.3%	60,400	21.8%
25 to 54 years	71,200	9.9%	118,070	11.8%
55 years and over	30,690	10.1%	52,790	12.3%

Source: Statistics Canada, Employment Insurance Statistics (EIS), custom tabulation.

Statistics Canada informed the committee that employment rates are down significantly from pre-pandemic levels in certain service industries, such as accommodation and food services as well as culture and recreation. In terms of labour market demographics, visible minorities and youth have been disproportionately affected by pandemic-related labour market precariousness, in part because of the greater concentration of these groups in hard-hit service industries.²⁸

CHAPTER 2: EMPLOYMENT INSURANCE FINANCING

EI benefits, support measures and program administration costs are financed by employee and employer contributions. An employee who holds insurable employment pays EI premiums through withholdings on the salary paid by their employer. The employee premium is equal to the annual EI premium rate multiplied by the employee’s insurable earnings, subject to a yearly maximum amount. Employers also pay premiums on their employees’ insurable earnings, at a rate 1.4 times the employee rate.²⁹ The CEIC is responsible for setting the annual EI premium rate in accordance with a seven-year break-even rule as forecasted by the EI Senior Actuary.³⁰

28 HUMA, *Evidence*, 23 February 2021, 1535 (Josée Bégin).

29 Parts III and IV of the EIA set out rules for the program’s financing and for the collection of premiums.

30 The seven-year break-even rate is calculated each year based on a seven-year projection of the insurable earnings, the EI expenditures, as well as the amount of premium reductions granted to employees and employers. The goal is for this rate to result in a balance of \$0 in seven years in the EI Operating Account, including the elimination of any cumulative surplus or deficit. See EIA, section 66.



2021 Budget Announcements Related to Employment Insurance

During the course of the committee study, the federal government tabled its budget. Tables 4 and 5 summarize recent announcements related to EI.

Table 4—Budget 2021 Announcements Related to Employment Insurance and Information Technology Improvements in millions of dollars

	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025	2025- 2026	Total
Temporarily Waiving One-week Waiting Period	106	214	0	0	0	0	320
Less: Projected Revenues	0	0	0	0	0	-36	-36
Additional Weeks: Recovery Benefits and Regular Benefits	206	9,596	2,207	109	0	0	12,118
Less: Projected Revenues	0	0	0	0	0	-610	-610
Additional Weeks: Canada Recovery Benefit and Canada Recovery Caregiving Benefit	0	2,449	27	0	0	0	2,476
Maintaining Flexible Access to Employment Insurance Benefits	0	2,364	1,898	864	866	915	6,906
Less: Previously Provisioned in the Fiscal Framework*	0	-4	0	0	0	0	-4
Less: Projected Revenues	0	0	0	0	-204	-941	-1,145
Temporary Support for Seasonal Workers	0	4	63	33	0	0	100
Less: Projected Revenues	0	0	0	0	0	-11	-11
Temporary Alignment of Quebec Parental Insurance Plan	0	130	0	0	0	0	130
Total Employment Insurance Related	312	14,753	4,195	1,006	662	-683	20,244

Measures (Not Including EI ERB)							
Total IT Investments**	0	69	108	182	144	144	648

Source: Table prepared using data from Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021.

Notes: Numbers may not add up due to rounding.

* The Fiscal Framework refers to Finance Canada’s policy making framework.

** The \$648 million is to be provided to ESDC and the Treasury Board Secretariat for benefit delivery modernization and Service Canada’s IT systems. Improvements to IT systems include but are not limited to the EI program.

Table 5—Budget 2021 Announcements Related to Maintaining Flexible Access to Employment Insurance Benefits (Employment Insurance Sickness and Employment Insurance Access) in millions of dollars

	2021- 2022	2022- 2023	2023- 2024	2024- 2025	2025- 2026	Total
Enhanced Sickness Benefits to 26 Weeks	164	428	634	866	915	3007
Uniform 420-hour entrance requirement for regular and special benefits, 14-week minimum entitlement for regular benefits, common earnings threshold for fishing benefits; All insurable hours/employment count with valid separation; Simplify rules around the treatment of severance and vacation pay; and Enhanced Work Sharing	2197.5	1467.5	230	0	0	3900
Consultation on changes: Gig Workers, Adoption and Seasonal Workers	2.5	2.5	0	0	0	0
Less: Funds Previously Provisioned in the Fiscal Framework*	-4	0	0	0	0	-4
Less: Projected Revenues	0	0	0	-204	-941	-1145
Total	2360	1898	864	662	-26	5758



Source: Table prepared using data from Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021.

Notes: Numbers may not add up due to rounding.

* The Fiscal Framework refers to Finance Canada's policy making framework.

Recently announced Budget 2021 measures include: temporarily reducing the required number of insurable hours of employment to 420 hours for both EI regular and special benefits; providing authority for additional weeks of recovery benefits and EI regular benefits until November 2021 should they be needed; and permanently increasing the maximum number of weeks for which EI sickness benefits may be paid from 15 to 26 weeks, starting in 2022. Budget 2021 also announced forthcoming consultations on future, long-term reforms to the EI program to examine systemic gaps exposed by COVID-19.³¹ Finally, Budget 2021 announced significant investments in information technology infrastructure which could hopefully impact all aspects of the EI program.³²

The Employment Insurance Operating Account

The Employment Insurance Operating Account is an important source of information about the financial operations of the EI program and operates within the Consolidated Revenue Fund (CRF).³³ Each year, all EI program and administration expenditures are charged to the CRF and all program-related revenues are credited to it. The Account's annual deficit or surplus is included in the federal government's financial statements. This financial information assists parliamentarians in their oversight of EI program revenues and expenditures.

Table 6 lays out spending estimates on EI benefits, including the EI ERB. Table 7 lays out the most recent Operating Account projections published in Budget 2021.

31 Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021, pp. 85-92.

32 Ibid, p. 315.

33 Consolidated Revenue Fund is the aggregate of all public moneys that are on deposit at the credit of the Receiver General.

Table 6—Estimated Employment Insurance Benefits in billions of dollars

Fiscal Year	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Employment Insurance benefits	21.8	59.8	41.2	28.1	24.5	24.9	25.6
Government credit to cover Emergency Response Benefit Costs	0	-26.3	0	0	0	0	0
Premium revenues	22.2	22.2	23.7	25.4	27.3	29.2	31.2
Benefits (not including EI ERB benefits)	21.8	33.5	41.2	28.1	24.5	24.9	25.6
Administration and other expenses	2	2.1	2.1	2.2	2	1.9	1.9
Fiscal Year Account Balance	-1.6	-13.4	-19.6	-4.9	0.8	2.4	3.7

Source: Table prepared using data from Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021.

Table 7—Employment Insurance Operating Account Projections in billions of dollars

	2019	2020	2021	2022	2023	2024	2025	(...)	2028
Operating Account annual balance	2.1	-6.3	-21.9	-6.1	-0.7	2.2	3.8	(...)	6.5
Operating Account cumulative balance	5.9	-0.3	-22.2	-28.3	-29.0	-26.8	-22.9	(...)	-4.44
Premium rate	1.62	1.58	1.58	1.58	1.63	1.68	1.73	1.78	1.83

Source: Table prepared using data from Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021.

With respect to the premium rate, as part of the economic response to COVID-19, the federal government is freezing the 2021 rates. In 2021, the employee rate will remain at



1.58% per \$100 of insurable earnings (but lowered to 1.18% in Quebec), and the employer rate will remain at 2.21% (but lowered to 1.65% in Quebec). Employees and employers in Quebec pay a reduced rate as they are in a province that has established a provincial plan (i.e., Quebec Parental Insurance Plan or QPIP).³⁴ Budget 2021 projects the EI Operating Account to record annual deficits from 2020 to 2023 as a result of increased benefit spending and the previously-announced 1.58% premium rate for 2021 and 2022. Annual Operating Account surpluses and premium rate increases are forecast starting in 2024. Proposed premium increases are projected to reach \$1.83 per \$100 of insurable earnings in 2028.

Budget 2021 also estimates \$26.3 billion in costs associated with the EI ERB. These costs will be credited to the EI Operating Account through a government contribution and will not impact the overall balance, in effect creating a tripartite (employer, employee and government) financing arrangement. This would not be the first time that the EI program has been financed in part through general tax revenue.³⁵ Moreover, returning to tripartite financing of the EI program aligns with several witness recommendations made over the course of the study.³⁶ Miles Corak, appearing as an individual, emphasized that a tripartite financing arrangement would allow the federal government to shoulder some of the collective risk to the system created by the COVID-19 pandemic.³⁷ The committee also heard witnesses' concerns that EI premiums remain reasonable as to not undermine an economic recovery.³⁸ Moving back to tripartite financing would allow for greater flexibility in setting premiums. (See section entitled Employee and Employer Insurance Premiums below.)

Having considered the testimony placed before it, the committee recommends:

34 Government of Canada, *EI premium rates and maximums*. See also Employment and Social Development Canada (ESDC), *Summary of the Actuarial Report on the 2021 Employment Insurance Premium Rate*.

35 HUMA, *Evidence*, 9 March 2021, 1625 (Hassan Yussuff, President, Canadian Labour Congress); HUMA, *Submission* (Fédération des travailleurs et travailleuses du Québec or FTQ), published on 11 March 2021, p. 8.

36 HUMA, *Evidence*, 23 February 2021, 1720 (Miles Corak, Professor of Economics, Graduate Center, City University of New York, As an Individual); HUMA, *Evidence*, 9 March 2021, 1625 (Hassan Yussuff); HUMA, *Submission* (FTQ), published on 11 March 2021, p. 8; HUMA, *Submission* (Newfoundland and Labrador Federation of Labour), published on 26 April 2021, p. 5.

37 HUMA, *Evidence*, 23 February 2021, 1720 (Miles Corak).

38 HUMA, *Evidence*, 15 April 2021, 1705 (Corinne Pohlmann, Senior Vice-President, National Affairs and Partnerships, Canadian Federation of Independent Business).

Recommendation 1

That the Government of Canada direct Employment and Social Development Canada to collaborate with the Department of Finance Canada to assess the costs and benefits of returning to a tripartite (employer, employee and government) financing arrangement for the Employment Insurance program.

Employee and Employer Insurance Premiums

Under the current proposed premiums and maximum insurable earnings (MIE) schedule, the maximum employee premium is estimated to be \$905.40 in 2022, increasing to \$1262.70 by 2028. The maximum employer premium will be raised from \$1267.56 to \$1767.78 (Table 8). When adjusted for inflation, 2022 premiums are not far above 2008 levels, which marked an historic low point (\$711 for employees or \$882 adjusted for inflation and \$995 for employers or \$1233.59 adjusted for inflation).³⁹

Table 8—Employee and Employer Premiums Baseline Scenario

Year	Maximum annual insurable earnings	Premium Rate (% of Maximum annual insurable earnings)	Employee premium	Employer premium
2022	\$ 57,304	1.58	\$ 905.40	\$ 1267.56
2023	\$ 59,165	1.63	\$ 964.39	\$ 1350.15
2024	\$ 61,048	1.68	\$ 1025.61	\$ 1435.85
2025	\$ 63,076	1.73	\$ 1091.21	\$ 1527.70
2026	\$ 64,900	1.78	\$ 1155.22	\$ 1617.31
2027	\$ 67,000	1.78	\$ 1192.60	\$ 1669.64
2028	\$ 69,000	1.83	\$ 1262.70	\$ 1767.78

Source: Table prepared using data from Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021; Office of the Superintendent of Financial Institutions, Office of the Chief Actuary, [2021 Actuarial Report on the Employment Insurance Premium Rate](#), 2020.

³⁹ Bank of Canada, [Inflation Calculator](#), accessed 3 May 2021. See Appendix C for historical MIE, maximum premiums and premium rates.



Premium Increases in Different Maximum Insurable Earnings Scenarios

Tables 9 and 10 estimate maximum employee and employer premiums under two different MIE scenarios proposed by witnesses during the course of the study.⁴⁰ Under the Canada Pension Plan (CPP) insurable earnings scenario, the MIE would increase to the levels of CPP maximum annual pensionable earnings levels (\$61,800 in 2022 increasing to \$73,700 by 2028).⁴¹ Under this scenario, the maximum employee and employer premiums would be \$976 and \$1376, respectively, in 2022, increasing to \$1348 and \$1888, respectively, by 2028.

Table 9—Employee and Employer Premiums Canada Pension Plan Insurable Earnings Scenario

Year	Maximum annual insurable earnings	Premium rate (% of maximum annual insurable earnings)	Employee premium	Employer premium
2022	\$ 61,800	1.58	\$ 976.44	\$ 1367.02
2023	\$ 63,400	1.63	\$ 1033.42	\$ 1446.79
2024	\$ 65,200	1.68	\$ 1095.36	\$ 1533.50
2025	\$ 67,100	1.73	\$ 1160.83	\$ 1625.16
2026	\$ 68,900	1.78	\$ 1226.42	\$ 1716.99
2027	\$ 71,500	1.78	\$ 1272.70	\$ 1781.78
2028	\$ 73,700	1.83	\$ 1348.71	\$ 1888.19

Source: Table prepared using data from Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021; Office of the Superintendent of Financial Institutions, Office of Chief Actuary, *2021 Actuarial Report on the Employment Insurance Premium Rate*, 2020.

Under the QPIP insurable earnings scenario, the MIE would increase to QPIP MIE levels (\$85,000 in 2022 rising to \$96,000 by 2028).⁴² Under this scenario, maximum employee

40 HUMA, *Evidence*, 9 March 2021, 1705 (Denis Bolduc, General Secretary, Fédération des travailleurs et travailleuses du Québec); HUMA, *Evidence*, 22 April 2021, 1545 (Leah Nord, Senior Director, Workforce Strategies and Inclusive Growth, Canadian Chamber of Commerce); HUMA, *Submission* (Canadian Union of Public Employees or CUPE) published on 27 April 2021, p. 4; HUMA, *Submission* (FTQ), published on 11 March 2021, p. 7.

41 Government of Canada *Budget 2021*, 19 April 2021. Government of Canada, Office of the Chief Actuary, *2021 Actuarial Report on the Employment Insurance Premium Rate*, 2020.

42 Ibid.

and employer premiums would be \$1,343 and \$1880, respectively, in 2022, increasing to \$1,756 and \$2,459, respectively, by 2028.

Table 10—Employee and Employer Premiums Quebec Parental Insurance Plan Insurable Earnings Scenario

Year	Maximum annual insurable earnings	Rate (%)	Employee premium	Employer premium
2022	\$ 85,000	1.58	\$ 1343.00	\$ 1880.20
2023	\$ 86,000	1.63	\$ 1401.80	\$ 1962.52
2024	\$ 88,500	1.68	\$ 1486.80	\$ 2081.52
2025	\$ 92,500	1.73	\$ 1600.25	\$ 2240.35
2026	\$ 94,000	1.78	\$ 1673.20	\$ 2342.48
2027	\$ 95,000	1.78	\$ 1691.00	\$ 2367.40
2028	\$ 96,000	1.83	\$ 1756.80	\$ 2459.52

Source: Table prepared using data from Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021; Office of the Superintendent of Financial Institutions, Office of the Chief Actuary, *2021 Actuarial Report on the Employment Insurance Premium Rate*, 2020.

Benefits and Income Replacement Rates

EI weekly benefits are equal to 55% of the claimants' insurable earnings (or 33% if claiming extended parental benefits) during their variable best weeks over the qualifying period (generally 52 weeks), up to a maximum amount. The number of best weeks used in the calculation is determined by the regional unemployment rate and varies between 14 and 22 insurable earning weeks. The maximum amount payable is, on the other hand, determined by the maximum yearly insurable earnings.⁴³

Several witnesses stressed the importance of using a gender lens when reviewing the income replacement rates that ultimately determine benefit levels.⁴⁴ Table 11 lays out the maximum weekly benefit and the average weekly benefits for men and women. Average weekly benefits levels for men (e.g. \$506 in 2019-2020) are significantly lower

43 EIA, s. 14(2) (table).

44 HUMA, *Evidence*, 9 March 2021, 1625 (Hassan Yussuff); HUMA, *Submission* (Conseil d'intervention pour l'accès des femmes au travail or CIAFT), published on 19 April 2021.



than the maximum benefits (e.g. \$573 in 2019-2020). Average weekly benefits for women (e.g. \$448 in 2019-2020) are lower still, reflecting a significant gender wage gap.

Table 11—Weekly Maximum and Averages—Regular, Parental and Sickness Benefits in dollars

	2018-2019	2018-2019	2019-2020
Maximum Insurable Earnings	51,700	53,100	54,200
Maximum Weekly Benefit	547	562	573
Average Weekly Regular Benefit - Men	480	492	506
Average Weekly Regular Benefit - Women	423	433	448
Average Weekly Parental Benefit - Men	507	517	536
Average Weekly Parental Benefit - Women	455	466	483
Average Weekly Sickness Benefit - Men	464	475	492
Average Weekly Sickness Benefit - Women	397	409	426

Source: Government of Canada, *Employment Insurance Monitoring and Assessment Report for the fiscal year beginning April 1, 2019 and ending March 31, 2020*, [Annex 2: Employment Insurance benefits data tables](#), 30 April 2021.

Numerous witnesses recommend increasing benefit levels by increasing income replacement rates. Recommendations ranged from 60% of insurable earnings up to 100% of insurable earnings for certain types of claimants.⁴⁵ Several witnesses also suggested establishing a minimum weekly benefit to ensure low-wage earners a basic level income security.⁴⁶ These witnesses argued that a minimum benefit would also enhance gender equity since women workers are more likely to have lower weekly

45 HUMA, [Evidence](#), 23 February 2021, 1630 (Miles Corak); HUMA, [Evidence](#), 9 March 2021, 1625 (Hassan Yussuff); HUMA, [Evidence](#), 9 March 2021, 1705 (Denis Bolduc); HUMA, [Evidence](#), 20 April 2021, 1610 (Pierre Céré, Spokesperson, Conseil national des chômeurs et chômeuses); HUMA, [Submission](#) (Inter-provincial EI Working Group), published on 20 April 2021, p. 4; HUMA, [Submission](#) (Lieu d’Actions et de Services Travaillant dans l’Unité avec les Sans-Emploi [LASTUSE] du Saguenay), published on 17 March 2021, p. 3; HUMA, [Submission](#) (ACORN Canada), published on 6 April 2021, p. 2.

46 HUMA, [Evidence](#), 22 April 2021, 1625 (Pam Frache, Organizer, Workers' Action Centre), HUMA, [Evidence](#), 9 March 2021, 1600 (Hassan Yussuff), HUMA, [Evidence](#), 9 March 2021, 1650 (Carl Pursey, President, Prince Edward Island Federation of Labour).

wages. Women workers also account for a smaller portion of the unemployed population than their weight in the labour force.⁴⁷ (See Appendix D.)

Selected Cost Estimates Related to Witness Recommendations

Over the course of the study, the committee heard numerous recommendations related to improving EI to better support vulnerable workers. The committee was also reminded of the need to consider the financial implications of program changes.⁴⁸

Increasing the Replacement Rate Under Different Maximum Insurable Earnings – Program Cost Estimates

Table 12 lays out estimates of increasing EI benefits to an income replacement rate of 60% as well as increasing the MIE to CPP and QPIP insurable earnings levels.⁴⁹

47 Government of Canada, *Employment Insurance Monitoring and Assessment Report for the fiscal year beginning April 1, 2019 and ending March 31, 2020*, Chapter 1: Labour market context, 2021. HUMA, *Submission* (CIAFT), published on 19 April 2021. HUMA, *Evidence*, 20 April 2021, 1620 (Pierre Céré).

48 HUMA, *Evidence*, 22 March 2021, 1535 (Leah Nord); HUMA, *Evidence*, 15 April 2021, 1705 (Corinne Pohlmann).

49 Statistics Canada, The Social Policy Simulation Database and Model (SPSD/M), data from *Budget 2021*, 19 April 2021. Government of Canada, Office of the Chief Actuary, *2021 Actuarial Report on the Employment Insurance Premium Rate*, 2020.



Table 12—Added Cost to Increasing Replacement Rates to 60% and Maximum Insurable Earnings in millions of dollars

Calendar Year	Baseline MIE Projections	60% Replacement Rate - MIE Unchanged (added cost)	60% Replacement Rate and CPP MIE Scenario (added cost)	60 % Replacement Rate and QPIP MIE Scenario (added cost)
2022	19,620	1,691	631	2,955
2023	20,368	1,764	593	2,903
2024	21,170	1,834	574	3,023
2025	22,145	1,908	559	3,324

Source: Calculations made using Statistics Canada, [The Social Policy Simulation Database and Model \(SPSD/M\)](#), using data from Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021. Office of the Superintendent of Financial Institutions, Office of the Chief Actuary, [2021 Actuarial Report on the Employment Insurance Premium Rate](#), 2020. The SPSP is a non-confidential, statistically representative database of Canadian individuals in their family context, with enough information on each individual to compute cash transfers received from government. The SPSM is a static accounting model which processes each individual and family on the SPSP/M, and calculates federal and provincial transfers using legislated or proposed programs and algorithms. SPSP/M cannot model changes in behaviour that may result from changes to EI program parameters. Moreover, the number of EI beneficiaries who will benefit from increasing the replacement rate is highly uncertain and depends on labour market conditions.

Increasing the level of MIE would increase premiums and in turn generate additional revenue, as well as increase benefit costs. Increasing the income replacement rate would likely need to be financed by either a premium rate increase or additional government contributions. While benefit levels and premium rates have a critical role in determining EI program revenues and expenditures so too do underlying economic and demographic conditions. Ultimately premium rates are set based upon advice from the EI Senior Actuary, taking into account all the above considerations.⁵⁰

Selected EI Sickness Benefit Recommendations – Cost Estimates

Table 13 lays out estimates of additional costs to EI sickness under several different scenarios: lower qualifying hours eligibility (360 hours), 26 weeks (proposed in Budget 2021) and 50 weeks (suggested by witnesses).

50 *ibid.*

**Table 13—Estimates of Additional Costs to EI Sickness in millions of dollars:
Lowering Hours Qualifying Hours, Extending Benefits to 26 Weeks and
Extending Benefits to 50 Weeks**

	Baseline Projection	360 hours	26 weeks	50 weeks
2021	2,095	278	164	630
2022	1,998	288	428	1,241
2023	2,023	298	634	1,636
2024	2,122	309	866	1,868
2025	2,191	321	915	2,011
2026	2,267	333	967	2,214
2027	2,347	342	1,017	2,419

Source: Calculations using data from the Office of the Superintendent of Financial Institutions, Office of the Chief Actuary, *2021 Actuarial Report on the Employment Insurance Premium Rate*, 2020; Parliamentary Budget Officer, *Costing of a 360-hour Eligibility Threshold for Sickness Benefits*, 4 April 2019; Parliamentary Budget Officer, *Cost Estimate of an Increase in the Duration of Employment Insurance (EI) Sickness Benefits*, 4 April 2019; Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021. Projections based on program implementation assumptions contained in Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021. Parliamentary Budget Officer, *Employment Insurance Sickness Benefits Extension*, 27 May 2021; Parliamentary Budget Officer, *Bill C-265: Employment Insurance Sickness Benefits Extension Government of Canada*, 26 May 2021: “A source of uncertainty is the additional weeks that would be taken by claimants that used the maximum 15 weeks of benefits. Given that ESDC does not keep administrative data on claimants’ working lapse, our assumptions are underpinned by a 2007 survey. As such, it may not be representative of Canada’s current labour market and could potentially underestimate the working lapse.”

CHAPTER 3: EMPLOYMENT INSURANCE REGULAR BENEFITS

An individual in insurable employment may be eligible to receive EI regular benefits if, among other criteria, they have experienced an interruption of earnings from employment through no fault of their own (for example, due to a shortage of work, seasonal or mass layoffs), for a minimum of seven consecutive days.⁵¹ This chapter

51 EIA, sections 7(1) and 7(2); and EIR, section 14(1).



summarizes the key issues and recommendations that stakeholders brought to the committee's attention in relation to EI regular benefits.

Eligibility for Benefits

Over the course of the study, various witnesses noted that under current rules, less than half of unemployed workers in Canada are eligible to receive EI benefits.⁵² The section below summarizes the issues and recommendations raised by witnesses pertaining to eligibility for EI benefits, including reasons for separation, hours of insurable employment needed to qualify across Canada, and eligibility for special categories of workers (e.g., self-employed persons and gig economy workers, workers in seasonal industries, and migrant workers).

Reasons for Separation

Among unemployed workers who have paid into the EI program, the most common reason for ineligibility for EI regular benefits is invalid job separation (meaning the worker has left their employment for a reason that is not considered acceptable by the EI program).⁵³ In 2019, this accounted for 63% of contributors who were ineligible for EI regular benefits.⁵⁴ Over the course of this study, some organizations spoke out against the disqualification of certain workers who quit employment or were dismissed for misconduct from accessing EI regular benefits.⁵⁵ Pam Frache, representative from the Workers' Action Centre, argued that this rule "is punitive, unnecessary and fails to recognize the reality of the labour market today." She noted that firings can be "arbitrary" and workers may choose to leave a job for a range of legitimate reasons.⁵⁶ A brief submitted by the Community Legal Assistance Society suggested that rules relating to disqualification may have a disproportionate impact on certain groups, noting that precarious workers are more likely than workers in secure long-term employment to be

52 HUMA, *Evidence*, 20 April 2021, 1710 (David Gray, Professor of Economics, University of Ottawa); HUMA, *Evidence*, 22 April 2021, 1540 (Pam Frache).

53 For a list of circumstances that may be considered just cause for voluntarily leaving employment, see Government of Canada, *Employment Insurance (EI) and voluntarily leaving*.

54 Statistics Canada, *Statistics Canada follow-ups responses to the HUMA Committee from last February 23, 2021 appearance regarding the study on the review of the employment insurance program*, Background document submitted to the committee, p. 1.

55 See, for example, HUMA, *Submission* (Canadian Labour Congress or CLC), published on 29 April 2021, p. 4; HUMA, *Submission* (Community Legal Assistance Society or CLAS), published on 29 April 2021, p. 2; HUMA, *Submission* (Neighbourhood Legal Services London and Middlesex), published on 28 April 2021, p. 1.

56 HUMA, *Evidence*, 22 April 2021, 1540 (Pam Frache).

fired for minor incidents.⁵⁷ A brief submitted by Neighbourhood Legal Services London and Middlesex also pointed out that overly complex rules about valid job separation “can work to punish and deter claimants from actively engaging and pursuing employment.”⁵⁸

Stakeholders argued in favour of a limited penalty for workers with an invalid job separation, rather than outright disqualification. Witnesses made recommendations for penalties ranging from three to ten weeks without EI benefits.⁵⁹ Action-Chômage Côte-Nord called for “the legal recognition of the right for workers to have a two-week trial period without penalty for any new job.”⁶⁰

The committee takes note of witnesses’ concerns about the ineligibility of workers with an invalid job separation to receive EI regular benefits, and heard that program requirements must not penalize workers who left or lost their employment for reasons beyond their control. In the committee’s 2016 report, *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program*, it recommended that the government review requirements relating to valid job separation in order to allow claimants who find new employment to keep their benefits in the event the employment is unsuitable.⁶¹ Having considered the testimony placed before it, the committee makes the following recommendation:

Recommendation 2

That Employment and Social Development Canada review the Employment Insurance program requirements related to valid job separation in order to:

- **Assess the impact that the list of valid reasons for separation has on the most vulnerable workers, and the extent to which it reflects current labour market realities; and**

57 HUMA, [Submission](#) (CLAS), published on 29 April 2021, p. 2. While there was no Canadian data referenced, the brief does cite evidence from the United States that racialized workers are impacted disproportionately by dismissal due to misconduct.

58 HUMA, [Submission](#) (Neighbourhood Legal Services London and Middlesex), published on 28 April 2021, p. 1.

59 HUMA, [Submission](#) (CUPE), published on 27 April 2021, p. 4; HUMA, [Submission](#) (FTQ), published on 11 March 2021, p. 7; HUMA, [Submission](#) (Conseil National de chômeurs chomeuses), published on 19 April 2021, p. 6.

60 HUMA, [Submission](#) (Action-Chômage Côte-Nord), published on 9 April 2021, p. 5.

61 HUMA, [Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program](#), Third report, June 2016, p. 10.



- **Ensure that Employment Insurance program requirements related to valid job separation do not deter claimants from accepting new employment.**

Hours of Insurable Employment and Economic Regions

In 2019, among workers who had paid into the EI program and who had a valid job separation, approximately 17.6% were ineligible for benefits because they lacked the necessary hours of insurable employment.⁶² Notwithstanding the temporary pandemic-related measures discussed in Chapter 1, claimants of regular benefits normally must have accumulated 420 to 700 hours of insurable employment during their qualifying period (which is generally 52 weeks long), based on the rate of unemployment in their economic region of residence.⁶³ This is based on the idea that it is more challenging to find a job (and therefore to accumulate hours of insurable employment) in a region with a higher unemployment rate.⁶⁴

Pam Frache of the Workers' Action Centre identified current hours requirements as a challenge for part-time workers, highlighting the prevalence of part-time work in long-term care.⁶⁵ The Conseil d'intervention pour l'accès des femmes au travail explained that including an option for workers to qualify based on weeks of work, rather than hours, would provide part-time workers more equitable access to benefits.⁶⁶ Witnesses explained that women, youth, racialized people, newcomers, and persons with disabilities are all overrepresented in part-time or non-standard work and therefore face barriers to accessing EI benefits.⁶⁷ In addition, a brief from the Migrant Rights Network asserted that

From eligibility requirements that disadvantage part-time, seasonal and contract workers, to below-subsistence benefit levels for low-income

62 Statistics Canada, *Statistics Canada follow-ups responses to the HUMA Committee from last February 23, 2021 appearance regarding the study on the review of the employment insurance program*, Background document submitted to the committee, p. 1.

63 EIA, sections 7(1) and 7(2); and EIR, section 14(1).

64 Canada Employment Insurance Commission (CEIC), [2019-2020 Employment Insurance Monitoring and Assessment Report](#), 2021, pp. 74-75.

65 HUMA, [Evidence](#), 22 April 2021, 1630 (Pam Frache).

66 HUMA, [Submission](#) (CIAFT), published on 19 April 2021, p. 4. See also HUMA, [Submission](#) (FTQ), published on 11 March 2021.

67 HUMA, [Evidence](#), 9 March 2021, 1540 (Hassan Yussuff); HUMA, [Evidence](#), 23 March 2021, 1650 (Evelyn Forget, Professor, University of Manitoba).

workers, the program's failings are felt most starkly by the racialized and women workers who are forced into the most insecure parts of the labour market.⁶⁸

Further, several witnesses raised concerns about the practice of determining qualifying hours based on unemployment rates in economic regions. One such witness was Parisa Mahboubi, from the C.D. Howe Institute, who explained that the current approach puts part-time workers in regions with low unemployment rates at a disadvantage.⁶⁹ Ms. Mahboubi also highlighted a need for the EI system to take into account barriers to employment faced by specific groups, such as persons with disabilities, that are present regardless of the unemployment rate in a given region.⁷⁰

During his appearance before the committee, Carl Pursey, representing the Prince Edward Island (PEI) Federation of Labour, raised concerns about existing boundaries for EI economic regions. In 2014, the federal government divided PEI, Yukon, the Northwest Territories and Nunavut into two economic regions each (one covering the capital area and the other covering the rest of the province or territory).⁷¹ Mr. Pursey indicated that this division has been particularly detrimental for seasonal employers in PEI:

With the zones, some employers are having problems employing people, because they'll ask which zone someone lives in. If someone lives in one zone and the employer needs them for seasonal work, they know that person is going to require more weeks of work than they can offer. It's a whole mess, and they can't get the same workers back each year...⁷²

Mr. Pursey also noted that the division creates inequities for workers who commute to the same work location from different economic regions.⁷³ In a brief submitted to the committee, Philip Brown, the Mayor of Charlottetown, recommended the restoration of a single economic region for PEI.⁷⁴

Some organizations put forward specific recommendations for uniform, national hours requirements in relation to both regular and special benefits (e.g., a hybrid requirement

68 HUMA, [Submission](#) (Migrant Rights Network), published on 27 April 2021, p. 1.

69 HUMA, [Evidence](#), 23 February 2021, 1640, 1715 (Parisa Mahboubi, Senior Policy Analyst, C.D. Howe Institute).

70 Ibid.

71 CEIC, [2014/2015 Employment Insurance Monitoring and Assessment Report](#), 2016, p. 116.

72 HUMA, [Evidence](#), 9 March 2021, 1730 (Carl Pursey).

73 Ibid., 1650.

74 HUMA, [Submission](#) (Philip Brown), published on 5 May 2021.



comprising the lesser of 420 hours or 12 weeks,⁷⁵ the lesser of 360 hours or 12 weeks,⁷⁶ or the lesser of 300 hours or 12 weeks).⁷⁷ One brief recommended that the insurable hours requirement be lowered to 120 hours for maternity benefits.⁷⁸

However, not all witnesses advocated for a uniform national eligibility requirement for EI benefits. Miles Corak, for example, recommended an approach that maintains differentiation of hours requirements based on regional unemployment rates, but reduces the current nine bands of unemployment rates (which range from less than 6% to over 13%) to just three (e.g., less than 6%, 6% to 10%, and greater than 10%).⁷⁹ Mr. Corak and David Gray, also appearing as an individual, both recommended that the government base eligibility on provincial employment rates rather than the regional unemployment rates, since this data is available on a monthly basis and would therefore more accurately reflect sudden labour market changes.⁸⁰ In a brief submitted to the committee, the Conseil national des chômeurs et chômeuses proposed a uniform requirement of 15 weeks of at least 15 hours of work each, with a lower requirement for certain workers, such as those in Indigenous communities or areas with significant unemployment.⁸¹

“From eligibility requirements that disadvantage part-time, seasonal and contract workers, to below-subsistence benefit levels for low-income workers, the program’s failings are felt most starkly by the racialized and women workers who are forced into the most insecure parts of the labour market.”

Brief from Migrant Rights Network

75 See, for example, HUMA, [Evidence](#), 9 March 2021, 1705-1710 (Denis Bolduc); HUMA, [Evidence](#), 20 April 2021, 1715 (Kimmyanne Brown, Workplace Rights Coordinator, Conseil d’intervention pour l’accès de femmes au travail).

76 See, for example, HUMA, [Evidence](#), 22 April 2021, 1540 (Pam Frache); HUMA, [Submission](#) (CLAS), published on 29 April 2021, p. 1.

77 HUMA, [Submission](#) (ACORN Canada), published on 6 April 2021, p. 1.

78 HUMA, [Submission](#) (Lana Vuleta), published on 28 April 2021, p. 1.

79 HUMA, [Evidence](#), 23 February 2021, 1630 (Miles Corak).

80 HUMA, [Evidence](#), 23 February 2021, 1655 (Miles Corak); HUMA, [Evidence](#), 20 April 2021, 1725 (David Gray).

81 HUMA, [Submission](#) (Conseil national des chômeurs et chômeuses), published on 19 April 2021, p. 3.

The committee takes note of the value of EI program requirements that account for regional labour market disparities. However, it also heard from witnesses that the current requirements around insurable hours of employment are not responsive to challenges faced by some groups of workers. It also heard that the current boundaries for EI economic regions do not reflect the realities of some communities, including the province of Prince Edward Island, which was divided into two economic regions in 2014. During his appearance before the committee, the Commissioner for Workers, Pierre Laliberté, indicated that a 2018 departmental review of the EI economic regions was completed without any formal public consultation. Referring to Prince Edward Island, Mr. Laliberté indicated that personal conversations with stakeholders did not reveal a support of the status quo (i.e. keeping the two economic regions).⁸²

In the committee's 2016 report *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program*, it recommended that the pre-2014 boundaries of the EI economic regions be restored. The committee is aware that the federal government, through Budget 2021, has committed funding to temporarily maintaining a uniform 420-hour entrance requirement over the coming year while Canada's economy recovers from the pandemic.⁸³ Having considered the testimony placed before it during the current study, the committee makes the following recommendations:

Recommendation 3

That Employment and Social Development Canada decrease the number of hours of insurable employment needed to qualify for all types of Employment Insurance benefits in order to ensure equitable access for diverse workers across Canada, including those in part-time or non-standard work.

Recommendation 4

That Employment and Social Development Canada reconsider, and ensure robust consultation with stakeholders on, current practices with regard to Employment Insurance Economic Regions, including:

- **The number and boundaries of regions; and**

82 HUMA, *Evidence*, 23 March 2021 (Pierre Laliberté, Commissioner for Workers, Canada Employment Insurance Commission).

83 Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021, p. 88.



- **The existence of varying Employment Insurance eligibility requirements based on claimants' region of residence.**

Further, that it reinstate a single Employment Insurance Economic Region for Prince Edward Island within 12 months.

Special Categories of Workers

Self-Employed Persons and Gig Economy Workers

Currently, self-employed persons are not eligible to receive EI regular benefits. However, several witnesses argued that at least some of these workers (including self-employed persons in the emerging gig economy) should have access to these benefits. Kenneth MacKenzie, President of the Associated Designers of Canada, argued that

Not allowing self-employed workers to participate fully in the EI program puts gig workers at a disadvantage. As gig and self-employed workers become a larger part of the workforce, the EI program must evolve to accommodate them so that they can contribute to and receive the full benefits available to traditional employees through EI regular benefits.⁸⁴

David Gray pointed to both benefits and risks associated with expanding coverage to gig economy workers. While it would result in “welfare gains [...] for certain gig workers in the face of unpredictable shocks beyond their control,” there could be impacts on employment and unemployment outcomes, such as a higher number of quits.⁸⁵

Leah Nord, the representative from the Canadian Chamber of Commerce, provided the caveat that “the gig economy does not wholly equate to precarious work,” and warned against “jumping to program solutions” before further investigating the issues.⁸⁶ Similarly, Miles Corak differentiated between those who “are using self-employment as a last-ditch attempt to piece together income” and the “risk-taking entrepreneur,” highlighting a need to focus on the former.⁸⁷

84 HUMA, *Evidence*, 9 March 2021, 1530 (Kenneth MacKenzie, President, Associated Designers of Canada).

85 HUMA, *Evidence*, 20 April 2021, 1645 (David Gray).

86 HUMA, *Evidence*, 22 April 2021, 1535 (Leah Nord).

87 HUMA, *Evidence*, 23 February 2021, 1645 (Miles Corak).

Determining Eligibility

Witnesses also raised questions about how to determine eligibility for self-employed and gig workers. During her appearance before the committee, Parisa Mahboubi explained that

While an EI system that covers gig workers and the self-employed may be desirable, it is not clear how to build that system. For example, there are workers who have experienced substantial earnings losses without job loss, and self-employed workers whose earnings can be negative.⁸⁸

David Gray indicated that eligibility would likely need to be based on prior earnings, and suggested the establishment of pilot projects to determine the best options for “the level of earnings that are covered, the percentage of prior earnings that would be covered, the length of the prior contribution period and the length of the benefit entitlement period.”⁸⁹

Kenneth MacKenzie, the representative from the Associated Designers of Canada, suggested that the existing EI fishing benefits model could be adapted to suit certain gig workers.⁹⁰

Mandatory vs. Voluntary Participation

There was no consensus among witnesses on whether the expansion of EI regular benefits to self-employed persons should be mandatory, or should be offered on an opt-in basis (as is currently the case for EI special benefits). Speaking about the inclusion of gig workers, David Gray recommended making coverage mandatory for the sake of

“Not allowing self-employed workers to participate fully in the EI program puts gig workers at a disadvantage. As gig and self-employed workers become a larger part of the workforce, the EI program must evolve to accommodate them so that they can contribute to and receive the full benefits available to traditional employees through EI regular benefits.”

Kenneth MacKenzie, President,
Associated Designers of Canada

88 HUMA, *Evidence*, 23 February 2021, 1640, 1715 (Parisa Mahboubi).

89 HUMA, *Evidence*, 20 April 2021, 1650 (David Gray).

90 HUMA, *Evidence*, 9 March 2021, 1530 (Kenneth MacKenzie).



solvency.⁹¹ However, testimony from the Canadian Federation of Independent Business (CFIB) and the Canadian Chamber of Commerce supported voluntary participation.⁹²

Misclassification

Several witnesses expressed concern about the misclassification of workers (i.e., a situation in which an employer attributes the wrong employment status to a worker), particularly when workers are erroneously classified as self-employed or independent contractors.⁹³ Don Valley Legal Services recommended increasing regulatory penalties for employers who misclassify employees and therefore do not remit the EI premiums that they owe, and recommended that Service Canada and the Canada Revenue Agency (CRA) “develop a comprehensive strategy to combat misclassification of employment status.”⁹⁴ In addition, the Community Legal Assistance Society recommended better coordination between the EI appeals system and the system of appeal for misclassified workers.⁹⁵ The EI Inter-Provincial Working Group recommended “[a]n EI blitz on the misclassification of workers deemed ‘independent’ self-employed contractors by an employer or temp help agency,” making them ineligible for EI. The Working Group stated that “[m]any are actually employees and should be covered.”⁹⁶

Having considered the testimony placed before it, the committee takes note of the need to investigate options to improve EI coverage for self-employed persons and gig economy workers, particularly those in precarious situations. However, it also heard that many questions remain about the optimal terms of such coverage. The committee is aware of upcoming consultations announced in Budget 2021 that will look at systemic gaps exposed by the COVID-19 pandemic with respect to the EI program, including “the need for income support for self-employed and gig workers.”⁹⁷ Therefore, the committee recommends:

91 HUMA, [Evidence](#), 20 April 2021, 1645 (David Gray).

92 HUMA, [Evidence](#), 22 April 2021, 1535 (Leah Nord); HUMA, [Evidence](#), 15 April 2021, 1705 (Corinne Pohlmann).

93 See, for example, HUMA, [Submission](#) (Canada’s Building Trades Unions or CBTU), published on 31 March 2021, p. 2; HUMA, [Evidence](#), 22 April 2021, 1540 (Pam Frache); HUMA, [Submission](#) (Newfoundland and Labrador Federation of Labour), published on 26 April 2021, p. 7.

94 HUMA, [Submission](#) (Don Valley Community Legal Services), published on 29 April 2021, p. 5.

95 HUMA, [Submission](#) (CLAS), published on 29 April 2021, p. 4.

96 HUMA, [Submission](#) (Inter-Provincial EI Working Group), published on 20 April 2021, p. 3.

97 Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021, p. 89.

Recommendation 5

That Employment and Social Development Canada conduct consultations with relevant stakeholders on ways to provide self-employed persons, including those in the gig economy, with access to regular Employment Insurance benefits; and that, based on the results of these consultations, Employment and Social Development Canada make permanent changes to the Employment Insurance program to address the unique needs of self-employed persons.

Workers in Seasonal Industries

In a brief submitted to the committee, Action-Chômage Côte-Nord explained that many workers in seasonal industries face an EI “black hole,” or “a period of up to 18 weeks where workers are left without income between the end of their EI benefits and their return to work.”⁹⁸ To better support workers in these industries, a pilot project (Pilot Project No. 21) running from 5 August 2018 to 30 October 2021 offers up to five additional weeks of EI regular benefits to eligible seasonal claimants in 13 economic regions.⁹⁹ Pierre Laliberté, Commissioner for Workers, noted that pilot results “have been largely positive for those affected” by the so-called EI black hole.¹⁰⁰

During her appearance before the committee, Minister Qualtrough noted that the federal government is “looking to see how we can make [the pilot program] better, make it permanent and make it more available to more seasonal workers.”¹⁰¹ Action-Chômage Côte-Nord recommended adjustments to the pilot program, such as the expansion of the definition of “seasonal worker” and modification of the pilot to provide up to 15 additional weeks rather than five.¹⁰²

Corinne Pohlmann, representing the CFIB, stated the following:

We've spoken to seasonal employers in the past. Many have told us that in order for them to be able to retain those employees throughout the year, they would be willing to pay a bit more for EI, for example. Make it more of an experience-rated type of

98 HUMA, *Submission* (Action-Chômage Côte-Nord), published on 9 April 2021, pp. 2-3.

99 ESDC, *Additional Employment Insurance regular benefits for seasonal workers in affected regions*.

100 HUMA, *Evidence*, 23 March 2021, 1720 (Pierre Laliberté).

101 HUMA, *Evidence*, 15 April 2021, 1625 (the Honourable Carla Qualtrough, Minister of Employment, Workforce Development and Disability Inclusion).

102 HUMA, *Submission* (Action-Chômage Côte-Nord), published on 9 April 2021, p. 4.



program, like most other insurance programs are, so that the more you use it, the more you'd be able to pay.¹⁰³

The committee takes note of the testimony received on seasonal workers' ongoing need for support, and is aware of upcoming consultations announced in Budget 2021 that will look at systemic gaps exposed by the COVID-19 pandemic with respect to the EI program, including "how to provide more consistent and reliable benefits to workers in seasonal industries."¹⁰⁴ The committee is also aware of the government's proposal in Budget 2021 to extend the seasonal worker pilot project until October 2022.¹⁰⁵ Therefore, the committee makes the following recommendation:

Recommendation 6

That Employment and Social Development Canada take further steps to solve the problem of the Employment Insurance "black hole" (a situation in which a seasonal worker has insufficient weeks of Employment Insurance benefits to bridge the period of unemployment between seasons), including by expanding the coverage of Pilot Project No. 21 (which provides up to five additional weeks of Employment Insurance regular benefits to eligible seasonal workers in select regions), as well as making it permanent.

Migrant Workers

The committee also received testimony about the eligibility of migrant workers for EI benefits, with witnesses calling for improved access to both regular and special benefits.¹⁰⁶ ESDC representative Andrew Brown explained that workers employed through the Temporary Foreign Worker Program are eligible to receive EI regular benefits while they are in Canada.¹⁰⁷ However, the Migrant Rights Network raised concerns about the application of eligibility requirements – specifically, the requirement to have a valid social insurance number (SIN) to access regular benefits – with regards to migrant workers, whose SIN may expire while they are still in Canada and eligible to work.¹⁰⁸ The organization also argued against the need for a valid SIN to collect special

103 HUMA, [Evidence](#), 15 April 2021, 1730 (Corinne Pohlmann).

104 Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021, p. 89.

105 Ibid, p. 90.

106 HUMA, [Submission](#) (Migrant Rights Network), published on 27 April 2021. See also HUMA, [Submission](#) (CUPE), published on 27 April 2021, p. 4; HUMA, [Submission](#) (Unifor), published on 28 April 2021, p. 2; and HUMA, [Submission](#) (CLC), published on 29 April 2021, p. 5.

107 HUMA, [Evidence](#), 18 February 2021, 1600 (Andrew Brown).

108 HUMA, [Submission](#) (Migrant Rights Network), published on 27 April 2021, p. 3.

benefits while outside of Canada, highlighting the disproportionate impact of this rule on migrant workers.¹⁰⁹

The committee heard that migrant workers face distinct barriers to accessing regular and special benefits, even when they have been legally working in Canada and paying into the program. Therefore, the committee makes the following recommendation:

Recommendation 7

That Employment and Social Development Canada assess the impact of Employment Insurance eligibility rules on migrant workers who have been paying into the EI system.

Adequacy of Benefits

EI regular benefits, and most special benefits, are equal to 55% of a claimant's average insurable earnings, up to a maximum weekly benefit rate. For 2021, the maximum weekly benefit rate is \$595.¹¹⁰ During the COVID-19 pandemic, the minimum benefit rate has been set at \$500 per week for most EI benefits.¹¹¹ The section below summarizes the issues and recommendations raised by witnesses pertaining to the adequacy of EI benefits, including the income replacement rate and maximum insurable earnings, benefit clawbacks, and the duration of benefits.

Income Replacement Rate and Maximum Insurable Earnings

Over the course of the study, several organizations recommended that income replacement rates be raised above the current 55% threshold, with proposals ranging from 60% to 75%.¹¹² ACORN Canada recommended that the income replacement rate be raised to 100% for low-income workers.¹¹³ Pierre Laliberté, CEIC Commissioner for Workers, stated that an income replacement rate of 75% would be necessary to keep minimum-wage workers above the poverty threshold as defined by the Market Basket

109 Ibid., p. 4.

110 See Government of Canada, [EI regular benefits: How much you could receive](#).

111 [Interim Order No. 10 Amending the Employment Insurance Act \(Employment Insurance Emergency Response Benefit\): SOR/2020-208](#), *Canada Gazette*, Part II, Vol. 154, No. 21, 26 September 2020.

112 See, for example, HUMA, [Submission](#) (Inter-Provincial EI Working Group), published on 20 April 2021, p. 4; HUMA, [Submission](#) (Action-Chômage Côte-Nord), published on 9 April 2021, p. 4; HUMA, [Evidence](#), 23 March 2021, 1700 (Pierre Laliberté); HUMA, [Submission](#) (ACORN Canada), published on 6 April 2021, p. 2.

113 HUMA, [Submission](#) (ACORN Canada), published on 6 April 2021, p. 2.



Measure (also known as Canada's Official Poverty Line).¹¹⁴ In addition, some witnesses proposed basing benefits on income earned during the 12 best weeks of work.¹¹⁵

A number of witnesses also recommended raising maximum insurable earnings when discussing EI regular benefits, as well as EI benefits as a whole, with some recommending that the maximum insurable earnings be increased to the same level as the QPIP¹¹⁶ or the CPP.¹¹⁷ Mr. Laliberté pointed out that, had the maximum insurable earnings amount been continuously indexed to inflation, it currently would be above \$80,000 per year.¹¹⁸ Miles Corak acknowledged the importance of offering better insurance, but noted that any changes to the benefit rate and maximum insurable earnings would need to be balanced with fiscal constraints.¹¹⁹ Table 12 in Chapter 2 lays out estimates of increasing EI benefits to an income replacement rate of 60% as well as increasing the maximum insurable earnings to CPP and QPIP insurable earnings levels.¹²⁰

Witnesses also called for the establishment of a benefit floor that is liveable for low-income EI claimants,¹²¹ with several organizations recommending a weekly minimum payment of \$500, similar to the temporary pandemic measure.¹²² In contrast, Corinne Pohlmann of the CFIB highlighted the challenges a weekly benefit floor as high as \$500 might pose for employers trying to attract people (including part-time workers) back to work.¹²³ As discussed in the section below, some witnesses proposed reducing

114 HUMA, [Evidence](#), 23 March 2021, 1700 (Pierre Laliberté).

115 See, for example, HUMA, [Submission](#) (Action-Chômage Côte-Nord), published on 9 April 2021, p. 5; HUMA, [Submission](#) (CLC), published on 29 April 2021, p. 2.; HUMA, [Submission](#) (CUPE), published on 27 April 2021, p. 4.

116 See, for example, HUMA, [Submission](#) (FTQ), published on 11 March 2021, p. 7; HUMA, [Submission](#) (LASTUSE du Saguenay), published on 17 March 2021, p. 4.

117 HUMA, [Submission](#) (CUPE), published on 27 April 2021, p. 4.

118 HUMA, [Evidence](#), 23 March 2021, 1700 (Pierre Laliberté).

119 HUMA, [Evidence](#), 23 February 2021, 1700 (Miles Corak).

120 Statistics Canada, The Social Policy Simulation Database and Model (SPSD/M), data from Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021; Government of Canada, Office of the Chief Actuary, [2021 Actuarial Report on the Employment Insurance Premium Rate](#), 2020.

121 HUMA, [Submission](#) (CLC), published on 29 April 2021, p. 4.; HUMA, [Submission](#) (Inter-Provincial EI Working Group), published on 20 April 2021, p. 4.

122 See, for example, HUMA, [Submission](#) (CUPE), published on 27 April 2021, 9 April 2021, p. 4; HUMA, [Submission](#) (Don Valley Community Legal Services), published on 29 April 2021, p. 3; [Interim Order No. 10 Amending the Employment Insurance Act \(Employment Insurance Emergency Response Benefit\): SOR/2020-208](#), *Canada Gazette*, Part II, Vol. 154, No. 21, 26 September 2020.

123 HUMA, [Evidence](#), 15 April 2021, 1720 (Corinne Pohlmann).

benefit clawbacks as a way to support claimants who choose to work while collecting benefits.

Benefit Clawbacks

Some witnesses recommended eliminating or reducing various forms of clawbacks to EI benefits, such as clawbacks for social assistance payments,¹²⁴ money earned by working while on claim,¹²⁵ and separation monies (e.g., severance payments).¹²⁶ Note that the clawback of separation monies has already been suspended temporarily during the pandemic, and the 2021 federal budget proposes to amend the EIA “to simplify eligibility rules around [...] the allocation of monies on separation for a period of one year, from September 2021 to September 2022.”¹²⁷

In addition, the Fédération des travailleurs et travailleuses du Québec recommended that the government stop requiring individuals who have earned above a certain threshold to repay a portion of their EI benefits at tax time.¹²⁸

During the study, witnesses emphasized the importance of EI benefits that are sufficient to meet living expenses while claimants are unemployed or unable to work. The committee takes note of the need to update benefits to reflect the cost of living, while also keeping in mind the costing implications explored in Chapter 2 of this report. The committee therefore recommends:

Recommendation 8

That Employment and Social Development Canada consider increasing the income replacement rate, maximum insurable earnings, and minimum weekly benefit, as well as decreasing benefit clawbacks, to ensure that Employment Insurance regular and special benefits are sufficient and liveable.

124 HUMA, [Submission](#) (Unifor), published on 28 April 2021, p. 2.

125 HUMA, [Submission](#) (CLC), published on 29 April 2021, p. 4; HUMA, [Evidence](#), 9 March 2021, 1650 (Carl Pursey); HUMA, [Submission](#) (LASTUSE du Saguenay), published on 17 March 2021, p. 4.

126 See, for example, HUMA, [Submission](#) (CBTU), published on 31 March 2021, p. 1; HUMA, [Submission](#) (CLC), published on 29 April 2021, p. 4.; HUMA, [Submission](#) (CUPE), published on 27 April 2021, p. 4.

127 Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021, p. 376.

128 HUMA, [Submission](#) (FTQ), published on 11 March 2021, p. 9. See also ESDC, [EI and repayment of benefits at income tax time](#).



Duration of Benefits

Under the traditional EI rules, an eligible claimant can receive between 14 and 45 weeks of EI regular benefits in a benefit period, based on the regional unemployment rate and the number of hours of insurable employment accumulated during the qualifying period.¹²⁹ During the pandemic, eligible claimants can receive between 26 and 50 weeks.¹³⁰ Several witnesses recommended increasing the number of weeks that EI regular benefits are available, with some recommending a minimum of 35 weeks,¹³¹ and some recommending maximums ranging from 50 to 52 weeks.¹³² Some witnesses pointed to the potential economic advantage of extending the duration of regular benefits, suggesting this would allow unemployed workers more time to find jobs that match their skills.¹³³ Leah Nord of the Canadian Chamber of Commerce, on the other hand, reminded the committee that in order to determine which reforms will be truly effective, we must first have concrete information on the costs to employers, employees, and the EI system.¹³⁴

Duration of Combined Regular and Special Benefits

Witnesses also made recommendations pertaining to the maximum duration when combining regular and special EI benefits. Currently, when EI regular and most special benefits are combined, claimants may receive up to 50 weeks of combined benefits at

129 ESDC, *EI regular benefits: How much you could receive*.

130 *An Act to amend the Employment Insurance Act (additional regular benefits), the Canada Recovery Benefits Act (restriction on eligibility) and another Act in response to COVID-19*, S.C. 2021, c.3, ss.1-3. See also *Legislative Summary of Bill C-24: An Act to amend the Employment Insurance (additional regular benefits), the Canada Recovery Benefits Act (restriction on eligibility) and another Act in response to COVID-19*, Publication no. 43-2-C24-E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 17 March 2021.

131 HUMA, *Evidence*, 20 April 2021, 1715 (Kimmyanne Brown); HUMA, *Submission* (LASTUSE du Saguenay), published on 17 March 2021, p. 3; HUMA, *Submission* (Mouvement autonome et solidaire des sans-emploi - réseau québécois), published on 28 April 2021, p. 4.

132 See, for example, HUMA, *Submission* (CLC), published on 29 April 2021, p. 3; HUMA, *Submission* (Newfoundland and Labrador Federation of Labour), published on 26 April 2021, p. 6; HUMA, *Submission* (Action-Chômage Côte-Nord), published on 9 April 2021, p. 4; HUMA, *Submission* (FTQ), published on 11 March 2021, p. 6; HUMA, *Evidence*, 9 March 2021, 1700 (Denis Bolduc); HUMA, *Submission* (Durham Community Legal Clinic), published on 28 April 2021, p. 4.

133 HUMA, *Evidence*, 22 April 2021, 1630 (Pam Frache); HUMA, *Evidence*, 9 March 2021, 1540 (Hassan Yussuff).

134 HUMA, *Evidence*, 22 April 2021, 1630 (Leah Nord).

55% of a claimant’s average weekly insurable earnings in a 52-week benefit period.¹³⁵ The Canadian Labour Congress and the PEI Federation of Labour both recommended the elimination of the 50-week limit on combined regular and special benefits, with the latter specifying that “[w]orkers should also be able to draw for up to 50 weeks with the combined benefits, to a maximum of 104 weeks.”¹³⁶ The Canadian Labour Congress noted that the current limit on duration for combined regular and special benefits has a disproportionate negative impact on women, who claim the majority of special benefits.¹³⁷ Representatives from the Conseil d’intervention pour l’accès des femmes au travail explained that if women become unemployed at the end of their combined maternity and parental leave, it is likely that they will not have access to EI regular benefits.¹³⁸

The committee heard witnesses’ concerns about the gender-related impacts of rules related to combined regular and special EI benefits, and therefore recommends:

Recommendation 9

That Employment and Social Development Canada increase the duration of combined regular and special benefits in order to avoid penalizing claimants – largely women – who may claim both regular and special Employment Insurance benefits such as maternity or parental benefits during the same benefit period.

Waiting Period

In response to the COVID-19 pandemic, the federal government is waiving the one-week waiting period (during which EI claimants do not usually receive benefit payments) for claims established between 31 January and 25 September 2021.¹³⁹ Some organizations recommended eliminating the waiting period on a permanent basis, with Action-Chômage Côte-Nord noting that many workers have no savings to live on in an

135 Government of Canada, “[12.3.1 Limits to the number of weeks of special benefits payable](#),” *Digest of Benefit Entitlement Principles Chapter 12 – Section 3* and *Digest of Benefit Entitlement Principles Chapter 1 – Section 5*. See also Government of Canada, “[Section 4: Specific situations](#),” *Employment Insurance regular benefits*.

136 HUMA, *Submission* (CLC), published on 29 April 2021, p. 3; HUMA, *Evidence*, 9 March 2021, 1650 (Carl Pursey).

137 HUMA, *Submission* (CLC), published on 29 April 2021, p. 3.

138 HUMA, *Evidence*, 20 April 2021, 1650 (Ruth Rose-Lizée, Member, Conseil d’intervention pour l’accès de femmes au travail). See also HUMA, *Submission* (CIAFT), published on 19 April 2021.

139 ESDC, [Government of Canada temporarily waives the one-week waiting period for Employment Insurance claims](#), News release, 29 January 2021.



emergency.¹⁴⁰ The committee heard that this is a threat to workers' income security and takes note of the importance of ensuring vulnerable workers have access to support in the first weeks after becoming unemployed. Therefore, it recommends:

Recommendation 10

That Employment and Social Development Canada review the fiscal and social impact of the temporary measure waiving the one-week waiting period for Employment Insurance benefits during the COVID-19 pandemic, and consider permanently removing the one-week waiting period for all claimants.

Complementary Reforms

Over the course of the study, several witnesses highlighted measures outside of the EI program that could complement reforms to EI regular benefits.¹⁴¹ One of the reforms discussed was a basic income – which, generally speaking, refers to a cash transfer from government to individuals or families to provide an income floor below which no individual or family can fall. Evelyn Forget, appearing as an individual, advocated for “a guaranteed livable income that is targeted to working-age recipients based on [...] their current income.” Ms. Forget noted that while such a reform would streamline cash transfers from government, it would not replace essential public services or supports for people with disabilities.¹⁴²

Ms. Forget asserted that “basic income is an essential partner to a renewed Employment Insurance program,” explaining that it would top up the wages of low-income workers, as well as “[capture] those people who simply don't work enough hours, or don't work regularly enough to qualify for [EI].”¹⁴³

Similarly, Miles Corak proposed that the government “step toward a basic income by integrating the Canada workers benefit with the EI program.”¹⁴⁴ The Canada workers

140 HUMA, [Submission](#) (Unifor), published on 28 April 2021, p. 3; HUMA, [Submission](#) (LASTUSE du Saguenay), published on 17 March 2021, p. 4; HUMA, [Submission](#) (Action-Chômage Côte-Nord), published on 9 April 2021, p. 5.

141 See, for instance, HUMA, [Submission](#) (Miles Corak), published on 15 March 2021, p. 5; HUMA, [Submission](#) (Unifor), published on 28 April 2021, p. 4; HUMA, [Evidence](#), 9 March 2021, 1715 (Denis Bolduc).

142 HUMA, [Evidence](#), 23 March 2021, 1650 (Evelyn Forget).

143 Ibid., 1650, 1725.

144 HUMA, [Evidence](#), 23 February 2021, 1630 (Miles Corak).

benefit is a refundable tax credit targeted to low-income individuals and families.¹⁴⁵ Mr. Corak recommended that this benefit be enhanced to provide an unconditional payment equivalent to the deep income poverty line,¹⁴⁶ and a maximum benefit sufficient to lift workers to the official poverty line, tapering off as income grows.¹⁴⁷ He also recommended that the income used to qualify individuals for the Canada workers benefit be “converted to EI-eligible hours without regard to the nature of the job used to obtain that income,” suggesting that this would help extend EI coverage to those in self-employment or other contingent work.¹⁴⁸

At the same time, other witnesses provided caveats related to basic income. During her testimony, Pam Frache of the Workers’ Action Centre warned that a basic income might “inadvertently create an incentive for employers to adopt sub-poverty business models and create precarious employment because we have a publicly funded revenue stream that’s going to top that up.”¹⁴⁹ Carl Pursey of the PEI Federation of Labour recommended that guaranteed liveable income be studied separately from EI, noting that the latter “needs to be prepared properly for long-lasting, successful implementation.”¹⁵⁰ The committee agrees that further study outside the context of the EI program would be necessary to determine whether and how a basic income could contribute to income security in Canada.

CHAPTER 4: EMPLOYMENT INSURANCE SPECIAL BENEFITS

In addition to regular benefits, the EI program also pays special benefits in the form of maternity, parental, sickness, compassionate care, and family caregiver benefits for children and adults (see Appendix B for a summary of EI benefits). As of 1 January 2010, self-employed persons are also able to access all types of EI special benefits if they voluntarily register into the EI program.¹⁵¹ This chapter explores various issues and recommendations brought up during the course of the committee study with respect to EI special benefits. It also builds on some of the aspects discussed in Chapter 3 with

145 Government of Canada, [Canada Workers Benefit – Overview](#).

146 Deep income poverty is an indicator tracked by Statistics Canada that measures the number of individuals with a family income below 75% of Canada’s Official Poverty Line. Statistics Canada, [Dimensions of Poverty Hub](#).

147 HUMA, [Evidence](#), 23 February 2021, 1705 (Miles Corak).

148 *Ibid.*, 1635.

149 HUMA, [Evidence](#), 22 April 2021, 1645 (Pam Frache).

150 HUMA, [Evidence](#), 9 March 2021, 1655 (Carl Pursey).

151 Government of Canada, [Digest of Benefit Entitlement Principles](#).



respect to special benefits, including weeks of combined regular and special benefits as well as hours of insurable employment.

Maternity and Parental Benefits

EI maternity benefits are payable to a claimant who is pregnant or has given birth, for a maximum of 15 weeks at 55% of a claimant's average weekly insurable earnings.¹⁵²

EI parental benefits are payable to a claimant who must care for a biological newborn or for a newly adopted child.¹⁵³ As of 3 December 2017, there are two options available for receiving parental benefits under the EIA: 35 weeks at 55% of a claimant's average weekly insurable earnings (standard option); or 61 weeks at 33% of their average weekly insurable earnings (extended option).¹⁵⁴ Further, as of 17 March 2019, eligible two-parent families can also access the EI Parental Sharing Benefit and receive an additional five or eight weeks of EI parental benefits, depending on whether they choose the standard or extended parental benefits option. Any combination of sharing is allowed in order for parents to access the additional weeks of parental benefits, provided that no one parent takes more than 35 or 61 weeks of parental benefits.¹⁵⁵

During his appearance before the committee, ESDC representative Andrew Brown indicated that approximately 15% of families have been choosing the extended benefit duration configuration. While he acknowledged that further evaluation is needed to fully understand this trend, he also noted that, in some provinces, families seem to be choosing this extended benefit duration configuration to help with childcare responsibilities. However, the lower benefit rate provided under the extended parental benefits option has been flagged by claimants as a negative aspect, because the same amount of money is spread out over a longer period of time, resulting in much lower monthly payments to individuals. Mr. Brown also mentioned that another trend the

152 Government of Canada, *EI maternity and parental benefits: What these benefits offer*.

153 Ibid.

154 Government of Canada, *Backgrounder: Information for EI claimants*. See also *Budget Implementation Act, 2017, No. 1*, S.C. 2017, c. 20, ss.231 and 232; and *Legislative Summary of Bill C-44: An Act to implement certain provisions of the budget tabled in Parliament on March 22, 2017 and other measures*, Publication no. 42-1-C44-E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 15 June 2017.

155 Government of Canada, *Backgrounder: Canada's New Parental Sharing Benefit and Parental Sharing Benefit*. See also *Budget Implementation Act, 2018, No. 2*, S.C. 2018, c. 27, ss.303-306; and *Legislative Summary of Bill C-86: A second Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures*, Publication no. 42-1-C86-E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 14 December 2018.

department is following closely is the greater uptake of parental benefits by fathers following the introduction of the EI Parental Sharing Benefit. Traditionally, he noted, it has been mothers taking most of the EI parental benefits.¹⁵⁶ The next section provides an overview of evidence received by the committee on the impact of the current maternity and parental benefits system on women and adoptive parents.

Impact of Current Rules on Women

Various witnesses before the committee spoke about gender inequalities built into the current maternity and parental benefits system. Representatives from the Conseil d'intervention pour l'accès des femmes au travail noted the discriminatory consequences of the 50-week limit when EI special and regular benefits are combined. The Conseil argued that this rule disproportionately disqualifies women from receiving EI regular benefits, given that women take maternity benefits along with the majority of the parental benefits. If women become unemployed at the end of their combined maternity and parental leave, it is likely that they will not have access to EI regular benefits.¹⁵⁷ The Conseil also argued that the insurable hours requirement to access EI benefits (600 hours in the case of EI special benefits under the traditional EI rules) has a discriminatory impact, since most part-time work is done by women. They indicated that, in the year 2019, 64% of those working part-time were women.¹⁵⁸ In their view, this trend is not due to choice but to necessity:

“Far more women are looking after domestic duties, such as caring for children, balancing family, work and school, as well as informal caregiving, which must not be overlooked in the context of the pandemic”

Kimmyanne Brown,
Workplace Rights Coordinator,
Conseil d'intervention pour l'accès des
femmes au travail

156 HUMA, *Evidence*, 18 February 2021, 1610 (Andrew Brown).

157 HUMA, *Evidence*, 20 April 2021, 1650 (Ruth Rose-Lizée). See also HUMA, *Submission* (CIAFT), published on 19 April 2021 and *Submission* (Don Valley Community Legal Services), published on 29 April 2021.

158 HUMA, *Evidence*, 20 April 2021, 1650 (Kimmyanne Brown).



Far more women are looking after domestic duties, such as caring for children, balancing family, work and school, as well as informal caregiving, which must not be overlooked in the context of the pandemic.¹⁵⁹

In light of the social inequalities that condition women’s labour-market participation, existing EI eligibility thresholds and limits result in a situation where women are eligible for benefits less often than men and receive lower amounts when they are eligible.¹⁶⁰ Recommendations witnesses made in this regard are discussed in greater detail in Chapter 3, including increasing the maximum number of weeks of combined regular and special benefits from 50 to 104 weeks, creating a hybrid requirement for insurable hours that would look at hours worked or weeks worked, and decreasing the number of required hours of insurable employment to as low as 120 hours for EI maternity benefits.¹⁶¹

Further, Engineers Canada expressed concern in its brief about “the lack of viable flexible work options while on parental leave,” which in their opinion could carry negative career ramifications particularly for women in project-based industries like engineering.¹⁶² Noting that women shoulder most of the unpaid care work at home, they explained that lack of flexible work options could also impact women’s future return to work and affect their financial independence later in life. In their view, a flexible parental leave program would “promote flexibility for employees to remain connected to projects, career advancements, networks and professional development opportunities” as their families grow.¹⁶³ As such, Engineers Canada recommended in its brief that the federal government “create flexible parental leave options within the current Employment Insurance (EI) program,”¹⁶⁴ providing the example of Sweden as a

159 HUMA, [Evidence](#), 20 April 2021, 1655 (Kimmyanne Brown).

160 HUMA, [Evidence](#), 20 April 2021, 1655 (Kimmyanne Brown). See also HUMA, [Submission](#) (CIAFT), published on 19 April 2021.

161 HUMA, [Submission](#) (CLC), published on 29 April 2021, p. 3; HUMA, [Evidence](#), 9 March 2021, 1650 (Carl Pursey). See also HUMA, [Submission](#) (CIAFT), published on 19 April 2021; and HUMA, [Submission](#) (Lana Vuleta), published on 28 April 2021, p. 1.

162 HUMA, [Submission](#) (Engineers Canada), published on 22 April 2021, p. 2.

Currently, under the EI Working While on Claim provisions, eligible claimants who work partial hours while receiving EI benefits can keep 50 cents of their benefits for every dollar they earn, up to a maximum of 90% of the weekly insurable earnings used to calculate their EI benefit amount. Above the 90% cap, the EI benefits are deducted dollar-for-dollar. See Government of Canada, [Employment Insurance – Working While on Claim](#).

163 HUMA, [Submission](#) (Engineers Canada), published on 22 April 2021, p.4.

164 *Ibid.*, p. 2.

model that allows parents to have greater agency over their benefits and remain connected to the workforce while on leave:

Swedish parental leave policies allow for flexibility in how couples decide to use postnatal benefits. While both parents are entitled to 240 days of leave, 90 of those days are earmarked as a minimum for each parent. Parents also have the right to take their leave in multiple separate blocks, as well as work part-time during their parental leave period. For instance, individuals can work shorter days and be compensated for the difference in pay, up until their child turns eight. This flexibility allows employees to remain connected to projects, professional development opportunities, and industry networks while on parental leave.¹⁶⁵

The committee takes note of the disproportionate impact that certain aspects of the EI program may have on certain groups of workers, including women, having made recommendations regarding the insurable hours requirement and the maximum weeks of combined regular and special benefits in Chapter 3. The committee is aware of the investments proposed in Budget 2021 regarding early learning and childcare.¹⁶⁶ The committee also takes note that greater flexibility may be needed for new parents so that they can take care of their children while staying connected to the labour market. Having considered the testimony placed before it during the study, the committee makes the following recommendation:

Recommendation 11

That Employment and Social Development Canada explore ways to make Employment Insurance parental benefits and the Working While on Claim provisions of the program more flexible, with a view to increasing a claimant’s agency over their benefits and facilitating their continued participation in the labour market while caring for young children.

Attachment Benefits for Adoptive Parents

The Adoption Council of Canada and Adopt4Life informed the committee that, unlike biological parents, adoptive parents¹⁶⁷ do not have access to EI maternity benefits. EI maternity benefits are offered to biological mothers who cannot work because they are pregnant or have recently given birth. While adoptive parents do have access to EI

165 Ibid., p. 3.

166 Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021, p.101.

167 In their submission to the committee, the Adoption Council of Canada and Adopt4Life used “adoptive parents” as an umbrella term to refer to “adoptive parents, kinship caregivers, and customary caregivers.” See HUMA, *Submission* (Adopt4Life and Adoption Council of Canada), published on 30 April 2021, p.1.



parental benefits, the brief argues that adopted children need more time to attach to their new parents or caregivers than what the current system provides. The brief notes that “attachment is more complex and difficult for children who are adopted after six months of age – a fact which is significant given that the vast majority of children awaiting adoption in Canada are age 6 or older.”¹⁶⁸

The Adoption Council of Canada and Adopt4Life recommend the introduction of “attachment benefits” comparable to the EI maternity

benefits, to respond to the unique needs of families with adopted children. They recommend that attachment benefits be offered on the same basis as maternity benefits, that is to say, for 15 weeks at a rate of 55% of a claimant’s average weekly insurable earnings. Further, attachment benefits should be available as early as 12 weeks before the expected date of arrival of the child and as late as 17 weeks after that date. Where there are two parents or caregivers, the brief recommends either one should be eligible for the attachment benefits. Finally, they ask that attachment benefits be offered in addition to EI parental benefits.¹⁶⁹

The committee is aware of upcoming consultations announced in Budget 2021 that will look at systemic gaps exposed by the COVID-19 pandemic with respect to the EI program, including “how best to support Canadians through different life events such as adoption.”¹⁷⁰ The committee takes note of the unique needs of families with adopted children and therefore recommends:

Recommendation 12

That Employment and Social Development Canada explore the option of creating “attachment benefits” modeled after Employment Insurance maternity benefits, to

“Attachment is more complex and difficult for children who are adopted after six months of age – a fact which is significant given that the vast majority of children awaiting adoption in Canada are age 6 or older.”

Adopt4Life and Adoption Council of Canada

168 HUMA, [Submission](#) (Adopt4Life and Adoption Council of Canada), published on 30 April 2021, p. 6.

169 Ibid., p. 3.

170 Government of Canada, [A Recovery Plan for Jobs, Growth, and Resilience](#), Budget 2021, p. 89.

ensure equitable treatment of adoptive, kinship, customary and biological parents in the amount of time and benefits provided to bond with their children.

Sickness Benefits

EI sickness benefits are provided to a claimant who is unable to work because of sickness, injury or quarantine. Sickness benefits are paid for a maximum of 15 weeks at 55% of a claimant’s average weekly insurable earnings.¹⁷¹

Evidence received by the committee highlighted shortcomings with the current EI sickness benefits regime. The Multiple Sclerosis Society of Canada, for example, emphasized the disproportionate and discriminatory impact of program rules like the 600-hour threshold to qualify for sickness benefits and other special benefits on people living with a disability. They explained that rules like these make no accommodations for “people who are generally able to work but are affected by intermittent periods of acute symptoms nor for those who range from full ability to work to short periods of inability.”¹⁷² They noted that women, in particular, are disproportionately impacted as they are three times more likely than men to be diagnosed with multiple sclerosis, an episodic disability.¹⁷³ Recommendations witnesses made regarding hours of insurable employment and other eligibility criteria are discussed in greater detail in Chapter 3.

As the committee has noted earlier in this report, Budget 2021 proposes increasing the length of EI sickness benefits from 15 to 26 weeks, starting in 2022.¹⁷⁴ During his appearance before the committee, ESDC representative Andrew Brown indicated that EI sickness benefits provide support to more than 400,000 people annually, with approximately 35% or 36% of them using all 15 weeks of benefits. Therefore, he calculated that an extension of the EI sickness benefits from 15 to 26 weeks would benefit approximately 120,000 people.¹⁷⁵

Much of the evidence received by the committee was focused on the duration of EI sickness benefits. Witnesses explained that the current 15 weeks of benefits are often insufficient to deal with unforeseen circumstances (such as surgery, cancer, and mental health complications), which can prolong a claimant’s illness. As a result, witnesses

171 Government of Canada, *EI sickness benefits: What these benefits offer*.

172 HUMA, *Submission* (Multiple Sclerosis Society of Canada), published on 28 April 2021, p. 3.

173 Ibid.

174 Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021, pp. 89-90.

175 HUMA, *Evidence*, 18 February 2021, 1550 (Andrew Brown).



indicated that claimants often exhaust their EI sickness benefits before they have completed their treatment or recovered enough to return to work. In their opinion, this problem is exacerbated by the fact that a large portion of the Canadian workforce has no access to private disability insurance coverage or employer paid sick leave.¹⁷⁶

During her appearance before the committee, Marie-Hélène Dubé described how insufficient sickness benefits can lead to the intergenerational transmission of poverty, noting that “[f]amilies sometimes have to rely on social assistance programs of last resort because they weren’t given a few weeks or months of EI benefits.”¹⁷⁷

While some witnesses agreed with the federal government’s approach to extending the EI sickness benefits from 15 to 26 weeks,¹⁷⁸ others recommended an increase to 35 weeks¹⁷⁹ or to 51 weeks.¹⁸⁰ However, the most common recommendation was that EI sickness benefits be raised from 15 to 50 weeks.¹⁸¹

The representative from the CFIB, however, cautioned that an increase in the weeks of benefits may have financial repercussions for some small businesses, thereby calling for a detailed cost analysis in this regard along with consultations with workers and employers.¹⁸² She told the committee that small businesses had a mixed reaction to proposals to extend EI sickness benefits:

We asked our members in February whether sickness benefits should be extended to 26 weeks. We found that 45% of our members supported that; 45% were opposed and the remaining 10% were unsure. More recently, we asked about extending sickness benefits to 50 weeks, and we found that 46% remain opposed. However, the level of support

176 HUMA, [Submission](#) (Mouvement Action Chômage Lac-Saint-Jean), published on 22 April 2021; [Submission](#) (CUPE), published on 27 April 2021; [Submission](#) (Multiple Sclerosis Society of Canada), published on 28 April 2021; [Submission](#) (Unifor), published on 28 April 2021.

177 HUMA, [Evidence](#), 20 April 2021, 1530 (Marie-Hélène Dubé, Criminologist and Founder, 15 Weeks is not Enough Campaign, As an Individual).

178 HUMA, [Submission](#) (Multiple Sclerosis Society of Canada), published on 28 April 2021.

179 See, for example, HUMA, [Submission](#) (CIAFT), published on 19 April 2021 and [Submission](#) (Inter-provincial EI Working Group), published on 20 April 2021. See also HUMA, [Evidence](#), 23 March 2021, 1655 (Pierre Laliberté); and HUMA, [Evidence](#), 22 April 2021, 1615 (Pam Frache).

180 HUMA, [Submission](#) (FTQ), published on 11 March 2021.

181 See, for example, the following briefs: [Submission](#) (CLC), published on 29 April 2021; [Submission](#) (Mouvement Action Chômage Lac-Saint-Jean), published on 22 April 2021; [Submission](#) (CUPE), published on 27 April 2021; [Submission](#) (Unifor), published on 28 April 2021; and [Submission](#) (Action Chômage Côte-Nord), published on 9 April 2021. See also HUMA, [Evidence](#), 9 March 2021, 1650 (Carl Pursey); and HUMA, [Evidence](#), 20 April 2021, 1530 (Marie-Hélène Dubé).

182 HUMA, [Submission](#) (Canadian Federation of Independent Business or CFIB), published on 15 April 2021.

went down to 35%, while those saying they were unsure doubled to 20%. Clearly, then, more information is needed for smaller employers to understand what the costs and benefits of extending sickness benefits would be for the EI system.¹⁸³

Table 13 in Chapter 2 lays out estimates of additional costs to EI sickness under several different scenarios: lower qualifying hours eligibility (360 hours), 26 weeks (proposed in Budget 2021) and 50 weeks (suggested by witnesses).

The committee is aware of investments proposed in Budget 2021 to increase the maximum duration of EI sickness benefits from 15 to 26 weeks, as previously committed to in Minister Qualtrough’s 2019 mandate letter.¹⁸⁴ In its 2016 report, *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program*, the committee also recommended “that the federal government explore increasing the maximum number of weeks of Employment Insurance sickness benefits.”¹⁸⁵ The committee takes note that EI sickness benefits are of the utmost importance to Canadians’ social safety net and recommends:

Recommendation 13

That Employment and Social Development Canada, in consultation with employee and employer groups, consider expanding the maximum duration of Employment Insurance sickness benefits to 50 weeks in order to ensure that workers have sufficient time to fully recover before returning to work.

Special Benefits for Self-Employed Persons

As indicated above, self-employed persons can access all types of EI special benefits if they opt into the EI program. They must nevertheless pay premiums for at least one year before they can claim any benefits. They can withdraw from the plan at the end of any calendar year provided they have never received benefits; otherwise, they must continue paying EI premiums for the duration of their self-employed career.¹⁸⁶ As indicated above, measures implemented in March 2021 temporarily lowered the 2020

183 HUMA, *Evidence*, 15 April 2021, 1705 (Corinne Pohlmann).

184 Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021, pp.89-90.

185 HUMA, *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program*, Third report, June 2016, p. 23.

186 Government of Canada, *EI benefits for self-employed people: What this program offers* and *Digest of Benefit Entitlement Principles Chapter 24 – Benefits for the self-employed*.



insurable earnings threshold required for self-employed persons to access EI special benefits in 2021 from \$7,555 to \$5,000.¹⁸⁷

Speaking about the access by self-employed persons to EI special benefits, ESDC representative Andrew Brown indicated that a very small proportion (approximately 25,000 people out of two to three million across Canada) have opted into the program. Given the choice, he indicated, self-employed persons prefer not to pay into the insurance scheme. Those that tend to opt in more often, he noted, are younger women given their interest in obtaining access to EI maternity and parental benefits.¹⁸⁸

During his appearance before the committee, Kenneth MacKenzie, president of the Associated Designers of Canada, similarly noted that a very small number of people opt into the EI program, describing the premiums that need to be paid in this regard as “too much of a toll” for some gig economy workers, particularly those in precarious situations. Mr. MacKenzie acknowledged that making the EI program mandatory for self-employed persons could be a solution in this regard, provided they are only required to pay the employee portion of EI premiums among other aspects.¹⁸⁹ The Inter-provincial EI Working Group provided a similar recommendation, noting the example of the QPIP as a good model for the government to follow with respect to special benefits for self-employed persons.¹⁹⁰

The committee is aware of upcoming consultations announced in Budget 2021 that will look at systemic gaps exposed by the COVID-19 pandemic with respect to the EI program, including “the need for income support for self-employed and gig workers.”¹⁹¹ The committee heard that reforms may be needed to increase the participation of self-employed persons, particularly those in precarious situations, in the special benefits scheme of the EI program. Therefore, the committee recommends:

187 [*An Act to amend the Employment Insurance Act \(additional regular benefits\), the Canada Recovery Benefits Act \(restriction on eligibility\) and another Act in response to COVID-19*](#), S.C. 2021, c. 3, ss. 1-3.

188 HUMA, [*Evidence*](#), 18 February 2021, 1630 (Andrew Brown).

189 HUMA, [*Evidence*](#), 9 March 2021, 1615 (Kenneth MacKenzie).

190 HUMA, [*Submission*](#) (Inter-provincial EI Working Group), published on 20 April 2021, p. 4.

The Quebec Parental Insurance Plan (QPIP) provides maternity, paternity, parental and adoption benefits to Quebec residents, in accordance with Quebec’s [*Act Respecting Parental Insurance*](#), c. A-29.011. See Government of Quebec, [*Quebec Parental Insurance Plan*](#); and Government of Canada, [*Quebec Parental Insurance Plan*](#).

191 Government of Canada, [*A Recovery Plan for Jobs, Growth, and Resilience*](#), Budget 2021, p. 89.

Recommendation 14

That, in addition to considering ways to provide self-employed persons with access to Employment Insurance regular benefits as outlined in recommendation 5, Employment and Social Development Canada review the access to Employment Insurance special benefits by self-employed persons with a view to removing barriers to increased participation.

Additional Suggestions Regarding Special Benefits

During his appearance before the committee, Miles Corak recommended the establishment of an EI special benefits account. Under this approach, EI special benefits would be delivered through individual accounts designed in a way inspired by the three tiers of Canada’s retirement income system,¹⁹² thereby giving claimants greater agency over their benefits.¹⁹³ However, he argued that maternity and parental benefits should be included in a separate but complementary family insurance program, explaining:

Just to be clear, maternity and parental benefits [would] still [be] a part of special benefits. I'm not sure that is an insurable risk in the same sense, and I'm not sure that we can handle that with special individual accounts. It would take time to build up these accounts, particularly early in your work history, probably when you are in the middle of family formation. That's why I suggest that maternal and parental benefits be hived out of this altogether and treated as a special program in the EI Act.¹⁹⁴

For their part, the Fédération des chambres de commerce du Québec recommended a clearer separation between the various components of the EI program: the removal of “measures targeting the non-employed and the social components of the insurance system [such as maternity, parental, sick, and compassionate care benefits] in order to

192 “Canada’s retirement income system is often described as having three pillars.” The first pillar, Old Age Security, is funded entirely through general tax revenue and provides benefits based on age and residence. The second pillar, Canada and Quebec Pension Plans, is “funded primarily through mandatory contributions by employers, employees and the self-employed.” The third pillar is voluntary for employers and/or individuals and comprises Registered Pension Plans, Registered Retirement Savings Plans and Tax-Free Savings Accounts. “In the third pillar, the federal government incentivizes the working age population to put money aside for retirement through preferential tax treatment... The mixed funding model of the three pillars ... has been a source of strength, allowing the system to be both effective and resilient over the years.” See: Matthew Blackshaw and Elizabeth Cahill, [Canada's Retirement Income System](#), Library of Parliament, 2 July 2020.

193 HUMA, [Evidence](#), 23 February 2021, 1645 (Miles Corak). See also [Submission](#) (Miles Corak), published on 15 March 2021.

194 HUMA, [Evidence](#), 23 February 2021, 1645 (Miles Corak).



refocus EI on its primary mission and review the means of funding these programs.”¹⁹⁵ On the other hand, in its brief to the committee, the Chartered Professionals in Human Resources Canada cautioned about removing all social benefits (including maternity and parental benefits) from the EI program and making them available through another program as this could lead to unintended consequences.¹⁹⁶ Currently, they explained, “claimants on maternity or parental leave are penalized should they lose their jobs once their leave is completed by being unable to claim unemployment benefits.”¹⁹⁷

The committee heard the concerns raised by witnesses with respect to whether EI special benefits should be a component of the EI program. In its 2016 report, *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program*, the committee recommended that ESDC conduct consultations in this regard.¹⁹⁸ Having considered the testimony placed before it, the committee similarly recommends:

Recommendation 15

That Employment and Social Development Canada conduct consultations with employee and employer groups to determine whether special benefits should be part of the Employment Insurance program or be administered separately, and that this be done with a view to increasing access to benefits while facilitating program administration.

CHAPTER 5: TRAINING AND LABOUR MARKET PROGRAMMING

This chapter summarizes witnesses’ concerns and recommendations pertaining to Part II of the EIA, which covers labour market transfer agreements with provinces and territories and supports training. Key issues that arose in testimony included the availability of EI benefits to individuals pursuing training; the investments needed to ensure Canada’s workforce has the skills necessary for today’s labour market; and the role of training within the EI program.

195 HUMA, [Submission](#) (Fédération des chambres de commerce du Québec), published on 28 April 2021, p. 15.

196 HUMA, [Submission](#) (Chartered Professionals in Human Resources Canada or CPHR Canada), published on 27 April 2021, pp. 6-7.

197 Ibid.

198 HUMA, [Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program](#), Third report, June 2016, p. 24.

Pursuing Training While Receiving Employment Insurance Benefits

Currently, EI claimants may pursue training while on EI as long as they can prove they are available for work and are seeking employment, and are ready to adjust or cancel their training if they receive a job offer.¹⁹⁹ In a brief to the committee, Canada's Building Trades Unions recommended that newly unemployed workers be allowed to pursue training without having to look for or be available for work.²⁰⁰ An existing federal government initiative called Skills Boost allows certain EI claimants to seek permission from Service Canada to continue receiving EI benefits while attending full-time training; however, this applies only to long-tenured workers.²⁰¹ Hassan Yussuff, the representative for the Canadian Labour Congress, recommended that the government expand this initiative to cover other groups of unemployed workers.²⁰²

Some witnesses also recommended making regular EI benefits available to certain workers who quit their jobs in order to pursue training.²⁰³ However, the Quebec Employers' Council provided the caveat that while it is important to ensure unemployed workers can support themselves while pursuing training, it is also important that the benefits they receive do not reduce their incentive to work.²⁰⁴

Work-Sharing

The Quebec Employers' Council also recommended that a training policy be established for the Work-Sharing Program (see Appendix B for an explanation of the program).²⁰⁵ Currently, the Work-Sharing Program allows employees to participate in training while they are receiving work-sharing benefits. Chartered Professionals in Human Resources Canada suggested that a modern EI program should build on this practice, and that the government should review the effectiveness of the temporary changes made to the Work-Sharing Program during the pandemic with the potential to implement them permanently.²⁰⁶ These changes expand the coverage and generosity of the program – for

199 ESDC, *Employment Insurance (EI) and courses or training programs*.

200 HUMA, *Submission* (CBTU), published on 31 March 2021, p. 2.

201 ESDC, *Skills Boost*; ESDC, *Employment Insurance (EI) and courses or training programs*.

202 HUMA, *Evidence*, 9 March 2021, 1540 (Hassan Yussuff).

203 HUMA, *Evidence*, 9 March 2021, 1650 (Carl Pursey). See also HUMA, *Submission* (CUPE), published 27 April 2021, pp. 1-2.

204 HUMA, *Submission* (Quebec Employers' Council or QEC), published on 28 April 2021, p. 10.

205 Ibid., p. 9.

206 HUMA, *Submission* (CPHR Canada), published on 27 April 2021, p. 4.



instance, by extending eligibility to employers who have been in business for one year instead of two, and increasing maximum duration of a Work-Sharing Agreement from 38 to 76 weeks.²⁰⁷

Employment Insurance Training Support Benefit

Some witnesses made recommendations pertaining to the EI Training Support Benefit. Once in force, the EI Training Support Benefit would provide up to four weeks of income support within a four-year period, at 55% of a claimant's average weekly insurable earnings. The objective of this new EI benefit would be to help workers cover their living expenses while they are on training and without a regular paycheque. At the time of writing, this measure was not yet in force.

In relation to the EI Training Support Benefit, Unifor and Canada's Building Trades Unions both recommended replacing 85% of participants' wages, eliminating the one-week waiting period before receiving benefits, and extending the benefit to 16 weeks.²⁰⁸ The Canadian Union of Public Employees recommended that the duration be extended to at least 26 weeks.²⁰⁹

Investing in Labour Market Programming

Pierre Laliberté, CEIC Commissioner for Workers, called for more spending on labour market programming (e.g., "providing skills training, subsidizing people who want to start a business, [and] engaging in job partnership programs") and indicated that this type of investment has positive returns for the government.²¹⁰

Several briefs submitted to the committee highlighted the importance of aligning training with labour market needs. In its brief, the CFIB recommended that the government "[b]etter align and increase awareness of EI training programs and initiatives with small business needs," and provide training incentives (such as an EI

207 Government of Canada, *Work-Sharing Program – COVID-19*.

208 HUMA, *Submission* (CBTU), published on 31 March 2021, p. 1; HUMA, *Submission* (Unifor), published on 28 April 2021, p. 4.

209 HUMA, *Submission* (CUPE), published on 27 April 2021, p. 2.

210 HUMA, *Evidence*, 23 March 2021, 1730 (Pierre Laliberté).

premium rebate for employers to help with training costs) to assist with post-pandemic recovery.²¹¹

To “provide better alignment between skills, jobs and training,” Chartered Professionals in Human Resources Canada made recommendations related to a “pan-Canadian mapping of training and employment opportunities.”²¹² The organization suggested that EI benefits “could be accompanied by specific training measures aimed at developing skills that are needed by employers,” including subsidized training for unemployed workers from declining industries to gain the skills and knowledge needed to work in industries with a high demand for workers.²¹³ The Quebec Employers' Council specified that training covered by EI should be “short and transferable, boost skills and provide a qualification,” and that digital literacy should be prioritized.²¹⁴

Role of Training Within the Employment Insurance System

Not all witnesses placed the same priority on training within the EI system. Miles Corak suggested that the EI program already allocates sufficient money to training programs and that reforms should focus instead on providing “better and more complete income insurance.”²¹⁵ During his appearance before the committee, Sean Strickland, Executive Director of Canada’s Building Trades Unions, acknowledged the importance of training but suggested that it be separated from the EI system, particularly in the context of post-pandemic recovery. He stated that this would simplify the EI program, while providing more Canadians with access to training.²¹⁶

Having considered the testimony placed before it, the committee takes note of the importance of investing in training to ensure that workers have the skills and knowledge needed to succeed in today’s labour market and that employers have access to the skilled workforce they require. It therefore makes the following recommendation:

211 HUMA, [Submission](#) (CFIB), published on 15 April 2021, pp. 4-5.

212 HUMA, [Submission](#) (CPHR Canada), published on 27 April 2021, p. 4-5.

213 *Ibid.*, p. 3.

214 HUMA, [Submission](#) (QEC), published on 28 April 2021, p. 9.

215 HUMA, [Evidence](#), 23 February 2021, 1630 (Miles Corak).

216 HUMA, [Evidence](#), 22 April 2021, 1620 (Sean Strickland, Executive Director, Canada's Building Trades Unions).



Recommendation 16

That Employment and Social Development Canada consider expanding Employment Insurance coverage to more workers pursuing training, as well as enhancing the proposed Employment Insurance Training Support Benefit (for example, by increasing the income replacement rate and/or the duration of the benefit).

CHAPTER 6: TECHNOLOGICAL INFRASTRUCTURE AND MODERNIZATION

Over the course of the study, the committee received considerable testimony about the computer system used to administer EI and the challenges it posed to the provision of rapid income support to Canadians at the beginning of the COVID-19 pandemic. This chapter summarizes what the committee heard on this topic, including key issues that must be addressed, as well as the government's plans to modernize the system. It also discusses the rollout of the Canada Emergency Recover Benefit (CERB) at the beginning of the pandemic and resulting considerations for EI reform.

Age and Complexity of the System

ESDC's Chief Transformation Officer, Benoît Long, stated that the federal government's legacy computer systems – those used to administer EI, the Canada Pension Plan (CPP) and Old Age Security (OAS) – are “among the oldest IT systems in Canada still in use today,” with their age and condition being a “continual concern” for the department. He explained that the system used to administer EI is 50 years old.²¹⁷

One consequence of the legacy systems' age is that accessing benefits can be a complicated and confusing process, leading to a high number of unclaimed benefits among Indigenous persons, low-income seniors, persons with disabilities, and other

217 HUMA, *Evidence*, 18 February 2021, 1535 (Benoît Long, Chief Transformation Officer, ESDC).

vulnerable groups. It is estimated that, between EI, CPP and OAS, \$2.5 billion in benefits go unclaimed each year.²¹⁸

Another consequence, Mr. Long explained, is the computer system’s increasing complexity. While new investments have been made approximately every decade, the EI computer system has not been overhauled significantly in the past 50 years.²¹⁹ Changes added to the EI program over time have “led to a complex web of rules and code.”²²⁰

“Replacing our legacy system is no longer an option to consider. It’s critical to continue [replacing our legacy system] in order to allow the government to continue to function.”

Benoît Long,
Chief Transformation Officer, ESDC

Making changes to the legacy computer systems to reflect new policies can “present significant and unsolvable technological obstacles.”²²¹ Further, trying to extend the life of these systems can be costly and pose risks such as mispayments, fraud, and possible system failure.²²² Mr. Long stated that “[r]eplacing our legacy system is no longer an option to consider. It’s critical to continue [replacing our legacy system] in order to allow the government to continue to function.”²²³

In a brief submitted to the committee, the Canadian Payroll Association agreed that the replacement of the legacy EI system is critical, noting that this “is a major undertaking that requires input from key stakeholders who are responsible for the management of EI-related data.”²²⁴

Rollout of the Canada Emergency Response Benefit and Implications for Employment Insurance

The CERB was introduced to provide temporary financial support to workers who lost income due to the COVID-19 pandemic. As mentioned in Chapter 1, the CERB was

218 ESDC, *State of ESDC Legacy Systems*, Background document submitted to the committee, p. 1.

219 HUMA, *Evidence*, 18 February 2021, 1605 (Benoît Long).

220 *Ibid.*, 1535.

221 *Ibid.*

222 ESDC, *State of ESDC Legacy Systems*, Background document submitted to the committee, p. 1.

223 HUMA, *Evidence*, 18 February 2021, 1535 (Benoît Long).

224 HUMA, *Submission* (Canadian Payroll Association), published 28 April 2021, p. 2.



accompanied by the EI Emergency Response Benefit or the EI ERB. While these were two distinct benefits, they are generally collectively referred to as the CERB.²²⁵

During her appearance before the committee, Minister Qualtrough explained that the government made a strategic decision to provide benefits through the CERB in part because EI benefits would not have covered all workers who had lost their employment due to the pandemic.²²⁶ Further, the Minister noted that Service Canada would not have been able to process the incoming volume of applications in a timely manner.²²⁷ Mr. Long expanded on this, stating that the EI system would not have been able to accommodate the necessary changes quickly.²²⁸

To respond to the Canadians' urgent need for support, the CERB was designed in just a few weeks, in time to be rolled out on 6 April 2020.²²⁹ Claimants who were eligible for EI could apply through Service Canada (for the EI ERB) and claimants who were not eligible for EI could apply through the CRA (for the CERB). Frank Vermaeten, a representative from the CRA, explained that on its end, the Agency accommodated the need to get payments out quickly by leveraging pre-existing information technology services.²³⁰ As of 4 October 2020, when the program ended, the CRA and Service Canada had processed a combined 27.56 million applications, and distributed \$74.08 billion in CERB and EI ERB payments to Canadians.²³¹

A 2021 report from the Office of the Auditor General of Canada (OAG) examining the CERB noted the trade-off between quick delivery and the validation of eligibility. Although pre-payment controls (i.e., controls to prevent the payment of benefits to ineligible applicants) were introduced after the benefit was launched, the CRA "could have introduced a control related to suspicious applications at the launch of the benefit."²³² According to the report, CRA officials stated that introducing such a control

225 Office of the Auditor General of Canada (OAG), "[Report 6—Canada Emergency Response Benefit](#)," *2021 Reports of the Auditor General of Canada to the Parliament of Canada*, 2021, pp. 1-2.

226 HUMA, [Evidence](#), 15 April 2021, 1540 (the Honourable Carla Qualtrough).

227 Ibid.

228 HUMA, [Evidence](#), 18 February 2021, 1610 (Benoît Long).

229 OAG, "[Report 6—Canada Emergency Response Benefit](#)," *2021 Reports of the Auditor General of Canada to the Parliament of Canada*, 2021, p. 8.

230 HUMA, [Evidence](#), 23 February 2021, 1530 (Frank Vermaeten, Assistant Commissioner, Assessment, Benefit and Service Branch, Canada Revenue Agency).

231 Government of Canada, [Canada Emergency Response Benefit and EI statistics](#).

232 OAG, "[Report 6—Canada Emergency Response Benefit](#)," *2021 Reports of the Auditor General of Canada to the Parliament of Canada*, 2021, p. 10.

earlier would have resulted in a later launch.²³³ Speaking about lessons learned from the CERB, Minister Qualtrough stated that “we can learn that you have to really balance the desire to deliver quickly with the need for robust integrity measures.”²³⁴

In response to the OAG report’s recommendations, ESDC and the CRA committed to conducting formal assessments of the CERB delivery and noted their plans to conduct post-payment verifications, the mechanisms of which will be subject to future OAG audit.²³⁵

As indicated in Chapter 1, following the CERB’s phase-out, the government introduced temporary measures to make the EI program more generous and accessible.²³⁶ Minister Qualtrough noted that, at the time of her appearance before the committee on 15 April 2021, over 3.9 million EI claims had been received since September 2020.²³⁷ She stated that the government’s efforts to modernize EI must take into account the temporary benefits’ expiry in September 2021.²³⁸

Benefits Delivery Modernization

Mr. Long noted that the government would soon be implementing Benefits Delivery Modernization (BDM), which is “the Government of Canada’s solution to meeting the Speech from the Throne commitment to update outdated IT systems and to modernize the way that government services Canadians.” BDM will include various components, including “a common technology platform that will streamline benefits processing, making it easier for government to introduce or change benefits, and for Canadians to access them.”²³⁹

Mr. Long explained that BDM will be rolled out on a benefit-by-benefit basis over seven years, and that the old and new computer systems will both be used during that period.²⁴⁰ Due to their complexity, on-boarding for EI benefits is not expected to begin

233 Ibid., p. 13.

234 HUMA, *Evidence*, 15 April 2021, 1640 (the Honourable Carla Qualtrough).

235 OAG, “[Report 6—Canada Emergency Response Benefit](#),” *2021 Reports of the Auditor General of Canada to the Parliament of Canada*, 2021, pp. 14-15, 18.

236 Government of Canada, *Employment Insurance – COVID-19*.

237 HUMA, *Evidence*, 15 April 2021, 1540 (the Honourable Carla Qualtrough).

238 Ibid.

239 ESDC, *State of ESDC Legacy Systems*, Background document submitted to the committee, p. 1.

240 HUMA, *Evidence*, 18 February 2021, 1610 (Benoît Long).



until 2023-24.²⁴¹ The Honourable Carla Qualtrough noted that reforms to the EI program can still be made before the new computer system is in place; however, these must be made strategically, with consideration for the old system's limitations.²⁴²

The committee heard that the replacement of the EI legacy system is critical. With regards to the modernization of EI's technological infrastructure, the committee makes the following recommendation:

Recommendation 17

That Employment and Social Development Canada keep the committee apprised of the Benefits Delivery Modernization initiative's progress.

CHAPTER 7: ADMINISTRATION OF THE EMPLOYMENT INSURANCE PROGRAM

Over the course of the study, witnesses made a range of recommendations pertaining to the process of reforming EI, with many calling for a comprehensive review of the program,²⁴³ and several asserting the need for further consultation, costing and analysis.²⁴⁴ Witnesses also proposed reforms pertaining to the current administration of EI. This chapter explores issues related to administration, including program governance, the appeals process and service delivery to claimants and other stakeholders.

Canada Employment Insurance Commission

Stakeholders emphasized to the committee that the appointment of a new Commissioner for Employers to the CEIC (the organization responsible for overseeing the EI program) should be viewed as a matter of priority. The position has been vacant since January 2021.²⁴⁵ The Fisheries Council of Canada explained that

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- 241 ESDC, *State of ESDC Legacy Systems*, Background document submitted to the committee, p. 2.
- 242 HUMA, [Evidence](#), 15 April 2021, 1645 (the Honourable Carla Qualtrough).
- 243 HUMA, [Evidence](#), 9 March 2021, 1655 (Carl Pursey); HUMA, [Evidence](#), 22 April 2021, 1535 (Leah Nord); HUMA, [Evidence](#), 22 April 2021, 1545 (Pam Frache); HUMA, [Submission](#) (ACORN Canada), published on 6 April 2021, p. 1.
- 244 HUMA, [Evidence](#), 15 April 2021, 1705 (Corinne Pohlmann); HUMA, [Evidence](#), 22 April 2021, 1540 (Leah Nord); HUMA, [Submission](#) (Canadian Home Builders' Association), published on 30 April 2021.
- 245 See HUMA, [Submission](#) (CPHR Canada), published on 27 April 2021, p. 7; HUMA, [Submission](#) (Fisheries Council of Canada), published on 28 April 2021, p. 2; HUMA, [Evidence](#), 22 April 2021, 1545 (Leah Nord).

the role of EI Commissioner for Employers is vital in ensuring our voice representing employers is heard during consultations on the EI program. The vacancy in this position has and will severely hinder our ability to have an equal voice moving forward, especially at this point in time when there are so many issues at play caused in part ...[by]... the pandemic.²⁴⁶

The Council recommended that the next Commissioner for Employers be appointed and on-boarded “before any consultations [on ongoing and future changes to the EI program] commence in earnest.”²⁴⁷ During her appearance before the committee, Minister Qualtrough stated that the government was in the process of appointing a Commissioner for Employers, but did not provide a specific timeline.²⁴⁸

The committee heard that the representation of both employee and employer interests in the oversight of the EI program is crucial, and that this will be especially important as the federal government begins consultations on EI reform. It also heard that the appointment of a Commissioner for Employers should be a priority. Therefore, the committee puts forward the following recommendation:

Recommendation 18

That Employment and Social Development Canada appoint, without delay, a Commissioner for Employers to the Canadian Employment Insurance Commission.

“[T]he role of EI Commissioner for Employers is vital in ensuring our voice representing employers is heard during consultations on the EI program. The vacancy in this position has and will severely hinder our ability to have an equal voice moving forward, especially at this point in time when there are so many issues at play caused in part ...[by]... the pandemic.”

Brief from Fisheries Council of Canada

246 HUMA, [Submission](#) (Fisheries Council of Canada), published on 28 April 2021, p. 2.

247 Ibid.

248 HUMA, [Evidence](#), 15 April 2021, 1620 (the Honourable Carla Qualtrough).



Client Service

The committee heard that client-facing services need to be more helpful and accessible. Carl Pursey, the representative from the PEI Federation of Labour, asserted that “[w]e should [...] ensure the protection of francophone rights for those living outside Quebec to receive services from the government in French.”²⁴⁹ Witnesses also recommended ways to make services more accessible to claimants who are not fluent in English or French.²⁵⁰ In addition, witnesses indicated that Service Canada needs to ensure services are accessible to those who face barriers to Internet access, such as seniors, individuals living in poverty, and individuals with a high school education or less.²⁵¹

Witnesses also raised concerns about the quality of service received at in-person Service Canada locations and on the phone. For example, the brief from Don Valley Community Legal Services stated that staff can often help with only the most basic functions related to EI, and recommended that the government ensure Service Canada agents receive the training needed to respond to questions and provide advice to claimants.²⁵² It indicated that “[f]rontline agents need vastly increased training on basic issues in employment, labour, and human rights law.”²⁵³

In 2019, the OAG published a report examining the accessibility and timeliness of call centre services at several federal departments, including ESDC’s call centre for EI. The Auditor General recommended that ESDC review its management of incoming calls in order to improve callers’ access to agents.²⁵⁴ In a brief to the committee, the CFIB identified “[i]mproving customer service at the Service Canada Call centres” as a measure to reduce red tape for employers.²⁵⁵ During his appearance before the committee, Benoît Long, Chief Transformation Officer at ESDC, stated that the

249 HUMA, [Evidence](#), 9 March 2021, 1650 (Carl Pursey).

250 See, for example, HUMA, [Submission](#) (Don Valley Community Legal Services), published on 29 April 2021, p. 5; and HUMA, [Submission](#) (Migrant Rights Network), published on 27 April 2021, p. 5.

251 HUMA, [Submission](#) (Durham Community Legal Clinic), published on 28 April 2021, p. 4; HUMA, [Submission](#) (Migrant Rights Network), published on 27 April 2021, p. 5; HUMA, [Submission](#) (Inter-Provincial EI Working Group), published on 20 April 2021, p. 4; HUMA, [Submission](#) (Newfoundland and Labrador Federation of Labour), published on 26 April 2021, p. 8.

252 HUMA, [Submission](#) (Don Valley Community Legal Services), published on 29 April 2021, p. 4.

253 *Ibid.*, p. 5.

254 OAG, [“Report 1 – Call Centres,” 2019 Spring Reports of the Auditor General of Canada to the Parliament of Canada](#), 2019.

255 HUMA, [Submission](#) (CFIB), published on 15 April 2021, p. 5.

government had made investments to improve access to agents, including in response to increased call volumes during the COVID-19 pandemic.²⁵⁶

In addition, a number of organizations recommended that the system of EI liaison officers be reinstated.²⁵⁷ Liaison officers' role included providing information to clients on EI and other services, organizing group information sessions at workplaces, and helping workers complete their EI claims in the event of mass layoffs.²⁵⁸ The Fédération des travailleurs et travailleuses du Québec explained that, prior to the elimination of the role in 2013, "aid agencies, lawyers and union representatives of unemployed workers could contact a liaison officer specifically responsible for dealing with them." These liaison officers provided a direct link between stakeholders and the bureaucracy, helping to resolve issues informally and requiring fewer claimants to turn to the appeals process.²⁵⁹ The reinstatement of liaison officers was also recommended in the committee's 2016 report *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program*.²⁶⁰

The committee believes that in order for EI benefits to be truly accessible, current and prospective EI claimants – as well as the organizations that represent them – must be able to obtain the information and assistance they need in a timely manner. Further, this information or assistance must be provided in a format that does not create additional barriers. Accordingly, the committee makes the following recommendations:

Recommendation 19

That Employment and Social Development Canada improve the quality and accessibility of client-facing services provided by Service Canada to Employment Insurance claimants and recipients, including through:

- **A review of current communications materials and client service practices to ensure that low-income individuals, seniors, individuals**

256 HUMA, *Evidence*, 18 February 2021, 1605 (Benoît Long).

257 See, for example, HUMA, *Submission* (CBTU), published on 31 March 2021, p. 2; HUMA, *Submission* (FTQ), published on 11 March 2021, p. 10; HUMA, *Submission* (Inter-Provincial EI Working Group), published on 20 April 2021, p. 4; HUMA, *Submission* (Community Unemployed Help Centre and Unemployed Workers Help Centres), published on 28 April 2021.

258 CEIC, *Employment Insurance 2002 Monitoring and Assessment Report*, 31 March 2003, p. 35.

259 HUMA, *Submission* (FTQ), published on 11 March 2021, p. 10.

260 HUMA, *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program*, Third report, June 2016, p. 32.



with language barriers, and other vulnerable groups do not face undue barriers to accessing Employment Insurance benefits; and

- **Improved training to ensure that Service Canada officers are prepared to respond to detailed queries from claimants about rules and requirements related to Employment Insurance.**

Recommendation 20

That Employment and Social Development Canada reinstate the system of Employment Insurance liaison officers in order to better support Employment Insurance claimants and the frontline organizations that assist them.

CONCLUSION

During its review of the EI program, the committee received a wealth of oral and written testimony from senior federal officials, advocacy groups, and representatives from labour and business about the key challenges facing the program, as well as considerations for reform. While the COVID-19 pandemic brought new urgency to discussions around the accessibility, adequacy, and responsiveness of the EI program, much of the testimony received reiterated existing concerns that were discussed during the committee's 2016 study of the program.²⁶¹

In the present report, the committee makes recommendations on regular benefits, special benefits, and a range of other topics relating to the EI program. The committee is aware that the government has proposed, through Budget 2021, a \$5-million investment over two years towards targeted stakeholder consultations on long-term reforms to program.²⁶² It hopes that the present study – while not comprehensive – can support the development of evidence-based, permanent reforms.

261 HUMA, *Exploring the Impact of Recent Changes to Employment Insurance and Ways to Improve Access to the Program*, Third report, June 2016.

262 Government of Canada, *A Recovery Plan for Jobs, Growth, and Resilience*, Budget 2021, p. 89.

APPENDIX A: DETAILED GLOSSARY OF SELECTED TERMS

BENEFIT RATES AND INCOME REPLACEMENT RATES

Weekly benefits are equal to 55% of the claimants' insurable earnings (or 33% if claiming extended parental benefits) during their variable best weeks over the qualifying period (generally 52 weeks), up to a maximum amount. This 55% is often referred to the income replacement rate. The number of best weeks used in the calculation is determined by the regional unemployment rate and varies between 14 and 22 insurable earning weeks (see Table under section 14(2) of the EIA). The maximum amount payable is, on the other hand, determined by the maximum yearly insurable earnings. For 2021, this amount is \$56,300, which means a claimant can receive up to \$595 per week (or \$357 if claiming extended parental benefits).¹

It should be noted that temporary measures introduced in response to COVID-19 have set the minimum benefit rate at \$500 per week (or \$300 per week if claiming extended parental benefits), if this amount is higher than what the claimant's benefits would otherwise be.² Claimants may also have access to the EI family supplement and to an employer-provided supplemental benefit ("top-up") plan that partially or wholly covers the difference between the EI benefit rate and the employee's salary.³

INSURABLE EMPLOYMENT AND INSURABLE HOURS

Employment is insurable when it is performed for one or more employers, including the government and the Canadian Forces. Since 2010, special benefits have also been available to self-employed persons who voluntarily register in the program.

1 [Employment Insurance Act](#) [EIA] ss. 9, 10(2) and 14. See also Office of the Superintendent of Financial Institutions Canada, Office of the Chief Actuary, [2021 Actuarial Report on the Employment Insurance Premium Rate](#).

2 Employment and Social Development Canada [ESDC], [Employment Insurance – COVID-19](#).

3 [Employment Insurance Regulations](#) [EIR], section 37. See also Government of Canada, [A Guide for Employers Offering Supplemental Unemployment Benefits to Their Employees](#) and [Supplementing maternity, parental, compassionate care or family caregiver benefits](#).

Accumulating a prescribed number of hours in insurable employment is one of the eligibility criteria for qualifying for EI regular and special benefits.⁴

Some employment is not insurable, such as: casual employment in agriculture, entertainment or rescue operations; employment as a member of a religious order where the person has taken a vow of poverty; employment of a person by a corporation if the person controls more than 40% of the voting shares; and, under certain conditions, employment outside Canada.⁵

MAXIMUM INSURABLE EARNINGS

The maximum yearly insurable earnings represent the income level up to which EI premiums are paid and up to which EI benefits are calculated. They increase annually based on increases in the average weekly earnings, as reported by Statistics Canada. The 2021 maximum yearly insurable earnings are \$56,300.⁶

PREMIUM RATE

In accordance with subsection 66(1) of the EIA, the CEIC shall set the premium rate for each year in order to generate just enough premium revenue to ensure that, at the end of the seven-year period that commences at the beginning of that year, the total of the amounts credited to the EI Operating Account after 31 December 2008 is equal to the total of the amounts charged to that Account after that date. This calculated premium rate is referred to as the seven-year forecast break-even rate.⁷

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- 4 Insurable employment is defined in section 5(1) of the EIA and sections 2 to 6 of the EIR. Part VII.1 of the EIA sets out the parameters regarding benefits for self-employed persons. See also Government of Canada, *Digest of Benefit Entitlement Principles Chapter 24 – Benefits for the self-employed and EI benefits for self-employed people: What this program offers*.
- 5 See section 5(2) of the EIA and sections 7, 8 and 9 of the EIR for other jobs that are excluded from insurable employment.
- 6 Section 4 of the EIA sets out the parameters on how to determine the maximum yearly insurable earnings. See also Office of the Superintendent of Financial Institutions Canada, Office of the Chief Actuary, *2021 Actuarial Report on the Employment Insurance Premium Rate*; and Government of Canada, *EI premium rates and maximums*.
- 7 Office of the Superintendent of Financial Institutions Canada, Office of the Chief Actuary, *2021 Actuarial Report on the Employment Insurance Premium Rate*.

As part of the Government economic response to COVID-19, the Government announced that it is freezing the EI premium rate for 2021 at the 2020 premium rate level of \$1.58 per \$100 of insurable earnings.⁸

QUALIFYING PERIOD

The qualifying period is, in most cases, the 52-week period preceding the start of the benefit period. During the qualifying period, the claimant must have worked a prescribed number of hours in insurable employment to qualify for benefits. If another benefit period started during the 52 previous weeks, the qualifying period is shorter and begins at the start of the last benefit period.

The qualifying period may be extended by the number of weeks (up to a maximum of 104 weeks) where the claimant was not employed in insurable employment due to a number of specified reasons, such as an illness, injury, quarantine or pregnancy; receiving assistance under employment benefits; or receiving payments under a provincial law for preventive withdrawal (in the case of expectant and new mothers). During the COVID-19 pandemic, the qualifying period is also being extended for those who received emergency response benefits.⁹

8 Ibid.

9 EIA, s.8. See also Government of Canada, [*Digest of Benefit Entitlement Principles Chapter 1 – Section 3*](#); ESDC, [*Employment Insurance – COVID-19*](#).

APPENDIX B: SUMMARY OF EMPLOYMENT INSURANCE BENEFITS

Table B.1 – Summary of Employment Insurance Benefits

Benefit type	Circumstance	Insurable employment entrance requirement	Maximum entitlement	Key temporary measures in place until September 2021*
Regular	Unemployed with a valid reason for separation and searching for suitable employment or retraining in certain cases	420 to 700 hours depending on the regional rate of unemployment	14 to 45 weeks	<p>Access to a one-time top-up of 300 insurable hours</p> <p>Minimum unemployment rate has been set at 13.1% for all regions across Canada. Thus, claimants may receive a minimum of 26 weeks of benefits.</p> <p>EI regular benefits extended to up to 50 weeks.</p>
Maternity	Unavailable to work because of pregnancy or has recently given birth	600 hours	15 weeks	Access to a one-time top-up of 480 insurable hours
Parental (standard option)	Caring for a newborn or a newly adopted child	600 hours	35 weeks (plus 5 additional weeks when benefits are shared)	Access to a one-time top-up of 480 insurable hours
Parental (extended option)	Caring for a newborn or a newly adopted child	600 hours	61 weeks (plus 8 additional weeks when benefits are shared)	Access to a one-time top-up of 480 insurable hours
Sickness	Unavailable to work because of illness, injury or quarantine	600 hours	15 weeks	Access to a one-time top-up of 480 insurable hours
Compassionate care	Providing care to a person of any age who requires end-of-life care	600 hours	26 weeks	Access to a one-time top-up of 480 insurable hours

Family caregiver benefits for children (formerly, Parents of Critically Ill Children benefits)	Providing care or support to a critically ill or injured person under the age of 18	600 hours	35 weeks	Access to a one-time top-up of 480 insurable hours
Family caregiver benefits for adults	Providing care or support to a critically ill or injured person 18 years or older	600 hours	15 weeks	Access to a one-time top-up of 480 insurable hours
Fishing (regular)	Self-employed fishers without available work	Value of a catch between \$2,500 and \$4,200 depending on the regional rate of unemployment	26 weeks per season (summer or winter)	Minimum unemployment rate has been set at 13.1% for all regions across Canada. Thus, claimants only need \$2,500 in earnings to qualify for benefits.
Work-Sharing	Employer avoiding layoffs during a slowdown in business activity for reasons beyond the employer's control with a recovery plan and a Work-Sharing agreement in place	420 to 700 hours depending on the regional rate of unemployment	6 to 26 weeks, with the possibility of an extension by 12 weeks if warranted (maximum of 38 weeks)	Maximum duration has been increased from 38 weeks to 76 weeks Other temporary measures apply**

Notes: * Key temporary measures outlined in this table do not comprise measures contained in [Bill C-30, An Act to implement certain provisions of the budget tabled in Parliament on April 19, 2021 and other measures](#) (short title: Budget Implementation Act, 2021, No. 1), 2nd Session, 43rd Parliament. Bill C-30 was introduced after the committee study had ended and, therefore, is not discussed in witness testimony. For more information regarding temporary measures implemented in response to COVID-19, see: Government of Canada, [Employment Insurance – COVID-19](#).

** For additional information, see: Government of Canada, [Work-Sharing Program – COVID-19](#).

Source: Table prepared by the authors based on data from Employment and Social Development Canada, "[Table 1 – Summary of Employment Insurance benefit types](#)," Employment Insurance Monitoring and Assessment Report for fiscal year beginning April 1, 2018 and ending March 31, 2019: Chapter 2: Impact and effectiveness of Employment Insurance benefits (Part I of the *Employment Insurance Act*).

APPENDIX C: FEDERAL EMPLOYMENT INSURANCE PREMIUM RATES AND MAXIMUMS

Table C.1 – Federal Employment Insurance Premium Rates and Maximums

Year	Maximum annual insurable earnings	Rate (%)	Maximum annual employee premium	Maximum annual employer premium
2021	\$56,300	1.58	\$889.54	\$1,245.36
2020	\$54,200	1.58	\$856.36	\$1,198.90
2019	\$53,100	1.62	\$860.22	\$1,204.31
2018	\$51,700	1.66	\$858.22	\$1,201.51
2017	\$51,300	1.63	\$836.19	\$1,170.67
2016	\$50,800	1.88	\$955.04	\$1,337.06
2015	\$49,500	1.88	\$930.60	\$1,302.84
2014	\$48,600	1.88	\$913.68	\$1,279.15
2013	\$47,400	1.88	\$891.12	\$1,247.57
2012	\$45,900	1.83	\$839.97	\$1,175.96
2011	\$44,200	1.78	\$786.76	\$1,101.46
2010	\$43,200	1.73	\$747.36	\$1,046.30
2009	\$42,300	1.73	\$731.79	\$1,024.51
2008	\$41,100	1.73	\$711.03	\$995.44
2007	\$40,000	1.8	\$720.00	\$1,008.00
2006	\$39,000	1.87	\$729.30	\$1,021.02
2005	\$39,000	1.95	\$760.50	\$1,064.70
2004	\$39,000	1.98	\$772.20	\$1,081.08
2003	\$39,000	2.1	\$819.00	\$1,146.60
2002	\$39,000	2.2	\$858.00	\$1,201.20
2001	\$39,000	2.25	\$877.50	\$1,228.50

2000	\$39,000	2.4	\$936.00	\$1,310.49
1999	\$39,000	2.55	\$994.50	\$1,392.30
1998	\$39,000	2.7	\$1,053.00	\$1,474.20

Source: Government of Canada, [EI premium rates and maximums](#).

APPENDIX D: GENDER EQUITY CONSIDERATIONS RELATED TO DISTRIBUTION OF THE LABOUR FORCE

**Figure D.1 – Distribution of the labour force and unemployment by gender,
Canada, 1976-1977 to 2019-2020**



Source: Employment and Social Development Canada, *Employment Insurance Monitoring and Assessment Report for the fiscal year beginning April 1, 2019 and ending March 31, 2020*, Chapter 1: Labour market context, 2021, Chart 7.

APPENDIX E LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [web page for this study](#).

Organizations and Individuals	Date	Meeting
<p>Department of Employment and Social Development</p> <p>Benoît Long, Chief Transformation Officer</p> <p>Andrew Brown, Director General Employment Insurance Policy, Skills and Employment Branch</p> <p>Michael MacPhee, Director General Employment Insurance Benefits Processing, Benefits and Integrated Services Branch, Service Canada</p>	2021/02/18	17
<p>As an individual</p> <p>Miles Corak, Professor of Economics Graduate Center, City University of New York</p>	2021/02/23	18
<p>C.D. Howe Institute</p> <p>Parisa Mahboubi, Senior Policy Analyst</p>	2021/02/23	18
<p>Canada Revenue Agency</p> <p>Annette Butikofer, Assistant Commissioner and Chief Information Officer Information Technology</p> <p>Frank Vermaeten, Assistant Commissioner Assessment, Benefit and Service Branch</p>	2021/02/23	18
<p>Statistics Canada</p> <p>Josée Bégin, Director General Labour Market, Education and Socio-Economic Well-Being</p> <p>Vincent Dale, Director Centre for Labour Market Information</p>	2021/02/23	18
<p>Associated Designers of Canada</p> <p>Kenneth MacKenzie, President</p>	2021/03/09	20

Organizations and Individuals	Date	Meeting
Canadian Labour Congress Hassan Yussuff, President Chris Roberts, Director Social and Economic Policy	2021/03/09	20
Fédération des travailleurs et travailleuses du Québec Denis Bolduc, General Secretary	2021/03/09	20
Prince Edward Island Federation of Labour Carl Pursey, President	2021/03/09	20
As an individual Evelyn Forget, Professor University of Manitoba	2021/03/23	23
Canada Employment Insurance Commission Pierre Laliberté, Commissioner for Workers	2021/03/23	23
Canadian Chamber of Commerce Leah Nord, Senior Director Workforce Strategies and Inclusive Growth	2021/04/15	26
Canadian Federation of Independent Business Corinne Pohlmann, Senior Vice-President National Affairs and Partnerships	2021/04/15	26
Department of Employment and Social Development Hon. Carla Qualtrough, C.P., M.P., Minister of Employment, Workforce Development and Disability Inclusion Graham Flack, Deputy Minister Employment and Social Development Lori MacDonald, Senior Associate Deputy Minister Employment and Social Development and Chief Operating Officer for Service Canada Cliff C. Groen, Senior Assistant Deputy Minister Benefits and Integrated Services Branch, Service Canada Elisha Ram, Associate Assistant Deputy Minister Skills and Employment Branch	2021/04/15	26

Organizations and Individuals	Date	Meeting
As individuals Marie-Hélène Dubé, Criminologist and Founder 15 Weeks is not Enough Campaign David Gray, Professor of Economics University of Ottawa	2021/04/20	27
Conseil d'intervention pour l'accès des femmes au travail Kimmyanne Brown, Workplace Rights Coordinator Ruth Rose-Lizée, Member	2021/04/20	27
National Council of Unemployed Workers Pierre Céré, Spokesperson	2021/04/20	27
Canada's Building Trades Unions Sean Strickland, Executive Director	2021/04/22	28
Canadian Chamber of Commerce Leah Nord, Senior Director Workforce Strategies and Inclusive Growth	2021/04/22	28
Workers' Action Centre Pam Frache, Organizer	2021/04/22	28

APPENDIX F LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [web page for this study](#).

ACORN Canada

Action-Chômage Côte-Nord

Adopt4Life and Adoption Council of Canada

Brown, Philip

Canada's Building Trades Unions

Canadian Federation of Independent Business

Canadian Home Builders' Association

Canadian Labour Congress

Canadian Payroll Association

Canadian Union of Public Employees

Chartered Professionals in Human Resources Canada

Community Legal Assistance Society

Conseil d'intervention pour l'accès des femmes au travail

Corak, Miles

Don Valley Community Legal Services

Dubé, Marie-Hélène

Durham Community Legal Clinic

Engineers Canada

Fédération des chambres de commerce du Québec

Fédération des travailleurs et travailleuses du Québec

Fisheries Council of Canada

Inter-Provincial EI Working Group

Lieu d'Actions et de Services Travaillant dans l'Unité avec les Sans-Emploi du Saguenay

Migrant Rights Network

Mouvement Action Chômage Lac-Saint-Jean

Mouvement autonome et solidaire des sans-emploi - réseau québécois

Multiple Sclerosis Society of Canada

National Council of Unemployed Workers

Neighbourhood Legal Services

Newfoundland and Labrador Federation of Labour

Quebec Employers' Council

Unemployed Workers Help Centre

Unifor

Vuleta, Lana

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 17, 18, 20, 23, 26 to 28, 39 and 40](#)) is tabled.

Respectfully submitted,

Sean Casey
Chair

CPC – Supplementary Report

The Conservative Party of Canada supports common sense reform to the Employment Insurance (EI) system to better support workers, self-employed individuals, small businesses, and all employers.

EI premiums must always remain affordable for workers and employers. Conservatives categorically reject mandatory EI premiums for self-employed entrepreneurs and other small businesses. Many businesses have taken on significant debt to weather the pandemic period and cannot afford the thousands of dollars in increased costs that mandatory EI premiums for self-employed individuals would impose.

It is concerning that the Minister of Employment, Workforce Development and Disability Inclusion during her testimony for this report would not rule out job-killing mandatory EI premiums for self-employed individuals.

EI Modernization not a priority for Liberals

The introduction of the Canada Emergency Response Benefit (CERB) as an income replacement program, separate from EI, in March 2020 is a direct result of the Liberal government's failure to keep their 2015 election promise to modernize the EI system. In April 2020, the Minister of Employment made a calculated decision to authorize the Canada Revenue Agency and Employment and Social Development Canada to make \$500 million in payments to ineligible CERB applicants. Some applicants received duplicate payments in error, others misrepresented their employment status and intentionally committed fraud.

Normal practice within the departments is to implement pre-payment controls for programs of this magnitude. Pre-payment controls are necessary to prevent fraud. However, at the direction of this Liberal government, the CERB payment system was forced to forgo this important fraud prevention control requirement in the name of expediency. This trade off is a consequence of their failure to deliver on their commitment to modernize the computer system. The failure to modernize the EI system by the Liberals put hundreds of millions of dollars in the pockets of people who are not eligible. This is unacceptable and disrespectful to taxpayers.

In response to a performance audit of the CERB program by the Auditor General of Canada, a senior departmental official categorized the \$500 million in ineligible payments as, "a known design criterion," that, "wasn't an error." The official went on to say that when the benefit was launched, the government and Minister of Employment knew, "it was not possible, in the time that we had, to have real-time reconciliation between the two systems."

A Conservative government would prioritize EI modernization to restore accountability and respect for taxpayer dollars. We would ensure that these critical benefits are paid quickly to Canadians and not to people who are not eligible.

Increase the EI Sickness Benefit

Conservatives agree with other Committee members that the 15-week EI Sickness Benefit must be enhanced to better serve Canadians. Conservatives support the calls of organizations such as the Fédération des travailleurs et travailleuses du Québec and 15 Semaines to increase the EI Sickness Benefit to 52 weeks. This critical change would better support Canadians as they fight and recover from serious illnesses such as cancer and medical complications from COVID-19. The Liberal proposal to establish a 26-week sickness benefit by summer of 2022 is inadequate and would exclude tens of thousands of Canadians who have already exhausted the existing 15-week benefit.

Recommendation: That Employment and Social Development Canada, in consultation with employee and employer groups, expand the maximum duration of Employment Insurance sickness benefits to 52 weeks in order to ensure that workers have sufficient time to fully recover before returning to work.

Denial of EI Maternity Benefits by Liberals Penalizes Women

The majority report reaffirms that the economic consequences of the pandemic are having a disproportionate impact on women. Shamefully, from the outset of the pandemic, expectant mothers and new parents have been left to fall through the cracks of the Liberal Government's COVID-19 response. Conservatives have been demanding action from the government to address critical issues such as long-term unemployment and discriminatory policies that prevent pregnant women from claiming EI maternity and parental benefits.

Women are facing longer periods of unemployment due to lockdowns and stay-at-home orders affecting women-dominated industries like food service, retail and personal service or any other field that is not conducive to remote work.

Pregnant women, currently on EI regular benefits and unable to work, lack the required EI insurable hours to qualify for their full EI maternity and parental leave benefits because of a lack of EI insurable hours, and may be forced back to work within weeks of giving birth. Their families were counting on their maternity benefits to support them as they care for newborns at home. Now, through no fault of their own, pregnant women dealing with reduced financial support are being forced to return to a decimated job market months earlier than expected. Many expectant mothers are looking for jobs outside their fields in order to earn the hundreds of EI insurable hours required to submit a new EI claim for maternity benefits.

It is a national shame that these women, despite paying into the EI system for years, are now ineligible for maternity benefits and forced to cut short precious time with their newborns to return to work so they can provide for their growing families.

The time mothers have with their newborns is special. That is why Conservatives are calling on the Liberal government to immediately allow pregnant women and new mothers currently on EI to receive their full maternity leave benefits regardless of the number of insurable hours worked.

Recommendation: The time mothers have with their newborns is special. Employment and Social Development Canada must immediately allow pregnant women and new mothers currently on EI regular benefits to receive their full maternity and parental leave benefits, regardless of the number of insurable hours worked as a temporary measure during the pandemic.

AN URGENT NEED FOR ACTION

BLOC QUÉBÉCOIS SUPPLEMENTARY OPINION ON THE REVIEW OF THE EMPLOYMENT INSURANCE PROGRAM

INTRODUCTION

The Bloc Québécois thanks members of the Standing Committee on Human Resources and Library of Parliament staff, as well as all the witnesses who appeared and the individuals and corporations that submitted briefs, for their essential participation in this study.

It was important to undertake this study for both long-standing and more recent reasons, summarized below. It has been more than 15 years since a full review of the Employment Insurance system was carried out. In 2004, the committee undertook a major study on this topic. In 2016, it looked into the gutting of the Employment Insurance system, and some points of these studies are featured in the current study, although the historical perspective was abbreviated. The previous study marked the end of a painful chapter characterized by Liberal and Conservative counter-reforms in a context of actuarial ideology and the zeitgeist of the last 40 years, largely influenced by neo-liberalism. These reforms diverted this program from its primarily social function and undercut its macroeconomic role as an automatic stabilizer. In addition, when the day of reckoning finally came, government officers had to contend with outdated computer programs. These are the root causes.

Unfortunately, we are all too familiar with the recent causes: an economic crisis of gargantuan proportions, triggered by a global pandemic, which resulted in the death and devastation of too many. The leaders of many nations were caught unaware, despite the fact that it could have been predicted. The Employment Insurance program in place when the crisis struck was clearly not up to the task, forcing the government to build the plane while flying it, to use their own catchphrase. The fact that the existing EI system was so outdated, as well as decades of counter-reforms, with the most radical example being the Harper government's gutting of the program, explain why the EI system was unable to meet the needs of the population. The need for a major overhaul, which the Bloc Québécois has been seeking for years, became immediately apparent to all. That is why Louise Chabot, Member of Parliament for Thérèse-de-Blainville, proposed this study.

HISTORY OF THE EMPLOYMENT INSURANCE PROGRAM

While our party agrees with the report and the recommendations therein, we do not believe the report adequately communicates the sense of urgency we feel as regards the

review of the Employment Insurance program. While we support the idea of having Employment and Social Development Canada (ESDC) carry out consultations on future reforms, we believe that an exercise that is essentially going back to the original form of the EI system should not excuse the government from acting now: we are concerned that the fact that the government has not brought before Parliament the \$5 million announced in Budget 2021 for that purpose may indicate that the governing party is reluctant to undertake a large-scale reform. And yet, a complete overhaul is needed.

In our opinion, the briefs submitted by the Conseil national des chômeurs et des chômeuses (CNC) and the Fédération des travailleurs et des travailleuses du Québec (FTQ) provide a good overview of the historical issues with the program. As the FTQ explained:

There are a number of problems with EI, but one of the most obvious ones—one that absolutely must be corrected—concerns coverage. Over the years, eligibility criteria have been tightened, and the duration of benefits and the income replacement rate have been cut. As a result, fewer and fewer unemployed workers are eligible for benefits. Currently, less than 40% of claimants receive benefits, whereas in 1989, the program covered 83.8% of claimants! When workers do qualify for benefits, it is for a shorter period of time and for smaller amounts.¹

There is no doubt that, when the government ended its contributions to the unemployment insurance fund in 1990, a paradigm shift took place. In doing so, the federal government walked away from the fund's social mission, leading to a series of counter-reforms that have taken a toll on the regions.

All of this brings us to the issue of seasonal workers. Canada's Employment Insurance program has historically ignored seasonal workers. In part this is because the program was largely modelled on Britain's first employment insurance act, the *National Insurance Act of 1911*, without taking the needs of Quebec's economy into account.² Throughout Canada's recent history, seasonal workers have had to fight for their rights, as decision makers have always denied the importance of seasonal work to the economy. It is a great paradox of history that a program whose foundations are based on the tacit acknowledgment that workers are not responsible for unemployment, but rather that unemployment is an economic phenomenon beyond their control, has had so much trouble acknowledging a simple truth: it is not workers but work that is seasonal, as Action Chômage Côte-Nord rightly pointed out in its brief. This historical indifference towards Quebec's regions is the source of the problems that the province is experiencing, as the black hole in the EI program shows. The pilot project aimed at resolving this problem must

¹ Fédération des travailleurs et des travailleuses du Québec, *Brief of the Fédération des travailleurs et travailleuses du Québec (FTQ)*. Submitted for the Review of the Employment Insurance Program, March 2021, p. 5.

² Campeau, Georges, *De l'assurance-chômage à l'assurance-emploi : L'histoire du régime canadien et de son détournement*.

not only be expanded, but the project itself must be made permanent. This historical indifference is also the source of many economic problems in Quebec's regions. In 2013, the Bloc had raised, and for good reason, the possibility of an administrative agreement to assign responsibility for the program to the Quebec government should it so request in its submission to the *Commission nationale d'examen de l'assurance-emploi*.

STATUS OF WOMEN

Too little has been said about how the Employment Insurance program's current shortfalls affect women. Yet Canada's program has a history of sexism. Although the 1940s to 1970s saw increased access to unemployment insurance, from 1950 to 1957 the federal government implemented policies that discriminated against married women by requiring them to demonstrate their availability for employment. As a result, roughly 12,000 to 14,000 women were denied access to employment insurance in the 1950s. In 1957, the law was changed following pressure from women's groups. The federal government saved \$2.5 million on the backs of women. Although maternity benefits were introduced in 1971, the law continued to discriminate against married women. Major attachment claimants received maternity benefits while minor attachment claimants were ineligible for benefits within 15 weeks of their expected confinement. This situation led to the Bliss decision, in which the Supreme Court of Canada shamefully ruled that "inequality between the sexes in this area is not created by legislation but by nature."³ The decision was later overturned by the same court in 1989 in *Brooks v. Safeway*. For all these reasons, no one should remain indifferent to the issues raised in *Éliminons la discrimination à l'égard des femmes dans l'assurance-emploi*, a brief presented by the Conseil d'Intervention pour l'Accès des Femmes au Travail (CIAFT) and several women's groups in Quebec, which convincingly argues that the eligibility requirement based on hours of work, introduced only in 1996, discriminates against part-time workers, particularly women. In this respect, the brief's second recommendation is particularly meaningful.

CONCLUSION AND RECOMMENDATIONS OF THE BLOC QUÉBÉCOIS

The report of the Standing Committee on Human Resources in which we participated is certainly a step in the right direction, but it does not sufficiently underscore the urgent need for action. That is why the Bloc will continue to pressure the federal government to overhaul the EI program and implement the recommendations the Bloc Québécois has long called for. No matter what the political parties that only want to take power say, in a democratic system the opposition must play its role in defending and promoting the interests of the population and in forcing the government to act. That is what we will do.

In its work during this parliamentary study, the Bloc Québécois, aware of the urgency for true reform of the Employment Insurance program and concerned by usual government complacency as well as a return to past restraint, has tried to give the report more teeth.

³ *Bliss v. Attorney General of Canada*, [1979] 1 SCR 183.

While we reiterate our support for the report, we believe the government must take the following measures now. They are based in part on our recent recovery plan.⁴ The government must:

- create, without further delay, a self-sustaining Employment Insurance fund free from federal interference so that it cannot be looted, as has happened in the past;
- immediately extend Employment Insurance sickness benefits from 26 weeks to a maximum of 50 weeks;
- eliminate the waiting period;
- put in place an independent, streamlined and accessible appeal system;
- move forward with an increase in the benefit rate from 55% to a minimum of 60%, which would increase claimants' income;
- reinstate its contributions to the Employment Insurance fund; and
- implement a single hybrid (hours and weeks) eligibility requirement, as many groups have recommended.

⁴ Bloc Québécois, *Le Québec choisit, le Bloc agit*, Covid-19 recovery plan, 2020, p. 9.