



## **Employment Insurance Revisions:**

### **Key points put forward by Saint John, Fredericton, and Moncton chambers**

#### **1. Return EI to a true insurance system.**

Employment Insurance is meant to be an insurance system. If someone has paid into the system and loses their job, the insurance pays them temporarily until they find another job. Individuals collecting EI should be both looking for work and available to work – baseline expectations and critical to keeping the fund sustainable. EI should not be a government social support program - of which there are many. The government’s stated goal in reforming the system is to make EI more “accessible” - but in the current conditions with employers from all sectors having trouble attracting employees, is that the right policy choice?

Enhanced benefits were provided as an emergency measure through the EI system during the pandemic partially because the mechanism to get funds in people’s hands quickly already existed. It would be a mistake moving forward to think of EI as a program meant to cover a wide scope of situations. We must protect vulnerable citizens in need, but through the appropriate mechanism, not necessarily the Employment Insurance system - which should only be used for employment and as insurance.

#### **2. Timing – COVID-19**

The timing of the consultations has the potential to distort results. The lines between EI and social programs have been blurred over time – especially the previous two years, due to COVID-19. It is difficult to consider any issue without making links to the pandemic – it's what we’ve lived 24/7 since March 2020, but it is critical that we sever EI in our minds from the pandemic. The conditions over the past two years have been unlike anything we’ve experienced in our working lifetimes and will not see again (even if there is another pandemic, our experience from COVID-19 should make that a different scenario). Historically, changes to the EI system have remained for 15-20 years after implementation, so

we should not make decisions based on today's conditions.

### **3. Sustainability**

The EI fund is currently \$29 billion in debt and the government's proposed expansion will add billions more to the annual cost. As the system is funded entirely by employers and workers – the EI rate will have to be dramatically increased over the next few years to return to balance, which is a federal legislative requirement.

Currently, employers pay a rate of 1.4 times that of employees. It is not clear why employers pay a disproportionate share of funding the system. Moving forward, we would like to see a 50-50 shared cost model (or 40-40-20, with the government also contributing). This would be a more equitable distribution of costs and make future increases felt equally.

### **4. Standardization**

The federal government is also proposing that eligibility requirements be standardized across Canada. Currently, how many hours of work are needed before qualifying for EI vary based on economic regions. Regions with high unemployment require fewer hours and vice versa, for example. Tying insurable hours to local labour market and economic conditions makes the system more equitable across the country. We are a very large country with many subeconomies that are dynamic – varying the number of insurable hours needed by region is the best way to try to make sure that workers that need EI receive it without unduly distorting local labour markets. We urge government to include regional considerations.

### **5. Labour Market**

The current labour market is a key consideration here beyond the regionality issue. Even prior to the pandemic, workforce availability had already become the number one issue in many industries in the province. A reformed system should include enhanced efforts to match Employment Insurance recipients with job opportunities – as an example, the government could require all EI recipients to post their resumes on the federal Job Bank and actively seek to match those individuals with available job opportunities – a win-win.

Employment Insurance policy making is undoubtedly a complex and challenging process. Not only are there relevant regional differences, but each individual also has a unique set of circumstances that aren't easily captured in a national program. As the government completes its consultations and begins to implement reforms, it may be helpful to have a guiding principle – EI should be a true insurance system - providing the protection needed by unemployed individuals without disincentivizing working