

# Commissioner's Communiqué

November, 2016



Dear Colleagues,

This fall has been hectic with the new government passing its one-year mark and moving forward on its commitments. As I am sure you well know, consultations abound, and fortunately at ESDC there is one convenient link for the ones emanating from here, as well as a click through for other government consultations:

<https://www.canada.ca/en/employment-social-development/services/consultations.html>

This bulletin covers:

- EI Rates for 2017, also EI Operating Account Financials for Fiscal 2015-16 Tabled
- Consultations on “Flexibility for Parents” and on “More Inclusive and Flexible Support for Caregivers”
- HUMA Report on EI, Minister’s response, and Commissioner’s Comments
- Regulation under EI Act changing EI benefits waiting period from 2 weeks to 1 week
- Forum of Labour Market Ministers (FLMM) set priorities for Transfer Agreements, push ahead on the LMI Council, and launch a new Mobility website
- Fall Economic Statement announcement of Global Skills Strategy, Short-Duration Work Permit Exemption

As always, our office is glad to hear from you; please do not hesitate to contact us with your thoughts.

Kind regards,

*Judith*

Judith Andrew  
Commissioner (Employers)

**EI Rates for 2017, also EI Operating Account Financials for Fiscal 2015-16 Tabled**

On September 14, the Canada Employment Insurance Commission (CEIC) announced the EI premium rate for 2017, which is the seven-year break even rate forecast by the Chief Actuary. In recent years the CEIC has set and announced the Maximum Insurable Earnings and Premium Reductions (for firms having a registered short-term disability plan, and for the Quebec Parental Insurance Plan (QPIP)), but this was the start of the CEIC setting the EI rate with gains and losses smoothed over seven years, rather than the previous one-year horizon.

As shown in the table below, substantial rate reductions are being delivered to employees and to large employers (paying over \$15,000 in EI premiums). Smaller firms got an “advance” on their reduction in 2016, thanks to the Small Business Job Credit (SBJC). However, in 2017 the SBJC is not continued and the de facto rate change for small employers is actually a 4 cent increase, affecting the vast majority of firms in the economy. Given that other payroll taxes are also going up, thereby hurting especially small business job creation, your Commissioner has been urging the government to find new ways to EI deliver premium relief to businesses, whether through new credits (e.g. for hiring youth per the Liberal platform commitment) or by way of policy on the share businesses pay (e.g. taxpayers helping to cover the large and growing social benefits portion of EI).

Rest of Canada			Quebec		
	2016	2017		2016	2017
Employee Rate	1.88	1.63	Employee rate	1.88	1.63
Large Employer Rate	1.88 x 1.4 = 2.63	1.63 x 1.4 = 2.28	QPIP Reduction	0.36	0.36
SBJC Reduction	0.28	N/A	Quebec Rate	1.52	1.27
Small Employer Rate	1.60 x 1.4 = 2.24	1.63 x 1.4 = 2.28	Large Employer Rate	1.52 x 1.4 = 2.13	1.27 x 1.4 = 1.78
			SBJC Reduction	0.28	N/A
			Small Employer Rate	1.24 x 1.4 = 1.74	1.27 X 1.4 = 1.78

CEIC Rate, Maximum Insurable Earnings, Premium Reductions announcement: <http://news.gc.ca/web/article-en.do?crtr.sj1D=&crtr.mnthndVI=1&mthd=advSrch&crtr.dpt1D=420&nid=1124559&crtr.lc1D=&crtr.tp1D=1&crtr.yrStrtVI=2002&crtr.kw=&crtr.dyStrtVI=1&crtr.aud1D=&crtr.mnthStrtVI=1&crtr.page=1&crtr.yrndVI=3000&crtr.dyndVI=1>

[Statement on Employment Insurance Rate Change for 2017 by the Minister of Finance and the Minister of Families, Children and Social Development](#)

(2016-09-14)

CEIC’s summary report:

<http://www.esdc.gc.ca/en/reports/ei/premium/rates2017.page>

Chief Actuary’s report on the Office of the Superintendent of Financial Institutions (OSFI) site:

<http://www.osfi-bsif.gc.ca/Eng/Pages/default.aspx>

Employment Insurance Operating Account statement contained in Volume I, Section 4, 4.16 (pages 112 to 124) of the Public Accounts of Canada Public Accounts of Canada 2016:

<http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2016/vol1/s4/es-ss-eng.html#sh>

### **Consultations on “Flexibility for Parents” and on “More Inclusive and Flexible Support for Caregivers”**

A month long, on-line consultation was held this fall to canvas the views of stakeholders on a few potential measures for parents and caregivers, ideas drawing from the Liberal platform: flexibility in the duration of EI parental benefits and accompanying Canada Labour Code leave protection, earlier access to EI maternity benefits and leave for pregnant workers due to workplace health and safety risks, as well as preferences regarding the broadening of access to and duration of caregiving leaves. The documents remain on the consultation site, even though the consultation is officially closed:

<https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/consultations/special-benefit.html>

Regarding flexibility for parents, employer groups said they are especially concerned about extending benefits and leaves beyond one year (to, say, 18 months at a lesser benefit rate), when one year is already seriously difficult for many firms to cover off from a staffing standpoint. Employers generally support earlier access to maternity benefits if there is a workplace health and safety risk to the pregnant mother. One focus of the caregiving leave issue involves situations that fall short of “end of life” but are serious enough to warrant a caregiver taking EI-paid time off, and on this employer groups warned that applicable eligibility definitions have to be very carefully drawn.

Minus a major groundswell of pressure to move on these potentially damaging “flexibilities” in our system that is already comparatively generous to employees, your Commissioner is suggesting other less problematic strategies to deliver advances for employees. For example, modernizing the EI Premium Reduction Program with a larger incentive to encourage more firms to offer a company sickness plan would be a win all around, with employees enjoying an important new benefit, firms having another benefit in their package to help attract and retain staff, and EI not having to shoulder all sickness costs.

### **HUMA Report on EI, Minister’s response, and Commissioner’s Comments**

Minister of Families, Children and Social Development Jean-Yves Duclos tabled his government’s response to the June 2015 report of the Standing Committee on Human Resources, Skills, and Social Development and the Status of Persons with Disabilities (HUMA) on EI.

<http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=e&Mode=1&Parl=42&Ses=1&DocId=8363042&File=0>

Your Commissioner has commented on each of the HUMA Committee recommendations (full document available on request) and here is a sampling:

RECOMMENDATION 7: The Committee recommends that the federal government explore increasing the maximum number of weeks of employment insurance sickness benefits.

Commissioner's comments:

*As our population ages and sickness becomes more widespread, it is important to consider other strategies to get decent sickness coverage for workers. A long-standing but little known EI program, the Premium Reduction Program, offers an EI rebate to employers (and to their employees) who register qualifying wage loss replacement plans for sickness. The PRP needs to be modernized and well publicized, so that more firms have an incentive and the wherewithal to offer a valuable sickness benefit, typically STD and accompanying LTD coverage, too.*

RECOMMENDATION 8: The Committee recommends that Employment and Social Development Canada hold consultations with relevant stakeholders to determine whether all special benefits should remain part of the Employment Insurance program or be administered separately.

Commissioner's comments:

*With EI special benefits (incl. maternity, parental, sickness, compassionate care, parents of critically ill children) now approaching one-third of system cost, for which employers pay 7/12ths, employees pay 5/12ths and government pays zero, the EI core program (regular unemployment benefits) is diminishing relative to the "social" piece of the program. Consulting with stakeholders on separate administration and funding of the special benefits makes a lot of sense at this juncture.*

RECOMMENDATION 15: The Committee recommends that the federal government explore mechanisms to see that funds collected for the purpose of employment insurance serve the needs of the Employment Insurance program.

Commissioner's comments:

*Employers regularly mention how past intermingling of funds allowed \$57 billion to be appropriated from EI to other purposes, never repaid even when EI badly needed that cushion of funds during the recession. Accordingly, Employer stakeholders support EI premiums being held separately from the Consolidated Revenue Fund (CRF); the present notional "tracking account" isn't sufficient. There is also the matter of which costs are allocated to the EI account, the particulars of which needs to be far more transparent to all concerned.*

### **Regulation under EI Act changing EI benefits waiting period from 2 weeks to 1 week**

Announced in the Budget, consulted and posted in the Canada Gazette for comments, the regulatory change to the EI benefits waiting period from two weeks to one week, with accompanying transition measures, should be finalized soon in order to come into effect in January, 2017. Note that what seems a simple change will affect employer benefit top-ups (whether through SUB plans or otherwise) as well as STD plans qualifying for Premium Reduction Program relief, but thankfully under the Regulation, those affected should have time to adjust.

## **Forum of Labour Market Ministers (FLMM) set priorities for Transfer Agreements, push ahead on the LMI Council, and launch a new Mobility website**

At their meeting in Quebec City in October, Ministers agreed to release the consultation report concerning Labour Market Transfer Agreements (of which EI-supported LMDAs are the largest) that support provincial and territorial employment and training programs. They agreed to work collaboratively to ensure the next generation of agreements:

- are client-focused, flexible and responsive to the needs of individuals, workers, employers and under-represented groups, including Indigenous Peoples;
- build on strong evidence for relevant performance measurement to better inform and serve Canadians and help them achieve meaningful employment outcomes; and,
- foster innovative approaches and the sharing of best practices.

While reiterating the importance of quality, timely and accurate labour market information (LMI) for all concerned, the Ministers confirmed that the LMI Council is on track to hold its inaugural meeting and finalize the membership of the LMI Stakeholders Advisory Panel in the coming months. (Given the importance of Employer representation on the LMI Council, your Commissioner would appreciate hearing from additional business representatives who are applying to the NSAP)

Ministers launched a new labour mobility website ([www.workersmobility.ca](http://www.workersmobility.ca)) to inform certified workers on how to have their qualifications recognized across provinces and territories. As an outcome of these initiatives, employers will have increased access to the qualified workforce they need.

For this and other FLMM communiqués and announcements, visit this website:

<http://www.flmm-fmmt.ca/english/View.asp?x=909>

## **Fall Economic Statement announcement of Global Skills Strategy, Short-Duration Work Permit Exemption**

The Economic Statement announced the government's Global Skills Strategy, a two-week standard for processing visas and work permits for global talent. The idea is to support high-growth Canadian companies, including ones that can demonstrate benefits such as increasing investments, knowledge transfer and Canadian job creation. This is also for global companies making large investments, relocating to Canada, establishing new production or expanding production, thereby creating new Canadian jobs.

The short-duration work permit exemption will apply for work terms of fewer than 30 days in a year, to facilitate short-term inter-company work exchange, study exchanges, or the entrance of temporary expertise.

In other Temporary Foreign Worker Program (TFWP) Developments, a government response to the HUMA report tabled in September is expected in early 2017, so stay tuned!

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