



Sent via email to NC-EI_Consultations_AE-GD@hrsdc-rhdcc.gc.ca

July 29, 2022

The Honourable Carla Qualtrough, P.C., M.P.
Minister of Employment, Workforce Development and Disability Inclusion

Dear Minister:

Thank you for the opportunity to participate in the federal government's consultations regarding EI reform. Our organizations collectively represent businesses of all sizes in all sectors and regions of the country. As you will be aware, our organizations have participated in various stakeholder engagement events as well as engaged via the EI Commissioner for Employers.

EI is a critical program delivered by the federal government. It supports the livelihoods of Canadians and communities during periods of lost income. Additionally, as a program funded by workers and employers, we need to ensure a sustainable financing arrangement that is durable through economic shocks. It is also critical for the program to have tripartite participation between employers, workers, and government.

As the government considers future reforms to the program, we wish to table the following issues for your consideration.

As part of the Government of Canada's COVID-19 Economic Response Plan, a series of temporary measures were introduced to make the EI Program more accessible and generous for Canadian workers. According to the [2022 Actuarial Report on the EI Premium Rate](#), these measures will lead the EI Operating Account to a projected cumulative deficit of \$33.9 billion by the end of 2022. Budget 2022 projected that the premium rate will need to be gradually increased from \$1.58 in 2022 to \$1.73 per \$100 of insurable earnings in 2025.

Employers are concerned with the projected EI premium increases noted in Budget 2022. The Budget suggests that rates could increase 15 cents (at 5-cent increments from \$1.58 to \$1.73) over the next 3 years and then remain at the 2025 level until the fund gets back to balance. The impact of these proposed increases will be significant for employers. As the premium rate is multiplied against Maximum Insurable Earnings (MIE), which is indexed to average weekly earnings, the actual cost to employers per employee making the MIE will increase from \$1,332.63 in 2022 to \$1,574.12 in 2025. This is an increase of 18 percent. EI



premium rates have been frozen before, during recent economic downturns (2008/2009 and COVID-19 2021-2022) to ensure that they did not increase at the lowest points of economic downturn. The proposed increases to EI premiums are ill-timed and unsustainable at a period when most businesses are struggling to resume normal business operations.

It is not fair for employers, who pay a disproportionate amount, and employees, to pay off this deficit through increased premiums. **Consequently, the current deficit should be paid in full by the federal government and the premium rate be maintained at its current level.**

A further concern is that the consultations on EI are exploring ways to enhance accessibility to the program, which could lead to increases in costs for both employers and employees. This could further exacerbate the need for premium increases, as the projections in Budget 2022 did not consider modernization efforts and the costs to implement reforms. A recent report from the IRPP estimated that raising the replacement rate from 55% to 67% would add approximately \$4 billion in additional costs to the EI Program per year. This measure alone is an unsustainable cost, considering the total cost of the program was \$21-22 billion in 2019.

Employers understand that EI is an important temporary job-loss protection program and want to ensure it is effective in supporting their employees during periods of transition. However, reforms to EI must take into account the economic challenges faced by businesses in Canada today, and into the future. The national unemployment rate reached a historic low and there are substantial job vacancies across the country. Proposed changes to EI must balance the need to support workers while ensuring the program is financially sustainable and promotes a return to the labour force.

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