



EMPLOYMENT INSURANCE IN PEI OVERVIEW & RECENT CHANGES

Presentation to the Legislative Standing Committee on
Fisheries, Transportation and Rural Development
Tuesday, October 23, 2012

EI OVERVIEW

In 2010:

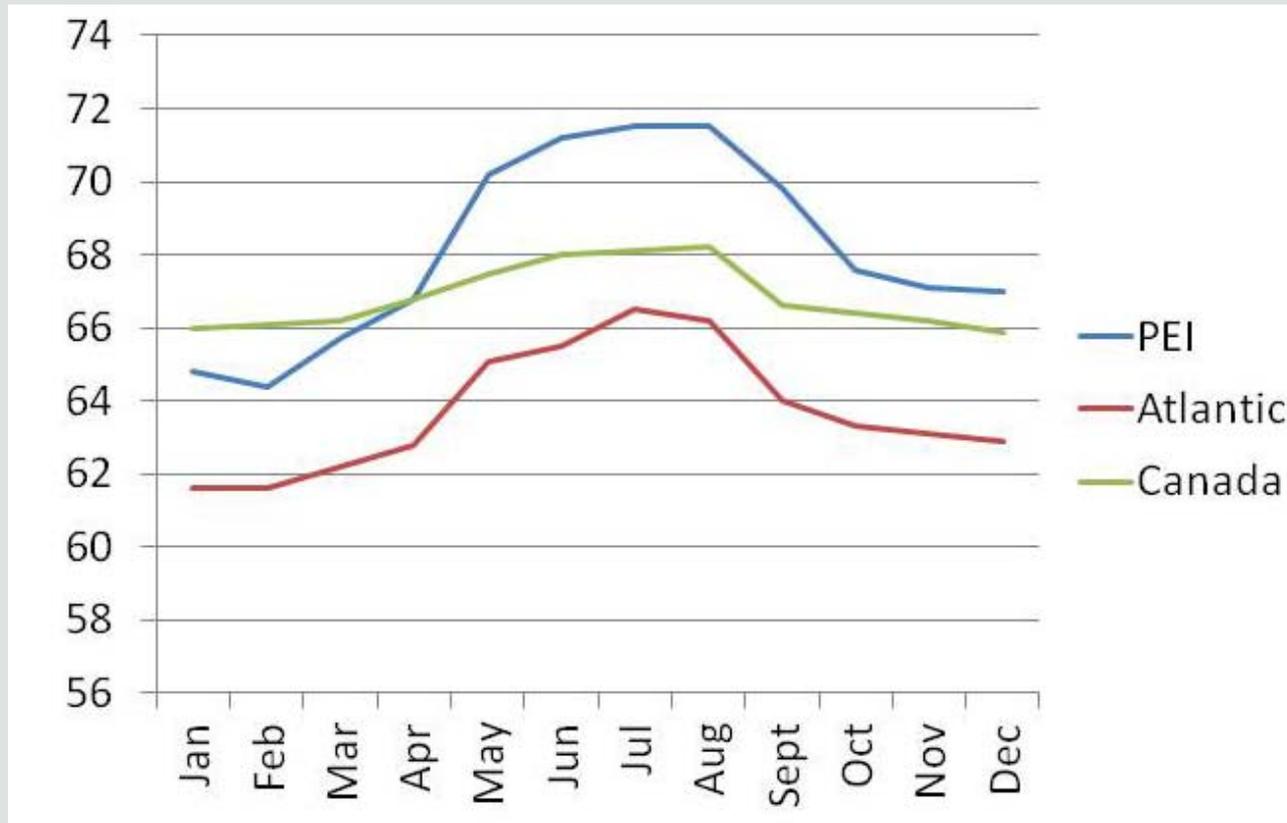
- 32.8% of the provincial labour force (79,500) had a claim (26,090 claims).
- 9% of PEI labour income and 2.4% nationally.
- 58% of PEI claims were rural.

In 2011:

- monthly beneficiaries (unadjusted) in PEI ranged from a high of 16,360 in February to 7,770 in June.
- Fishing claims as a percentage of total claims were 9.6% PEI and 1.4% Canada.
- PEI regular and fishing claims by gender were 62% male and 38% female.

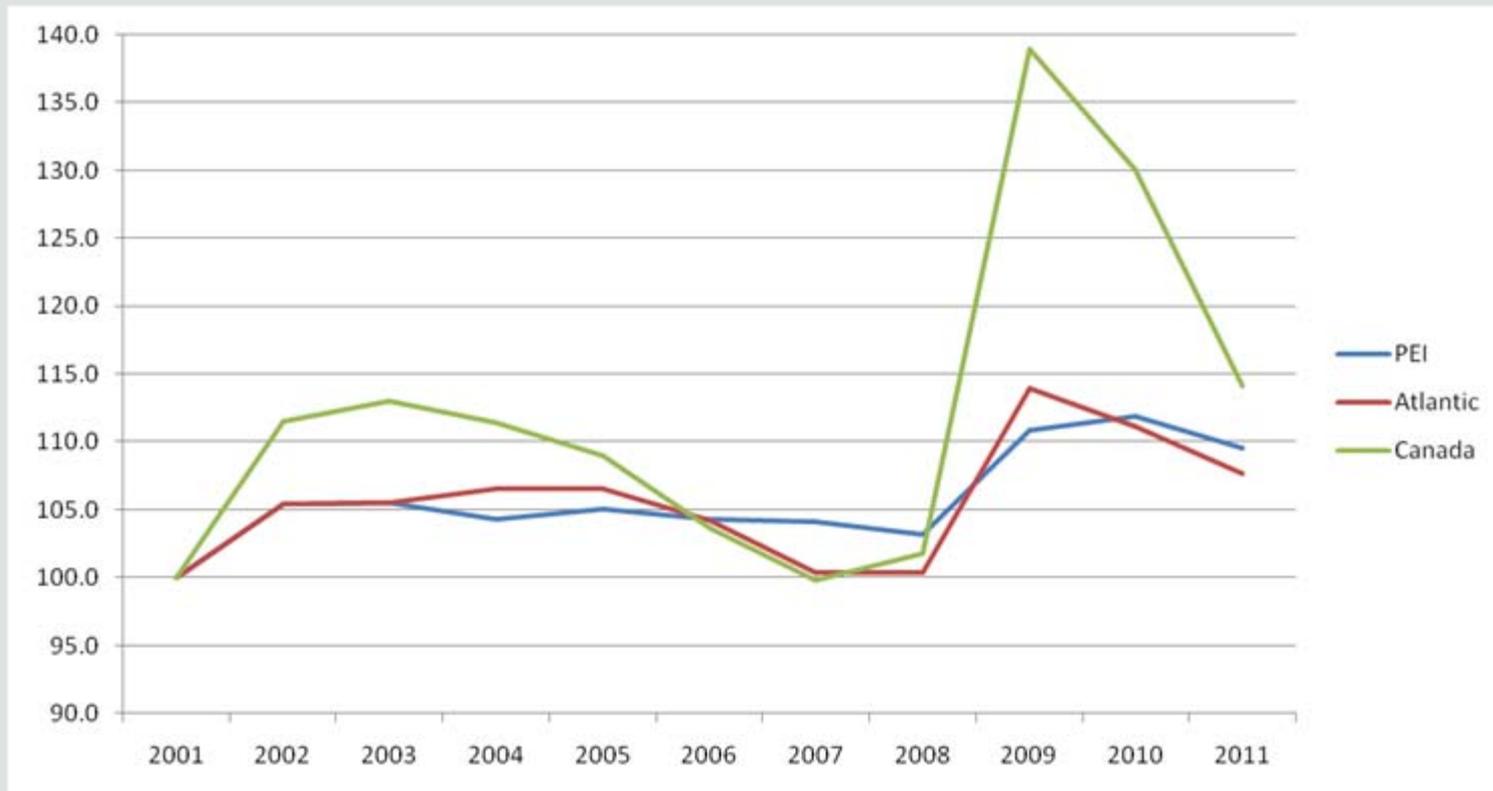
PARTICIPATION RATE

2011 Unadjusted



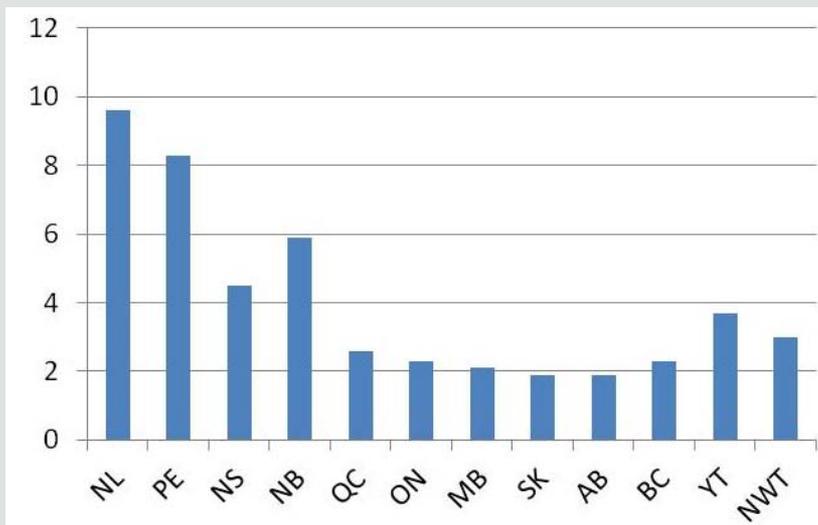
EI BENEFICIARIES INDEX 2001 to 2011

2001= 100

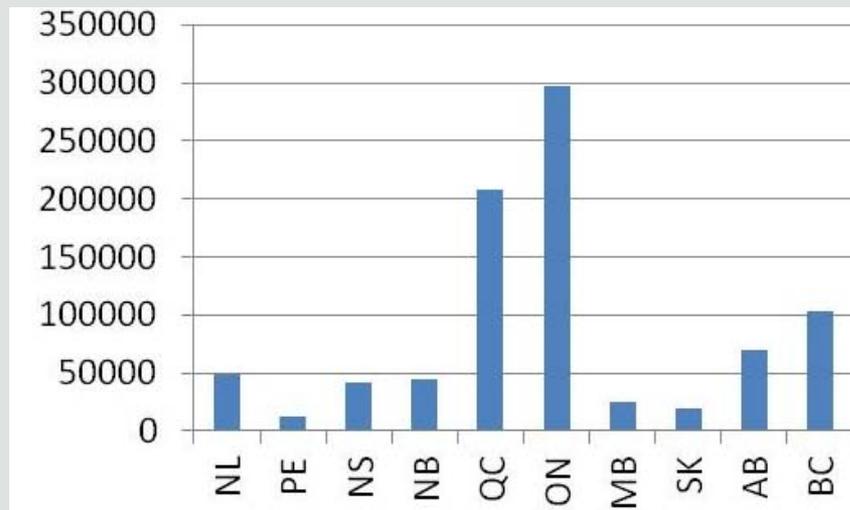


EMPLOYMENT INSURANCE USAGE

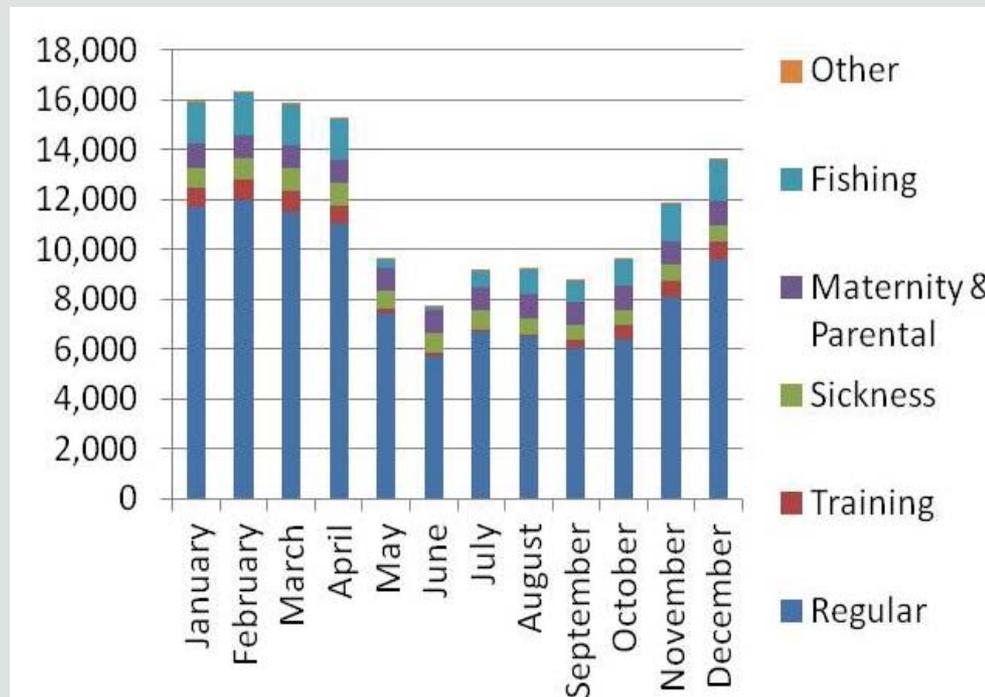
EI Beneficiaries as a Percentage of Population (5 year average)



EI Beneficiaries by Province 2007 to 2011 (5 year Average)



PEI MONTHLY DISTRIBUTION OF BENEFITS BY TYPE OF CLAIM- 2011



TIMELINE ON EI CHANGES

- March 2012- Federal Budget
- April 27th- Hon. Roach letter to Hon. Finley
- May 24th- HRSDC further details on EI changes
- May 31st- Hon. Roach meeting with Hon. Finley
- June 6th- Atlantic Premiers statement
- July to October- PEI EI Working Group under DM's Committee
- September 4th- Hon. Roach and Chairman Gallant meeting with Hon. Shea
- September 7th – Hon. Roach letter to Hon. Finley
- August to October- Legislative Standing Committee public hearings
- August 5th -Change to Working While on Claim pilot
- September 15th -Expiry of Extended EI pilot
- October 23rd- Hon. Roach to present to Legislative Standing Committee
- October 23rd – Hon. Roach letter to Hon. Finley



Department of
INNOVATION AND ADVANCED LEARNING

MARCH 2012 FEDERAL BUDGET

CHANGES TO EMPLOYMENT INSURANCE

“Connecting Canadians with Available Jobs”

- Enhance job alerts
- Define and tighten rules for suitable employment and reasonable job search
- Increase enforcement
- Rationalize and tighten appeals process
- Link Temporary Foreign Workers (TFWs) and EI Programs

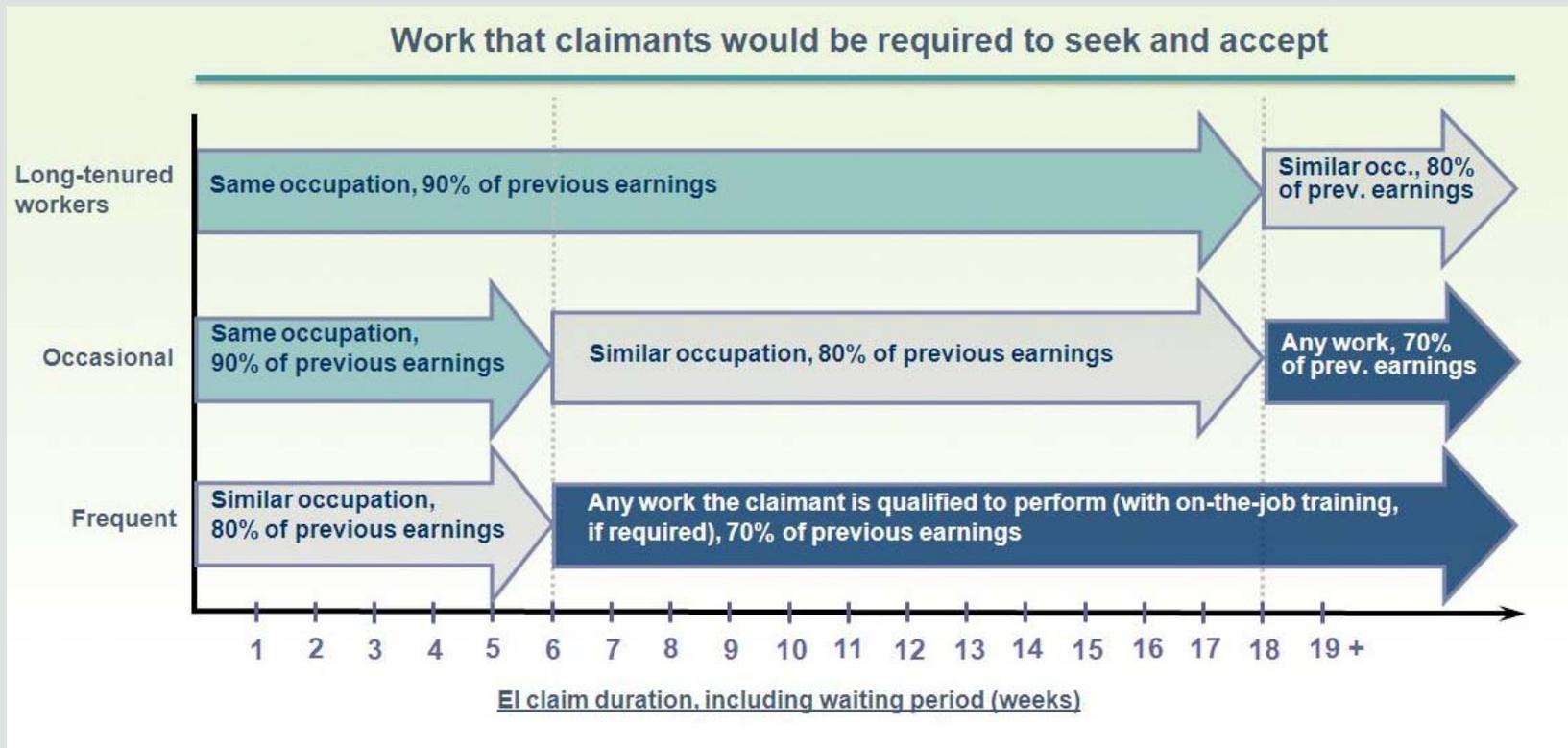
CHANGES TO EMPLOYMENT INSURANCE

- Extended EI Pilot
- Best 14 Weeks Pilot
- Working While on Claim Pilot

EI BUDGET MEASURE: DEFINING 'SUITABLE EMPLOYMENT'

- Changes apply to Regular and Fishing Claimants.
- 'Suitable Employment':
 - Health and family obligations
 - Access to transportation and commuting time
 - Hours of work
 - Also, claimants EI history, type of work and wages
- The effect of EI changes on Family Supplement recipients remains uncertain. Claimants might be worse off if required to seek work at 70-80% of their usual wage.

STRENGTHENING CLAIMANT OBLIGATIONS: 'SUITABLE EMPLOYMENT'



EI BUDGET MEASURE: DEFINING 'REASONABLE JOB SEARCH'

- Job Search Efforts- preparing resumes, applying, interviewing, job fairs, etc.
- Intensity of Efforts- daily basis
- Type of Work Sought- 'suitable employment'
- Evidence- a record of job search required upon request

To promote compliance, will hire additional Integrity Officers.

EI BUDGET MEASURE: JOB NOTIFICATIONS

- EI claimants will receive 2 emails per day with job listings relevant to skill and location.
- Notifications will include job-specific information, e.g. pay and future prospects in current and related occupations.
- Job Alerts draw from JobBank and private sector job boards.

EI BUDGET MEASURE: STABLE AND PREDICTABLE EI PREMIUM RATES

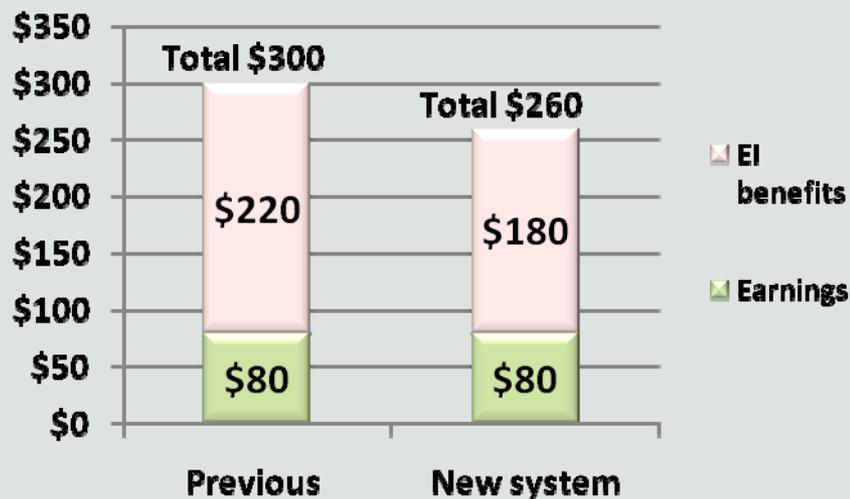
- Stable EI premium rates by limiting premium rate increases to 5 cents each year until the EI Operating Account is in balance, and then moving to a seven year break-even rate.
- Current maximum insurable earnings for 2012 are \$45,900, with EI premiums for insured workers at \$1.83 per \$100, to a maximum of \$839.97, and employers paying 1.4 times that at \$1,175.96.

EI BUDGET MEASURE: WORKING WHILE ON CLAIM EI PILOT

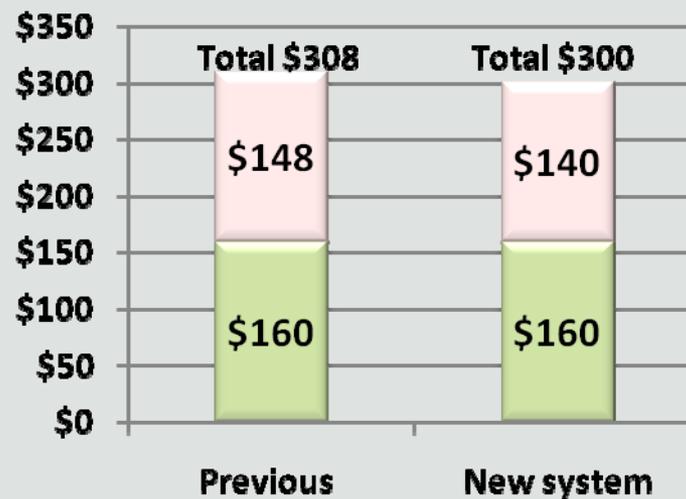
- Effective August 5, 2012, replaced by a new two-year national pilot.
- The new pilot will claw back 50% of all earnings while on claim, while the previous pilot allowed earnings up to the greater of \$75 or 40% of weekly benefits, but then applied a dollar-for-dollar clawback against all earnings above that threshold.
- The pilot was adjusted on October 5, 2012...those working on claim between August 7, 2011 and August 4, 2012 have been given the option of reverting to previous rules. This takes effect January 6, 2013 and will be applied retrospectively to August 5, 2012.
- During an average month, 1 in 5 PEI regular EI claimants works while on claim.
- **Impact:** After August 5th change, an immediate negative net impact on income for most who were working on claim; those individuals would have to work more hours for the same net income. The 50% clawback may not achieve the objective of incenting more work on claim. The October 5th adjustment will mitigate some of the impact, but create two classes of workers on claim.

WORKING WHILE ON CLAIM- NEW

**1. Claimant Works One Day a Week Before and After:
Income Drops by \$40 or 13%- Lower Cost to Federal Government**



**2. Claimant Works Two Days a Week Before and After:
Income Drops by \$8 or 3%- Lower Cost to Federal Government**



WORKING WHILE ON CLAIM- NEW

**3. Claimant Works Three Days a Week Before and After:
Income Increases by \$32 or 10%- Higher Cost to Federal Government**



**4. Claimant Increases Work from One Day a Week to Two:
No Change in Income for Worker- Lower Cost to Federal Government**



EI BUDGET MEASURE: EXTENDED EI PILOT

- Increased EI income support by providing an additional 5 weeks of benefits, to a maximum of 45 weeks, in 21 economic regions, including PEI.
- The pilot expired on September 15, 2012.
- **Impact:** Claims established after Sept 15th are entitled to 5 weeks less benefits. Those with 12 weeks (490 hours) work will qualify for 23 weeks as compared to 28 under the Extended EI Pilot. Hardship may result from some who exhaust claims and are unable to secure work.

EI BUDGET MEASURE: BEST 14 WEEKS PILOT

- The Best 14 Weeks pilot which was available in PEI and set to expire on March 31, 2012 will change on April 7, 2013.
- The pilot will be integrated into EI and will calculate weekly employment insurance benefits based on regional unemployment rate.
- The number of weeks to be used in calculating EI benefits will range from 14 to 22.
- **Impact:** With an 11% unemployment rate, “Best 16 Weeks” will apply to PEI claimants and reduce benefit rates for those with a smaller number of qualifying weeks. [e.g. EDA workers (12 week term) with no additional work weeks: benefit rate= $12/16 \times 55\%$ earnings.]

EI BUDGET MEASURE: TEMPORARY FOREIGN WORKERS

- To encourage employers to hire claimants as a first resort, HRSDC will:
 - Increase information sharing between the EI and TFW programs.
 - Inform EI claimants of potential TFW job listings through Job Alerts.
- **Concern:** Continued access by seasonal employers to TFWs is necessary to ensure their continued viability especially given the trend of aging population and slower workforce growth.

EI BUDGET MEASURE: SOCIAL SECURITY TRIBUNAL

- The Social Security Tribunal (SST) will replace the EI Referees and Umpires and the CPP Review Tribunal and Pension Appeals Board.
- The current appeals process is based on jurisprudence which often favors the claimant.

Concerns:

- New staff may be unfamiliar with local labour markets.
- Unclear if appeals will be heard locally.
- Potential for backlogs... delays in benefits.

IMPACTS

Claimants:

Changes to pilot projects will result in lower benefits and shorter claims for many. Also, claimants will be subject to tighter rules, enforcement and appeals which will be expected to result in more suspensions of benefits; many will be required to seek work outside of their usual occupation.

Employers:

Concerns about availability of their skilled workers and associated training costs if higher turn-over, and continued access to temporary foreign workers.