

**Submission to the House of Commons Standing  
Committee on Human Resources, Skills and Social  
Development and the Status of Persons with  
Disabilities**

**Review of the Employment  
Insurance Program**

**By CPHR Canada**

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## Introduction

The House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) is undertaking a review of the Employment Insurance (EI) program. The study was inspired by a motion sponsored by Louise Chabot (Member of Parliament for Thérèse-De Blainville) and adopted by the Committee on Wednesday, October 28, 2020.

Over the course of the study, the Committee has indicated that it will explore various facets of the EI program's ability to meet Canadians' needs, including eligibility requirements, the adequacy of existing benefits, and EI modernization. It will also examine changes made to the program in light of the COVID-19 pandemic.

We welcome the opportunity to share our views with the Committee.

We are the [Chartered Professionals in Human Resources \(CPHR\) Canada](#) representing 27,000 professionals across nine provinces and three territories. Established in 1994, CPHR Canada is the national voice on the enhancement and promotion of the HR Profession.

Our members work in organizations of all sizes and throughout many sectors and thus have a unique point of view on the development of public policies which have an impact on Canadian workers and employers. Together, we advocate for public policies that ensure a healthy balance between organizational success and employee well-being, thus contributing to the overall success of the Canadian economy.

The shortcomings of EI, flagged for years by experts, have been exposed by the pandemic, including that not every worker is covered, nor can everyone who is covered get benefits when they need them.

In the 2020 Speech from the Throne, the government said, "The pandemic has shown that Canada needs an EI system for the 21st century." The Minister of Employment, Workforce Development and Disability Inclusion has been tasked to bring forward and implement a plan to modernize the EI system that should include a plan "to make EI the primary delivery mechanism for employment benefits, including for the self-employed and those in the gig economy."

As a reminder, EI in Canada is a legacy of the Great Depression, and remains a pillar of the nation's modern social programs. Since its creation in 1940, the program has undergone many significant evolutions, both philosophically and structurally.

CPHR Canada believes that the time has come to modernize the EI program to recognize the accelerated transformation of the workplace and the workforce and to take into account the many learnings from the COVID-19 experience. In addition to being an inclusive safety net for the workers in need, EI renewed should first incentivize workers return to work.

## Key messages

### **1. A renewed program must first assist and incentivize workers to return to work.**

EI has functioned well in the past, but the time has come to bring the program into the 21<sup>st</sup> century to recognize the changing nature of the workplace and the workforce by supporting active employment measures. As jobs are changing dramatically, reskilling and upskilling of workers should be a priority and EI could play an active role in supporting this.

In other words, accessible and short training paths could be supported and subsidized through EI specifically to encourage unemployed workers from declining industries and jobs to gain the skills and knowledge that meet tomorrow's opportunities and the needs of industries that are thriving. Workers should have a better picture about where the opportunities lie and supported by incentives to motivate them to make the leap. Workers should be better supported by employment professionals to guide them through the process.

In addition to acting as a safety net for workers in need, EI modernization must better support reemployment. Systemic mechanisms to support unemployed workers to gain skills and knowledge to work for industries that are in need of workers should be made available through EI. In parallel, employers need to be motivated to invest in skills development either through redirecting contributions to training or through special levies, as is the case in Quebec, for example.

Access to employment insurance could be accompanied by specific training measures aimed at developing skills that are needed by employers. It is our view that

eligible training would include training that meets the needs of the labour market and leads to upskilling or reskilling that is transferable. In this respect, upgrading of digital skills is often used as an example but Canada also faces shortages of skilled workers in a number of key trades which offer excellent salaries and job security.

Also, consideration should be given to improve program flexibility to allow claimants to pursue training. While that is currently offered, eligibility is constrained and as workers must always be available for employment therefore potentially must abandon training underway.

We also believe that a modern program needs to build on the current Work-Sharing Agreement program where employees may participate in training activities during the hours and days for which they are receiving benefits. The program was considerably simplified and expanded during the pandemic. It would be helpful to measure the effectiveness of these interim measures with a view of implementing them permanently.

## **2. Improve information systems to link training to jobs**

EI modernization will require information systems to improve participation in the changing workforce and a growing productive economy will require ongoing changes and improvements to education and skills development. While unemployment levels created by the pandemic have temporarily alleviated shortages in some areas, employers report there continue to be significant skills shortages in crucial areas.

In our March 2020 paper entitled “Human Capital: Four priorities for sustainable economic performance in Canada”<sup>1</sup>, CPHR Canada pointed out the current extent of labour shortages and factors which need to be addressed. Canada needs a comprehensive information system to link training, skills and jobs. The Institute of Research on Public Policy [IRPP] recently issued a call to action for employers, training providers and government agencies of all levels to work together to lay the foundation of a robust pan-Canadian mapping of training and employment opportunities. The mapping system would have three interlocking components:

1. A database of training and education programs and providers;

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<sup>1</sup> CPHR Canada, June 2020, <https://cphr.ca/wp-content/uploads/2020/05/Human-Capital-Four-Priorities-for-Sustainable-Economic-Performance-in-Canada.pdf>

2. A classification system—or “taxonomy”—of skills and other job requirements that reflects how job seekers and employers think and talk about skills; and
3. Linkages that map the training database to skills and other work requirements described in the taxonomy.

These measures would provide a better alignment between skills, jobs and training. This information should be centralized, simplified and widely communicated. In order to make relevant career choices, as we mentioned earlier, workers need to have a clear picture of the opportunities and how to access them. Furthermore, in order to promote a fast return to work and the efficiency of the system, EI could use artificial intelligence to match claimants with employers according to the profiles availability and workforce needs.

### **3. Improve coverage for atypical workers**

In our March paper, we also pointed out that work organization is trending toward being more flexible to allow for non-standard schedules, remote work and performance-based wages. With this enhanced flexibility comes a blurring of the line between employees and self-employed workers.

Nevertheless, in terms of job numbers, non-standard work growth remains stable with a 9% increase over the last 10 years (compared with a 13% increase for standard work). Part-time jobs have increased 11% since 2010, compared with a 14.5% increase for full-time jobs. The share of part-time employment has increased since the beginning of 2019 with an average annual growth rate of 3.2% between January and September 2019<sup>2, 3, 4</sup>

The use of digital platforms to find work disrupts the traditional employment model with a very flexible labour force (on-demand work, gig work) and a large—and, to some extent, cheaper—labour pool. Gig economy workers are basically freelancers with no social protection who are economically dependent on the platform’s owner. While the precariousness of this type of work must be carefully weighed (it can be advantageous for individuals who live in remote areas or those who are limited by a disability or personal obligations, for example), the issue is the outsourcing of the production and the risks it creates for workers.

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<sup>2</sup> Statistics Canada and Institut de la Statistique du Québec, January 2020, [\ "tri\\_tertr=50040&tri\\_sexe=1](https://statistique.quebec.ca/fr/document/emploi-typique-et-atypique-donnees-annuelles-quebec/tableau/taux-demploi-atypique-selon-diverses-caracteristiques-quebec-ontario-et-canada)

<sup>3</sup> OCDE, May 2019, [Gig economy platforms: Boon or Bane?](#)

<sup>4</sup> Statistics Canada, [Labour force characteristics, seasonally adjusted monthly data and trend cycle, latest 5 months, Table 14-10-0287-01](#)

Although the OECD has established that the gig economy still accounts for only a small part of the job market (1% to 3% of overall employment), it seems obvious that the new economy might lead to the rise of the piece-work economy and, consequently, a disruption of the salaried worker model. We are seeing evidence that the pandemic is resulting in an increase in atypical work. Workers are reassessing personal priorities, employers hesitate to provide full-time employment because of economic uncertainty and remote work has removed geographical constraints to employment.

We therefore suggest that modernization of EI must consider the following:

- protection for atypical workers;
- the impact of the EI provisions with respect to Working While on Claim program; and
- ensuring that Statistics Canada and the Labour Program have the resources necessary to analyze labour market developments, particularly regarding employment casualization (CPHR Canada offers its entire collaboration in this regard).

#### **4. EI and social benefits**

In September 2020, the federal government extended benefits under the Canada Recovery Benefit to the self-employed who have been negatively impacted by the pandemic and would not otherwise be eligible for EI. Claimants must meet many of the same criteria as the EI program.

The government also extended temporary benefits to those individuals being sick, quarantined, or in self-isolation; or having to care for a child or other family member requiring supervised care whose normal care facility was closed due to the pandemic or was sick with COVID-19.

While these are extraordinary measures introduced during extraordinary times, they strongly suggest that the EI program has not kept up with the times and public policy must adapt.

Some have suggested that all social benefits, including maternity and parental leave, should be removed from EI and made available through another program. This idea merits discussion. We caution, however, that whatever the outcome we must be vigilant in ensuring there is no unintended consequences in doing so. Currently,

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.

Finally, it is our view that careful consideration should be given to the financing of EI to reflect the shared responsibility of government, employers and workers in ensuring the program objectives are met. Currently for every \$12 of funding, employers pay \$7 and employees pay \$5 while the government is responsible for any annual surpluses and deficits and has covered funding for the COVID related supports.

## **5. Customer service**

Improvement in the quality and service provided to EI applicants, claimants and organizations could be beneficial as it would increase its efficiency of the program. Long wait times, difficulty to reach a representative from Service Canada, delays and difficulties to get the right information have been reported. While, the last year was unusual as the government had to face the crisis and implemented many new programs to support the population as well as businesses, low service levels have been experienced in the past as well.

## **6. Accountability**

In modernizing EI, there is an opportunity to examine how the program is run and how the structure of the EI commission could be improved to be accountable to those that pay into the system. As a necessary first step, we call on the government to, without delay, appoint an EI Commissioner for Employers—a position that has been vacant since January.

## **Conclusion**

The committee's review is a first step in what we hope to be an inclusive and extensive consultative process to build an EI program able to respond to current and future workforce needs, ensuring Canadians remain connected to the labour force and have the temporary support they need when they are not while support the need of employers in all sectors.

CPHR Canada looks forward to participating in these deliberations.