

Review of the Employment Insurance program – Phase II

Submission to Employment and Social Development Canada

July 26, 2022

On behalf of the Canadian Home Builders' Association (CHBy 26, 2022 representing some 9,000 member companies in the residential construction sector, thank you for the opportunity to provide the Association's input on Phase II of the review of the Employment Insurance (EI) program.

CHBA was also a signatory to the Business Liaison Group's letter to The Honourable Carla Qualtrough Minister of Employment, Workforce Development and Disability Inclusion that summarized the views of dozens of organizations and associations who represent employers.

While CHBA endorses the recommendations outlined in the letter, it is important to reiterate our Association's stance on the matter of EI reform via an individual submission.

1. The design of the EI program should be dictated by policy and must be the outcome of principled evidence-based analysis.

While it is a positive step to move forward with modernizing the EI program, it is essential that the program be data-driven, inclusive, non-partisan, and responsive to the labour market conditions. Program reform needs to focus on the development of a system that is relevant and can rapidly respond to current and future workforce needs. It is also important to address any unintended consequences to employers through such changes as linking the EI program and the Temporary Foreign Worker Program.

Further to the design of the EI program, it is imperative that that Labour Market Development Agreements (LMDA) between the federal and provincial governments are developed in such a way that reflect regional and sector specific needs and opportunities. To assist with this, it is important that all information on LMDA funded programs, and the results of these programs, be accessible to employers. Another important component of modernizing the EI program is to ensure that the money spent on programming is targeted to getting people back to work and a key way to do this is to allow for employer-led programming to ensure EI-funded programming leads directly to employment.

2. EI premiums should be reduced or maintained at levels appropriate to sustain the program.

CHBA positively acknowledges the EI rate-freeze decision by the government as a part of its response to COVID-19. However, it does leave our Association concerned for possible future rate changes once the rate-freeze is removed. Budget 2022 projected EI premium increases may increase 15 cents over the next three years and then remain at the 2025 level until the fund is back in balance. EI rates should be indexed appropriately and ensure stable, predictable rates such as that the program helps mitigate economic cycles. It would not be fair for employers, who pay a disproportionate amount, and employees, to pay off this deficit through increased premiums. The current deficit should be paid in full by the federal government and that the premium rate be maintained at its current level.

Once the EI program is modernized, it will also be equally important to guarantee its sustainability. That includes ensuring EI revenues be used exclusively for the EI program. Therefore, any amendments to the EI program will need to be data-driven and costed to ensure the program's continued viability.

3. Expanding accessibility to the EI program will lead to increases in costs and can potentially further impact program sustainability.

As the current EI consultations are considering ways to enhance accessibility to the program, it needs to be stated that expansion of eligibility criteria could lead to increases in costs for both employers and employees. This could also further worsen the need for premium increases, as the projections in Budget 2022 did not consider modernization efforts and the costs to implement reforms.

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. 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.

EI is an important labour market policy tool. However, program revitalization must reflect the current realities of an economy still impacted from a global pandemic. CHBA trusts that a fair and balanced approach will be taken during the review of the program.

Sincerely,



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