



# Employment Insurance (EI)

## Background

In Budget 2009, the federal government provided additional fiscal stimulus by temporarily extending benefits by five weeks and freezing premiums. On June 17, 2009, Prime Minister Stephen Harper and Leader of the Official Opposition Michael Ignatieff agreed to form a working group to develop proposals for EI reform that would allow self-employed Canadians to participate voluntarily in the EI program and improve eligibility requirements in order to ensure regional fairness.

## Position

As an “automatic stabilizer”, the EI Program has played a critical role in mitigating the severity of the economic downturn. The Canadian Chamber of Commerce believes that the program can be fundamentally improved to make it more relevant to the long-term needs of the Canadian economy.

## Key Messages

- Immediately and permanently make access to benefits equal wherever the unemployment rate is less than 10 percent by easing the variable entrance requirements from the current 560 to 700 hours to the lower floor of 560.
- Refrain from eliminating the two-week waiting period as it serves to enhance the efficiency of the EI program.
- Refrain from directly enhancing benefits by boosting the earnings-replacement rate – presently EI benefits replace 55 percent of a claimant’s weekly insurable earnings.
- Amend the present rate-setting formula so that deficits in the EI account are funded over a business cycle of up to 10 years.
- Gradually phase in an employer-based experience rating system.
- Gradually reduce the employer EI premium rate to equal that paid by employees.
- Immediately implement a system that allows for over-contributions by employers to be refunded.
- Operate the EI program as a true insurance program – one that provides income support for those who are temporarily unemployed through no fault of their own and who qualify for the program. Remove the social-program aspects of EI from the regular premium structure and place within general program spending.