

Federal Budget 2023

Employment Insurance



Budget 2023 delivers nothing more than a deafening silence on the government's promises of EI reform. Both the NDP and Bloc leaders made a point of this in post Budget interviews. There was not even a downpayment with a universal 420 hour qualifying rule, one of the EI temporary measures that enjoyed wide support.

BUDGET 2023 EI ANNOUNCEMENTS ¹

1. **EI Board of Appeal.** Amendments to establish a new independent tripartite Board of Appeal will be folded into the Budget Implementation bill (Bill C-37 is currently at second reading.)
2. **EI Work Sharing Program:** Additional \$5.4 million over 3 years (2023-24 through 2025-26) to ensure ESDC continues to provide timely access to Work Sharing Agreements.
3. **Labour Market Transfer Agreements:** Additional one-time \$625 million (2023-24) in EI transfers for provincial/territorial training and employment supports.
4. **Seasonal workers:** Extra 5 benefit weeks will be extended until October 2024 for eligible seasonal workers in 13 EI economic regions (to maximum 45 weeks). Estimated \$147 million over 3 years, beginning 2023-24. Eastern EI Alliance leaders argue *“The government is running away from its responsibility. Here, workers no longer have EI despite the 5 additional weeks.”*
5. **Misclassifications and gig workers.** Intentional misclassifications are illegal in the federally regulated private sector. Such workers are denied access to EI and CPP.

¹ <https://www.budget.canada.ca/2023/pdf/budget-2023-en.pdf>

Budget 2023 would amend the Canada Labour Code to improve job protections for federally regulated gig workers by strengthening prohibitions against employee misclassification. *“This will help ensure all federally regulated workers receive the protections and employer contributions to which they are entitled, including Employment Insurance and the Canada Pension Plan”.*

6. **COVID-19 emergency benefits.** Another indicator of government priorities: *“Budget 2023 proposes to provide \$53.8 million in 2022-23 to Employment and Social Development Canada to support integrity activities relating to overpayments of COVID19 emergency income supports”.*

EXCERPTS: SUMMARY OF BUDGET 2023'S GENDER AND DIVERSITY IMPACTS ²

- **Improving the Recourse Process for Employment Insurance Appeals** This measure will directly benefit all workers through support for a more client-centric recourse process for workers who need Employment Insurance (EI) benefits. Approximately 45 per cent of EI

² <https://www.budget.canada.ca/2023/pdf/gdql-egdqv-2023-en.pdf>

beneficiaries are women, with 76 per cent aged 25 to 54. Low-wage workers are slightly more likely to benefit as they are at a higher risk of layoffs and needing EI supports.

- **Protecting Jobs with Timely Access to Work-Sharing Agreements.** This measure will primarily benefit men who are disproportionately represented in the manufacturing sector, which has been historically the main user of Work-Sharing agreements. In 2019-20, the manufacturing sector accounted for 85 per cent of Work-Sharing claims.
- **Investing in Canada's Labour Market Transfer Agreements** Overall, the Labour Market Transfer Agreements support more than one million workers annually, in all regions of the country. They are effective at reaching people from groups that are underrepresented in the labour market. For example, in 2020-21, persons with disabilities, Indigenous people, and youth (aged 15-24) represented a greater portion of the total population served under the Labour Market Transfer Agreements than their share of the labour force availability. The impact is expected to be roughly balanced by gender. In 2019-20, 44.5 per cent of clients served under the LMDAs were women.
- **Continuing to Support Seasonal EI Claimants in Budget 2023** The temporary extension will specifically benefit seasonal workers in Atlantic Canada, Quebec, and Yukon. In these regions, men account for close to two-thirds of Employment Insurance (EI) claimants who exhaust their benefit entitlement and who, as such, could be eligible for the up to five additional weeks of regular benefits provided by this measure.
- **Protecting Federally Regulated Gig Workers in Budget 2023** These legislative amendments will benefit up to 41,000 gig workers in the federally

regulated private sector, who are predominantly men and low-income earners of working age. Federally regulated gig workers include those in road transportation, courier and postal services, and telecommunication and broadcasting sectors.

- **Improving Technical Support to Access Online Services.** Additional \$30 million over two years beginning 2023-24. *"All Canadians will benefit from timely technical support for registration and access to the My Service Canada Account. Persons with disabilities, seniors, and persons with limited digital literacy will benefit in particular from this investment as they tend to have lower rates of digital access."*

ECONOMIC PROJECTIONS

- A shift of 1% or more in unemployment, average weekly hours, etc. changes the scenarios, discussed in "Alternative Assumptions" beginning page 226.
- **Major Transfers to Persons:** *"the decrease in 2022-23 reflects lower-than-expected monthly results for Employment Insurance (EI) benefits and children's benefits, as well as a \$3.2 billion increase in expected repayments from benefit overpayments of COVID-19 support for workers."*
- **EI Revenues** are projected to fall by close to 1% in each year beginning 2024-25 due to slower growth in employment and wages. *"Employment insurance premium revenues are projected to be slightly higher in 2022-23 due to better-than-expected labour market outcomes, then lower starting in 2024-25 as a result of a lower premium rate required relative to FES 2022 under the existing break-even rate mechanism."* (page 204). *"The EI Operating Account is expected to record annual surpluses throughout the forecast in order to reach cumulative balance in 2030 in line with the break-even rate-setting"*

mechanism that started with the setting of the 2017 premium rate."(page 210)

- **EI Premiums** are projected to grow at 12.3% in 2022-23 “*due to continued strength in the labour market*”. For the remainder of the forecast, EI premium revenues are projected to grow at an average of 3.7%, reflecting steady earnings growth. “*Holding steady at **\$1.63 in 2024**, the EI premium rate will be 15 cents lower than it was between 2013 and 2016 (\$1.88). The EI premium rate reached its lowest levels in the last twenty-five years in 2019, 2020, and 2021 (\$1.58).*”
- **EI Benefits** “*are projected to decrease to \$22.6 billion in 2022-23, largely reflecting*

the expiry of temporary measures to facilitate access and a lower unemployment rate. EI benefits are then expected to grow at an average annual rate of 6.2 per cent throughout 2023-24 and 2024-25, due to the projected deterioration in labour market conditions, before returning to an average 2.3 per cent annual growth rate for the remainder of the forecast horizon.” (page 213)

~ Prepared for the EI Working Group, Good Jobs for All Coalition, March 29, 2023 ~