

EMPLOYMENT INSURANCE AS A PUBLIC POLICY

Realigning Labour Market Priorities

Employment Insurance (EI) as a Public Policy plays a significant role influencing labourmarket participation. Adjustments made during COVID-19 met an immediate need and now it is time to realign labour market priorities. Lack of available workers, high under-employment and sector challenges resulting from the pandemic have exacerbated the labour market issues.

Background

Atlantic Provinces were settled and developed based on resource industries and these industries continued to play a significant role in the region's economy throughout much of the 1900s. While the Atlantic Provinces' economies have grown and evolved in recent history, settlement patterns were, and many rural economies still are, based on traditional industries. However, rapid industrialization and urbanization has occurred in central Canada over the past century. In a national context, Employment Insurance benefit payments provide individuals with income during periods of unemployment. While theoretically the program is designed to provide income for workers during spells of unemployment while transitioning from one job to another, the program has come to serve an additional role, providing income support for many of those employed in seasonal industries and other industries where employment is of short duration. The short duration of seasonal industries may be due to weather (e.g. forestry, seasonal tourism), the nature of the resource/industry (e.g. agriculture, aquaculture) or regulation (e.g. federally-mandated fishing seasons). The importance of the EI program to the Atlantic Provinces is seen in the number of EI beneficiaries, as a percentage of those employed and the proportion of Insurance benefit payments received as a percentage of total income. While EI usage fluctuates depending on economic conditions, the rate of overall usage in the Atlantic region has been trending downwards (*Pan-Atlantic Study of the Impact of Recent Changes to Employment Insurance Advisory Panel Final Report. 2014*). COVID-19 has changed that trajectory temporarily, Employment Insurance reform has to consider original intent and adjust policies to support current labour market conditions.

The Atlantic Canada Region is disproportionately affected by seasonality and EI policy has an important role to play in mitigating damage by developing policy that advances productivity and worker engagement. Over the last number of years, the EI program has been moving away from its intended purpose by broadening existing financial supports and access. These adjustments have been supported on the backs of employers with no additional funding contributors. If adjustments are being made to supports going out, the model for contributors should be reviewed as well. Modernization of the EI policy will be critically important in a post COVID-19 environment. An anticipated 6% increase in employer premiums, will further erode business stability at a time that significant inflation is affecting all supply chains for goods and services.

Key Issues for the Tourism Sector

- Adjust required weeks/hours for EI access in keeping with labour market pressures – raise the bar for access.
- Criteria for working while on claim needs adjusting to support extending tourism season
- Review funding contributors and funding formula (if broadening access). Preference to commit to core mandate of program (it is becoming a catch-all for social supports).
- Support a Tourism Stream for Immigration to ensure best skills match to jobs available; immigration alone is not the answer- we need to recruit and match workers for the tourism sector.
- Employers report current immigration programs are too bureaucratic and difficult to access
- Address skills deficit and underemployment as part of labour market policy in alignment with Employment Insurance policy

State of Tourism

Nova Scotia's Tourism Industry lost \$1.6 Billion in revenue in 2020; and it is estimated it will be a 4 - 5-year recovery, if COVID-19 is well managed. We now know there will continue to be a great deal of uncertainty and this will exacerbate worker confidence as well as reliance on Employment Insurance supports.