

An aerial photograph of a large crowd of people walking on a light-colored tiled floor. A thick yellow line graph is overlaid on the image, starting from the bottom left and trending upwards to the top right. The graph has three distinct peaks and two troughs, ending in an arrowhead. In the top left corner, there is a yellow L-shaped graphic element.

**SEPT
2020**

MAKING EI WORK

FOR CONSISTENT ECONOMIC GROWTH AND
THE ATLANTIC SEASONAL WORKFORCE





ABOUT PPF

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- Conducting research on critical issues
- Convening candid dialogues on research subjects
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ABOUT THE PROJECT

As Atlantic Canada faces demographic and labour market changes, retention is on everyone's mind. Keeping workers, immigrants, skills and talent in the four provinces over the medium and longer term is a complex issue and a priority for economic growth and regional prosperity. **Atlantic Revitalization** is the Public Policy Forum's three-year project (2017-2020) addressing the challenge of retention and economic growth, with a focus on boosting long-term immigrant retention, deepening labour pools and improving employer access to the skills they need. Through research reports, surveys, qualitative stories, provincial roundtables and regional summits, PPF is advancing regional and Canadian understanding as well as cross-sector networks around Atlantic Canada's most pressing immigration and economic policy priorities.

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EXECUTIVE SUMMARY

Unemployment insurance programs are widely used around the world to protect workers from the financial effects of sudden job loss. They are an important tool to support workers during the transition to new employment. Unemployment insurance can also help mitigate the negative effects of an economic downturn in a specific firm, industry, region or country.

One facet of Canada's unemployment insurance system (called Employment Insurance, or EI) is that it has become an annual source of income support for a share of the workforce employed in seasonal industries. These individuals work part of the year and collect EI income for the remainder.

The EI program assumes these individuals are actively seeking employment during the period in which they are not working but, in fact, many are not or are not willing to take the jobs available in their communities. This has led to a difficult situation where many communities are facing labour shortages in certain sectors even with a large number of unemployed persons.



The EI program should clearly differentiate between those who are collecting EI occasionally, as a result of a specific job loss, and those who are seasonally unemployed and receiving income from the program while waiting for their job to restart.

This situation is more pronounced in Atlantic Canada, particularly in its rural regions, and may be having significant negative impacts on the economic potential of these regions by inaccurately reflecting the real unemployment situation in communities.

The definition of EI in Canada and its detailed rules are all oriented toward providing support for the unemployed as they transition to a new job. There is no specific language carving out and treating seasonal workers differently, a distinction that can distort the labour market picture.

While there have been instances of government trying to reduce the number of workers collecting EI on a recurring basis, the share of the workforce using the program in much of rural Atlantic Canada remains consistent. In fact, the federal government has been making it easier for seasonal workers to use EI.

During the 2019 federal election, the Liberal party included support for workers in seasonal industries as part of its [platform commitments](#), stating: “We will make permanent changes to Employment Insurance, to give workers in seasonal industries more reliable support between jobs.” The party followed up on this commitment by expanding support for seasonal workers, including reducing the number of work weeks needed to qualify for accessing EI.

This commitment uses euphemism to avoid the fact that most seasonally employed people are going back to the same job they had the previous year and, in most cases, many years before. It is not support “between jobs” in the traditional sense of unemployment insurance programs; it is income support while the worker waits for their seasonal job to restart.

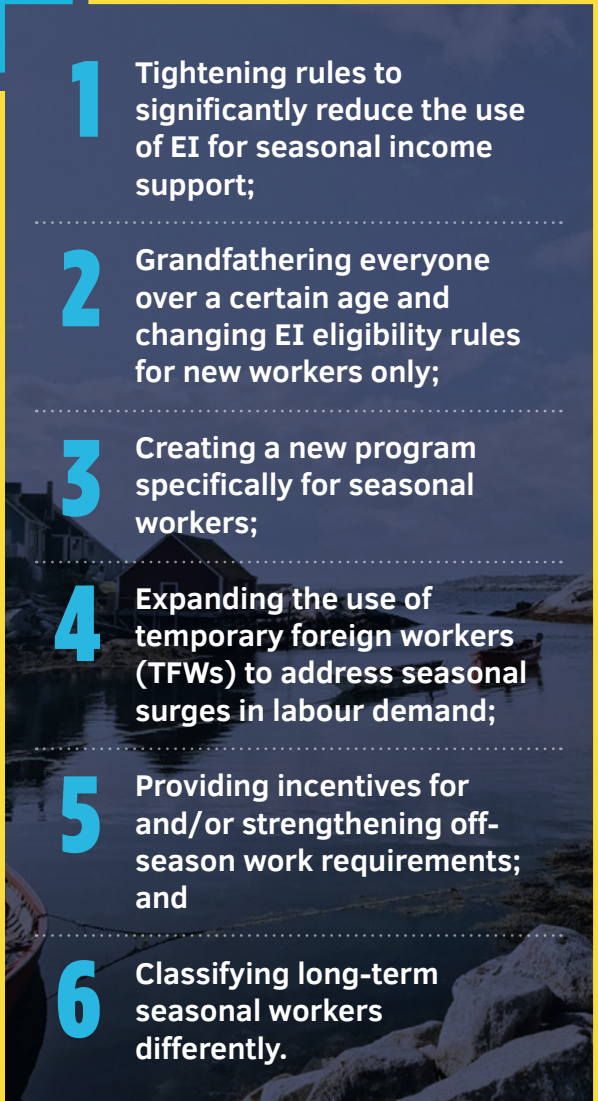
This paper does not argue against having a robust unemployment insurance system in Canada, nor does it focus on trying to reduce the number of seasonal workers. The objective is to make the case that widespread use of EI in certain regions of Atlantic Canada is distorting the labour market picture, making it harder for employers to address labour market demand and holding back the economic potential of these regions. Further,

the paper provides potential ways to address this issue that would lead to a more accurate picture of labour supply and demand, allow for better labour market planning, and help support future economic growth.

The EI program should clearly differentiate between those who are collecting EI occasionally, as a result of a specific job loss, and those who are seasonally unemployed and receiving income from the program while waiting for their job to restart. The latter should not be required to fill out online forms indicating they are searching for new employment each week when the majority of them are not. And they should not be counted among the ranks of the unemployed actively looking for work. This would more accurately reflect the real unemployment situation in communities.

The emergence of the COVID-19 coronavirus pandemic has highlighted the importance of income support programs to offset unexpected economic downturns. Governments in Canada acted swiftly to ensure that people who lost jobs as a result of the pandemic received income support during what could be an extended period of unemployment. But there is no expectation this program will evolve into a long-term, annual income support program for a specific segment of the workforce as has happened over time with the Employment Insurance program.

This paper looks at six potential reforms to EI and their various implications. The six are:

- 
- 1 Tightening rules to significantly reduce the use of EI for seasonal income support;
 - 2 Grandfathering everyone over a certain age and changing EI eligibility rules for new workers only;
 - 3 Creating a new program specifically for seasonal workers;
 - 4 Expanding the use of temporary foreign workers (TFWs) to address seasonal surges in labour demand;
 - 5 Providing incentives for and/or strengthening off-season work requirements; and
 - 6 Classifying long-term seasonal workers differently.

The ultimate goal should be for Canada to have a strong unemployment insurance system that protects workers, but also one that is not a barrier to economic growth in parts of the country with higher levels of seasonal employment.

The current EI program does not address this goal.

INTRODUCTION

Many seasonal workers in Atlantic Canada collect Employment Insurance (EI) for the months they are not working. According to the Government of Canada, EI “provides temporary income support to unemployed workers while they look for employment or to upgrade their skills.” The program also “provides special benefits to workers who take time off work due to specific life events” such as illness or pregnancy. Seasonal workers collecting EI operate as another category of workers and are not specifically captured by the policy’s definitions.

Thirteen percent of Canadians who claimed employment income on their annual tax return in 2017 also claimed EI income. In Atlantic Canada in contrast, particularly in regions that are outside of urban census metropolitan areas (CMAs) and census agglomeration (CA) the share of people who claimed both employment income and EI income was 36 percent. In some rural communities, 60 to 70 percent of all workers collect EI benefits at some point during the year.

At the same time, job vacancies in many parts of Atlantic Canada have been rising sharply. For example, in the Campbellton-Miramichi region of New Brunswick, the number of job vacancies as reported by Statistics Canada jumped 68 percent between the third quarter of 2015 and the third quarter of 2019 — yet the number of EI claimants also rose by 10 percent. Many employers are now saying labour shortages are becoming acute across the region.

Widespread use of EI by seasonal workers is distorting the regional labour market picture across Atlantic Canada, making it appear there are many more unemployed workers (i.e. those available for work) than is really the case. And this distortion is negatively impacting the economic potential of the region. Employers in many important industries in natural resources, tourism, manufacturing and other sectors could be limiting investment because of the lack of workers.

This paper outlines the extent of the challenge, summarizes how it is negatively impacting the regional economy, and proposes potential solutions to ensure policy-makers, employers and communities have an accurate understanding of the local labour market and can make better decisions in areas such as immigrant attraction and the use of temporary foreign workers (TFWs).

The context of this current, and arguably longstanding issue is best traced through the history of the policy structure, climate and use of unemployment insurance in Canada. We begin here.

A BRIEF HISTORY OF UNEMPLOYMENT INSURANCE IN CANADA

The current unemployment insurance scheme in Canada got its start back in 1940 after the Great Depression had severely upended labour markets and communities across the country. The Unemployment Insurance Act set up a national public system of unemployment insurance. The act established an Unemployment Insurance Fund into which contributions would be paid by employees and employers, with the federal government covering any shortfalls and investing any surpluses. Initially, the program was fairly limited in scope. It excluded a number of industries, including agriculture, forestry, fishing, logging, hospital care, teachers and any job paying over a certain threshold.¹

In 1955, the Unemployment Insurance Act was changed to include seasonal workers and extended to cover an estimated 75 percent of the labour force. In response to rising unemployment and economic turbulence in the 1970s, the federal government updated the act once more, again broadening coverage and adding services to help workers adapt to changing labour market conditions.

Between the 1970s and early 1990s, there were multiple reforms to the program, including the addition of maternity and adoption benefits and changes to the wage replacement rate. Related to the subject of this paper, a 1993 reform clarified that persons who refused to accept suitable employment became ineligible for benefits. In 1996, the program went through a significant reform, leading to a name change to the Employment Insurance (EI) program, combined with a number of efforts to reduce recurring use.



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¹ For a good overview of the EI program's history, visit <https://www.mapleleafweb.com/features/employment-insurance-canada-history-structure-and-issues.html>.

In 2012, the government again made a [series of changes](#). Reforms relevant to this paper included tightening the rules around efforts to find “suitable employment” and the “reasonable and customary efforts” used to do so. The changes specifically targeted frequent claimants, which was defined as a claimant with at least three benefit periods in the previous five years. The government was intentionally trying to cut down on frequent use of EI. A Library of Parliament review of the program’s changes quotes the Canadian Federation of Independent Business in supporting the reforms:

“EI claimants must be encouraged to look for work because members in all sectors and all communities across the country have told us how bad the shortage of labour problem has become.” A broader review of the 2012 changes and their impact is found below.

The Canada Employment Insurance Commission (CEIC) provides oversight of the EI program. The tripartite organization includes representation from business, labour and the Government of Canada. Employment and Social Development Canada (ESDC) and Service Canada administer the program on behalf of CEIC and much of the data cited in this report comes from the annual report issued by the CEIC.

THE EI PROGRAM: CIRCA 2019

The [current definition](#) of EI in Canada is provided by the CEIC in its annual Employment Insurance Monitoring and Assessment Report:

The Employment Insurance (EI) program provides financial support to partially replace lost employment income for eligible unemployed contributors to the program while they look for new employment or upgrade their skills, or who are absent from work due to specific life circumstances (such as sickness, maternity, childbirth, adoption or providing care to family members). The EI program also helps unemployed individuals find suitable employment.

The EI program has several different types of benefits, including regular benefits for those who lose their job “through no fault of their own,” fishing benefits for self-employed fishers who are “actively seeking work” and special benefits, which includes persons who are sick, pregnant, recently gave birth, caring for a newborn or caring for a family member who is critically ill.

It is important to point out there is no special category for seasonal workers, or even mention of them in the definition, even though they represented more than one in five of the 1.8 million Canadians who filed an EI claim in 2017/2018 (all types of benefits,



including parental, etc.) or 29 percent of the 1.33 million who received regular EI benefits.² The formal description of the program and its services clearly states it is focused on supporting people while they “look for new employment or upgrade their skills” or that have “specific life circumstances.”

The program is an important part of Canada’s social safety net. In the recession that started in 2008, the number of workers to EI claimants in Ontario rose to 14 percent in 2009 from 10 percent in 2007. As the economy rebounded, the number of workers to EI claimants dropped back to 10 percent again by 2013. Due to the turmoil in the oil industry and the lack of expected investments in the sector, Alberta saw its number of workers to EI claimants rise to 13 percent by 2016 from only eight percent in 2014. Clearly the program is an important tool to support workers who have lost their jobs.

Of significance is that the program is much more widely used in Atlantic Canada, particularly rural Atlantic Canada. The impact of this is the subject of this paper.

SEASONAL EMPLOYMENT AND EI USAGE IN ATLANTIC CANADA

To outline the prevalence of seasonal employment and EI usage in Atlantic Canada, this paper relies on data from the 2016 census and other sources using definitions common to the CEIC. Even so, seasonal work and jobs are difficult to define and assess with the available data tools.

² The CEIC reporting period ends on March 31.

Each year the CEIC publishes its [Employment Insurance Monitoring and Assessment Report](#), which provides a range of statistics on EI usage, including the number of users who are filing seasonal regular EI claims. As defined by the CEIC, “seasonal regular claims are those claims, for which at least \$1 of benefits was paid, by claimants who have had at least three regular or fishing claims in the last five years, two of which had to have started during the same period of year as the current claim.”

Table 1 provides the number of regular EI benefit claimants and the number of seasonal claimants by province for 2017/2018. As a share of the total, around half of all claims filed on Prince Edward Island and in New Brunswick and nearly two out of every five in Nova Scotia. The share of people filing seasonal claims in Newfoundland and Labrador was considerably lower than the other three Atlantic provinces, but the total number of regular benefit claims was much higher relative to the size of the workforce (at 24 percent).³ All provinces outside Atlantic Canada have a number of regular EI claimants to the size of the workforce of less than 10 percent.

Further complicating the calculation of “seasonal,” the CEIC also has a category of EI beneficiary called a frequent claimant. These are workers who have had three or more EI regular or fishing claims and have collected benefits for a total of more than 60 weeks in the past five years. Most frequent users are also seasonal users, but not all. In 2017/2018, according to the CEIC, there were 290,070 frequent claimants, 381,110 seasonal claimants and 443,720 who were either frequent or seasonal claimants (or both). This represents one out of every three regular benefit claimants across the country.

TABLE 1: EI SEASONAL REGULAR CLAIMS, BY PROVINCE (2017/2018)

Region	Regular claims (number)	Regular claims relative to the size of the workforce*	Seasonal regular claims (number)	Seasonal regular claims as a % of total regular claims
Canada	1,299,710	7%	381,110	29.3%
Newfoundland and Labrador	62,170	24%	14,630	23.5%
Prince Edward Island	16,430	20%	8,340	50.8%
Nova Scotia	63,880	13%	25,340	39.7%
New Brunswick	70,610	18%	33,890	48.0%
Quebec	399,080	9%	157,360	39.4%
Ontario	373,130	5%	96,070	25.7%
Manitoba	40,230	6%	10,320	25.7%
Saskatchewan	35,190	6%	3,790	10.8%
Alberta	112,400	5%	7,690	6.8%
British Columbia	122,410	5%	22,960	18.8%

*Using the annual workforce figures from Statistics Canada’s Labour Force Survey (Table 14-10-0018-01).

Source: CEIC 2017/2018 Employment Insurance Monitoring and Assessment Report.

³ According to the CEIC report, Newfoundland and Labrador had 33,890 seasonal regular claims in 2012, 34,430 in 2013, 32,100 in 2014, 30,720 in 2015 and 32,470 in 2016. But then in 2017 the seasonal claimant number dropped to 17,130 and to 14,630 in 2018 even though the total number of regular EI claims remained relatively consistent throughout the period (e.g. 62,720 in 2013 and 62,170 in 2018).

PIECING TOGETHER THE PICTURE OF EI USE AND SEASONAL WORK IN ATLANTIC CANADA

DETAILED EI USAGE BY REGION AND COMMUNITY

Statistics Canada's 2016 census is the best source of information on the pervasiveness of EI as a source of income in Atlantic Canada. The census reports on the income of individuals by source, including employment income, pensions, social assistance, investment income and EI, among other sources. For EI, information is provided on total EI income and the data is separated between regular benefits and other benefits, which include parental and injury-related benefits.

Across Atlantic Canada there are 676 census subdivisions (CSDs) for which census information on the breakdown of sources of income is published.⁴ Census subdivisions include cities, towns, villages, parishes, First Nations and other local areas. Other geographic population aggregations include census divisions (counties), as well as census agglomerations (CAs) and census metropolitan areas (CMAs), which are based on the concentration of population in and surrounding an urban core population (population centre). Statistics Canada also publishes labour force information for economic regions, which are groups of census divisions.

Of the 676 CSDs in Atlantic Canada for which there is data on sources of income, nearly one out of five have populations where at least 50 percent of those earning employment income during 2015 also reported receiving EI benefits during the year. Another one-third of communities had populations where between 30 percent and 49 percent of workers received EI benefits, and 22 percent of communities had populations where between 20 percent and 29 percent received EI benefits.

The Village of New Maryland just outside Fredericton, N.B., has the distinction of having the lowest EI usage rate in Atlantic Canada at just five percent of employment income earners. On the other end of the spectrum, the little town of Trout River on the west coast of Newfoundland and Labrador has the highest rate of EI usage with 84 percent.

Table 2 shows how the breakdown compares to the rest of the country. In the rest of the country, only 13 (or 0.4 percent) had populations where 50 percent or more of employment income earners also reported EI benefits. To put this in context, 91 percent of the 138 CSDs across Canada that have 50 percent or more EI usage are located in Atlantic Canada. Over half of all communities across Atlantic Canada have working populations with at least 30 percent collecting EI benefits. Across Canada, the rate is only a little over five percent of CSDs.

⁴ Some Census subdivision populations are too small for information to be published. There may be other reasons why Statistics Canada does not publish information on a particular census subdivision.

TABLE 2: PERCENTAGE OF EMPLOYMENT INCOME EARNERS WHO ALSO REPORTED RECEIVING REGULAR EI BENEFITS IN 2015, BY CENSUS SUBDIVISION





	Atlantic Canada		Rest of Canada	
	# of CSDs	% of total	# of CSDs	% of total
At least 50%	125	18%	13	0.4%
Between 30%-49%	225	33%	147	5%
Between 20%-29%	147	22%	258	9%
Less than 20%	179	26%	2,614	86%
Totals	676		3,032	

CSD = census subdivision. Source: Statistics Canada 2016 census.

In general, larger CSDs in Atlantic Canada tend to have a lower share of employment income earners also reporting regular EI benefits. For example, only seven percent of workers in Halifax received EI benefits in 2015, eight percent of workers in Fredericton, 11 percent of workers in Moncton and 14 percent in Charlottetown.

Table 3 summarizes the areas (census divisions) within Atlantic Canada that have the highest EI usage rates. There are entire counties in Newfoundland and Labrador that have above 50 percent EI usage rates and multiple in the rest of Atlantic Canada where at least 40 percent of employment income earners also received EI benefits.

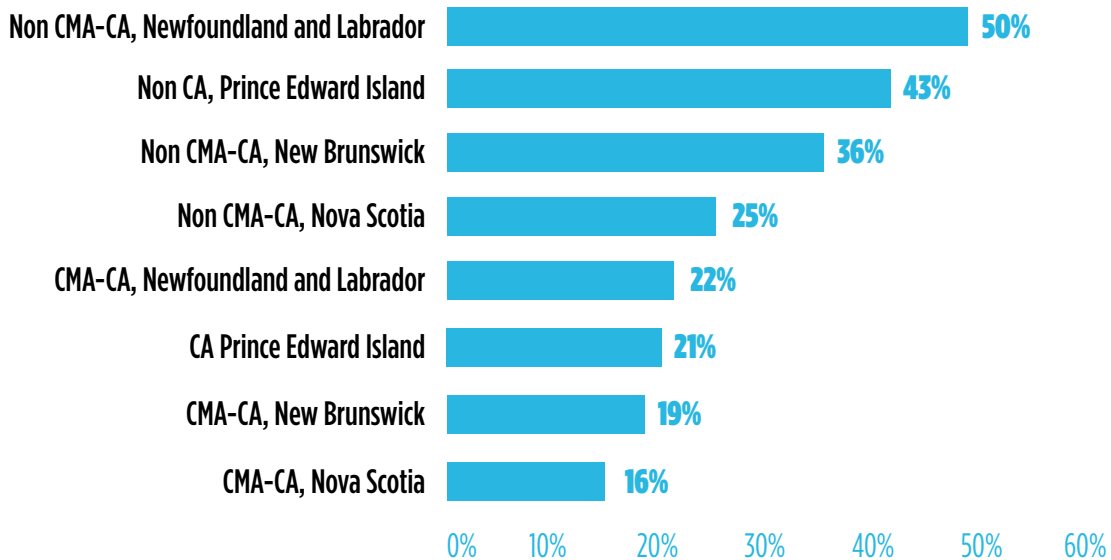
TABLE 3: EI USAGE RATES BY CENSUS DIVISION ACROSS ATLANTIC CANADA

	Newfoundland and Labrador	Ranging from an EI usage rate of 17 percent in Division No. 1 (the St. John's area) to as much as 51 percent in Division No. 8 (central/northern Newfoundland, 51 percent in Division No. 3 (mostly rural area in the south) and 58 percent in Division No. 9 (northern tip of Newfoundland).
	Prince Edward Island	Kings County, a mostly rural area in the eastern part of the province, has a 40 percent EI usage rate. Prince County in the west, including Summerside, has an EI usage rate of 31 percent, and Queens County (central PEI, Charlottetown) has a rate of 16 percent.
	Nova Scotia	Halifax and nearby census divisions (including the Annapolis Valley) have relatively low EI usage rates but more remote areas have much higher rates, including 44 percent in Victoria County, 40 percent in Shelburne County, 38 percent in Guysborough County and 36 percent in Richmond County.
	New Brunswick	The three main urban centres of Moncton, Saint John and Fredericton have relatively low EI usage rates. Up the eastern coast, EI rates are high (Gloucester County at 40 percent, Kent County at 38 percent), as well as the northeast county of Northumberland at 35 percent and Restigouche in the north at 31 percent. Madawaska County in the far northwest has an EI rate of only 21 percent (Edmundston is located in this county).

Source: Statistics Canada 2016 census.

Statistics Canada publishes data on EI usage rates for urban centres (CMA and CA) and non-CMA-CA (in aggregate) on an annual basis. Because this source is based on annual tax filing data, the data is lagged and is currently available only through 2017. It is important to note that this source doesn't break out regular EI and other EI benefits (e.g. parental) so it should not be directly compared to the census data above. **Figure 1** shows the percentage of employment income earners who also received EI benefits in 2017 by CMA-CA area and by non-CMA-CA area. This data again confirms that EI usage is much more pronounced outside urban centres. In Newfoundland and Labrador, 50 percent of employment income earners living outside the CMA or CA areas also received EI benefits. On Prince Edward Island, the share was 43 percent, New Brunswick 36 percent and Nova Scotia 25 percent.

FIGURE 1: PERCENTAGE OF EI CLAIMANTS AS A SHARE OF EMPLOYMENT INCOME EARNERS, CMA-CA AREAS VERSUS NON-CMA-CA AREAS, 2017*



*unlike the data from the census, this source does not break out regular and other EI benefits.

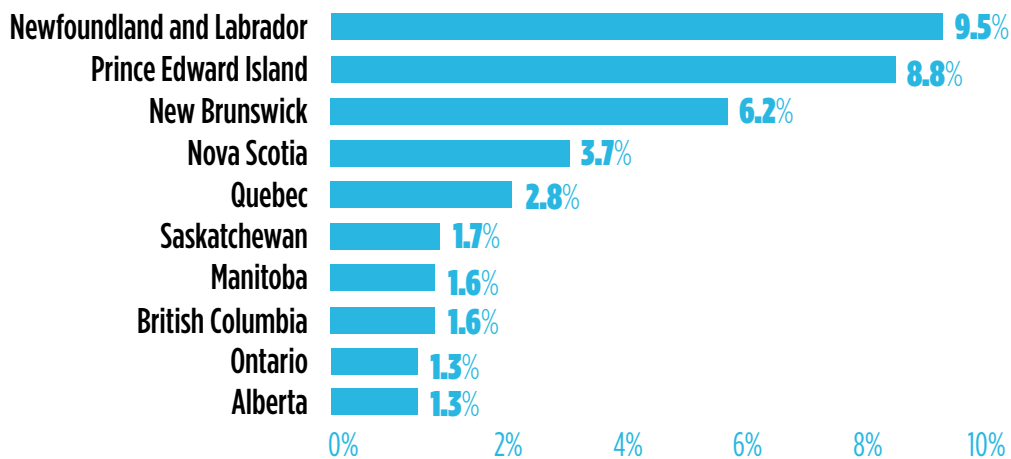
Source: Statistics Canada. Table 11-10-0007-01 Tax filers and dependants with income by source of income.

The use of EI is an important measure, but one that is even more important when assessing impact is the amount of EI income in the aggregate that is flowing into rural areas across Atlantic Canada. **Figure 2** shows EI income as a share of total income from all sources flowing into non-CMA-CA areas by province across Canada. The sources of total income include employment income, government transfer income such as Canada Pension Plan (CPP), EI and social assistance as well as other income sources, including private pensions and RRSP income.

In Newfoundland and Labrador, nearly 10 percent of total income flowing into communities outside of the CMA-CA urban centres comes from EI. On Prince Edward Island, non-CMA-CA communities are more than six times more reliant on EI income compared to their counterparts in non-CMA-CA Ontario. In New Brunswick, non-CMA-CA communities are 4.7 times more reliant on EI income compared to their counterparts in non-CMA-CA Ontario.

To put this into perspective, in non-CMA-CA Newfoundland and Labrador, on average communities generate 68 percent more income from the EI program than from CPP. On Prince Edward Island, non-CMA-CA communities received \$146 million in EI benefits more than the amount received from CPP, child benefits, HST credits and social assistance combined.

FIGURE 2: EI INCOME AS A SHARE OF TOTAL INCOME IN NON-CMA-CA AREAS, BY PROVINCE, 2017*



*unlike the data from the census, this source does not break out regular and other EI benefits.

Source: Statistics Canada. Table 11-10-0007-01. Tax filers and dependants with income by source of income.

The reliance on EI becomes even more pronounced when looking at individual communities. Using 2016 census data, the aggregate amount of EI income (regular benefits) can be compared to the aggregate amount of income from all sources. Again, this data should not be directly compared to Figure 2 because it excludes other EI income such as parental leave and sickness benefits.

There were 113 census subdivisions where EI income accounted for at least 10 percent of total income from all sources and there were several, such as Bay de Verde and Trout River, where one out of every four dollars in total income came from EI.

This high level of dependence on EI income has important political and practical implications when looking at potential policy responses.

PREVALENCE OF SEASONAL WORK IN ATLANTIC CANADA

Widespread use of EI, especially in rural regions, is sometimes argued as a natural result of a more seasonal economy. Where there is a higher share of seasonal jobs, EI is an essential tool to ensure these key industries (like fishing, forestry, tourism, agriculture, etc.) have the workers they need.

The census publishes data on how much people work (part time or full time) and for how much of the year (part year or full year). Aggregating those who worked part year (either full time or part time) is one proxy for seasonal employment. The census does not collect data on why individuals worked only part of the year. Workers may have quit, moved or got laid off, for instance.

According to the 2016 census, Atlantic Canada does have a slightly larger share of the workforce working part of the year compared to the rest of the country. Across the country, 43 percent of the entire working population in 2015 was employed only part of the year. **Table 4** shows the breakdown by province and by CMA-CA area and non-CMA-CA area. Newfoundland and Labrador and Prince Edward Island had a well-above-average share of the workforce employed for only part of the year, particularly in non-CMA-CA areas. Nova Scotia and New Brunswick were also above average.

TABLE 4: SHARE OF ALL WORKERS EMPLOYED PART OF THE YEAR, BY PROVINCE

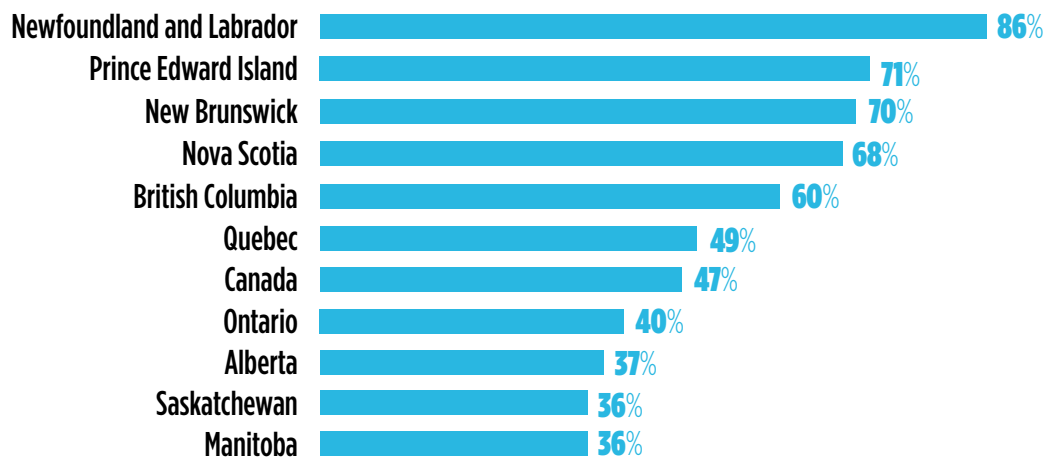
	All workers	Workers in CMA-CAs	Workers in non-CMA-CAs
Newfoundland and Labrador	49%	39%	60%
Prince Edward Island	47%	42%	54%
Nova Scotia	42%	40%	46%
New Brunswick	44%	40%	51%
Quebec	45%	45%	47%
Ontario	40%	41%	38%
Manitoba	40%	40%	40%
Saskatchewan	42%	42%	42%
Alberta	44%	43%	44%
British Columbia	47%	46%	51%

Source: Statistics Canada 2016 census.

A more accurate [indication of seasonality](#) involves looking at members of the workforce who worked part year (either full time or part time) in industries known to have a higher level of seasonality, specifically agriculture, forestry and fishing.⁵

In New Brunswick, there were 9,060 agriculture, forestry, fishing and hunting workers who were employed only part of the year in 2015), in Newfoundland and Labrador the number was 5,435), in Nova Scotia 13,400 and on Prince Edward Island 11,875 .

FIGURE 3: SHARE OF AGRICULTURE, FORESTRY, FISHING AND HUNTING WORKERS EMPLOYED ONLY PART OF THE YEAR, BY PROVINCE



Source: Statistics Canada 2016 census.

JOB LOSSES IN ATLANTIC CANADA

In its [Labour Force Survey](#), Statistics Canada asks people if they left or lost their job for any reason in the previous month. Reasons for leaving a job include illness or disability, personal or family reasons, going to school, dissatisfied, retired and other reasons. Reasons for losing a job include permanent layoff or temporary layoff. Getting fired or asked to leave a job would fall under the permanent layoff category.

Table 5 shows the number of people who voluntarily left their job or were let go in the previous 12 months. The figures are the monthly average for 2019. In Newfoundland and Labrador, 15,600 people left their job in the previous year compared to 34,800 who had lost their job. In other words, for every 100 people who left a job another 224 lost their job during the year. This was dramatically higher than the country overall, where for every 100 who left a job only 71 lost their job. The ratio of job losers to job leavers in the rest of Atlantic Canada was also well above the ratio for the rest of the county.

⁵ North American Industry Classification System (NAICS) sector 11.

The number of persons leaving jobs in Atlantic Canada was essentially the same as the rest of the country (a little higher on Prince Edward Island) at between 60 and 68 job leavers per 1,000 in the workforce (between six percent and 6.8 percent over the year).

However, the number losing their job in Atlantic Canada was substantially higher both for temporary and permanent layoffs. On Prince Edward Island, there were 98 permanent layoffs for every 1,000 workers (or just under 10 percent) compared to 42 per 1,000 across the country (4.2 percent). This means PEI has 2.3 times as many workers laid off permanently compared to the country overall.

The temporary layoff ratios are much higher in Atlantic Canada, but in absolute terms the number losing their jobs to temporary layoff is relatively low compared to the number on permanent layoff.

These ratios seem to hold year after year (at least going back to the recession a decade ago). It is likely the high rates of permanent layoff in Atlantic Canada are somehow related to the seasonal nature of the workforce, although more research would be needed to clarify.

TABLE 5: PROFILE OF JOB LEAVERS/LOSERS IN ATLANTIC CANADA OVER THE PREVIOUS YEAR, 2019

(000s)	Canada	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick
Job leavers	1,247.7	15.6	5.8	31.7	26.1
Jobs losers	884.6	34.8	8.7	33.3	33.7
Permanent layoff	841.4	32.6	8.3	31.3	31.0
Temporary layoff	43.2	2.2	0.4	2.0	2.7
Ratio of job losers to job leavers	0.71	2.24	1.50	1.05	1.29
Per 1,000 in the workforce					
Job leavers	62	60	68	63	67
Jobs losers	44	135	102	66	87
Permanent layoff	42	127	98	62	80
Temporary layoff	2	8	4	4	7
Index (Canada = 1.00)					
Job leavers		0.98	1.10	1.02	1.09
Jobs losers		3.09	2.32	1.52	1.98
Permanent layoff		3.04	2.34	1.50	1.92
Temporary layoff		3.97	1.96	1.84	3.30
percent change 2009-2019*					
Job leavers	-8%	-27%	-6%	-8%	-9%
Jobs losers	-38%	-28%	-21%	-25%	-10%
Permanent layoff	-36%	-26%	-19%	-22%	-7%
Temporary layoff	-66%	-54%	-51%	-53%	-30%

*change in the figures per 1,000 in the workforce.

Average monthly figures for 2019. Source: Statistics Canada Table: 14-10-0125-01. Reason for leaving job during previous year, monthly, unadjusted for seasonality.

ANALYSIS: IMPACTS OF THE EI PROGRAM AND ITS USE IN ATLANTIC CANADA

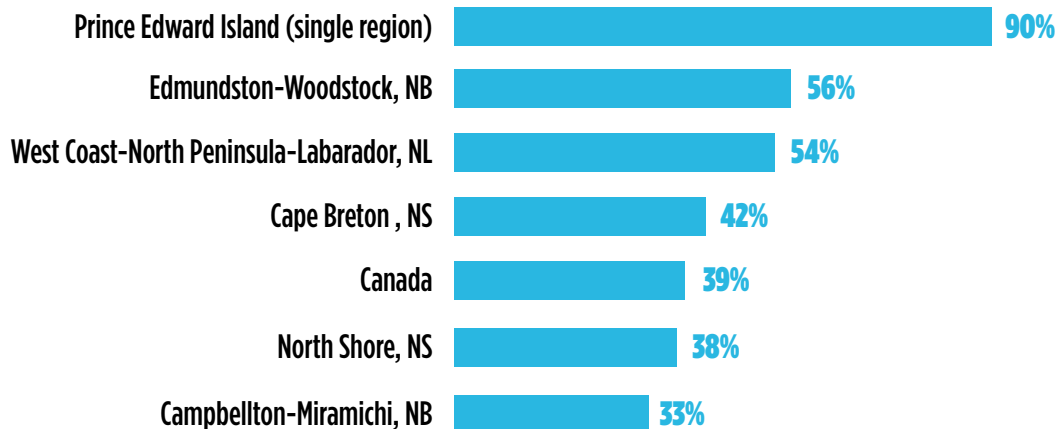
ON REGIONAL LABOUR MARKETS

When put into context, widespread EI usage and a highly seasonal workforce could indicate EI may be distorting regional labour markets in areas where there is a well-above-average use of the program. According to ESDC, which administers the program, all persons receiving regular EI benefits must complete a [bi-weekly report](#) that asks: “Were you ready, willing and capable of working each day, Monday through Friday, during each week of this report? “ In the regulations for the EI program, it states that persons receiving EI benefits must be [searching for suitable employment](#) while receiving these benefits.

The [definition](#) of seeking “suitable employment” is subject to interpretation, but the regulations are clear that persons receiving EI benefits are supposed to be actively assessing employment opportunities, preparing a resumé or cover letter, attending job search workshops or job fairs, contacting prospective employers, submitting job applications and attending interviews, among other activities.

But are they? In many of the rural regions in Atlantic Canada, the number of people reporting regular EI benefits on a monthly basis has increased in recent years (or stayed flat) even as job vacancy rates are rising sharply. For example, in the Edmundston-Woodstock region of New Brunswick, the number of job vacancies as reported by Statistics Canada jumped by 56 percent between the third quarter of 2016 and the third quarter of 2019 even as the number of monthly EI regular benefit claimants rose by three percent in the final five months of 2019 compared to the same period in 2016.

FIGURE 4: PERCENTAGE INCREASE IN THE NUMBER OF JOB VACANCIES, Q3 2016 TO Q3 2019



Source: Statistics Canada Table: 14-10-0356-01.



In theory, as job vacancies rise, the number of people receiving EI benefits should decline. In much of rural Atlantic Canada, it's the opposite.

HOW CAN JOB VACANCIES AND EI CLAIMS RISE AT THE SAME TIME?

Labour market theory would suggest that, in general, as job vacancies rise, unemployment should fall. There may be a number of reasons why this relationship could break down. One reason could be an unemployed population that does not have the skills to work the jobs on offer. In this case, government policy should be targeted to support skills development. Another reason could be a lack of interest in the jobs on offer, even with high unemployment rates (e.g. the growing challenge of finding long-haul truckers in Atlantic Canada). In this case, wages, benefits and working conditions can be modified to encourage more workers. Government policy could involve promoting these jobs more heavily to young people or bringing in immigrants to meet labour demand. In regions with increasing job vacancies and significant seasonal EI usage, the policy responses are more challenging. Without changing the EI program itself, there is limited incentive for people to shift from a seasonal job for four to five months while collecting EI the rest of the year compared to working a year-round job for only a modest increase in total annual income.

IMPACTS OF EI USE ON ECONOMIC POTENTIAL

Is the widespread use of EI negatively impacting the economic potential of the region?

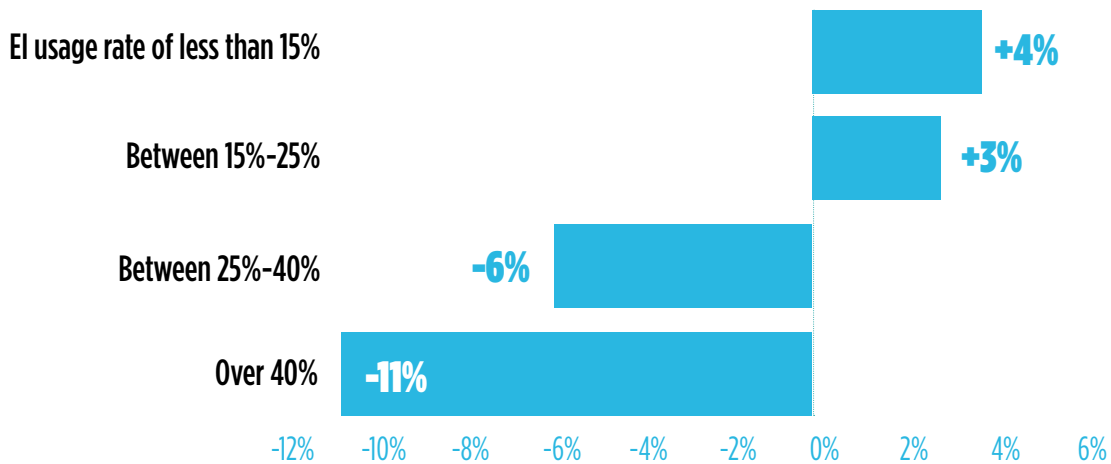
There has been speculation over the years that companies are reluctant to invest in areas where a large share of the workforce is accustomed to working only part of the year. In a [2010 report](#), Making EI Work: Research from the Mowat Centre Employment Insurance Task Force, economist Morley Gunderson argued that seasonal unemployment support “weakens the long-term development of poorer regions” by “discouraging capital investment, and limiting incentives to invest in human capital through education and training.”

In addition to the workforce and EI usage rates, there are many factors that drive economic development, including competition, markets, geography, environment, taxation and government policies, among others.

In the 1950s, the six counties that make up northern New Brunswick witnessed population growth faster than the southern part of the province. In that decade there were large investments in the forest products sector and expansion of the fishery and other sectors. In the 1960s and 1970s, the seasonal workforce became more entrenched in much of rural and northern New Brunswick and population growth rates declined and have gone into outright decline in recent years. There seems to be a consistent relationship between these factors and economic potential that warrants attention, even if causation cannot be determined.

In the 10 years between the 2006 census and the 2016 census, census divisions across Atlantic Canada with higher EI usage also witnessed workforce and employment decline. For those census divisions with an EI usage rate of 40 percent or more, the total workforce declined by 11 percent over the decade. On the flip side, those census divisions with EI usage of less than 15 percent saw the total workforce increase by four percent over the decade.

FIGURE 5: GROWTH/DECLINE IN THE SIZE OF THE WORKFORCE BY EI USAGE RATE AND CENSUS DIVISIONS, 2006 TO 2016



Source: Statistics Canada 2006 and 2016 census.



IMPACTS ON SMALL AND RURAL POPULATION GROWTH

Atlantic Canada employers, especially in rural areas, are increasingly depending on immigration and the TFW program to maintain a growing and competitive workforce. Businesses and other stakeholders throughout Atlantic Canada have expressed concern that the large seasonal workforce and perception of high unemployment will dampen interest among politicians and federal government bureaucrats to increase immigration and TFWs for Atlantic Canada. Even though the unemployment rate has been coming down slowly in recent years, the rate in many rural regions of Atlantic Canada is still well above the national level.⁶

Most rural regions in Atlantic Canada are facing a triple threat:

- a largely seasonal workforce, as outlined above;
- an aging workforce; and
- demographic decline.

Atlantic Canada is also facing the challenge of negative natural population growth. For every 100 births in 2018/2019, there were 120 deaths across the region. This trend is particularly acute in rural Atlantic Canada. **Table 6** shows the natural population growth rate by census division across the region. Only 17 percent of census divisions have a positive natural population growth rate and all of them are in the largest urban centres.

TABLE 6: NATURAL POPULATION GROWTH RATES IN ATLANTIC CANADA'S 47 CENSUS DIVISIONS (2018/2019)

Census divisions with:	# of CDs	% of total
200 or more deaths per 100 births	8	17%
Between 150 and 199 deaths per 100 births	15	31%
Between 100 and 149 deaths per 100 births	16	33%
More births than deaths	8	17%

Source: Statistics Canada Table: 17-10-0140-01.

A negative natural population growth rate, a rapid increase in workforce retirements, combined with a large share of seasonal workers poses a serious threat to current and future labour markets around the region and ultimately its economic potential.

Based on the demographic trends, most regions around Atlantic Canada will need to attract significantly more workers in the coming years to avoid a steep decline in the size of the workforce.

⁶ As a result of declining unemployment rates, in 2018 the federal government expanded the number of weeks a person can receive EI benefits in regions where the unemployment rate is declining even if they have a large seasonal workforce.

POLITICAL IMPLICATIONS OF WIDESPREAD EI USE IN ATLANTIC CANADA

The data on EI usage by community around Atlantic Canada shows that a large number of individuals (and therefore households) rely on EI as a source of income each year. As shown in Figure 2 above, nearly 10 percent of total income in non-CMA-CA communities across Newfoundland and Labrador comes from EI. Almost all non-urban political ridings across Atlantic Canada would have a much higher share of households reliant on EI income than the country as a whole. This means the political implications of decisions related to EI will be more pronounced than many other areas of public policy.

A good example of this occurred in 2018. The number of weeks someone can claim EI benefits is based on the unemployment rate in the economic region in which they are located. The logic of this approach is that in areas with lower unemployment, it will be easier to find work and therefore people will need less weeks, on average, collecting EI benefits. However, as this report implies, many (if not most) seasonal and frequent users of EI are not actually available for work. Therefore, those in regions with a lower unemployment rate will collect less income from the program than those in regions with a higher unemployment rate. To put this another way, it is an advantage to have a high unemployment rate in regions with a high seasonal use of EI.

In 2018, seasonal workers in New Brunswick and elsewhere who lived in regions with low unemployment rates started to complain that it was unfair for them to be penalized compared to those seasonal workers in regions with higher unemployment rates. The federal government modified the program and extended the number of weeks workers could collect EI benefits, even in lower unemployment areas. However, only a select group of economic regions were included in the reform — those with well-above-average seasonal workers. Thus, ironically, the reform benefitted areas with artificially high unemployment rates skewed by the high number of seasonal workers. The government estimated 51,500 workers would benefit from the additional EI time.⁷ The selected economic regions eligible for the expanded EI weeks included:

- Bas-Saint-Laurent–Côte-Nord, Central Quebec, Chicoutimi–Jonquière, Gaspésie–Îles-de-la-Madeleine and the Northwestern region in Quebec;
- Both the EI region of Charlottetown and the rest of Prince Edward Island;
- The eastern and western Nova Scotia economic regions;
- Madawaska–Charlotte and Restigouche–Albert in New Brunswick;
- All of Newfoundland and Labrador (excluding the capital); and
- Yukon (excluding the capital).

At the time of the reforms in summer 2018, all of these economic regions had actually experienced increases in the job vacancy rate over the previous two years.

⁷ A good summary of the reform can be found here: <https://www.cbc.ca/news/politics/ei-5-weeks-additional-1.4791458>



TOWARDS A LONG-TERM SOLUTION: POLICY OPTIONS

The reality is that EI has become an important source of income for many households across Atlantic Canada, particularly in smaller urban centres and rural areas. When offering any potential reforms, both the political and practical challenges need to be taken into consideration. There are several hundred small communities across the four provinces where 30 percent or more of workers are collecting EI benefits at some point during the year.


CHANGING THE CRITERIA FOR WORK

SHOULD PERSONS COLLECTING EI BE REQUIRED TO WORK A JOB UNRELATED TO THEIR OCCUPATION?

The answer to this question comes down to the definition of the term “suitable employment” in the context of the EI program, a definition that has evolved over the decades. The 2012 reforms aimed, at least in part, to ensure unemployed workers in local communities would fill more of the jobs on offer. Yet the EI program has never had the built-in expectation that workers should take available jobs they are able to perform, regardless of training level or industry. In a labour market environment with no unemployment insurance program, the unemployed fisheries worker, for instance, might take the cashier job until something more suitable comes along.

There could be a number of reasons why an unemployed worker might not take a vacant job in their community. They may not have the skills to do the work, they may not have an interest in the work, or they may not need the income associated with the job.

The issue of which jobs and at what wage level a seasonal worker should be required to take one while collecting EI benefits remains unresolved. For example, should a seasonal worker be expected to take employment that pays less than they earn in their seasonal job? Many of the jobs on offer in areas with above-average EI use are not relatively high wage. For example, between the third quarter of 2017 and 2019 in the Campbellton-Miramichi region of New Brunswick, the number of job vacancies jumped by 34 percent but one-third of those jobs were in sales and service occupations offering an average hourly wage of \$12.25.⁸ An additional 28 percent of the jobs were manufacturing roles with an average hourly wage of \$13.60. By contrast, the average hourly wage in many seasonal industries was much higher. For example, the average hourly wage in forestry and logging was \$22.85/hour in 2019, food manufacturing \$20.64/hour and construction \$27.00/hour⁹.



In addition to broadening the definition of suitable employment, the government could consider additional incentives to encourage seasonal workers to take employment during the “off season.”

PROVIDING INCENTIVES AND/OR STRENGTHENING OFF-SEASON WORK REQUIREMENTS

In 2012, the federal government announced a set of changes to EI meant to encourage less frequent use. The reforms were not focused on long-tenured workers or occasional claimants. The focus was on frequent claimants defined as persons who had filed three or more claims for a total of 60 weeks or more in the past five years. These claimants would be required to take available jobs near where they live at wages that were at least 70 percent of what they had earned in their previous job. In other words, suitability became more related to wage levels and the proximity of the job to where the EI claimant lived.

⁸ Statistics Canada Table: 14-10-0356-01.

⁹ This data is only available at the provincial level. Statistics Canada Table: 14-10-0206-01.

A [Maclean's magazine article](#) at the time concluded the “EI reforms can’t be dismissed as inconsequential” but also quoted Diane Finley, the minister of Human Resources and Skills Development, saying “[t]hese changes are not about forcing people to accept work outside their own area, or taking jobs for which they are not suited.”

Since 2013, there has been only a modest decline in the number of seasonal EI claimants as reported by the CEIC across the Maritime provinces (three percent in New Brunswick, six percent in Nova Scotia and seven percent on PEI).¹⁰

In addition to broadening the definition of suitable employment, the government could consider additional incentives to encourage seasonal workers to take employment during the “off season.” Could some of these tens of thousands of seasonal workers be encouraged to work in other industries (e.g. by not reducing EI benefits)? An example is the tourism industry, which is trying to encourage more tourist activity in September and October, yet operators are finding it difficult to recruit staff in those months. Another example is the maple syrup industry in New Brunswick, which requires a surge in workers in the spring to address the harvest, but the industry is struggling to find workers in that timeframe.



CLASSIFY LONG-TERM SEASONAL WORKERS DIFFERENTLY

One simple change would at least reduce the potential distortion of regional labour markets created by seasonal workers. Right now, the implicit assumption is these seasonal workers are available to work when they are in their “off season.” In other words, there are many smaller and rural communities that have a relatively high number of unemployed persons even though there are very few workers ready and able to take the jobs on offer. If these seasonal workers were formally classified as not available for work, it could allow communities to find other solutions to the needs of the workforce, such as by attracting more temporary foreign workers.

¹⁰ see Note 5 for a discussion on Newfoundland and Labrador.

TIGHTENING ELIGIBILITY AND CLASSIFICATIONS

TIGHTENING THE RULES TO SIGNIFICANTLY REDUCE THE USE OF EI FOR SEASONAL INCOME SUPPORT

The challenge facing rural Atlantic Canada right now is a growing shortage of workers interested in working the available jobs. Job vacancy and posting trends and commentary from many businesses in rural communities all point to the increasing difficulty of finding workers for jobs in specific industries such as agriculture, retail, personal services, tourism, transportation and manufacturing. Still, EI usage has remained relatively consistent each year and, in some areas, has increased. An obvious solution would be to change EI rules to force people to seek other employment opportunities when they are not working their primary job. A [recent country comparison](#) of unemployment insurance programs completed for the International Labour Organization found Canada was among the least stringent countries for imposing sanctions on unemployed persons who refuse job offers.

When this type of reform to EI has been proffered before, many politicians in rural Atlantic Canada worried it could lead to people shifting from accessing the federally administered EI program as a source of annual income to provincially administered social assistance programs. As shown in **Table 7**, the dollar amount of EI benefits paid out in Atlantic Canada is significantly higher than the EI premiums paid in. No other province outside the Atlantic region receives more in benefits than is paid out in premiums. As a result, the key role of EI as an important source of income, particularly in smaller rural communities, cannot be ignored.

TABLE 7: EI PREMIUMS PAID RELATIVE TO BENEFITS RECEIVED, 2016

	EI premiums paid in (\$000s)	EI benefits paid out (\$000s)	Ratio: Benefits to Premiums
Newfoundland and Labrador	\$370.3	\$1,063.3	287%
Prince Edward Island	\$94.7	\$227.1	240%
Nova Scotia	\$614.7	\$835.9	136%
New Brunswick	\$497.8	\$923.1	185%
Quebec	\$4,375.5	\$3,525.7	81%
Ontario	\$9,621.7	\$5,486.3	57%
Manitoba	\$892.4	\$591.5	66%
Saskatchewan	\$786.1	\$621.3	79%
Alberta	\$3,399.7	\$3,136.0	92%
British Columbia	\$3,188.3	\$2,056.5	65%

Source: *Employment Insurance Monitoring and Assessment Report for the fiscal year beginning April 1, 2017, and ending March 31, 2018.*

On average, Atlantic Canadians receive considerably more income from the EI program and considerably less income from provincially administered social assistance programs

Table 8 shows the share of tax filers in 2017 who claimed EI at some point during the year as well as those who claimed social assistance income from provincial programs during the year. Across Canada, nine percent of all tax filers reported receiving EI income at some point during the year and six percent reported receiving social assistance income. In Atlantic Canada, the EI usage rate was much higher than the national average but the social assistance usage rate was lower. In the three Maritime provinces, social assistance rates are much lower than the national rate. On Prince Edward Island, the EI usage rate was 2.4 times higher than the country overall but the social assistance usage rate was 44 percent lower. In non-CMA-CA areas, social assistance usage was similar to the urban centres as a share of total population. Compared to the rest of the country, with the exception of rural Newfoundland and Labrador, social assistance usage in rural areas of the Maritimes was well below average.

TABLE 8: SHARE OF TAX FILERS WITH INCOME BY SOURCE, 2017

	% claiming Employment Insurance (EI) benefits	% claiming Social Assistance benefits	EI usage (Canada = 1.00)	Social assistance benefit usage (Canada = 1.00)
Canada	9%	6%		
Newfoundland and Labrador	23%	5%	2.58	0.92
Prince Edward Island	21%	3%	2.36	0.56
Nova Scotia	13%	4%	1.43	0.71
New Brunswick	17%	5%	1.92	0.78
Non-CMA-CA, Canada	13%	6%		
Non-CMA-CA, NL	32%	6%	2.43	0.97
Non-CMA-CA, PEI	32%	3%	2.43	0.48
Non-CMA-CA, NS	17%	4%	1.28	0.65
Non-CMA-CA, NB	24%	5%	1.85	0.80

Source: Statistics Canada. Table 11-10-0007-01. Tax filers and dependants with income by source of income.



Beyond the potential negative impact of moving individuals from EI income to social assistance income, a severe tightening of the rules related to EI usage in rural areas has many other challenges.

There is the practical reality that a number of important industries such as fishing and forestry really do rely on seasonal workers. Any substantial reform that led to people moving out of local communities could result in shortages of workers in these strategically important industries. In New Brunswick, for example, the forestry sector generates more gross domestic product per capita than any other province in Canada.

As discussed above, the political challenges are real. Any time major EI reforms have been proposed or implemented in the past, it has led to politicians losing their jobs, including high-profile cabinet ministers such as Doug Young and Bernard Valcourt in New Brunswick.¹¹

These are important considerations when evaluating potential EI reform. The objectives of any reform should be to strengthen local labour markets and, ultimately, economic outcomes, not make things worse and shift more people to social assistance support programs.

¹¹ An interesting story on the political impacts of EI reforms can be found here: <https://www.cbc.ca/news/canada/ottawa-eases-ei-rules-affecting-200-000-workers-1.522806>.

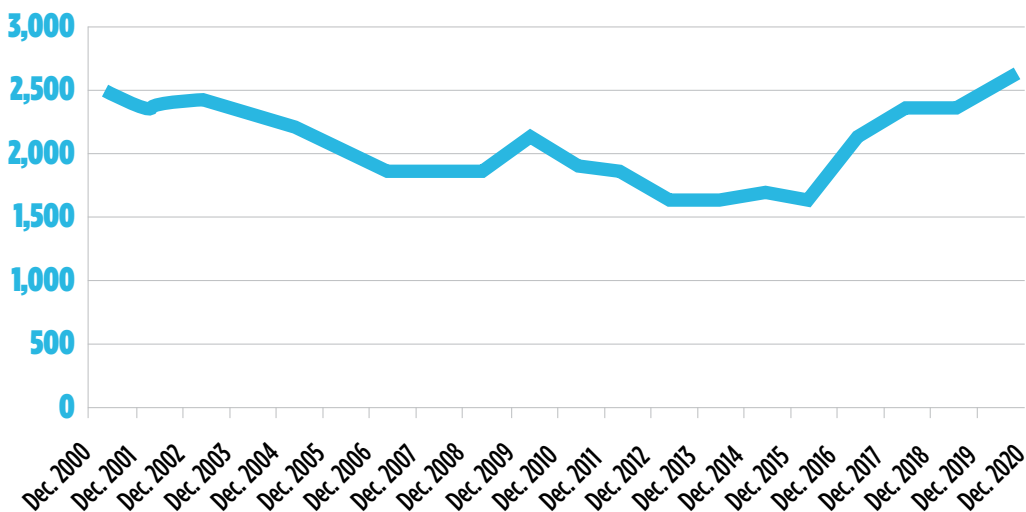
GRANDFATHERING & CHANGING EI ELIGIBILITY RULES

Back in the 1990s, the author of this paper was in a meeting where a senior New Brunswick government official suggested there were 10,000 people in Gloucester County¹² who were unavailable for work during the period in which they were not employed in their seasonal job. He suggested there was nothing that could be done to change this and the focus should be on the younger generation, as many of them, in his opinion, would not be interested in working seasonal jobs.

Figure 8 shows the number of young people in Gloucester County aged 15 to 29 receiving EI benefits in December of each year going back to 2000. After several years of modest decline, the number has risen again in recent years and as of December 2019 there were more young people collecting EI across Gloucester County than there were two decades ago. Because the number in this age group is dropping, the share collecting EI is even more pronounced. In December 2007, approximately 14 out of every 100 people in this age group living in Gloucester County were EI beneficiaries. By December 2019, the share had risen to 24 out of every 100, or an increase of more than 70 percent.

Many people, young and older, are placing value on not working for a significant portion of the year, freeing them to pursue other activities.¹³

FIGURE 8: EI BENEFICIARIES AGED 15 TO 29, GLOUCESTER COUNTY, NEW BRUNSWICK (IN DECEMBER EACH YEAR, UNADJUSTED FOR SEASONALITY)



Source: Statistics Canada. Table 14-10-0323-01.

¹² Gloucester County is located in northeastern New Brunswick and has a large fishing industry as well as agriculture and forestry sectors.

¹³ In the three Maritime provinces, the average EI claim duration was between 22 and 23 weeks (around five months). In Newfoundland and Labrador, it was 32.4 weeks (or around seven months).

The 2006 census also confirmed that a relatively large share of young workers in Atlantic Canada are working only part of the year. Among those aged 25 to 34, 44 percent in Newfoundland and Labrador worked only part of the year. On Prince Edward Island, it was 43 percent, Nova Scotia 39 percent and New Brunswick 38 percent.

The idea of making changes to EI but not applying those changes to existing workers (or choosing an age group; for example those over the age of 50) would be an interesting concept for further study. How would this impact existing industries that need seasonal workers?

TAILORING THE PROGRAM

CREATE A NEW PROGRAM SPECIFICALLY FOR SEASONAL WORKERS

The goal of EI is to provide financial support to partially replace lost employment income while the unemployed look for new work. There is no language at all that suggests the role of EI is to provide annual income support for seasonal workers. A new income support program for seasonal workers could be created that would be funded by workers but separate from the main EI program, which is defined around the premise of workers who lose their jobs and then spend a period of time looking for a new job (and/or upgrading skills, etc.). There would be no expectation on these workers that they search for jobs while in the “off season.”

A main challenge to this idea would be its funding. Right now, seasonal workers pay only a small portion of their annual income support through EI premiums. A new program that fully funded seasonal work income support through direct premiums would either place a significant new burden on employers or the workers (or both).

Government could provide a structural subsidy. It would be in the hundreds of millions of dollars each year just in Atlantic Canada, but government is already subsidizing seasonal workers through the existing EI program with limited pushback from the public. In fact, in addition to subsidizing the income of seasonal workers, the federal government already uses EI to cross-subsidize other classes of workers for parental leave, illness support, care for aging parents, etc.

However, the big difference with seasonal worker income support is that it distorts local labour markets because the seasonal worker is deemed to be ready, willing and able to work when, in fact, many (if not most) are not.


LEVERAGING COMPLEMENTARY LABOUR MARKET POLICIES

USE TFWS TO ADDRESS SEASONAL SURGES IN LABOUR DEMAND

One interesting policy proposal is to increase the use of temporary foreign workers to meet significant surges in labour demand that occur for short periods of time during the year. This could include fishing and fish processing, tree planting, farming, and even seasonal tourism workforce demand.

The argument in favour of this idea is that workers would come in as needed, do the work and go back to their home country. As long as employers pay TFWs a fair wage and provide good working conditions, it's a win-win for the worker and the employer. Further, the workers do not collect EI payments nor are they a burden on public services.

The argument against this idea is that the labour income derived from the activities would mostly leave the country and be spent elsewhere. Not only would there be less EI income flowing into the local community, there would be less employment income as well. On a national basis, the economy could be better off as the income subsidies provided through EI might be less than the lost tax revenue from the TFW income leaving the country. However, substantial negative local effects do not necessarily justify relatively modest positive national effects.



**Many people,
young and
older, are
placing value
on not working
for a significant
portion of the
year, freeing
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other activities.**

EXAMPLE: AGRICULTURE AND TFWs

This approach is already becoming a reality in the agriculture sector elsewhere in Canada. Over 50,000 seasonal workers in Canada's farming sector each year are TFWs brought in under the agricultural worker stream. As shown in **Table 9**, the three largest provinces are heavy users of the TFW workforce to support their agriculture industries. In Quebec, an amount equivalent to 46 percent of the seasonal/temporary workforce come into the country each year to work. In Ontario, an estimated 52 percent of seasonal agricultural workers are TFWs. By contrast, Atlantic Canada brings in relatively few TFWs to support agriculture (with the exception of Nova Scotia).

TABLE 9: TFW – AGRICULTURAL WORKERS RELATIVE TO THE SIZE OF THE SEASONAL OR TEMPORARY WORKFORCE

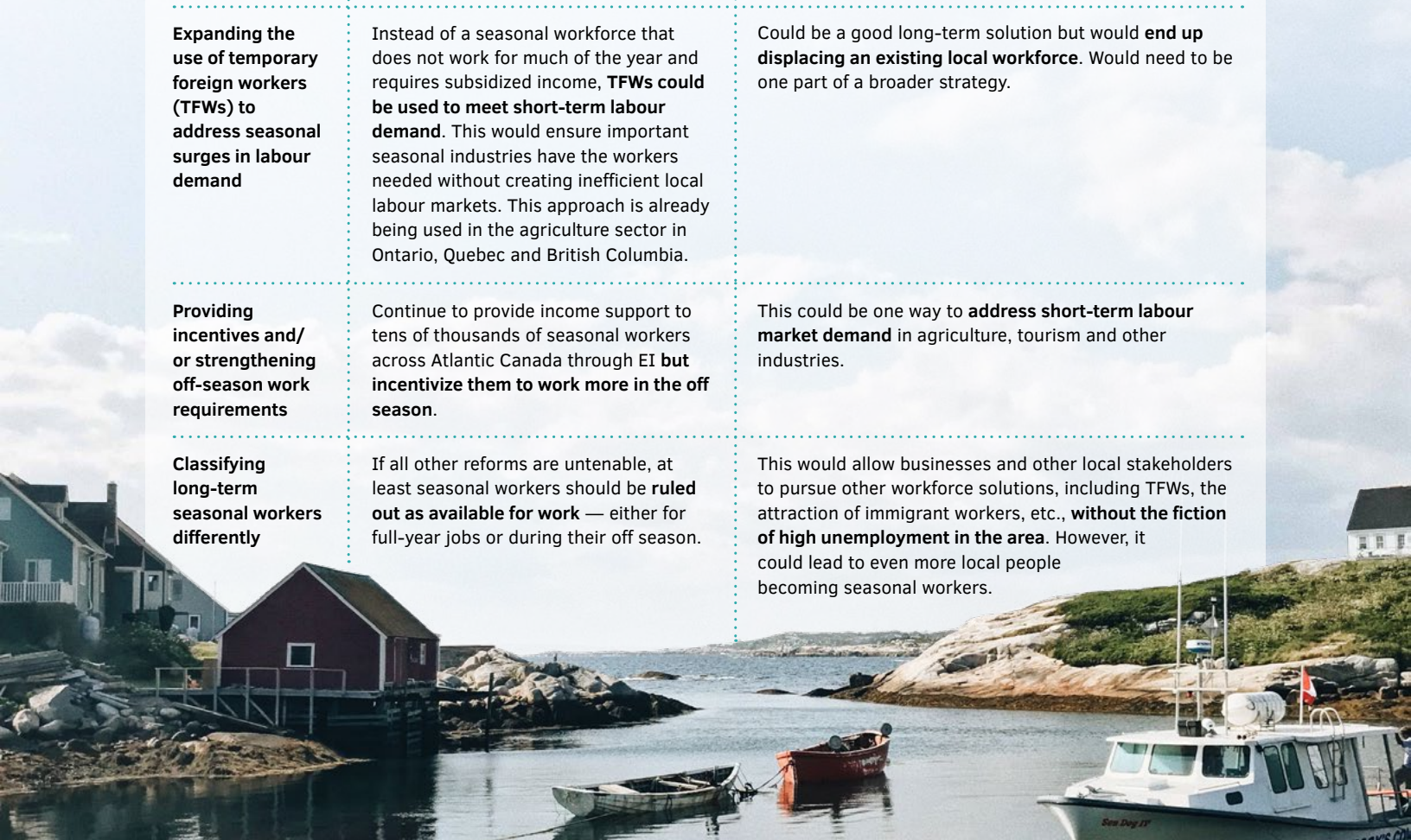
	TFW - agricultural workers (2018)	% of seasonal or temporary workforce
Newfoundland and Labrador	40	5%
Prince Edward Island	335	9%
Nova Scotia	1,410	24%
New Brunswick	195	3%
Quebec	15,250	46%
Ontario	22,555	52%
Manitoba	620	6%
Saskatchewan	390	3%
Alberta	1,815	10%
British Columbia	10,130	36%

Sources: Statistics Canada Table 32-10-0439-01 and IRCC.

This option should be considered as part of the long-term solution for Atlantic Canada. For truly short-term seasonal work, it is suboptimal from a labour force and economy perspective to have people working a few months and then collecting income support the rest of the year.

TABLE 10: SUMMARY OF POTENTIAL EI REFORMS WITH THE GOAL OF FOSTERING EFFICIENT LOCAL LABOUR MARKETS ACROSS ATLANTIC CANADA

Concept:	Summary:	Challenges/considerations:
<p>Tightening the rules to significantly reduce the use of EI for seasonal income support</p>	<p>Because there are emerging workforce shortages across most of rural Atlantic Canada, there are more opportunities for seasonal workers to find full-time employment or work in the “off season.” However, the current EI system has not led to more people moving out of seasonal jobs.</p>	<p>There are currently tens of thousands of workers across Atlantic Canada who rely on seasonal jobs and income from EI. Experience shows that any attempts to reduce the number of seasonal workers has created significant political challenges. Additionally, any large-scale change could lead to significant outward migration of population and harm strategically important industries. It could also lead to more people using provincially funded social assistance programs.</p>
<p>Grandfathering everyone over a certain age and changing EI eligibility rules for new workers only</p>	<p>To avoid significant disruption, the EI system could be changed to curtail its use as an income support tool for seasonal workers, with the changes applying to only new workers (or workers over a specific age).</p>	<p>Would require parallel labour market reforms to ensure strategically important industries such as fishing, forestry, agriculture and tourism have the workers they need at peak demand times during the year. Would likely encounter significant political pushback from local communities that rely on EI.</p>
<p>Creating a new program specifically for seasonal workers</p>	<p>The goal of EI is to provide financial support to partially replace lost employment income while the unemployed look for new work. There is no language about providing annual income support for seasonal workers. A new income support program for seasonal workers could be created.</p>	<p>In addition to subsidizing the income of seasonal workers, the federal government already uses EI to cross-subsidize other classes of workers for parental leave, illness support, care for aging parents, etc. However, seasonal worker income support distorts local labour markets because the seasonal worker is deemed to be ready, willing and able to work when many are not.</p>
<p>Expanding the use of temporary foreign workers (TFWs) to address seasonal surges in labour demand</p>	<p>Instead of a seasonal workforce that does not work for much of the year and requires subsidized income, TFWs could be used to meet short-term labour demand. This would ensure important seasonal industries have the workers needed without creating inefficient local labour markets. This approach is already being used in the agriculture sector in Ontario, Quebec and British Columbia.</p>	<p>Could be a good long-term solution but would end up displacing an existing local workforce. Would need to be one part of a broader strategy.</p>
<p>Providing incentives and/or strengthening off-season work requirements</p>	<p>Continue to provide income support to tens of thousands of seasonal workers across Atlantic Canada through EI but incentivize them to work more in the off season.</p>	<p>This could be one way to address short-term labour market demand in agriculture, tourism and other industries.</p>
<p>Classifying long-term seasonal workers differently</p>	<p>If all other reforms are untenable, at least seasonal workers should be ruled out as available for work — either for full-year jobs or during their off season.</p>	<p>This would allow businesses and other local stakeholders to pursue other workforce solutions, including TFWs, the attraction of immigrant workers, etc., without the fiction of high unemployment in the area. However, it could lead to even more local people becoming seasonal workers.</p>





CONCLUSION: TOWARDS A LONG-TERM SOLUTION

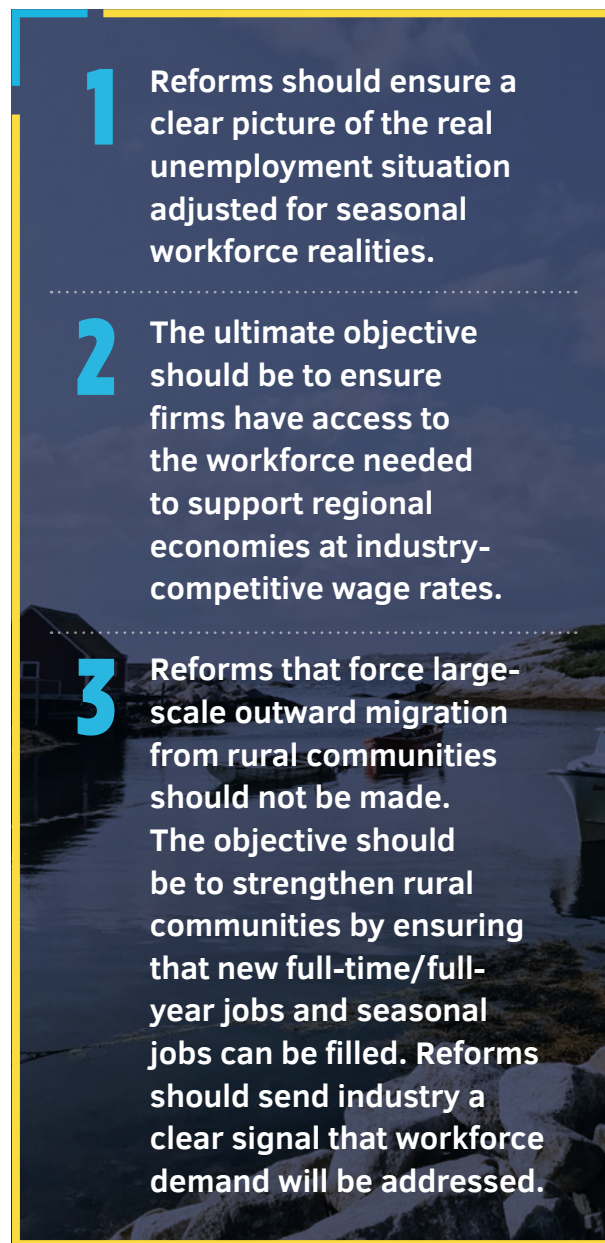
Widespread use of EI by seasonal workers in rural Atlantic Canada is distorting the regional labour market picture, making it appear there are many more unemployed workers (i.e. those actually available for work) than is really the case. This distortion negatively impacts the economic potential of the region. Employers in many important industries in natural resources, tourism, manufacturing and other sectors are limiting investment because of a lack of workers.

The simplest solution to the challenge of habitual EI usage among a considerable segment of the workforce would be to reclassify these individuals as not available for work during the period between their annual seasonal employment. This would allow employers, governments and other workforce-related stakeholders to find alternatives to address unfilled jobs in the community. And it would eliminate the fiction that these individuals are available for either new full-year jobs or other work in the “off season.” If, however, this approach was formalized, it could lead to even more workers opting to formally become seasonal workers.

In an environment where workers are unable to use EI year in and year out, those who wanted to earn more income would be compelled to find either a full-year job or other employment during the off season. Those working in fish plants might find a job in the tourism sector. Trades and construction workers who are employed mostly in the May to September timeframe could work in snow removal and other occupations during the winter months. Farm workers could take short-term retail positions during the increase in demand around Christmas. For people moving from seasonal jobs to full-year jobs, the seasonal jobs they would be vacating could be filled by temporary foreign workers or others who are specifically looking to work seasonally and do not want to work year-round (e.g. workers aged 60+ looking to supplement their income).

Regardless of any potential EI reform, it is critical that governments allow communities across the region to create workforce-development and people-attraction strategies based on the idea that a large number of seasonal workers are not actually available for work when they are not employed in their seasonal job. Continuing the fiction of high unemployment across most of rural Atlantic Canada will stymie workforce planning and hold back the economic potential of communities.

There are several guiding principles that should be applied to any potential EI reforms:



- 1** Reforms should ensure a clear picture of the real unemployment situation adjusted for seasonal workforce realities.
- 2** The ultimate objective should be to ensure firms have access to the workforce needed to support regional economies at industry-competitive wage rates.
- 3** Reforms that force large-scale outward migration from rural communities should not be made. The objective should be to strengthen rural communities by ensuring that new full-time/full-year jobs and seasonal jobs can be filled. Reforms should send industry a clear signal that workforce demand will be addressed.

By exploring potential solutions to the issue of artificially inflated high unemployment levels in Atlantic Canada, the region can look to broaden its economic potential.

