Legislative Summary LS-660E

BILL C-50: AN ACT TO AMEND THE EMPLOYMENT INSURANCE ACT AND TO INCREASE BENEFITS

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LEGISLATIVE HISTORY OF BILL C-50

HOUSE OF COMMONS

Bill Stage	Date
First Reading:	16 September 2009
Second Reading:	**29 September 2009**
Committee Report:	**29 October 2009**
Report Stage:	**2 November 2009**
Third Reading:	**3 November 2009**

SENATE

Bill Stage	Date
First Reading:	**4 November 2009**
Second Reading:	**4 November 2009**
Committee Report:	**5 November 2009**
Report Stage:	
Third Reading:	**5 November 2009**

Royal Assent: **5 November 2009**

Statutes of Canada **2009, c. 30**

N.B. Any substantive changes in this Legislative Summary that have been made since the preceding issue are indicated in **bold print**.

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BILL C-50: AN ACT TO AMEND THE EMPLOYMENT INSURANCE ACT AND TO INCREASE BENEFITS[*]

BACKGROUND

Bill C-50, An Act to amend the Employment Insurance Act and to increase benefits, was introduced in the House of Commons on 16 September 2009 by the Honourable Diane Finley, Minister of Human Resources and Skills Development. It introduces several technical provisions which amend the *Employment Insurance Act* to implement federal government measures that will temporarily extend the duration of regular benefits for eligible workers.

The *Employment Insurance Act* provides coverage for several types of benefits, including unemployment benefits (also called regular benefits), fishing benefits, special benefits (sickness, maternity, parental and compassionate care benefits), work-sharing benefits and employment benefits. Unemployment benefits are intended to replace a portion of eligible workers' wages, provided their unemployment is involuntary, i.e., their jobs were lost through no fault of their own. These benefits account for the greatest proportion of employment insurance (EI) expenditures.

Bill C-50 introduces several qualifying periods during which claimants who meet certain criteria can receive regular unemployment benefits for a longer period than the standard maximum generally provided for under the Act. These amendments are, however, designed to taper off: shorter and shorter extensions will apply, until such time as the duration of benefits returns to the normal length under the Act. Therefore, under these amendments, temporary extensions of various lengths will only be available until September 2010.

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* Notice: For clarity of exposition, the legislative proposals set out in the bill described in this Legislative Summary are stated as if they had already been adopted or were in force. It is important to note, however, that bills may be amended during their consideration by the House of Commons and Senate, and have no force or effect unless and until they are passed by both houses of Parliament, receive Royal Assent, and come into force.

These amendments are in addition to the five-week, across-the-board extension of regular benefits that was introduced by the federal government in its *Budget Implementation Act 2009*, which received Royal Assent on 12 March 2009. This extension took effect for any claimants whose benefit period had not ended by 1 March 2009[(1)] and is in effect until September 2010.[(2)]

The changes in Bill C-50 will provide a possible further extension, but only to claimants who have received less than 36 weeks of regular benefits during the 5 years (260 weeks) before the start of their benefit period and have paid a minimum level of EI premiums for a range of periods.[(3)(4)] The number of additional weeks of benefits depends on the number of years during which the claimant has made EI contributions and on the level of those contributions. For example, at the bottom of the scale, claimants who contributed at least 30% of their maximum employee premiums in 7 of the 10 years preceding the start of their benefit period would be entitled to receive an additional 5 weeks of benefits. At the top of the scale, claimants who contributed at least 30% of their maximum EI employee premiums in at least 12 of the 15 years preceding their benefit period would be entitled to 20 additional weeks of benefits.

These measures are aimed at unemployed individuals who have paid EI premiums for a significant period of time and who, although they may have received benefits in the past, are not regular users of the EI program – a group that the government refers to as "long-tenured workers."[(5)] The government estimates that Bill C-50 will benefit approximately 190,000 workers in this group.[(6)]

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(1) *Budget Implementation Act 2009*, S.C 2009, c. 2, ss. 224 and 226, and Schedule 8.

(2) Ibid., s. 229.

(3) Bill C-50, clauses 2(1) to 2(4).

(4) There is no limit on the number of unemployment episodes during the previous 5 years, provided the requirement of receiving benefits for fewer than 36 weeks is met.

(5) The federal government, in the backgrounder released for Bill C-50, described this group as "Canadians who have worked and paid EI premiums for a significant period of time and have previously made limited use of EI regular benefits." (Government of Canada, "Government of Canada intends to table legislation to extend Employment Insurance benefits for long-tenured workers," News release and Backgrounder, 14 September 2009, http://news.gc.ca/web/article-eng.do?nid=481549).

(6) Ibid.

DESCRIPTION AND ANALYSIS

A. Extension of the Benefit Period (Clause 1)

Bill C-50 introduces exceptions to the length of what is known as the "benefit period" under the *Employment Insurance Act*, which is currently capped at 52 weeks. The "benefit period" does not equate to the number of weeks during which claimants will receive EI benefits. It refers instead to the period within which they can receive the benefits for which they qualify.(7) The benefits may be paid in consecutive weeks or in discrete periods, so that if a claimant is unemployed more than once during a benefit period, he or she may reapply for benefits and claim the unused remainder of the benefit payments for which he or she is eligible within that period.

The number of weeks of benefits for which claimants may qualify is set out in Schedule 1 to the *Employment Insurance Act*. The number of weeks of payments varies from 14 weeks to 45 weeks, depending on employment conditions in the region of the country where the claimant lives and on his or her hours of insurable employment. (As a result of the *Budget Implementation Act 2009,* these entitlements have currently been raised to 19 to 50 weeks for all EI users.(8) The regional variations remain in effect.) It should be noted that all EI users are subject to a 2-week waiting period built into the beginning of their benefit period, during which they do not receive benefit payments.(9)

Clause 1 of Bill C-50 would extend the benefit period for the particular segment of EI users covered by the bill, waiving the 52-week ceiling during which they may receive the number of payments to which they are entitled. This change is for the purpose of ensuring that anyone entitled to more than 52 weeks' worth of payments under the extensions provided for in the bill can receive them without being constrained by the benefit period. **Technical amendments added at the stage of third reading in the House of Commons ensure that this flexibility will apply to those whose benefit periods overlap with the beginning (4 January 2009) and end (11 September 2010) of the time during which the extended benefits are available.**

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(7) The definitions of the benefit period and the maximum amount of benefits are provided in sections 9, 10(2) and 12 of the *Employment Insurance Act*, S.C. 1996, c. 23.

(8) Schedule 1 to the *Employment Insurance Act* has been temporarily replaced by Schedule 8 of the *Budget Implementation Act 2009* for the period during which the 2009 budget's 5-week extension for all EI claimants is in effect.

(9) *Employment Insurance Act*, S.C. 1996, c. 23, s. 13.

B. Eligibility Criteria for the Extension of Benefits (Clause 2)

Clause 2 of Bill C-50 outlines the eligibility criteria for the extensions. It divides EI claimants covered by the bill into four groups based on the start dates of their benefit periods. In addition, in order to qualify, these claimants must meet a threshold for their level of overall previous contributions to the EI program. They must have previously paid at least 30% of the maximum EI contribution for various periods of time ranging from 7 to 12 years, depending on how long they have been paying into the program as a whole. The length of the extension which claimants in all four groups may receive is linked to this contribution threshold.

A claimant whose benefit period was established between 4 January 2009 and 5 June 2010 will receive an extension of between 5 and 20 weeks, depending on his or her prior contribution. For example, an extension of 5 weeks will be provided if the claimant contributed at the threshold level for 7 out of the 10 years before the beginning of the benefit period. The 7 years need not be consecutive. The extensions granted are scaled: they become longer and longer depending on the number of prior years during which the threshold contribution was made by the claimant.

However, the extensions granted overall will become shorter for each successive set of claimants as the end date of September 2010 approaches. (The end date is tied to the beginning of the benefit period, not to the receipt of the benefit payments. Payment of the extended benefits will continue until fall 2011.[(10)])

Table 1 outlines the benefit periods for each of the four groups of claimants, along with the scaled extensions provided to those in each group. As already indicated, these extensions are in addition to the general 5-week extension provided for in the *Budget Implementation Act 2009*.[(11)]

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(10) Government of Canada, "Government of Canada intends to table legislation to extend Employment Insurance benefits for long-tenured workers," News release and Backgrounder, 14 September 2009, http://news.gc.ca/web/article-eng.do?nid=481549.

(11) Bill C-50 specifies that any extensions granted increase the weeks of benefit payments for which a claimant is already eligible under Schedule 1 of the *Employment Insurance Act*. The old Schedule 1 of the *Employment Insurance Act* was replaced with a temporary one by way of the *Budget Implementation Act 2009* (subsection 224(1) and Schedule 8).

Table 1

Group 1 (4 January 2009–5 June 2010)	
Met contribution threshold for*	*Extension*
7 out of 10 years	5 weeks
8 out of 11 years	8 weeks
9 out of 12 years	11 weeks
10 out of 13 years	14 weeks
11 out of 14 years	17 weeks
12 out of 15 years	20 weeks
Group 2 (6 June 2010–10 July 2010)	
Met contribution threshold for*	*Extension*
8 out of 11 years	3 weeks
9 out of 12 years	6 weeks
10 out of 13 years	9 weeks
11 out of 14 years	12 weeks
12 out of 15 years	15 weeks
Group 3 (11 July 2010–7 August 2010)	
Met contribution threshold for*	*Extension*
9 out of 12 years	1 week
10 out of 13 years	4 weeks
11 out of 14 years	7 weeks
12 out of 15 years	10 weeks
Group 4 (8 August 2010–11 September 2010)	
Met contribution threshold for*	*Extension*
11 out of 14 years	2 weeks
12 out of 15 years	5 weeks

* The contribution threshold is at least 30% of the maximum annual employee's premium.

C. Claimants Outside Canada (Clauses 3, 4, 5, 6 and 7)

Clauses 3, 4, 5, 6 and 7 of Bill C-50 deal with a special category of EI claimants who are outside Canada. Claimants who are seeking regular EI benefits and who live outside of Canada are eligible if they live in areas of the United States covered by the *Agreement between Canada and the United States respecting Unemployment Insurance,* or if they live in areas of the United States contiguous to Canada, visit Canada on a regular basis to report to the Canada Employment Insurance Commission, and are available to work in Canada.(12)

(12) *Employment Insurance Regulations*, SOR/96-332, subsection 55(6).

Everyone in this group is normally subject to the table in subsection 55(7) of the *Employment Insurance Regulations* for determination of the length of time for which they may receive EI benefit payments, which ranges from 16 to a maximum of 36 weeks. However, the *Budget Implementation Act 2009* also extended this by 5 weeks, to range from 21 to 41 weeks.(13) The changes introduced by Bill C-50 would provide to this group of claimants the same additional extensions outlined in Table 1, provided they meet the requirements for long-tenured workers who have met the contribution threshold for payments (Clauses 3–6). The changes would also extend the benefit period for this group to accommodate the extra weeks of payments (Clause 7).

Clause 8 specifies that, as of 12 September 2010, the duration of benefits will return to the normal number of weeks. Both Bill C-50 and the *Budget Implementation Act 2009* contain provisions to repeal their respective temporary extensions, which come into force on 12 September 2010.(14) Those whose qualifying period for benefits begins on or after 12 September 2010 will be back under the regular regime and will not be entitled to any extensions.

D. Coming into Force

There are two coming-into-force dates:

- Subsections 1(1) (extension of the benefit period), 2(1), 2(3) (extension of weeks of EI entitlement), and sections 3 to 7 (entitlement to extended benefits for out-of-country claimants) are deemed to come into force on the second Sunday before the date the bill receives Royal Assent.

- Subsections 1(2), 2(2) and 2(4) (substantive amendments cease to take effect) come into force on 12 September 2010.

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(13) *Budget Implementation Act 2009*, S.C 2009, c. 2, s. 225, and Schedule 10.

(14) The temporary new Schedule 1 of the *Employment Insurance Act* created by the *Budget Implementation Act 2009* will be replaced again by the old Schedule 1 (subsection 224(2) and Schedule 9), on a coming-into-force date of 12 September 2010 (subsection 231(2)).