

# The CANADIAN unemployment insurance system

April 2021

## SUMMARY

The Canadian unemployment insurance system ("**employment insurance**") is part of the mandatory social system. It ensures a temporary financial support to the persons who **lost their job** (unemployment) or who are **temporarily unable to work** (sickness, maternity, etc.).

Funded by the employers' and employees' contributions, it is managed by the state at the federal level and **its main parameters vary depending on the economic situation**.

Thus, the affiliation period varies depending on the regional unemployment rate, from 420 to 700 hours worked, and the benefit duration varies from 14 to 45 weeks. The benefit amount - the conditions of calculation of which are also modulated depending on the economic situation - is equal to 55% of the reference earnings.

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## ELEMENTS OF CONTEXT<sup>1</sup>

### General data

<b>Population</b>	37 742 154 (2020)
<b>Nature of the political regime</b>	constitutional monarchy with a bicameral parliamentary system, federation of ten provinces and three territories
<b>Head of State</b>	Elisabeth II (represented by a General Governor)
<b>Prime Minister</b>	Justin Trudeau (since 4 November 2015)

### Economic data

	Canada	France	OCDE average
GDP (US dollars/capita, 2019)	50 666 (15th of the OECD)	49 226 (16th of the OECD)	46 483
Actual GDP quarterly growth rate (compared to the previous quarter, %, T4-2020)	1.9	- 1.3	0.7
Debt of the public administrations (% of the GDP, 2019)	107	124	-
Social spending (% of the GDP, 2019)	18	31	-
Public unemployment spending (% of the GDP, 2018)	0.49	1.52	-
Annual average wage (US dollars, 2019)	53 198	46 481	48 587
Minimum legal wage (2021)	- <sup>2</sup>	€10.25/hour	-

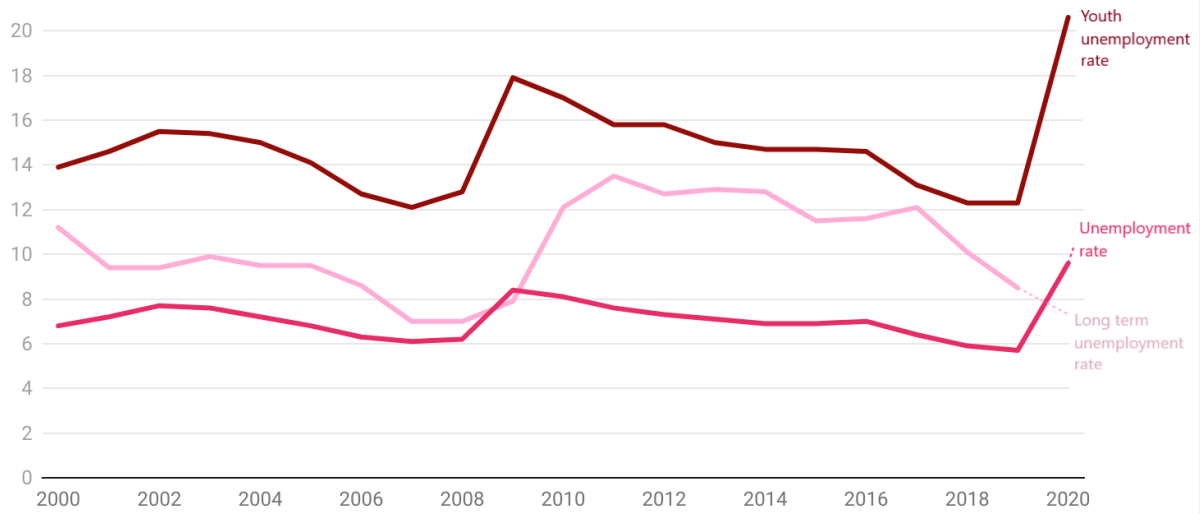
### Data relating to the employment an employment market

	Canada	France	OCDE average
Employment rate (% T3-2020)	70.2	65.1	66.7
Temporary employment rate (% of the salaried employment, 2019)	12.8	16.4	11.8
Full time employment rate (% of the employment, 2019)	81	86.6	83.3
Unemployment rate (% Dec 2020)	8.8	8.9	6.9
Long term unemployment rate (% of the jobseekers, 2019)	8.5	38.8	25.8
Youth unemployment rate (% of the young labour force, Dec 2020)	17.9	23.3	14.5

<sup>1</sup> Sources: French Foreign Affairs Ministry, OECD

<sup>2</sup> In Canada, the minimum wage varies from \$10.45 to \$16/hour (i.e. from €7 to €10.50 approximatively), depending on the province and on the industry sector.

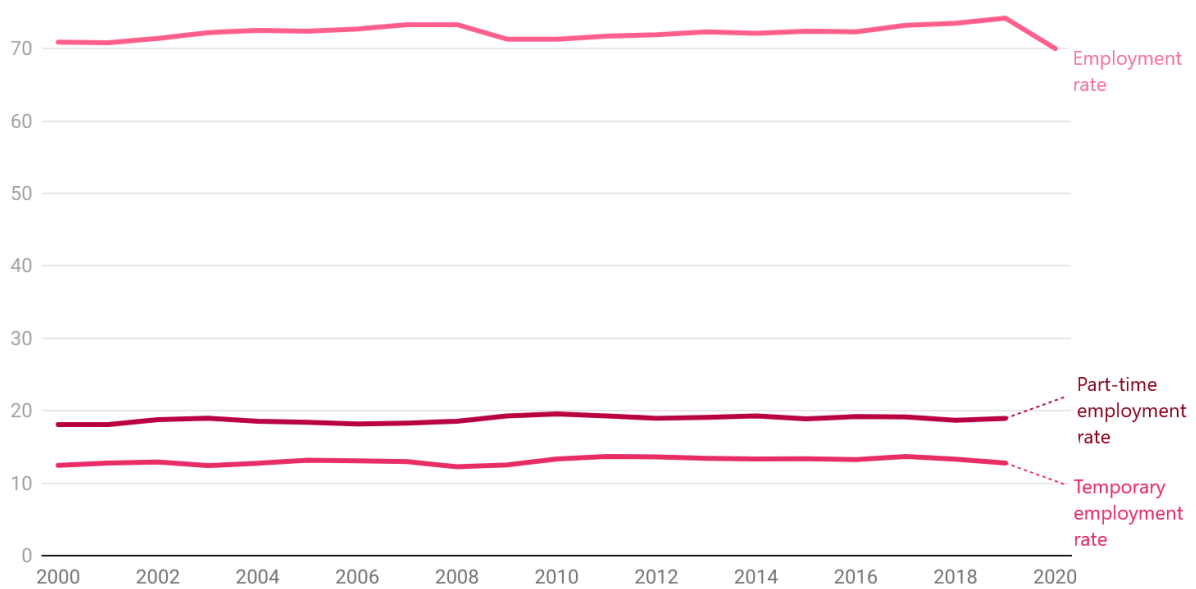
### Unemployment rate in Canada from 2000 to 2020



Source: OECD

Champ: unemployment rate in % of the labour force, youth unemployment rate in % of the youth labour force, Long term unemployment in % of the jobseekers

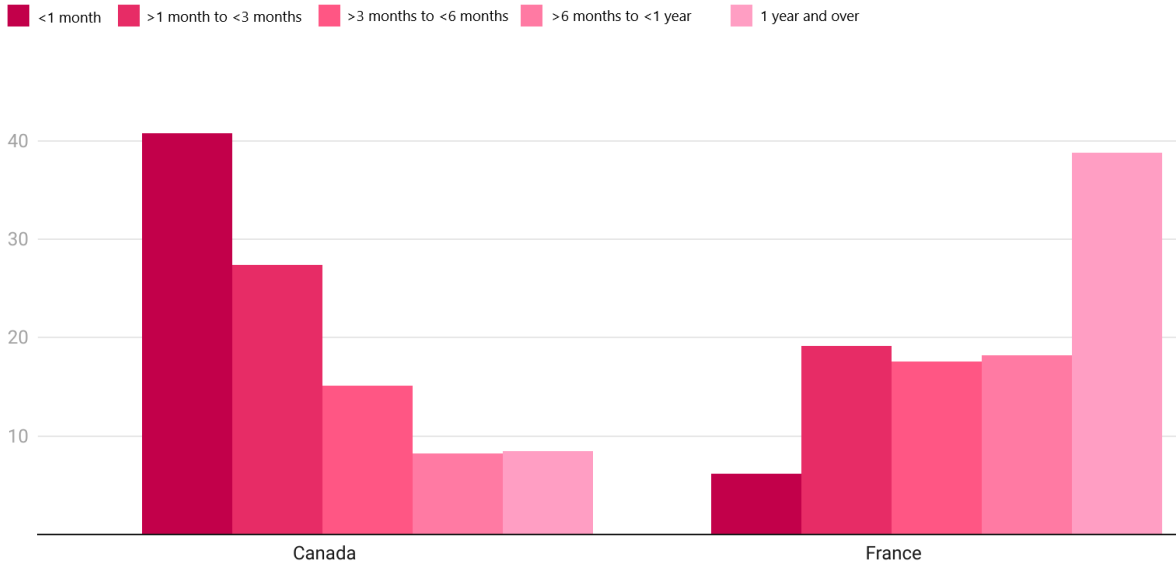
### Employment rate in Canada from 2000 to 2020



Source: OECD

Field: employment rate in % of the working age population, part-time employment in % of the employment, temporary employment rate in % of the salaried employment

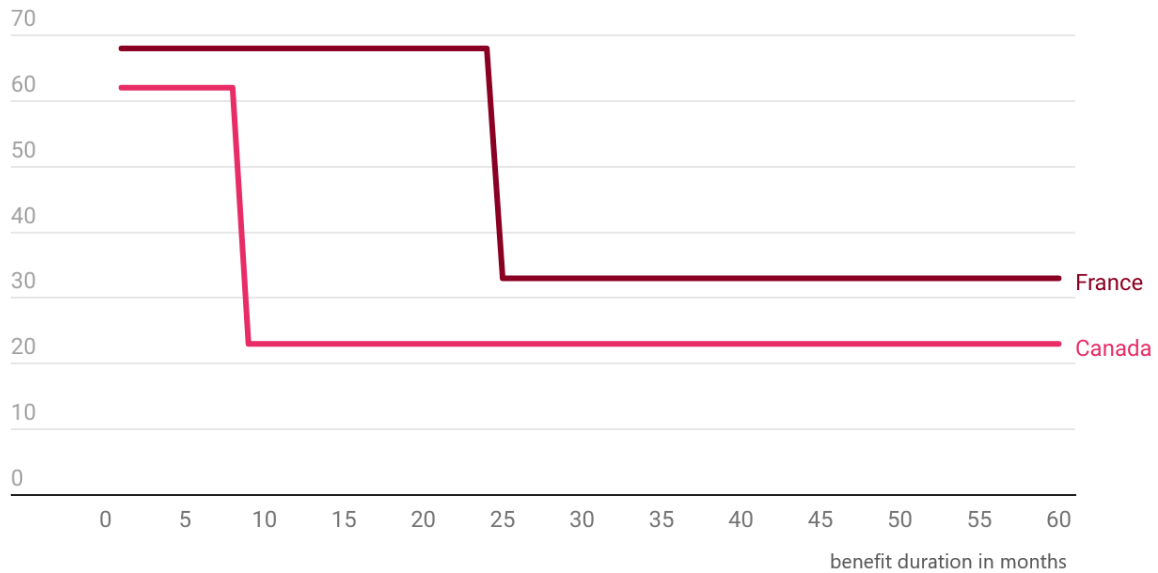
### Incidence of unemployment by duration in Canada and France



in % of jobseekers, 2019  
Source: OECD

### Evolution of the net replacement

(% of the income preceding the unemployment for a single person without children and with an average wage, 2019)



Source: OECD

## HISTORICAL BACKGROUND

### 1940-1971

#### Creation of the system, extension of the scope and improvement of the level of benefits

- 1940** creation of a federal insurance system, co-financed by the workers, the employers and the government. Until this date, each province was in charge of an unemployment insurance system on its territory;
- 1955** extension of the coverage to certain groups of workers who were previously excluded (e.g. self-employed fishers);
  - re-allocation between jobseekers
- 1971** reform of the unemployment insurance system: extension of the coverage to all workers (except for the self-employed other than fishers), incorporation of the sickness and maternity benefits into the system, adaptation of the benefit duration based on the regional unemployment rate.
  - re-allocation between regions and increase of the system costs

### 1976-1994

#### Tightening of the compensation conditions, financial disengagement of the state

- 1976-1980** reduction of the benefit duration and of the benefit level, tightening of the eligibility conditions for the new workers, introduction of the variable eligibility criteria;
- 1990** disengagement of the federal government in the funding of the unemployment insurance system;
- 1993-1994** disengagement of the federal government in the funding of the unemployment insurance system).

### 1996-2019

#### Further tightening of the compensation conditions, new philosophy, reduction of the expenses

- 1996** reform of the unemployment insurance system: change of name from "unemployment insurance" to "employment insurance" (income benefits and employment benefits), activation of the expenses and removal of social assistance at the federal level (Canada Assistance Plan, CAP)<sup>3</sup>, change of the parameters (see the box below)
- 2010** creation of the Canada Employment Insurance Financing Board (CEIFB), in charge of setting the unemployment insurance contribution rate and managing a reserve fund, as well as improving the transparency of the system funding<sup>4</sup>;
- 2012** reform of the unemployment insurance system: redefinition of the suitable job for each category of jobseekers (three categories of beneficiaries exist depending on the frequency with which they demand benefits: long-tenured workers, occasional claimants, frequent claimants)<sup>5</sup>, revision of the methods of benefit calculation (the reference period for calculation varies depending on the region and becomes based on the "best weeks").

### 2020 Covid-19 pandemic-related emergency measures

Creation of a specific flat-rate benefit (Canadian Emergency Response Benefit - CERB), intended for the persons who are not able to work due to the Covid-19 pandemic. The monthly amount of the benefit is \$2000 and the benefit duration is 28 weeks at a maximum, over the period from 15 March to 3 October 2020. Under the CERB, the conditions of eligibility to the unemployment insurance system have been softened<sup>6</sup>. **According to the Federal Ministry of Employment**, discussions could take place soon in order to determine the measures which need to be continued and the changes to be made.

<sup>3</sup> The funding of CAP (in effect from 1966 to 1996) used to be shared between the federal government and the provinces. Since then, social assistance has been within the jurisdiction of the provinces.

<sup>4</sup> The CEIFB was abolished in 2013.

<sup>5</sup> The persons who frequently received benefits during the last five years were under the obligation to accept a job with a remuneration below their previous remuneration and a job in another sector than that of their previous job. The definition of the suitable job has since been unified for all the categories of jobseekers.

<sup>6</sup> Application of an unemployment rate of 13.1% to all regions, reduction of the affiliation period from 420 to 120 hours worked, increase of the amount of the weekly benefit to \$500 at a minimum, extension of the reference period for the persons who benefited from the CERB.

## Focus on the 1996 reform<sup>7</sup>

As a major development of the Canadian unemployment insurance system, the 1996 reform aimed at "favouring employment and underlining the fact that the access to the system is linked to a significant labour market participation". The reform notably led to the changes of the following parameters:

### *Duration of affiliation in hours*

#### **Parameter change**

Since January 1997, the condition of affiliation has been based on the number of hours worked, rather than on the number of weeks worked. The jobseekers must thus justify 420 to 700 hours of work instead of 12 to 20 weeks.

#### **Objective of the measure**

This development aims at removing the inequalities and anomalies of the system based on the weeks (e.g. both 15 hour- and 50 hour- working weeks used to count as one week).

### *Reduction of the reference wage cap*

#### **Parameter change**

The cap of the reference wage or the maximum insurable earnings (MIE) was reduced to \$39 000 per year (\$750 per week) in July 1996 and was maintained at this level until 2006. The maximum amount of the weekly benefit was therefore reduced to \$413 (55% of \$750), whilst it amounted to \$448 in 1995 and \$465 during the first six months of 1996.

#### **Objective of the measure**

This development aims at readjusting the MIE at a level where the benefits are no longer in competition with the wages of certain regions of the country and of certain industries.

### *Reduction of the benefit duration*

#### **Parameter change**

Since July 1996, the maximum benefit duration has been reduced, from 50 to 45 weeks.

#### **Objective of the measure**

This development reflects the fact that most jobseekers find a job during the first 40 weeks of receiving benefits.

### *Methods of calculating the benefit amount*

#### **Parameter change**

The weekly benefits are now calculated as follows: the total earnings accumulated during the 26 weeks preceding the claim are divided by the highest of the number of weeks worked during this period or the minimum denominator between 14 and 22 (according to the regional unemployment rate). The result is multiplied by 55% to determine the benefit amount. The calculation method used to be, prior to this reform, based on the average of the wages of the reference period.

#### **Objective of the measure**

This development aims at encouraging to work longer than the minimum period required to be eligible to receive the benefits (at least two weeks more than pursuant to the former eligibility standard).

### *Intensity rule*

#### **Parameter change**

The intensity rule used to reduce the benefit rate by 1% for each 20 week-period of benefits received during the five previous years. The maximum reduction was 5%.

#### **Objective of the measure**

This development aims notably at discouraging frequent use of the unemployment insurance system (this measure was cancelled in 2001).

<sup>7</sup> Source: Employment Insurance Monitoring and Assessment Report 2018-2019.

## GENERAL PRESENTATION OF THE "EMPLOYMENT INSURANCE" SYSTEM»

The Canadian unemployment insurance system is a federal program aimed at guaranteeing a **temporary financial support** to the persons who **lost their job** or who are **temporarily unable to work**.

There exist two types of benefits<sup>8</sup>:

- ▶ the **regular benefits** (unemployment benefits), paid in cases of involuntary job loss and,
- ▶ the **special benefits**, which encompass sickness benefits, maternity and parental benefits and caregiving benefits (except for the province of Québec which manages the maternity and parental benefits on its territory<sup>9</sup>) which are paid in cases of temporary inability to work.

Affiliation to the system is mandatory for the salaried employees<sup>10</sup> who can benefit from the benefits provided that they **sufficiently contributed** and meet the eligibility conditions, which are specific for each type of benefit.

The employment insurance system is supervised by the Canada Employment Insurance Commission (CEIC), an independent **tripartite body** that represents the salaried employees', employers' and government's interests.

It is **funded** by the employers' and salaries employees' contributions, as well as by the federal subventions with respect to the employment policies.

The jobseekers' **assistance**<sup>11</sup> and the training mechanisms are within the remit of the provinces and territories, which, to carry out their missions, are subsidized by the federal government.

## PUBLIC EMPLOYMENT SERVICE

The Canadian public employment service is provided by "**Service Canada**<sup>12</sup>", which was created in 2005.

Administered by the Ministry of Employment and Social Development, "Service Canada" is a single point of access for numerous services and benefits, such as employment insurance, retirement or invalidity benefits. In total, this public service provides an access to more than 50 governmental programs and services via its network composed of over 600 agencies throughout the territory.

In addition to managing the various types of benefits, "Service Canada" is in charge of the statistics relating to the employment market and of the active employment policies.

The Ministry also administers, in the name of the CEIC, a national placement service **Job-Bank** (online only). This service assists the jobseekers by providing them with tools for seeking a job and information on the labour market and employment perspectives.

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<sup>8</sup> The regular benefits and the special benefits are supplemented by "active support" measures: the employment benefits and support measures (EBSMs). Not studied in this document, the EBSMs combine employment market-related programs and services and aim at helping the jobseekers to prepare for employment, to find a job and to retain it.

<sup>9</sup> A parental insurance system specific to Québec was introduced in Québec in 2006. Since then, the employment insurance contribution rate has not been the same as for the rest of the country.

<sup>10</sup> The self-employed can choose to participate to the system on a voluntary basis and to benefit from the special benefits.

<sup>11</sup> Not studied in the context of this study.

<sup>12</sup> The Government of Québec is in charge of the major part of the employment public service on its territory, managed by the Québec-Employment agency.

## FUNDING

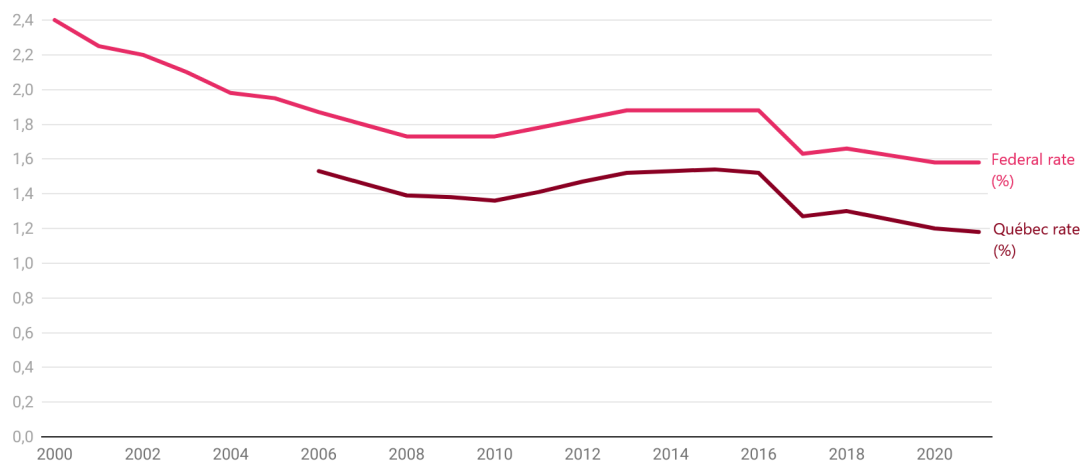
The Canadian unemployment insurance system is **funded by salaried employees' and employers' contributions**.

The contribution rate is set, each year, by the Commission under the following terms:

- ▶ its determination must enable to ensure a **balance over a 7-year period** (cumulative balance of \$0 over said period including the removal of any cumulated deficit or excess),
- ▶ its level may vary by 0.05% at a maximum from one year to the other.

The balance mechanism over 7 years aims at ensuring stable and predictable contribution rates for the Canadian employees and employers and guaranteeing that the contributions paid under the employment insurance are intended only for employment insurance.

**Evolution of the employment insurance contribution rate (2000-2021)**



*Note: Until 2006, the Québec contribution rate was the same as the federal contribution rate.*

*Source: Government of Canada*

An actuarial report is published every year to satisfy the transparency and liability conditions required in the context of the process for establishing the contribution rates. The forecasts of the contribution rates for the following year are also included in this document.

The employers' contribution must correspond to 1.4 x the salaried employees' contribution. The maximum annual insurable earnings (MIE) specifies the cap of the annual remuneration from which the contributions are deducted.

For the year 2021, the salaried employees' contribution rate amounts to 1.58% and the employers' contribution rate amounts to 2.21%. The MIE amounting to \$56 300, the maximum annual contribution of a salaried employee is \$889.54, and that of an employer is \$1 245.36.<sup>13</sup> The contribution rate and the MIE for the self-employed are the same as for the salaried employees.

The same contribution rate applies throughout Canada, except in Québec: in 2021, Québec's salaried employees' contribution rate amounts to 1.18% and the employers' contribution rate amounts to 1.65%. The MIE being the same as for the rest of Canada, the maximum annual contribution of a salaried employee is of \$664.34 and that of an employer, \$930.08.

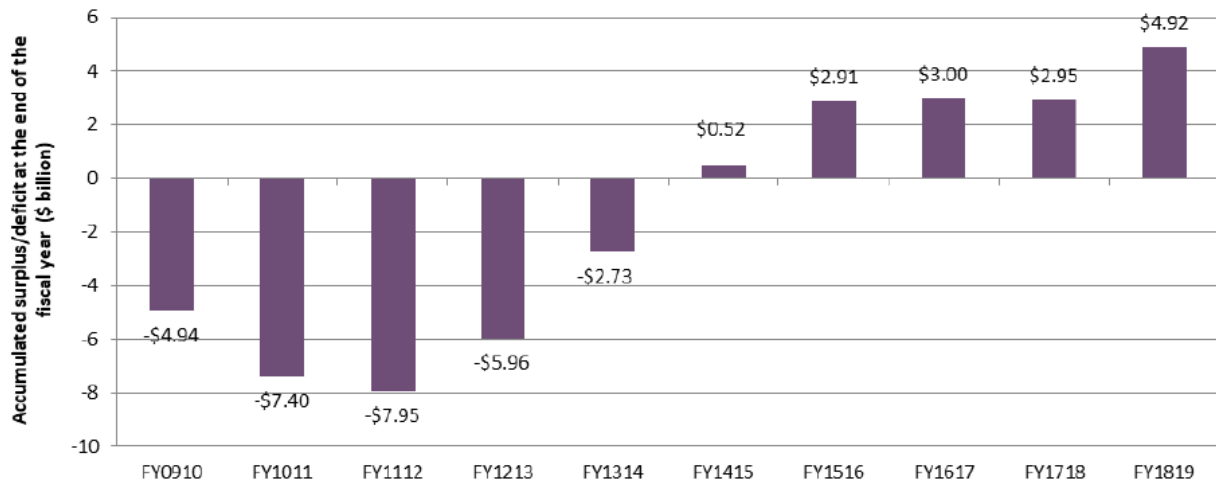
<sup>13</sup> In February 2021, one Canadian dollar is equal to €0.65.



In the context of the measures implemented in response to the Covid-19 pandemic, the government decided to freeze the contribution rate of 2021 and 2022 at the rate of 2020, i.e. at 1.58%. In Québec, the contribution rate in 2021 decreased compared to that of 2020, going down from 1.20% to 1.18%.

It should be noted that **the debt of the system is part of the federal debt.**

### Employment Insurance Operating Account financial position at the end of the fiscal year, EF0910 to EF1819



Source: Government of Canada, Public Accounts of Canada 2019, Volume I: Summary Report and Consolidated Financial Statements (Ottawa: Receiver General for Canada, 2019) and past year versions of the Public Accounts report.

## GOVERNANCE

In Canada, the definition of the unemployment insurance rule falls within the remit of the law. The employment insurance system is managed by the CEIC.

### Composition of the Commission

This **tripartite body** is composed of 4 members, of which 3 have a voting right:

- ▶ **Government:** Deputy Minister of Employment and Social Development (chairperson of the Commission), Senior Associate Deputy Minister and Chief Operating Officer for Service Canada (he/she has the voting right only where the chairperson is absent),
- ▶ **Employees:** Commissioner for Workers, appointed by the Governor for a 5-year mandate at a maximum,
- ▶ **Employers:** Commissioner for Employers, appointed by the Governor for a 5-year mandate at a maximum.

### Commission's assignments

The Commission's assignments include:

- ▶ **Supervising and assessing the employment insurance system** (see below),
- ▶ Drafting regulations pursuant to the Employment Insurance Act,
- ▶ Reviewing and approving policies related to the administration and performance of the system,
- ▶ **Ensuring the transparency of the funding** of the system (annual actuarial report),
- ▶ **Setting the contribution rate and annual maximum insurable earnings.**

## Monitoring and Assessment Report

In the context of its supervision assignments, the Commission must, each year, draft the Employment Insurance Monitoring and Assessment Report. This report, which is notably based on a research program, is submitted to the relevant Minister at the end of the financial year, who then files it with the Parliament.

The objective of this document is to provide an exhaustive analysis of the impact and of the efficiency of the employment insurance system.

Each year, it is structured in four chapters:

- ▶ Context of the employment market
- ▶ Impact and efficiency of the employment insurance benefits
- ▶ Impacts and efficiency of the employment benefits and of the support measures<sup>14</sup>
- ▶ Administration of the system

## Pilot projects

The Commission can, as part of its prerogatives, initiate pilot projects in order to test new approaches and assess the impacts thereof on the labour market and jobseekers, before permanent changes can be considered.

The pilot projects which have been initiated since 2004 focused on four main domains: extension of the regular employment insurance benefits, amendment of the method of calculating the benefit, amendment of the rules relating to the combination of the benefit and of the income resulting from a professional activity and facilitation of the access to the benefits for the persons who become or re-become part of the labour force. These pilot projects, of a three-year term maximum, are usually introduced in the regions with a high unemployment rate.

## Provinces and territories

The Commission is also authorized, with the approval of the Ministry of Employment and Social Development, to enter into agreements with each province and territory of Canada. In the context of these agreements, the Government of Canada grants subsidies to the local governments enabling to cover the costs related to the employment benefits and similar measures, as well as the cost of the support measures. These contributions can also cover the costs of administration related to the benefits and other measures.

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<sup>14</sup> The employment benefits and support measures (EBSMs) combine programs and services linked to the labour market and aim at helping to prepare for employment, to find a job and to retain it.

## COMPENSATION PARAMETERS

### Regular benefits

#### Conditions

The salaried employees can receive employment insurance benefits (regular benefits) only if they meet the following eligibility conditions:

- ▶ Having lost one's job without being responsible thereof (**involuntary unemployment**),
- ▶ Not having worked and not having received any wage during at least 7 consecutive days,
- ▶ Having worked during the required number of insurable hours during the **52 last weeks** or since their last compensation period (the shorter period is retained) (see below),
- ▶ Being ready and willing to work,
- ▶ Actively seeking a job.

The number of hours one is required to have worked in order to receive benefits depends on the **regional unemployment rate** applicable to the applicant. The higher the unemployment rate, the lower the number of hours one is required to have worked.

Thus, in a region where the unemployment rate is below 6%, one must have worked 700 hours during the reference period to be eligible to receive unemployment benefits; in a region where the unemployment rate exceeds 13%, one needs to have worked only 420 hours to be eligible (see below).

The applicable regional unemployment rate corresponds to the **average of the seasonally adjusted unemployment rates of the last three months** of the region where the jobseeker has their usual residence.

#### *Affiliation period according to the regional unemployment rate*

Regional unemployment rate	Minimum affiliation period
6.0% and less	700 hours
6.1% to 7.0%	665 hours
7.1% to 8.0%	630 hours
8.1% to 9.0%	595 hours
9.1% to 10.0%	560 hours
10.1% to 11.0%	525 hours
11.1% to 12.0%	490 hours
12.1% to 13.0%	455 hours
more than 13.1%	420 hours

#### Benefit duration

The benefit duration is **proportional to the previous affiliation period**. It varies **from 14 to 45 weeks** and **depends on the regional unemployment rate and on the number of hours worked** during the reference period. For an equal affiliation period, the higher the unemployment rate, the longer the benefit duration.

Thus, a person who worked during 700 hours will be eligible to 14 weeks of benefits if they live in a region where the unemployment rate is below 6%, whereas they will be eligible to 36 weeks of benefits in a region where the unemployment rate exceeds 16% (see below).

*Examples of benefit durations in weeks depending on the regional unemployment rate*

Affiliation (in hours)	Regional unemployment rate											
	< 6 %	6.1 % - 7 %	7.1 % - 8 %	8.1 % - 9 %	9.1 % - 10 %	10.1 % - 11 %	11.1 % - 12 %	12.1 % - 13 %	13.1 % - 14 %	14.1 % - 15 %	15.1 % - 16 %	> 16.1 %
420-454	0	0	0	0	0	0	0	0	26	28	30	32
1085-1119	19	21	23	25	27	29	31	33	35	37	39	41
1820-	36	38	40	42	44	45	45	45	45	45	45	45

For the year 2018-2019, the average benefit duration was 18.2 weeks (see Annex). In the regions where the unemployment rate was below 6%, the average benefit duration was 15.3 weeks; in the regions where the unemployment rate exceeded 16%, the average benefit duration was 29.5 weeks.

For long-tenured workers<sup>15</sup>, the average benefit duration was 17.7 weeks, for the occasional claimants<sup>16</sup>, it was 17.6 weeks and for frequent claimants<sup>17</sup>, it was 20.5 weeks.

### Benefit amount

The benefit amount is **proportional to the previous income**. It corresponds to **55%** of the average weekly insurable income, up to the cap. In 2021, the **cap of the annual insurable remuneration** being of \$56 300, **the amount of the maximum weekly benefit** amounts to \$595.

### *Methods of calculation*

The "**calculation reference period**" taken into account to determine the benefit amount varies **between 14 and 22 weeks**, also depending on the regional unemployment rate. The lower the regional unemployment rate, the higher the number of required weeks, and potentially the lower the benefit (see below). The "best weeks" are taken into account, i.e. the weeks, whether consecutive or not, during which the remuneration was the highest during the reference period.

In the context of this mechanism, it is possible that the reference period will be longer than the affiliation period required for a person to be eligible to receive benefits and will include, as a result, periods not worked. Thus, in the regions where the unemployment rate exceeds 13%, the calculation will be based on the 14 best weeks; in the regions where the unemployment rate is below 6%, the calculation will be based on the 22 best weeks (whilst in the latter, one must have worked approximately 17.5 weeks to be eligible to receive unemployment benefits; in the first case, 10.5).

*Duration of the calculation reference period depending on the regional unemployment rate*

Regional unemployment rate	Number of weeks
<b>6.0% and less</b>	22
<b>6.1% to 7.0%</b>	21
<b>7.1% to 8.0%</b>	20
<b>8.1% to 9.0%</b>	19
<b>9.1% to 10.0%</b>	18
<b>10.1% to 11.0%</b>	17
<b>11.1% to 12.0%</b>	16
<b>12.1% to 13.0%</b>	15
<b>more than 13.1%</b>	14

<sup>15</sup> Long-tenured workers are the beneficiaries who have contributed to the employment insurance system for at least seven years over the ten last years and who, during the last five years, received regular benefits during 35 weeks at a maximum.

<sup>16</sup> The beneficiaries who do not fall within the definition of a long-tenured worker nor that of a frequent claimant.

<sup>17</sup> The beneficiaries who, during the five last years, have submitted at least three regular benefit claims and received benefits for more than 60 weeks.

Families whose annual income does not exceed \$25 921 may benefit from a family supplement. With this supplement, the benefit amount can increase up to 80% of the reference wage, depending on the income of the family and the number and age of the children.

For the year 2018-2019, the average amount of the weekly benefit amounted to \$469 (see Annex). In the regions where the unemployment rate was below 6%, the average amount of the weekly benefit was \$471; in the regions where the unemployment rate exceeded 16%, it was \$455.

For long-tenured workers, the average weekly benefit amount amounted to \$503, for the occasional claimants, it amounted to \$452 and for the frequent claimants, it amounted to \$477.

### Combination of the benefit and the income resulting from a professional activity

In the event of a combination of the employment insurance benefit and of the income resulting from a reduced or occasional professional activity, 50 cents are deducted from the weekly benefit amount for each dollar earned. The sum of the benefit and income cannot exceed 90% of the beneficiary's previous weekly remuneration (approximately four days and a half of work). Beyond this cap, a dollar is deducted from the benefit amount for each dollar received. It should be noted that the payment of the benefit is suspended in the event of full-time weekly job (whatever the amount of the wage received).

#### Example

- ▶ A person whose weekly remuneration was \$500 receives, after the loss of their job, a benefit of \$275 (i.e. 55% of \$500). If this person finds a part-time job, paid \$300 per week, the benefit is reduced by \$150 (i.e. 50 cents for each dollar earned). Thus, the amount of the weekly benefit is \$125 (i.e. \$275 - \$150).
- ▶ The sum of the benefit and of the income of the professional activity amounts to \$425 (i.e. \$300 + \$125). This amount does not exceed 90% of the previous remuneration (which would be \$450, i.e. 90% of \$500).

## Short-time work

The short-time or "**work-sharing**" mechanism, is a mechanism for compensating salaried employees in the event of a reduction of the usual working hours further to a temporary decrease of the activity of the company. This mechanism aims at avoiding redundancies and at reverting to usual working hours as soon as the company's situation improves.

### Conditions for the company

To be able to benefit from the mechanism, the relevant company must be a private company which has been carrying its activity for two years at a minimum. The decrease in activity must be beyond the employer's control (it cannot be a cyclical or a seasonal slow-down). The decrease in activity must be of 10% at a minimum during the last 6 months and must concern at a minimum two salaried employees. The short-time work agreement must be signed by the employer, the salaried employees and Service Canada. In addition to the agreement, the employer must submit a recovery plan explaining how the company will revert to its usual level of activity. This plan can include trainings for the relevant employees.

### Conditions for the employees

The employees receiving benefits in the context of the mechanism must meet the criteria of eligibility to receive the regular unemployment benefits and be part of the permanent employees<sup>18</sup> of the company. The personnel essential to the recovery (e.g. the management of the company) cannot benefit from the mechanism. The available work must be allocated equally between the employees at short-time work. It should be noted that during the entire duration of the agreement, the average reduction of the working hours must range between 10% and 60%.

### Duration and amount of the benefits

The duration of the agreement can be from 6 to 26 weeks, with a possible prolongation extension of 12 weeks at a maximum (for a total of 38 weeks). The amount of the indemnity amounts to 55% of the reference wage for the hours not worked.

## Short-time work during the Covid 19 pandemic

For the period from 15 March 2020 to 26 September 2021, all short-time work agreements have been automatically extended up to 76 weeks. The eligibility conditions have been simplified: the eligible companies must have carried their activity for at least one year (instead of two years) and the recovery plan requirement has been reduced. Eligibility has been extended to the personnel essential to the recovery, to public companies and to non-profit organisations. The period for processing the requests has been reduced to 10 business days (instead of 30 business days).

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<sup>18</sup> Temporary employees can be eligible, provided that they have worked for a number of hours similar to that of the permanent employees during the last 12 months and that they were not hired on a seasonal basis.

## Special benefits

The special benefits include the sickness benefits, maternity benefits, parental benefits, benefits for family caregivers caring for children or adults and compassion benefits.

To benefit from the special benefits, one must meet the following eligibility conditions:

- ▶ Being unavailable for work (for medical reasons, to care for a child or a family member),
- ▶ Having suffered a weekly income decrease of at least 40% for at least a week,
- ▶ Having worked at least 600 hours during the last 52 weeks or since one's last compensation period (the shorter period is retained).

Self-employed benefiting from the system must have received at least \$7 555 in 2020 to benefit from the special benefits.

As far as the special benefits are concerned, the regional unemployment rate is not applied to determine the minimum length of the affiliation period or of the benefit duration. The latter varies from 15 to 61 weeks, depending on the type of benefit.

However, the regional unemployment rate is applied to determine the calculation reference period, i.e. the number of weeks used for the calculation of the benefit. The amount of the benefit is the same as for the regular unemployment benefits - it corresponds to 55% of the average weekly insurable income, up to \$595 per week. In the case of the extended parental benefits, the amount is equal to 33% of the reference wage.

### Special benefits in Québec

Since 1<sup>st</sup> January 2006, the province of Québec has its own system for maternity and parental benefits, named the *Régime québécois d'assurance parentale* (RQAP). This system provides for benefits for all eligible workers, whether they are salaried employees or self-employed. It is funded by specific contributions, the rate of which amounts to 0.49% for the employees, to 0.69% for the employers and to 0.88% for the self-employed. In 2021, the maximum amount of the annual insurable remuneration amounts to \$83 500.

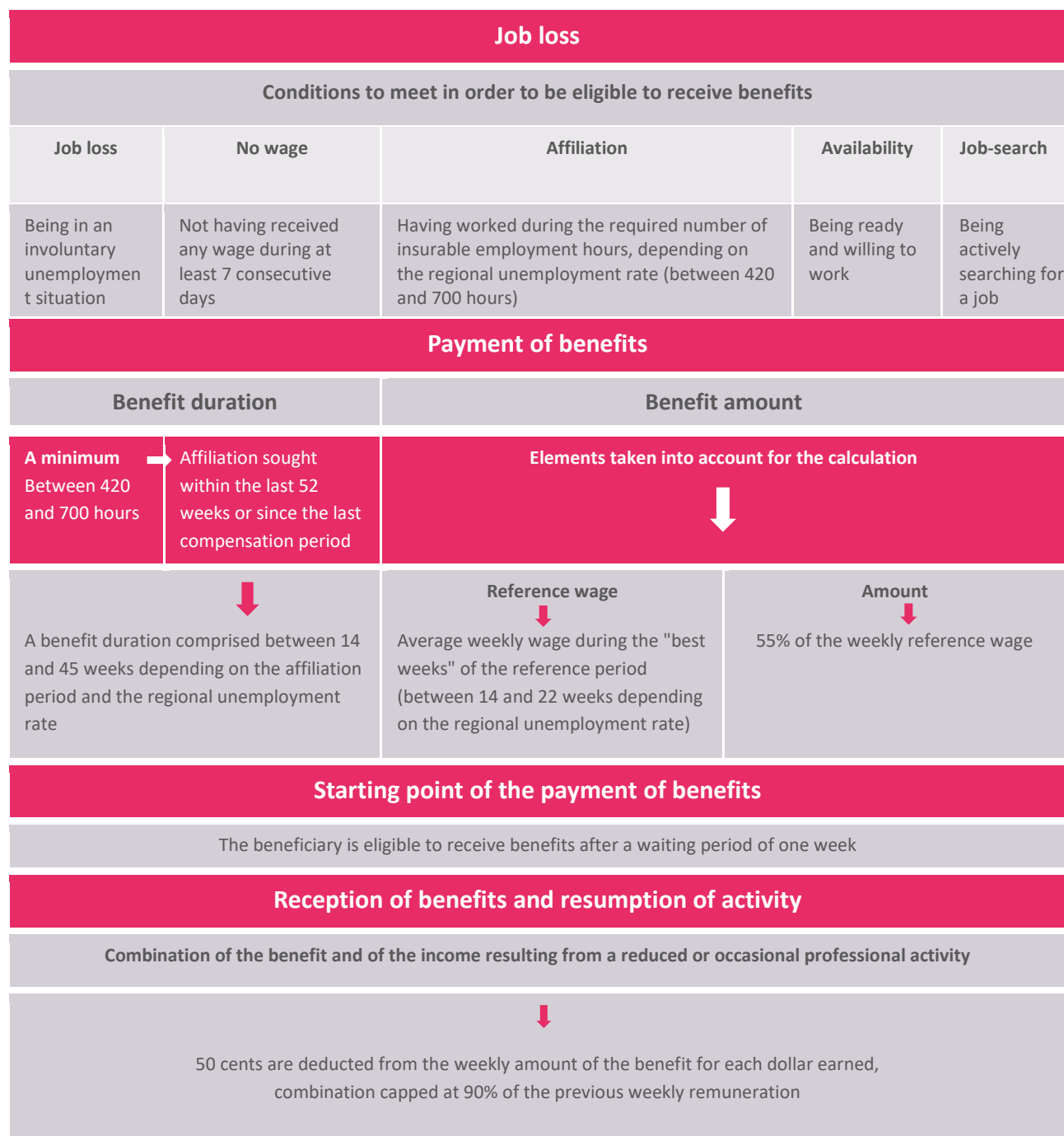
To be eligible for this system, one must meet the following conditions:

- ▶ Being the parent of a child born or adopted after 1<sup>st</sup> January 2006,
- ▶ Being a resident of Québec,
- ▶ Having suffered a reduction of one's weekly income of at least 40%,
- ▶ Having received an insurable income of at least \$2 000 during the reference period (regardless of the number of hours worked),
- ▶ Having contributed to the RQAP during the reference period.

The benefit duration is 18 weeks at a maximum for maternity benefits and 32 weeks for parental benefits. The benefit amount is higher than in the rest of Canada: in the basic system, it amounts to 70% during the entire period of maternity benefits and to 70% during the first 7 weeks of parental benefits (before going down to 55% for the 25 remaining weeks).

## ANNEX 1

### Flowchart of the payment of benefits to the jobseekers in Canada





## ANNEX 2

### Unemployment insurance system: comparison France / Canada

	Unemployment insurance FRANCE	Unemployment insurance CANADA
<b>Salaried employees concerned</b>	Salaried employees of the private and public sectors	Salaried employees of the private and public sectors
<b>Affiliation period</b>	4 months <sup>19</sup> (i.e. 88 days worked or 610 hours worked) during the last 24 months or during the last 36 months for the salaried employees aged 53 and above.	Between 420 and 700 hours worked, depending on the regional unemployment rate
<b>Benefit duration</b>	The benefit duration is determined depending on the number of days worked during the last 24 or 36 months. The minimum benefit duration is 122 days (4 months) and the maximum benefit duration is 730 days (24 months) for the persons under 53, 913 days (30 months) for the persons aged 53 and 54 and 1095 days (36 months) for the persons who are 55 and above.	The benefit duration varies between 14 and 45 weeks, depending on the regional unemployment rate and number of hours worked during the reference period (the last 52 weeks or the period since the beneficiary's last compensation period being retained).
<b>Benefit amount</b>	<p>The benefit is calculated based on the wages received during the last 12 months preceding the unemployment situation. It corresponds to the most favourable amount of:</p> <ul style="list-style-type: none"> <li>• 40.4% of the reference daily wage + fixed amount or,</li> <li>• 57% of the reference daily wage or,</li> <li>• Minimum benefit: €29.38</li> </ul> <p>This benefit is capped at 75% of the reference daily wage.</p>	<p>The benefit is calculated based on the average weekly remuneration received during a certain number of the "best weeks" (the weeks during which the remuneration is the highest of the reference period). The number of best weeks varies from 14 to 22, depending on the regional unemployment rate. The amount of the benefit amounts to 55% of the average weekly remuneration, the maximum amount is \$595.</p>
<b>Funding</b>	<p><b>Unemployment insurance contributions</b></p> <ul style="list-style-type: none"> <li>• Employer: 4.05%</li> <li>• Salaried employee<sup>20</sup> : -</li> <li>• Total: 4.05%</li> </ul> <p><b>Public contributions:</b> <i>Contribution sociale généralisée</i><sup>21</sup> (CSG) on the activity income</p>	<p><b>Unemployment insurance contributions</b></p> <ul style="list-style-type: none"> <li>• Employer: 2.21%</li> <li>• Salaried employee: 1.58%</li> <li>• Total: 3.79%</li> </ul>

<sup>19</sup> Since 1<sup>st</sup> August 2020, the condition of affiliation has been shortened to 4 months (decree n° n°2020-929 of 29 July 2020) v. 6 months since 1<sup>st</sup> November 2019 (decree n°2019-797 of 26 July 2019).

<sup>20</sup> Maintenance of the employee contribution for the intermittent workers in the entertainment business, the salaried employees of employers in Monaco and for certain expatriate salaried employees.

<sup>21</sup> Taxation of any nature.

## ANNEX 3

### Modulation of the benefit duration in Canada (in weeks)

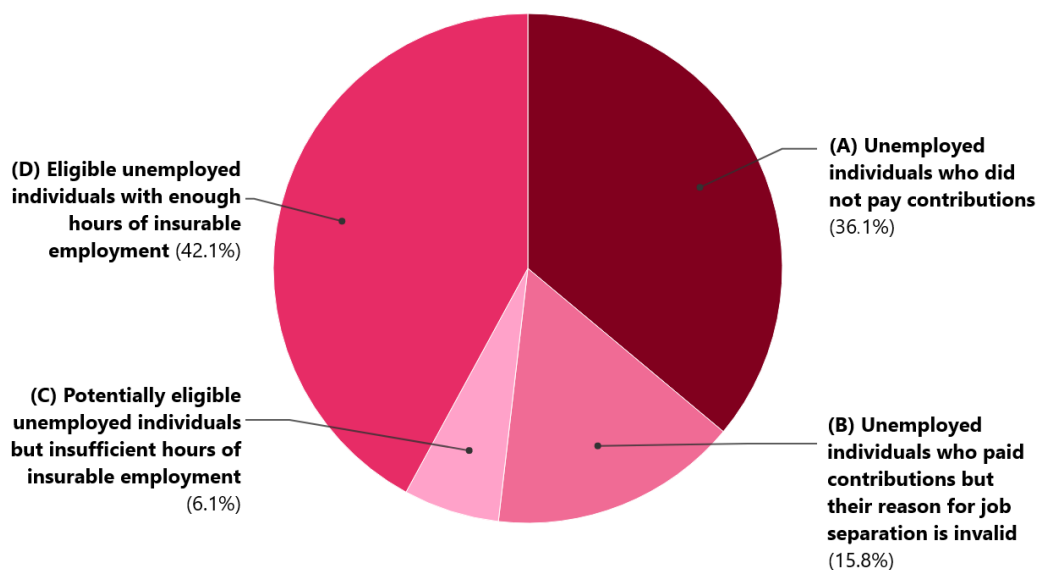
Affiliation (in hours)	Regional unemployment rate											
	< 6 %	6.1 % - 7 %	7.1 % - 8 %	8.1 % - 9 %	9.1 % - 10 %	10.1 % - 11 %	11.1 % - 12 %	12.1 % - 13 %	13.1 % - 14 %	14.1 % - 15 %	15.1 % - 16 %	> 16.1 %
420-454	0	0	0	0	0	0	0	0	26	28	30	32
455-489	0	0	0	0	0	0	0	24	26	28	30	32
490-524	0	0	0	0	0	0	23	25	27	29	31	33
525-559	0	0	0	0	0	21	23	25	27	29	31	33
560-594	0	0	0	0	20	22	24	26	28	30	32	34
595-629	0	0	0	18	20	22	24	26	28	30	32	34
630-664	0	0	17	19	21	23	25	27	29	31	33	35
665-699	0	15	17	19	21	23	25	27	29	31	33	35
700-734	14	16	18	20	22	24	26	28	30	32	34	36
735-769	14	16	18	20	22	24	26	28	30	32	34	36
770-804	15	17	19	21	23	25	27	29	31	33	35	37
805-839	15	17	19	21	23	25	27	29	31	33	35	37
840-874	16	18	20	22	24	26	28	30	32	34	36	38
875-909	16	18	20	22	24	26	28	30	32	34	36	38
910-944	17	19	21	23	25	27	29	31	33	35	37	39
945-979	17	19	21	23	25	27	29	31	33	35	37	39
980-1014	18	20	22	24	26	28	30	32	34	36	38	40
1015-1049	18	20	22	24	26	28	30	32	34	36	38	40
1050-1084	19	21	23	25	27	29	31	33	35	37	39	41
1085-1119	19	21	23	25	27	29	31	33	35	37	39	41
1120-1154	20	22	24	26	28	30	32	34	36	38	40	42
1155-1189	20	22	24	26	28	30	32	34	36	38	40	42
1190-1224	21	23	25	27	29	31	33	35	37	39	41	43
1225-1259	21	23	25	27	29	31	33	35	37	39	41	43
1260-1294	22	24	26	28	30	32	34	36	38	40	42	44
1295-1329	22	24	26	28	30	32	34	36	38	40	42	44
1330-1364	23	25	27	29	31	33	35	37	39	41	43	45
1365-1399	23	25	27	29	31	33	35	37	39	41	43	45
1400-1434	24	26	28	30	32	34	36	38	40	42	44	45
1435-1469	25	27	29	31	33	35	37	39	41	43	45	45
1470-1504	26	28	30	32	34	36	38	40	42	44	45	45
1505-1539	27	29	31	33	35	37	39	41	43	45	45	45
1540-1574	28	30	32	34	36	38	40	42	44	45	45	45
1575-1609	29	31	33	35	37	39	42	43	45	45	45	45
1610-1644	30	32	34	36	38	40	42	44	45	45	45	45
1645-1679	31	33	35	37	39	41	43	45	45	45	45	45
1680-1714	32	34	36	38	40	42	44	45	45	45	45	45
1715-1749	33	35	37	39	41	43	45	45	45	45	45	45
1750-1784	34	36	38	40	42	44	45	45	45	45	45	45
1785-1819	35	37	39	41	43	45	45	45	45	45	45	45
1820-	36	38	40	42	44	45	45	45	45	45	45	45

## ANNEX 4

### Statistics of the Canadian unemployment insurance system

#### Distribution of the unemployed population and eligibility for regular benefits

Total unemployed individuals: 1 108 500 (2018)



Source: Statistics Canada, 2018

#### The four groups represented in the chart include individuals who:

##### (A) Unemployed individuals who did not pay contributions:

- ▶ Did not work in the previous 12 months or never worked (31.1%)
- ▶ Were self-employed or unpaid family workers (4.9%)

##### (B) Unemployed individuals who paid contributions but their reason for job separation is invalid:

- ▶ Quit to go to school (8.0%)
- ▶ Quit without a just cause – other reasons (7.7%)

##### (C) Potentially eligible unemployed individuals but insufficient hours of insurable employment:

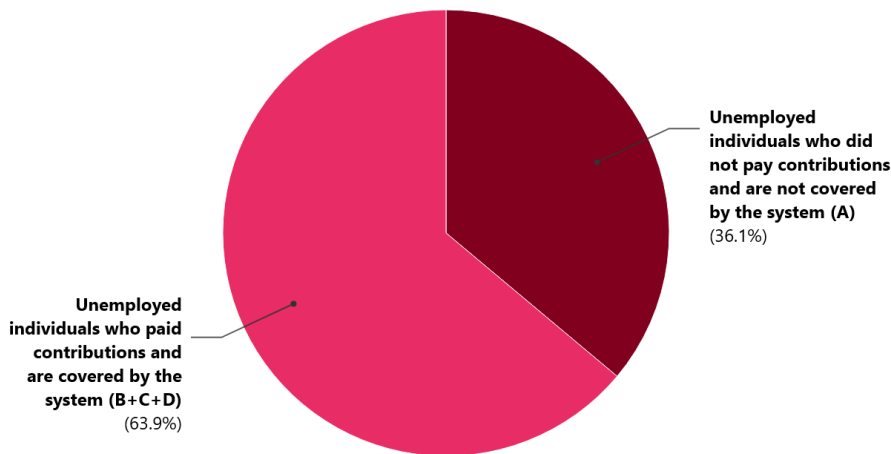
- ▶ Did not have sufficient hours of insurable employment (6.1%)

##### (D) Eligible unemployed individuals with enough hours of insurable employment:

- ▶ Receiving EI regular benefits (27.3%)
- ▶ Benefits temporarily interrupted or waiting to receive benefits (5.9%)
- ▶ Did not claim or receive benefits for unknown reasons (4.1%)
- ▶ Exhausted EI benefits in the past 12 months (3.8%)
- ▶ Receiving non-regular EI benefits (0.9%)

### Coverage rate of the regular benefits for the unemployed population

Total unemployed individuals: 1 108 500 (2018)



Coverage rate for the unemployed population by gender and age	
<b>Gender</b>	
Men	68.3%
Women	58.1%
<b>Age category</b>	
24 years and under	57.1%
25 to 44 years old	64.4%
45 years and over	67.5%
<b>Canada</b>	<b>63.9 %</b>

Source: Statistics Canada, 2018

### Benefits to contributions ratios by gender and age

	Men	Women	Total
24 years old and under	1.55	0.50	1.09
25 to 44 years old	1.13	0.65	0.92
45 to 54 years old	1.15	0.78	0.98
55 years old and over	1.46	0.85	1.19
<b>Total</b>	<b>1.23</b>	<b>0.71</b>	<b>1.00</b>

Source: Canada Revenue Agency, Employment and Social Development Canada, 2017

### Received benefits by gender and age beneficiaries

	Average weekly benefit amount (in \$)	Average actual duration (in weeks)	Proportion of regular benefit weeks used (in %)	Entitlement exhaustion of regular benefits (in %)	Share of beneficiaries combining benefits and income from work (in %)
<b>Gender</b>					
Men	493	18.4	62.9	31.9	41.6
Woman	432	17.9	62.8	33.3	45.3
<b>Age category</b>					
24 years old and under	433	16.3	58.5	32.9	40.8
25 to 44 years old	481	17.2	59.3	29.4	46.1
45 to 54 years old	475	18.8	63.1	31.0	49.7
55 years old and over	455	20.3	70.5	38.8	32.9
<b>Canada</b>	<b>469</b>	<b>18.2</b>	<b>62.9</b>	<b>32.4</b>	<b>43.1</b>

Source: Employment and Social Development Canada, 2018-2019