



**NEWS RELEASE
FOR IMMEDIATE RELEASE
December 2, 2011**

Employment Insurance changes could increase job growth and help to solve Alberta's upcoming labour shortage

Calgary, Alberta – The Calgary Chamber of Commerce urges the federal government to alter the Employment Insurance (EI) rate setting process to change premium costs to foster new job growth and promote labour mobility.

“EI has played a critical role in supporting Canadians during the economic downturn,” says Ben Brunnen chief economist with the Calgary Chamber of Commerce. “However, it can be strengthened to encourage job creation and labour mobility.”

The Calgary Chamber's key recommendation is to operate the EI program as a true employment insurance plan, which means removing the social program aspects currently funded by EI premiums. Under the proposed approach, the EI program would only provide EI benefits for unemployed Canadians who have lost their job through no fault of their own (accounting for approximately 65 per cent of total EI beneficiaries). The remaining 35 per cent of social program expenditures – such as maternity leave, adoption leave, long-term illness, work-sharing and training-related benefits – would be funded through more appropriate federal program mechanisms. This would reduce costs for both employers and employees, and help to foster new job growth.

“By removing the social program aspects of the EI program, premiums would fall, leading to lower costs for businesses and higher wages for employees,” states Brunnen. “Important social support would continue to be funded, but not through the employment insurance program.”

The Chamber also encourages the federal government to establish a way of determining EI payments using provincial unemployment rates – similar to the way it provides benefits. Currently, all Canadian businesses and employees pay the same premium, but depending on the region receive different benefits. The Calgary Chamber recommends having different rates for different regions. Areas with higher unemployment would pay higher EI rates to reflect increased costs of providing support.

“Higher premium costs would act as a market signal to encourage people to move from areas of higher unemployment to lower ones, and would help to solve Alberta's upcoming labour shortage,” remarks Brunnen.

Over the next ten years, Alberta's labour market is projected to grow by approximately 607,000 workers at an annual average rate of 2.4 per cent. A net increase of 492,000 workers is expected to join the labour force, as occupational supply increases at an annual rate of 1.9 per cent. For the coming decade, Alberta could experience a labour shortage of approximately 114,000 workers.



Employment figures released Friday by Statistics Canada indicate that Alberta's unemployment rate decreased to 5 per cent in November, and the province now leads the country with the lowest unemployment rate. The Canadian unemployment rate increased by .1 percentage point to 7.4 per cent, led by increases in most other provinces.

The regional discrepancies in unemployment rates that continue to exist across the country presents a compelling case for EI policy reform to strengthen Canada's labour market.

The latest labour force data is available at:

www.statcan.gc.ca/subjects-sujets/labour-travail/lfs-epa/lfs-epa-eng.htm

Additional Chamber recommendations include:

- Extending the break-even period of premium rates from a year-to-year basis to a five-year time frame, allowing the program to better align with economic cycles.
- Gradually reducing the employer EI contribution (currently at 1.4 times the employee premium rate) to a more equitable rate, in response to evolving labour market conditions where employees receive enhanced benefits and have more control over employment decisions.

The Chamber's EI reform proposal are part of a submission to the consultation on EI premium rate setting led by the federal Departments of Finance and Human Resources and Skills Development Canada.

The Calgary Chamber's submission is available at calgarychamber.com.

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