

**The 2017 Federal Budget:
What Does It Mean for Employers?**

March 23, 2017

On Wednesday, March 22, 2017 the Government of Canada released its 2017 Budget Plan. Many of the commitments, if passed into legislation, will have a significant impact on employers, most immediately those in the federal sector.

Key proposed changes to the *Employment Insurance Act* and *Canada Labour Code* are outlined below.

Employment Insurance Act

- **A new caregiving benefit to assist Canadians caring for a critically ill or injured family member.** An individual would be entitled to up to 15 weeks of employment insurance (“EI”) benefits where he or she is providing care to an adult family member requiring significant support to recover from a critical illness or injury. While this amendment would apply only to adult family members, an individual would continue to be entitled to collect up to 35 weeks of EI benefits if caring for a critically ill or injured child (as in the current legislation).
- **Extend the parental leave provision** to provide to a parent the choice to either receive EI parental benefits over a 12 month period at the existing 55% benefit rate (the current legislation) OR over an 18 month period at a lower benefit rate of 33% of weekly earnings.
- **Extend the time period within which a woman may claim early EI maternity benefits.** At present, the ability to make an early claim is limited to eight (8) weeks prior to the due date. The amendment would extend that time period to twelve (12) weeks prior to the due date.

Note: These proposed amendments impact the period of time within which Employment Insurance benefits may apply – they do not provide job protected leave. For a provincially-regulated employee to benefit from the proposed amendments, changes will need to be made to the leave provisions of provincial employment standards legislation. In Ontario, this may be considered as part of the amendments arising from the Changing Workplaces Review (or independent of the Review).

Canada Labour Code

- **Introduce the option of a federally-regulated employee to request flexible work arrangements from his or her employer.** This might include flexible start and finish times and the ability to work from home. At this time, no further details have been made available in terms of how such a request may be accommodated by an employer.
- **Modify the parental, maternity and caregiving leave provisions to correspond with the proposed amendments to the *Employment Insurance Act*.**
- **Increase funding to Employment and Social Development Canada** to strengthen compliance and enforcement mechanisms under the *Canada Labour Code*.
- **Limit unpaid internships in the federal sector** where the internship is not part of a formal education program (similar to what several provinces already have in place).

Increase to EI Premiums

The Federal Government has also expressed its intention to increase EI premiums in 2018 from \$1.63 to \$1.68 on every \$100 of insurable earnings, to assist in making up the projected deficit in the EI operating account.

Next Steps

The 2017 Budget Plan is an indication of where the Federal Government intends to go. However, these commitments are still in the development stage, may be amended further, and require enactment under legislation. We will continue to monitor the Budget Plan, as well as any potential changes to provincial employment standards legislation, and update readers as developments occur.

To learn more about the 2017 Federal Budget and how it may impact your organization, contact any member of the team at Sherrard Kuzz LLP.

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