

ACTRA

**ACTRA Submission to Employment and Social
Development Canada**

**Consultation on Modernizing Canada's Employment
Insurance (EI) program**

27 July 2022

WHO WE ARE AND WHAT WE BRING TO THIS DISCUSSION

ACTRA (Alliance of Canadian Cinema, Television and Radio Artists) welcomes the opportunity to provide our feedback and recommendations to Employment and Social Development Canada as part of Phase 2 of its Consultation on Modernizing Canada’s Employment Insurance (EI) program.

For almost 80 years, ACTRA has represented performers living and working in every corner of the country who are pivotal to bringing Canadian stories to life in film, television, sound recordings, radio and digital media. ACTRA brings to this process the perspective of over 28,000 professional performers working in English-language recorded media in Canada.

From its earliest days, ACTRA has actively contributed to public policy development processes and played a critical policy role in Canada and internationally. Through its own work and that of its branches, ACTRA plays an indispensable role advocating for Canadian performers.

ACTRA is pleased to participate in this consultation process, which is intended to help the Government modernize Canada’s Employment Insurance (EI) program so it will meet the current and future needs of Canadian workers and employers.

ACTRA will focus this submission on answering two key questions identified in this phase of the consultation that will best improve the working lives of Canadian performers: **does EI provide adequate support to Canadians?** (Theme 1: Ensuring the adequacy of benefits); and **what approaches could be explored for balancing the costs and benefits of a more responsive program?** (Theme 2: Ensuring the financial sustainability of the EI program).

THE IMPORTANCE OF ARTISTS AND RECOGNIZING THE UNIQUE WAY THEY WORK

In 2019, roughly 2.9 million people in Canada identified self-employment as their main job, and hundreds of thousands of additional workers rely on a combination of employment and self-employment earnings. While the share of self-employed workers in the labour force has remained relatively stable since the late 1990s, a growing share of Canada’s workforce consists of “gig workers” who enter into short-term contracts with firms or individuals to complete specific and often one-off tasks. Gig work as a share of total employment rose by 50 per cent between 2005 and 2016, and now comprises approximately 8.2 per cent of the labour force.¹

Canadian artists are very familiar with Canada’s gig economy. Despite the value Canada’s cultural workers bring to our economy, many remain precariously employed and underpaid. Performers are the original “gig” workers: self-employed artists who make a living from a variety of sources. Even though Canada’s screen-based production sector generates over

¹ *Consultations on Building a Modern Employment Insurance Program: National Roundtables on the Changing Nature of Work*, Employment and Social Development Canada/Canada Employment Insurance Commission, August-September 2021;

215,000 full-time equivalent jobs,² many screen industry workers take on multiple jobs, either within the sector or outside, to survive economically. Most artists, including ACTRA members, do not work a traditional workweek.

Like many self-employed workers, some ACTRA members experience more volatile earnings as performers while others have relatively consistent earnings. Additionally, some ACTRA members may be able to cover temporary reductions in earnings through savings while others are more vulnerable to financial hardship when earnings fluctuate.

While individual engagements in ACTRA's jurisdiction are well-paid, performers are constantly searching and competing for available work. In 2019, the median income of actors, singers, dancers, comedians, musicians and other performers was roughly \$24,300. This was approximately 44 per cent lower than the median income of all workers (roughly \$43,500). For actors, the median income was even lower: \$18,600 for men and \$18,400 for women.³

Almost 41 per cent of workers with creative and artistic production occupations are self-employed. Overall, the share of self-employed workers in the cultural sector (28 per cent)⁴ is almost double the rate of all Canadian workers (15 per cent).⁵

PROVIDING ADEQUATE SUPPORT TO CANADIANS

Government emergency income support measures introduced during the COVID-19 pandemic exposed how gig workers, including professional artists, fall outside Canada's social systems after many were left overnight with no income or social safety net following the initial nationwide lockdown.

While millions of Canadians lost their jobs because of rapidly emerging business reductions and closures at the onset of the pandemic, many of those workers were not eligible for EI.

This has only highlighted the discriminatory nature of the current EI program. Under the *Employment Insurance Act*, regular benefits are only available to eligible workers in insurable employment, which relies on a traditional employee-employer relationship to ensure a worker has lost their job through no fault of their own.

However, if a self-employed artist works at another job between gigs, they (and their employer) will pay into the program on the insurable hours. But, if they are laid off from that employment, they are ineligible to collect regular EI benefits.

² [Profile 2021](#), Canadian Media Producers Association in collaboration with the Department of Canadian Heritage, Telefilm Canada and Association québécoise de la production médiatique, April 2022;

³ *Demographic Diversity of Artists in Canada in 2016*, Hill Strategies Research Inc, January 2020;

⁴ *Labour Market Information for Canada's Cultural Sector 2019*, Conference Board of Canada, September 2019;

⁵ [Reforming Canada's Employment Insurance program background](#), Employment and Social Development Canada, 2021; and

For a modernized EI program to provide adequate income support to all unemployed workers, it must be expanded to include self-employed artists by allowing them to contribute to the program and receive EI benefits.

Finally, the EI program must provide a livable income if it is to provide adequate support to Canadian workers. The needs and landscape of the Canadian workforce have drastically changed since the last major EI review in 1996 and both the benefit replacement rate and Maximum Insurable Earnings (MIE) do not reflect inflationary changes over the past 20+ years, specifically the 39-year-high 8.1 per cent inflation rate we are experiencing today.

The current 55% benefit replacement rate is at an historic low and means those with average earnings struggle to survive and support their family on barely half their normal earnings. Additionally, the MIE should also be increased to make the EI program more meaningful for average and above-average earners. An increase to premiums collected through the program will allow for increased benefit payments to these earners.

BALANCING THE COSTS AND BENEFITS OF A MORE RESPONSIVE PROGRAM

An EI program for a modern economy would allow self-employed artists to contribute to the program and receive EI benefits despite the absence of a traditional employee-employer relationship. Artists are willing to pay into an insurance system provided they can receive benefits when they need them.

EI already has special rules for other self-employed workers. Specifically, self-employed fishers, hairdressers and drivers qualify for regular benefits through an earnings-based system, rather than insurable hours. Surely, the same earnings model could be adapted to provide adequate support for self-employed artists who are not currently covered by EI.

The basic principle behind a program to cover self-employed artists is to replace EI's "number of weeks" worked, which is now "insurable hours of employment," with a test that would create an equivalency for the "amount of dollars earned" in a given period. In this case, premiums would be made on earnings of self-employed performers by both the artist and their engager and would be self-financing.

Key elements of a modernized EI program to support artists:

1. Premiums would be paid by the performers and their engagers on all earnings. The normal maximum premium payment would apply for each individual.

2. To be eligible for benefits, in the previous 52-week period, a performer would need to have a set number of work days in original production and earned not less than a defined minimum amount from current artistic income.⁶
3. For self-employed performers, interruption of earnings would be defined as a set period during which no work is performed.
4. The weekly benefit paid would be calculated in the normal manner and the period during which benefits could be received would also be equal to other workers in the same region.
5. Total benefit payments received may not exceed total premiums paid under an earnings-based model (vs. maximum duration period under the insurable hours of employment model).

Any extension of the EI program to performers must be done in a manner that **does not alter the tax status of artists**. It is imperative that performers continue to be allowed to deduct legitimate business expenses against income earned from the profession.

RECOMMENDATIONS

- Change the eligibility requirements of the current EI program to allow self-employed artists to contribute to the program and receive EI benefits.
- Implement an EI program to cover self-employed artists through a self-financing, earnings-based system.
- Increase the current 55% benefit replacement rate so it provides a livable income to Canadian workers.
- Increase the Maximum Insurable Earnings (MIE) to make the EI program more meaningful for average and above-average earners.

As we reflect upon the impact of the pandemic, there is clearly a strong appetite for change amongst Canadians. Now is the time to move forward with a plan to modernize Canada's EI program. During last year's federal election, the Liberal Party of Canada campaigned on a commitment to support self-employed workers and, specifically, arts and cultural workers, proposing to:

- Introduce a new EI benefit for self-employed Canadians, delivered through the tax system, that would provide unemployment assistance comparable to EI and lasting for as much as 26 weeks. This could provide support of nearly \$15,500 when it is needed most. Self-employed Canadians seeking to access this benefit would only be responsible to contribute the portion they would normally pay if they were a salaried employee.

⁶ Following the federal government's [Canada Emergency Response Benefit \(CERB\) income eligibility requirements](#), artist royalty or residual payments received from work that took place before the EI period for which a person applies would not count towards current artist income.

ACTRA looks forward to seeing changes such as this being implemented to support self-employed arts and cultural workers.

CONCLUSION

The changing needs of Canadian workers as well as the ongoing COVID-19 global pandemic has resulted in a fundamental shift in the use of and need for modernized social support programs.

This is our opportunity to create a modernized program that will adequately support the needs of all Canadian workers, including artists. If artists are to fully participate in the Canadian economy, they must be treated equally as other Canadian workers.

ACTRA appreciates the opportunity to share our views as part of this Consultation on Modernizing Canada's Employment Insurance program. We would be pleased to address any questions of clarification from Employment and Social Development Canada.

Sincerely,

A handwritten signature in black ink that reads "Marie Kelly". The signature is written in a cursive, flowing style.

Marie Kelly
National Executive Director, ACTRA