



Softwood Lumber Workforce Adjustment Information Kit

Frequently Asked Questions



The following frequently asked questions will provide useful information on various Employment and Social Development and Service Canada programs and measures. Service Canada is available to provide further information and support tailored to the needs of individual stakeholders.

Q1. Can you summarize the Government of Canada's Softwood Lumber Action Plan?

A1. On June 1, 2017, the Government of Canada announced the Softwood Lumber Action Plan, a series of measures worth \$867 million to support forest industry workers and communities affected by U.S. measures targeting softwood lumber.

As part of the Softwood Lumber Action Plan, the Government announced close to \$90 million to mitigate job loss and facilitate workforce adjustment for workers affected by the U.S. measures targeting softwood lumber. This includes the introduction of temporary special measures for Work-Sharing, a job retention program that helps avert layoffs and job losses when there is a temporary decrease in business activity experienced by the employer.

Q2. Are there any new Government of Canada specific measures that can help businesses?

A2. In addition to existing Employment Insurance benefits, skills and training supports, and Service Canada offerings, the Government of Canada announced on June 1, 2017, new investments of about \$90 million for three temporary special Employment and Social Development Canada measures to mitigate job loss and facilitate workforce adjustment for workers affected by the U.S. measures targeting softwood lumber.

This includes the introduction of temporary special measures for Work-Sharing, an adjustment program designed to help employers and employees avoid layoffs when there is a temporary reduction in the normal level of business activity that is beyond the control of the employer. Effective July 30, 2017, to March 28, 2020, the temporary special measures extend the maximum duration of Work-Sharing agreements from 38 weeks to 76 weeks, waive the mandatory waiting period between agreements and ease Recovery Plan requirements. The measures will be available nationally to all eligible employers who can demonstrate that the work slowdown they are experiencing is directly or indirectly related to the downturn in the forestry sector.

The other two workforce adjustment measures involving increased funding for skills training and employment services delivered by the most affected provinces were also announced on June 1, 2017.

These include:

- Additional Investment for Training and Re-Employment Supports

The Government will provide \$25 million per year for two years starting in 2017–2018 to the most affected provinces through amendments to their Labour Market Development Agreements to help workers prepare and transition to new employment opportunities. This will ensure a dedicated envelope is available for earmarked money that will be used by the most affected provinces to provide a suite of supports to affected workers, including employment counselling, job search assistance, skills upgrading and training. Income support could also be available for workers for the duration of their training.

- Targeted Earnings Supplements with Complementary Employment Supports

The Government will also invest \$15 million per year for two years starting in 2017–2018, partnering with the most affected provinces, to implement Targeted Earnings Supplements with complementary employment supports (e.g., job search assistance, employment counselling). Targeted Earnings Supplements provide temporary salary top-ups to displaced workers once they accept a new job, helping them adjust to losses of income while facilitating the transition to new jobs and other fields of employment.

WORK-SHARING

Q3. Are there programs available to help employers avoid employee layoffs?

A3. Yes, Work-Sharing is an adjustment program through Employment Insurance designed to help employers and employees avoid layoffs when there is a temporary reduction in the normal level of business activity that is beyond the control of the employer. The program provides income support to employees eligible for Employment Insurance benefits who work a temporarily reduced work week while their employer recovers.

The program helps employers retain skilled employees and avoid the costly process of recruiting and training new employees when business returns to normal levels and it helps employees maintain their skills and jobs by supplementing their wages for the days they are not working.

Work-Sharing is a three-party agreement involving employers, employees and Service Canada.

Q4. What are the key features of the Work-Sharing Program?

A4. The program consists of the following features:

- **Work-Sharing unit:** A Work-Sharing unit is a group of employees with similar job duties who agree to reduce their hours of work over a specific period of time. The unit generally includes all employees in

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- a single job description or all employees who perform similar work. A Work-Sharing agreement may include more than one Work-Sharing unit;
- **Equal sharing of work:** All members of a Work-Sharing unit agree to reduce their hours of work by the same percentage and to share the available work;
 - **Expected work reduction:** A Work-Sharing unit must reduce its hours of work by at least 10% (one half day) to 60% (three days). The reduction of hours can vary from week to week, as long as the average reduction over the course of the agreement is from 10% to 60%; and
 - **Agreement length and extension:** A Work-Sharing agreement has to be at least 6 consecutive weeks long and can last up to 26 consecutive weeks. Employers may be able to extend their agreements by another 12 weeks if required.

Q5. What are the 2017 Work-Sharing Temporary Special Measures for the forestry sector downturn?

A5. Effective July 30, 2017, to March 28, 2020, the Government of Canada has put in place a temporary special measure for Work-Sharing to assist employers experiencing reduced business activity due to the downturn in the forestry sector by:

- Extending the maximum duration of Work-Sharing agreements that begin or expire between July 30, 2017 and March 28, 2020, by an additional 38 weeks to a maximum of 76 weeks;
- Waiving the mandatory waiting period for employers with Work-Sharing agreements that have ended between October 30, 2016 and July 29, 2017, so that they may be immediately eligible to apply for a new agreement with a maximum possible duration of 76 weeks; and
- Easing Recovery Plan requirements to focus on the steps the employer will take to remain viable within the timeframe of the Work-Sharing agreement.

Once an employer's agreement ends, they must serve a mandatory waiting period that is equal to the duration of their agreement (up to a maximum 38 weeks). Therefore, if an employer has a 76-week agreement, they must serve a mandatory waiting period for 38 weeks before applying for a new Work-Sharing agreement. However, the maximum duration of the subsequent agreement would be only 38 weeks.

Employers are only eligible to waive the mandatory waiting period once. Therefore, after an employer has waived their mandatory waiting period, and their agreement ends, they must serve a maximum 38-week mandatory waiting period before applying for a new Work-Sharing agreement.

Q6. Who can apply for the 2017 Work-Sharing temporary special measures for the downturn in the forestry sector?

A6. To be eligible for the Work-Sharing program, employers must:

- be a year-round business in Canada for at least two years;
- be a private business, a publicly held company or a not-for-profit organization;

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- be experiencing a recent decline in business activity of at least 10% in the last six months;
 - demonstrate that the shortage of work is temporary, beyond the employer’s control and not a cyclical/recurring slowdown;
 - have at least two employees in the Work-Sharing unit; and
 - be willing to implement a recovery plan to support the ongoing operations and viability of the business.

To be eligible for Work-Sharing, employees must:

- be year-round, permanent, full-time or part-time employees needed to carry out the day-to-day functions of the business (“core staff”);
- be eligible to receive EI benefits; and
- agree to reduce their normal working hours by the same percentage and to share the available work.

Eligibility for the temporary special measures will be applicable to employers directly or indirectly affected by the downturn in the forestry sector and if the business:

- had a Work-Sharing agreement that ended between October 30, 2016 and July 29, 2017;
- has a Work-Sharing agreement that will begin on July 30, 2017 and end on March 28, 2020; or
- will sign a new Work-Sharing agreement between July 30, 2017 and March 28, 2020.

Q7. What do employers and employees need to submit to apply to the 2017 Work-Sharing temporary special measures for the downturn in the forestry sector?

A7. The employer and the employees (and the union, if applicable) must agree to participate in a Work-Sharing agreement and must apply together. An application for a Work-Sharing agreement must be submitted a minimum of 30 days prior to the requested start date.

The Work-Sharing [Applicant Guide for the 2017 Temporary Special Measures](#) contains more information on how to complete the Work-Sharing application.

Employers that are applying for a new agreement, or are in their mandatory waiting period (i.e. agreement ended between October 30, 2016 and July 29, 2017), are to submit the following documents:

- [EMP 5100](#) — Application for a Work-Sharing agreement;
- [EMP 5101](#) — Attachment A: Work-Sharing unit attachment—signed by each employee (for non-union agreements) or by a union representative;
- [EMP 5105— Recovery Plan for Forestry Sector](#)—Attachment B*; and
- Sales and/or production figures for the last two years.

Employers that have an initial 38-week Agreement expiring between July 30, 2017 and March 28, 2020 are to submit the following documents:

- [EMP 5103](#) — Amendment to a Work-Sharing Agreement;
- [EMP 5101](#) — Attachment A: Work-Sharing Unit Attachment—signed by each employee (for non-union agreements) or by a union representative;
- [EMP 5105 Recovery Plan for Forestry Sector](#)—Attachment B*; and
- Sales and/or production figures for the last two years.

The deadline to apply for the extension of weeks is March 28, 2020; however, employers wishing to obtain the temporary special measure should apply at least 30 days prior to when they would require the Work-Sharing extension to begin.

*Under regular program parameters, the Recovery Plan must outline activities that will be implemented to alleviate the work shortage and return employees to normal hours by the end of the agreement. Under the temporary special measures for the forestry sector, the focus of the Recovery Plan can be on the steps the employer will take to remain viable and support the ongoing operations of their business within the timeframe of the Work-Sharing agreement.

Q8. The application has been filed. What are the next steps?

A8. Service Canada reviews all Work-Sharing applications to ensure that:

- They contain the required information;
- Information provided is valid and correct; and
- All program requirements are met.

All information regarding an employer's application are kept confidential. Service Canada will send a letter to acknowledge receipt of the application, and the employer will be informed in writing once their application has been approved or denied.

Q9. Our Work-Sharing application has been approved. What are the next steps?

A9. Once the Work-Sharing application has been approved, the employer representative, employee representative, and Service Canada will sign a tripartite agreement that outlines the roles and responsibilities of the employer, as well as the start date and number of weeks of the Work-Sharing agreement.

Once the agreement is signed, the employer should refer to the [Employer Responsibilities Guide](#), which provides employers with the information they need to submit the necessary forms, their responsibilities to their employees, and how to manage their agreement.

Employers are required to provide their employees with a copy of the [Employee Guide](#), which outlines important information about the program, as well as details on how employees should apply for Employment Insurance benefits. Employees do not have to serve a waiting period to receive Work-Sharing benefits; however, it may take a few weeks after the employer has submitted the Utilization Report for the first cheques to arrive.

Q10. Can employees take training while on a Work-Sharing agreement?

A10. Skills enhancement, whether on-the-job training or off-site courses, may take place during the period of a Work-Sharing agreement. Training activities for members of the Work-Sharing unit may be included in the Recovery Plan. Costs associated with training may be funded by the employer, through federal transfers or by provincial resources.

The salary costs of employees taking part in training during normal scheduled working days/hours are not compensated through the Work-Sharing agreement. Employees may take part in training during the non-working days/hours of the Work-Sharing agreement (i.e. during days/hours missed due to participation in Work-Sharing) and are compensated through the Work-Sharing agreement.

The employer may not specifically or intentionally reduce the scheduled working hours of employees in a Work-Sharing unit in order to allow employees to take part in training. The working days/hours of employees in a Work-Sharing unit must only be reduced based on the demonstrated reduction in business activity and projected reduction in work activity.

In the event of partial or full return to normal business levels, and if recovery could be impeded by employees' continued participation in training activities, employees may be requested by the employer to return to work.

Q11. Can an employer increase the size of their workforce during a Work-Sharing agreement?

A11. Businesses are not allowed to increase the size of their workforce during a Work-Sharing agreement, but may replace core employees who choose to leave. If during the period of the Work-Sharing agreement work activity increases, the additional hours of work must be shared equally among all members of the Work-Sharing unit.

For businesses with multiple departments, the departments that are not participating in Work-Sharing (i.e. no employees form part of a Work-Sharing unit) may increase staff as required.

Q12. While on a Work-Sharing Agreement, are employees responsible for conducting job searches?

A12. The Work-Sharing program provides income support to workers eligible for Employment Insurance benefits who agree to work a temporarily reduced work week and share the available work while their employer recovers. Responsibilities regarding job searches do not apply while on a Work-Sharing agreement.

Q13. Can employees work for another employer while participating in a Work-Sharing agreement?

A13. Employees can work for any employer. However, if a Work-Sharing participant has earnings from sources other than the Work-Sharing employment, a percentage of these earnings will be deducted from any Work-Sharing benefits payable the week in which the earnings occurred.

Earnings received through the Work-Sharing employment in any week shall not be deducted from the Work-Sharing benefits.

Q14. If the company does not recover during a Work-Sharing agreement, what happens if employees are laid off?

A14. If the company does not recover as expected and employees are laid off during, or at the end of a Work-Sharing agreement, they can apply to transfer their claim to EI Regular benefits. The claim duration would be extended by the number of weeks of Work-Sharing.

Normally, the benefit rate and the normal duration of the claim is not reduced by Work-Sharing.

EMPLOYMENT INSURANCE

Q15. What is Employment Insurance?

A15. Employment Insurance (EI) provides Regular benefits to individuals who lose their jobs through no fault of their own (for example, due to a shortage of work, seasonal or mass layoffs) and are available for and able to work, but can't find a job. Depending on their regional rate of unemployment, insured individuals require between 420 and 700 hours of insurable employment in the 52 weeks preceding their claim, or since their last claim, whichever is shorter, to qualify for EI Regular benefits. With respect to the duration of benefits, eligible individuals are entitled to between 14 and 45 weeks of EI Regular benefits, depending on their regional rate of unemployment and the number of insurable hours worked in the qualifying period.

Employees are advised to always apply for Employment Insurance benefits as soon as they stop working. They can apply for benefits even if they have not yet received their Record of Employment. If filing a claim for benefits is delayed for more than four weeks after the last day of work, employees may lose benefits. Information is provided on the Service Canada website as a guideline, but employees are encouraged to apply for benefits so that a processing agent may assess eligibility.

Q16. What impacts do earnings paid on separation have on an Employment Insurance claim?

A16. As per Employment Insurance Regulations, earnings received from an employer upon separation may defer the start of a person's Employment Insurance benefits. Examples of earnings paid on separation from employment include pay in lieu of notice, severance pay, bonus, paid sick leave, vacation

pay, etc. Generally, the allocation of severance pay starts from the week of lay-off or separation and is allocated at an amount equal to the person's normal weekly earnings from that employment.

Where the person experiences a permanent separation from their employer and allocation of separation monies occurs, the benefit period may be extended (to a maximum of 104 weeks) for each week the monies prevent payment of EI benefits. Once the separation monies have been completely allocated, the person must serve a one-week non-payable waiting period before Employment Insurance benefits can be paid.

Q17. What is the suspension of seniority rights during a temporary layoff?

A17. As described in the Digest of Benefit Entitlement Principles, Chapter 6, Section 3, occasionally employers reach an agreement with representatives of their employees whereby the parties agree to temporarily relinquish seniority rights during layoffs. Such agreements avoid temporarily replacing staff who are skilled and experienced in a given sector of the business with employees from another sector selected solely on the basis of their seniority, but who may be less effective and may have to be trained.

This allows employers to continue business activities in a viable and competitive way. Not exercising seniority rights under normal circumstances constitutes voluntary leaving. However, if the loss of employment is as a result of an agreement between the employer and the representatives of their employees to temporarily suspend seniority rights, and all conditions outlined in the Digest are present, then the loss of employment will be deemed a layoff. These agreements cannot be unilaterally extended by the employer. If it becomes necessary to extend the provisions, a new agreement must be re-negotiated between the parties.

This situation must not be mistaken with that outlined in Section 51 of the Employment Insurance Regulations (work force reduction) which applies to situations in which claimants have voluntarily left their employment and where there have been measures taken to permanently reduce the employer's work force and to protect the jobs of other workers.

Q18. What is the Work Force Reduction Program?

A18. The work force reduction process applies to situations in which claimants have voluntarily left their employment and where there have been measures taken to permanently reduce the employer's work force and to protect the jobs of other workers. An employer workforce reduction process is initiated by the employer. It has as its objective a permanent reduction in the overall number of employees and offers employees the option to leave employment voluntarily. The elements of the process which include the aforementioned elements must be documented by the employer.

A claimant who has left employment in accordance with an employer workforce reduction process that preserves the employment of co-workers may be paid benefits where:

- (a) the claimant accepted an offer to leave that employment voluntarily; and

- (b) the employer has confirmed that the claimant's leaving resulted in the actual preservation of the employment of a co-worker whose employment would otherwise have been terminated in the course of the work force reduction process.

For more information, please visit: [Work Force Reduction program due to downsizing](#)

Q19. What is the Working While on Claim pilot project?

A19. The Working While on Claim pilot project helps Employment Insurance claimants stay connected to the labour market and earn some additional income while receiving Employment Insurance benefits. The current two-year Working While on Claim pilot, from August 7, 2016 until August 11, 2018, allows claimants flexibility to choose between two options:

- Under the default rule, claimants can keep 50 cents of EI benefits for every dollar earned, up to a maximum of 90% of their weekly insurable earnings; or
- Under the optional rule, claimants can choose to earn up to the greater of \$75 or 40% of their weekly (earnings beyond this threshold results in their weekly EI benefits being reduced dollar-for-dollar).

The pilot applies to any Employment Insurance claimant who earns money while collecting the following types of Employment Insurance benefits: regular benefits, fishing benefits, parental benefits, compassionate care benefits and benefits for parents of critically ill children. Claimants who receive maternity or sickness benefits are not eligible—benefits are reduced dollar for dollar.

Further information may be found on the Service Canada website.

Q20. Will combined income between employment salary and Employment Insurance benefits affect a claimant's income taxes?

A20. Tax deductions for Employment Insurance Work-Sharing benefits are determined from the information provided by a claimant in the Income Tax section of the Employment Insurance application. The amount of tax deducted is specific to the province of residence, personal tax situation and benefit rate.

The Employment Insurance benefits are taxable; however, because of the weekly amount of benefits paid, taxes are not always withheld at source. Should a claimant wish to have the income tax deductions increased in order to avoid having to pay a large amount of income tax at year-end, options may be discussed with Service Canada at: 1-800-206-7218, TTY: 1-800-529-3742.

At the time a claimant files an income tax return, depending on the net income, repayment of some of the Employment Insurance benefits received may be required. Benefit repayment requires claimants with a net yearly income exceeding a specified threshold to repay a percentage of the Employment Insurance Regular benefits received during the tax year.

Exemptions apply in certain circumstances. For more information on repayment of benefits at income tax time, please visit: [Employment Insurance and Repayment of Benefits at Income Tax Time—Year 2016](#).

Q21. What happens when Employment Insurance benefits have been exhausted?

A21. When an unemployed worker applies for Employment Insurance Regular benefits, a benefit period is established (normally 52 weeks) and the claimant is entitled to a specific number of weeks of EI benefits (based on the number of hours worked in the last year and the rate of unemployment in the region they live) within that benefit period.

In addition, through the Labour Market Development Agreements (LMDAs), the Government of Canada provides funding to provinces and territories so they can support unemployed Canadians with employment assistance and training. Under the LMDAs, Employment Benefits enable current and former Employment Insurance claimants to gain skills and work experience through a combination of interventions such as training and wage subsidies. LMDAs also support the provision of employment assistance services for all unemployed Canadians.

OTHER SOFTWOOD LUMBER WORKFORCE ADJUSTMENT SUPPORTS

Q22. What are Labour Market Development Agreements and what new measures were announced by the Government of Canada on June 1, 2017?

A22. The Government of Canada currently transfers almost \$3 billion annually to provinces and territories to support employment and skills training programs. Through Budget 2017, the Government of Canada will significantly boost federal support to provinces and territories by providing \$2.7 billion over six years, starting in 2017–2018, to help more unemployed and under-employed Canadians from coast to coast to coast get the training and employment supports they need to find and keep good jobs.

Through the Labour Market Development Agreements (LMDAs), the Government of Canada provides funding to provinces and territories so they can support unemployed Canadians with employment assistance and training. Under the LMDAs, Employment Benefits enable current and former Employment Insurance claimants to gain skills and work experience through a combination of interventions such as training and wage subsidies. LMDAs also support the provision of employment assistance services for all unemployed Canadians.

To help workers impacted by U.S. measures targeting softwood lumber in the most affected provinces, the Government of Canada will invest an additional \$50 million through the LMDAs over the next two years to provide displaced workers with the training and employment supports they need to successfully transition to new jobs. This suite of supports, delivered by the provinces, can range from employment counselling, job search assistance, skills upgrading, to more intensive employment benefits.

Q23. What are the additional investments for Targeted Earnings Supplements with complementary employment supports?

Q23. As part of the Softwood Lumber Action Plan announced on June 1, 2017, the Government of Canada will also invest \$15 million per year for two years starting in 2017–2018, partnering with affected provinces, to implement Targeted Earnings Supplements with complementary employment supports (e.g., job search assistance, employment counselling) in order to help workers transition to new opportunities.

Targeted Earnings Supplements provide temporary salary top-ups to displaced workers once they accept a new job, helping them adjust to losses of income while facilitating the transition to new jobs and other fields of employment. These will be complemented by the provision of employment supports such as employment counselling, job search assistance and skills upgrading. This will help workers to stay connected to the labour market and avoid long-term unemployment.

Evidence shows that Targeted Earnings Supplements could be an effective tool when paired with job search assistance and employment counselling supports to help workers transition to new jobs—particularly for those with significant seniority with firms that permanently shut down.

Q24. How does it apply to employees?

Q24. Decisions regarding the delivery of employment programs and services funded through the Labour Market Development Agreements are the responsibility of the provincial/territorial governments, and they have the flexibility to develop labour market programming best suited to the specific needs of their local labour markets. For further information on these programs, employees are invited to contact individual provincial and territorial governments directly.

OTHER SUPPORTS

Q25. What support can Service Canada provide in the event of layoffs?

A25. The Government of Canada is prepared to support workers who are affected by the April 24, 2017, U.S. decision to impose preliminary countervailing duties on Canadian softwood lumber products. If an employer is anticipating the reduction of shifts or layoffs, the local Service Canada office should be contacted in order to arrange information sessions and support measures tailored to their needs, which might include joint information sessions with the province of jurisdiction.

Q26. Are there online references where can I find additional information regarding various ESDC measures?

A26. Useful information available online is provided in the links below:

- [Action plan on Softwood Lumber—Employment and Social Development Canada measures](#)

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- [Work-Sharing program - 2017 temporary special measures for the forestry sector downturn—Applicant guide](#)
 - [Work-Sharing Employee Guide](#)
 - [Employment Insurance Regular Benefits—Overview](#)
 - [Employment Insurance information for employers](#)
 - [Work-Force reduction Program](#)
 - [Working while on claim pilot project](#)
 - [Labour Market Development Agreements](#)
 - [Aboriginal Skills and Employment Training Strategy](#)
 - [Youth Employment Strategy](#)