



CITIZENS *for* PUBLIC JUSTICE



CANADA WITHOUT POVERTY
CANADA SANS PAUVRETÉ

Briefing Note on Employment Insurance

Access to Employment Insurance

In March, the unemployment rate climbed to 8%, with 1,456,600 Canadians out of work. 560,400 Canadians were receiving Employment Insurance benefits in January. That is an increase of over 100,000 people compared to February 2008. In February 2009, the number of EI claims rose 18.6% compared to January. Only 4 in 10 unemployed Canadians qualify for EI, however. In 2008, 43% of the unemployed received EI benefits.

The number of unemployed who qualify for benefits varies significantly across the country. In Ontario and the Western provinces, only 1 in 3 unemployed workers qualify for benefits. In Quebec and the Atlantic provinces, 4 out of every 5 unemployed workers qualify. In half of Canada's major cities, the proportion of unemployed who qualify for benefits is less than 30%. Meanwhile, workers in some regions get benefits for up to 50 weeks, while others – who may have worked more hours to qualify – receive only 19 weeks. This is due to regional variations in the rules regarding access, which do not always reflect real life circumstances.

These regional variations have led to some absurd circumstances, where two people working at the same plant are laid off and one qualifies for EI based on his home address while the other does not. Similarly, oil field workers in Alberta who originate from Atlantic provinces can get higher benefits than their co-workers simply by returning home.

There is also a gender gap in EI benefits. In 2008, only 39.1% of unemployed women qualified for EI, while benefits go to 45.5% of unemployed men. This is largely because women are more likely than men to be engaged in part-time or precarious work. 40% of women work in non-standard or precarious jobs, compared to only 29% of men.

Precarious work

1 in 3 jobs in Canada is precarious or non-standard work: work that is temporary, part-time, contract or self-employed, generally characterized by low wages, no benefits, and little stability. Groups at high risk of non-standard work include women, young people, older workers with limited education, Aboriginal Canadians, visible minorities, people with disabilities and recent immigrants.

Those in precarious or non-standard work tend to have difficulty accessing EI, even though they have paid premiums and are more vulnerable to unemployment, because of the challenge in accumulating enough hours. Lowering the number of insurable hours required would make these employees less vulnerable, as would allowing the self-employed to participate in EI.

Length of benefits

Even before the recession began, 1 in 4 Canadians exhausted their EI benefits without finding a new job. Now that unemployment is climbing, it seems likely that benefits will run out for more Canadians before they find new employment. There is also a gender gap in length of benefits: women receive fewer weeks

of benefits on average than men, and therefore they are more likely than men to exhaust their benefits. In 2005-2006, 30.4% of women used all of their weeks of benefits, compared to 26.3% of men. Those who do not find new employment once their benefits are expired must turn to personal savings or social assistance.

The waiting period

The mandatory two week waiting period has been stretched due to the inundation of EI claims. Worried Canadians have told CPJ of situations where they have waited up to six weeks before receiving their first EI payment. News reports have told of similar stories. This delay is highly problematic. Someone who is laid off still has bills to pay: rent, utilities, credit cards and any loan repayments are all due monthly. Groceries need to be purchased regularly. No one can simply wait 6 weeks for income.

EI payments are normally supposed to be received within 28 days of making an application. The additional funds that the government has directed to HRSDC to help process claims was an important first step, but has not been enough to deal with the crisis. Waiving the two week waiting period will help to ensure that more Canadians receive their benefits in time to pay their bills.

EI and the recession

EI benefits put purchasing power in the hands of the unemployed, who otherwise would have none or would need to turn to social assistance. This acts as an automatic stabilizer for our economy, as more benefits are paid out as our economy moves deeper into recession. Without EI, these unemployed Canadians would not be able to participate in the economy. The result could be a downward spiral, as decreased consumption leads to more layoffs and more unemployed Canadians cannot participate in the economy.

A study commissioned by Human Resources and Social Development Canada on "Income Redistribution Impacts of the EI Program" provides evidence for the importance of EI in an economic downturn. Among its findings, the study noted that EI has a strong redistributive impact for individuals and contributes substantially to poverty reduction.

EI has also contributed to protecting unemployed Canadians in recent recessions of the 1980s and 1990s. However, significant changes following the last recession have resulted in fewer Canadians receiving benefits. In 1990, twice as many of Canada's unemployed qualified for EI benefits that were worth \$123 more per week, when adjusted for inflation.

Our recommendations:

- Standard access rules across the country, set at 360 hours of insurable employment.
- Double the available length of benefits, from a maximum of 50 weeks to a maximum of 100 weeks.
- Remove the two week waiting period.
- Raise the rate of coverage from 55% to 60% of insurable earnings.