

# WANTED:

## FEDERAL POLITICIANS PREPARED TO FIX EMPLOYMENT INSURANCE

For nearly 70 years, Canada's Employment Insurance program (EI) - formerly known as Unemployment Insurance - has been assisting unemployed workers by providing them with temporary income maintenance when they've lost their jobs. Some quick facts:

- Created in the aftermath of the Great Depression, EI has become an essential component of Canada's social safety net.
- The development of the EI program meant that government understood that unemployment was often beyond any workers' control, due to factory closures, seasonal work, or economic recessions. Some felt that the program was overly generous and created a "disincentive" for people to find work, and needed to be scaled back.

### Cutting Back

- In the late 1970's and intensifying during the 90's, government made it harder to get EI, and cut the benefit levels and duration of benefits for people who were eligible.
- The number of unemployed workers receiving EI went from 80% in 1990 to only 44.5% in December 2008.
- While benefits were being cut from workers, the accumulated surplus from EI rose to an astonishing \$57 billion in 2008.

"So, what exactly is wrong with EI ?"

- **Regional unemployment rates determine the number of hours a worker has to work to qualify. These rates are also used to calculate the duration of weekly EI benefits.** But this leads to very different results across Canada. Ontario, for example, has not seen its fair share of EI benefits. In 2007 Ontarians contributed 40% of the program's dollars but only 30% of Ontario's unemployed workers received regular EI benefits.
- **The nature of the labour force has changed in this country, while EI has not.** In the past 10 years there has been a 59% increase in the number of temporary and contract jobs across the country and EI doesn't help these workers. The high number of hours needed to qualify makes these workers ineligible for EI despite their contributions. **It's especially hard to get for the groups that need it most.** New entrants to the labour market, such as youth or newcomers, need at least 910 hours of work to qualify for regular benefits. Also, women continue to see their rate of EI eligibility fall below that of men, where from January 2008 to January 2009, the increase in the number of men receiving regular EI benefits was twice that of women.

# FIX EMPLOYMENT INSURANCE - p.2

## Government Response

- Despite mounting pressure to reform the EI program in order to increase eligibility during this period of massive job loss, the only thing the federal government did in their 2009 budget, was extend regular EI benefits by an extra five weeks to a maximum of 50 weeks in some regions (until 2011). This will provide only short-term relief for unemployed workers and their families during this recession.
- With minimal or no support from EI, many unemployed workers will have to resort to living off savings, cashing in their investments or RRSPs, using credit and increasing personal debt, borrowing from family and/or friends, or applying for social assistance.

## Change is Long Overdue

A strong EI program is essential to assist unemployed workers while they search for work, and to help stabilize against the effects of a prolonged recession, by providing people with income to spend in their local communities.

## **We urgently need Parliament to introduce these changes to Employment Insurance:**

- 1. 360 hours to qualify** for EI benefits in all regions of Canada
- 2. Increase benefit duration**
  - to 50 weeks for all workers, in all regions, and
  - Provide an additional year of “Special Extension” benefits if national unemployment exceeds 6.5% - paid from federal general revenues.
  - Extend EI Part 1 benefits while a worker is in approved training.
- 3. Increase benefit rates** to at least 60% of normal earnings, use workers’ 12 best weeks, and raise the maximum. Suspend the allocation of severance pay. Eliminate the 2 week waiting period.