



March 2021

Brief submitted to the Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA)

Action-Chômage Côte-Nord is a not-for-profit organization committed to ensuring that the rights of unemployed workers in the North Shore are defended and respected. Our organization was founded on November 5, 2003, in Portneuf-sur-Mer and brings together unemployed people from across the North Shore, informs them of their rights and supports them in their calls for action. We also fight for the right to work and for job creation policies, in addition to helping unemployed people navigate their situation and assisting them in their search for valid alternatives. Action-Chômage Côte-Nord also runs an information and education centre to help unemployed people.

This brief is a plea from a region, certain parts of which depend mainly on one seasonal industry to survive, that is experiencing a recurring migration deficit. For many years now, we have been trying to explain our situation to one government after another. We are hopeful that our efforts this time will be successful, given that Prime Minister Trudeau has shown openness by clearly expressing his willingness to reform EI so that it meets the real needs of Canadians.

We hope that our region's unique issues will be taken into account during the committee's study and that sustainable solutions to our problems will be found.

Observation

When we talk about regions and seasonal industries, we must recognize that Canada's seasons and climate are factors that speed up or slow down the operations of a major component of our economy. The term "seasonal workers" perpetuates the stereotype of lazy people who move to rural areas so that they can work for only half of the year and do nothing during the other six months.

Workers who live in regions with seasonal resources are receiving all the blame, despite the fact that, without them, the entire commercial fishing and forestry industries, in addition to large segments of the agri-food, tourism, accommodation and food service industries, would grind to a halt.

Our region is currently experiencing a significant population drift that is fuelled by a punitive EI system. More and more people are leaving the North Shore, and, as a result, our socio-economic infrastructure (schools, hospitals and industrial facilities) is crumbling.¹

Black hole, unemployment rate and EI eligibility

Most workers in the seasonal industry face a harsh reality that we call the "black hole." The

¹ Source: <https://statistique.quebec.ca/fr/fichier/bilan-demographique-du-quebec-edition-2020.pdf>. [French only]

black hole is a period of up to 18 weeks where workers are left without income between the end of their EI benefits and their return to work. In addition to driving many workers into financial insecurity or outright poverty, the black hole also fuels population drift, which leads to the loss of a trained workforce that is essential to businesses. As a result, several employers are now required, year after year, to train new employees, who will undoubtedly leave when the black hole makes their lives and those of their families unbearable. All things considered, the black hole causes significant losses for businesses, stifles their development and can even, in some cases, cause them to seriously consider shutting down.

Black hole

Example with the unemployment rate between March 11 and April 7, 2018 (5.3%)

700 hours at 35 hours per week.

20 weeks of work, 14 weeks of benefits and **18 weeks of black hole**

22 best weeks required for determining the benefit rate

Canada is the only OECD country where an unemployed person's eligibility to benefits depends on where they live. There are 58 EI economic regions, 12 of which are in Quebec. The unemployment rate of each of these regions determines EI eligibility, the maximum duration of the benefit period and, since April 2013, the benefit rate. This standard, known as the "variable entrance requirement," came into effect on December 4, 1977.²

The formula for calculating the unemployment rate by economic region considerably fails to take into account some communities' situations.³ For example, while the North Shore's unemployment rate in March 2016 was 9.9%, the Haute-Côte-Nord's average annual rate was 20%, which is similar to the rates of the Basse-Côte-Nord and of Gaspésie-Îles-de-la-Madeleine. As a result of the use of data from its 17 neighbouring regions, the Haute-Côte-Nord's unemployment rate does not reflect its employment situation and opens up an EI black hole. It makes no sense that a certain population segment is penalized in its EI eligibility due to the high economic activity of other municipalities in the region.

Action-Chômage Côte-Nord is calling on the government to implement a number of measures to help close the EI black hole:

² Source: Duceppe-Marsolais Commission, July 12, 2013, *L'assurance-emploi: un régime dénaturé à reconstruire*.

³ Source: <https://canadagazette.gc.ca/rp-pr/p2/2003/2003-10-22/pdf/g2-13722.pdf>.

While the principles and rationale for the changes made in July 2000 remain valid, several factors have resulted in people from the two affected regions being unable to adjust to the higher than expected increase in the number of hours required to qualify for EI. The situation therefore required a transitional measure to mitigate the effects of the transition.

1. Abolish the regional unemployment rate criterion

Replace the regional unemployment rate criterion by a single eligibility criterion based on the number of hours worked. The use of the regional unemployment rate to calculate EI benefits is the main reason why the EI black hole exists. Canada must stop using band-aid solutions and finally implement real, comprehensive and long-lasting change for all workers.

2. Establish a set eligibility criterion

Action-Chômage Côte-Nord is calling for a set eligibility criterion of 420 hours or 12 weeks of 15 hours, whichever is best for each worker depending on their situation. This criterion will make it easier for part-time workers to qualify for EI.

3. Modify the benefit period

Action-Chômage Côte-Nord recommends implementing 35 weeks of benefits as well as one week of benefits for every two additional weeks of work, up to a maximum of 51 weeks.

4. Modify the pilot project for five weeks of additional benefits for seasonal industry workers

Although this measure has helped several workers, major adjustments are needed. First, many seasonal industry workers who are in the black hole could not benefit from the pilot project because of its criteria. Second, additional benefits are not delivered for a long enough period of time for most seasonal industry workers. The average term of a seasonal job is less than 16 weeks, and the average benefit duration is 17 weeks. The five additional weeks therefore do not close the black hole for most seasonal industry workers, unless they live in an area with an unemployment rate that is higher than 16%. That is why we are asking the government to modify the pilot project and offer up to 15 additional weeks to better support workers who need it.

Action-Chômage Côte-Nord also believes that the current definition of seasonal industry workers must be changed because it prevents several workers from qualifying for EI. We propose that the government adopt the CNESST's definition: seasonal work is defined by its repetitive, regular nature and its term, which is limited to certain specific periods of the year due to climate, social and/or administrative constraints, in addition to the availability of raw materials. Moreover, the notion of "seasonal worker" is not related to the person, but rather to the type of job performed. [translation]

5. Increase the benefit rate

Increase the benefit rate to 70% of insurable earnings; this rate has not budged from 55%

since 1994, despite the fact that it had almost always been higher before then, ever since EI was created (66.67% from 1971 to 1979, and 60% from 1979 to 1993). Incidentally, what we are asking for amounts to lower than the \$500 minimum benefit provided by the temporary changes to EI.

6. Modify the benefit formula

Action-Chômage Côte-Nord is calling on the government to base the benefit formula on the 12 best weeks of work.

7. Modify the method for deducting earnings during the benefit period

All claimants should be able to earn up to 40% of the maximum benefit rate without having their benefits reduced. Income earned after this threshold should be deducted from benefits at a rate of \$0.50 per additional dollar.

8. Abolish the waiting period

Action-Chômage Côte-Nord is calling on the government to completely remove the waiting period. This is all the more important given that 49% of people have no savings to live on in case of an emergency.⁴

9. Facilitate voluntary departure

We are calling for the legal recognition of the right for workers to have a two-week trial period without penalty for any new job. Currently, this right is only granted to employers, allowing them to assess their employees' skills, particularly with regard to experience. The equivalent should be offered to employees so that they can decide whether they enjoy their new jobs.

10. Increase the maximum insurable earnings

Action-Chômage Côte-Nord is calling for a substantial increase to the maximum insurable earnings. We recommend raising this amount to the same level as that of the Quebec Parental Insurance Plan, which was \$78,500 in 2020.

11. Modify special benefits

Provide unemployment protection regardless of maternity, parental or paternity benefits

⁴ Report published in January 2019 by Refresh Financial: <https://www.conseiller.ca/nouvelles/economie/les-canadiens-mal-prepares-en-cas-durgence-financiere/>. [French only]

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Action-Chômage Côte-Nord believes that all workers should be entitled to full unemployment protection, regardless of any absence related to pregnancy, maternity and parental responsibilities, in accordance with the equality rights set out in the *Canadian Charter of Rights and Freedoms*.

Sickness benefits

We are calling for sickness benefits to be increased to at least 50 weeks for people with a serious illness. We also propose extending the benefit period so that people can be able to receive special benefits without it affecting their pre-existing regular benefits.

Conclusion

We believe that EI is failing most workers in Canada. Ideally, your government would improve EI eligibility for all by using a straightforward formula that would provide 35 weeks of benefits after 420 hours (or 12 weeks) of work. This would be fair to everyone, whether they work in the seasonal industry or not. It would also put an end to the practice of calculating the unemployment rate based on EI regions, which produces its own set of problems and inequities. In our view, this simplification of the program is not only necessary, but also affordable. In the end, EI benefits are at best only equivalent to minimum wage. The notion that someone can live decently on EI is greatly exaggerated, if not insulting.