



Standing Committee on Human Resources,
Skills and Social Development and the Status of
Persons with Disabilities



Employment Insurance for the 21st Century



How Do We Make E.I. Work for Workers ?



Submitted on behalf of the
Inter-provincial EI Working Group



April 2021

How Do We Make E.I. Work for Workers?

We want to thank the HUMA Committee for the opportunity to present the views of the **Inter-Provincial EI Working Group**. We speak on EI and related matters for a number of community and labour organizations across Canada.

We also want to express appreciation for Parliament's recent passage of Bill C-24. It ensures that working people have access to EI enhancements and Recovery Benefits for an extended period during the pandemic. These extensions are essential to weathering the COVID storm. People need the money, and the economy needs them spending that money.

But everything is not all well in hand. The temporary measures will not be enough. We need permanent improvements. And we need to finish the job of reform.

2020 marked the 80th Anniversary of Canada's 1940 Unemployment Insurance Act. Originally introduced as the Employment and Social Insurance Act in 1935, the UI Act came on the heels of a Great Depression when more than 30% of the labour force was out of work and one in five were dependent on woefully inadequate government relief.

2020 also marked the first year of a global pandemic. Suddenly we too confronted widespread unemployment, layoffs, and reduced schedules. By April 2020, fully 36.7.% of workers in Canada were unemployed, working less than 50% of their usual hours or wanting a job but discouraged from seeking one and therefore not counted in the labour force. In comparison, the February rate, before COVID, had been only 11.3%¹.

EI should have been there for these workers. Just as it should be there in better times whenever individuals face a separation from work. But the EI program has been allowed to deteriorate to the point where only 40% of the unemployed have been receiving benefits in any given month. Increasingly restricted in its reach, it could not deliver on its historic role as our "single most powerful automatic stabilizer" to reduce both GDP and job losses at times of economic crisis². This gave rise to CERB, a temporary program to deal with the 2020 labour market wreckage. We had to make do with duct tape.

It did not have to be that way. Until the 1990s over 70% of the unemployed received UI. And now, with the temporary EI enhancements greatly expanding EI access, it's clear that it is possible to move in the right direction again.

Attention must be paid. Parliament must find the political will to do the job that others have left undone. EI became a frayed safety net because EI Act reforms were neglected.

¹ StatsCanada: Labour Underutilization Rate <https://www150.statcan.gc.ca/n1/daily-quotidien/200508/dq200508a-eng.htm>

² *The UI System as an Automatic Stabilizer in Canada*, Peter Dungan and Steve Murphy, May 1995, Human Resources Development Canada

Low wage workers in precarious employment have been carrying the heaviest burden of inadequate EI access for more than two decades. And now with COVID-19, the highest rates of unemployment and underemployment are felt by these same workers who are disproportionately women, racialized workers, Indigenous workers, migrants, and those with disabilities. Part of the job of rebuilding EI is to ensure that this discrimination in access comes to an end.

Here are two other labour market realities critical to comprehensive EI reforms:

- **EI access is an urban issue.** The EI “Black Hole” is a too-familiar problem for those in regions identified with seasonal work. But every major city in this country also contends with non-full year work, some because of the escalation in short term contracts and temp agency employment. But also, because hotels, restaurants, stores, private services, utilities, tech firms and manufacturers lay off during slow and shoulder seasons. Urban EI beneficiary rates have been at critically low levels, a problem predating COVID. In February 2020, EI Regular benefits were going to less than 30% of the unemployed in our 3 largest labour markets: Toronto (22%), Montreal (27.9%) and Vancouver (21.5%)³.
- **EI access is a service sector issue.** Public and private services now account for 80% of all jobs in Canada, many with erratic, part-time or temporary schedules. StatsCan payroll data shows hourly paid workers in the service sector averaged 28.3 hours weekly (including overtime) March 2019 to February 2020, the 12 months prior to COVID⁴. Yet the EI Hours System which dictates qualifying hours and the duration of benefits is based on a 35-hour week with entitlement increments in 35-hour blocks. The EI Hours System needs reform. This will especially benefit the women, racialized workers, new immigrants, young adults and working poor in the sector’s more precarious jobs.

What follows is a summary of recommendations that represent a broad consensus, while recognizing that some organizations may propose variations on these themes. Some are long-standing recommendations, previously addressed by the Inter-provincial EI Working Group in its May 2016 brief to HUMA. COVID has brought additional concerns to the fore.

EI needs to be a reliable pillar of our social safety net. It will take comprehensive reforms.

On behalf of the Working Group and others endorsing this statement, we want to emphasize these 4 overarching recommendations:

1. **Better EI Financing**
2. **Better EI Access for More Workers**
3. **Better EI Benefits**
4. **Better Supports and Access to Justice for EI Claimants.**

³ Calculated from StatsCan: LFS Table 14-10-0294-02 www150.statcan.gc.ca/n1/daily-quotidien/200306/t007a-eng.htm and EI Table 14-10-0322-01 www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410032201

⁴ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410025501>

Better EI Financing

- 1. Restore Federal Government contributions to the EI Account** to support a combination of enhancements that permanently expand access and improve benefits. These costs should not be borne by workers and employers alone. Social insurance historically presumed tripartite funding.
- 2. Amend the perverse financing formula** introduced a few years ago. It leads to worker and employer premium increases at the worst possible time when the economy is struggling to recover. The IMF has also encouraged Canada to consider a different approach to restore EI's automatic stabilizer role.⁵

Better EI Access for More Workers

- 3. A universal EI qualifying rule for all regions.** There is no good reason to use regional unemployment rates to set 62 different qualifying rules across Canada. If you're laid off in Saskatoon or Laval or Charlottetown, it makes no difference. You've paid EI premiums, and you now need EI benefits. End of story.
- 4. A lower qualifying rule of 360 hours or 12 weeks, whichever is to the worker's benefit.** The 12-week alternative calculation is important for those employed in seasonal industries. The 360 rule would apply to regular and special EI benefits.

⁵www.imf.org/en/Publications/CR/Issues/2021/03/17/Canada-2021-Article-IV-Consultation-Press-Release-and-Staff-Report-50273

⁶<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410025501>

This long-standing position of community and labour organizations is based on StatsCan data for payroll employees averaging 30 hours weekly (less in the service sector)⁶ x 12 weeks = 360 hours.

During COVID workers need only 120 hours. **This has opened up access to a huge number of workers**⁷ who would not otherwise qualify with the current requirement of 420 to 700 hours for regular EI and 600 hours for special EI benefits.

- 5. Extend EI Duration to 50 weeks in all regions.** This is one of the temporary EI measures that makes enormous sense to make a permanent feature of the program.
- 6. Eliminate or significantly reduce punitive disqualification rules.** If you need to go to school or your employer claims you lost your job because you were fired or quit, you won't get one dollar of EI. And it's not easy to appeal if your employer is being unfair. EI wasn't always so harsh with these disqualifications.
- 7. Open up EI access to all migrants.** Until 2013 they had access to special benefits but even that was taken away. Migration and precarious immigration status are a fact of life for many people, in factories, farms, hotels and offices.
- 8. An EI blitz on the misclassification of workers** deemed "independent" self-employed contractors by an

⁷ StatsCan EI Regular Beneficiaries <https://www150.statcan.gc.ca/n1/daily-quotidien/210325/g-a001-eng.htm>

employer or temp help agency and ineligible for EI. Many are actually employees and should be covered.

- 9. More access to EI for the truly self-employed.** EI needs to bring the self-employed into the fold, as with CERB and Recovery Benefits. The Quebec Parental Benefit Program is one model with automatic registration for self-employed who pay a special premium but not the employer share. At minimum, this should apply to all Special Benefits and new Training Benefits.

Better EI Benefits

- 10. Improved EI Benefit Rates of at least 60% of earnings, preferably 70%.** Use workers' 12 best weeks. And raise the ceiling on insurable earnings. The current 55% rate means workers eke out a living on barely half of their previous earnings. It is also the lowest rate ever paid in the 80-year history of UI/EI.
- 11. An EI benefit floor is needed.** During COVID, EI claimants are guaranteed \$500 weekly (taxable). It has made a huge difference to low paid workers. Without a floor, EI becomes "unaffordable" and by default, inaccessible. Workers end up in one survival job after another, with never an opportunity to look for something that's a better match.
- 12. Extend EI Sick Benefits, as promised, to at least 35 weeks,** like EI Parental Benefits. Adequate paid sick leave is essential to the health of individuals, co-workers, and the community at large, whether due to cancer or COVID.

- 13. Eliminate the allocation of separation payments.** During COVID these payments are not allocated against EI benefits. This results in faster processing by Service Canada and more money in workers pockets. It should be a permanent feature of the EI Act.

- 14. A fairer EI clawback** for those Working While on Claim or with Allowable Earnings.

Better Supports and Access to Justice for EI Claimants

- 15. Several initiatives would make EI more claimant-friendly:**
- Restore a Tripartite Appeal Process at step 1, as recommended by the review process
 - Enhance the Commission's (CEIC) oversight of the new first-level appeals mechanism
 - Restore local EI Public Liaison Officers; their support is invaluable
 - More funding for organizations providing front line worker advocacy
 - Special help desks for those with part-time or multiple jobs; it gets complicated for them
 - New in-person and on-line supports for workers who are Second Language speakers or who lack Internet skills or access, or cope with other challenges.

Comprehensive reforms are needed to give us a stronger, fairer EI system that can act as an automatic stabilizer during economic downturns – and cover more workers and provide better benefits.

**We must rebuild our EI system. Now.
Workers deserve no less.**

Endorsing Organizations

“Employment Insurance for the 21st Century: How Do We Make E.I. Work for Workers?”
submitted by the Inter-provincial EI Working Group to the HUMA Committee, April 2021

Aboriginal Council of Winnipeg	National Union of Public and General Employees (NUPGE)
Access Alliance Multicultural Health and Community Services	Neighbourhood Legal Services London
ACORN Canada	New Brunswick Federation of Labour
Across Languages, London	Newfoundland & Labrador Federation of Labour
Alberta Federation of Labour	Niagara Community Legal Clinic
Algoma Community Legal Clinic	Northumberland Community Legal Centre
Atkinson Foundation	Nova Scotia Action Coalition for Community Well-being (NSACCW)
Auberge Francophone	Nova Scotia Federation of Labour
Campaign 2000: End Child and Family Poverty	Ontario Community Legal Clinics' EI Working Group
Canadian Labour Congress	OCASI - Ontario Council of Agencies Serving Immigrants
Canadian Union of Public Employees	Ontario Federation of Labour
Centre for Future Work, Vancouver	Parkdale Community Legal Services
Chatham-Kent Legal Clinic	PEI Coalition for a Poverty Eradication Strategy
Child Care Advocacy Association of Canada (Child Care Now)	PEI Federation of Labour
Chinese Canadian National Council -Toronto	People's Recovery Newfoundland & Labrador
Colour of Poverty - Colour of Change	Phoenix Centre for Children and Families
Common Front NL	Power In Community: Fighting for Affordable Homes
Community Advocacy & Legal Centre (CALC)	Quinte Immigration Services
Community Legal Assistance Sarnia	Renfrew County Child Poverty Action Network (CPAN)
Community Legal Assistance Society (British Columbia)	Saskatchewan Federation of Labour
Community Legal Clinic - Brant, Haldimand, Norfolk	Scarborough Community Legal Services
Community Legal Services of Ottawa / Services juridiques communautaires d'Ottawa	Social Justice Cooperative NL
Dignidad Migrante Society, B.C.	South Asian Legal Clinic of Ontario
Downsview Community Legal Services	South Asian Women's Rights Organization
Elgin-Oxford Legal Clinic	Teamsters Canada
Family Service Toronto	Times Change Women's Employment Service
Fight \$15 & Fairness - Ontario	Toronto & York Region Labour Council
Fight For \$15 & Fairness - Newfoundland & Labrador	Unemployed Workers Help Centres of Saskatchewan
Flemingdon Health Centre	UNIFOR
Good Jobs for All Coalition	United Steelworkers Toronto Area Council
Grey Bruce Community Legal Clinic	Voices Of Scarborough
HIV & AIDS Legal Clinic Ontario (HALCO)	West Scarborough Community Legal Services
Income Security Advocacy Centre (ISAC)	Windsor-Essex Bilingual Legal Clinic
Justicia for Migrant Workers	Workers Action Centre
JVS Toronto	Workers' Health and Safety Legal Clinic
Kababayan Community Service Centre	YWCA Hamilton
Labour Education Centre	
Lake Country Community Legal Clinic	
MacKillop Centre for Social Justice	
Migrant Workers Alliance for Change	