

Newfoundland and Labrador
Federation of Labour



Submission

to

HUMA Committee's Study

of the

Employment Insurance Program

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

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Introduction

The Newfoundland and Labrador Federation of Labour (NLFL) represents 25 affiliated unions, 500 union locals and 70,000 working members in every sector of our economy, in every community in our Province.

The NLFL's role is to advocate for policies, practices, programs and laws that benefit all workers. Working with our members, and like-minded civil society organizations, we identify the broader economic, social and environmental public policy issues that matter to them and that informs our political work with all levels of government.

We would like to thank the HUMA Committee for the opportunity to submit our position on EI Reform.

Over the past year, while workers have been front and centre in this public healthcare crisis and the ensuing economic crisis, the ineffectiveness of many of our social programs to support workers and families in Canada have been exposed. It has become increasingly clear that the current Employment insurance (EI) program has not been effective, especially in light of the mass unemployment, layoffs, and reduced schedules of so many people in our country.

Many years of cuts to the EI program has created a problem to the extent that extraordinary measures had to be put into place to deal with the impacts of the COVID-19 pandemic.

However, we understood even pre-covid that few unemployed workers actually qualify for the program that they pay into; a program whose history stems from ensuring the economy is stabilized and families have money in their pockets to see them through periods of unemployment.

We also know that low waged workers in precarious employment have been carrying the heaviest burden of inadequate EI access for more than two decades.

Today, in the midst of a pandemic and economic crisis, the highest rates of unemployment and underemployment are felt by these same workers who are disproportionately women, racialized workers, Indigenous workers, migrants, people with disabilities and seasonal, precariously employed workers.

We now have an excellent opportunity for government to right this wrong and rebuild a fairer and more equitable EI system that works for workers and for our economies.

Employment Insurance and Newfoundland and Labrador

Workers in Newfoundland and Labrador (NL), and across the country, rely greatly on the economic stability provided by the EI system. Our province has been dealing with high unemployment for decades and the unprecedented unemployment crisis that has come with this public health crisis serves to underscore the importance of a strong, responsive, and just EI system, one that workers can be sure will be there when needed.

Workers, communities and businesses in NL rely heavily on EI. With approximately 40% of the NL labour force (compared with 20% for Canada) residing in rural parts of the province, and many employed in seasonal industries such as tourism, forestry and the fishery, the EI system plays a key role both economically and socially in supporting workers, local businesses and the sustainability of communities.

As workers have been forced to navigate through COVID-19, subsequent lockdowns, and an economic crisis, the temporary income support measures to support all unemployed workers, or to assist employers, were instrumental in helping workers survive. They also helped stabilize the economy and kept local businesses afloat. These measures showed where the gaps are in the current EI system and how important it is to restore it as a key pillar of our social safety net.

Our most recent labour market indicators (February 2021) paint a picture of a labour market experiencing significant structural change, one that will require a strong, fair and inclusive EI system if we are to ensure a strong recovery.

Workers play a key role in that recovery and they will need to be supported as the labour market adjusts, the economy recovers, and they are able to return to work.

Our labour market has undergone significant structural change the past 12 months, and will continue to do so going forward. Many workers have been impacted through loss of work; but those who have endured the worst of the pandemic and recession, and will find it most difficult to recover, are low wage workers, particularly women, young workers, workers of colour, and vulnerable workers in precarious forms of employment. These workers will need a stronger, more equitable and fairer EI system to help them ride out this recession, to reenter the labour market, or retrain for other employment. The current EI program does not adequately meet those needs. To accomplish that we will need comprehensive reform of the current system.

Part of a strong, equitable and sustained recovery in NL and Canada as a whole will be defined by how we rebuild our EI system. In fact, the International Monetary Fund (IMF) in their recent report (March 2021) highlighted the need and importance of Canada reviewing and improving the existing EI system. The report stated:

*“The crisis exposed gaps in Canada’s social safety net that should be addressed. The significant job losses at the onset of the crisis put pressure on the employment insurance (EI) system, and many Canadians did not qualify for income support. These factors prompted the rapid rollout of the CERB to help fill the gaps. When the benefit ended, many of the CERB claimants transitioned to a newly revamped EI system, and those still not covered by the revamped system transitioned to temporary recovery benefits. The lessons from the crisis represent an excellent opportunity to review the EI system, including its role as an automatic stabilizer.”*¹

¹ 2. IMF Country Report No. 21/54 <https://www.imf.org/en/Publications/CR/Issues/2021/03/17/Canada-2021-Article-IV-Consultation-Press-Release-and-Staff-Report-50273>.

Labour Force Characteristics			
Newfoundland and Labrador			
February			
Indicator	2020	2021	Change
Labour Force (000s)	248.2	236.6	-4.7%
Employment (000s)	214.3	195.8	-8.6%
Unemployment (000s)	33.9	40.8	20.4%
Unemployment Rate (%)	13.7	17.2	3.5 ppts
Participation Rate (%)	55.7	53.2	-2.5 ppts
Employment Rate (%)	48.1	44.0	-4.1 ppts

ppts: percentage point change

Percent and actual changes based on unrounded monthly averages

Sources: Statistics Canada's Labour Force Survey; Economics Division, Department of Finance

Bringing Employment Insurance into the 21st century

The NLFL, along with the broader labour movement and our community partners, have long advocated for easier access to EI benefits along with greater coverage. The onset of COVID-19 has served to expose the glaring deficiencies with EI; they have been there since previous governments began to bring in restrictions related to eligibility requirements, duration and income replacement. As a result, fewer and fewer unemployed workers have been eligible for benefits.

Our recommendations echo those from our sister Federations, the Canadian Labour Congress, and many others with whom we have worked on the issue of EI Reform for many years. They are based on 4 basic asks:

1. Better EI financing;
2. Better EI access for more workers;
3. Better EI Benefits; and
4. Better Supports and Access to Justice for EI Claimants.

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.²

² 2. IMF Country Report No. 21/54 <https://www.imf.org/en/Publications/CR/Issues/2021/03/17/Canada-2021-Article-IV-Consultation-Press-Release-and-Staff-Report-50273>.

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.

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 workers³** 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.

³ StatsCan EI Regular Beneficiaries <https://www150.statcan.gc.ca/n1/daily-quotidien/210325/g-a001-eng.htm>

7. Open up EI access to migrant workers. 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 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 claw back 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; and
- 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.

Conclusion

Once again, thank you for taking the time to review our submission and recommendations. EI Reform is an issue we are deeply concerned about. The deterioration of the EI Program was not caused by the pandemic but was rather it was glaringly exposed because of it. As much of the country is experiencing a third wave of the pandemic, economic recovery even more concerning for governments, businesses and workers across Canada. The current EI program cannot fill the gaps, and millions of workers will need continued income support especially in the immediate future as we rebuild our economies.

Our hope is that we can indeed build back a better EI system that works for workers and works for Canada.

Respectfully Submitted,



Mary Shortall, President

Newfoundland and Labrador Federation of Labour