

**Statement by the
Canadian Labour Congress**

**to the
House of Commons
Standing Committee on Human Resources,
Skills and Social Development
and the Status of Persons with Disabilities
Regarding Bill C – 280,
An Act to amend the
Employment Insurance Act**

November 3, 2009



Canadian Labour Congress

Congrès du travail du Canada

Statement by the Canadian Labour Congress to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities Regarding Bill C-280, An Act to Amend the Employment Insurance Act.

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On behalf of the 3.2 million members of the Canadian Labour Congress (CLC), we want to thank you for affording us the opportunity to present our views. The CLC brings together Canada's national and international unions along with the provincial and territorial federations of labour and 130 district labour councils whose members work in virtually all sectors of the Canadian economy, in all occupations, in all parts of Canada.

Canadian Labour Congress Statement on Bill C-280

The Canadian Labour Congress welcomes and urges all parties to support this important Bill.

The Bill would modestly increase EI benefits to 55% of earnings – as now – but calculated on the basis of the best 12 weeks over the previous year. We welcome the proposed move to the best 12 weeks, but we continue to urge a benefit rate of at least 60%. Members should recognize that the average benefit today is a very low \$348 per week – barely enough to support even a single person above the poverty line. The maximum benefit today is \$150 less per week than it was in the last recession.

The Bill would expand access to regular and special benefits to 360 hours. As members will be aware, the CLC has long called for such a uniform entrance requirement of 360 hours across the country.

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The current serious recession has amounted to a “stress test” for the current EI system, the first test of fast-rising unemployment since the new hours based system was introduced in the mid 1990s.

At one level, the EI system has responded to the crisis. The number of regular EI claimants rose by almost 500,000 between July, 2008 and July, 2009 as unemployment soared. The proportion of unemployed workers collecting benefits has risen modestly over that period, from 41% to 45%. That is because the system does become a bit easier to access – with a lag – as the unemployment rate rises in a region. The duration of benefits also increases in line with rising unemployment.

Yet the fact of the matter is that many, many workers – especially women and young workers – have fallen through the cracks. Between July, 2008 and July, 2009 the number of unemployed workers who were unemployed but not collecting regular EI benefits rose by 220,000 or by 32%. The proportion of unemployed workers collecting benefits has jumped for men, but has barely increased for women.

The proportion of unemployed workers collecting benefits remains very low in many parts of the country, and, in July of this year, was below 50% in the three Western provinces, and also in Ontario, where it stood at just 40%. Part of the reason is that it is difficult to gain access when jobs suddenly disappear in what used to be a low unemployment region.

Entrance requirements in terms of hours worked continue to exclude many unemployed workers from benefits. HRSDC research shows that about 10% of all unemployed workers in recent years

worked before becoming unemployed, but did not have enough hours of work to qualify for benefits. That amounts to about 160,000 unemployed workers in any given month today, and a much higher number over the course of a year.

HRSDC and Parliamentary Budget Office studies the costing of proposals to temporarily drop the entrance requirement to 360 hours from the current range of 420 to 700 hours and shows that this change would bring in almost 200,000 more workers into the system over a year, at a cost of about \$1.1 Billion. This is surely an affordable change on a permanent basis, since the cost would fall as unemployment falls. The change would provide limited but still important benefits for a limited time period to many vulnerable workers, especially women and young workers. If implemented today, it would be an effective form of stimulus and of support for hard-hit communities.

The CLC believes that a 360 hour threshold should also replace the 910 hour requirement (or about six months full-time work) imposed on new labour force entrants and re-entrants. This serves to exclude many recent immigrants, and may account for why so many unemployed workers in Toronto and Vancouver are ineligible for benefits.

We welcome the fact that the 360 hours requirement in this Bill would apply to maternity/parental benefits. We have long-supported a more generous and inclusive program which recognizes new realities in the job market and in society as a whole. Maternity/parental benefits allow parents, especially women, to better balance the demands of work and family care, helping promote equality in the job market while also contributing in a central way to the well-being of very young children.

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Changing the entrance requirement from the current 600 hours to 360 hours would bring more workers, especially mothers, into the system. In recent years about 20% of mothers with paid jobs in the year before the birth of a child have not received maternity/parental benefits. We note that the current 600 hours is higher than the regular EI entrance requirement in regions with over 8% unemployment and certainly excludes many women who have paid into the system and deserve to benefit.

In conclusion, we urge your support for an important and progressive piece of legislation.

This document is respectfully submitted on behalf of the Canadian Labour Congress:



Kenneth V. Georgetti,
President.

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