

**Statement by the
Canadian Labour Congress**

**to the
House of Commons Standing Committee
Regarding the Status of Women Study on
Consequences and Effects the Current
Employment Insurance (EI) Programs Have
on Women in Canada**

March 5, 2009



Canadian Labour Congress

Congrès du travail du Canada

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Introduction

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.

Employment Insurance (EI) and Women

EI is a critically important program for Canadian workers, especially in tough times like we face today. Laid off workers obviously need adequate benefits to support themselves and their families while they search for a new job. Unemployment benefits are spent on necessities, not saved, or spent on imports. They are an effective form of economic stimulus and help maintain hard hit community economies.

Compared to when we hit previous recessions, our EI program leaves far too many Canadians, especially women and lower wage, insecure workers, out in the cold. In November 2008, just four in 10 unemployed workers qualified for benefits. The maximum weekly benefit of \$447 today is more than 25% less than in 1996, and the average benefit now is just \$335. And the

program does even worse when we look at how it works for women workers.

Cuts in the mid-1990s affecting who is eligible and the amount of benefits which are paid sharply reduced the supporting role of EI, especially for women.

EI income support during periods of unemployment, maternity/parental leave, and periods of sickness is obviously important in terms of stabilizing and supporting family incomes, and also supports the economic independence of women since benefits are not based on family income (with the exception of a small supplement for low income families), but rather on insured individual earnings.

However, key EI program rules exclude or unfairly penalize women because they fail to take into proper account the different working patterns of women compared to men. While the great majority of adult women now engage in paid work, the hours they work exclude many from EI benefits, as do periods of time spent away from work caring for children or others.

As Monica Townson and Kevin Hayes documented in a study originally conducted for the Status of Women Canada, only 32% of unemployed women qualified for regular EI benefits in recent years compared to 40% of men who were unemployed. Over 70% of women and 80% of men qualified for benefits before the cuts were imposed in the early 1990s. The gender gap in terms of the proportion of unemployed women and men collecting regular benefits has closed a bit, but was still two percentage points in November 2008 (40% vs. 38%). The gap is much bigger when it comes to average benefits. In 2006-07, the average benefit for women was \$298 per week compared to \$360 for men. Women also

qualify for shorter periods on average and, in 2005-06, 30% of women exhausted regular benefits compared to 26% of men. Only about one-third of the total dollar amount of regular EI (unemployment) benefits is paid to women, even though women now participate in the paid workforce at almost the same rate as men.

A key reason for the gender gap is that, to qualify, a person must have worked in the previous year, and must have put in between 420 and 700 hours of work, depending on the local unemployment rate. Workers in most large urban areas now have to put in 700 hours, roughly the equivalent of 20 weeks of full-time work.

Fewer unemployed women qualify than do men because many women take extended leaves from work to care for children or others. After a two-year absence from paid work, the entrance requirement jumps to 910 hours, or more than six months of full-time work. And, when they work, women are much more likely than men to be employed in part-time and/or temporary jobs as opposed to full-time/permanent jobs providing steady hours. Because they lack enough qualifying hours, only about half of part-time workers who lose their job actually qualify for unemployment benefits.

The EI program now provides up to 15 weeks of maternity benefits, and 35 weeks of parental benefits, 90% of which are taken by women. Expansion of maternity/parental leaves stands as a major gain for working women in recent years, especially the 2001 increase in parental benefits from 10 to 35 weeks. To qualify, a woman must have worked 600 hours in the previous year. About three-quarters of all women giving birth to a child do qualify, and about 60% claim a benefit. But a full year of leave is much more

likely to be taken by women who qualify for a reasonable benefit, or whose employer supplements the EI benefit. Quebec has recently begun its own EI maternity/parental program which offers much higher benefits (covered through higher premiums), and also covers self-employed workers for the first time.

The government likes to argue that 80% of all currently employed workers would qualify for regular EI benefits if they were to lose their job. But this ignores the fact that job loss particularly affects those with unstable patterns of work, such as workers on reduced hours before a layoff, as well as part-time, temporary, and contract workers. It also ignores the fact that many unemployed workers qualify for EI for a short period, but quickly exhaust their benefits.

In the run-up to the Budget, many voices—including those of editorial writers, business leaders, and provincial premiers—endorsed our call for major improvements to the EI system. But the government has largely failed to listen.

The Budget did nothing at all about access to benefits. Many workers, especially women, still have to jump the 910-hour hurdle for new entrants to get in—about six months of full-time work. Seven hundred hours are still needed in many regions. And the Budget did not improve the level of weekly benefits.

The Budget Bill did add an extra five weeks of eligibility to all claims, taking the minimum eligibility period from 14 to 19 weeks, and raising the maximum in a few very high unemployment regions (those with over 10% unemployment) to 50 weeks. But this is a temporary measure which will not apply to those who lose their jobs after September 2010. The extension will benefit some unemployed workers—the victims of the recession—but by just

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\$500 million per year in total. This is less than one-sixth of what will be spent this year on home renovation grants.

The Minister has said that she does not want to pay unemployment benefits to workers to just sit around. This is an insult to the many workers—more than a quarter of a million in the last three months—who have lost their jobs through no fault of their own and are now desperately seeking new jobs or training opportunities. It ignores the fact that those who find training places will still need an income on which to live.

The Canadian Labour Congress has called for a lower entrance requirement of 360 hours of work across the country so that more workers will qualify if they are laid off; longer benefits of up to 50 weeks so fewer unemployed workers exhaust a claim; and higher weekly benefits based on the best 12 weeks of earnings before a layoff and a replacement rate of 60% of insured earnings. All of these proposals would help women, and reducing the entrance requirement would be particularly important in terms of helping close the EI gender gap.

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



Kenneth V. Georgetti,
President.

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