

Income Security Task Force Highlights Importance of Employment Insurance for Big City Workers

by

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The May 15 report from the broadly-based Task Force on Modernizing Income Security for Working Age Adults (MISWAA) should unite Toronto and Ontario behind a badly-needed new push for progressive changes to Canada's Employment Insurance program.

Far too often, Employment Insurance (EI) is seen as an issue mainly of concern to very high unemployment regions such as those in rural Atlantic Canada. Yet this group of business, community and labour representatives of which we were a part recognized that lack of access to EI benefits causes great hardship to the working poor here in urban Ontario.

Despite a superficially low overall unemployment rate, many urban Ontario workers can find only very insecure contract and part-time jobs, or jobs which are disguised as self-employment. They work in hotels and restaurants, in supermarkets and factories, in airlines and on construction sites. The trend to more precarious work is pervasive across sectors and across all of Canada.

When they are between these kinds of jobs and actively seeking work, workers often find that they cannot qualify for EI benefits. In fact, only one in four unemployed Ontario workers, and just one in five unemployed workers in Toronto, receive benefits under the current system, even though the majority have been working and paying into the EI fund.

In the early 1990s, the majority of unemployed Toronto workers received benefits. Now, many do not qualify in the first place, and others quickly exhaust benefits before finding a new job.

High eligibility requirements in terms of number of hours worked exclude many workers who have significant labour force attachment, especially women, recent immigrants and young people. For those who have been in the workforce for some time, the current qualifying threshold is 665 hours in Toronto, and 700 hours in 6 Southern Ontario regions. It is 910 hours or about six months steady, full-time work for so-called new entrants, such as recent immigrants, young workers, and women re-entering the work force.

The high hours threshold is deliberately intended to make it harder to qualify for benefits in low unemployment regions. But the chances of losing wages for a few weeks or even months are still high for many workers, even if low unemployment means that they will probably find a new job faster than in some other parts of the country.

Current rules mean that many working-poor families get no income at all to replace their already low wages when unemployment hits. At the same time, they do not qualify for social assistance until they have exhausted most of their savings.

Along with low wages, the lack of an adequate income support program for the working poor was identified by the Task Force as a key gap in our social programs, one which makes the transition from welfare to work much more difficult.

At the same time that many workers are completely excluded from our current EI system, the relatively short duration of benefits and low earnings replacement rate (just 55% of maximum insurable earnings, up to a maximum of just over \$400 per week), unfairly penalizes many Ontario workers who do manage to qualify for some benefits. Many older unemployed manufacturing workers find that they can get very little income or adjustment assistance out of a program they have been paying

into for years.

The Canadian Labour Congress supports major reforms to our EI system, including a reduction in qualifying hours to a common level of 360 hours across the entire country; an increased duration of benefits, and a higher earnings replacement rate. These reforms were broadly endorsed by MPs from all parties on the House of Commons Standing Committee on Human Resources Development in 2005, but were rejected by the Liberal government which decided to ease some of the rules only in very high unemployment regions.

Access to Employment Insurance benefits - not to mention related adjustment and training programs - must be seen by all levels of government as a key issue for urban Ontario. An EI system which does not match the current reality of insecure jobs will fail many low wage workers, and add to the problems of working poor families and the communities in which they live.

The Income Security Task Force is to be congratulated for putting this issue squarely on the table for public discussion.

Kenneth V. Georgetti, President of the Canadian Labour Congress and John Cartwright, President of the Toronto and York Region Labour Council, were the labour members of the Task Force on Modernizing Income Security for Working Age Adults.