

Newfoundland and Labrador Federation of
Labour



Submission to: Council of Atlantic Premiers
Advisory Panel on the Pan-Atlantic Study of
the Impact of Recent Changes to
Employment Insurance
January 16th, 2014

Mary Shortall President NLFL

Introduction

The Newfoundland and Labrador Federation of Labour (NLFL) represents 25 affiliated unions, 500 union locals and 65,000 working women and men in every sector of our economy, in every community in our Province.

For 75 years, we have worked to advance the rights of working people, including in the areas of occupational, health and safety, retirement security, women's equality, labour standards and worker rights.

The Federation also advocates for improved public services (such as healthcare and education), as well as public policy and laws that support our principles of social and economic justice – including the overall wellbeing and welfare of all citizens.

Our Federation is pleased to make this submission to the Council of Atlantic Premiers Advisory panel on the recent changes to the employment insurance system. We would also like to acknowledge the importance of expanding the dialogue and allowing for the input from labour and other stakeholder groups impacted by these changes.

Newfoundland and Labrador and Employment Insurance

Newfoundland and Labrador is a tale of two economies today. We are fortunate to have the prosperity that comes with an abundance of oil and mineral resources. In fact the extraction of these natural resources represents around 30% of our provinces revenues. However it is a well-known fact that oil development is capital intensive and not labour intensive.

Our traditional seasonal industries are still the economic and social backbone of a lot of our rural communities. These industries

(primarily fishing and forestry) still contribute in excess of \$1 billion to our economy and employing excess of 20,000 women and men.

According to Statistics Canada, employment gains in Canada for 2013 amounted to 102,000, or 0.6%, the slowest December-to-December growth rate since 2009. In 2012, growth was 310,000 or 1.8% over the 12-month period. Over the same period, employment in Newfoundland and Labrador was little changed.¹ And even though the unemployment rate in this province has gradually declined over the years, (averaging 11.4% in 2013, the lowest annual rate recorded since comparable data became available in 1976), employment insurance is still a critical and important social program in NL and all of Atlantic Canada.

As your discussion paper states, “The importance of the employment insurance program to Atlantic Provinces is seen in the number of employment insurance beneficiaries as a percentage of those employed and the proportion of employment insurance benefit payments received as a percentage of total income. While employment insurance usage fluctuates depending on economic conditions, the rate of overall usage in the Atlantic region has been trending downwards. The number of employment insurance beneficiaries as a percent of those employed declined from about 35% in 1992 to about 27% in 2010. In addition, employment insurance payments as a percent of total income fell from 7.7% in 1992 to just over 4% in 2010.”

The issue here is the role of employment insurance should play in supporting workers, their families and communities. These recent changes do the opposite, and make it harder for working people to qualify. Those that do qualify receive lower benefits for a shorter period of time.

Our perspective on these regressive changes is as follows.

¹ <http://www.statcan.gc.ca/daily-quotidien/131115/dq131115b-eng.htm>

Connecting Canadians with Available Jobs Initiative

This program is one that not only places employment insurance claimants into three categories, but also can also require them to accept employment with lower wages, less skills and a commute that can be up to one hour. Forcing workers to take jobs at lower skills and wages after a brief spell of unemployment is not good labour market policy, since periods of job search allow for a better fit between unemployed and job vacancies. In our opinion such a policy does not take into account the reality of living in rural Newfoundland and Labrador.

As the policy states; “Whether they live in an isolated rural, urban or suburban area, and no matter what the distance between the claimant’s residence and the place of employment, claimants are expected to have transportation arrangements in place, in order to seek and immediately accept opportunities for suitable employment, within a one hour commute.² This will place undue hardship on workers in rural parts of our province. It will also lessen the ability of employers who operate seasonal businesses to retain long tenured seasonal workers.

Pressure on unemployed workers to take jobs at significantly lower wages could put further downward pressure on already stagnant wages.

It is our recommendation that the classification of claimants be removed and the requirement to travel for lower paying employment eliminated.

² http://www.servicecanada.gc.ca/eng/ei/digest/10_10_0.shtml#a10_10_1

NLFL submission – Pan-Atlantic Study of the Impact of Recent Changes to
Employment Insurance

Working While on Claim Pilot Project

This pilot project allowed more workers to work while on a claim and retain a higher percentage of earnings along with their benefits. The new pilot disproportionately impacts lower paid workers who make lower wages, creating hardship for those who make and work less should not be a goal of social policy. Workers should be allowed to apply the calculation that enables them to work and retain a level of earnings without negatively impacting their employment insurance. In Newfoundland and Labrador, the original threshold of 40% is more beneficial to workers employed in the fishery. The following chart³

shows the length of employment by region. Atlantic Canada has a higher proportion of its workers (close to 40%) who have shorter periods of work than other parts of Canada – which shows that these changes will be felt by a higher % of workers in this region.

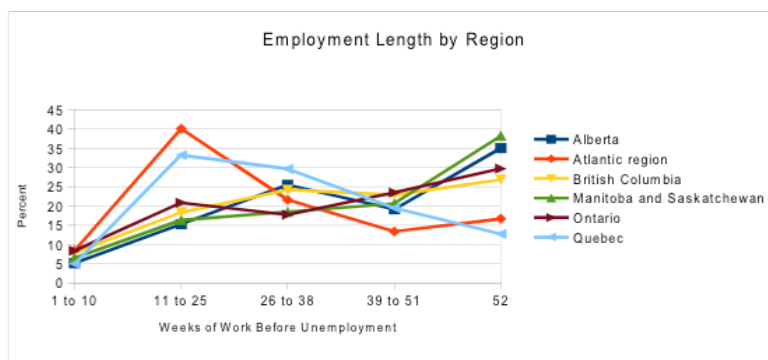


Figure 6: Weeks Worked During the Year (per cent by region). (Statistics Canada, Public Use Microdata Files, Employment Insurance Coverage Survey, 2010)

Changes to the Working While on Claim pilot project penalize employment insurance claimants with low wages and/or few hours of work, acting as a disincentive to taking available part time work.

We recommend that workers be given a choice that allows them, based on hours worked and wages earned, in calculating the percentage of wages they can retain while working on claim.

³ <http://cupe.ca/updir/EI-UsagebyRegion-eng.pdf>

Expiry of Best 14 Weeks Pilot Project

This pilot project allowed workers to avail of the best 14 weeks from the past fifty-two. The new Variable Best Weeks program now used to calculate benefit levels ignores the widespread presence of precarious labour in urban areas, and lowers benefit levels in regions with higher unemployment, such as Newfoundland and Labrador and Atlantic Canada. In addition, the 'high unemployment region' threshold has been redefined as 13% unemployment.

It should be noted that those who benefited from this pilot project received a weekly rate that was on average \$47 higher than it would have been had the pilot project not been in place.⁴ For workers, their families and communities, this represents a significant loss, money that is spent in the local economy.

The NLFL recommends that this pilot project be reinstated to include the best 14 weeks of earnings.

Expiry of the Extended EI Benefits Pilot Project

Budget 2012 phased out the Extended Employment Insurance Benefits pilot despite continued high unemployment in affected regions. In Newfoundland and Labrador, claimants lost an additional 5 weeks of benefits. In rural areas, or for youth, women and immigrants this represents a significant monetary loss.

The NLFL recommends that this pilot project be renewed.

⁴ Canada Employment Insurance Commission 2011 EI monitoring and Assessment Report, March 2012, page 167

Changes to the EI Appeals Process

Between January 2003 and March 2013, employment insurance appeals were heard by part-time, locally based referees representing workers, employers and government (approximately 1000 nationally). The new Social Security Tribunal consists of full-time federal government staff (74 nationally).

Employment insurance Boards of Referees were in 83 regions (3 members each) and in 2010-11 there were 53,905 appeals. We now have a “streamlined” process concerned with efficiency that is no longer independent of government. Issues such as access to a fair and timely hearing for workers are a concern as well as the fear that

Decisions will become more legalistic and technical, there will be fewer in-person hearings and that claimant time limits have been cut from 60 to 30 days.

The NLFL recommends that the employment insurance appeals process be restored and that government ensure both labour and employer representation which brings with it local and regional economic and social knowledge.

Conclusion

Canada’s employment insurance system has long been an intricate piece of our social safety net – one that Canadians could rely on as a critical support in times of recession, job loss or related to other events resulting in an extended period without an attachment to the labour market. However in recent years, successive federal governments have, through the budgetary process and other means, continued to chip away at this program resulting in shorter qualification periods, lower benefits, and stricter access. All during a time when the \$56 billion employment insurance surplus has been absorbed into the general revenue of the federal government.

The most recent changes to the employment insurance system, contained in the latest Omnibus Budget Bill C38, have further chipped

away at the employment insurance system and in a period of slow economic growth and trying to recover from a recession, government has seen fit to further restrict access to employment insurance, impacting those hardest hit by the economic downturn, as well as those who work in seasonal industries (especially youth, women, and new immigrants).

These changes must be reversed.

In addition, we would like to see the employment insurance system further strengthened with the following measures:

- Providing regular benefits on the basis of 360 hours of work, no matter where workers live in Canada
- Raising benefits to 60% based on best 12 weeks of work
- Increasing the qualification period to 50 weeks
- Investing a portion of the employment insurance surplus into better training and labour market adjustment programs
- Expanding the support and funding for work sharing arrangements under employment insurance to reduce layoffs

Summary of Recommendations

1. Remove the new classifications of claimants – treat everyone equal
2. Eliminate the requirement for most employment insurance recipients to accept 20- 30% lower wages in similar professions after only 6 weeks of job search
3. Allow workers to avail of the best choice for *Working While on Claim* pilot project
4. Renew the best 14 weeks pilot project
5. Renew the Extended Employment Insurance Benefits Pilot Project
6. Restore the EI appeals process - Ensure labour representation and local / regional knowledge