

CUPE

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BRIEFING NOTE

**Employment Insurance:
Usage Profile by Region**

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EMPLOYMENT INSURANCE USAGE BY REGION

The Conservative government's omnibus budget (Bill C-38) changed much of the way the Employment System will run. Overall, the changes will alter labour market pressures in favour of employers offering low wage jobs. As a result of this bill, it has become even harder to qualify for Employment Insurance. Further, the process of appealing the decision has been changed to eliminate worker and employer seats on the appeals panels. Even before the budget changes, fewer than 40 per cent of unemployed workers qualified for EI even though they are unemployed through no fault of their own.

This brief outlines some statistics (2010) on Employment Insurance use and the size of the impact that these changes will have in different regions. The impact of the changes will affect all workers that regardless of if they will receive Employment Insurance benefits. This is because the changes to Employment Insurance will put a downward pressure on wages across all sectors and regions. However, certain regions and sectors that rely on seasonal or temporary workers will feel the effects more.

ECONOMIC DEPENDENCY PROFILE – EMPLOYMENT INSURANCE

Changes to Employment Insurance presented in the 2012 Budget which recently came into effect, will have a negative impact on workers in all areas of the country. However, the effects will be distributed disproportionately having a greater negative impact on women and those in Newfoundland, PEI, Nova Scotia and New Brunswick.

Statistics Canada calculates an Economic Dependency Profile (EDP) for different regions of the country which estimates economic impact of social welfare, pension and unemployment benefits.

The EDP is an estimate of the amount of benefit per one hundred dollars of income. For example, Manitoba's average employment insurance EDP is 2.0, which means that the province receives approximately \$2 in benefits for every one hundred dollars of employment and other income earned in the province.

The Canadian average of EDP is 2.5 (2.0 for men and 3.20 for women). The lowest EDP for employment insurance is for men in Alberta (1.0) and the highest is for women in Newfoundland (9.3).

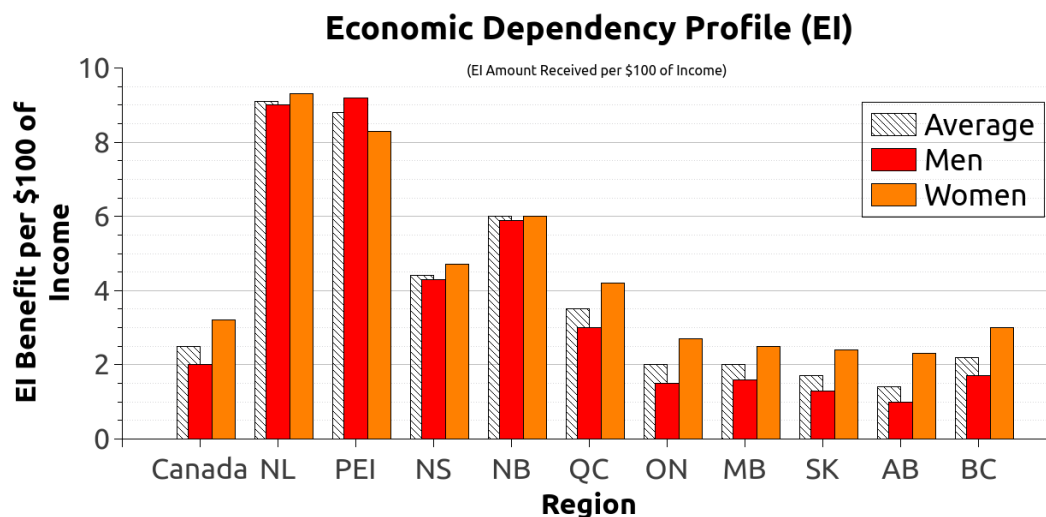


Figure 1: Economic Dependency Profile for Employment Insurance by region and gender. (CASIM Table 111-0025, Statistics Canada, 2010)

WEEKLY BENEFITS

Employment Insurance benefits broken-down by region and gender indicate that there are large disparities between men and women and regions in benefits. These differences are due to differences in employment income between men and women and because women are more likely to be in precarious work. These unemployment benefits statistics do not include parental leave and are only for those that have lost their job through no fault of their own.

The recent changes to the Employment Insurance system will help drive down wages and will have a negative impact on all workers across the country. However, even small changes to employment insurance will have substantial impact on women in the Atlantic region, Manitoba, Saskatchewan and Quebec.

There is a substantial “union advantage” when it comes to receiving unemployment benefits. The explanation for this is likely the union wage advantage and the reduced precarious nature of employment covered by most collective agreements.

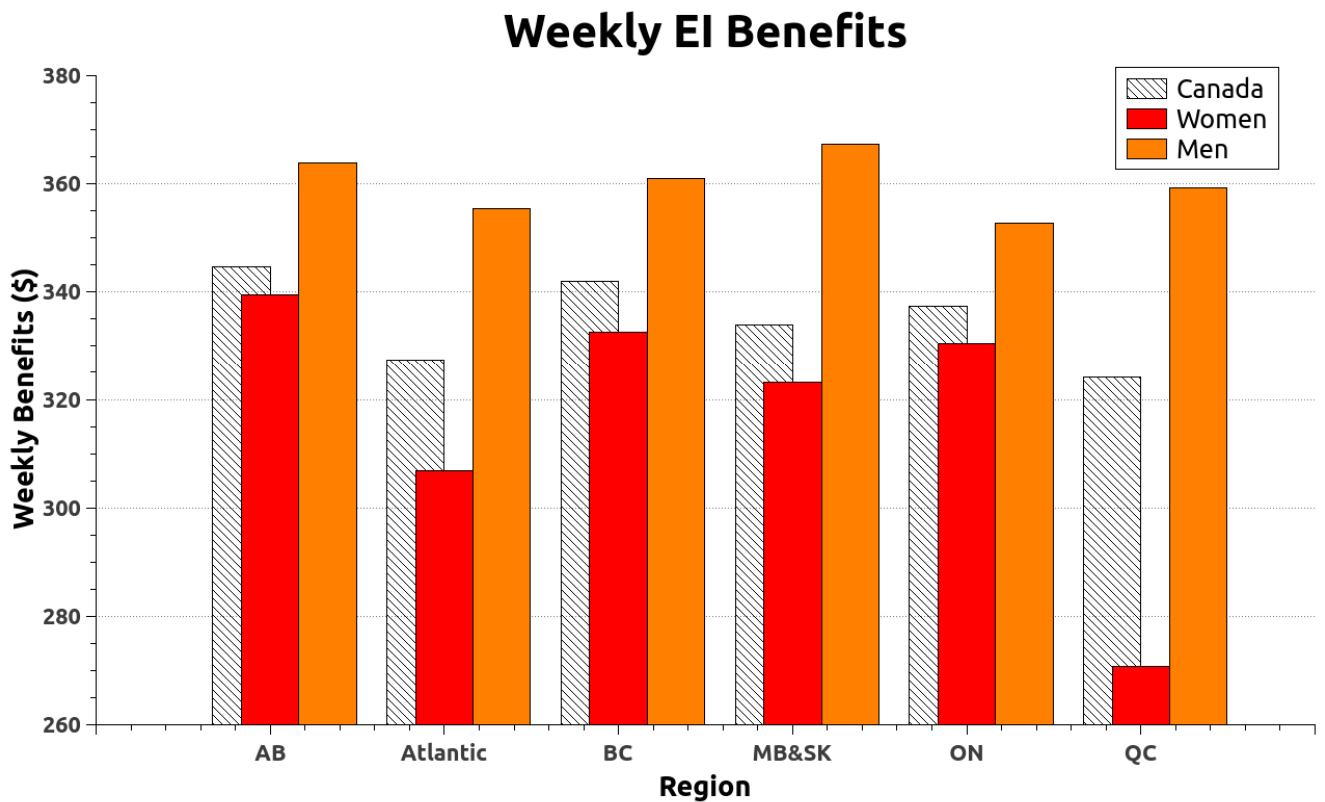


Figure 2: Employment Insurance benefits. Average benefits are shown and include only those that received regular (and other) benefits (i.e., exclude parental benefits). (Statistics Canada, Public Use Microdata Files, Employment Insurance Coverage Survey, 2010)

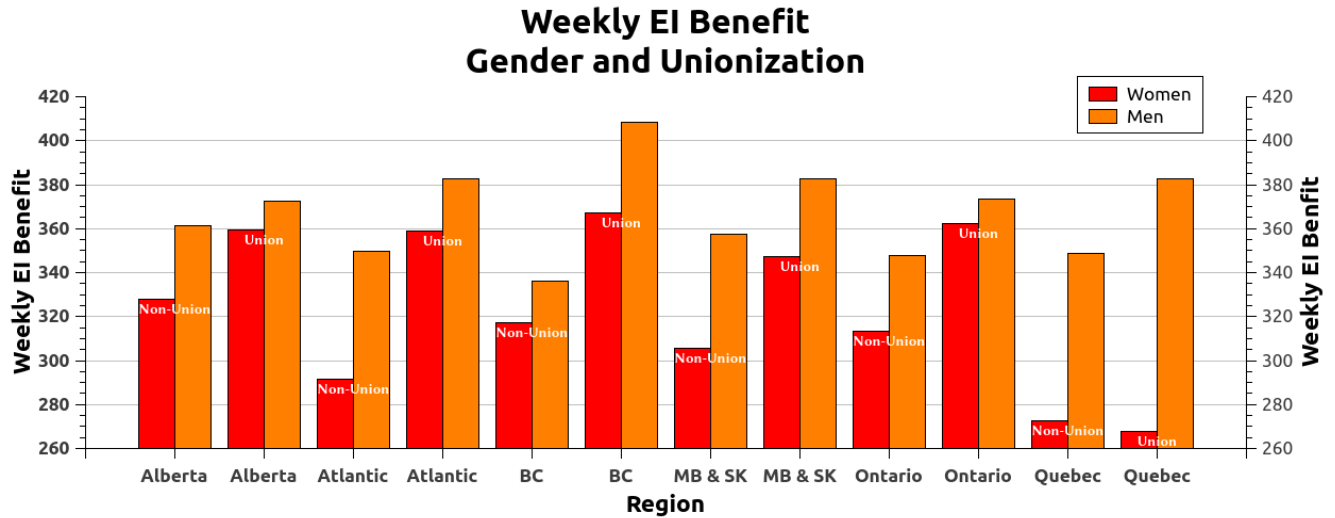


Figure 3: Employment Insurance benefits between unionized and non-unionized workers by region and gender. Average benefits are shown and include only those that received regular (and other) benefits (i.e., exclude parental benefits). (Statistics Canada, Public Use Microdata Files, Employment Insurance Coverage Survey, 2010)

LENGTH OF TIME RECEIVING BENEFITS

The average number of weeks that workers receive unemployment benefits is consistent across the country. However, women are collecting benefits for significantly longer periods of time across all regions (30 weeks in Manitoba and Saskatchewan women compared to 19 weeks for men in those provinces). This indicates that while all workers will be impacted by the changes to “Suitable Employment” for frequent users of the unemployment insurance system where workers are forced to accept any job they qualify for after 6 weeks, women will be more negatively impacted by these changes.

Weeks Receiving Benefits

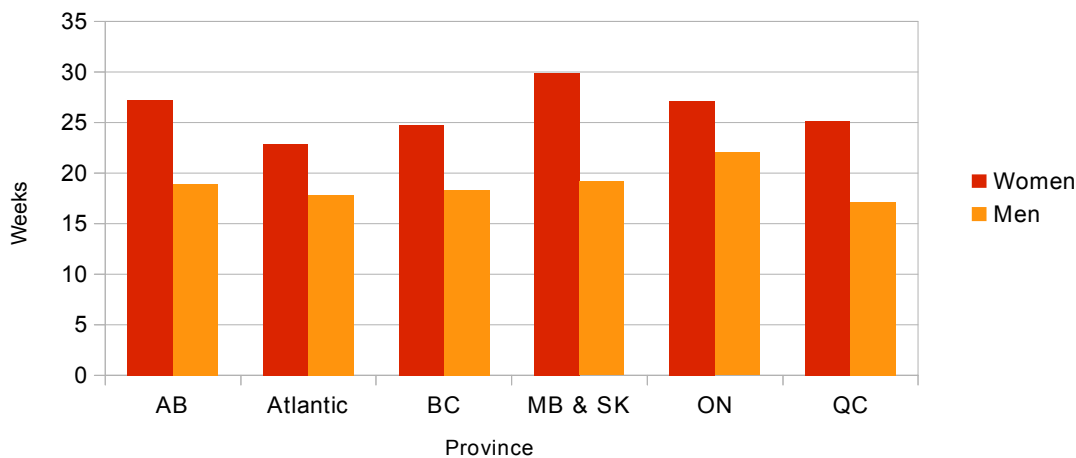


Figure 4: Average number of weeks receiving employment insurance benefits by region and gender. (Statistics Canada, Public Use Microdata Files, Employment Insurance Coverage Survey, 2010)

INSURABLE HOURS

The calculations used by the government that determine the eligibility for Employment Insurance are partly based on the number of hours a worker has been employed in the previous year. These hours of work in the previous year are called Insurable Hours. The average number of insurable hours that Employment Insurance recipients have in a region when they apply for EI indicates the degree of precarious work in that region. Fewer insurable hours indicates more regular periods of unemployment and increased precarious work (or seasonal employment).

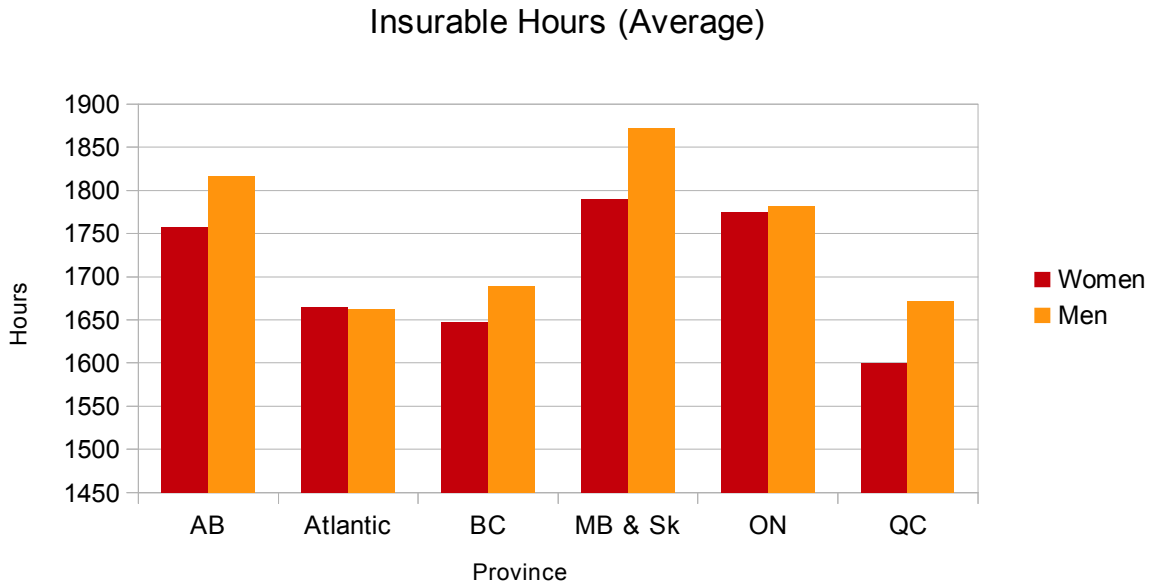


Figure 5: Average number of insurable hours by region and gender. (Statistics Canada, Public Use Microdata Files, Employment Insurance Coverage Survey, 2010)

LENGTH OF EMPLOYMENT

The length of employment by region shows the precariousness of employment for worker accessing unemployment benefits. The data show that the Atlantic region and Quebec have much greater proportion of those workers with temporary work (11 to 25 weeks) accessing employment insurance benefits. However, Alberta and British Columbia have a high proportion (25%) of workers with 26 to 38 weeks of work before they access unemployment benefits which indicate that there are many workers in term employment. Recent changes to “Suitable Employment” for frequent and occasional claimants will likely affect these workers, thus driving down wages in these regions.

Employment Length by Region

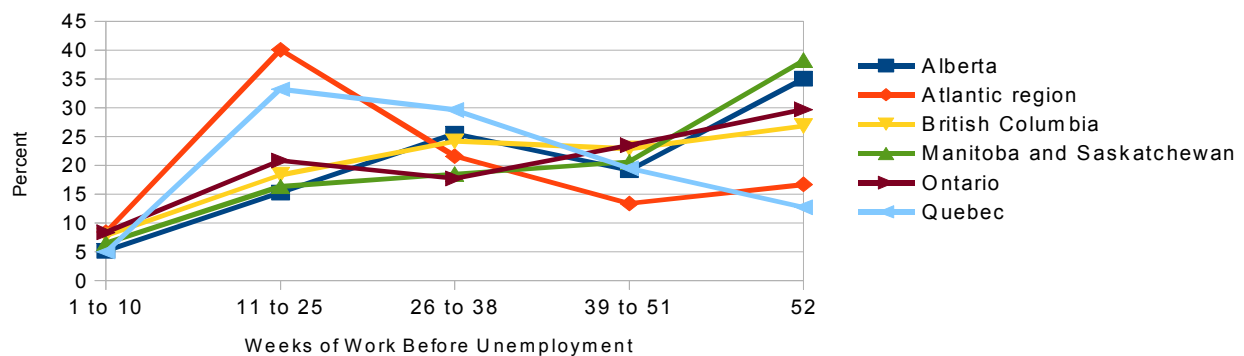


Figure 6: Weeks Worked During the Year (per cent by region). (Statistics Canada, Public Use Microdata Files, Employment Insurance Coverage Survey, 2010)

CONCLUSION

Employment Insurance is paid-for by all workers as a support system for workers that lose their jobs through no fault of their own. The Employment Insurance system was originally designed to make sure that unemployed workers would be supported while they look for work which was appropriate for their skill level and to provide financial support for those in gap periods between seasonal work.

Changes to the employment insurance brought forward in the 2012 Conservative government omni-budget will drive down wages and reduce access to the EI system. These changes will affect all Canadian workers regardless of whether they will directly interact with the Employment Insurance system.

However, the current nature of work and use of unemployment benefits in Canada shows that the recent changes to Employment Insurance will negatively impact certain regions more than others. In addition, the higher proportion of women precarious and temporary work means that these changes will have an even larger negative effect on women workers.

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