



## **EI AND THE 2007 FEDERAL BUDGET**

### **What in the Budget for unemployed workers?**

The Harper government Budget did not introduce any measures to improve access to benefits for unemployed workers.

### **What does it mean for Canadians?**

The EI program has been repeatedly cut since its highpoint in the mid-1970s, most recently through two rounds of “reform” by the Liberals in the mid 1990s. Today, only about four in every 10 male unemployed workers are collecting EI benefits at any given time, down from 80% in 1990. Only one in three unemployed women are collecting benefits at any given time, down from 70% in 1990. Only 20-25% of unemployed workers in most major urban centres, like the Greater Toronto Area (GTA) and the Lower Mainland in British Columbia, now receive benefits at any one time, since many do not qualify at all, and others quickly exhaust their benefits.

The existing level of benefits paid is inadequate to support families and children. Average weekly benefits were \$315 compared to average weekly industrial earnings of \$728 in 2003. Only 33% of claimants received the maximum benefit of \$413. Canada has the lowest basic replacement rate of OECD countries. The current patchwork of qualifying hours required for different benefits and different situations is inequitable and unreasonable, especially for new claimants and those re-entering the workforce after

12 months. The length of the benefit period is roughly half of what it was 15 years ago. On average claimants received 19.3 weeks of regular benefits. Women were more likely to exhaust their benefits because they generally have fewer hours of insurable earnings.

Opposition MPs have been working with the labour movement to promote improvements to Canada’s major income support programme. Two private member’s bills (C-269 and C-278) brought before the House of Commons were passed by the all party House of Commons Human Resources Committee on March 1, 2007. The next step is to bring the Bills back to the House for third reading.

- Bill C-269 improves access to benefits by lowering the entrance requirement from the current range of 420 to 700 hours to 350 to 630 hours; The second bill improves benefits: eliminating the 2 week waiting period; raising the benefit level from 55% to 60% of weekly earnings; bases benefits on the best 12 weeks of earnings instead of the last 12 weeks; extending the maximum duration to between 18 and 50 weeks depending on local unemployment rates.
- Bill C-278 extends sickness benefits from 15 to 50 weeks. These reforms fall short of labour’s goals, but do represent significant improvements.

Given the fact that the all party committee agreed to EI improvements in Bill C-269, we might have expected to see the government acknowledge the financial impact of these reforms in this Budget. The fact that they haven't, raises questions about their commitment to UI reforms.

Affordability of EI reform should not be at issue. The accumulated EI program surplus is more than \$50 billion. The fact that the money has gone into general revenue and spent to pay off the deficit,

does not minimize the expectation that there is money available for EI reform.

### **What won't this Budget deliver?**

In this climate of economic growth, not many people think too much about Employment Insurance. But we are starting to see layoffs in traditional industries that may be the precursor to higher unemployment rates. There is nothing in Harpers Budget to help the EI system work better for workers.

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