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Nova Scotia  
Federation of Labour, CLC

## Billions in EI surplus and workers still not qualifying

I was extremely concerned when I read that our Finance Minister Jamie Muir “urges caution on EI fixes” referring to the ongoing national debate on the call for positive reforms to deal with the fall out from the current economic crisis.

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.

During our pre-budget consultation with Minister Muir; as well as during a consultation session we had with Premier MacDonald in early January; we had discussed in some detail the overall benefit to making the much needed changes to the system - changes which would not only benefit laid-off workers and their families, but also our economy and the Provincial budget as well.

There seems to be some confusion being created in this political debate that is leading or implying that making progressive changes to EI will have a negative impact on Federal revenue and budget; implying that EI money is provided out of taxes; which could not be further from the truth.

The EI (and old UI) fund is resourced by premiums that are paid by workers and their employers; premiums for insurance to hedge against earnings lost due to being laid-off from work. The fund is clearly not funded out of taxes and should not be used or spent as tax money; it is collected basically for the benefit of displaced workers.

The EI program has accumulated a huge surplus of \$54 Billion since the mid 1990s, the result of deep cuts in benefits paid to unemployed workers. That surplus could and should be available to backstop and improve benefits in a recession. Rainy day funds are, after all, supposed to be there for rainy days.

Recessions mean that more workers lose their jobs, and that they find it much harder to find a new one. Because of these cuts to benefits; compared to the previous recessions of the early 1980's and 1990's; we are not prepared for the current crisis, our EI program is leaving thousands of Canadians out in the cold, unable to qualify for benefits.

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In 2006-07, only four in ten unemployed workers, and even fewer women, qualified for EI. This is because many young people, recent immigrants, part-time, temporary and seasonal workers do not have enough hours of work to qualify, especially those in large cities.

Those who do qualify are, on average, eligible for just 32 weeks of benefits, about seven months. This is much less than the theoretical maximum of 50 weeks in a handful of very high unemployment regions. Some unemployed workers qualify for a maximum of just 14 weeks of benefits.

In addition, those fortunate enough to qualify for benefits will receive (based in today's dollars) at least \$200.00 less than they would have in 1996 due the cuts to the system.

We support the Canadian Labour Congress call for a lower entrance requirement of 360 hours of work across the country so that more workers would 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.

Not only would these changes be of benefit to laid-off workers and their families, but to our economy as well for the monies will be spent directly in our local economies; some studies have said that for every dollar provided as EI benefit generates \$1.60 worth of activity in the economy.

If this political banter continues without approving the progressive changes needed during this turbulent economic crisis, there will be a cost to taxpayers.

Workers who cannot qualify for EI benefits; or receive a small benefit for a short period of time and are still unable to find another job in the midst of this recession; will have no recourse but to go to the social support system, to provide for self and family.

The EI program is critical measure to enhance our ability to come out of this economic crisis while preserving and providing for the needs of those hit the hardest but this recession; while at the same time helping local economies and provincial budgets; and is high time to set the political posturing aside and to act in the interest of workers and our economy.

**By Rick Clarke  
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