

Review of the Mowat Centre EI Task Force Final Recommendations

The Mowat Centre was officially launched in August 2008 under the banner of “Public Policy Research from an Ontario Perspective”. It was funded by a one-time grant of \$5 million dollars from the Ontario government and is currently housed in the School of Public Policy and Governance at the University of Toronto. Matthew Mendelsohn, a former Deputy Minister in the Ontario McGuinty government, serves as the Centre’s Director.

In March 2010, the Centre announced a Task Force on EI, tasked with producing a report on EI in fall 2011. The final report was made public on November 15 and officially released on November 16, 2011.

Its Advisory Committee was comprised of:

- Ratna Omidvar, President of Maytree
- Roy Romanow, former Premier of Saskatchewan
- Rahul K. Bhardwaj, President and CEO of the Toronto Community Foundation
- Ken Boessenkool, Executive Fellow at the School of Public Policy at the University of Calgary
- Mel Cappe, President and CEO of the Institute for Research on Public Policy
- Ian Clark, Professor at the University of Toronto’s School of Public Policy and Governance
- Don Drummond, former Chief Economist at TD Bank
- W.E. (Bill) Fearn, Founding Partner and Managing Director of Delta Capital
- Danny Graham, Strategic Consultant to McInnes Cooper and Chief Negotiator for the Province of Nova Scotia in Aboriginal Rights Negotiations
- Diane Gray, President and CEO of CentrePort Canada Inc.
- Ron Jamieson, former Senior Vice-President, Aboriginal Banking at BMO
- The Hon. Frances Lankin, Co-Commissioner for the Ontario Social Assistance Review
- William A. MacKinnon, Chair of the Board of Directors of the Toronto Board of Trade, former CEO of KPMG Canada
- The Hon. Roy McMurtry, QC, Chancellor of York University
- Alain Noël, Professor of Political Science at the Université de Montréal
- Dr. Susan Pigott, Vice President, Communications and Community Engagement at the Centre for Addiction and Mental Health in Toronto
- Robbie Shaw, President of the IWK Health Centre Foundation

Preamble

At best, the Mowat Centre EI Task Force report is ambiguous and therefore open to various political agendas. At worst it is a deliberate intervention in the national discourse to discredit and undermine support for EI remedies that have long been advanced by labour and community organizations alike.

While the report claims to offer a non-partisan contribution to the national dialogue, the report is deeply ideological. Taken as a package—as recommended by the Task Force itself—the recommendations would result in: reduced EI eligibility; a greater reliance on a privatized temporary unemployment assistance (TUA) program; reduced EI premiums to the disproportionate benefit of corporations and employers; fewer financial resources for meeting the needs of unemployed people; compromised services, and a balkanized, weakened national infrastructure for employment supports. Labour’s proposals to strengthen EI are premised on three fundamental

principles—that eligibility must be increased through the implementation of a lower national entrance requirement; that the duration of benefits must be extended; and that the amount of benefits must be increased. At every step, the Mowat Centre EI Task Force recommendations draw attention away from these crucial issues.

An Alternative Vision for Strengthening Canada’s Employment Insurance Program

1. Improve access to benefits with 360 qualifying hours, in all regions of Canada
2. Increase benefit duration:
 - a. Ensure at least 50 weeks, in all regions
 - b. Provide an additional year of “Special Extension” benefits when national unemployment exceeds 6.5%, paid from federal general revenues
 - c. Extend EI Part 1 benefits while a worker is in approved training.
3. Increase benefit levels to at least 60% of normal earnings, using workers’ 12 best weeks, and raise the maximum benefit. Suspend the allocation of severance pay. Eliminate the 2 week waiting period.

This is particularly destructive given the fact that labour and community allies have won broad-based support from both the public and elected officials in their campaign to strengthen EI.

Indeed, Parliamentary Committees have, on numerous occasions, endorsed, echoed or proposed improvements to EI that are in keeping with these principles.

But the Task Force recommendations are more than just distracting; they are dangerous. In particular, the proposal to create a

private, temporary unemployment assistance (TUA) program financed by user-accrued debt would be a disaster for Canada’s EI system and the people who rely upon it.

The report is also imbued with what can only be described as a strong, if destructive, Ontario parochialism that serves to undermine inter-provincial solidarity among workers and set one group of vulnerable workers against another. Over and over again, the report points an accusatory finger at the “generous” benefits received by workers in Newfoundland and Labrador.

It points the finger at workers in seasonal industries who must rely on EI more frequently than those in non-seasonal industries, regardless of the relative importance such industries play in Canada’s economy, and with little appreciation of how seasonally sensitive operations, from casinos to canners, exist across the land.

The report insidiously suggests that low-wage workers are getting shafted by higher-wage workers and singles out public sector workers for their high wages and generous parental benefits.

Given these deep flaws, the unavoidable conclusion must be to reject utterly the vast majority of recommendations proposed by the Mowat Centre EI Task Force.

Canada’s unemployment insurance system is workers’ legacy from the Great Depression of the 1930s. They fought for and won a social insurance system of income replacement to the benefit of their families and their communities. Town councils were some of the strongest supporters, knowing how local economies suffered when welfare was the only option for those laid off from work. Workers have continued to insist on social rather than commercial insurance principles so that

UI/EI is flexible enough to meet new social needs, as with the expansion to cover parental leave and retraining. We need to do that again today.

Temporary Unemployment Assistance (TUA) Program

The implications of the Mowat Centre EI Task Force recommendations can be best understood by starting with its proposal to introduce a temporary unemployment assistance (TUA) program outside the EI program.

Consequently, this paper will begin with the TUA proposal—Recommendation 5—and proceed from there. Since the Task Force calls for the recommendations to be taken “as a package”, it will be important to keep in mind the intended “beneficiaries” of the TUA, listed on page 45 of the report as follows:

- **Those with too few hours**

TUA could assist laid off workers who cannot accumulate sufficient hours to qualify for EI benefits.

- **New entrants**

TUA could provide temporary income to new labour force entrants (e.g. young workers, new immigrants) in need of assistance while looking for work, but who do not qualify or do not wish to apply for social assistance.

- **The self-employed**

TUA would represent a new, previously unavailable form of income support for the self-employed. Comparable to EI, it would replace weekly earnings.

The self-employed could rely on TUA until other work is secured or use TUA to smooth income over periods of lower earnings.

- **Part-time workers and multiple job holders**

TUA could be accessed during periods of low income or upon the loss of one part-time job.

These workers could stop receiving TUA once another job is found or use the income support while seeking better employment. It may prevent some from resorting to social assistance.

- **EI exhaustees**

TUA could extend assistance while these individuals continue looking for new work. This could include those who experience seasonal layoffs.

- **EI recipients who cannot wait two weeks for benefits**

Those experiencing financial hardship during the EI system's two-week waiting period or during processing delays could access TUA instead of social assistance.

- **Those with low EI benefits**

Those who are entitled to very low EI benefits and might currently turn to social assistance for top-ups could receive a top-up from TUA instead without the means-testing and administration associated with social assistance.

Recommendation 5:

Create a new system of temporary unemployment assistance outside the EI program.

The Task Force report proposes a temporary unemployment assistance program readily accessible to workers who can't access EI. The "support" workers receive would be paid back later when they're working:

It would be structured as a forgivable "jobseeker's loan" with repayment contingent upon income reported through the tax system. (p. 35)

First, don't let the word "forgivable" fool you. Progressive-minded advocates are well aware that targeted "forgiveness" programs—even if implemented—are highly vulnerable to shifting political winds. In this regard, the notable decline in access to the EI system's Low Income Family Supplement is instructive.

Second, the TUA proposal is not about increasing access to EI benefits; it is about privatizing funding for unemployment insurance, which is jointly funded by workers and employers, with employers contributing a larger portion, since they are the ones who make decisions about hiring and firing. By contrast, the TUA would be funded out of general revenues and repaid by individuals through the tax system; there appears to be no employer contribution component in the Mowat Centre vision.

If implemented, the TUA would not only open the door to privatization, but also accelerate it.

Why? Because a “jobseeker’s” loan scheme shifts costs away from workers and employers jointly, onto the backs of individual workers who will be personally liable to repay their jobseekers’ debt.

Once a privately funded program is in place to capture all those who don’t receive EI benefits, there is no longer any incentive to improve access to EI.

Worse, it could create incentives to reduce EI eligibility as a means of reducing joint costs and increasing individual costs. (Indeed, the report’s remaining recommendations prove that such concerns are not unfounded.)

When it comes to repayment, those groups least likely to access EI (i.e. youth, newcomers, low-income workers, etc. who are already at a disadvantage in the labour market) will now have the additional burden of repaying their jobseekers debt once they find a job. Perhaps, their second Pay Day loan.

Those who work with low-income workers and social assistance recipients have flagged serious concerns on the potential negative impact on both social assistance recipients and laid-off low-income workers.

According to Marion Overholt, a staff lawyer with Legal Assistance of Windsor:

Social assistance applicants and recipients could be required to pursue TUA benefits and exhaust their eligibility for TUA before they are allowed to apply for social assistance. Provincial governments would support this initiative because it would reduce their social assistance program costs.

There are also unanswered questions

about worker and employer EI contributions in situations where employees make use of TUA instead of EI. It is unlikely that the intent of this recommendation is to impose double-payments on low-income workers (one for EI and one for TUA repayment).

A seemingly obvious solution would be to eliminate the workers’ EI contribution. That’s what the Mowat report suggests for Temporary Foreign Workers who find themselves without coverage.

This opens the door to exempting employers from contributing to EI if they create jobs in which workers tend not to qualify for EI. This measure could well create an incentive for employers to engage in employment practices that actually undermine workers’ access to EI, increase reliance on TUA.

It is difficult to imagine how this TUA proposal would result in anything other than a weakened EI program and a reduced employer responsibility toward workers.

Recommendation 1:

Introduce a single national entrance requirement for all workers across Canada

While the labour movement has long-advocated for a single, *lower* entrance requirement for all workers, the Mowat Centre EI Task Force explicitly concludes this proposal would have an insignificant impact on access to EI.

One potential objection to this recommendation is that the federal government should simply expand access to EI benefits rather than create a separate, new program. For instance, many have called for

lowering the entrance requirement to 360 hours and for covering the self-employed in the system of regular benefits. Based on extensive analysis, the Task Force has concluded that lowering the entrance requirement would not significantly increase the number of unemployed individuals qualifying for benefits. (p. 41)

...

Depending on the region, lowering the hours requirement to virtually nothing could benefit only approximately 15% of the unemployed who were not receiving EI in 2010. Any realistic lowering of the entrance requirement could only benefit a portion of this 15 per cent. (pp. 94-95.)

There is nothing ambiguous in this report's *rejection* of reducing the entrance requirement.

The costing provided in the report accepts the current parameters that range from 420 hours to 700 hours, but notes that the "cost-neutral" measure would be an entrance requirement of 560 hours. If implemented, this "cost-neutral" measure would *disentitle* those with fewer than 560 hours who would otherwise have qualified.

It should be noted that entry requirement hours are premised on a 35-hour workweek, ranging from 12 to 20 weeks. Any person who works fewer than 35 hours per week and who works irregularly will take much longer to accrue the hours necessary to qualify. This is the obvious barrier to those in precarious and non-standard work who have difficulty qualifying for EI entitlements. The report's "cost-neutral"

measure of 560 hours would have a distinctly negative impact on workers in non-standard work.

Presumably, under the Mowat Centre vision, these disentitled workers would be captured by the TUA debt scheme.

Recommendation 2:

Introduce a single national entrance benefit duration range

While the labour movement has long-advocated for a common duration period of at least 50 weeks for all workers, it is notable that the Mowat Centre EI Task Force does not recommend a specific national duration range (p. 30) and it openly dismisses such an extension in its consideration of measures for long-tenured workers.

A prolonged benefit duration could also have a negative influence on incentives to find new work.

Typically, the most significant impact of a lay off on a long-tenured worker is lower pay in a new job (rather than a longer period of unemployment). Extending benefits for a longer period does not address this issue. (p. 45)

The report also suggests that longer benefit periods would serve as a disincentive to workers moving to find work:

Differences in entitlements between regions can discourage people from moving to find a new job. For example, an unemployed person receiving EI in a region where benefit duration is longer may not choose to move to a region with shorter benefit duration. (p. 32)

In its costing for this recommendation, the report examines three ranges of duration: from 14 to 36 weeks; 20 to 44 weeks; and 32 to 45 weeks. If any of the Mowat Centre examples were implemented, they would result in a *reduction* in duration for workers who currently qualify for the maximum number of weeks, which is currently 50, thereby increasing the number of exhaustees and the number of unemployed not in receipt of EI.

As noted above, the Mowat Centre notes that the “cost-neutral” measure would be an entrance requirement of 560 hours, with a benefit duration range of 17 to 44 weeks, a gain of three weeks at the low end and a loss of six weeks at the high end.

Again, under the Mowat Centre vision, disentitled workers would have to rely on the TUA debt scheme.

Recommendation 3:

Introduce a single national weekly benefit formula

While the labour movement has long-advocated for a single, higher proportion of wage replacement, based on a worker’s best 12 weeks, it is not at all clear that this measure would be supported by the Mowat Centre EI Task Force.

While the report does note that the current basic formula of 55 percent of prior earnings is comparable to US rates but lower than European rates, it is silent on the issue of increasing the wage replacement rate to determine EI benefits. The report goes on to note that the Canadian formula is subject to variances that stem from workers’ own inconsistent weekly earnings and the effects of “averaging” as well as the

length of employment combined with regional unemployment rates (factors that also affect benefit duration under the present system).

The report actually casts aspersions on the “Best 14 Weeks” pilot project, citing it as yet another example of regional inequity providing “higher replacement rates to some workers in some regions”. In fact, this pilot project along with others like it, are hard-won gains that mitigate some of the damaging changes imposed during the 1996 EI overhaul. It is disturbing to see others just toss them aside.

In fact labour has argued that the “Best 14 Weeks” pilot should be applied to all workers across the country, and the standard improved to “Best 12 Weeks”. Seen in this context, the issue of “unfairness” actually reinforces regionalism and distracts the public from the urgent need to implement measures like these as permanent, national standards.

Finally, while the report is strangely silent when it comes to the matter of increasing the existing Canada-wide benefit formula, the possibility of an increase in weekly benefits is discussed in the context of parent benefits.

In this case, the Mowat Centre EI Task Force recommends that higher benefits be tied to *reduced* duration. It recommends that workers choose either higher benefits and shorter duration or lower benefits and longer duration. Such a “choice” will likely result in a disproportionate number of low-wage workers losing weeks of benefit, widen the gap between workers who receive a parental top-up and those who don’t, and further distract the public away from the urgent need to increase benefit rates

for all EI recipients, including all those on special benefits.

The lower rate was a compromise particular to a package of changes negotiated by the Quebec social partners for their new parental system, including separate benefits for fathers. It doesn't follow that this is the road to take elsewhere.

Recommendation 4:

Eliminate the higher entrance requirement for new entrants and re-entrants to the workforce

Currently, the EI system requires new labour market entrants or re-entrants to acquire 910 hours to be eligible for EI. The labour movement supports the call to eliminate this provision. Indeed, as a result of its campaign, labour briefly won a pilot project that reduced the requirement to 840 hours.

Recommendation 6:

Test wage insurance for long-tenured workers and eliminate provisions whereby severance pay can displace EI benefits

Since the early 1980s when severance pay was first allocated against Unemployment Insurance (UI) benefits, the labour movement has advocated for the elimination of the provision on behalf of all workers, not just a select group. The Task Force recommendation only addresses long-tenured workers.

The report's "wage insurance" proposal is clearly meant as an alternative to extending the duration of EI benefits. The labour movement has proposed a general extension, but particularly in periods of high unemployment and economic restructuring. The

recommendation also seems intended to displace the concept of bridging programs, another labour proposal, which would help workers bridge their employment income to retirement.

As noted by Andrew Jackson, a CLC economist, there is evidence to show that there are better labour market outcomes when workers have the time to explore job possibilities and better match skills with jobs, rather than being pressured simply to take the first low-wage job that comes along.

Finally, it is interesting to note that while the Task Force rejects labour's proposal to reduce the entrance requirement as a "subsidy" for seasonal industries (p. 95), the report *recommends* "wage insurance" for long-tenured workers, which would result in a wage subsidy for employers who hire older workers at a lower rate of pay than such workers could normally expect.

For instance, the report states:

The result is a system that provides disproportionate support to older, rural, seasonal workers and, as a result, to primary industries by subsidizing their labour costs on a seasonal basis. Some industries "never receive a net transfer from the programme; others always do" (Corak and Chen, 2007 p.330). (p. 12)

Lowering the EI entrance requirement would be of small benefit to the unemployed, and the benefits would tend to accrue in seasonal labour markets, increasing the degree to which firms and workers across the country subsidize those engaged in seasonal industries. (p. 95)

Recommendation 7:**Modify benefits in response to economic conditions (i.e. expanding work-sharing during recessions)**

The labour movement has long advocated for the modification of benefits in response to economic conditions, including the expansion of benefits for two years, reducing the hours requirement, etc.

Yet in its discussion, the report virtually dismisses labour's proposals to lower the entry requirement as insignificant while acknowledging that in some economic circumstances, extending the duration of benefits "may" make more sense.

Nevertheless, the bulk of the report's discussion is devoted to the EI work-sharing program. While extending benefits "may" be useful, the report insists "there is clear scope for expansion of work-sharing in Canada as a response to economic turmoil." (pp. 47-48)

Of course labour supports expanding work-sharing arrangements and, in fact, such measures have already been implemented, even under the current federal government. In this context, this recommendation seems more designed to turn attention away from the very real need to extend benefits.

Recommendation 8:**Establish a transparent process for testing changes to the EI program**

As noted earlier, many pilot projects have resulted in large part from intensive advocacy work undertaken by

labour and community organizations on behalf of all workers. These projects do mitigate some of the damaging changes imposed during the 1996 EI overhaul.

One recent pilot project was the Extended Employment Insurance and Training Incentive pilot project, in which long-tenured workers may have been eligible for an additional 104 weeks of EI benefits while retraining. It is revealing that the Task Force did not recommend this measure when considering long-tenured workers, instead opting to funnel them into low wage jobs under its wage insurance proposal.

Generally speaking, the problem with pilot projects is not their existence, but the failure to extend the programs to all workers or make them available on a permanent basis. Notions of "regional unfairness" as suggested intermittently throughout the report are red herrings, as has also been noted elsewhere.

It would be an enormous setback for workers if the result of implementing this recommendation were to undermine even limited access to these gains.

Recommendation 9:**Treat temporary foreign workers fairly**

While fair treatment of workers can rarely be criticized, the report clearly leaves it open as to whether migrant workers should be included or excluded as a matter of fairness. Excluding migrant workers would simply reinforce existing vulnerability in the event they become unemployed. The better solution is to include them and ensure they have full access to the provisions of EI, including the right to stay in Canada if they become separated from employment.

This issue is also relevant in the case of employees who cannot access EI and who instead turn to the TUA. One solution to the potential for imposing double-payments (one to EI and one for TUA) on workers is to forgive or exempt employees from their EI premium contribution. Exempting employees from EI premiums will weaken the program and undermine support. It could also lead to a reduction in employer responsibility for funding EI.

Recommendation 10:

Modify the low-income family supplement to track growth in maximum insurable earnings

According to the report:

The low income family supplement cutoff should increase at the same rate as maximum insurable earnings. Further, the current supplement should be adjusted retroactively to match increases in maximum insurable earnings since 1996. (p. 51)

While it makes sense to ensure that the low-income cutoff is increased in proportion to maximum insurable earnings, and to make such increases retro-active, this existing measure has introduced means-testing to a system founded on entitlements.

According to HRSDC, in 2008-2009, the average weekly top-up amounted to a mere \$42, down slightly from the \$43 average in 1999-2000. Raising the weekly benefits and introducing a benefits floor, would be a more streamlined, secure alternative to the means-tested family income supplement.

Recommendation 11:

Transition the delivery of benefits for self-employed fishers out of EI

According to the report:

Self-employed fishers who have received benefits should remain eligible for them. However, new self-employed fishers should not enter the system; governments should examine whether or not to deliver benefits outside of EI to these new self-employed individuals. (p. 52)

While much of the report's discourse has been framed through the unhelpful lens of "regional unfairness" and directed at workers in Newfoundland and Labrador, it should be noted that fishers do not reside solely in Newfoundland and Labrador.

According to Agriculture and Agri-Food Canada:

Canada has one of the world's most valuable commercial fishing industries, worth more than CDN \$5 billion a year and providing more than 130,000 jobs to Canadians. It is the economic mainstay of approximately 1,500 communities in rural and coastal Canada. (<http://www.ats.agr.gc.ca/sea-mer/ind-eng.htm>).

While the report acknowledges that other self-employed individuals do not receive EI, its proposal to disentitle the next generation of self-employed fishers is a step backward, not a step forward.

Despite the pejorative treatment of the self-employed fishers program, the features associated with it have actually gone some distance toward accommodating the widely varying

“hours of work” challenges associated with those who are self-employed. As the report notes:

Unlike EI regular benefits, EI fishing benefits are based on earnings, not hours of employment. Depending on the local unemployment rate, fishers need to earn between \$2,500 and \$4,200 in income from self-employed fishing or a fishing-related activity within a 31 week period in order to qualify for benefits. Fishing benefits can last up to 26 weeks. (p. 53)

These (and other) innovative features of the fisher benefits program should be considered—not dismissed—for other self-employed workers as a means of making the EI system more accessible.

While the report notes that the numbers of EI claimants accessing EI self-employed fisher benefits is declining, the fact remains that in 2009, 4.3 percent of fishing claimants were youth between the ages of 15 to 24. If implemented, this Mowat Centre recommendation would throw more young people at the mercy of the private TUA system, while simultaneously discouraging the youth who might have chosen to support Canada’s crucial fishing industry from doing so. It will result in further displacement of independent fishers and add more instability to those communities dependent on fishing.

As with all two-tiered programs, once the fisher benefits are grandfathered, those remaining in the system will be at permanent risk of losing the program altogether, as their numbers dwindle relative to other EI claimants. In the absence of the fisher benefits, disintegrated workers will be either forced to move away from their community or resort to the private TUA system,

creating a whole new set of labour market and economic problems for those involved.

If implemented, this recommendation would be most harmful to already fragile rural communities across Canada, from British Columbia to Newfoundland and Labrador. Outside of the unhelpful Ontario parochialism that permeates the document, it is hard to fathom why a program that is both relatively inexpensive and highly effective would come under such direct attack by the Mowat Centre.

Finally, the Mowat Centre report introduces a very dangerous and destructive false argument that low-income workers are “subsidizing” EI benefits they cannot access:

Low income workers pay disproportionately for the program, yet many have little or no chance of collecting any benefits should they find themselves unemployed. (p. 15)

Given the regressivity of the EI system, it is inequitable for low income workers in stable employment to pay premiums for a benefit that they themselves cannot access. (p. 53)

First, like all social insurance programs, the system is not based on “getting what you paid for”. It is a social contract in which we pool our resources to ensure there is a social safety net for those in need. It contributes to the overall wellbeing of society and the economy. For instance, while universal health care has mattered for many individuals, it has also been an economic asset for employers and for Canada’s economy.

While it is true that EI premiums constitute a higher proportion of income

for low-income workers than high income, this is a function of the fact that EI benefits are capped at a certain level of income, and after a certain threshold is reached, premiums are no longer paid. As long as EI premiums are capped—a measure supported by the Mowat Centre report (p.15)—this will always be the case. Moreover, the Mowat Report does not provide convincing evidence to support the claim that the stably employed low-income workers subsidize unstably employed workers or higher-income workers, once the full range of redistributive effects and economic benefits are considered.

Ironically, in a later proposal where the report recommends the complete devolution of EI support measures, the report states:

For example, some provinces may wish to use funds to provide programs to individuals who are employed but have weak attachment to the labour market. Others may wish to devote more funds to new Canadians who are ineligible for EI and are having a difficult time securing work in their field. Still others may choose to target measures toward Aboriginal people who will account for most of the labour market growth in some provinces in the coming decades. (p. 57)

While all these groups are in need of specific assistance, such individual should have access to these supports regardless of where they live in the country. In the Mowat Centre vision, it is clearly the intent is to allow provinces to *cut* funding for certain programs and increase funding for others. Under this vision, a worker in a designated group may have access to a program in one

province, but not in another. Labour supports targeted measures for all workers facing particular labour market barriers, and believes such programs should be available to those workers, regardless of the province in which they reside. Clearly, the Mowat Centre's concern for ensuring all workers have fair access to all programs is quite selective.

Recommendation 12:

Fund all training and active employment measures through a general revenue-funded transfer to provinces

The report states:

The Task Force recommends that the federal funding streams (LMDAs, LMAs, Labour Market Agreements for Persons with Disabilities, and the Targeted Initiative for Older Workers) be collapsed into a single transfer, funded from general revenues, and modelled on the LMAs. EI qualification should be eliminated as a precondition for accessing active employment measures.

...

Removing active labour market funding from EI would result in lower EI premiums for workers and businesses. (p. 56)

Like many other recommendations in this report, this is yet another dangerous proposal that will undermine the EI system in Canada. Clearly, it is about reducing costs for the EI fund and reducing employer premiums, not about improving access.

As the report states plainly, this measure would take nearly \$2 billion of

public, EI money, out of circulation. In the current economic climate, it is naïve to think the federal government will *fully replace* the lost EI funds using general revenues. And it is irresponsible to peddle the notion that the current government would actually *increase* funding to accommodate the new demand resulting from eliminating the EI requirement. In fact, Ontario's Second Career Program is a case study on just how much pent up demand actually exists for training and supports, and how quickly a government can move to restrict access when demand exceeds the money supply.

The more likely result of this Task Force recommendation would be a *reduced* funding envelope to address the needs of greater numbers of people, thereby undermining access to and the quality of existing programs. This measure would weaken national standards, and, ironically, exacerbate the regional differences that the paper purports to oppose.

In contrast to the Mowat Centre, the labour movement has been campaigning to *increase* the funding currently provided under Labour Market Agreements for non-EI eligible workers, thereby enhancing and complementing the supports that should continue to exist for EI eligible workers. In this regard, labour's proposals to reduce the entrance requirement and extend benefits would improve access to both EI Part I *and* Part II benefits.

It also has to be said that relative to their OECD counterparts, Canadian business investment in workplace training is badly trailing. Cuts in corporate income tax have already proven ineffective in changing this persistent reality.

It is therefore hard to see how eliminating employer EI contributions toward training and other labour market supports would improve this situation. Instead, this measure would be a gift—on top of all the recently announced corporate tax cuts—to Canadian corporations who will be relieved of their obligation to contribute to labour market supports via EI premiums.

Finally, it should be noted that the report takes a swing at EI funding aimed at improving labour market research and business-labour collaboration:

In addition, there are other activities funded through EI under the rubric of active employment measures that do not directly benefit unemployed workers. The EI account is currently used to fund labour market research and business-labour collaboration on human resource issues. Although these activities may be worthwhile, there is no reason why they should be funded through premiums intended to fund a workers' insurance system. If the federal government chooses to fund such activities it should do so through general revenue. (p. 59)

A significant problem with research and collaboration efforts to date is the unstructured, ad hoc and uneven implementation, and the failure in most cases to include labour and business as key partners. The purpose of using EI funding to engage in these activities is precisely to inform the kind of support measures that would improve labour market outcomes for workers themselves.

The labour movement has long advocated for a tripartite body that brings labour, business, government

and relevant social partners to the table in a permanent manner with the necessary resources to identify collaboratively and then undertake research that would improve policy making. It would be a body that could respond quickly to problems in policy implementation and make recommendations that work for all parties.

And while the paper adds its voice to those who admonish existing training and support:

... we accept the conclusion of most research “that many active labour market measures fail to prepare clients for new work. (p. 61)

In fact, it is not the training and support strategies that are failing, but rather the labour market realities that fail those looking to acquire decent jobs. Despite training, too often the jobs simply aren't there when workers complete their training; this is especially so during periods of high unemployment.

Indeed, the value of the training is often realized down the road, when workers have been able to match their skills with jobs, and when the labour market improves.

This reality underscores the need for federal and provincial governments to develop a comprehensive jobs strategy. Providing for a tripartite, permanent, resourced body would help government develop and implement vision for job creation that would benefit all Canadians.

Clearly, labour-business-government collaboration and research would dramatically improve policy development and implementation. It would improve outcomes for both unemployed workers

and business, and is, therefore, a critical and necessary investment in meeting the needs of unemployed workers.

Recommendation 13:

Enhance the relevance and effectiveness of the Forum of Labour Market Ministers

This recommendation does speak to the need for better research and policy-making outcomes. However, it is notable that the Task Force does not envision labour or business participation in such a forum. As noted above, an effective forum must include government, labour and business.

It should also be said that this report has accepted and legitimized the erosion of the role of the federal government plays in setting national standards and implementing policy within Canada. This is a highly ideological assumption that undermines those organizations working to reverse this trend.

Recommendation 14:

Enable individuals to pursue skills development (such as high school and post-secondary education) while receiving EI benefits

This is a laudable measure that was already implemented as a pilot project by the current government. As noted elsewhere, labour fought for and won the Extended Employment Insurance and Training Incentive pilot project that allowed certain long-tenured workers up to 104 weeks of additional EI benefits while retraining. The measures should become a permanent feature of EI and accessible to all EI recipients.

Recommendation 15:**Provide parental benefit recipients with a choice between higher benefits over a shorter period, or lower benefits over a longer period**

As noted elsewhere, the Mowat Centre EI Task Force report is silent when it comes to the matter of increasing weekly benefits under a single, national weekly benefit formula. They entertain the idea only in the context of parental benefits and only if it is tied to *reduced* duration of benefits.

While the report acknowledges (p. 66) that such a “choice” might result in a disproportionate number of low-wage workers losing weeks of benefit, it argues that in practice, the low-wage workers are already discontinuing their benefits early because their weekly benefits are inadequate. Some low-wage workers forgo their parental benefits entirely for the same reason.

This Orwellian sleight of hand allows the Mowat Centre to argue that by choosing the *shorter* duration, low-income workers will actually receive a *longer* duration of parental benefits. (p. 66-67)

Genuine choice would involve higher EI benefits for all workers, so that choices pertaining to parental benefits can be made without the duress associated with low-wage work.

The fact that this option was not even mentioned speaks volumes. Once again, misleading notions of “choice” are being used to distract and undermine the campaign for higher benefits.

Recommendation 16:**Remove the two-week waiting period for special benefits**

The labour movement supports the elimination of the two-week waiting period for all workers, not just those applying for special benefits.

Recommendation 17:**Test a change to sickness benefits to support labour market participation of persons with disabilities**

According to Marion Overholt, a staff lawyer with Legal Assistance of Windsor:

Context:

Sickness Benefits are available under employment insurance for up to 15 weeks with medical documentation. If at the end of that period, the worker is unable to look for work no further employment insurance benefits would be paid. The worker would then apply for social assistance and disability support program benefits. Most workers have to apply for social assistance first because there is a backlog of applications for disability benefits and the appeal process can be lengthy. Similar delays are experienced by workers applying for Canada Pension Disability benefits. The Ontario Disability Support Program recognizes recurrent disabilities and allows recipients to reapply for rapid reinstatement if their conditions deteriorate and they become substantially impaired. Canada Pension also allows

recipients to return to employment trials without jeopardizing benefits.

The Mowat Report uses this section to criticize the current disability support programs as being all or nothing in their approach and suggests that the programs make people dependent on the system instead of creating a labour market connection. Ontario is currently reviewing both the Ontarioworks and Ontario Disability Support Program and a report from the Social Assistance Reform Commission is expected for June 2012.

Impact of the Task Force recommendation:

Workers with disabilities need not only access to good, well-paying, secure jobs but viable employment supports to maintain the employment. The elimination of the two-week waiting period for special benefits is helpful but it is a small problem in relation to the larger access and support issues facing workers with disabilities.

The recommendation is not to increase the amount of sickness benefits, rather to make it a more flexible benefit. It is significant that the Mowat Report does not make recommendations to improve the quality of work and enforcement of labour standards, which define the working conditions. Both heavily influence the need to access employment insurance benefits.

Real solutions:

- Fix the access issues of Ontario Disability Support Program and Canada Pension Plan disability.

- Address the lack of adequate employment standards and enforcement.
- Provide comprehensive employment supports for persons with disabilities.

Recommendation 18:

Strengthen and broaden the authority of the Canada Employment Insurance Financing Board (CEIFB)

As noted by Andrew Jackson, a CLC economist:

The report proposes expanding the role of the Canada – EI Financing Board so that they would be responsible for approval of pilot projects and program evaluation as well as service standards. They do call for labour and employer representation on the CEIFB, but there is a danger that the design and actual administration of the EI program could be devolved from a democratically accountable government department.

Indeed, the report appears consistent in its view that the federal government is little more than a support agency for the provinces. But from a worker advocate perspective, an entity deliberately constructed to be arms-length from government reduces the political space in which advocates can effect change. It lets government off the hook for bad decisions. Since CEIFB members are not elected, they are far less susceptible to political pressure from constituents and much more prone to reflect their own narrow personal perspectives or interests.

Conclusion

Taken as a package, the report has little, if anything, to recommend. Many of the proposals would have far-reaching negative consequences for workers throughout Canada. The report's reliance on an individual debt scheme as a funding mechanism for laid-off workers in precarious employment must be vigorously rejected. Likewise, the proposals to reduce EI access for seasonal workers and fishers would be devastating for workers and employers in those industries.

Despite the rhetoric, the Task Force recommendations are not at all about increasing access to EI or to EI training and supports. Still less are the recommendations about "fairness". Rather, these recommendations are about reducing costs to the EI account in order to reduce EI premiums for employers. Indeed, many of the recommendations are tantamount to handing over another round of no-strings attached tax cuts to corporate Canada.

Concerns that the vision put forward by labour and community organizations are too costly are unfounded. The over \$57 billion surplus in the EI account could more than cover the additional costs associated with strengthening the current system. Yet this money been misappropriated and used, in part, to fund the corporate tax cuts that have been dolled out over the past number of years.

Lastly, must be noted that the Mowat Centre has been mandated to develop an "Ontario Perspective" on matters of national policy. This fact helps explain why the report is so heavily biased toward Ontario, why the report relies so

much on regionalism to advance its vision, and why so many of its examples of "regional unfairness" are unpersuasive. As such, the document is unworthy of national consideration. Indeed, governments, policy-makers and worker advocates outside Ontario would be well advised to see this report for the Trojan Horse it is.

Yet even as a document intended to appeal to those residing in Ontario, the report remains dangerous and destructive. If these recommendations were implemented, many Ontario workers currently eligible for EI—especially those in precarious employment and seasonal employment—would be disentitled.

Certainly, no worker inside or outside Ontario has an interest a privatized unemployment insurance scheme that will make low-paid workers, newcomers, young workers, older workers and many others personally liable to fund their own assistance, while employers get off scot-free.

In short, the Mowat Centre report contains a set of very dangerous recommendations that could deliver a devastating blow to one of Canada's most successful and important social insurance programs.

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