



EI equality needed

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"All other problems and all other desires tend to disappear when one is out of work. An economic recession is a national problem; unemployment is a personal problem," said former prime minister Pierre Elliott Trudeau (Feb. 13, 1971).

Canada is a great country because it has a social network to ease the transition back to work for the unemployed. Concerned Canadians believe their fellow citizens, without employment or means of support, should get financial help and this assistance must be fairly and equitably distributed.

Unfortunately, the badly named employment insurance (EI) distorts who can collect benefits (money and retraining/upgrading) and for how long. It entrenches higher rates of unemployment in areas already prone to seasonal work and penalizes employees in provinces, such as Alberta and Ontario, which faithfully paid their premiums for years and yet 40% are ineligible for benefits.

If the chattering glitterati are right, the federal Opposition will be sorely tempted to call for a non-confidence vote in the House of Commons this fall, citing national problems -- the recession, high unemployment rates and the EI program -- as grounds for Canadians to go to the polls.

The business community is alarmed by the rhetoric of the various parties. Each tries to outdo the others with generous pre-campaign promises.

One party soberly proposed that Canadians should only work 360 hours -- nine weeks or one summer -- to collect 50 weeks of insurance. That's an extra \$1 billion to cover the fall, winter and spring periods of idleness. Another party proposes to boost weekly payouts from 55% of income to 60% or 70% (almost a whole salary). Others want to waive the two-week eligibility time (adding another \$1 billion in costs).

A truly creative election war room recently floated the notion that employees, who work five continuous years, should get a bonus, from the EI fund, deposited directly into their RRSPs. No one has done the arithmetic on this proposal.

The EI fund has approximately \$2 billion in reserves, but is expected to be empty by Christmas. If the national unemployment rate rises to 10% (from 8.6%), the program will need a cash infusion of \$4 or \$5 billion to provide the same level of payouts as those on EI presently receive. Add in any of the proposed changes and the costs nearly triples premium rates during the next three years (if existing legislation changes).

The business community is eagerly waiting for politicians to promise that employers will also be treated fairly. And the 91.4% working Canadians want their premiums kept reasonable.

The Calgary Chamber of Commerce believes EI should be a true insurance program, based on principles of evenhandedness and equality:

- Operate the program to ensure it provides income support for those who are temporarily unemployed through no fault of their own and who qualify.



- Restructure EI to promote high employment, lower costs, streamlined processes, increased productivity and labour mobility.
- Set a standard qualifying rate of 560 hours wherever unemployment rates are lower than 10%.
- Keep the two-week waiting period to enhance EI's program efficiency.
- Maintain the maximum weekly payouts at 55% of income.
- Amend the present rate-setting formula so that deficits in the EI account are funded during 10-year business cycles.
- Social benefits, such as retraining courses, should come from general revenues, not EI.

If a \$300-million election happens, will the next government have to pick the pockets of employers and employees to fund its new EI commitments? Employment insurance should be about insurance for the unemployed.