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Harder to get EI in Toronto

Hasn't kept up with the times: Report
Economic slump could put city at risk

[THOMAS WALKOM](#)

NATIONAL AFFAIRS COLUMNIST

If you live in Toronto and lose your job don't count on getting any help from the federal government's once proud employment insurance program.

Jobless in almost every other major Canadian city — even those with lower unemployment rates — have a better shot than Torontonians at qualifying for benefits, according to a new study by a coalition of business, non-profit and labour groups to be released today.

Most workers pay into the program. Yet in Toronto, only 22 per cent of people who lose their jobs end up collecting. That compares to roughly 30 per cent for Edmonton, 26 per cent for Calgary and 32 per cent for Kitchener.

However, in Calgary, Edmonton and Kitchener, there's less competition for jobs, with unemployment rates in all three cities well below Toronto's 7.5 per cent.

It's also easier to get pogy in Vancouver, Regina, Saskatoon, London, Oshawa and Hamilton than it is in Toronto. And they, too, have lower unemployment rates than Toronto.

Indeed, of the cities examined in the report, only Ottawa fares worse. Only 21 per cent of the jobless get employment benefits there.

So that's one problem. It's unfair — and not just for Torontonians.

The second problem is that the growing irrelevance of employment insurance has consequences.

Echoing previous warnings, the coalition warns that without effective employment insurance, Canada's largest city is particularly vulnerable to the next economic slump.

It notes that if massive numbers of jobless Torontonians fall through what is supposed to be the country's number one economic safety net, they'll end up on welfare, a provincial program of last resort that is partly financed by municipal property taxes.

And if that happens, the report warns, the city will be hard pressed to pay its share of the bill.

The coalition — which calls itself the Task Force for Modernizing Income Security for Working Age Adults — says it thinks that much of the reason for Toronto's situation has to do with its large immigrant population. If laid-off workers don't have at least two years of fairly continuous Canadian employment experience under their belts, they usually don't qualify for benefits.

The report also cites changes in the nature of work as a reason for Toronto's situation — particularly the trend among businesses to replace full-time employees with part-time workers and so-called self-employed contractors.

Study co-author Jill Black says that less than half of part-time workers in Canada who lose their jobs qualify for employment insurance benefits.

But the core reason says the study's other co-author, Richard Shillington, is that Canada's venerable 65-year-old employment insurance system simply no longer works.

"It's much less effective than it used to be. We have no definitive answer (as to why the system serves Torontonians so poorly). We just know that this is a program that doesn't work well."

Indeed, figures compiled in the report show that EI has ceased to be relevant for a majority of Canadians. In 1990, when the program was still called unemployment insurance, it covered about 80 per cent of those thrown out of work. By 2004, however, only 43 per cent of jobless Canadians even qualified to receive benefits.

The reasons for this shift had much to do with the federal government. Since the 1980s, successive Liberal and Conservative federal governments have been chipping away at the program.

The key changes occurred in the mid-1990s under prime minister Jean Chrétien and his finance minister (now Prime Minister) Paul Martin.

Under pressure to cut the federal deficit, Martin effectively gutted the newly renamed employment insurance system by making it more difficult, and in many cases near-impossible, for the jobless to qualify for benefits. But he didn't cut by a corresponding amount the premiums that most workers and their bosses are required to pay into the program.

The resulting surplus, which even today runs at about \$8 billion a year, was used first to pay down Ottawa's deficit and later to provide the funds for whatever new spending schemes the federal government came up with.

In effect, a program designed to protect workers from vicious downturns in the business cycle was transformed into just another tax, and a particularly regressive tax at that (lower-income workers pay proportionally more in employment insurance premiums than those who make more money).

At the same time, fundamental changes were taking place in the world of work. In an effort to avoid payroll taxes such as employment insurance and Canada Pension Plan premiums, many employers found it cheaper to contract out work to individuals who were technically self-employed.

Given that the unemployment insurance system was specifically designed in 1940 to exclude the self-employed (which at the time, meant doctors, lawyers and other professionals) this means that almost 7 per cent of Ontarians without jobs simply don't qualify for benefits.

A much greater percentage (21 per cent for Ontario as a whole) don't qualify because they haven't worked at a Canadian job during the previous two years. That, too, relates to the stiff new criteria governing EI.

In Toronto, for instance, an unemployed person qualifies for benefits if he has worked for 630 hours at a Canadian job during the previous year and at least 410 hours in the year before that.

For those with a full-time job, these conditions are not onerous. But for newcomers living close to the edge and grabbing part-time jobs wherever they can, the barriers to benefits may be insurmountable.

Even worse, says the report, those who do not qualify for employment insurance do not qualify for retraining programs offered under the aegis of the federal program. In this sense, jobless Torontonians get hit twice over.