



## RECOMMENDATION 2

### MODERNIZE AND EXPAND SUPPORTS FOR LOW-WAGE AND UNEMPLOYED WORKERS

From February to April 2020, over 5.5 million Canadian workers were directly affected by COVID-19–related economic shutdowns across the country.<sup>63</sup> Virtually overnight, the labour market in Canada was flipped upside down.

The economic impacts of the pandemic are likely to be felt for years to come. While many people have been able to return to their previous jobs, millions have been forced to turn to new, less stable employment or have yet to return to the workforce at all.

Exacerbating these issues is the outdated Employment Insurance (EI) system, which in the 2018–2019 fiscal year covered only 39 per cent of Canada’s unemployed workers, compared to over 80 per cent in the early 1990s.<sup>64</sup> This shift in coverage demonstrates the changed nature of work in today’s world.

The federal government has already announced that it plans to review the EI program in the years ahead.<sup>65</sup> This review is long overdue and welcomed, but there is concern that a full review of EI will take far too long to undertake and implement when immediate action is necessary.

For years, our data has shown that people who fall out of the labour force (i.e., people who are currently employed, or on EI and looking for work) are far less likely to seek support from a food bank than someone who is forced to turn to welfare or disability assistance.

For many, the road to the food bank starts with a job loss, then a year or less on EI (depending on eligibility), and then weeks of getting by on what is left of savings, informal support systems, and last resources until there is nowhere left to turn but social assistance—which does not provide nearly enough for basic necessities such as food.

Many food banks in Canada fear they will not be able to accommodate a tidal wave of new clients created by the pandemic while maintaining their level of support for long-term need created by decades of social policy neglect.

63 Statistics Canada. (2020). *Labour force survey, May 2020*. The Daily. <https://www150.statcan.gc.ca/n1/daily-quotidien/200605/dq200605a-eng.htm>

64 Busby, C., & Gray, D. (2021, March 10). *A new voluntary EI program would bring more workers under safety net*. *Policy Options Politiques*. <https://policyoptions.irpp.org/magazines/march-2021/a-new-voluntary-ei-program-would-bring-more-workers-under-safety-net/>

65 Government of Canada. (March 2021). *Maintaining flexible access to employment insurance benefits*. *Federal budget 2021*. <https://www.budget.gc.ca/2021/report-rapport/p1-en.html#282>



Unfortunately, recent Labour Force Survey numbers show that a potential wave of new food bank clients may not be that far away.

In May 2021, close to half a million Canadians who lost their jobs due to the pandemic had been fully unemployed for more than six consecutive months.<sup>66</sup> These are people who are struggling to re-enter the labour market and who may find themselves forced to turn to social assistance and food banks in the months ahead unless a better EI system is put in place very soon.

### Our recommendations

- Significantly extend the maximum duration of EI benefits beyond 45 weeks so that Canadians are not forced into our broken and grossly inadequate provincial social assistance system once their EI benefits run out.
- Immediately expand the Working-While-on-Claim (WWC) provisions in EI to allow workers to retain more of their income from temporary/part-time work while on EI without losing benefits or having their income clawed back.
  - Workers who are not punished for taking temporary/part-time work while on EI are more likely to reintegrate into the workforce quickly and obtain full-time employment.<sup>67</sup>
- Permanently broaden the EI qualifying definition of “employment” to include self-employed and precarious work.
- Review and reduce the number of qualifying “hours of employment” needed (currently between 420 and 700 hours of insurable employment) to better reflect the nature of modern jobs and working situations.
- Develop a new program within EI that specifically supports older workers (aged 45–65) who lose employment at a later age and who may need specific training and education programs tailored to their needs to help them re-enter the modern workforce.
- Expand EI sickness benefits beyond 15 weeks to keep people off provincial disability programs which provide meagre supports and are very difficult to climb out of.
- To better support low-wage workers currently employed:
  - Expand the Canada Workers Benefit (CWB) further to allow more low-income workers to retain more of their earned income before taxes are clawed back.
  - Introduce government incentives to encourage businesses to pay living wages to all employees.
  - Introduce a Disability Hiring Strategy that includes training and incentives to encourage businesses to hire people with disabilities who are seeking employment (currently 2 in 5 unemployed Canadians with a disability aged between 25 and 65 are without work).<sup>68</sup>

66 Statistics Canada. (2021). *Labour force survey, May 2021*. <https://www150.statcan.gc.ca/n1/daily-quotidien/210604/dq210604a-eng.htm>

67 Busby, C., Lluís, S. & McCall, B. (2021). *Transitioning back to work: How to improve EI working-while-on-claim provisions*. IRPP Study 85. Montreal: Institute for Research on Public Policy. <https://irpp.org/research-studies/transitioning-back-to-work-how-to-improve-ei-working-while-on-claim-provisions/>

68 Morris, S., Fawcett, G., Brisebois, L., & Hughes, J. (2018, November 28). *A demographic, employment and income profile of Canadians with disabilities aged 15 years and over, 2017*. Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/89-654-x/89-654-x2018002-eng.htm>