

POLICY RECOMMENDATIONS

LOW-INCOME WORKERS

WHEN A JOB STILL ISN'T ENOUGH

In the peak of the pandemic, unemployment rates across Canada reached frightening heights, with 13 per cent of all Canadians being unemployed at the time.¹⁰³ As the economy began to recover, the unemployment rate decreased to record lows in June and July of 2022. On its way down, unemployment rates had already reached a healthy level of 5.3 per cent in March, at the time that Food Banks collected HungerCount data.¹⁰⁴

Despite this strong recovery and increase in employment across Canada, the wages now flowing into the pockets of workers are clearly not going far enough. As our report data shows, 14 per cent of people seeking help from food banks indicated that their main source of income came from a job.

Worse yet, when including those who are currently collecting EI, Canada's labour force represents 20 per cent of food bank visitors. These people are Canada's working poor. Individuals who, despite their best efforts to work, still come home with too little money to feed themselves and their families.

And while one in five is a striking number, the working poor actually account for 40 per cent of those living in poverty in most parts of the country.¹⁰⁵ More shocking, 52 per cent of food-insecure households report jobs as their main income source.¹⁰⁶

This large number of struggling workers is due, by and large, to the increase in precarious and unreliable work. People in temporary and term-based work "are more likely to report fewer hours of work, experience more frequent periods of unemployment, and earn less money than those who have secure, full-time work".¹⁰⁷

There are many factors that lead to working people in Canada visiting food banks. Individuals with lower wages are often more likely to struggle with the increasing costs of living and are seen regularly in food banks. However, the most significant challenges come for those who work temporary, casual or part-time work, and for racialized Canadians (+7 per cent compared to non-racialized).

In a country where working hard no longer means that you're guaranteed an adequate income, people need a social safety system that guarantees their peace of mind. In the 2018–2019 fiscal year, EI covered only 39 per cent of Canada's unemployed workers, compared to over 80 per cent in the early 1990s.¹⁰⁸ Now, almost 40 per cent of households whose main source of income is EI are reporting some level of food insecurity.¹⁰⁹

While the federal government has made commitments to review the current inadequate EI program, there has been no headway and the process is rolling into a slow stop. As conditions in Canada's economy worsen, there is no time for slow and drawn-out processes. Action is needed today.

¹⁰³ Statistics Canada. (2022). *Chart 2 Unemployment rate up in August*. <https://www150.statcan.gc.ca/n1/daily-quotidien/220909/cg-a002-eng.htm>

¹⁰⁴ Statistics Canada. (2022). *Chart 2 Unemployment rate up in August*.

¹⁰⁵ Stapleton. *The working poor in the Toronto region*.

¹⁰⁶ Tarasuk et al, V., Li, T., & Fafard-St-Germain, A. A. (2022). *Household food insecurity in Canada, 2021*.

¹⁰⁷ Stapleton. *The working poor in the Toronto region*.

¹⁰⁸ 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/>

¹⁰⁹ Tarasuk et al. (2022). *Household food insecurity in Canada, 2021*.

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We recommend that the government:

1

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 catered to their needs to help them re-enter the modern workforce.

2

Permanently broaden the EI qualifying definition of “employment” to include self-employed and precarious work.

3

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.

A) Include a specific stream for seasonal workers who may work as few as 12 to 16 weeks a year.

4

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.

5

Extend the maximum duration of EI benefits beyond 45 weeks, to 52 weeks, followed by a staggered reduction in cash benefits while retaining access to non-cash EI supports (such as training and education) so that people are not forced into our broken and grossly inadequate provincial social assistance system once their EI benefits run out.

6

Work with provinces to reduce the clawbacks and improve harmony between social assistance and EI.

7

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.

8

To better support low-wage workers currently employed:

A) Improve the Canada Workers Benefit (CWB) by increasing the maximum payout, especially for those earning below the poverty line.

B) Introduce government incentives to encourage businesses to pay living wages to all employees.