

Bill C-38 Changes to EI and the CURRA study area – Martha MacDonald January 2013

Effective January 2013, new regulations defining ‘suitable work’ and ‘reasonable job search’ for claimants of EI Regular or fishing Benefits will alter the terrain for workers and employers in the CURRA study areas of West Coast Newfoundland. These changes were introduced as part of the omnibus Bill C-38, and thus were not subject to the usual review and debate that has accompanied major changes to EI in the past. The changes have been criticized by Atlantic premiers, employers and unions. While the changes affect all workers, the greatest impact will be on frequent claimants, including seasonal workers. The idea of different treatment for regular EI users is not new. There have been many attempts in the past to explicitly target frequent claimants in order to discourage their EI reliance, all of which have failed. For example, the 1986 Commission of Inquiry of Unemployment Insurance proposed ‘annualization’ of UI, which would reduce eligibility and benefits of short-term workers, who would then have to rely on a (less generous) proposed income supplementation program (Forget, 1986); the 1994 Social Security Reform Green Paper on income security proposed an explicit two-tiered program, with basic insurance for occasional claimants and (more restrictive) ‘adjustment’ insurance for frequent claimants (Human Resources Development Canada 1994); the 1996 EI reform included the ‘intensity rule’, which gradually lowered the benefit rate for frequent claimants. The first two examples were never implemented, and the ‘intensity rule’ was withdrawn in 2000. However, many EI provisions continue, at least implicitly, to reflect the norm of a ‘standard’ worker (one who works full time, full year as an employee; see MacDonald 2009; 1999; MacDonald, Neis and Murray 2008).

The latest attempt to discourage EI reliance focuses not on eligibility, or on the benefit rate, but on getting claimants back to work. The new regulations divide EI claimants into three categories: long tenured workers who have paid into the system for seven of the last 10 years and have claimed EI for no more than 35 weeks over the last five years; frequent claimants who have had three or more claims of a total of more than 60 weeks in the past five years; and occasional claimants (all others). ‘Suitable work’ (in terms of type of work and wage) that a person is expected to accept is explicitly defined for each of these categories of claimants. Suitable work for frequent claimants is in similar occupations at 80% of previous earnings during the first six weeks of a claim, after which *any* work for which they are qualified, at 70% of previous earnings, is considered suitable. In contrast, the latter criteria don’t apply until after eighteen weeks for occasional claimants, and are never applied to long tenured workers. In addition, suitable work is defined as all available hours of work within a one hour commute, subject to some consideration of personal circumstances regarding family obligations and limited transportation options. The regulations also specify ‘reasonable job search’, including engaging in, and keeping a log of, daily job search. As well, claimants will be sent notices of ‘suitable’ jobs for which they are expected to apply.

EI dependency is high in the CURRA study area. The Red Ochre Zone has the highest EI incidence in the province, at 67.9% in 2011, with Marine and Mountain at 48.7% and Nordic at 51.9%. Thus, about half to two thirds of the labour force in these zones collect EI during the year, compared with 31.3% province wide (NL community Accounts). Given the seasonal nature of the economy, most will fall into the category of frequent claimants. While our fieldwork was

conducted before the changes were announced or implemented, several observations can be made about the likely impact of these changes.

The stated logic of the regulations reflects little understanding of rural seasonal labour markets. Seasonal workers typically have long-term attachments to their employer and return year after year. Employers, for their part, rely on this trained, experienced labour force. For the most part, seasonal employers, by the nature of the industry, are not in a position to offer year round work (although industries such as tourism are working hard to expand the season). Experienced seasonal workers are often not in a position to take what is deemed 'suitable employment'. Fishers, for example, can't work at other jobs without jeopardizing their professional status. In terms of looking for other work, other seasonal jobs are not an option, as most are available simultaneously. Often full time jobs are limited and not necessarily a good match in terms of skills, or location. Furthermore, given the low wages in much seasonal work, taking a new job at 70% of your normal salary means working at minimum wage.

Our research shows that families who have stayed in the region have complex livelihood strategies that may involve seasonal work by one member, long distance commuting by another, or one local full-time job. Workers are highly mobile, seeking out available work that makes sense in this family livelihood context. The assumption underlying the new regulations is that EI impedes mobility, an assumption at odds with the tremendous mobility in the CURRA region (both permanent and short term) and with research findings (Canadian Employment Insurance Commission 2012, p. 158). The changes focus on one type of labour mobility – making unemployed workers take jobs within a one hour commute. But there is little understanding of the continuum of mobility, including outmigration, return migration and temporary employment related migration (MacDonald, Sinclair, Walsh 2012; ERGM proposal...).

In our research we found that seasonal employers were increasingly finding it challenging to maintain a workforce. The labour force is aging, and the jobs are not attractive to the younger generation, even with the availability of EI. The changes to EI regulations were explicitly tied to addressing this labour shortage issue when they were announced, with the government arguing that temporary foreign workers would not be needed if local people would take the available work. The assumption is that local workers are available for this work, and can be made to take it. But, the provisions will only serve to exacerbate the local labour shortages, making the work less attractive. The work is precarious as is, without the added factor of challenges associated with accessing EI. *How will a mobile worker who is home from a good seasonal job in another area respond? Will it make more sense to move the family, rather than face harassment from EI? How will a young person who is considering whether to try to make a life at home or move out of the province respond?*

Given the shortage of jobs in the CURRA region that are full year, or that have complementary seasons that would allow one to take a second seasonal job, the *direct* impact of the new regulations may be minimal – i.e. there may be relatively few claimants who will actually be made to take 'suitable work' or lose their benefits. However, all claimants will be subject to increased monitoring and to undertaking futile job search. It will be the *indirect* demoralizing effect of this harassment (experienced or anticipated) that will likely have the most impact on people's choices of where to work and, indeed, where to live. The misplaced emphasis on local

mobility threatens to fuel outmigration and reinforce a downward spiral in local economies and communities.

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