



**National Farmers Union**

**Submission to the  
House of Commons Standing Committee on the  
Status of Women**

**The Effects and Consequences of the Current  
Employment Insurance (EI) Programs on  
Women in Canada**

**March 24, 2009**

**Ottawa, Ontario**

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**Introduction:**

The National Farmers Union (NFU) welcomes this opportunity to present our views and recommendations regarding the Employment Insurance Program's effects and consequences on women to the House of Commons Standing Committee on the Status of Women.

The National Farmers Union is a non-partisan, nation-wide democratic organization made up of thousands of farm families from across Canada who produce a wide variety of commodities, including grains, livestock, fruits and vegetables. The NFU was founded in 1969 and chartered in 1970 under a Special Act of Parliament. Our mandate is to work for policies designed to:

1. raise net farm incomes from the marketplace;
2. promote a food system that is built on a foundation of financially-viable family farms which produce high-quality, healthy, safe food;
3. encourage environmentally-sensitive practices that will protect our precious soil, water and other natural resources; and
4. promote social and economic justice for food producers and all citizens.

The National Farmers Union is unique among farm organizations because of its constitutional structure that ensures women and youth are given equal decision-making power at all levels of policy development – from Local meetings to our annual National Convention. The NFU ensures that the voice of women is included on the National Board of Directors through the positions of Women's President and Women's Vice-President – two elected positions which are determined annually at our National Convention. Women are also well-represented on our National Board, and women have served in the offices of NFU President and NFU Vice-President.

This recognition of the importance of women in decision-making roles is a fundamental tenet within our organization. It is rooted in the reality that farm women are integrally involved in farming and food production in Canada. This tradition of ensuring equality for women in the NFU dates back to our founding in 1969, and is also a hallmark of our predecessor farm organizations that stretches back more than a century.

Women in the farm movement have also been a driving force behind progressive social change, helping to bring in social programs like medicare and other social programs.

## **History of Unemployment Insurance in Canada**

As early as 1934, the Government of Canada under Prime Minister R.B. Bennett began creating an insurance scheme, and in 1935, the *Employment and Social Insurance Act* was passed in Parliament. The Act was modeled on an existing program in Great Britain, which required contributions from workers, employers and the state. However, a federal election was held shortly afterward, and when Prime Minister Mackenzie King assumed office, he referred the Act to the courts, which ruled the legislation was unconstitutional because the program should have been under provincial jurisdiction. The Supreme Court of Canada and the British Privy Council agreed with the ruling, and the Act was struck down.<sup>1</sup> In 1937, a Royal Commission (the Rowell-Sirois Commission) was appointed to review the country's constitution and recommend changes. One of the changes it recommended in its report, which was released in 1940, was that the federal government assume sole responsibility for administering a nation-wide unemployment insurance program.

[The United States, meanwhile, had successfully introduced an Unemployment Insurance program in 1935 as part of President Roosevelt's New Deal initiative. In 1939, the US law was amended to extend coverage to include more workers under the program.]

After an amendment was made to Canada's constitution, the first *Unemployment Insurance Act* was passed by Parliament in 1940, and the program came into effect July 1, 1941. By that time, the massive unemployment crisis created by the Great Depression was over, and the wartime boom had created over a million jobs across the country. At that time, the Act stated the fundamental purpose of Unemployment Insurance (UI) was to promote the economic and social security of Canadians by temporarily supporting workers between jobs. However, the original program covered less than half the work force, because workers in agriculture, horticulture, forestry and fishing were specifically excluded. In addition, most public sector workers, such as teachers and nurses, were also excluded.

The original UI program was a compulsory program aimed primarily at male, blue-collar workers. In the early days, punitive rules were imposed on women claimants, apparently in a reflection of societal views about the appropriate role of women. Program requirements

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<sup>1</sup> Government of Canada, Key Economic Events, "1941 – Unemployment Insurance", <http://www.canadianeconomy.gc.ca/English/economy/1941ui.html>

sometimes reflected implied stereotypes of women in paid employment as secondary workers working for pin money and not serious about paid employment.<sup>2</sup>

## Women and Unemployment Insurance

Even after significant changes were made to the program in 1971 and 1996, the eligibility rules continue to be designed primarily for workers with permanent full-time jobs, even though a significant percentage of women's jobs do not fit this definition. Approximately 40% of women in paid employment (compared with 30% of employed men) work in non-standard work arrangements. They are employed part-time or in temporary, casual and contract work, they are multiple job holders, or they are self-employed without employees.<sup>3</sup>

In 1971, UI program benefits were extended to those workers whose earnings were interrupted because of sickness or pregnancy. Retirement benefits were also added, while at the same time premiums were reduced and benefits increased.<sup>4</sup>

The next major overhaul of the program took place in 1997 when it was re-named "Employment Insurance" (EI), with benefits reduced and premiums increased. Eligibility for benefits under the new program was changed so that benefits depended on total earnings and total hours worked in the 12 months prior to the claim, starting from the first dollar and the first hour. In the process, the eligibility requirements were made much more stringent because the required number of hours was doubled, and in some cases tripled from the previous system. The changes were implemented despite considerable public opposition across the country. In 1995, the NFU adopted a resolution at its national convention, which stated: "The NFU requests that the federal government refrain from tampering with Unemployment Insurance or making cuts which affect

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<sup>2</sup> Monica Townson and Kevin Hayes, "Women and the Employment Insurance Program", November, 2007, Canadian Centre for Policy Alternatives.  
[http://www.policyalternatives.ca/~ASSETS/DOCUMENT/National\\_Office\\_Pubs/2007/Women\\_and\\_the\\_EI\\_Program.pdf](http://www.policyalternatives.ca/~ASSETS/DOCUMENT/National_Office_Pubs/2007/Women_and_the_EI_Program.pdf)

<sup>3</sup> Monica Townson and Kevin Hayes, "Women and the Employment Insurance Program", November, 2007, Canadian Centre for Policy Alternatives.  
[http://www.policyalternatives.ca/~ASSETS/DOCUMENT/National\\_Office\\_Pubs/2007/Women\\_and\\_the\\_EI\\_Program.pdf](http://www.policyalternatives.ca/~ASSETS/DOCUMENT/National_Office_Pubs/2007/Women_and_the_EI_Program.pdf) The length of a UI claim or the entitlement duration for regular unemployment benefits varied from 14 to 50 weeks and depended on both the number of weeks of previous employment and the unemployed rate of the region. Maternity and sickness benefits were known as "special benefits" and were subject to an overall ceiling of 30 weeks. The program set a level of maximum insurable earnings at \$780 per week in 1994. Benefits for most claimants were set at 55% of the average weekly insured earnings, based on their 20 most recent weeks of employment up to a maximum of \$429 a week in 1994 and indexed annually. It was estimated that about 80% of workers in 1994 had earnings at or below the current maximum insurable earnings level. For example, in 1992, while the maximum weekly benefit was \$426, the average payment was \$252. For claimants with low insured earnings and with dependants, the benefit rate was 60%.

<sup>4</sup> Government of Canada, "Key Economic Events: 1941 – Unemployment Insurance",  
<http://www.canadianeconomy.gc.ca/English/economy/1941ui.html>

low-income groups, seasonal, or part-time workers.” The following year, in November 1996, the NFU national convention passed a resolution calling on the federal government to “do an audit of the Unemployment Insurance Fund detailing the disposition of funds from 1989 to the present”. Until 1990 the UI fund had been funded by workers, employers and the federal government. After 1990, funding came strictly from workers and employers.<sup>5</sup> The surplus that was built up in the fund was then diverted by the federal government into its general revenue stream rather than being used solely for the purpose for which it was intended.

According to an analysis authored by Monica Townson and Kevin Hayes and published by the Canadian Centre for Policy Alternatives in 2007, the switch to the new hours-based system made it much more difficult for unemployed women to qualify for benefits. Under the old rules, a worker needed at least 15 hours of work per week to count toward the number of weeks he or she had worked. But under the new system, 35 hours of work were required for each week.

Under the old UI system, a worker who had 20 weeks of work at 15 hours per week needed 300 hours to qualify for benefits. But under the new EI system, the 300 hours became 700 hours based on 20 weeks of work at 35 hours per week. The government said that 35 hours a week represented the average hours worked by Canadian workers. But employed men in 1996 were working an average 39 hours per week, while employed women averaged 30 hours.<sup>6</sup> The 35-hour average made it more difficult for unemployed women to qualify for benefits. Townson and Hayes also point out that women are more likely to leave paid employment to care for family members. Under the new EI system, new entrants and re-entrants to the workforce are required to have 910 hours of work in the previous 52 weeks to qualify, instead of the 300 hours that had been required under the old system.

In theory, part-time and seasonal workers with fewer than 15 hours per week of work should have been able to qualify for benefits under the new hours-based program requirements, as long as they had enough hours over the course of a year. But in practice, the number of hours required to qualify for benefits was set so high that very few part-time workers could qualify. For women workers, the more stringent EI rules translated into increased contributions and reduced benefits. As Townson and Hayes document in their paper, women workers are more likely to work in part-time and temporary jobs, and who are more likely than men to move in and out of the labour market because of child care and other family commitments. Another important factor is the reality that women do most of the unpaid labour in the home. Townson and Hayes summarize the gender gap by stating: “In effect, the EI contributions of women workers are being used to subsidize the benefits of the male workers who find it easier to qualify under the new rules.”

Townson and Hayes explain that “non-standard” work arrangements, including short-term temporary jobs, contract work, part-time and casual jobs, as well as workers holding down multiple jobs in an effort to make ends meet, are characterized by working conditions that are often uncertain, with little or no job security. Workers must often be on call. They are generally

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<sup>5</sup> Tom Sandborn, “Jobless? Why you Might not get Employment Insurance”, February 19, 2009, The Tyee Online. <http://www.thetyee.ca/News/2009/02/19/EICrisis/>

<sup>6</sup> Monica Townson and Kevin Hayes, “Women and the Employment Insurance Program”, *ibid.*

not eligible for pensions and other benefits, and employment standards legislation may not apply. The authors of the CCPA study estimate that “34% of all employment in Canada in 2004 consisted of these non-standard work arrangements” and conclude that “women are more likely than men to be employed in non-standard jobs.” They state that 40% of employed women in Canada do not have permanent full-time jobs and rely on “precarious” employment. “In the context of an EI system based on hours of work and earnings in the immediate period before becoming unemployed, there are clearly serious implications for the eligibility of women workers for benefits and for the amount and duration of the benefits they may receive.”<sup>7</sup>

### **Farm income and off-farm employment:**

While Canadian farmers are among the most productive and efficient sectors of the economy,<sup>8</sup> these attributes have, unfortunately, not led to prosperity for the vast majority of farmers. Farmers’ productivity and efficiency is evident in the fact that the volume of production of major grains, oilseeds, vegetables and livestock has steadily increased since the 1970s, while farm gate prices for those products have remained relatively static or have actually declined.<sup>9</sup>

Increases in productivity at the farm level are also heavily dependent on increased input levels. Petroleum-based inputs including fuel, diesel, fertilizers, pesticides; as well as seeds, machinery and other technology have not only pushed up expenses for farmers far in advance of returns from commodities, but also created a heavy dependence on borrowed capital and off-farm income. Environmental degradation associated with the increasing quantities of non-renewable resources used in food production and distribution, as well as social costs associated with rural depopulation, tends to be “externalized” – with the costs picked up by farmers and society while profits are retained by the large corporations.

Farms have also declined in number while growing in size. Between 1988 and 2007, the number of farms in Canada declined from 293,089 to 229,373 – a rate of decline of 3,353 farms every year for nineteen years. The remaining farms have financed their expansion largely through increased debt loads. Farm debt rose from \$22.5 billion in 1988 to over \$54 billion in 2007.<sup>10</sup>

Still, farmers have not been rewarded for these impressive increases in size and efficiency. On the contrary, the evidence actually points to a startling conclusion: “farm size (efficiency) and farm prosperity appear inversely related. While output per farm has doubled, net incomes have declined.”<sup>11</sup>

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<sup>7</sup> Townson and Hayes, “Women and the Employment Insurance Program”, 2007, CCPA, *ibid*

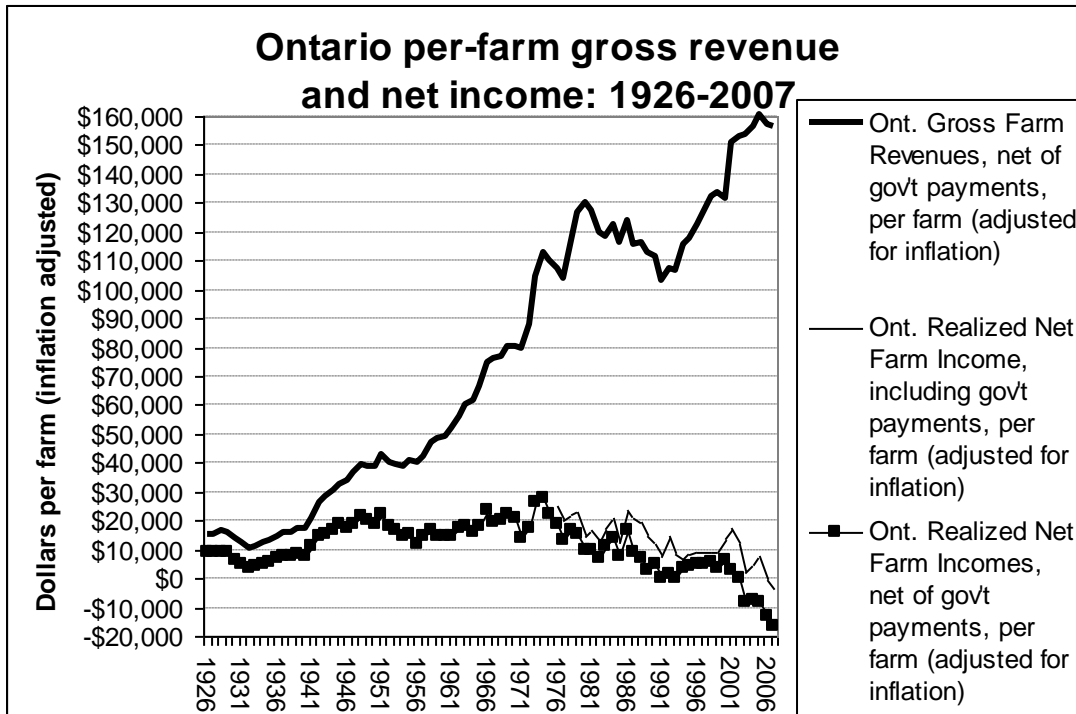
<sup>8</sup> The Farm Crisis, Bigger Farms, and the Myths of ‘Competition’ and ‘Efficiency’, National Farmers Union, November, 2003, <http://www.nfu.ca>

<sup>9</sup> “The Farm Crisis, Bigger Farms, and the Myths of ‘Competition’ and ‘Efficiency’,” NFU, November, 2003, [www.nfu.ca](http://www.nfu.ca)

<sup>10</sup> “Free Trade”: Is it working for farmers? Comparing 2007 to 1988, NFU, October 2007. [www.nfu.ca](http://www.nfu.ca)

<sup>11</sup> “The Farm Crisis, Bigger Farms, and the Myths of ‘Competition’ and ‘Efficiency’,” *ibid*.

In fact, net farm incomes on Canadian farms are currently at historic lows. In Ontario alone, the last five years have been the worst in history. The graph below is from Statistics Canada data. It shows the drop in Ontario net farm incomes, from already low levels in the 1990s, to the record-low levels of the most recent five years. Note that while net incomes hit record lows, gross revenues hit record highs.



The federal and provincial governments’ agricultural policies have perpetrated a devastating magic trick. They’ve turned a record average gross revenue of \$150,000 per farm into an average realized net income of negative \$15,000 per farm.

As noted earlier, farm families in Canada are relying heavily on three strategies to keep their farm operations going: debt financing, off-farm employment, and lowering their overall standard of living.

Farm debt in Canada has nearly tripled since the early 1980s, climbing from \$18.3 billion in 1981 to \$54.3 billion in 2007.<sup>12</sup>

Meanwhile, the percentage of farmers reliant on off-farm income has skyrocketed. According to Statistics Canada, small and medium-size farms rely on off-farm income for approximately 90% of their total income.<sup>13</sup>

<sup>12</sup> Statistics Canada, “Farm Debt Outstanding”, November, 2008, <http://www.statcan.gc.ca/pub/21-014-x/21-014-x2008002-eng.pdf>

Meanwhile, even large farms with gross annual revenues between \$100,000 and \$499,000 rely on off-farm income for over half (52.1%) of their total income.

Astonishingly, Canada's largest farms, with gross revenues over \$500,000 annually, depend on off-farm income for between 25.9% and 33.5% of their total income.

The reality is that dependence on off-farm income is a fact of life for virtually all farmers in Canada. The burden of working off-farm is shared by both women and men, but because women are largely responsible for childcare, other family obligations, and household unpaid labour, they are much more likely to be employed in part-time work. Consequently, they are much less likely to qualify for EI benefits because of the difficulty in obtaining the necessary hours.

The National Farmers Union has proven in its research that declining net farm income is attributable to the dominant market power of large multinational corporations which control inputs, processing and distribution of the agricultural commodities. The solution lies in restoring market power to family farms through the creation and maintenance of farmer-owned and controlled collective marketing agencies. Canada's supply-management systems for dairy, eggs and poultry are one example. Another example is the orderly marketing system of the Canadian Wheat Board. Agencies like these increase farmers' market power and enable farmers to retain a greater share of the wealth which is generated on their farms and in their rural communities.

Farmers should not have to rely on off-farm income to survive. In fact, the farms themselves should be our "employment insurance". There is always more than enough work to be done on a farm – and the farm operation itself should be a source of rewarding employment for those of us who commit our lives to the production of healthy, wholesome, safe food for our fellow Canadians. It is important that changes are made to agricultural policy to ensure the market rewards, rather than robs, farmers and their families.

### **Employment Insurance, farmworkers and self-employed farmers:**

The EI program largely includes farmworkers (who are also eligible for paternal and maternity benefits), and EI contributions are consequently deducted from their paycheques. While eligibility for the program is important, the difficulty many farmworkers encounter comes when they apply for benefits because they often do not have the required number of hours needed to qualify.

The EI program currently has specific provisions setting eligibility criteria for self-employed farmers. Unfortunately, the criteria appears designed to ensure farmers will never be able to access any benefits. Regardless of the profitability of the farm or the net income that the farming family operating the enterprise are able to make, the EI program considers farmers to be employed from April to October. The Service Canada information website operated by the Government of Canada outlines the following criteria:

*"Are you a self-employed farmer?"*

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<sup>13</sup> Statistics Canada, December 8, 2005 release. [www.statcan.ca/Daily/English/051208/d051208e.htm](http://www.statcan.ca/Daily/English/051208/d051208e.htm)

*Self-employed farmers are subject to the same criteria as any other self-employment business. But, because the farming sector is unique, there are some special conditions and rules.*

*If farming is your main means of living, whether as a self-employed farmer or a part-owner of a farming business, you normally can not receive EI benefits during the period of **April 1 to September 30**. Regardless of your employment activities off the farm, you are considered as working a full working week.*

*However, during **the period between the week of October 1 and the week of the following March 31**, you may be able to receive EI benefits if you accumulated insurable hours elsewhere while working for an employer and your self-employment activities on the farm are so small that it is not your principal means of living during that period.<sup>14</sup>*

The EI program also states that the economic viability of the farm operation is only one factor that is considered in assessing an applicant's eligibility for EI benefits:

*"Persons engaged in operating a farm are subject to the same regulatory provisions as those who operate any other business, whether as self-employed individuals or as partners or co-adventurers.*

*"In order for claimants to demonstrate that they are unemployed and not considered to be working a full working week, they must provide, for the period for which they are claiming benefits, that their employment-related activities in farming are performed to such a minor extent that a person would not normally rely on that employment as a principal means of livelihood. The agent must therefore examine the six circumstances provided for by Regulation to determine whether or not the claimants worked a full working week for their period in respect of which benefits are claimed.*

*"Once it has been found that a person is engaged in farming as a principal means of livelihood, that person is regarded as working full working weeks and therefore not unemployed. However that person may still prove entitlement to benefits during the period that begins with the week in which October 1<sup>st</sup> falls and ends with the week in which the following March 31 falls if that person proves that during that period, he or she did not work or he or she was employed to such a minor extent that it would not have prevented him or her from accepting full-time employment."*

The EI program recognizes the reality that farmers rely heavily on off-farm employment: *"It is not compulsory that the farmer have farming as his or her principal occupation in order to be eligible for a farm loan from the Farm Credit Corporation. Since 1992 that agency has been authorized to grant or guarantee loans to full-time or part-time farmers. Consequently, the fact that a claimant has obtained a farm loan does not in itself prove that he or she is operating an agricultural enterprise on a full-time basis. However, obtaining such a loan does become an indicator for exploring the role the claimant plays in the agricultural enterprise."<sup>15</sup>*

The structure of the current EI program makes it extremely difficult for farmers of both sexes, but particularly farm women, to access benefits. There need to be changes made to accommodate the needs of self-employed farmers.

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<sup>14</sup> Employment Insurance (EI) and self-employed, farmers and independent workers. Service Canada website: [http://www.servicecanada.gc.ca/eng/ei/information/self\\_employed.shtml](http://www.servicecanada.gc.ca/eng/ei/information/self_employed.shtml)

<sup>15</sup> Human Resources and Skills Development Canada, "Digest of Benefit Entitlement (EI) Principles, Chapter 4, [http://www.servicecanada.gc.ca/eng/ei/digest/4\\_6\\_0.shtml#r+6\\_5](http://www.servicecanada.gc.ca/eng/ei/digest/4_6_0.shtml#r+6_5)

Such changes are particularly needed at the present time, given the failure of farm safety net programs to provide relief to financially hard-pressed farm operations when commodity prices decline precipitously, as is currently the case with cattle and hogs.

## **Conclusion and Recommendations:**

The EI program fund has accumulated a surplus well in excess of \$54 billion.<sup>16</sup> Despite this massive surplus, the current rules of the EI program ensure that majority of unemployed Canadians will never be able to access benefits they should be entitled to. The program's eligibility requirements have given the federal government a large fund that has been used to finance tax cuts to corporations, rather than assist unemployed workers. Despite the recent changes to the way the fund is administered, the reality is that only 42%, less than half the unemployed workers in this country are receiving EI payments. That is roughly half the percentage covered during the late 1980s.<sup>17</sup> The NFU recommends that the federal government follow the recommendations of a Parliamentary Committee, and restore integrity to the Employment Insurance Act by requiring that the cumulative surplus in the EI Account be returned to the EI Program."

The NFU recommends that substantial changes be made to the EI program to ensure that women workers, particularly those in rural communities, are able to fully access benefits – including job training and other educational programs; and that those benefits be increased.

The NFU further recommends that changes to the EI program be implemented to enable self-employed persons, including farmers, to participate meaningfully in the program. The NFU further recommends that net farm income, rather than gross farm income, be one of the criteria that is used in the calculation to determine the eligibility of a farmer's claim for EI.

On February 19, 2009, a Private Member's Bill, Bill C-308, was introduced into the House of Commons for First Reading by Mr. Yves Lessard, Bloc Québécois MP for the constituency of Chambly-Borduas. The Bill, entitled: "An Act to amend the Employment Insurance Act (improvement of the employment insurance system), contains a number of positive amendments that would enable thousands of Canadians to access benefits that they have paid into through their EI contributions over the years.

This Bill would:

1. Reduce the qualifying period to a minimum of 360 hours of work, regardless of the regional rate of unemployment;
2. Increase the benefit period;
3. Increase the rate of weekly benefits to 60%; and
4. Eliminate the distinction between a new entrant and a re-entrant to the labour force;

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<sup>16</sup> Richard Brennan, "EI fund failing poor, critics say", Toronto Star, December 3, 2007

<sup>17</sup> Tom Sandborn, "Jobless? Why you might not get employment insurance", The Tyee Online, February 19, 2009, <http://www.thetyee.ca/News/2009/02/19/EICrisis/>

5. Eliminate the presumption that persons related to each other do not deal with each other at arm's length;
6. Increase the maximum yearly insurable earnings to \$42,500 and introduces an indexing formula; and
7. Adds a new section to the existing Employment Insurance Act which would create a category for self-employed persons.

The current number of hours an applicant must log is between 420 and 700 hours. The reduction in the number of hours would benefit women who work off-farm at part-time jobs. The increase in the rate of weekly benefits payable to a claimant to 60% of their weekly insurable earnings is also positive. The Bill also would amend the rate calculation period to include the 12 weeks of the claimant's highest earnings, regardless of whether those 12 weeks were consecutive or not. Most importantly, this Bill adds a provision which would allow regulations to be established which would enable self-employed persons to participate in the Employment Insurance program. The regulations would have to be voted on by Members of Parliament.

This Private Member's Bill addresses some of the concerns that have been raised in our presentation, and we encourage MPs to support this legislation.

*All of which is respectfully submitted  
By the  
National Farmers Union*