
Monday, April 10, 2000

Council Chamber
City Hall
14245 - 56 Avenue
Surrey, B.C.

Monday, April 10, 2000

Time: 5:30 p.m.

Present:

Acting Mayor Watts - Chair
Mayor McCallum
Councillor Villeneuve
Councillor Tymoschuk
Councillor Steele
Councillor Eddington
Councillor Bose
Councillor Hunt
Councillor Higginbotham

Absent:

Staff Present:

City Manager
City Clerk
C. Bonneville, Administrative Assistant

A. CORPORATE REPORTS

There were no Corporate Reports.

B. ITEMS REFERRED BY COUNCIL

There were no items referred by Council.

C. DELEGATIONS

- 1. Carolyn Chalifoux, Secretary-Treasurer
New Westminster and District Labour Council
File: 0021-001**

Carolyn Chalifoux, Secretary-Treasurer, New Westminster and District Labour Council (NWDLC) was in attendance requesting Surrey's endorsement of a resolution calling for the Federal Government to conduct a comprehensive Federal review of the Unemployment Insurance Act (Employment Insurance). Also to review the background information, and answer any questions.

She advised that the Labour Council is a central labour organization chartered by the Canadian Labour Congress, with over 48,000 members, of public and private unions, living and working within the Lower Mainland region from Burnaby to Hope. The Labour Council's mandate is to make aware, educate and take action on economic and social issues which impact its members and their

communities.

She stated that while the Unemployment Insurance system is not a civic government responsibility it has an enormous impact on the community. She asked Council to consider the involvement of civic governments in Canada that led to legislation for the establishment of the Unemployment Insurance (UI) Act. The UI Act was introduced as a measure to protect workers' economic and social security when they were in transition from one job to another.

The UI system was once one of Canada's most important social security programs, implemented at a time when unemployment was only 3 - 4 %. When unemployment reached 7% in the late 1950's the government responded by adding supplemental benefits and special benefits for seasonal workers; set at about 80% of the regular benefit. When unemployment was 5 - 6% in the 1960's, 68% of the work force was covered. In 1971, the Trudeau government under its' "Just Society" initiative expanded the UI program dramatically. The reforms included amendments to broaden coverage, increased benefit levels, benefit periods, and reduced the qualifying criteria. As well, new maternity and sickness programs were introduced. The government assumed full responsibility for the cost of extended UI benefits due to high unemployment at a time when the unemployment level was 4%. In the early 80's approximately 80% of workers qualified for UI benefits when unemployment went from 8% to 12%.

Two major reports on UI were released during the 1980's - the MacDonald Commission and the Forget Commission - but major program changes did not come until the 1990's. Bill C-21 was the first legislation to reform the UI system - increasing the number of weeks of work required to receive benefits, reducing the maximum duration of benefits for most regions, reducing the rate from 60% to 50% of insurable earning for those who declined "suitable employment", quit "without just cause" or were fired. Money was diverted from the UI account to fund training programs previously supported by general revenues. C-21 also eliminated the direct federal financial contribution to UI.

In 1993, Bill C-113 cut the regular benefit rate from 60% of insurable earnings to 57% and benefits were eliminated from workers who quit or were fired from their jobs.

In 1994, the government cut benefits from 57% to 55% of insured earnings, increased the number of weeks to qualify and decreased the benefit period. At the same time, the government launched the Social Security Review. One of the key proposals was to transform the UI program into a two-tiered system of "basic insurance" for most workers and "adjustment insurance" for more frequent users.

The Employment Insurance Act was introduced in 1995 - Bill C-12 continued in the same direction as earlier reforms by restricting access and reducing benefits. The emphasis was on employment and employability measures, including training, earning supplements and employer subsidies.

The Canadian Labour Congress produced a report entitled "Left Out in the Cold" using data supplied by Statistics Canada showing that today two thirds of the unemployed no longer received UI because the benefit period is half of what it was in 1989. Over half a million part time workers do not even qualify. UI claimants have dropped from over one million people a month to about half a million in 1998, yet there are still 1.3 million people unemployed. In the Lower Mainland UI Region (Vancouver to Hope) the most shocking statistic is that today only 26% of the unemployed qualify for benefits. The lost economic benefit to unemployed workers and their families in South Surrey - White Rock - Langley is \$12.5 million, in Surrey Central \$22 million and in Surrey North is \$22 million.

The UI surplus for the 1999 fiscal year is over \$9 billion and the cumulative surplus now exceeds \$25 billion. UI premium revenues have been kept around \$19 billion a year and the surplus has increased yearly while unemployment levels were 9 - 10%.

In the Fall of 1998, Finance Minister Paul Martin defended the UI benefit drop stating that he needs the

UI surplus to keep the government from going back into a deficit. A Human Resources Development Canada report argues that EI is still "meeting its main objective of providing temporary benefits to Canadians between jobs."

The Unemployment Insurance fund (EI) is funded solely by worker and employer premiums and yet accumulated surpluses are being used to reduce the federal deficit and fund government programs. This Federal government is now reacting to the pressure of business lobby groups and opposition Members by cutting premiums.

Thousands of part-time and workers in seasonal and cyclical employment will never qualify, or if they do qualify the penalties reduce their level of benefit and qualifying period. The penalties for repeat claimants, the claw-back provision (limiting the maximum annual earnings) and Divisor penalty (averaging wages to determine benefits even if weeks contain no earning) have resulted in a system that no longer provides true income protection for workers. The Divisor penalty can force benefits to lower than 25% of weekly earnings and affects over half of claimants.

With the rise in part-time employment, young people were affected most significantly when the minimum number of hours for qualification increased from 15 hours to 35 hours per week. The premium holidays from employers as an incentive to address the high unemployment rates for youth under 25 years of age has resulted in a threat to older workers. Now workers over 45 years of age can enroll in a EI funded program to deal with the barriers they face in a tough labour market.

The issue of retraining and the process of awarding training dollars to the unemployed is of serious concern to the Labour Council. Retraining is tied to a workers eligibility for UI benefits thus relegating workers who may need retraining left out in the cold. This means that only 26% of the unemployed are eligible for training in the Lower Mainland UI Region.

There is a growth industry spending UI dollars on new private for profit business delivering programs designed to help the unemployed. If qualified, one can choose from a variety of UI funded programs ranging from "How to Prepare a Resume or Counseling on Life Skills, Self-Esteem or "How to Cope with Long-Term Unemployment".

Ms. Chalifoux felt it was time the Federal government started taking action and stopped blaming the victims of high unemployment. Finance Minister Paul Martin stated "Government has a clear responsibility to act for example... in fostering the creation of jobs, and in helping to lead the fight against child poverty".

She felt it was shocking that a government that committed to the elimination of child poverty by the year 2000 claims that it must use workers' money to pay down the deficit.

In the Campaign 2000 - Federal Report Card there are some startling statistics on child poverty. The Labour Union believes that this puts into context what the dismantling of the income security provisions of the UI system has had on families. When you take \$9 billion dollars in benefits away from Canadian families who need it most, it is not difficult to understand that over the past decade the number of poor children has increased by 60%. The report states that one in five Canadian children lives in poverty; children in families experiencing long-term unemployment is up 33% and children in working poor families is up 45%.

Ms. Chalifoux stated that social services are stretched beyond their capacity, food banks exist in virtually every community and schools are providing breakfast and lunch programs for children whose families can't cope. There is no more compassion or respect left in Canada's response to high levels of unemployment.

Yvon Godin, Member of Parliament from New Brunswick, traveled this country and met with workers and advocates for the unemployed - his report put a face to the human suffering. Spending UI dollars on business incentives for new hires and wage subsidy programs is not creating jobs. The NWDLC request the City of Surrey take action by supporting their resolution calling on the Federal government to restore the UI program - a system that provides a fair and equitable income support to the unemployed. Workers who have the misfortune of losing their jobs in a rapidly changing economy, deserve to be treated with dignity and respect, rather than the contempt of the current system.

In response to a questions from Council, the delegation advised that the NWDLC national, provincial and community bodies have written to the Federal government, the former minister and the prime minister; NWDLC began their active lobbying in April of 1999, this is the second attempt at lobbying the Municipal governments. The National organization does not have a position to state regarding wage subsidized job creation, however they do support true apprentice programs and placement of apprentices for on-the-job training with wage payment. The National organization support every job creation opportunity but not at the expense of losing paid jobs.

It was Moved by Councillor Higginbotham

Seconded by Councillor Steele

That Ms. Chalifoux's speaking notes be received.

Carried

In response to questions from Council, the delegation responded that approximately \$9 billion per year is the total loss Canadian wide. The Federal government formerly had Manpower which did not come out of the EI benefit account. There have been two reductions in the premiums paid by the employers and the workers, the employers pays 1.4 percent of what the workers pay. There is not an annotated list of the programs funded out of the EI benefits account. The NWDCL has not approached the Union of BC Municipality to have the collective body endorse their recommendation, each council has it's own region and are lobbying each municipality individually.

The delegation stated that they are requesting that the government stop moving the benchmark higher and higher. The previous rate of benefit was 60% of earnings, now it is averaged over the weeks worked, even if you didn't make money for any one of the weeks worked. The maximum time period for a person to be on EI is 35 week, maximum is a year if you have the maximum qualifications. Seasonal workers average over the earnings and pay a penalty for being repeat users, there is a threshold for annual income and if surpassed the money already received to EI is paid back.

It was Moved by Councillor Eddington

Seconded by Councillor Hunt

That the booklet entitled "The Human Face - Unemployment Insurance", be received.

Carried

D. DELEGATION REQUESTS

There were no delegations requests.

E. COUNCIL MEMBERS REPORTS

There were no Council Members' reports.

F. OTHER COMPETENT BUSINESS

There was no other competent business.

G. ADJOURNMENT

It was Moved by Councillor Villeneuve

Seconded by Councillor Hunt

That the Council-in-Committee meeting do now adjourn.

Carried

The Council-in-Committee meeting adjourned at 5:58 p.m.