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## Legislation

# Self-employed workers now eligible for some EI benefits

RICHARD GILBERT  
staff writer

The open shop construction industry in B.C. is praising the federal government's move to extend employment insurance benefits to the self-employed, but unions aren't happy about these changes.

"Many independent contractors work as owner operators, from truckers to drywallers to painters, and with these challenging economic times, the extra security offered with extending EI special benefits is welcome," said Philip Hochstein, president of the Independent Contractors and Businesses Association (ICBA).

In the 2009 federal budget, the Conservative government proposed to look at ways to provide self-employed people with access to Employment Insurance (EI).

With the introduction of the Fairness for the Self-Employed Act on Nov 3, this segment is now eligible for maternity, parental, sickness and compassionate care benefits.

"The nature of work and the economy is changing and there has been a move to self-employment, with more people working at home than before," said Hochstein. "The laws are still based on an economy when large numbers of people worked together in factories. The laws need to be modernized to recognize this change."

Overall, the special benefits for self-employed individuals would mirror those currently available to salaried employees under the EI program.

"The self-employed have had little or no income protection to cope with major life events, such as giving birth, caring for a newborn or newly adopted child, being sick or injured, or caring for a gravely ill family member," said Diane Finley, minister of human resources and skills development.

"Our government knows that self-employed Canadians should not have to choose between their family and their business responsibilities."

However, not everyone is on board with the changes.

Some representatives from the unionized side of the construction industry argued that the self-employed shouldn't be eligible for benefits.

"I am not a big fan of extending EI benefits to the self-employed," said Wayne Peppard, executive director of the British Columbia Yukon Territory Building Construction Trades Council.

"The problem I have with this is, if you are self-employed, you are a business person. EI is for workers, not for business people."

According to Peppard, the self-employed made a decision in their life to step outside the normal working relationship.

"When you work for an employer direction is given, tools are provided and deductions are taken off your pay," he said. "The self-employed pay themselves, make their own deductions and are essentially subcontractors."

Peppard expressed other concerns about the changes.

He argued that employers in the construction industry are using self-employment as a way to driving down costs.

"The true essence of self-employment is that you take cash under an honour system, that you will pay your taxes at the end of the year," explained Peppard.

“But, people end up getting caught, because they take the taxes, spend it and end up with a debt. For the unionized part of the industry, this is an evasion of the contractual arrangement.”

He maintains that employers use self-employment to take advantage of some workers who want their tax and deduction money in their pockets.

“It’s a dangerous thing to do,” said Peppard. “There are legitimate self-employed workers, but it takes a good knowledge of benefits and the tax system. Employers should have a relationship with the entire workforce not individual workers, because it increases the chances for abuse by both the employers and the self-employed.”

Hochstein said he hopes to see some measures put in place to ensure these benefits aren’t abused. Peppard agreed.

“If there is any benefit to this, those self-employed, who are going to collect EI, should be registered,” he said.

### **EI benefits: a closer look**

Under the Fairness for the Self-Employed Act, the self-employed are eligible to receive the same special benefits currently available to salaried employees including:

- Maternity benefits (15 weeks maximum) are available to birth mothers and cover the period surrounding birth (a claim can start up to eight weeks before the expected birth date);
- Parental/adoptive benefits (35 weeks maximum) are available to biological or adoptive parents while they are caring for a newborn or newly adopted child, and may be taken by either parent or shared between them (if parents opt to share these benefits, only one waiting period must be served);
- Sickness benefits (15 weeks maximum), which may be paid to a person who is unable to work because of sickness, injury or quarantine; and
- Compassionate care benefits (6 weeks maximum), which may be paid to persons who must be away from work temporarily to provide care or support to a family member, who is gravely ill with a significant risk of death.

Claims could be made as early as Jan 1, 2011.

To access EI special benefits, self-employed individuals would need to have earned a minimum of \$6,000 in self-employed earnings over the preceding calendar year.

Self-employed workers would be required to opt into the program at least one year prior to claiming benefits and would be responsible for making premium payments.