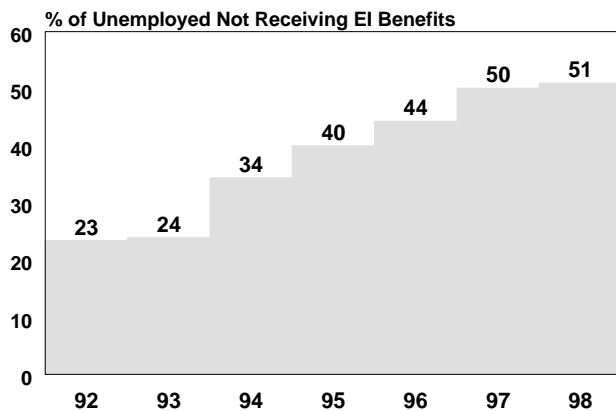


Earnings and Employment Trends ♦ May 1999

The Employment Insurance Program: Regional Differences.

In the November 1997 issue of Earnings and Employment Trends, we looked at the affects of the recent tightening of the Employment Insurance program on the access to benefits of the unemployed.

Over the Last 7 Years, the Proportion of Unemployed Who Did Not Collect EI Benefits Has More Than Doubled



As illustrated in the chart above, the impact has been dramatic -- only one in four unemployed used to be excluded from EI benefits while now the norm is one in two. This trend of increasing EI exclusion is not unique to BC but can be observed right across the country.

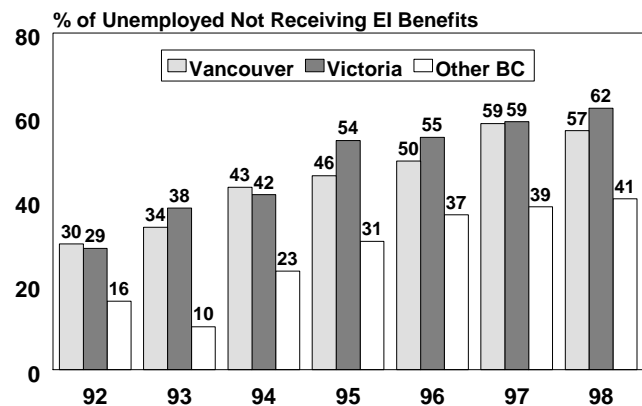
Major differences in the levels of eligibility between the provinces existed prior to the changes in EI eligibility and they still predominate today. For provinces east of Ontario, the probability that the unemployed will be receiving EI remains close to double that in the rest of the country.

These provincial differences arise because (among other things) eligibility

depends on the number of hours the unemployed have managed to work in the past year as well as the local unemployment rates. In other words, the industrial structure and current economic conditions in a region will dictate how difficult it is for an unemployed person to collect EI.

Regional differences in access to EI benefits by the unemployed apply to the regions within BC as well. Historically, the unemployed in the non-metropolitan areas have had an easier time in meeting the eligibility criteria.

Victoria's Unemployed are Less Likely to Qualify for Employment Insurance Benefits



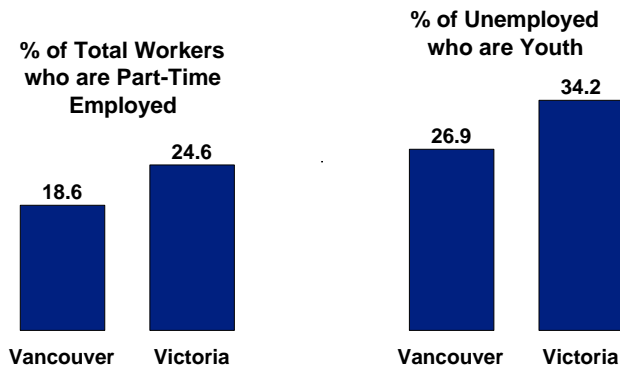
In 1993, only one in 10 unemployed living outside the Vancouver/Victoria region was not collecting EI compared to one in three in Vancouver and Victoria. While the ineligibility rates in all regions have climbed significantly since then, the difference still remains.

An important reason for this difference is that unemployment rates are higher in the outlying regions, which means the number of weeks of work required to

qualify for EI is less stringent and benefits continue for longer.

However, the unemployment rate differential does not explain why the eligibility rate has been lower in Victoria than in Vancouver over the last four years. Unemployment rates are similar in both cities and so should not have had a significant impact -- if anything, it would have favoured Victoria. The other important difference would be the industrial structure of the respective economies, which dictates the number of short-term casual/seasonal type jobs relative to full-time/full-year type jobs.

Victoria has a Higher Percentage of Part Time Workers and a Higher Percentage of their Unemployed are Youth - 1998



The number of hours worked during a year depends on the number of hours employees chalk up each week (part-time/full time nature of the jobs) plus the number of weeks worked in the year. The chart above shows that Vancouverites, on average, will work more hours per week because relatively more of them work full-time.

Secondly, youth comprise a larger proportion of the unemployed in Victoria than in Vancouver. As a general rule, youth work fewer weeks per year than adults either because of school commitments or a tendency to be employed

in lesser stable jobs. Thus, one can assume that Victoria's unemployed have fewer hours of work per year because the young comprise such a high proportion of the unemployed.

The conclusion is that any tightening of the hours worked around EI eligibility will be more detrimental to the unemployed in Victoria than in Vancouver.

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