

## UNEMPLOYMENT INSURANCE ACT

AMENDMENTS RESPECTING CONTRIBUTIONS,  
PROCEDURE, OFFENCES AND PENALTIES

Hon. HUMPHREY MITCHELL (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act, 1940, to enlarge the scope of the act, to clarify certain provisions thereof, more specially in relation to contributions, procedure, offences and penalties, and to provide further for modification in the rates of contributions with the object of equalizing, to some extent, the total contributions payable by employers and employees.

He said: The bill which is to be introduced for your consideration provides for a number of important amendments to the Unemployment Insurance Act, which was passed by parliament in 1940 and became operative on July 1, 1941.

Our purpose is to keep this social security measure up to date so as to assure maximum usefulness in the public interest. Regulations passed under the act from time to time do permit certain changes in application but alterations in rates of benefits and contributions must have parliamentary approval.

When the act was passed, the insurance coverage applied only to those earning up to \$2,000 a year. Higher wartime salaries and wages made it desirable to amend the act at the session of parliament in 1943, when the maximum ceiling was fixed at \$2,400 a year. Other changes were made which are on the record and which I do not think it necessary to deal with at this time.

It was originally estimated that 2,100,000 persons would be brought under the act. The war was on at that time and gradually, as more became employed in munition industries and other essential activities, the coverage expanded. By the time the act was amended in 1943, an additional 676,000 workers had been made insurable employees.

The act was again amended at the 1946 session of parliament at which time a great many more workers were brought under its provisions. Since then, there have been other additions and the information which is given to me by the unemployment insurance commission is that a gross total of 3,357,984 have been covered by the act, that is the number of insurance books issued.

There is a certain duplication in this total with respect to the issuance of books and there is also included a number of persons who entered insurable employment for temporary

periods. However I think that a figure of around 3,000,000 persons benefiting under the act is about right.

The present bill is important from several angles. It provides for increased benefits to an insured person with a dependent. The maximum becomes \$18.30 weekly instead of \$14.40, or \$3.05 per day instead of \$2.40. For the person without a dependent the maximum benefit increases from \$12.30 to \$14.40 per week, or from \$2.05 to \$2.40 per day.

It will be appreciated by members of the house that the unemployment insurance fund must be maintained on an actuarial basis. We cannot gear the rate of benefits to fluctuations in the cost of living index. An upward change in wage levels, however, puts the wage earner concerned in a higher class for insurance purposes and in that way he gets a higher rate of benefit should he become a claimant.

The rates of contribution provided in the original act (1940) were so arranged that the employers and employees contributions would be equal in the aggregate. The employer paid the greater contributions in respect of employees in the lower wage groups, and the employees in the higher wage groups paid a larger contribution than did the employer, but in the main the gross contributions of each class were approximately equal. With the increases in wage levels, the employees moved up the ladder for the purposes of contributions and benefits. Whereas we have had seven classes of contributions, the wage adjustments made from time to time have had the result of placing a substantial percentage of workers in class seven, the top class.

For that reason, the employers' weekly contribution for employees in that class is to be raised from twenty-seven to thirty-six cents, the employee contribution remaining at thirty-six cents. There has been upward adjustment in employer contributions in other classes but no increase in employee rates. The bill also adds another class, No. 8, for persons earning \$34 a week and more, employer and employee contributions being the same—forty-two cents weekly.

The bill changes the insurable annual ceiling from \$2,400 to \$3,120 for monthly rated employees. There is no ceiling for hourly rated people. This change for monthly rated employees was made effective January 1 last, on the recommendation of the unemployment insurance advisory committee, and approved by the governor in council. The shift of so many workers into the higher earnings brackets made this essential. It is significant to note that in less than eight years the earnings ceiling under the act has been raised by \$1,120 per year for monthly paid workers.