

*Unemployment Insurance Act, 1971*

province of Ontario gave about \$814 million to the Ontario school boards last year and the school boards raised about as much again through municipal taxes. Accordingly, even in 1975, \$6.5 million out of a figure now spent by Ontario school boards of \$1.6 billion would be less than one half of one per cent of their education budget. On the other hand, the Ontario taxpayers will be benefited by paying an estimated \$22 million less for welfare because of the increased benefits, a shorter eligibility period, etcetera, under the new legislation. Therefore, we have a \$6.5 million additional cost on one hand, against a \$22 million saving on the other, and the same principle applies to the other provinces.

One of the other matters that kept coming up in brief after brief was that of the proposal to experience rate employers. The proposal was that employers be experience rated according to their particular lay-off patterns as compared to the lay-off patterns of employers as a whole. On this basis, it would be possible for employers with a very high lay-off rate to pay up to double the employee rate. The basis for these proposals was primarily to try to encourage employers to plan their work better over the whole year and to avoid as much as possible lay-offs for seasonal or other reasons. The other reason was to make the industries with the worst lay-off patterns pay more of their share of the unemployment insurance benefits that result from the lay-offs they initiate. The Unemployment Insurance Commission showed our committee figures which stated, for instance, that in 1968 the manufacturing and trade and commerce industries put \$37 million more into the fund than their employees drew out in benefits, while the construction, forestry, fishing and trapping industries withdrew \$94 million more from the fund than they contributed in that year.

The briefs indicated mixed views on experience rating, with some labour briefs being in favour and some opposed. The same split in opinion appeared in management briefs. Perhaps the strongest argument against experience rating was that lay-offs in some industries were due to causes beyond the control of the employers; weather, seasonal factors, economic policies, and so on. However, only industries with abnormally high lay-offs will be affected by higher contribution costs. Another criticism is that experience rating would constitute a penalty to high risk enterprises. However, there may well be employers who find it profitable to operate with a highly fluctuating labour force, relying on unemployment insurance to provide assistance to those who are unemployed. This practice should certainly be discouraged. It should be emphasized that the lay-off factor in all likelihood will be based on a running three-year average which will smooth out abnormally high single year costs over surrounding years.

The committee, after listening to these and other arguments on the subject, agreed to the concept of experience rating of employers in general, but suggested that each employer within a given industry be experience rated against others in that industry rather than against all employers in all industries in Canada as a whole. It

[Mr. Weatherhead.]

seemed to the majority of the committee that it would give more incentive to, say a firm in the construction industry, to reduce wide variations in its lay-off patterns if it were competing in experience rating against other construction firms only and not against the lay-off patterns of all employers in Canada. The new act does provide that the "commission may make regulations to provide a system of experience rating" with respect to employers premiums to the fund, which I believe is fully justified and in many ways essential to the new plan. However, the Minister of Labour (Mr. Mackasey) has indicated before our committee and elsewhere that he has an open mind regarding the application of experience rating and he is fully committed to discuss all the details of its application with all interested groups, before it comes into effect in 1974.

One of the other proposals that received great attention in our committee was the inclusion of sickness and pregnancy benefits in the unemployment insurance program. This new legislation allows the payment of benefits of up to 15 weeks, after a two-week waiting period when the employee has worked 20 weeks in the past year, has had to leave work and has had his or her unemployment benefits interrupted because of sickness or pregnancy. There is no question that this varies one of the supposed long-standing requirements for unemployment insurance benefits, namely, being ready, able and willing to work. However, this requirement has been subject to an exception since 1953 which allowed those who fell sick to receive benefits, but it did not extend to employees who lost their earnings because of sickness.

In other words, if any employee at the present time falls sick after he commenced receiving benefits he is allowed to continue to receive them, but an employee who has to leave work because of sickness is not covered. This seemed to be a great anomaly to the committee, and very detrimental to an employee who had to leave work because he was sick. The International Labour Organization convention advocating the provision of maternity benefits is accepted by most as one that ought to be dealt with. It is also recognized that wage loss insurance or salary continuation insurance is not available to a large part of the labour force, and that it is a desirable objective that most employees require this protection in the early years of service with any one employer before they have acquired much seniority.

I believe I am right in saying there are about three million employees at the present time who are not covered by any private plans for salary continuance during sickness. Most of these work for employers of fewer than 10 people and it is very difficult for such groups to be insured under private plans. Some groups that came before our committee stated they favoured the pregnancy and sickness proposals in general, but they thought they should not be included in an unemployment insurance act. However, it should be emphasized that this is not sickness and pregnancy insurance as such. It is not available to everyone who becomes sick or pregnant, but it will provide unemployment benefits only for employees who have worked for 20 weeks in the last year in the