

cover. In Newfoundland we maintain—I am not sure if we are still maintaining—a separate data processing establishment in St. John's, Newfoundland.

I am aware that we have delays. I would not dare deny that we have delays. Statistically, our delays should not be as numerous as we hear they are. Our weekly reports keep indicating that between 97 and 98 per cent are paid within three weeks, which is the absolute minimum time in which we can pay. Obviously, that leaves 2 or 3 per cent who get caught in the longer cycle. We are always trying to reduce that time, but there is no basic change that will eliminate it entirely. There is no real way we can short-circuit this, unless we could make a payment in each locality, which is hardly conceivable in this day and age. We are trying all the time to improve the service by cutting down the time factors, however.

The Acting Chairman: It occurs to me that your new act is going to be very much more complex and that the computations, data and transitional rates will add just that much more complexity to the administration of the new act than there was previously. If you have all this trouble with the old act in its simple form, will you not have even greater trouble now?

Mr. DesRoches: Not necessarily so. Part of the difficulty of the delay, and this occurs quite often in the winter, is the fact that we have to have records of contribution to demonstrate that a person is entitled to a benefit. Those records are accumulated once a year. They are built up into large files at five locations. However, in future the person becoming unemployed will have to demonstrate to us that he has had earnings, and a statement to that effect will be given to the unemployed person by his employer on separation. We will rely on the separation statement rather than on records that have been accumulated in the past.

Two things will occur at that point, Mr. Chairman. First of all, we can always get over all the problems and put the person on pay so long as we have eight valid weeks of earnings and contributions. If we do not have the total record we can process and get the person on pay on that basis.

So far as the difficulty with welfare is concerned, the act provides that, with the permission of the individual and a statement to the municipality or to the province concerned—and we have not worked out the full details on that—we can assign the benefits. We could not do that before. We will now be able to make arrangements with the welfare agencies so that, if they pay somebody to tide him over, that person will be able, voluntarily, to assign his future unemployment insurance benefits to the municipality, or to the province as the case may be. Again, that could ease the situation where a person has to get welfare.

We realize that there will always be cases of delay. We will never eliminate them. However, if welfare will tide a person over, at least the welfare agency will not be risking, as they are now, not being paid back.

The Acting Chairman: There is a problem there. As an example, take a man with a large family in a low-income area where his wages are lower than normal. His benefits

are proportionately lower. However, when he is on welfare with a big family he will get much more than he would get from the benefits. When he then gets his benefits and has to pay back the welfare, that leaves him in a terrible position. It would be better if he had never seen the unemployment insurance, because he has to pay back a high rate of welfare out of a low income from unemployment insurance, and that is a tremendous hardship.

Mr. DesRoches: Nobody can force him under the present act to do that. Under this new act he will not be forced either. It will be purely voluntary. We have made studies of people who draw welfare, and there will always be people who have larger families than we can cope with under this form of plan. Our figures indicate that possibly 7 per cent of claimants—which is not a very high percentage—have to fall back on welfare to supplement their benefits either because their previous earnings were too low or because they have larger families and have to have additional assistance. With the benefits at 66½ per cent we fully anticipate that the proportion of people who will have to fall back on welfare to supplement the benefits will be fairly low.

The Acting Chairman: You know, the provinces always claim that the welfare recipient has to pay the amount back but that it is not the province's fault. They say it is the fault of Ottawa, who insists that the province collect the money. Did I understand you to say, Mr. DesRoches, that it is not compulsory?

Senator Flynn: They have to collect what? Welfare or unemployment benefits?

The Acting Chairman: Welfare.

Senator Hays: Mr. DesRoches said it was not necessary.

Mr. DesRoches: In fact, the present act forbids anybody assigning that amount of money. Under this act the individual could make a voluntary assignment. That is the only change.

Senator Connolly (Ottawa West): And only to provincial authorities.

Mr. DesRoches: To a government authority, but not to a private individual such as a loan company. It has to be a government agency.

Senator Connolly (Ottawa West): But it has to be a provincial agency, does it not?

Mr. DesRoches: It could be municipal or provincial.

Senator Hays: It would be a pretty vicious circle. They are unemployed and then there are more children.

The Acting Chairman: Perhaps I did not make myself clear. The welfare that the province pays out is paid out under the Canada Assistance Plan, of which the federal Government pays 50 per cent. Conditional on that 50 per cent is the fact that if you pay out welfare to a person who is entitled to unemployment insurance, then what is paid out must be collected back. There seems to be a clash between the Canada Assistance Plan and the unemployment insurance plan. Is that clash still there?