

Unemployment Insurance Act, 1971

million more than they would receive in benefits in 1972 if the present plan is retained. Under the proposed plan, this situation is reversed so that the middle-income group, including new entrants, will receive \$20 million in benefits in excess of contributions, with the preferential contribution rates given to them in the first few years. When the plan matures, this difference will still be about \$8 million. This improved contribution versus benefit comparison can be explained by the reduction in contribution rates, income tax effects, the increase in benefit rate and the provision of sickness and maternity benefits.

I should note that these figures are based on employee contributions only, but even if employer contributions are added into the calculations there is still a considerable improvement over the present plan. The assumption that those in the middle-income group will significantly increase contributions to the fund, without a proportional increase in benefits, is not supported by the facts.

Experience rating of employers has been introduced into the proposed plan because increasingly large subsidies are being paid by workers and employers in certain industries to workers and employers in others. It is considered unreasonable for an employer who may have negligible lay-offs to pay the same contribution rate as another employer who has a high lay-off rate, leading to a disproportionate consumption of unemployment insurance funds. It is, therefore, an objective of the proposed plan—as is the case with most insurance plans—to more equitably allocate the premium cost to where the benefit cost arises. It is appreciated that there will be some cost effect on industries which have benefited from this hidden subsidy, but economists now agree that the price of a product should reflect its true cost or, if subsidies are needed, they should be paid through some other program.

The parliamentary standing committee has endorsed this approach. Further to this, an experience rating system will provide an incentive for employers to stabilize employment patterns in order to take financial advantage of the reduced contribution rates which result. It is noteworthy that the proposed experience rating system will be phased-in over the years 1972 to 1974 with the full application not being implemented until 1976. Hence, all employers will have sufficient time to adjust their employment patterns.

Some constituents have expressed particular disappointment in the proposed program's plan to "get the unemployed back to work". In fact an entirely new proposal, the claimant assistance plan, has been devised for that very purpose. It is intended that this plan will become effective before the first interview. Immediately upon applying for benefits, an information kit will be given to those for whom it is suitable. This will provide details to assist the claimant in a rational job search. The first interview comes later because it has been found that 45 per cent of the claimants find work in the first eight weeks and for them interviews would be redundant.

The reasoning for the second interview at approximately the fourteenth week is much the same and is a recognition that a person out of work that long may have

a special problem. Accordingly, the second interview will be more searching, so that the interviewer will have a better chance of establishing the problems the claimant is encountering in finding work. It is felt that through this system, in conjunction with public and private job placement agencies and social development groups, an unemployed person is likely to return to active employment much sooner. In fact, several pilot studies have established that programs such as the claimant assistance program can help a claimant, on average, to return to work up to one week sooner than otherwise. This is a 10 per cent to 15 per cent improvement.

It must not be assumed that the claimant assistance interviews are mainly to detect abuse. This is not the case. The Unemployment Insurance Commission staff involved in these activities will be kept entirely separate to prevent an unnecessary confusion of roles which could reduce the effectiveness of both programs. In fact, the existing benefit control procedures of the commission are quite adequate to control abuse. In 1969 the program against fraud and illegal benefit claims was applied more widely and new techniques and methods were instituted. These new criteria are now being applied to concentrate investigations in areas and groups which have indicated the greatest incidence of abuse. During the 1969-1970 fiscal year the benefit control procedure resulted in 83,000 disqualifications. All were required to repay the amounts they had wrongfully or improperly obtained. This effective control procedure will continue to operate under the new proposals.

In conclusion, it is well to stress that the proposed plan has been formulated as a result of lengthy and in-depth study. This investigation has extended over a number of years, commencing with the Gill report of 1962 and culminating in the white paper of 1970. Further, the proposed plan has been subjected to intensive study by the parliamentary Standing Committee on Labour, Manpower and Immigration. During this study many interested groups took the opportunity to present briefs and make recommendations. The results of this investigation endorsed the basis of the proposed program.

I support the philosophy of social insurance on which this plan is based and the objectives of short-term financial assistance for the temporarily unemployed. But even more I endorse the aspects of this bill which will give guidance, direction and help to the unemployed and assist them to more quickly become productive workers in our society.

I am convinced that the unemployed need, and must have, financial help; but such help must never become our prime preoccupation, because their basic need is to be given an opportunity to get back into the work force at the earliest possible time. It is in this area that we, the government of Canada, must extend our greatest efforts.

Mr. Cliff Downey (Battle River): Mr. Speaker, I think all of us in the House, and certainly those who would criticize the bill before us, will admit that the administration of any unemployment insurance act is a difficult job. I think we would have to agree with the basic

[Mr. Cafik.]