

The Acting Chairman: What is the maximum payment for the Government shown in your table?

Mr. DesRoches: That is 7 per cent.

The Acting Chairman: You do not go beyond 7 per cent?

Mr. DesRoches: No.

Senator Flynn: But you have given a figure on the basis of 6 per cent unemployment. Now if we were to go down to what is generally accepted as a normal rate, say, 4 per cent, would the contributions of the Government be much less?

Mr. DesRoches: It would be \$50 million in that case.

Senator Connolly (Ottawa West): What you are saying amounts pretty well to this, that if you have the optimum situation in the labour force, and I suggest that the optimum here is 4 per cent, it will still cost \$50 million a year.

Mr. Steele: Perhaps I could add one thing to what I have said. If we average 4.8 per cent unemployment for the decade, the Government will pay approximately the same as it would have done under the present act. This means that towards the end of the seventies we should be coming down to about 4 per cent or 3.5 per cent unemployment, and in that situation the Government will pay exactly the same over the 10-year period as it would have paid under the present act.

Senator Flynn: Under the present act it pays 20 per cent plus the cost of administration?

Mr. Steele: Yes.

Mr. DesRoches: Twenty per cent of the revenue collected.

Senator Connolly (Ottawa West): Twenty per cent of the contributions of employers and employees plus administration.

The Acting Chairman: That brings up another point. Mr. Steele, you gave two figures, one of \$190 million under the old plan as compared with \$300 million under the new plan at the same rate of unemployment.

Mr. Steele: The \$190 million that Mr. DesRoches mentioned is paid by the Government in terms of administration costs and contributions to the fund.

The Acting Chairman: That includes administration?

Mr. Steele: Yes, without regard to the unemployment rate. They pay a fixed \$190 million this year. That does not include the 10 per cent supplement, which has cost another \$54 million this year, because the rates are not satisfactory. Regardless of the unemployment rate, they would pay that amount, whereas under the new scheme they pay whatever the unemployment rate calls for, which might be down to \$30 million to \$50 million, which is virtually nothing, or up to \$300 million in a bad year.

Senator Connolly (Ottawa West): Forty million is not virtually nothing. Compared to current costs it is a good deal less.

Senator Smith: I wonder if the witness would make a short statement on seasonal workers' benefits. I was quite surprised when Senator Connolly, on second reading, mentioned that the total seasonal benefits in the last year amounted to \$225 million. That is a lot of money. Over the years I have heard it said that fishermen are the ones who peel the money off the fund and pay nothing into it. Nobody mentions the other seasonal workers in this country. Is there any breakdown as to what extent fishermen are responsible for their share of the total benefit figure of \$225 million? Are there figures for the forest industry or the Great Lakes seamen, or for any other classifications that you might have?

Mr. DesRoches: I do not think I have the figures to match exactly what you are asking. However, I would explain it this way, that the reason for the change affecting self-employed fishermen comes about for two reasons. Firstly, because these people are self-employed and are paid benefits on the basis of a catch that is sold. There are some implications to this which at times are not very favourable to fishermen. If they do not have a catch or they lose their catch, they do not have contributions and therefore do not receive benefits.

That is part of the rationale behind the adjustment that may be required in fishing. The ratio of contributions to benefits to the fishing industry is a factor of one to 10. In other words, there are 10 or 11 times as much benefits paid out as there are contributions brought in. Mr. Steele assures me that it could be as high as 14 to one.

I do not have the exact figures, but it is somewhere in the area of \$170 million or \$180 million that has been paid to fishermen since the scheme started, as against a contribution of perhaps, \$10 million, \$11 million or \$12 million. I do not have the exact figures, but the ratio of 14 to one would be relatively accurate.

No other industries have such a high ratio of output to input. There is no doubt that for self-employed fishermen it is not a sound financing arrangement.

Perhaps we should explain also that the present act makes the Government responsible for fishing apart from the scheme. Under the bill, whether or not there is a change in the fishing arrangement, the Government will take charge of paying for fishing out of general revenue. That change will eliminate the problem of who pays for fishing. The government will pay for it from now on.

Senator Connolly (Ottawa West): Is that included in the \$30 million?

Mr. DesRoches: Yes, the \$14 million would be in that \$30 million. That is a direct charge on the Government as of now. With regard to other industries, there is the question of experience rating. Using construction as an example—and again quoting from Facts and Figures, page 10—in 1968 we had a deficit in the construction industries of \$43 million. In other words, there was \$76 million paid in benefits as against contributions of \$33 million. Therefore fishing is not the only deficit industry, but it is the largest deficit.

The bill incorporates the idea of experience rating whereby a rather mild form of adjustment can be made