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## Employment strategy includes cuts in unemployment insurance program

Employment and Immigration Minister Bud Cullen proposed an "employment strategy" on September 1, which he said would cost \$710 million in 1979-80 to create 113,000 work years of employment involving 368,000 people in jobs and training. The \$710 million, continued Mr. Cullen, would consist of \$570 million in cash expenditures, \$100 million in foregone tax revenue and \$40 million in unemployment insurance funds to be used for the creation of jobs.

At the same time, the minister announced steps to cut \$580 from next year's unemployment insurance program as part of the Government's commitment to reduce spending.

Changes to the UI program, once fully implemented in the 1980-81 fiscal year, would mean an estimated annual saving of between \$750 million and \$1 billion. Savings to the Government in the first full year would be from \$700 million to \$900 million, while savings to private industry were estimated at from \$50 million to \$100 million.

### Unemployment insurance changes

Following are the proposed changes to the UI program:

- *Higher entrance requirement for "repeaters"* — The entrance requirement will be increased for some claimants who have already received UI benefits in the year before a current claim. To qualify for UI benefit, repeaters would need the greater of the present variable entrance requirement or the same number of weeks of insured work as the benefit weeks they got in their previous claim.

- *New entrants to the labour market* — A dual entrance requirement is proposed for new entrants and re-entrants to the labour force. To qualify for UI benefit, they would need 40 weeks of insurable employment in the last two years. Of these weeks, ten to 14 (depending on the regional unemployment rate) would have to be in the last year.

- *Increase in minimum insurable earnings* — This change would require that a week of employment must consist of an increased minimum of employment, such as a minimum number of hours on the job or a combination of other factors, to be considered insurable.

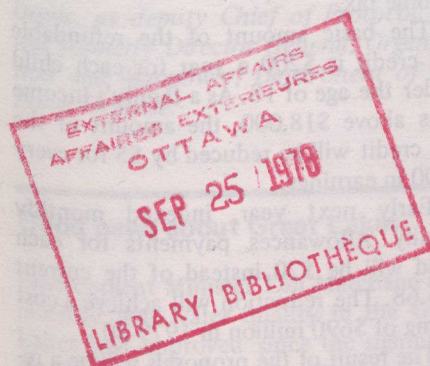
- *Reduction of weekly benefits* — The UI benefit rate would be reduced from 66 and two thirds per cent to 60 per cent of weekly insurable earnings.

- *High-income claimants* — Changes would involve a special recovery from high-income UI claimants whose gross income including UI is more than \$22,000 in any calendar year.

- *Refinancing the labour force extended phase of benefits* — Financing of the UI benefit structure would be made more equitable by sharing the cost of the second phase of benefits — now wholly paid by the Government — with employers and employees. Combined with the effects of the UI program changes, it is likely that premiums could be reduced in 1979.

The minister stressed the fact that "these changes are aimed directly at increasing the work incentive effects of the unemployment insurance program and encouraging people to look for, accept and remain at work".

Speaking of private industry growth and employment aside from youth employment, Mr. Cullen said that "total financial provision for stimulating continuing job opportunities and supporting economic growth will rise from \$110.5 million this fiscal year to \$247.0 million in 1979-80". He said it would produce 46,100 work years of direct employment or its equivalent next fiscal year, an increase from 23,600. Much of the increase in this sector would come from steps to enhance the ability of the Employment Tax Credit to assist businessmen in expanding employment and job-seekers in getting work. A large portion would come from the provision of \$70 million, ex-



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The first airmail stamps were introduced in Canada during a flight from Haileybury, Ontario to Rouyn, Quebec.

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