

*Unemployment Insurance Act*

Indeed, because of the marked rise in the level of salaries in recent years, a trend of which we are all aware, many who were formerly insured under the act have not had any unemployment insurance protection in recent years. This figure now represents such an appreciable proportion of the labour force, estimated at upwards of 400,000, that the urgency of raising the ceiling is clear. The last amendments to the Unemployment Insurance Act were made in 1959, and as hon. members are aware there has been a very sharp rise since that time in the level of the industrial composite average weekly wage. Indeed, our booming economy has seen this weekly average wage increase from approximately \$73 to approximately \$103 a week. As a result the \$5,460 ceiling and the schedule of benefits, which has invariably been established on the basis of 50 per cent of a claimant's average weekly wage, have lost their proper proportion. In fairness and in equity it needs to be adjusted to meet present circumstances.

To explain why the ceiling for insurance coverage has been raised to the figure of \$7,800, I should like to point out that from the onset it has been the established principle to set the ceiling at one and a half times the industrial composite weekly average wage. In accordance with this principle, and in view of the rise of the composite weekly average wage to \$103, it is only fair and reasonable that the ceiling be adjusted to the higher figure.

In this amending bill, Mr. Speaker, we are proposing also in clause 4 a new schedule of rates of benefit. As I have pointed out, the rates of benefit in the past have been established at approximately 50 per cent of the normal earnings of a claimant with one or more dependants, and 37 per cent of the earnings of a claimant without dependants, subject in both cases to a maximum. Since 1959 the rates of benefit have been \$36 and \$27 respectively at the maximum levels, though the average weekly wage in Canada in 1959 of \$73.47, on which these rates were based, has now climbed to more than \$103. Hence the proposed new maximum rates of benefit, using the same criteria, of \$53 for a claimant with dependant and \$42 for a claimant without dependant.

The immediate purpose of the amendment in clause 5 of the bill is to restore the benefits to earnings ratio of 50 per cent or more for all those whose wages are not above the current composite weekly average wage. You

[Mr. MacEachen.]

will note that the scale of benefits schedule in the clause has been amended in accordance with current earning levels, and thus conforms to the percentage relationship of the earnings of claimants which was set when the act was passed and has been reaffirmed in previous amendments, the last of which was in 1959. The principle has been to maintain the 50 per cent standard established by past legislation for claimants in higher income ranges, although it is interesting to note in passing that the ratio of benefits to earnings in the lower ranges of the table is higher because of the obvious need of this group. Incidentally, the number of benefit classes will be fewer than at present and this will also simplify administration.

This recommendation also includes \$10 earnings ranges to reduce the multiplicity of contribution stamps. The addition of further \$6 earnings or classes, as used now in the act, would have greatly increased the administrative burden for employers.

Concurrently we are proposing in clause 2 of the bill a proportionate increase in the schedule of contributions to the unemployment insurance fund by the government, by the employers and by those who will be benefiting under the act. The reason for this proportionate increase in contributions is to maintain the stability of the fund in the face of the more substantial weekly benefits payable. It is good business to keep the Unemployment Insurance Commission fund in balance and on a sound actuarial basis. It is the government's responsibility to see that the fund will be able to meet all eventualities which may arise.

In considering clause 2, hon. members will note that in computing the number of contribution weeks and the average of weekly contributions for any purpose under the act, a contribution week during which the earnings of an insured person are less than \$20 shall be counted as one half a week. The purpose of this provision is to reduce the effect on the fund from claimants whose earnings in a week are minimal compared with the average composite weekly wage level. It is in accordance with the principle now in the act and merely adjusts the minimum earnings level from \$9 to \$20.

● (12 noon)

Finally we are proposing, Mr. Speaker, to substitute a new schedule of allowable earnings based on the criterion of the last amendment in 1959. Anyone receiving unemployment insurance benefits may earn up to 50