

Unemployment Insurance Act

cut. In fact, I believe that the ministry's own statistics bear me out. Only about 14 per cent of the claimants of unemployment insurance are heads of families. However, consider for a moment the other extreme. Consider the case of a working mother whose husband is already at work and who has two children and makes the same \$200 per week. In metropolitan Toronto that mother would probably have to pay someone about \$50 per week to look after her children during the day. She would also have to pay at least \$10 per week in transportation and miscellaneous expenses.

The point is that, even before taxes or fringe benefit costs are brought into consideration, the most such a person can earn is about \$140 per week. Yet, Mr. Speaker, that \$50 per week is probably not being paid to someone willing to give receipts for income tax purposes. I am sure you know that that is probably illegal, but it is also probably the fact of the situation. In any case, this means that such a working mother would actually pay taxes on that \$200 per week and that her net take-home pay would actually be lower by working than what she could receive by quitting her job and going on unemployment insurance.

I am not suggesting for a moment that the majority of working mothers are ripping off the system or even that a large proportion are. In fact, I am suggesting just the opposite when you remember that the problem is restricted to about 1½ per cent of the working population. The point is that the current plan is designed in such a way that it makes it profitable for certain people in the country to rip off the system.

If there is one thing that governments and insurance companies have learned over the years it is that when they present these opportunities to people, some people take them up on it. Those people can say to themselves, "I've got the insurance, I've paid for it, the insurance company or the government has plenty of money and I'm entitled to it." Actuaries call it "anti-selection" or "moral hazard". The public just thinks of it as cheating. I submit that by definition there can be no single insurance amount which is adequate for a head of a family which is not so over-adequate for certain types of secondary wage earners as to cause widescale abuse of the plan. Similarly, there is no single level appropriate for people without dependants which will not cause hardship to single earner families.

What the government is doing in its proposal is to reduce the proportion of covered earnings from 67 per cent to 60 per cent for all earners. I submit this will cause considerable hardship to many sole wage earners who are unemployed and who are supporting families. That extra \$13 lost a week over a period of weeks can just grind families down.

However, it is equally obvious that the \$13 a week cut does not remove all the financial incentive from other categories of workers. It will still be possible for certain categories of secondary wage earners to benefit by being unemployed. When they can benefit, some will choose to benefit. The government will save some money with their cuts, but they will not significantly curb abuse.

[Mr. McCrossan.]

The fundamental principle in designing income replacement plans is to ensure that benefits provided bear a proper relationship to the net income of the insured. I suggest that it is not a difficult job whatsoever to design benefits which vary by family status to provide just that sort of relationship to need.

May I call it five o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Simcoe North (Mr. Rynard)—Health and Welfare—Progress in field of behavioural medicine; the hon. member for Algoma (Mr. Foster)—Regional Economic Expansion—Development of northern Ontario; the hon. member for Ottawa West (Mr. Francis)—Public Service—Cost of booklet circulated to employees.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely public bills, private bills, notices of motions.

Item No. 8, the hon. member for Okanagan Boundary (Mr. Whittaker). Shall the item stand by unanimous consent?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Item No. 9, the hon. member for Burnaby-Richmond-Delta (Mr. Siddon). Shall the item stand by unanimous consent?

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): Item No. 10, the hon. member for Davenport (Mr. Caccia). Shall the item stand by unanimous consent?

Some hon. Members: Stand.