

woman to work in many occupations, if she is pregnant, and the other is that there is a higher proportion of women working now than before. You can add to that the fact that our present administration is rather archaic, since not only does it ignore the first fact but it penalizes women at that stage and forces them to use other routes to try to qualify for benefits.

Senator Connolly (Ottawa West): That is a pretty good explanation, but I think the ladies could do better than that.

Senator Flynn: It has been explained by Senator Connolly (Ottawa West) to my satisfaction.

Senator Connolly (Ottawa West): I am not by any means an expert.

The Acting Chairman: Mr. DesRoches, I am curious as to how you have managed to change your philosophy on sickness. When I had the honour of representing my constituents in the other place, it was my experience that if a person was already qualified for unemployment insurance and was receiving it then became ill he continued to receive unemployment insurance, although he was not strictly available for work. However, if he had to leave his job because he became ill on the job, then he could not qualify. The argument I used to get from the unemployment insurance people was that it was unemployment insurance, not sickness insurance. Now you seem to have found some way of blending the two together.

Mr. DesRoches: I was not there at that time, but I think it can be explained this way. Unemployment can start as a very simple concept, namely, that a person loses his job. At first we say that, if a person severs his relationship with his employer, that is unemployment. But we know from experience that life is much more complicated than that. People have holidays during which they are not working. They have periods during which they are laid off temporarily and, thus, are not employed. There are periods of time when people are sick and are not receiving earnings. Taking all these things into account, we have over the years come up with the concept of unemployment as an interruption of earnings. This has been applied in the act. About one-third of the benefits that are paid now under unemployment insurance are really a replacement of earnings.

If you were to impose the condition that people must have severed their relationships with their employers in order to receive unemployment insurance, then presumably everybody would be fired or otherwise separated from his employer and this would lead to a bad social trend, I would assume. Therefore, the interpretation which has been applied, which depends upon conditions of work that have been changing a great deal, has been a concept of an interruption of earnings.

If you follow the definitions of the present act through to their logical consequence, "unemployment" could be defined as a situation in which a person does not work, and "no work" could be defined as a situation in which a person has no earnings.

Now, bearing in mind that people do lose their jobs because of sickness, it seemed to us that the arbitrary distinction between a person who is out of work because of illness but is not considered unemployed and a person who is out of work for some other reason and is considered unemployed was not a proper distinction. That situation had to be corrected one way or another and we worked on this and had interpretations from the Department of Justice which confirmed that an interruption of earnings was what the act was intended to protect. Therefore, unemployment insurance was a valid application in this area.

I must point out here that the bill does provide that any province which wishes to bring in a sickness insurance plan for its population may do so by virtue of provisions contained in this bill. Those provisions will permit us to cease paying benefits and drawing contributions in order to avoid any overlap. Similarly, there is recognition of the fact that there could be premiums on maternity and so on, and it could be that a province might opt to develop its own plan, in which case any overlap that would occur could be avoided by the provisions in this bill. We go that far.

We have a legal opinion that we are in a correct constitutional posture, but that, if a province should bring in a plan which covers its entire population, then there are ways of avoiding duplication.

Senator Flynn: Mr. Chairman, I wonder if it would be appropriate at this stage to come to the problem of the costs of these changes. Some figures have been given, but my understanding is that the rates and the benefits have been adjusted on the basis of the maximum of 4 per cent unemployment, generally speaking.

Mr. DesRoches: The rates for the employers and employees will be set on the basis of experience, up to 4 per cent. Beyond that point the Government will pay. In fact, the Government pays some costs before 4 per cent, and beyond 4 per cent all the costs will be paid out of the general revenue.

Senator Flynn: If the rate of unemployment does not go beyond 4 per cent, will the system be self-supporting financially?

Mr. DesRoches: It would be self-supporting at the 4 per cent level with a very small contribution from the general revenue at that level.

Senator Flynn: Would there be a contribution at that level?

Mr. DesRoches: Yes, because, as I tried to explain very briefly earlier, some of the benefits are paid to meet certain conditions and therefore it is not strictly a 4 per cent line. There are some benefits that are paid by the Government. Perhaps Mr. Steele could address himself to that point.

Mr. David J. Steele, Director General, Planning, Finance and Administration, Unemployment Insurance Commission: The Government pays the full costs of all benefits in the extended benefit period. That includes the