

Mr. DesRoches: Not at this time, but gradually it will increase, of course, because there are formulas in the act which will increase as average income increases. But at this time it is a flat rate. That percentage will apply gradually for higher income levels on a very, very gradual basis.

Senator Smith: What is the contribution for the maximum amount of wages on which a person makes a contribution?

Mr. DesRoches: According to the rates which the Minister has mentioned in the house which will be set next November it will be \$1.35 which means 90 cents per \$100. Therefore for \$150, it will be \$1.35. The rate is expected to be .9 per cent.

The Acting Chairman: In the case of a person whose income is in excess of \$150 per week, does he get the 75 per cent also when the 25 weeks have expired?

Mr. DesRoches: No, he would not, because effectively the limit of \$100 comes in first. That limit of \$100 is an absolute. So if he earned \$150 and was entitled to \$100, then that \$100 is all he would get.

The Acting Chairman: But if he earns \$200 and pays at the rate of \$150, the other \$50 is not considered?

Mr. DesRoches: No.

The Acting Chairman: Then he goes for 25 weeks at that rate of \$100. But when the 25 weeks are up, he does not go to 75 per cent of his earnings?

Mr. DesRoches: No, he does not because \$100 is the absolute barrier. I suppose the concept is that this is the maximum that this type of plan should pay.

Senator Hays: I suppose it is related to welfare and all other kinds of things.

Mr. DesRoches: It is related to what I suppose the judgment would be as to what the maximum amount should be under this type of plan. In other words, it is an income replacement for a worker who is out of work, and if a worker is out of work for 25 weeks perhaps his value changes on the labour market. I suppose that is the kind of reasoning behind it. I do not know what people would accept. The feeling was that \$100 would be the type of figure that will be acceptable as a maximum.

Senator Connolly (Ottawa West): Did Gill mention \$100?

Mr. DesRoches: He never used a maximum. He never mentioned a maximum. He used the same idea as that contained in the present act.

Senator Hays: These schedules are all in the back of the bill.

Mr. DesRoches: These are transitional schedules. The rates which will apply in 1972 would be struck in the fall of 1971. But these rates have been announced by the Minister. He has also mentioned this feature of deduction for medical plans. Now these are advance announcements in order that people, employers and employees, can plan, but they are not incorporated in the bill as such.

Senator Connolly (Ottawa West): The schedule in the back of the bill would only be applicable to the end of this year.

Mr. DesRoches: They are only transitional tables.

Senator Connolly (Ottawa West): And a new rate will be set, under the provisions of the bill which requires them to be set, towards the end of the year or early in 1972?

Mr. DesRoches: Yes.

Another feature beyond the higher benefit is, of course, the lower eligibility condition of the act. As you know, under the present act there is a number of ways of entering the system, or of becoming eligible. The general one is to have 30 weeks of employment in the last 104 weeks, eight of which have been in the last 52. In addition there are other conditions that apply. If a person has a claim, he must have had 24 eligibility or contribution weeks between his prior claim and the new claim he is making. In addition we have under the present act seasonal benefits which again follow special rules. There are two rules involved; one, the discontinuation or exhaustion of benefits in the spring, and the other one, the accumulation of a small number of contributions during the summer. These are generally the rules which apply at present. So basically there are five sets of rules, and what we have done is set up new rules for eligibility which now fall into two categories which are called minor attachment and major attachment. Major attachment is where a person has had 20 weeks in the last 52 weeks, that is 20 weeks of work or earnings because contributions are not the dominant feature anymore. Twenty weeks of earnings in the last 52 will entitle a person to all the benefits that are provided in the act, that is benefits for regular unemployment or lack of work, benefits for sickness and maternity and benefits for retirement. Below the 20-week entitlement we have a minor attachment, which refers to a person who has between eight and 19 weeks in the last 52. Such people are also entitled to come into the plan, but their benefits are tailored more to their attachment. They are not entitled to the sickness, maternity and retirement benefits, but they would be entitled to a block of benefits if the initial period, which is graduated and shown in the table on page 106.

They are entitled to a graduated entitlement in the initial period. Beyond the initial period they are entitled to those extended benefits which are provided for by the Government on the basis of the rate of unemployment in the country or in the various regions involved.

I refer to Table 1 in Schedule A on page 106, in which you will see that for weeks of insurable employment in the qualifying period of eight to 15 weeks, a person can draw eight weeks, and he is entitled to draw this sum over a period of 18 calendar weeks. He is entitled to draw eight weeks during an 18-week period from the start of his claim; and similarly for the others, until you get to 20 or more weeks, when a person is entitled to 15 weeks which can be drawn over a period of 29 weeks.

The Acting Chairman: These weeks of benefits do not have to be consecutive weeks?