The committee then prepared its report in December, 1970, and following that Bill C-229 was drafted and presented to Parliament. Again there were approximately 20 sessions of the house committee when the bill was in this form.

That is the general background to this whole matter.

I should now like to highlight in general terms the main features of the bill that are new. After that I will go through the bill clause by clause, if you desire.

One of the basic aims, which has been a thread right through all the studies from Mr. Gill right down, was that there should be a clearer distinction between the insurance side and the welfare side. I know there are people who will say today that this is more confused than it was before. I suppose it is a matter of opinion. They believe insurance is what they know as insurance. I have heard statements recently where somebody says insurance involves savings. To the person who says insurance involves cash surrender value or savings, that is his concept of insurance. Somebody else will say that insurance does not involve merit rating, and yet many forms of insurance involve merit rating. Many forms of insurance do not involve savings. So that is sort of a futile approach in many ways.

That approach is like probing the word "welfare". Some people will say that, if it is something given, it is welfare; that you must earn it. But how you earn it is very difficult to define. We tried to resolve such issues by having a program which would hold to the principle of insurance in the sense that people would pay contributions and would protect themselves against certain risks. In return they would be guaranteed certain benefits. Basically, we hold to that principle of insurance; and that makes it different from something which is payable due to the condition of the individual rather than by the risk which is involved, or according to a certain occurrence which cannot be predicted.

The main method of clarification was to separate the costs. The separation of costs is one of the main elements of separation of insurance and welfare in the plan, in the sense that the plan is self-financed up to a 4 per cent unemployment level by employers and employees. Our costs were estimated to make this come about. Beyond that point the charges for people who are still unemployed and still need help are made directly upon the Government.

The main change so far as coverage is concerned is in the direction of universality. The amendments that were processed in the last days in the house, whereby the Commission can now by regulation include people in self-employment and people who are appointed by tenure —such as senators and judges, I presume—would give the whole concept of universality a fairly complete sway over the whole plan.

As it stands now the plan is universal for people who have an employee-employer relationship; that is, who work for an employer. But these amendments would permit us to extend the concept to self-employed people and to people with tenure.

The benefits, of curse, have been raised and have been related to the man's income on the ratio of 66⅔ per cent of average earnings over the base period.

The net percentage has been calculated to reflect the type of benefits or the type of earnings or income that the person would need to meet his non-deferrable expenses. Basically, in the initial stages for people at certain levels of income, the benefits would be at 66⅔ per cent. In other words, the man would be expected to be able to carry on for a period of 25 or 30 weeks minus one-third of his income, and this would be reasonable on the basis of the studies that have been made of certain costs that he can defer.

Senator Connolly (Ottawa West): Mr. DesRoches, you did some studies to justify the proposition that a payment of two-third of the weekly wage is an adequate payment. The maximum for this purpose is $150 that there would be a ceiling of 100 in any event for the initial period of the benefit. Is that so?

Mr. DesRoches: That is so.

Senator Connolly (Ottawa West): There were studies made. It is not simply a guess.

Mr. DesRoches: There were studies, yes. In fact, there were a lot of outside studies. We gave to the house committee a statement which contained specific references and we could make this available to you, if you like. These were specific references to a number of authors in the universities and those who have made private studies of this particular problem of how much and how high the benefits should be for a person who is without his regular income. It hovers between 60 and 75 per cent. You will recall that Gill recommended 60 per cent, but it was not taxable, so 66⅔ per cent that is taxable is roughly the same. But we have added the feature of moving up to 75 per cent after the 25th week, because at that point the person is deemed to require more income.

Senator Connolly (Ottawa West): Is that only in the case of persons with dependents?

Mr. DesRoches: Yes, for persons with dependents. Similarly, people with dependents who have an average income of $50 or less are also entitled to the 75 per cent rate in the initial period. These rates were studied to try to meet the different situations over and above the 66⅔ per cent base of what an average person can defer as far his expenses are concerned; at later stages in the claim he can get 75 per cent, or if his income is low in the early stages, he can get 75 per cent. All this is subject to the maximum of $100 a week, and of course to get the $100 a week, a person must have average earnings of $150 a week. Incidentally, the message got across somehow at certain times that the $100 per week was a flat amount for everybody, and this was never intended.

Senator Flynn: Those who earn more than $150 a week, do they pay the premium on the same percentage basis?

Mr. DesRoches: They pay on a percentage basis up to $150 a week and then it is a flat amount beyond that point.

Senator Connolly (Ottawa West): No income beyond $150 a week is subject to a levy for unemployment insurance?