

Using this technique of the model, they simulated various situations, showing so many thousand people and what would happen on the basis of their pattern of work and so on.

I do not want to say that this is a magic box that gives a perfect result, but it gave at least a broad band indication of what type of experience we would obtain.

Having done this kind of simulation, we validated various elements of the program by known statistics, either of the present program or other statistics that are available from the labour force or other sources in "Statistics Canada."

Basically, the question was to determine how many people are likely to be unemployed, and for how many weeks of unemployment, this is, how many claims we are going to have, for how many weeks, and what would be the average amount of the claim; in summary, the number of claims, the duration of claims and the average amount. It could be that simple. These are the three factors which we had to determine and control, taking into account the various conditions we had here.

I can only say we have tried to validate these figures, as any reputable estimators would do. These are the figures which we submitted, which are all based on this type of estimate, based on samples and the available statistics.

We have had discussions with several people, including Mr. Cross. I think they are associated in some way. A number of people from companies or private citizens have come to us. To my knowledge, nobody has found that our figures did not hold water, on the basis of our estimates.

Our experience is based on what we know about the patterns of unemployment. We had and still have reputable economists working with us on the system. But the results are estimates. We admit that they are not perfect figures, and that they are estimates. However, we must work by them, unless somebody can come to us and say we are wrong by \$400 million, or something in this area, because we have either underestimated the number of claims or the duration of the benefits or the amount of benefits. These are all variable features. There is quite a bit of statistics published each year. One of the things least known outside is how long people stay on claim. Some are prone to make the easy assumption that a person gets on claim and remains on for 51 weeks. This is where a person estimating outside will say: there are so many thousand on claim, for 51 weeks, and that many times \$100, and there is your \$400 million. We had to do something a bit more precise. We know from experience that the average duration of claim is 14 to 15 weeks, and the average amount of benefit, even under the new system, is not going to be a \$100 but about \$58 or \$60. When you have these refinements, you get very different figures. I can only explain the wide gap by this overall superficial type of estimates compared to the more refined estimates we made.

**Senator Connolly (Ottawa West):** Mr. Chairman, I think we should say this for the benefit of the record, that Mr. DesRoches has indicated to us that all of the available information required to make an estimate of this kind has been considered by the commission. In

addition to that, they have gone to outside actuaries, to have these figures verified to the extent that they can. Certainly, we cannot fault them on any step that they have taken. It seems to me, from what I know of it, that the objection raised in the telegram is not perhaps as well founded as the person who sent the telegram thought. I think we have dealt with that point adequately.

**Senator Flynn:** I would add that if we have abnormally high unemployment it is very difficult to imagine that this scheme could be self-supporting. We can easily assume that it would cost the Government huge sums of money, maybe half a billion dollars.

On the other hand, the changes brought in by this bill seem to me to mean that they are including in the legislation a lot of what I would describe as safe employments, which are going to bring forth much of the additional benefits that are going to be expanded.

**The Acting Chairman:** Before we leave that topic, I would like to ask Mr. DesRoches two questions. Was there a very wide variation in the various estimates you got from your own people? You made a number of estimates based on models and you got outside people to do the same. Was there a very wide range in the different estimates?

**Mr. DesRoches:** I would prefer to have Mr. Steele answer this. He has some precise figures on the sickness side, which he could quote. There were ranges of estimates, but I do not think I can answer your question directly in this sense, as these were all separate estimates.

**The Acting Chairman:** You know none that went up into the billion dollar range?

**Mr. DesRoches:** No. We know what the present program is, and this is verifiable. For example, let me give you an illustration on things that can be verified. The maximum rate of benefit under the present plan, or even under the 10 per cent scheme, is \$58. If you look at the statistics of what happens month by month, the average payment, even now, is somewhere around \$35 or \$36. We know this. We know that you cannot take the maximum but you must take a reasonable average. The reasonable average is known and it is plotted from week to week and from month to month. In that sense, I would say that to somebody outside the range it could be different. To us, the range was within very narrow limits.

**The Acting Chairman:** You obtained certain results from the studies you had done. Was there a very great discrepancy between the various results?

**Mr. DesRoches:** The only area it would apply to would be the area of sickness. Perhaps Mr. Steele could answer that.

**Mr. Steele:** Mr. Chairman, in fact I have the rates quoted by William M. Mercer Limited. They simply say that the low cost would have been 52 cents, and the high cost 62 cents per \$100 of insurable earnings. It is a range of plus or minus 10 per cent on the estimate. The gross estimate for sickness is about \$240 million so we are