

Unemployment Insurance Act

Second, since the amounts of employers and employees contributions and employee benefits are dependent upon the level of employment and unemployment, this creates weekly fluctuations in the unemployment insurance account so as to require advances at various times.

Third, when revenue from employers and employees during the calendar year is not sufficient to completely cover their share of the costs of unemployment insurance benefits, and of administration advances are required to cover that deficiency.

The benefits paid out for the calendar year 1972 were \$1,879 million and the administration costs were approximately \$120 million for a total program cash requirement of roughly \$2 billion. Of this, \$890 million, approximately, was the government's direct cost and this will be reflected in the main estimates to be tabled by the President of the Treasury Board (Mr. Drury) later in this session. The remainder, \$1,109 million, is chargeable to the employer-employee premium account. Received from the Department of National Revenue, the collecting agency, for that premium account was \$715 million during 1972, based upon estimates of anticipated premium receipts. The final figure of actual premium remittances will not be known until mid-summer 1973 when all income tax returns and T-4 slips are in and tallied.

If that amount of \$715 million turns out to have been accurate, and noting that the opening unemployment insurance account balance was \$236 million, this means that there will have been an accounting shortfall of \$394 million in premium revenue and a cash deficit for 1972 of \$158 million in the employer-employee account. Advances required, then, as these figures would indicate, reached an amount in excess of \$1 billion for the calendar year 1972.

The Unemployment Insurance Act, section 137(4), establishes a ceiling of \$800 million on cash advances. On October 5, 1972 when Parliament was not in session, a Governor General's warrant was obtained in the amount of \$234 million because that limit on cash advances was being reached. This was necessary to permit the Unemployment Insurance Commission to discharge its obligation under the law of paying benefits to persons claiming and entitled to unemployment insurance. That warrant was expected to cover the requirements until December 31 and, in fact, did. Payments under that warrant began on October 31.

In early December, a further review by the commission indicated that authorized funds would run out by the beginning of January. Considering that parliament had been recalled for January 4, considering also that funds would probably run out before that, a second warrant was obtained on December 14 in the amount of \$220 million. In fact, payments under the first warrant continued until January 3 and payments under the December warrant began on January 4. The funds thus obtained under the second warrant were calculated and are expected to be sufficient until early in February.

The government was, of course, under obligation to table before this House, at the first opportunity, a supplementary estimate to cover the sums so obtained. My colleague, the President of the Treasury Board, did so on January 8 and they included an item for these two warrants. I might add, Mr. Speaker, that on January 18 the

Miscellaneous Estimates Committee of this House had the opportunity of reviewing the financial operation of the program and, I understand, I am to appear again tomorrow before that committee.

These actions, Mr. Speaker, that is the obtaining of Governor General's warrants, are the normal procedures used when parliament is not in session and when such circumstances arise. In this particular process, the law officers of the Crown were consulted at every step of the way and they were and are of the opinion that the commission and the government were acting in accordance with the law governing the use of Governor General's warrants, with particular reference to section 23 of the Financial Administration Act.

• (1540)

There have been attempts to suggest that the government knew before the end of 1972 that the advances provided to the Unemployment Insurance Commission would definitely run out by a particular date, and that the government should have reported this to the House when the House convened in late August. In point of fact, while the commission was becoming concerned that the ceiling could be surpassed in the period between the beginning of November and the end of December, it was completely reasonable and quite proper for the chairman of the commission, who had just recently been appointed to his position, to ensure that he had all of the facts at his disposal so that he could make an accurate estimate and a complete and detailed report to the government on the actual situation. Furthermore, as an administrator he had to assume that parliament would be back in session on September 28 and, therefore, presume that an amending bill could be presented in sufficient time for passage before the situation became critical.

As stated by the chairman of the commission before the Miscellaneous Estimates Committee last week, he weighed and checked all the factors and finally, after learning of the new and increased unemployment figures issued by Statistics Canada on September 12, he made his decision and recommended to his minister to apply for a Governor General's warrant. That warrant was requested by him on September 29, and authorized on October 5.

The suggestion that there was something sinister about this course of action or that either the government or the Unemployment Insurance Commission—which is a semi-autonomous body—was attempting to conceal the facts from the Canadian public is not correct. It may be politically tempting to constantly draw attention to the fact that unemployment levels in 1972 were higher than the government had anticipated. But the political accounting for that error took place on October 30. It certainly is not politic to repeatedly suggest that the payment of benefits to the unemployed under a formula established by a statute of parliament in its wisdom was not either correct or legal. As my predecessor has said on many occasions, our government may have erred in not accurately forecasting unemployment in 1972, but we did not err in seeking to protect the victims of unemployment. For if unemployment is high, unemployment benefit expenditures will be high, and there is nothing illegal or scandalous in that.