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Canada. Parl. H. of C. J  
Standing Comm. on 103  
Industrial Relations, 1955 H7  
Minutes of 1955  
proceedings & evidence. I5

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Canada. Parl. H. of C. Standing  
Comm. on Industrial Relations,  
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HOUSE OF COMMONS

Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE

ON

**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

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BILL No. 188

An Act to amend the Government Employees Compensation  
Act and Report to the House thereon

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THURSDAY, APRIL 28, 1955

TUESDAY, MAY 3, 1955

WEDNESDAY, MAY 4, 1955

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WITNESSES

Mr. A. H. Brown, Deputy Minister of Labour; Mr. George G. Greene,  
Director, Government Employees Compensation Branch; Mr. W. B.  
Davis, Departmental Solicitor.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955

STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

Chairman: G. E. Nixon, Esq.,

Vice-Chairman: Fernand Viau, Esq.,

and Messrs,

Bell	Fraser ( <i>St. John's East</i> )	MacInnis
Brown ( <i>Brantford</i> )	Gauthier ( <i>Nickel Belt</i> )	Michener
Brown ( <i>Essex West</i> )	Gauthier ( <i>Lake St. John</i> )	Murphy ( <i>Westmorland</i> )
Byrne	Gillis	Richardson
Cauchon	Hahn	Ross
Churchill	Hardie	Rouleau
Cloutier	Johnston ( <i>Bow River</i> )	Simmons
Croll	Knowles	Small
Deschatelets	Leduc ( <i>Verdun</i> )	Starr
Dufresne	Lusby	Studer
Fairclough, Mrs.	MacEachen	Vincent

(Quorum 10)

Antoine Chassé,  
Clerk of the Committee.

ORDER OF REFERENCE

HOUSE OF COMMONS,  
FRIDAY, February 4, 1955.

*Resolved*,—That the following Members do compose the Standing Committee on Industrial Relations:

Bell	Gauthier ( <i>Nickel Belt</i> )	Murphy ( <i>Westmorland</i> )
Brown ( <i>Brantford</i> )	Gauthier ( <i>Lake St. John</i> )	Nixon
Brown ( <i>Essex West</i> )	Gillis	Richardson
Byrne	Hahn	Ross
Cauchon	Hardie	Rouleau
Churchill	Johnston ( <i>Bow River</i> )	Simmons
Cloutier	Knowles	Small
Croll	Leduc ( <i>Verdun</i> )	Starr
Deschatelets	Lusby	Studer
Dufresne	MacEachen	Viau
Fairclough, Mrs.	MacInnis	Vincent—35.
Fraser ( <i>St. John's East</i> )	Michener	

*Ordered*,—That the Standing Committee on Industrial Relations be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

MONDAY, March 21, 1955.

*Ordered*,—That the following Bill be referred to the said Committee:  
Bill No. 188, An Act to amend the Government Employees Compensation Act.

THURSDAY, April 28, 1955.

*Ordered*,—That the said Committee be empowered to print such papers and evidence as may be ordered by the Committee and that Standing Order 64 be suspended in relation thereto.

*Ordered*,—That the said Committee be authorized to sit while the House is sitting.

*Attest*.

LÉON J. RAYMOND,  
*Clerk of the House.*

## REPORTS TO THE HOUSE

The Standing Committee on Industrial Relations begs leave to present the following as its

## FIRST REPORT

Your Committee recommends:

1. That it be empowered to print such papers and evidence as may be ordered by the Committee and that Standing Order 64 be suspended in relation thereto.

2. That it be authorized to sit while the House is sitting.

All of which is respectfully submitted.

G. E. NIXON,  
*Chairman.*

THURSDAY, May 5, 1955.

The Standing Committee on Industrial Relations begs leave to present the following as its

## SECOND REPORT

Your Committee has considered Bill No. 188, an Act to amend the Government Employees Compensation Act, and has agreed to report same with amendments.

A copy of the proceedings and evidence relating to the said Bill is tabled herewith.

All of which is respectfully submitted.

G. E. NIXON,  
*Chairman.*

## MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 496,

THURSDAY, April 28, 1955.

The Standing Committee on Industrial Relations met this day at 11 o'clock a.m. The Chairman, Mr. George E. Nixon, presided.

*Members present:* Messrs. Churchill, Deschatelets, Fairclough (Mrs.), Fraser (*St. John's East*), Gauthier (*Nickel Belt*), Hahn, Johnston (*Bow River*), Knowles, Leduc (*Verdun*), Murphy (*Westmorland*), Simmons, Starr, and Viau.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour; Mr. A. H. Brown, Deputy Minister; Mr. J. G. Bisson, Chief Commissioner of Unemployment Insurance Commission, and Mr. C. A. L. Murchison, Commissioner.

The Chairman thanked the members for re-electing him again as Chairman.

On motion of Mr. Simmons, Mr. Viau was unanimously elected Vice-Chairman.

On motion of Mr. Viau,

*Resolved*,—That the Committee ask leave to sit while the House is sitting.

On motion of Mr. Gauthier (*Nickel Belt*),

*Resolved*,—That the Committee seek permission to print such papers and evidence as may be ordered by the Committee.

On motion of Mr. Murphy (*Westmorland*),

*Resolved*,—That a Subcommittee on Agenda and Procedure comprising the Chairman, the Vice-Chairman and six other members of the Committee to be named by the Chairman be appointed.

At 11.20 o'clock a.m., on motion of Mr. Murphy (*Westmorland*), the Committee adjourned to the call of the Chair.

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ROOM 118,

TUESDAY, May 3, 1955.

The Committee met at 3.30 o'clock p.m. The Vice-Chairman, Mr. Fernand Viau, presided.

*Members present:* Messrs. Bell, Brown (*Essex West*), Brown (*Brantford*), Byrne, Churchill, Deschatelets, Fairclough (Mrs.), Fraser (*St. John's East*), Gauthier (*Nickel Belt*), Gillis, Hahn, Johnston (*Bow River*), Leduc (*Verdun*), Lusby, Murphy (*Westmorland*), Richardson, Simmons, Starr, Studer, and Viau.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour; Mr. A. H. Brown, Deputy Minister; Mr. George G. Greene, Director, Government Employees Compensation Branch; Mr. W. B. Davis, Departmental Solicitor.

On motion of Mr. Fraser (*St. John's East*),

*Resolved*,—That the report of Proceedings and Evidence relating to Bill No. 188, An Act to amend the Government Employees Compensation Act, be printed in the following quantities: 600 copies in English; 200 copies in French.

The Committee proceeded to the study of Bill No. 188.

Honourable Milton F. Gregg addressed the Committee to explain certain aspects of the said Bill and answered many questions thereon in the course of the Committee's deliberations.

Mr. George G. Greene, Mr. A. H. Brown and Mr. W. B. Davis were in turn questioned on the various clauses of the Bill.

Clauses 1, 3 and 4 were adopted.

Clause 2 was allowed to stand until such time as the offices of the Department of Justice are consulted on issues raised by the members in the course of the Committee's deliberations.

On motion of Mr. Murphy (*Westmorland*), a "Statement Showing Benefits Provided by the Various Workmen's Compensation Acts", from which Mr. Greene read certain information during his examination, was ordered to be printed as Appendix "A" to today's Proceedings.

At 5.30 o'clock p.m., the Committee adjourned to the call of the Chair.

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Room 118, WEDNESDAY, May 4, 1955.

The Committee met at 3.30 o'clock p.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Bell, Brown (*Essex West*), Byrne, Cauchon, Churchill, Deschatelets, Fairclough (Mrs.), Fraser (*St. John's East*), Gillis, Hahn, Hardie, Johnston (*Bow River*), Leduc (*Verdun*), Lusby, Michener, Murphy (*Westmorland*), Nixon, Simmons, and Viau.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour; Mr. A. H. Brown, Deputy Minister; Mr. J. H. Currie, Assistant Deputy Minister; Mr. George G. Greene, Director, Government Employees' Compensation Branch; and Mr. W. B. Davis, Departmental Solicitor.

The Committee resumed consideration of Bill No. 188, An Act to amend the Government Employees Compensation Act.

Mr. Brown was called and explained the proposed amendment which the Committee requested to be presented.

Mr. Cauchon moved,

"That Bill No. 188, An Act to amend the Government Employees Compensation Act be amended by:

1. Inserting the following as clause 4:

4. Section 10 of the said Act is repealed and the following substituted therefor:

Regulations. "10. Subject to the approval of the Governor in Council, the Minister may make regulations for determining, for the purposes of this Act, the place where an employee is usually employed, and generally for carrying the purposes and provisions of this Act into effect."

2. Renumbering clause 4 as clause 5."

And the question having been put on the proposed motion of Mr. Cauchon, it was unanimously agreed to.

After further discussion on clause 2 of the Bill, Mr. Churchill moved, seconded by Mr. Johnston (*Bow River*), that the said section be amended by "Striking out lines 26 and 27 thereof and substituting therefor the following:

"a deceased workman, who is usually employed in that province, by a person other than Her Majesty, and"

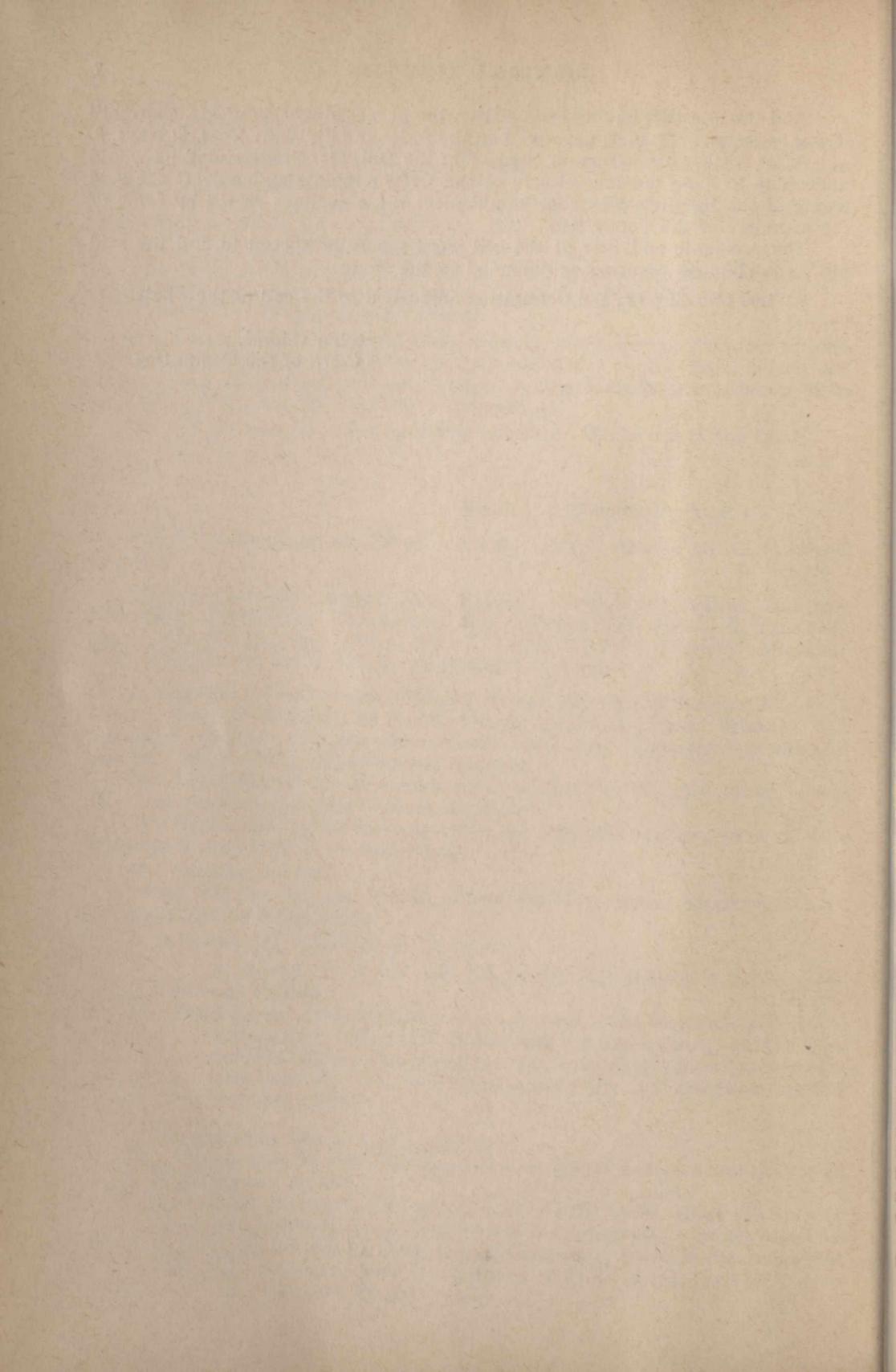
And the question having been put on the proposed motion of Mr. Churchill it was on a show of hands, negatived on the following division: Yeas, 6; Nays, 8.

After further discussion on clause 2 of the Bill, Mr. Gregg stated he would undertake to have the law officers of the Crown review and redraft the said clause of the Bill in a way that would meet the objections raised by some of the members of the Committee.

The preamble and title of the bill were severally agreed to and the said bill ordered to be reported as amended to the House.

At 5.00 o'clock p.m., the Committee adjourned to the call of the Chair.

Antoine Chassé,  
*Clerk of the Committee.*



## EVIDENCE

TUESDAY, May 3, 1955.

3.30 P.M.

The CHAIRMAN: Order gentlemen. We now have a quorum.

We are meeting to discuss Bill No. 188, An Act to amend the Government Employees Compensation Act.

Prior to the study of this bill clause by clause even though the minister has already explained the purport of this bill in the House I think it would be in order if we hear the minister now, followed by Mr. George G. Greene of the Department of Labour who will give certain explanations in respect to the bill.

Hon. MILTON GREGG (*Minister of Labour*): Mr. Chairman, I do not have very much to add to what I said in the House except that as far as I know the items that are included in the bill do represent the wishes of the civil service at large. I do not know if there are any of the organizations within the civil service who wish to make representations to this committee. If they do they have not said so to me. Upon the inquiry which I made in the bill's preparatory stage as to whether it met with their general approval I believe the answer was that while it does not have everything in it they would like to see, nevertheless I think by and large it does carry their general blessing.

Now, the purpose of the bill is to try to make the Government Employees Compensation Act just as good in its benefits for those who work for the Canadian government as the Workmen's Compensation Act is for the employees of good employers in industry. Rather than my taking up the time of the committee I wonder if you would like a more detailed summary from Mr. George Green who is the officer of my department in charge of this branch. I will try to answer any questions you may wish from me as the meeting goes on.

The CHAIRMAN: Thank you, Mr. Minister. Before calling Mr. George Greene may I suggest that later on, after his remarks, when we start going through the bill clause by clause; if there are any questions then he would be in a position to answer them. Is that agreeable to the committee?

Agreed.

Mr. George G. GREENE (*Director, Government Employees Compensation Branch, Department of Labour*): Mr. Chairman and members of the committee I really brought along a vast amount of material in the hope that I will be able to answer all the questions which may be asked by you as you go through the bill clause by clause, but at the outset I may say that this bill represents the first major amendment of the Government Employees Compensation Act since 1947. The original Act was passed in 1918, 37 years ago and it went along with occasional amendments, but actually there have not been any major amendments or complete revamping of the Act until now. This bill arises because of a reference of the matter by the Department of Labour to an inter-departmental committee which studied the existing Act last year and brought in certain recommendations with the approval of the cabinet which were incorporated in this bill.

Perhaps the major change is to provide that we shall pay compensation to federal government employees who are injured at the rate prevailing

in the province where they are employed and not at the rate prevailing in the province where they are injured. The present Act states that a federal civil servant shall be paid according to the rate in existence in the province where injured. That has not worked out too well because there is now a great deal of travelling from Ottawa, Toronto and Montreal into other provinces where the rates are lower. The rates in the maritimes are lowest and the rate in Ontario is the highest. It was felt that the hundreds of government employees travelling from Ottawa into other provinces and perhaps facing injury should enjoy the rates of the province where they are normally employed such as Ontario for those from Ottawa and Toronto. Actually it does not affect a great many because almost all our injury claims are from employees of the government who are hurt in the provinces where they are working all the time; but it might benefit between 100 and 200.

That is one change and that is according to the provincial Acts which pay rates in their provinces for injuries and naturally practically all the injuries occur in that province. But, in many provinces they also provide for the payment of those rates to employees who might be injured in work outside the province. A contractor in Edmonton might have a job in some other province, say Manitoba; Alberta to Manitoba is a good example. The Alberta Act would cover the Alberta contractor sending workmen into Manitoba if the workmen are injured. Alberta is a little higher than Manitoba. It does not affect too many but we feel it makes the Act more equitable.

Most of the changes in the Act are based on that change. You will see all the way through changes have to be made to be in accord with the provision now that place of employment and not place of injury shall be the deciding factor.

Another change is that the first time we are going to cover locally engaged employees of the government abroad. There were 1,473, at the last count, employees of Canada working in embassies, legations and immigration offices in Australia, England and so on.

Now, we are going to cover this. In the past, it was sort of a hit and miss arrangement where upon the recommendation of the minister the Treasury Board would take care of it. We would perhaps take care of that in the regular way by handling cases in Ottawa and paying compensation according to the standards in the country in which they are injured and the rates they would get if they were working for the British, Americans and so on.

Then, there are other changes, and as I say, I will be glad to answer any questions. There is one thing in here, a new section, giving the minister the authority to promote and encourage accident prevention activities. That is new, we have not had that in the past, and we have got along more or less on the voluntary co-operation of departments. It was felt it would be far better to have something like this, and we could perhaps have a little authority to secure the necessary co-operation of the departments.

I have a lot of figures here that might be interesting showing the increase in the number of cases and coverage and so on, and I do not want to bore you with a lot of details so I shall just sit down, Mr. Chairman, if you do not mind, and I am at your disposal as you proceed with the bill.

The CHAIRMAN: Thank you, Mr. Greene. Is the committee ready to proceed clause by clause with the new bill?

Mrs. FAIRCLOUGH: Mr. Chairman, before you proceed to the consideration of the bill clause by clause, may I ask if all the provinces have been consulted with reference to the proposed changes, and are they all in accord?

Mr. GREENE: No, Mr. Chairman, the answer is no, because the arrangement we have with the provinces is that they pay out from the deposits which we have with each board, and it actually makes no difference to them whether we change our Act or not, because it will not make too much difference in the number of

claims they are going to handle. In any event, we maintain a fixed amount with them all the time from which they pay out. Actually, by changing our Act, as I said, to pay on the basis of the place of employment makes it more in accord with the provincial Acts which are all based on that. We did not ask them, but I am pretty sure we are going to get full co-operation from them.

Mrs. FAIRCLOUGH: I am sure you will get co-operation because the Workmen's compensation Board in my experience has been very co-operative. However, would it not have been a matter of courtesy to advise them of this?

Mr. GREENE: I did send them copies of the bill.

Mrs. FAIRCLOUGH: We might assume that if they had not been in accord they would have approached you.

Hon. Mr. GREGG: I recall the discussion I had with Mr. Daley, the Hon. Minister of Labour for the province of Ontario under whom the Workmen's Compensation Act comes, and who is the administrator as far as the federal service at Ottawa is concerned, and he was quite in accord with the change, and I do know that copies have been sent to the other provinces.

Mr. HAHN: You mentioned something about the Maritimes and the door was open and I did not get all of it, would you mind repeating that?

Mr. GREENE: I said that the change to paying compensation on the basis of place of employment was designed to take care of those who were sent out on government matters from Ottawa and perhaps Montreal to certain provinces where the rates are less than in the province where they are employed. In the maritime provinces the rates are a little less, perhaps more than a little less than in Ontario and less than in Quebec which has recently raised theirs to a ceiling of \$4,000 a year.

Mr. BYRNE: Mr. Chairman, would the place where the employee normally resides be the one where we process the claims or will that be done in the province where he is temporarily employed?

Mr. GREENE: No, where he is normally employed will be where it is processed by the board.

Mr. STARR: Mr. Chairman, under this Act, and I am asking this question because Mr. Greene mentioned it in his talk a moment ago, are the new rates based on any particular province?

Mr. GREENE: No, we pay the rates as laid down in each provincial Act.

Mr. HAHN: Mr. Greene, how do you arrive at where a man is normally employed? I am thinking of a public works engineer, he may have resided in Ontario but he may spend four months in Manitoba and four months in Saskatchewan and four months in Alberta and just get his directions from Ottawa.

Mr. GREENE: Well, he would be regarded as normally employed where he was before he started out on these four-month trips, he would be coming back ultimately even though it was a year, it would still be the province in which he is normally employed. I mean, you are not talking about a man who is wandering around all the time?

Mr. HAHN: Well, I do not know.

Mr. GREENE: You see, there is not a great deal of that anyway.

Mr. HAHN: I realize if there are only 100 or 200 cases involved there cannot be that many, but surely there are some in the engineering department.

Mr. GREENE: If they were sent out from Ottawa they would come under Ontario.

Mr. HAHN: Well, let us take the instance of an engineer in the department living in Edmonton originally, and being sent to the Yukon Territory and then to Manitoba, and he realizes he is going to be on the job in Manitoba

for some time, and he sends for his family to live with him in Manitoba. It is his home, I would say, naturally his home would be in Manitoba, but would the department view it as such?

Hon. Mr. GREGG: Would it not be right to say that the Civil Service Commission sets up certain establishments. If a civil servant was working for Public Works he would be covering one place for example in the Department of Public Works in Montreal, Winnipeg or Vancouver, then if most of the time is spent in another province, that would be his home base, the place where he got his pay, and that I think would be the province from which his compensation would come.

Mr. GILLIS: Mr. Chairman, would it not be better to consider the bill clause by clause, because all these questions relate to the bill?

The CHAIRMAN: That is what I referred to in my first remark.

Mr. SIMMONS: Mr. Chairman, would the term "province" include the Northwest Territories and the Yukon Territory?

The CHAIRMAN: That comes under clause 2 which we will come to in a minute.

Clause 1.

1. (1) Paragraphs (b), (c), (d), (e) and (f) of subsection (1) of section 2 of the *Government Employees Compensation Act*, chapter 134 of the Revised Statutes of Canada, 1952, are repealed and the following substituted therefor:

- (b) "compensation" includes medical and hospital expenses and any other benefits, expenses or allowances that are authorized by the law of the province where the employee is usually employed respecting compensation to workmen and the dependants of deceased workmen;
- (c) "employee" means
  - (i) any person in the service of Her Majesty who is paid a direct wage or salary by or on behalf of Her Majesty, and
  - (ii) any member, officer or employee of any department, company, corporation, commission, board or agency established to perform a function or duty on behalf of the Government of Canada who is declared by the Minister with the approval of the Governor in Council to be an employee for the purposes of this Act;
- (d) "Her Majesty" means Her Majesty in right of Canada;
- (e) "industrial disease" means any disease in respect of which compensation is payable under the law of the province where the employee is usually employed respecting compensation to workmen and the dependants of deceased workmen; and
- (f) "Minister" means the Minister of Labour.

(2) Section 2 of the said Act is further amended by adding thereto the following subsection:

"(3) This Act applies to an accident occurring or a disease contracted within or outside Canada."

Mr. CHURCHILL: Mr. Chairman, you are dealing with this matter of "usually employed", and I was not quite clear that the answer was completed. Has that phrase been definitely set out as to its meaning, or were we just getting ideas as to how it would be interpreted this afternoon? Has it been used before? Is there not a danger that the words "usually employed" are going to cause quite a bit of trouble?

Mr. GREENE: Mr. Chairman, I can answer that, the vast majority of federal government employees have a place that can be defined as the place where they are usually employed. Mr. Hahn asked about somebody moving around,

there is very little of that done, you see, as we work from districts. Public Works for instance have their own districts, and they are pretty well confined to their own province in which they have that district.

Mr. CHURCHILL: What I was wondering about was: you use the words "usually employed"; is there not a more familiar expression of "normally resident" or something of that nature?

Mr. GREENE: Well, you see, Mr. Chairman, I might say that is the major change in the Act. You see in the Act as it now is, the place where the accident occurred or the industrial disease was contracted governs.

Mr. CHURCHILL: I realize that.

Mr. HAHN: Would we not be well advised to have a definition there for "usually employed" as being the place from which he receives his directive? If he gets his directive from the Vancouver office he would naturally be employed in British Columbia and if it is from the Winnipeg office from Manitoba.

Mr. GREENE: Mr. Chairman, I cannot foresee any difficulties in the interpretation of that, the boards who do all this, as I mentioned before, are very co-operative and very competent, and under the nature of the legislation we do leave it to them to decide as to the eligibility of all the claims.

Mr. JOHNSTON (*Bow River*): It is a very unusual term, it is just as though you are getting—

Mr. GREENE: We could make it "regularly employed".

Mr. JOHNSTON (*Bow River*): I think it would be better.

Hon. Mr. GREGG: How would it be if we undertake, as I will be glad to do, to have that checked with the law officers, and see if there is any danger of it being misunderstood. If there is any danger I would be glad to bring it back to the committee at some other time, and ask for the necessary amendment.

Mr. JOHNSTON (*Bow River*): May I suggest that the minister's explanation of that a while ago, the terms he used were more definite than the ones in the Act.

Hon. Mr. GREGG: Well, that is the correct one; if it is necessary to interpret that into more exact terms we will do it.

Mr. LUSBY: With regard to the term "usually employed", I do not see how you can define that; it is a question of fact to be determined by the board in every case where the man is usually employed.

Mr. JOHNSTON (*Bow River*): There is quite a difference in the meaning.

Mr. GREENE: If I might say this, that is a phrase used in all the provincial Acts, "usual place of employment", it is in all provincial Acts.

Mr. GILLIS: I was asking you if you had the rates of compensation paid of the different provinces, and the salary ceiling to which they applied.

Mr. GREENE: Yes, I have them. It is rather a long list. If you like I could read it, or I could run through the percentages and ceilings, would that do?

Mr. HAHN: Yes.

Mr. GREENE: Prince Edward Island pays 75 per cent based on a maximum of \$2,500 a year; Nova Scotia, 66½ per cent on \$3,000 a year; New Brunswick, 70 per cent on \$3,000 a year, that was recently raised; Quebec is now 70 per cent on \$4,000, last year it was \$3,000 and Quebec has just raised that ceiling to \$4,000. Ontario is 75 per cent on \$4,000; Manitoba 70 per cent on \$3,000; Saskatchewan is 75 per cent on \$4,000; Alberta is 75 per cent on \$3,000; British Columbia 75 per cent on \$4,000; Newfoundland 66½ per cent on \$3,000. You will see that there are several provinces with 75 per cent of \$4,000. I have on

this sheet which I will be glad to table, all the other rates such as death benefits and so on which would take a long time to read.

Mr. GILLIS: If they were just tabled, it would be all right. What about a dependent widow's pension?

Mr. GREENE: Well, widows in Prince Edward Island receive a lump sum of \$100, and \$50 a month, they pay a lump sum at death. Nova Scotia is \$100 and \$50 a month; New Brunswick is \$100 and \$50 a month; and Quebec is \$200 and \$55 a month; Ontario \$200 and \$75 a month; Manitoba \$100 and \$50 a month; Saskatchewan is \$100 and \$75 a month; Alberta \$100 and \$50 a month; British Columbia \$100 and \$75 a month; Newfoundland \$100 and \$50 a month.

The CHAIRMAN: Would the committee like this printed as an appendix to the report?

Mr. BYRNE: Could you give us an idea of the waiting period?

Mr. GREENE: Yes, the waiting period in Prince Edward Island is four days; Nova Scotia five days; New Brunswick five days; Quebec, seven days; Ontario, five days; Manitoba, three days; Saskatchewan, the day following the accident; Alberta, the day following the accident; British Columbia, three days, and Newfoundland, four days.

Mr. MURPHY (*Westmorland*): Mr. Chairman, I would like to move that the tables just read be printed as an appendix to the minutes.

Mr. GREENE: Mr. Chairman, there is a great deal more information than I have read, so would you want to segregate it?

The CHAIRMAN: All the information available, I presume, would be useful to the committee.

Moved by Mr. Murphy seconded by Mr. Hahn that the statement showing benefits provided by the various Workmen's Compensation Acts appear as appendix "A".

Hon. Mr. GREGG: Just to clear up Mr. Churchill's point, there is a variation between "usual" and what I tried to give, which I think is the correct one, but I want a chance to check it. For instance, you could consider all civil servants as being on the strength of an office in Winnipeg and perhaps working in Saskatchewan and Alberta, and under my definition they would be paid through Manitoba and under the definition of this he might be paid from Alberta, but we will check that, and if there is any question about it, we will bring it back.

Mr. BYRNE: It seems to me, Mr. Chairman, the language could be simplified. On the main item, before moving along, I would like to discuss the possibilities of having the compensation Act based entirely on the federal schedule so an employee of the government working in Prince Edward Island or one of the other provinces that have less favourable compensation Acts are in a less favourable position if they meet with an accident while their application for employment is with the civil service or with the federal government, I suppose that has been considered from time to time, but I wonder what the minister has to say to that?

Hon. Mr. GREGG: Well, it was considered, Mr. Chairman, and one effect would be that it would require a more complex system of administration than the present one under Mr. Greene's supervision within the Department of Labour and, going out to the province concerned, it becomes with them a matter of routine in just the same way as they handle cases in private industry. I do not say it would be essential to create an all round federal board, I think there could be a half way house, where some kind of subsidizing of provincial compensation could be made, but it did seem best that in spite of the fact that the civil service salaries are uniform, for the present at least we did not feel like entering upon the extra expense that would be involved to take that step whether a full step or part way.

Mr. STARR: Was there any representation made by anyone regarding that point?

Hon. Mr. GREGG: I did not have any, did you, Mr. Deputy Minister? (Deputy Minister of Labour)

Mr. A. H. BROWN (*Deputy Minister of Labour*): Yes, I have had discussions with the representatives of the civil service staff associations who were in favour of that type of coverage. I pointed out to them that we were covering three types of employees under this Act, you have your prevailing rates employees, you have your Crown corporations as well as your classified civil servants. I said that so far as the prevailing rates employees are concerned, we paid according to local rates, and I asked them if they suggested that these come under a uniform coverage, or would they be dealt with in accordance with the provincial rates. The feeling was that those people should fall under provincial legislation. What about people like the Crown Corporations? They come under our Act. Are we to give them the benefit of a uniform coverage or do you think they should be dealt with in the same way as private employers are dealt with. I think the feeling there was that there was no reason why there should be any differentiation between the treatment of those employees and the employees of private companies in the province. When you move on to your classified civil servants is there any fundamental reason why they should be dealt with any differently? You can go back to the analogy of private corporations. You have several large corporations who have employees in every province in Canada, and all their compensation claims are dealt with in the provincial field. Fundamentally this workmen's compensation legislation is civil rights legislation. It replaces the claimant's common law right of action against an employer for negligence. The sole principle underlying this Act is to place the employees of the crown in a position comparable to that of employees of private companies in relation to this kind of compensation.

The CHAIRMAN: Mr. Brown, a moment ago while you were unavoidably absent, Mr. Churchill queried the use of the words "usually employed" in subsection (b) of clause 1. Would you care to comment on the employment of those words?

Mr. A. H. BROWN: "Normal place of employment"—that is the term that is used in the provincial Act.

Mr. RICHARDSON: What is the phrase used in the provincial Acts?

Mr. GREENE: Well, the Ontario Act says:

(1) Where the place of business or chief place of business of the employer is situate in Ontario and the residence and usual place of employment of the workman are in Ontario and an accident happens while the workman is employed out of Ontario and his employment out of Ontario has lasted less than six months, the workman or his dependants shall be entitled to compensation under this Part in the same manner and to the same extent as if the accident had happened in Ontario.

That is the way they put it. The "usual place of employment" of the workmen is in Ontario.

Mr. STARR: Is there any difference between the provinces?

Mr. GREENE: They are all about the same.

Mr. RICHARDSON: Would the phrase generally be "usual place of employment"?

Mr. A. H. BROWN: That is my understanding.

Mr. RICHARDSON: If that is so, why would you not alter the phrase in here now to the phrase "usual place of employment"? That phrase has probably been defined and clarified by the provinces.

Mr. A. H. BROWN: We cleared this wording with the provincial boards and they think that it is a satisfactory wording.

Mr. GILLIS: Isn't that term necessary to cover the man who goes outside Canada? A man is working in Nova Scotia or Manitoba or Ontario, and he is sent to Newfoundland on a government project...

Mr. JOHNSTON (*Bow River*): That is not outside Canada.

Mr. GILLIS: He is sent, for example, to the United States to do some work in connection with defence, and to cover him you would want to use the term "where he is usually employed".

Mr. A. H. BROWN: I think that covers the intent very well. I do not think, with all due respect to Mr. Churchill, that his wording improves it.

Mr. CHURCHILL: At what stage can a man change his usual place of employment? Take the case of a man who lives in Manitoba and who goes down to stay in Ontario and is then shifted to a post outside the country. Does he claim, should he be injured, that his usual place of employment is Manitoba, or is it Ontario, in which latter province he has located his family and which he has treated as his permanent home?

Mr. A. H. BROWN: I do not think that this type of case raises too much difficulty in government service where people are posted to various points by their departments with the approval of the Civil Service Commission. A man may be sent on a temporary assignment, but there is a difference between that and his normal place of employment.

Mr. GREENE: You see, all these classified posts in the civil service are posts with their locus or headquarters in a certain situation—say, Fredericton, New Brunswick, or Toronto,

Mr. CHURCHILL: That takes you back to where the law was originally—if you post a man to Saskatchewan, and say that is his usual place of employment. . . .

Mr. A. H. BROWN: No. The permanent post is in Ottawa. He is sent out, say, for the summer on a survey. . . .

Mrs. FAIRCLOUGH: Because I am not a lawyer perhaps I can express some reservations on this without being suspected of muddying the waters. . . .

Mr. CHURCHILL: Am I suspected of muddying the waters?

Mrs. FAIRCLOUGH: I am only defending you. I can visualize a case where a man's domicile is in Manitoba and he takes up employment with the government in Ottawa. I presume you mean by "usual employment" usual employment with the government of Canada?

Mr. A. H. BROWN: That is the only employment we are interested in here.

Mrs. FAIRCLOUGH: You could have a man employed with the federal government in a different province from that in which he is domiciled and who might attempt to juggle this wording to suit his own purposes for the sake of getting a higher rate than that prevailing where he was usually employed.

Mr. A. H. BROWN: I do not see any danger of that, Mrs. Fairclough, because his permanent posting is determined by the department he works for in conjunction with the Civil Service Commission. He fills a certain spot in that departmental establishment.

Mrs. FAIRCLOUGH: Yes, but you are talking now about permanent employees of the government, and all government employees are not permanent employees.

Mr. A. H. BROWN: No. Well, I am talking about classified employees primarily.

Mrs. FAIRCLOUGH: Anybody paid by the government comes under the provisions of this Act?

Mr. A. H. BROWN: That is right. Other groups of people would be prevailing rate employees hired locally, or crown corporations.

Mrs. FAIRCLOUGH: Are you saying that there is a different situation in respect of those who are locally engaged in Canada?

Mr. A. H. BROWN: No. I say there is no more difficulty, as I see it, in determining the usual place of employment of that class of employees than there is in the case of employees who come under the provincial Act. In fact there is less.

Mrs. FAIRCLOUGH: The fact that these or similar words are used in the provincial Acts does not necessarily make them the most suitable words to be used in a federal Act, because you have the same rate prevailing all through the provinces, and the place of usual employment in Ontario, for example, is not affected by whether it is Windsor, Toronto, Hamilton, or anywhere else. But the rate is affected according to whether it is in Ontario, Quebec, Manitoba or Saskatchewan.

Mr. A. H. BROWN: Yes, but the point is that the Ontario board will handle the case of an employee whose usual place of employment is in Ontario but who is temporarily outside Ontario on employment for his firm.

Mrs. FAIRCLOUGH: That is true. I still think though, that there is a lot of room for argument on the part of the applicant for compensation.

Mr. A. H. BROWN: Let me say this, on that point, that this wording has been considered, of course, with the law officers and we have also discussed provisions with the provincial boards who administer this legislation for us and they have felt that it is acceptable from their point of view.

Mr. FAIRCLOUGH: Would the minister confer with his officials and see if, having regard to the discussion which has taken place here, the phrase "usual employment" might bear the interpretation of the place of original posting.

The CHAIRMAN: We will be glad to do that.

Mr. DESCHATELET: I think my question has already been answered. I had in mind to ask whether this particular phrase has been examined or recommended by any of the legal authorities of your department. It might be well to leave it in abeyance for the time being until we hear from counsel who can probably give us the benefit of the experience he has had, and say why this phrase was chosen instead of the other.

The CHAIRMAN: Perhaps we can look at the matter in this way. If this is not finished today we can bring it forward at the next meeting; if on the other hand the committee finishes the bill today, I will undertake to refer to the matter in the committee of the whole House.

Mr. JOHNSTON (*Bow River*): We could get away from all of that if we set up our own rates of compensation and let the provinces go ahead and handle the administration. The only difference would be of course that we would pay a general rate fixed under this Act for all employees no matter where they were employed, and then it would not make any difference where they were usually employed.

The CHAIRMAN: The deputy minister (Mr. A. H. Brown) has outlined some of the points regarding this. I am sure that for the purpose of getting round "usually" we do not have to take such a drastic step. As a matter of fact I think the whole matter—I am speaking from a non-legal point of view—will be resolved simply in this way: that where you have an employee, whether a classified civil servant, crown corporation or employee under the prevailing rates system—the authorities would look up and say "Mr. John Jones comes on the strength of such and such an office located in the province of British Columbia or Manitoba" and that province would then be the one to act.

Whether there are any other factors affecting this question we shall have to look at, but I do not want to go back and re-open the matter of a standard rate across Canada.

Mr. JOHNSTON (*Bow River*): Maybe that could be done next year.

The CHAIRMAN: I do no go as far as to say that.

Mrs. FAIRCLOUGH: I should like to draw the Honourable Minister's attention to the fact that this is not only a matter of the rates but also a matter of what the laws of the various provinces consider to be an industrial disease as set out in clause (e) and I think that if we were even to consider the suggestion made by Mr. Johnston we would have to consider writing a wholly new Act. I could not agree with that. It is much too complicated a question—the interpretation of what constitutes industrial disease under the various schedules?

Mr. BYRNE: We did not entirely dispose of the question which I raised regarding the overall schedule. I appreciate the argument presented by Mr. Brown respecting the employees of crown corporations but employees of crown corporations, it seems to me, are in a competitive business in the main and therefore they should not be given any privileges beyond those which would be enjoyed by their competitors in the various provinces. But the civil servants on the other hand are working directly for the crown and it seems to me that they should be given the same treatment across Canada, and I cannot agree with Mrs. Fairclough that because a thing is involved and would require a great deal of attention, that it still is not important to the people involved. However, I do not wish to pursue the matter.

Mrs. FAIRCLOUGH: Probably it is important to the people involved, but if you feel that you are going to have to ask every provincial workmen's compensation board to administer two Acts.

The CHAIRMAN: Is the clause carried, subject to the reservation which I mentioned?

Mr. CHURCHILL: No. I see that in clause 2 the phrase "direct wage" is used. In the explanatory notes it is pointed out in the second sentence that the proposed amendments

include provision for coverage to persons in the service of Her Majesty who are not paid a direct wage or salary but who are otherwise employees...

I would like to know what is the meaning of "direct wage" and secondly how are the other ones provided for? What is in the Act that provides for the others?

Mr. A. H. BROWN: "direct wage" simply means he is paid directly by the crown—not paid out of a subsidy paid to somebody else. He is paid a direct wage by the crown itself.

Mr. CHURCHILL: Is there any other way of paying them besides a direct wage?

Mr. HAHN: Yes, there is...

Mr. CHURCHILL: I was asking the Honourable Minister whether there was any other way of paying employees.

Mr. A. H. BROWN: Well, it has been in the Act for a long time...

Mr. CHURCHILL: That is not what I asked. I think you did not get my point. Is there any other way of paying them? Does the federal government pay out money for services other than a direct wage or salary?

Mr. GEEENE: Yes, they do. In the past few years crown corporation departments have borrowed personnel—for Defence Production for example. They borrow technical personnel and highly qualified people to serve in the department. Some have a dollar a year, as it is called. There are others who are so employed, and their salaries are still paid by the regular employers. The government reimburses them.

Mr. CHURCHILL: Would the "one dollar a year" people not come under this?

Mr. GREENE: Yes.

Mr. CHURCHILL: He would be covered under this?

Hon. Mr. GREGG: It is taken care of under section 2. That, as Mr. Greene points out, gives authority for paying men who may be employed at one dollar a year.

Mr. GILLIS: I would like to ask the minister if university students who are taken on, for example, by Mines and Technical Surveys during summer months, and are sent out on geological surveys, are considered to be employees of the government for the purpose of this Act?

Hon. Mr. GREGG: The answer is yes. I think I know the ones, to which you refer. In the House you pointed out that one was killed and there was nothing accruing to what you referred to as his dependant.

Mr. GILLIS: That is right.

Hon. Mr. GREGG: There was a difference of opinion, as in the armed forces, as to whether the mother of a young man from a university could be considered as a dependant.

Mr. GILLIS: I am glad I got that first admission out of you. I am still "dillying".

Hon. Mr. GREGG: The student himself is covered in exactly the same way. He is an employee.

Mr. GILLIS: I will ask you the other question later on.

Mr. CHURCHILL: With respect to subsection C of clause 1 of the Bill, I think you will come to the conclusion that employee means any employee who is declared by the minister to be an employee. That is an odd method of drafting a definition. An employee is an employee. That is all that it says.

Mr. JOHNSTON (*Bow River*): Would that not have the implication that the only employee, as far as the Act is concerned, is the one who is paid a direct wage or a salary, and the suggestion is that the dollar a year man would have to be declared by the minister.

Hon. Mr. GREGG: I think that is right. In the second part of subsection 2 of clause 1 of the Bill you will see that:

Any member, officer, or employee of any department, company, corporation, commission, board or agency established to perform a function or duty on behalf of the Government of Canada who is declared by the minister with the approval of the Governor in Council to be an employee for the purposes of this Act;

In other words, the minister can declare anybody as an employee, but it has to be somebody who belongs to a body which is established, or which performs a function or a duty on behalf of the Government of Canada.

Mr. CHURCHILL: I would think that the word "employee" in line 19 might very well be omitted. I suggest that to the draftsman. You say that "employee" means any member, officer or employee of a department who is declared by the minister to be an employee.

Mr. A. H. BROWN: Sub-section 2 is the means by which you bring crown corporations under the Act. The addition of that word "department" in line 2 is to take care of employees in a department who are not paid a direct wage, who may be dollar a year men, or have their salaries paid by a corporation by whom they are loaned.

Mr. MURPHY (*Westmorland*): You could say "any person in the service of any department", instead of any employee.

Mrs. FAIRCLOUGH: Is the inference in lines 23 and 24 that there may be some of these people who would not be covered?

Mr. A. H. BROWN: In order to bring a corporation or agency under the Act, it is necessary to pass an order in council. The Act does not automatically apply.

Mrs. FAIRCLOUGH: You mean that every crown corporation must have its members covered by order in council individually?

Mr. A. H. BROWN: No, the order in council is usually passed in this form: that all employees of a certain corporation are deemed to be employees for the purposes of the Act.

Mr. HAHN: That refers back to the original question about the place of usual employment. I am thinking of the E. F. Welsh Company. We did work for the Canadian National Railways and we paid the workmen. Where is the "usual place of employment" of an extra gang?

Mr. A. H. BROWN: The Welsh company does not come under the Act at all because it is a private corporation.

Mr. HAHN: We did pay the men originally. I do not know whether we still do or intend to; but as I recall it, we originally paid the employees who were working for the Welsh company. Cheques were sent to these men. If we were paying them, they were direct employees of ours, according to the Act. Now, where was their "usual place of employment"? They came from Italy; they went to the Pacific coast; and they were working in the Calgary division.

Mr. A. H. BROWN: Employees of the Welsh company are not under our Act. They would come under provincial legislation.

Mr. JOHNSTON (*Bow River*): This Act does not cover any employee who is paid by the government. It just pertains to those who, as directed in this Act, are paid a wage or salary.

Mr. A. H. BROWN: Employees in the service of Her Majesty who are paid a direct wage; in other words they are paid directly by the Crown.

Mr. JOHNSTON (*Bow River*): Suppose a man is working for the government. He is on a dangerous job and is there only for a day or so, or it may be a matter of a few hours when he is the victim of an accident. He would not be covered by this Act unless he had previously been so declared by the minister. He is not paid a wage or salary. He belongs to a group of casual workers who are not paid a wage or salary. He would not be covered by this Act unless he was so declared by the minister with the approval of the governor in council.

Mr. GREENE: The Public Works Department took on a 19 year old chap about two years ago. I think his duty was to paint a bridge at Notre-Dame-du-Nord. He was on the scaffold painting. He had been there only ten minutes when a truck came along and sideswiped the scaffold. The lad fell off the scaffold and was knocked on the head and was killed. He came under the Act. He had not received any money yet. He was still working for the Crown and he would have been paid on payday. He was covered by the Act and was regarded as an employee.

Mr. JOHNSTON (*Bow River*): Was that a regular case?

Mr. GREENE: Yes.

Mr. BELL: The addition of those words now give a discretion to the minister himself. What formerly took place, practically, under the Act?

Hon. Mr. GREGG: It has to be by the minister with the approval of the Governor in Council.

Mr. BELL: Was there a discretion formerly?

Mr. A. H. BROWN: It was still the Governor in Council before, but it did not necessarily have to be channeled through the Minister of Labour.

Mr. BELL: Now there is a limited discretion with the minister?

Mr. A. H. BROWN: That is right. It channels all the submissions to the Governor in Council through the Minister of Labour.

Mr. BELL: Why was that necessary?

Hon. Mr. GREGG: I would say, just to establish a regular procedure; because it could not get there in any other way. A recommendation for an order in council has to be recommended by somebody. I did not have anything to do with putting this in; but this does put into the statute what actually takes place.

Mr. BELL: I guess it must be typical. I must make objection to these creeping powers.

Mr. STARR: Is the eligibility of the injured person defined by the Workmen's Compensation Board of each province?

Mr. GREENE: It is done by each provincial body.

Mr. STARR: In each case?

The CHAIRMAN: Does clause 1 carry?

Mr. BYRNE: Why is it necessary to have "any member, officer, or employee of any department"? Isn't anyone in a department, outside of the minister, an employee of that department?

Hon. Mr. GREGG: It is to take care of those who might be in a department such as Defence Production, as Mr. Greene pointed out, and who might not be paid a direct salary or wage.

Mr. BYRNE: They are in employment of the department?

Mr. GREENE: The Defence Construction Limited started out by borrowing construction superintendents from big firms and the firms paid their salaries and Defence Construction Limited paid them back out of the fund.

The CHAIRMAN: Shall clause 1 carry?

Carried.

Clause 2.

2. Sections 3 to 6 of the said Act are repealed and the following substituted therefor:

"3. (1) Subject to this Act,

(a) an employee who

(i) is caused personal injury by an accident arising out of and in the course of his employment, or

- (ii) is disabled by reason of an industrial disease due to the nature of his employment, and
- (b) the dependants of an employee whose death results from such accident or industrial disease,

are, notwithstanding the nature or class of such employment, entitled to receive compensation at the same rate and under the same conditions as are provided under the law of the province where the employee is usually employed respecting compensation for a workman, or a dependant of a deceased workman, employed by a person other than Her Majesty who is usually employed in that province and

- (c) is caused personal injury in that province by an accident arising out of and in the course of his employment, or
- (d) is disabled in that province by reason of an industrial disease due to the nature of his employment,

and such compensation shall be determined by the same board, officers or authority as that established by the law of that province for determining compensation for workmen and dependants of deceased workmen employed by persons other than Her Majesty or by such other board, officers or authority, or by such court as the Governor in Council may direct.

(2) The benefits of this Act apply to an employee of the Government railways who is caused personal injury by accident arising out of and in the course of his employment or is disabled by reason of an industrial disease due to the nature of his employment, and the dependants of such an employee whose death results from such an accident or industrial disease, to such extent only as the law of the province where such an employee is usually employed respecting compensation to workmen and the dependants of deceased workmen would apply to a person in the employ of a railway company or the dependants of such a person under like circumstances.

(3) Any compensation awarded to an employee or the dependants of a deceased employee by any board, officer or authority, or by any court, under the authority of this Act, shall be paid to such employee or dependants or to such person as the board, officer or authority or the court may direct, and the said board, officer, authority and court have the same jurisdiction to award costs as in cases between private parties is conferred by the law of the province where the employee is usually employed.

(4) Out of the Consolidated Revenue Fund there may be paid

- (a) any compensation or costs awarded under this Act,
- (b) to the board, officers, authority or court authorized by the law of any province or under this Act to determine compensation cases such amount as an accountable advance in respect of compensation or costs that may be awarded under this Act as, in the opinion of the Treasury Board, is expedient,
- (c) in any province where the general expenses of maintaining such board, officers, authority or court are paid by the province or by contributions from employers, or by both, such portion of such contributions as, in the opinion of the Treasury Board, is fair and reasonable,
- (d) in any province where such board, officers or authority makes expenditures to aid in getting injured workmen back to work or removing any handicap resulting from their injuries, such portion of such expenditures as, in the opinion of the Treasury Board, is fair and reasonable, and

(e) to such board, officers, authority or court such amount as an accountable advance in respect of any expenses or expenditures that may be paid under paragraphs (c) and (d) as, in the opinion of the Treasury Board, is expedient.

"4. Where an employee is usually employed in the Yukon Territory or the Northwest Territories, he shall for the purposes of this Act be deemed to be usually employed in the province of Alberta.

"5. Where an employee, other than a person locally engaged outside Canada, is usually employed outside Canada, he shall for the purposes of this Act be deemed to be usually employed in the province of Ontario.

"6. (1) Where an employee locally engaged outside Canada is usually employed in a place where under the law respecting compensation to workmen and the dependants of deceased workmen payments are made to a fund out of which compensation is paid to workmen and to the dependants of deceased workmen, there may, with the approval of the Treasury Board, be paid out of the Consolidated Revenue Fund such payments to that fund in respect of such an employee as may be deemed necessary by the Minister.

(2) The Minister may, with the approval of the Treasury Board, award compensation in such amount and in such manner as he deems fit to

(a) an employee locally engaged outside Canada who

(i) is caused personal injury by an accident arising out of and in the course of his employment, or

(ii) is disabled by reason of any disease that is due to the nature of his employment and peculiar to or characteristic of the particular process, trade or occupation in which he was employed at the time the disease was contracted, and

(b) the dependants of such an employee whose death results from such accident or disease,

and who are not otherwise entitled to compensation under any law respecting compensation to workmen and the dependants of deceased workmen."

Mrs. FAIRCLOUGH: In clause 2, subclause 4, on page 3 apparently the minister gained a little added authority in the matter of saying who shall be covered and has lost it in regard to paying out funds because I see instead of the Minister of Finance the Treasury Board now has authority. Is there any particular reason for that? It is on page 3, lines 23, 28, 33 and 38. The words "Treasury Board" are substituted in each for the former words "Minister of Finance".

Hon. Mr. GREGG: I am guessing but I think that the reason is that when the present Act was set up the Treasury Board did not have the status it has now. This is a greater safeguard than when it was "minister."

Mrs. FAIRCLOUGH: First of all we dispute the minister's authority and now we are jealous of it.

Mr. CHURCHILL: On page 2, line 27, I have two suggestions to make. There should be a comma after "Majesty" if it is going to read right. Even then the clause is very cumbersome. You have to read it about six times before you begin to have an inkling of what it means. However, I think that in line 26 after the word "workman" in line 27 the words beginning with "who" should come up there and that it should read, "or a dependent of a deceased workman who is usually employed in that province by a person other than Her Majesty", then continue.

Mr. GREENE: Mr. Chairman, this was drafted by our Department of Justice.

Mr. CHURCHILL: That is why I am objecting. Mistakes are made in drafting and I would like, Mr. Chairman, that referred back to the Department of Justice. They might appreciate having another look at it to see whether or not the suggestion I put forward is better.

Mr. RICHARDSON: Mr. Chairman, I agree with Mr. Churchill. He seems to have a real point.

Mr. GILLIS: Mr. Chairman, I would like to say something on subsection (b) of section 3, "the dependants of an employee whose death results from such accident or industrial disease." I would assume from some experience I have had in trying to adjust a case with the department that dependants of an employee are either the wife or the family because that as least has been the impression created by the decision I have received. If that is correct I think that this particular section here requires expanding. I have in my hand a memorandum received from the minister through Mr. Greene in reference to four students who were employed by the Department of Mines and Technical Surveys who lost their lives in Newfoundland. In one case the widow received \$50 plus transportation of the body home and burial expenses. That was the end of it; \$50 plus \$100 of a grant. In the case in which I am interested this was a young student who was just finishing university. His father was 76 years of age and had had to mortgage his home in order to put that boy through school and the boy loses his life. The boy when taken into employment said he had no dependants. He was not married and had no children and naturally would say that. In this particular case the father was at the end of the trail and had practically no income and this \$5,000 mortgage on the home which was incurred for the purpose of educating the boy. Under the Act he is not considered a dependant. I think the Act requires expansion in that particular respect, that it should not mean just the wife or the children of an employee but where there is need that can be shown that it should also cover a father or mother or other people who would be normally dependant on that boy in his employment. I think there should be an adjustment made and I think it should be made to cover the particular case I had in mind. The minister is familiar with it.

Hon. Mr. GREGG: Mainly because of Mr. Gillis' representations in the House I did look into this and I think it is true to say that the same definition holds pretty well in all the provinces. I will quote what the province of Ontario says in regard to that. It is on page 13 of their Act, section 1 subsection (e) under dependants:

'Dependants' means such of the members of the family of a workman as were wholly or partly dependent upon his earnings at the time of his death or who but for the incapacity due to the accident would have been so dependent.

Now, as all of us here know in substance that is almost exactly the same as in the Canadian Pensions Act under D.V.A. When a single man is killed in the service and the question arises should a pension be available for his parents. There is a fairly good index in the answer to the question: "Did the young man make an assignment of pay while he was so serving?" That was taken as pretty good evidence. If he did not it was very difficult to prove the case. This is pretty well on all fours with that. I do not think under the system on which we are working we can very well tell one province or all the provinces they should give a more generous interpretation to that section of the Act or that they should amend that section. It was on those grounds that the case was turned down by the province of Newfoundland.

Mr. GREENE: This is the McIntyre case?

Mr. GILLIS: Yes.

Coming back to this question of usual employment, that boy was a resident of Nova Scotia and I do not know whether he was employed there, but I think he was employed there the previous summer. Why should his case be processed in the province of Newfoundland?

Mr. GREENE: That is where the accident happened.

Mr. GILLIS: You are not applying the terms in this Act now.

Mr. GREENE: That was before. This bill amends the Act.

Mr. GILLIS: You are amending the Act to cover people employed outside of their own province. Is there a chance yet of taking another look at that case and determining whether it was not processed in the wrong province under the terms of the Act we are passing.

Hon. Mr. GREGG: Well, under the old Act he was taken care of in the province where he was.

Mr. GILLIS: He was an employee under this Act, I had the answer from the minister a few minutes ago.

Hon. Mr. GREGG: Is this not the answer? Under the old Act wherever he was hurt or killed, in that province, on that ground, that province processed the case. Am I right in saying this: had that young man been working in Newfoundland this summer, providing this Act goes into effect, he would be taken care of under the Ontario Act, is that right?

Mr. GREENE: I did not quite get that.

Hon. Mr. GREGG: This case we are talking about, after this Act goes into effect a summer student going out and spending his summer in the hinterland or in Newfoundland, he would be adjudged by the Ontario Act.

Mr. GREENE: Yes, he would be engaged for the survey work and get the benefits of the Ontario rates. You see, Mr. Gillis, actually it works out both ways in this case because he was drowned where he was usually employed, that was his job, he was sent there surveying and that was it.

Mr. GILLIS: Yes, he was sent by a department of government but he was employed in Nova Scotia the summer previously and according to the terms of the Act we are passing today his usual place of employment would be in the province of Nova Scotia, but he was sent out by the Department of Mines and Technical Surveys to do this work in Labrador. I think that if that case had been processed in Nova Scotia I would not be talking about it here today because that father would have received the pension that should be coming to him because of the loss of that boy. I think a mistake was made when it was processed in Newfoundland and I am just wondering if that could not be opened up again.

Mr. A. H. BROWN: Well, you would have to make a retroactive application of the Act and I do not think these amendments should apply retroactively at all.

Mr. GILLIS: This is a case where I think the wording of the Act here, "place of usual employment" is completely justified because it is protecting a person in the circumstances I have just outlined. It is only a few months ago. It is a very obvious injustice and the department is tightening the Act up to prevent it happening in the future. I am just asking the hon. minister if there is not a possibility of taking another look at that particular case because it is a very bad one in my estimation.

Mr. STARR: Mr. Chairman, in these cases who gives the directive to the provinces, in the case of an accident who makes a decision on a particular case that it belongs to that particular compensation board?

Mr. GREENE: Well, it is the board in the province where the accident happened. In this case, this drowning occurred in the Newfoundland section of Labrador and, of course, it was dealt with by the Newfoundland board.

Mrs. FAIRCLOUGH: That is the old Act, under the new—

Mr. STARR: Under the new Act—

Mr. GREENE: Under the bill, you mean?

Mr. STARR: Yes, if the accident happened in Newfoundland does the Newfoundland compensation board determine who is responsible or the Nova Scotia compensation board or is the directive of that decision made here and then the proper provinces advised to deal with that case?

Mr. GREENE: No, you see if the man was engaged in Newfoundland or by Newfoundland that would be the place of usual employment. You see, as far as our file notes on the case in which Mr. Gillis is interested are concerned there is no reference to him working anywhere but in Newfoundland.

Hon. Mr. GREGG: I think your point is, Mr. Starr, supposing a young man is killed in Newfoundland the circumstances of that death would be investigated by Newfoundland.

Mr. GREENE: Oh, yes.

Hon. Mr. GREGG: But the information of that will in the future be transferred back to the province of Ontario for their review and action.

Mr. STARR: By whom? Who will make that decision?

Mr. GREENE: If they are hired in Ottawa to go to places like that in circumstances such as these, it would be the Ontario board who decided.

Mr. STARR: But what would they base their decision on, who gives the directive?

Mr. GREENE: Nobody gives any directives, the supervisor of the department where the man is employed, where he was drowned or killed, the personnel people have forms and they have to report these accidents to the appropriate body and if there is any doubt in their minds they will write to us.

Mr. STARR: Who decides the appropriate board?

Mr. GREENE: Well, departmental supervisors know under the old Act they know that the appropriate body is in the place where the accident happened.

Mr. STARR: If the accident happens in Newfoundland does the Newfoundland compensation board immediately try to trace back the employment of that chap to see where his usual place is and in turn advise the compensation board in that province or is it done here?

Mr. GREENE: They will under the amended Act have to establish the usual place of employment.

Mr. STARR: Who will establish that?

Mr. GREENE: Each board in each province will have to establish that, they will get the information from the department concerned upon the basis of which they can establish.

Mrs. FAIRCLOUGH: Then, the department makes the decision, not the local board?

Mr. GREENE: Well, we will give them the information and they will decide.

Mr. STARR: Who will decide, the Ontario board or the Newfoundland board?

Mr. GREENE: It will not be the department, they will not decide, they will provide the information, the board adjudicates. If Mr. McIntyre who lost his life had been engaged by Mines and Technical Surveys in Ottawa, under the bill amending the Act the Ontario board would have dealt with it.

Mr. JOHNSTON (*Bow River*): Who makes that decision?

Mr. GREENE: Well, the department, each department would be informed of the changes in the Act, they will give the board to whom the reports of accidents and fatalities have to be sent—

Mr. JOHNSTON (*Bow River*): Somebody must have to make that decision where this case is going to be tried, is it the federal government that is going to make that decision?

Mr. GREENE: It is the federal department concerned, they give a report to the proper body, they will know what board because it is laid down in the Act.

Mr. CHURCHILL: How does it proceed, what is the first step taken?

Mr. GREENE: Well, a report of an accident is made by the supervisor to the board concerned, a copy comes to us here in Ottawa, and the board concerned proceeds to adjudicate on the case, they will want a doctor's report, a coroner's report in the case of a fatality, they want a lot of information about what happened and they get that. They do not have to ask the department about it.

Mr. CHURCHILL: The person in charge does not have to undertake the steps?

Mr. GREENE: Oh, no.

Mr. STARR: In other words, the government have a report of that employee in case of an accident, and he can be referred to the province where, according to his record, his usual place of employment is.

Mr. GREENE: You see, Mr. Chairman, "usual place of employment" is a new thing. We will have to advise the board concerned what is the usual place of employment, they will ask us, "Well now, his usual place of employment is so and so," and in the Department of Labour we will go to the department if the board asks us, and get a ruling, and whatever it is, that is what we will tell the board if they ask us.

Mr. STARR: The directive will come from the Department of Labour to determine which province the responsibility lies in, and who will decide on the case?

Mr. GREENE: That is if they ask us, if they want the information, but I think most boards will be able to decide without it.

Mr. GILLIS: Well, under the old Act your compensation was paid to the province where the accident occurred, that was the old Act, what happened if you had them over in the United States, or over in Europe, government employees?

Hon. Mr. GREGG: We will come to that under another section.

Mr. GILLIS: The Ontario Act would provide, that is under the amended Act, what about that Act?

Mr. GREENE: It would be the province from where they were sent to the United States.

Mr. GILLIS: Why should that not apply in the McIntyre case, the province he was sent outside of his own province, you could make a ruling in respect to people employed in the United States, why not to people employed in other provinces?

Hon. Mr. GREGG: The young man was not employed previously in the government?

Mr. GILLIS: No.

Hon. Mr. GREGG: That is the answer.

Mr. GILLIS: No, it is not the answer, he was employed previously at other types of work in the province of Nova Scotia during the summer, and Mines and Technical Surveys employed him and sent him out on that survey.

Hon. Mr. GREGG: I think it can only go to the board of the province where he was employed.

Mr. GILLIS: If the Act reads as it is now, we would not have any trouble. The old Act said, "Where the accident occurred" and Newfoundland took it over. Mr. Greene said a moment ago if a person was in the United States, the province from which he came would be the province which would adjudicate on his claim.

Mr. GREENE: Where he was last employed.

Mr. GILLIS: If you can do that for people outside the country why can you not do it for people in the different provinces? You have to have some latitude.

Mr. GREENE: We cannot pay rates according to the United States; we do not know what the rates are.

Mr. GILLIS: I did not say that. You said "the rates in the province to which he was transferred".

Mr. A. H. BROWN: There was a good deal of uncertainty under the old Act as to where the last place of employment was in Canada. But now it is felt desirable to clear up the uncertainty by proceeding on the assumption that they were all posted abroad from Ottawa, and that is the reason for this change.

Mr. STARR: I hope that under the new Act any claims for benefit will not be delayed on account of red tape in the department and by long debate as to which rate should apply, and that the applicants or their dependants will not have to wait for any longer period of time before they receive benefits.

Mr. GILLIS: I would like to point out to Mr. Greene that McIntyre was not the only case. There were four others in the same area.

Mr. GREENE: One married man was involved. The other three had no dependants.

Mr. GILLIS: They had dependants but they were not classified as such.

Mr. RICHARDSON: With regard to the reference made by Mr. Gillis a little while ago concerning this young man who was looking after his father, and so on. Members of the committee will have to bear with me for a minute because I am somewhat ignorant about this particular Act. I see that the Act defines compensation; the Act also defines "employee". As I read the Act an employee is not the only person who can get compensation. A dependant may. Why is it that the definition given in the Act does not include any definition of "dependant"?

Hon. Mr. GREGG: Because each of the provinces in the administration of the Act puts in its own definition of "dependant"; I read the one for the province of Ontario. If we put in a definition of "dependant" we should have to put in ten. I think they are all about the same in substance but I do not imagine they are in exactly the same words. I do not think you were present when I read the one for Ontario.

Mr. RICHARDSON: Yes, I was.

Hon. Mr. GREGG: That is the reason why, I take it, we do not define "dependant" on our definition page.

Mr. GILLIS: In the section of the Act which you read—the Ontario Act—there would be no difficulty in establishing a claim because that section does not pin-point the wife and child.

Hon. Mr. GREGG: No, but there would have to be established proof that the parents of this young man were in fact wholly or partly dependent on him while he was alive.

Mr. GILLIS: That would not be difficult to establish in this case. The same section is brought, generally, into all the Acts. Newfoundland has a similar section. The thing that I am concerned about is that in a case like this there should be no "follow up". I expected that when I brought this matter before the attention of those concerned, that the Mines and Technical Surveys branch which employed that boy would follow the case up and "back track" it to see if there were some possibility of establishing a claim for dependants, but nothing was done. Someone took a look at the federal Act and said "there is no provision indicated in a case of this kind". I am not going to let it drop, even if I have got to drag it through a court somewhere. I believe that this is an injustice covered by the Act—a failure to follow up the matter. But I will not leave it in the air as it is. I would like to ask Mr. Greene this: "How many staff have you got in your office to administer this Act?"

Mr. GREENE: I would like to say this, that we are bound by the decision of the board under our Act as it is now. In the particular case you are talking about, we have on our file the following letter:

Mr. George Hanson,  
Director, Geological Surveys of Canada,  
Dept. of Mines and Technical Surveys,  
Ottawa, Ontario.

RE: Allister McIntyre

Dear Mr. Hanson:

Mr. Peter McIntyre, 152 Connaught Avenue, Glace Bay, has handed me your letter dated September 1st attached to which is the dependant declaration for the Workmen's Compensation Board, Province of Newfoundland. Mr. McIntyre has advised that his son, the late Allister McIntyre, was without dependants so that no claim for dependency exists. However, he has asked that I enquire if any arrangements exist within your department for payment to next-of-kin in cases such as this.

Yours very truly,  
(sgd) Leo McIntyre.

That is signed by Leo McIntyre. On the basis of that the Newfoundland board cannot act.

Mr. GILLIS: That letter does not prove anything. There is no doubt about dependency. You have reached the age of 76; there are about 12 in your family, and you have mortgaged your home to put the last one through university, and you have an income of about \$20 a month. You will realize that there is dependency in such a case. The fact that someone wrote a letter without knowing all the facts does not prove a thing.

Mr. GREENE: If you have any information which you think you should give us in the Department of Labour we should be glad to ask the Newfoundland board to go into the question again.

Mr. GILLIS: I have already given the information.

Mr. GREENE: I think they would want a little more information.

Mr. GILLIS: Such as?

Mr. GREENE: Well, the fact that the father has been hard put to it since the death of his son and so on.

Mr. GILLIS: Not only that, he is a cripple.

The CHAIRMAN: Then is it agreed that section 3 of clause 2 shall be referred back to the department?

Mr. HAHN: The chairman said "the place of usual employment". I am thinking particularly now of the one-dollar-a-year man, or of people who are hired by the department for other industry, and they have just got on the job. The university student you mentioned—would that mean that since it was in Ottawa, here, it must be Ontario?

Hon. Mr. GREGG: He will come under the province of Ontario, for he is hired by Ottawa.

The CHAIRMAN: Page 2, section 3 of clause 2.

Hon. Mr. GREGG: That is the wording of those two lines which say:

Workman, or a dependant of deceased workman employed by a person other than Her Majesty who is usually employed in that province . . .

and so on. Whether that wording is cumbersome . . .

The CHAIRMAN: Clause 2 section 4. Where the workman is really employed in the Yukon already.

Mr. CHURCHILL: Does that mean that a person injured in the Yukon or in the Northwest Territories has his application for compensation considered by the Workmen's Compensation Board of Alberta? Is there no provision by the council of the Northwest Territories to deal with this?

Mr. GREENE: No. They have an ordinance there but it was felt that federal employees would be better dealt with under the Alberta board, because there is not much of a standard for private workmen in that area.

Mr. SIMMONS: Why are employees in the Yukon Territory deemed to be usually employed in the province of Alberta when they should be deemed to be usually employed in the province of British Columbia where the benefits are higher? May I suggest that you *delete* Alberta in the 4th line and substitute British Columbia in its stead?

Hon. Mr. GREGG: We discussed that point at great length last year. If I recall correctly, it was not a case of one province's compensation being better than another's so much as the province of more direct access. Am I putting my foot in my mouth again? It was the province which had the most direct access into the northland.

Mr. SIMMONS: British Columbia is the natural gateway into the Yukon. In the case of the Northwest Territories it is Alberta. I can see where the Northwest Territories could come properly under Alberta. But I submit that the Yukon should come under British Columbia for the benefits of this Workmen's Compensation.

Mr. JOHNSTON (*Bow River*): The way to get around that is to push the boundaries of the provinces up north right to the Arctic. That would solve the whole thing.

Mrs. FAIRCLOUGH: The interpretation put on this clause is contrary to the interpretation put on the previous clauses with reference to the place of usual employment. You just finished saying, in the case which Mr. Gillis mentioned, that it came under the Act. The young man who formerly lived in and was normally employed in Nova Scotia was sent to Newfoundland where he was engaged by the department at Ottawa. Therefore his place of usual employment was Ottawa. Now, where are these people in the Northwest Territories employed?

Hon. Mr. GREGG: They are employed in the Northwest Territories. They are covered on somebody's establishment in a department in the Northwest Territories. They are not carried on the Ottawa strength. They are carried on the establishment of the Income Tax Act, or the Veterans Land Act up there.

Mrs. FAIRCLOUGH: Then all the more reason why we need to have this wording clarified.

Hon. Mr. GREGG: We will see to it.

Mr. BYRNE: When we considered the estimates of the Department of Veterans Affairs, it was pointed out that the administration of Veterans Affairs in the Northwest Territories was handled through Edmonton; and I believe in the case of the Yukon, the administration for the Yukon was handled through the British Columbia office. It seems to me that is a fairly satisfactory arrangement. For the purposes of compensation British Columbia is a little more generous in the amount which it will pay. That is, the maximum is \$4,000. Moreover, I believe the B.C. pension for widows is a little better.

Mr. HAHN: There are two extra days of waiting time.

Mr. SIMMONS: What is the reason for Yukon employees being deemed to be employees of Alberta, when they should come under British Columbia?

Hon. Mr. GREGG: According to the advice I had there had not been any complaints on the matter, when we amended it two years ago. I think there was some tendency for things of this nature to be administered in Alberta. If the committee does not feel too strongly about it we might leave it as it is, as we have only had two years experience with it.

Mr. SIMMONS: When our employees realize the benefits are higher in British Columbia, you are going to have a lot of representations.

Hon. Mr. GREGG: There is not very much difference.

Mr. GREENE: I gave you the table.

Mr. GILLIS: It is seventy-five as against four thousand in British Columbia.

Mrs. FAIRCLOUGH: And the widow's pension is more.

Mr. GREENE: The benefits are better in British Columbia than they are in Alberta. That is true.

Mr. SIMMONS: The provisions for benefits in British Columbia are superior to any other Workmens' Compensation Act in the various provinces.

Mr. A. H. BROWN: In the Yukon and the Northwest Territories, under their ordinances as far as compensation is concerned, where a referee is required, then the question is submitted to the Alberta board for decision. All questions which arise under the local ordinance either in the Yukon or Alberta are apparently referred to the Alberta board.

Mr. SIMMONS: That was it.

Mr. A. H. BROWN: The Yukon and Northwest Territories ordinances, covering questions of Workmens' Compensation to a local inhabitant, provide that where a referee is required to deal with a disputed claim the question be submitted to the Alberta board for decision in both cases.

Two years ago when we passed this present provision making the Alberta legislation applicable, we had a discussion with the departments of government which were chiefly interested in the Yukon and the Northwest Territories. It was their opinion that these matters could best be handled from the point of view of administrative convenience and efficiency through the Alberta board. That was really the basis of our decision at that time.

Mr. SIMMONS: So it was done to simplify the administration?

Mr. A. H. BROWN: There was that factor, as well as the fact that the chain of travel by air, at any rate, seemed to be through Alberta. In addition, the Yukon highway came up from Edmonton.

Mr. GILLIS: Do they handle the unemployment insurance for the Northwest Territories in the Pacific region?

Mr. A. H. BROWN: I think so but I am not sure about it, quite frankly.

The CHAIRMAN: Does section 4 carry?

Carried.

Section 5 of clause 2.

Mr. CHURCHILL: With respect to subsection 5: at the bottom of page 3, there is a reference to Canadians who are posted abroad; for example, with the Department of External Affairs or some other department. Now, if that is the case, the wording "usual employee" is not clear because a person who is selected from any province of Canada and who is posted abroad, let us say, with the External Affairs Department, is then declared to be usually employed outside of Canada; and if he is injured, then is usually employed in the province of Ontario?

I suggest that further consideration should be given to the wording by virtue of the subsection which is to be found on the opposite page, where the wording is very different. It says there "the employee was ordinarily resident." I am of the opinion that that wording makes a clearer definition.

Mr. RICHARDSON: It might be that the draftsman could keep in mind the wording of the Income Tax Act, where we speak of a person being "ordinarily resident". I was thinking earlier that where they speak of "usually employed", it might well be that their draftsman could come up with the phrase "ordinarily employed".

Mr. BYRNE: Would it not be effective to simplify it by deleting "usually" in the second last line, and just say "deemed to be employed in the province of Ontario"?

Hon. Mr. GREGG: I think what we have to say about that expression "usually employed" is that either one of two things will happen. There should be a definition of those two words or we should provide some method for future clarification.

Mrs. FAIRCLOUGH: I think on line 45 possibly the word "usually" has slipped in there without intent. Surely clause 5 does not mean that an employee has to be usually employed outside of Canada in order to be deemed usually employed. It means if he is employed outside of Canada he is deemed to be usually employed.

Mr. A. H. BROWN: I think "usually employed" is the test of jurisdiction. That term "usually employed outside Canada" is, to use another phrase, normal place of employment. That is, if he is on the strength of the Department of External Affairs abroad, say in London, that would be his usual place of employment for purposes of the Act.

Mr. CHURCHILL: That is fine, but again you cannot use it in referring to his place of ordinary residence in Canada.

Mr. STARR: What if he is not usually employed outside of Canada, but for the purpose of expediency he is sent out of Canada for one year to one of the embassies and is injured; what would happen?

Mr. A. H. BROWN: If he is usually employed in Canada then on his posting the jurisdiction which would apply would be his usual place of employment in Canada.

Mr. STARR: He would not come under this section?

Mr. A. H. BROWN: He either comes under this section or under the normal rule now that his usual place of employment is in Canada and then it would be the province which was his usual place of employment in Canada.

Mr. SIMMONS: Mr. Chairman, could we revert to section 4. I would like to ask the minister if he would take into consideration the matter I have spoken about by deleting the word "Alberta" and substituting "British Columbia" in its stead.

Hon. Mr. GREGG: May I say I will study again the points which were presented to me two years ago before the bill comes up.

The CHAIRMAN: Section 5 will stand in the meantime.

Section 6.

Mr. CHURCHILL: I have two questions here, Mr. Chairman. The second paragraph of this section, line 10 and following, leaves it to the minister to make the award in such matters he deems fit. How does the employee locally engaged outside of Canada get his case before the minister. What is the procedure?

Mr. A. H. BROWN: It has been the practice in the past that when an employee of this type is injured on duty for the employing department, if they want to do so, to make representations to the Treasury Board for an award. Under this new provision the thought was that all of these cases would be channeled through the Minister of Labour because they really fall under this matter of government employees compensation.

The CHAIRMAN: Could we reserve the sections 3, 4, 5, and 6, of clause 2 until we obtain a ruling on the words "usually employed"?

Mrs. FAIRCLOUGH: This section 6 is not a matter of "usually employed".

The CHAIRMAN: But it all comes under clause 2.

Mr. A. H. BROWN: These cases would all be reported to the province that employed the employee who was injured outside of Canada and would come through the government employees compensation branch.

Mrs. FAIRCLOUGH: Do I understand then from Mr. Brown, through you Mr. Chairman, that the employing department would be the only one who could make representations to the minister? What about the employee who was injured or the dependants of the employee?

Mr. A. H. BROWN: There would be nothing to preclude them from doing that. I was just indicating what the usual channel is.

Mrs. FAIRCLOUGH: I was wondering whether you meant that recommendation to the minister must come through the department and that the persons concerned or their dependants would not have that access.

Mr. A. H. BROWN: There is no suggestion of that nature.

Mr. CHURCHILL: Earlier you gave the figures that there were about 1400 employees being employed outside of Canada. Are those employees all locally engaged?

Mr. A. H. BROWN: Yes. They are locally engaged. Citizens of Britain, France or wherever they are.

Mrs. FAIRCLOUGH: How many of them who are not locally engaged outside of Canada would be covered under this Act.

Mr. A. H. BROWN: I do not have those figures. Those are the regular civil servants posted abroad who always came under the Act.

Hon. Mr. GREGG: How many claims have you?

Mr. GREENE: Very very few. I do not suppose there would be a dozen a year.

Mr. CHURCHILL: There is a question of interpretation at the end of lines 19 and 20, "at the time the disease was contracted". Some diseases might appear after the person had terminated his contract. How would he be covered under this Act?

Mr. GREENE: You are talking about a disease recurring?

Mr. CHURCHILL: A disease which may be the result of his employment "characteristic of the particular process" as the words say here. It might not appear until after he had terminated his employment.

Mr. GREENE: The case would be considered. The board have always gone into that and we have had many cases whereby certain complications have arisen and they would trace that back to the injury and they have awarded compensation.

The CHAIRMAN: Shall section 6 carry?

Carried.

Clause 3, section 8.

3. (1) Subsections (1) and (2) of section 8 of the said Act are repealed and the following substituted therefor:

"8. (1) Where an accident happens to an employee in the course of his employment under such circumstances as entitle him or his dependants to an action against some person other than Her Majesty, the employee or his dependants, if entitled to compensation under this Act, may claim compensation under this Act or may claim against such other person.

(2) Where a claim is made against a person other than Her Majesty and less is recovered and collected, either upon a settlement approved by the Minister or under a judgment of a court of competent jurisdiction, than the amount of compensation to which the employee or his dependants are entitled under this Act, the difference between the amount so recovered and collected and the amount of such compensation shall be paid as compensation to the employee or dependants."

(2) Section 8 of the said Act is further amended by adding thereto, immediately after subsection (3) thereof, the following subsections:

(3a) Where an action is brought under subsection (3) and the amount recovered and collected exceeds the amount of compensation to which the employee or his dependants are entitled under this Act, there may be paid out of the Consolidated Revenue Fund to the employee or his dependants such portion of the excess as the Minister with the approval of the Treasury Board deems necessary, but if after such payment has been made the employee becomes entitled to an additional amount of compensation in respect of the same accident the sum paid under this subsection may be deducted from such additional compensation.

(3b) The parent, tutor or guardian of an infant dependant may make an election under this section for such dependant.

Mr. HAHN: I wonder if the minister could give us an example of what section 8(1) might imply?

Mr. GREENE: Mr. Chairman, in the Act as it stands now an employee of the government of Canada if injured by some outsider or some other party who is responsible, that employee has the option of coming under the Act and collecting compensation or he can say "No, I think I will sue so-and-so and get more out of it". He can go ahead and sue.

Mr. HAHN: In that case he would have to take care of the expense himself?

Mr. GREENE: Yes. Suppose he sued and the compensation benefit would have been about \$2,000 and he only obtained \$1,000, he can come back and collect the \$1,000 from us. The changes here are mainly to give the employee something which is not in the present Act. Supposing he comes under the

Act and the Crown sues under the Act, now all the money the Crown gets would go into the consolidated revenue fund. Under the proposed change if the Crown sues and manages to get more money than the compensation the Crown can pay the difference to the employee on the grounds of pain and suffering, loss of enjoyment of life and so on, which is not covered now.

Mr. HAHN: But they do not have to pay it?

Mr. GREENE: No, but they would under the change if the man would undertake not to seek any more compensation for that one accident. Supposing there was a recurrence of the trouble the \$1,000 he might get would have to be exhausted for further treatment before he could come back for compensation.

Mr. JOHNSTON (*Bow River*): There are two circumstances there, if that accident is incurred by a third party, the worker can either decide to go under the Act and take the compensation as paid, or he may prosecute himself, pay all the expenses, and then if he gets more than his compensation would amount to, the government can claim that?

Mr. GREENE: No, not if he sues himself, he gets everything; if the government sues the government collects.

Mr. JOHNSTON (*Bow River*): If the government sues and gets more than the compensation amounts to, they may or may not give him the extra \$1,000 or may keep it until all the claims are paid?

Mrs. FAIRCLOUGH: Do I understand under the old Act it was necessary or there should have been a legal action and judgment pronounced, whereas under this you can make a settlement?

Mr. GREENE: That is right, yes.

The CHAIRMAN: Section 8, page 5, clause 3 carried.

Mr. RICHARDSON: Excuse me, subparagraph 3(d) where they refer to the parent, tutor or guardian of an infant child may make an election, would the minister be good enough to refer to that subsection? While the word "tutor" would cover the infant children in the province of Quebec, there may be dependents. I am not conversant with all the clauses of the Quebec Act, but do you not think that the word "curator" should be added?

Mr. GREENE: Mr. Chairman, this only refers to infants, it does not affect an older dependent who would come under the provincial Act concerned, and Quebec, for instance, have provided for needy fathers and mothers and so on.

Mr. RICHARDSON: I am sorry to have wasted your time.

The CHAIRMAN: Clause 3.

Carried.

The CHAIRMAN: Clause 4. Section 12?

4. The said Act is further amended by adding thereto the following sections:

"12. Where death results to an employee from an accident arising out of and in the course of his employment at a place other than the place where he is usually employed and the reasonable additional expenses incurred because the death of the employee occurred at such other place exceed the amount of compensation to which his dependants are entitled for such expenses under this Act, there may be paid out of the Consolidated Revenue Fund such sum as the Minister with the approval of the Treasury Board deems necessary to pay any portion of such excess.

"13. The Minister may promote and encourage accident prevention activities and safety programs among persons employed in the public service of Canada."

Carried.

The CHAIRMAN: Section 13.

Mrs. FAIRCLOUGH: On section 13, I inquired about this in the House, and I think the minister did not understand me. I wondered whether he intended to set up his own propaganda machine or whatever it is?

Hon. Mr. GREGG: The Department of Labour is free from propaganda.

Mrs. FAIRCLOUGH: Possibly that was an unfortunate choice of words. Do you intend to work through the presently established Industrial Accident Prevention Association?

Hon. Mr. GREGG: That is exactly the case. Under the authority given here, we are attempting to cooperate, through Mr. Greene's branch, with the various departments who have definite responsibility for prevention of accidents, and it is not our intention or that of Mr. Greene to set up a great new bureaucracy.

Mrs. FAIRCLOUGH: It seems to me there would be a duplication of effort, because these people are so well organized and it would be so easy to make use of them.

Hon. Mr. GREGG: To be effective at all we would have to have the enthusiastic cooperation of all those in the department from the deputy minister down, and it is given to us to say in a friendly fashion, "We have responsibilities to help you with your accident prevention, can we make suggestions and help standardize it?"

The CHAIRMAN: Is section 4 carried?

Section 2 will be referred back to the next meeting.

Hon. Mr. GREGG: May I say in connection with section 2, in so far as it refers to "usually employed" we will look into the matter of clarification.

The CHAIRMAN: In view of the large number of committees this week, possibly we may sit tomorrow afternoon at 3.30.

Hon. Mr. GREGG: I spoke to the leader of the House about the other bill and Mr. Harris told me that he had a pretty unanimous request from all corners of the House asking that the budget debate should roll through this week with the hope of getting along as far as possible. He did not feel there was much likelihood of getting the budget debate through before Thursday night at the earliest. If we are through by Thursday night then we would try to get on to second reading of the debate on the bill on unemployment insurance on Friday and I think that will be the earliest we will be able to do that, so it will be difficult to have it come before the committee this week.

Mr. JOHNSTON (*Bow River*): We could let our meeting go until such time as this other bill comes in and do both at the same time.

Hon. Mr. GREGG: I think that is the idea. We will undertake to report back on section 2 when we approach the other bill. It will not be read this week.

The CHAIRMAN: We cannot pass this bill yet and we will reconvene tomorrow at 3.30.

The committee adjourned.

MAY 4, 1955.  
3.30 p.m.

The CHAIRMAN: Order, please. We have a quorum. We will proceed with the completion of Bill 188. I understand at the meeting yesterday there was a request for clarification of "usually employed." There is a representative here from the department who will explain that.

Hon. Mr. GREGG: Mr. Brown, the deputy minister will give us the clarification he has arrived at.

Mr. A. H. BROWN (*Deputy Minister of Labour*): Mr. Chairman, yesterday, I think it was agreed that the term "where the employee is usually employed" was to be preferred as a basis for jurisdiction under the Act rather than the place where the accident occurred. But, some concern was expressed over the possible vagueness of the term "usually employed" and several members expressed the fear that difficulties might be created. The term "usually employed" due to the kind of work the employee is doing is possibly not readily determined in some instances. There is also the question as to how the procedure under which doubts raised in the application of this section would be disposed of. We have considered these points further and we are proposing a further amendment to the bill, and I have asked the clerk to circulate copies of the proposed amendment. The proposal is that we add a new section to the bill to amend the present section 10 of the Act which provides authority to make regulations and to have this section 10 read as follows:

Subject to the approval of the Governor in Council, the minister may make regulations for determining, for the purposes of this Act, the place where an employee is usually employed, and generally for carrying the purposes and provisions of this Act into effect.

This proposed amendment is made after consultation with the Department of Justice and we feel that it does meet the constructive criticisms which were made yesterday. Under this provision, the regulations could be made prescribing or establishing a definite procedure to be followed by the employing departments, the corporations, boards and commissions, which would be applicable in any case of doubt or disagreement as to where the employee is usually employed. We considered the advisability of having an interpretation clause inserted in section 3 of the Act, but on further study it was considered, because of the wide range of circumstances of employment involved, this term is not capable of a sufficiently precise definition to be practicable. Such a definition would require extensive use of elaborations and provisos which the more general phrase does not. It seems to us that the thing to do is to provide a means whereby any difficulties which arise in the interpretation and application of this term can be readily resolved.

Another suggestion was made yesterday that another word be substituted for the word "usual" or "usually". There are a number of synonyms such as "regular", "ordinary", "normal", "customary" but none of them seem to be, in the opinion of the officers of the Department of Justice, an improvement over the commonly used expression which we have employed in the Act.

Mrs. FAIRCLOUGH: Mr. Chairman, we apologize for being late, but our members did not get their notices and we were watching Mr. Viau in the House, thinking the committee would not start until he came.

Mr. CHURCHILL: Mr. Chairman, I do not join in the apology at all; I object to meetings being called without notices, and with some misunderstanding as to whether we would meet or not.

The CHAIRMAN: Well, I was not here until last night, and I knew nothing about it at all. I got my notice this morning.

Mr. CHURCHILL: There is no use getting our notices by noon or in the afternoon for meetings at 3.30; they should be in our mail box in the morning. May I ask the chairman how far the meeting has processed?

The CHAIRMAN: We just started and had an explanation on the clarification of the point that was raised yesterday. The deputy minister, Mr. Brown, has just read a proposed amendment to Bill 188, that clarifies the term "usually employed".

Mrs. FAIRCLOUGH: What page is the original of that?

Mr. HAHN: It is new.

Mr. A. H. BROWN: It is a proposed clause to be added to the bill.

The CHAIRMAN: Would you like Mr. Brown to give a brief explanation?

Mrs. FAIRCLOUGH: Yes, we would.

The CHAIRMAN: Very well, would you do that, Mr. Brown?

Mr. A. H. BROWN: Well, Mr. Chairman, we discussed with the officers of the Department of Justice the advisability of having an interpretive clause inserted in section 3 to elaborate on the term "usually employed" but it was felt that because of the wide range of circumstances where this term had to be applied it is not capable of a sufficiently precise definition to be practicable, without running the danger of it being too circumscribed and rigid. A definition of that nature, it is felt, would require quite an extensive use of elaborations and provisos it is considered that the best thing to do would be to provide a means whereby any difficulties arising in the application of the term could be resolved. There would not be a great many cases of this kind. We considered the suggestion that another word be inserted for the word "usual" or "usually". There are a number of synonyms such as "ordinary", "normal" or "customary", but in the view of the drafting counsel more of those would be an improvement over the expression which we have employed in the Bill. It was felt that we should deal with the question of how this phrase was to be applied. Consequently we proposed a new section of the bill which will provide an amendment to the present section 10, and the amended section 10 of the Act should read:

Subject to the approval of the Governor in Council, the minister may make regulations for determining, for the purposes of this Act, the place where an employee is usually employed, and generally for carrying the purposes and provisions of this Act into effect.

Mrs. FAIRCLOUGH: Mr. Chairman, I do not have my copy of the old Act with me unfortunately, but what is the change from section 10 of the old Act?

Mr. A. H. BROWN: The present section 10 reads:

Subject to the approval of the Governor in Council, the minister may make regulations for carrying the purposes and provisions of this Act into effect.

Mr. HAHN: The effect of this Act if it is incorporated into the bill would mean that section 4 might be incorporated, as it is now it reads:

Where an employee ordinarily resident in the Yukon Territory or the Northwest Territories is caused personal injury or is killed by accident arising out of and in the course of his employment, or is disabled or his death is caused by an industrial disease due to the nature of his employment, while employed in the Yukon Territory, or The Northwest Territories, such accident or industrial disease shall for the purposes of this Act be deemed to have occurred or been contracted in the province of Alberta.

The effect of this might mean that if the minister feels it desirable that this matter be dealt with say by British Columbia instead of Alberta he may if he so felt suggest that he is usually employed in British Columbia instead.

Mr. A. H. BROWN: No, I do not agree with that.

Mr. HAHN: The Act still pins him down to Alberta?

Hon. Mr. GREGG: Yes, as a matter of fact I think it is correct to say that the amendment suggested by the deputy minister just now has not any relation to that discussion about the Yukon and Northwest Territories using the board of British Columbia. This arose out of Mr. Churchill's suggestion that this expression "usually employed" has to be sufficiently exact to apply to the various cases. Yesterday I certainly felt that in the amendments where now the accident is to be adjudged by the board in the province where the civil servant is usually employed rather than in the province where the accident occurred it did seem that there should be means for a quick interpretation of that between the two places, between where the accident occurred and the place where the employee is usually employed. I think this provision for spelling it out in regulation form based upon the experience as we know it, which might have to be amended from time to time, would enable us to deal with these matters with the minimum of delay, and I think that is what everybody would like to have.

Mr. CHURCHILL: There are two comments I would like to make. When the deputy minister was expanding consultation with the Department of Justice, nothing was said about the retaining the words in the present Act of being "normal, ordinarily resident". It is difficult to find a synonym for "usual" and so on, but was there any discussion with regard to retaining that expression, "ordinarily resident" which is clearly understood?

Hon. Mr. GREGG: It is not residence that is a factor, Mr. Churchill, it is the employment by the government of Canada. He might be resident, in the ordinary sense, in a province, have a house in a province but not really come under the civil service branch in that province. He might be from Ottawa, or he may be working here from an adjoining province.

Mr. CHURCHILL: Yes, but what you are doing is you are transferring the consideration of the case of a person injured in one province to the province in which, as you said in this bill, he is usually employed, and that is a province in which he is usually resident except that I see you are using departmentally a term that a man posted to some other province is usually employed in the province to which he is posted, and that is what has caused all the misunderstanding. However, I do not know that we are going to get a solution in this committee. My second observation is this: making a definition of "usually employed" by means of regulations is to me a new departure in the drafting of statutes. Normally, you expect to find in an Act everything you require without having to refer to regulations for an understanding of the meaning of the words in the Act. I may be wrong or perhaps there are other instances where this is done, but it is the first time it has come to my attention, and I think there is something fundamentally wrong about that.

Mr. A. H. BROWN: We feel it is desirable to provide a means in the Act of laying down rules in the applications of this term. We are dealing with several types of employment; we are dealing with government employment and we are also dealing with the employment in Crown corporations of various types. We went over this very carefully with the Department of Justice with the idea of getting a definition but we felt that we might develop a definition that would be so cumbersome and still be impractical, and it would still lack sufficient flexibility in the application of the Act itself.

Mr. CHURCHILL: May I ask this question? Does not this give the minister the power to determine the place in which an employee is usually employed and remove from that employee the opportunity to state that he has shifted the place where he is usually employed. We had a discussion yesterday about this on the basis that a man looking at the benefits province by province

might decide that it would be better to move permanently to the province of Ontario so that he or his dependants might benefit in the case of injury or fatal accident rather than retain his ordinary place of residence. As it is at the moment now, are you not placing in the hands of the minister the chance of determining or removing that choice from the employee?

Mr. A. H. BROWN: Well, the governing factor is his usual place of employment; that is the basic factor and I do not think the question of where he had his residence really comes into the picture: It is his usual place of employment. I think the important thing here is to provide for a uniform application of this term for effective administration. We will have to lay down rules and ask the employing department to make a report on this, give particulars in compliance with the regulations.

I think you can be assured that as far as the employees are concerned they always have an opportunity and always have had the opportunity, either personally or through their associations, to make representations on any case which has come under the Act with regard to which they have not felt they were being properly dealt with. That would be true certainly with respect to the application of these regulations, in the same way as it would be true in relation to a decision of provincial board. We have always been prepared to ask a provincial board to review decisions in cases of dissatisfaction and they have always been quite prepared to do so; certainly I do not think that there is material danger of the employees being deprived of the opportunity to make representations as to the application of these regulations.

Mr. CHURCHILL: I do not question that there will be the opportunity to make representations on behalf of employees. I do not question the fact that the ministers of the departments will do everything in their power to consider the difficulties of employees. But I do not think that is the proper basis on which to write the laws of the country. I think things should be set out so clearly that people are not dependent on favourable administration. They should be dependent on their rights as outlined in an Act.

May I ask this question, Mr. Chairman: the reason for changing the Act arose, if I recall what was said yesterday, from the fact that people employed in a province and suffering an accident there found that they, perhaps, did not receive benefits equivalent to what they would have received had they been injured in the province from which they originated. Consequently you are changing the Act so that it is not where the accident occurred which is of importance, but the province in which the employee is "usually employed" as you say, although I would prefer "ordinarily employed".

If you are changing the Act for that purpose I still think it could be more clearly set out, and that the right to choose where a man is going to draw his benefits under the Workmen's Compensation Act should be left with the employee.

Mr. GILLIS: I cannot see Mr. Churchill's argument at all. Under the old act regardless where a man was previously employed, if he was injured in another province he automatically came under the laws of that province. The large bulk of civil servants work in Ottawa and come under the Ontario Act. But this does not take care of the person who is moved from his own province into another province. The old Act is unfair, and as I understand this one, if the Mines and Technical Surveys people send a man out to the Northwest Territories and he meets with an accident and is injured there, the man's usual place of employment is deemed to be in Ottawa, and he comes under the Ontario Act. This is writing some flexibility into the Act. Previously it was pretty rigid. Now if there is any doubt as to where a man is employed for the purpose of compensation the minister has discretionary powers under this

new section to determine the question and to say: "he belongs in Ontario, or Quebec, or Alberta" and so forth. I can see nothing wrong in this arrangement. If it could have been done under the old Act it would have saved me some headaches.

The place of a man's residence has nothing to do with compensation. He may be a resident of Nova Scotia having employment in Ontario. If something happens to him he automatically comes under the Ontario Act. This section has provided for those who come under this Act and who may be shifted from their own provinces to do a job which may take them six, eight, or ten months. Previously if a man were shifted from Ottawa to Newfoundland, Newfoundland rates, which are below Ottawa rates, would apply if the man had an accident while in Newfoundland. The Newfoundland board would assume responsibility and he would be paid their rates despite the fact that he was there on a temporary job. This Act provides that a man will come under his own provincial rates. I do not think it will affect so very many people, but the provisions now proposed take care of what I consider to be a rigid clause in the old Act which created hardship.

Mr. CHURCHILL: I am not objecting to the change in the Act which I think is an improvement. What I was asking for was greater clarity.

Mrs. FAIRCLOUGH: If what Mr. Gillis has said is correct we would have no quarrel. What we are worried about is a case such as Mr. Gillis mentioned yesterday. A man lives in Nova Scotia; he takes a job with a government department which emanates from Ottawa and they send him to Newfoundland. He is injured in Newfoundland but he does not go back to Nova Scotia where his home is; he goes to Ontario to have Ontario compensation applied to him. It does happen in this particular case that would be an advantage to the man concerned, but a similar situation might arise where it would not be to his advantage. Added to that is the fact that if he was seriously injured—so seriously injured as to require hospitalization and rehabilitation treatment—

Mr. GILLIS: You are not right about the case I stated yesterday. He came under the Nova Scotia board.

Mrs. FAIRCLOUGH: Yesterday you said he could be compensated if the Act is passed because he was posted from Ottawa.

Hon. Mr. GREGG: This young man would come under Ottawa in Ontario when this bill becomes law.

Mrs. FAIRCLOUGH: That is exactly what I mean.

Mr. GILLIS: But not under the old Act.

Mrs. FAIRCLOUGH: I am thinking about what would happen to him under this new bill. He would be remote from his home. He might be there for three or four years. He might be remote from his family, though better facilities for taking care of him might exist in the place of his residence. I know of a young man now who is in a province remote from Ontario and the compensation board of that province cannot care for the condition which he has, and it is going to affect his whole afterlife. If he were in Ontario they would have the facilities in Ontario to care for the particular condition from which he is suffering.

Hon. Mr. GREGG: That is partly the reason behind this. Mr. Churchill, I frankly do not anticipate the minister and the Governor in Council will be called on under this proposed amendment to do very much in the way of giving judgment on different cases, I think we should recognize that where a person, technically speaking, is usually employed is in the province where the office from which he gets his pay exists. That will mean that the bulk of these cases in the outlying country will be from Ottawa regardless of how long they are away or where they are sent. Is not that true? And the same will hold

true if a man goes out from one province and is sent to an adjoining province. I think that will be the governing feature—they will “usually employed” in the province where their pay office is situated.

Mr. HAHN: Perhaps the Hon. Minister could indicate to us whether this change from one province to another is brought about by direction from a regional office or a provincial office? That might do something to clarify the question.

Hon. Mr. GREGG: It might be brought about through either. I do not think it would matter much as long as the man concerned would be adjudged to be on duty in the course of his trip. I can visualize a man from the Moncton regional office of the Unemployment Insurance Commission being sent to Cape Breton, and in the ordinary carrying out of his duties meeting with an accident in Cape Breton. It would not matter whether he went at the direction of the Unemployed Commission in Ottawa or whether he was sent out by the regional superintendent at Moncton; if it were outside his province and if his injury was received in the ordinary course of his duties he would get workman's compensation under the province of New Brunswick.

Mr. HAHN: Would it not be a natural thing for Ottawa to send a directive that the man should be sent from New Brunswick?

Hon. Mr. GREGG: It might come from one or the other. Ottawa might ask the region to send him to Cape Breton, or the region might send him independently. As long as the man is on duty when he receives his injury, I do not think it matters who sends him.

Mr. HAHN: If Ottawa sends him, then even though his usual place of employment is in New Brunswick, then according to the interpretation of the Act as I understand it he would get compensation under the Ontario Act.

Hon. Mr. GREGG: No. I think we should go back a little to “Usually employed”... his usual place of employment would depend on the office from which he gets his pay the place which usually employs him.

Mr. HAHN: Therefore the office which gives the direction as to where he should go is not necessarily the one which determines the place of his usual employment under the Act.

Mr. JOHNSTON: (*Bow River*): The only difference now, as I see it, is that when confusion arises the minister can make a decision on it.

Hon. Mr. GREGG: The minister may, with the approval of the Governor in Council, but I do not anticipate that there will be very many cases arising.

Mr. GILLIS: One question on the subject of treatment. Is it not a general practice with the provincial boards anyway that if a man has a certain disability and facilities for treating that disability are not available in the particular province they send him to where treatment is available? People are shifted from Nova Scotia to Montreal for treatment. Would that not be the practice followed by the national administration of this Act in cases where special treatment is necessary? For example, you have a man in Nova Scotia who has silicosis and it is found that there are better facilities for treating him in Ontario than there are in Nova Scotia. Would it not be the duty of the board to send that man to Ontario and provide treatment for him?

Hon. Mr. GREGG: It would be just the same as if anybody has an accident in private industry. Yes.

Mr. CHURCHILL: What happens in northwest Ontario? Or dominion government employees normally directed there and paid from the Winnipeg office.

Hon. Mr. GREGG: I think it would depend upon the department concerned. All northwestern Ontario for the Unemployment Insurance Commission, exclu-

sive of Port Arthur, falls under the Winnipeg office. Consequently an employee working in that area would be on the payroll of the Winnipeg office and his compensation would be that of the province of Manitoba.

Mr. A. H. BROWN: Not necessarily. He may be posted. If his regular posting is in Ontario.

Hon. Mr. GREGG: Yes, but if he is on the payroll of the unemployment insurance division of the Winnipeg office or the regional office located in Winnipeg he would be subject to Manitoba compensation.

Mr. A. H. BROWN: If on the department's establishment in Manitoba but not if he was posted in Ontario.

Hon. Mr. GREGG: Yes, but this is a case where if the Winnipeg office has the supervision of western Ontario and the Winnipeg office sends an inspector into that area who then meets with an accident, he would come under Manitoba.

Mrs. FAIRCLOUGH: Yes, but suppose he comes out of the Winnipeg office but is usually employed—

Hon. Mr. GREGG: In an office in Kenora?

Mrs. FAIRCLOUGH: Yes.

Hon. Mr. GREGG: He would get the Ontario compensation because Kenora is in the province of Ontario.

Mrs. FAIRCLOUGH: I just hope that this is perfectly clear so that if a case comes up there in the future there will not be any difficulty. What we are concerned with is that there not be a delay while somebody decides whether it is under Manitoba or under Ontario and they jockey it around.

Hon. Mr. GREGG: That is why I am pleased that this discussion has taken place in this committee. It gives us an opportunity to see that the roadblocks are clear and that somebody will make it his job in my department or in Mr. Greene's branch to see that the case is dealt with without delay.

Mr. BYRNE: Mr. Chairman, it seems to me that my suggestion yesterday which did not get the wholehearted support of the committee that the federal government should draft a universal unemployment insurance plan or a compensation plan that would cover everyone in the civil service should be instituted. It seems to me that that would be the way to get around so many of these administrative difficulties. I cannot see why the provinces should object in so far as the federal government pays them a lump sum and all they would be required to do would be to investigate the accident to determine whether it is a bona fide accident under the plan. I think that that would certainly be less difficult to administer.

There is one question I would like to ask Mr. Brown and that is whether or not he thinks that there will be many employees adversely affected by this legislation. That is, in the particular case mentioned here with respect to the Manitoba central office sending someone to Ontario. Under the present Act he would receive better consideration if he were injured in Ontario than in Manitoba. There is bound to be a number of people who are going to take the other position. I was injured in Ontario why do I not receive the compensation benefits of Ontario residents.

Mr. A. H. BROWN: I cannot give you a categorical answer, but on balance the new change would affect the greater number of people more favourably and it is in line with the principal of the provincial Acts.

Mr. BYRNE: Of course it so happens at the present time that Ontario have a better compensation arrangement than most of the other provinces, but conceivably that could change and perhaps there would be a large number of people adversely affected and we would have to pass another item. My argument still stands that the idea of the universal plan would be a good one.

Mrs. FAIRCLOUGH: Mr. Chairman, I think the big difficulty in which we find ourselves centres around the fact that the federal government really has not had the administration of workmen's compensation. It has made certain rules and regulations for looking after its own employees under certain circumstances, but when it comes right down to dealing with the people that has been in the hands of the provinces and I believe because of that nobody is precisely sure where they stand. We are a little confused and we are most anxious to see that the workman gets proper and prompt treatment in the event of an accident. If we could have the minister's assurance that there will not be any jockeying around with these cases I think that most of us would be reasonably satisfied. I think that we want that assurance that there will not be any delay because of interpretation of the Act which we are presently considering.

Hon. Mr. GREGG: Mr. Chairman, in response to what Mrs. Fairclough has said I do not anticipate, in spite of the discussions here, that there will be any great difficulty in conducting the administration along the lines set out here. I am saying that because during the five years I have been in this department this particular branch has thrown up very few causes for complaint. I say very quickly that there is one that Mr. Gillis has which is really not a matter of administration but rather a matter of interpretation. Under the old Act it was a bit simpler but I can assure the committee that we will see to it that as and when these amendments come into effect that every effort will be made to make sure there is no delay and I think we will have a better Act even though it is for the provinces to administer and to decide what the compensation will be. The work in this has gone forward very smoothly and I anticipate that it will in the future.

Mr. GILLIS: Are you going to straighten up that case of mine? I wrote to you today.

The CHAIRMAN: Would someone care to move the adoption of this amendment?

Moved by Mr. Cauchon, seconded by Mr. Viau.

The CHAIRMAN: It has been moved by Mr. Cauchon that the proposed amendment to bill 108 by the deputy minister be adopted.

Those in favour?

Agreed.

I think there is one little change here on page 2, line 27. It is not a very great change but Mr. Brown may wish to speak to it.

Mr. A. H. BROWN: On page 2 of the bill under section 2, line 27, we have discussed that with the Department of Justice and they propose that we add a comma after the word "Majesty" in the 27th line which will add some clarification there.

The CHAIRMAN: Is the amendment agreed to?

Agreed.

Mrs. FAIRCLOUGH: Did anything happen to the suggestion which was made yesterday by Mr. Simmons with reference to the coverage of the Yukon territory?

Hon. Mr. GREGG: The deputy minister has looked into that matter in relation to the administration of other matters. Perhaps, Mr. Chairman, Mr. Brown might give us a report on it.

Mr. A. H. BROWN: I think that I told Mr. Simmons yesterday that when these amendments to the Act were made in 1951, which made the Workmen's Compensation legislation of Alberta applicable to employees ordinarily resident in the Yukon and the Northwest Territories, that at that time a decision in

favour of the Alberta Board was made from the point of view of administrative convenience, and after consultation with the officers of the department which at that time I think was National Resources and Development. But since that time there have been changes made in the Yukon and Northwest Territories Workmens' Compensation ordinances. These changes establishing the new ordinances in those two territories became effective on January 1st, 1953.

The provisions of those ordinances with respect to coverage and benefits are substantially the same as those of the Alberta Act. The two ordinances fix for both of those territories identical scales of compensation to those which are provided under the Workmens' Compensation Act of Alberta. Therefore we feel that in those circumstances the present provisions in our Act which provides that employees who are employed in the Yukon Territory shall be deemed to be employed in the province of Alberta is perfectly in order. It is consistent with the general principle of the Act which is that the same treatment is to be accorded to federal employees as is accorded to non-governmental employees in the different provinces.

Here we have applied it in the same way to federal employees in the Yukon and Northwest Territories, and these people will have the same treatment, and benefits on the same scale, as employees in private industry in those two territories. Of course if there is a change in the local ordinance in the Yukon, that would be a matter for future consideration.

Mr. SIMMONS: Local ordinances would have to be amended, then, before the department would be prepared to make any amendment to the Act?

Mr. A. H. BROWN: That is our feeling on the matter.

The CHAIRMAN: Shall the preamble carry?

Mr. JOHNSTON (*Bow River*): With respect to the section on page 2 where the Justice Department, after due consideration, decided to put in a comma, I would like to know why the department of Justice is reluctant to put a clause where it belongs? Why not put "who is usually employed" next to the word which it modifies? Surely they might learn how to write a paragraph in such English that people could understand it. It seems to me to be ridiculous to say that the Department of Justice have decided that a comma should be put in, when the proper thing to do is to take out a sentence.

Mr. A. H. BROWN: All I can say is that the job of these people is that of drafting legislation.

Mr. JOHNSTON (*Bow River*): They are confusing it so that nobody can read it.

Mr. A. H. BROWN: I have brought the matter to their attention.

Mr. JOHNSTON (*Bow River*): Don't you think that the clause "who is usually employed" should be placed right after the word "workman"; then it would be quite clear?

Mr. A. H. BROWN: I admit that the whole thing reads a little awkwardly, but I do not think that we should attempt to transpose a clause in the way you suggest.

Mr. JOHNSTON (*Bow River*): That would eliminate one bad thing, and it would not require any more work than putting in a comma.

Mr. A. H. BROWN: I feel quite frankly that we might arrive at different conclusions as to what might be the right drafting.

Mr. BYRNE: We can be quite sure that Her Majesty is not working. Anyway, it is clear who she hopes it will apply to. As I said yesterday, simple language does not confuse people.

Mr. HARDIE: Going back to the Yukon and Northwest Territories ordinances, are the minister and the deputy minister aware that private industry in the Yukon and the Northwest Territories—for example, the Consolidated

Mining and Smelting Company—operate in Yellowknife in the Northwest Territories, and that they are covered under the British Columbia Act? Their employees receive compensation under the British Columbia Act, while at the Giant Mine which is only three miles away, the employees there receive compensation under the Alberta Act.

Mr. A. H. BROWN: I am aware of that. That is of course a voluntary decision on the part of the Consolidated Mining and Smelting Company, to apply the British Columbia Act. You see, under those Acts, responsibility for paying these benefits is directly on the employer; it is not done by way of assessment, and it is up to the employer to protect himself. Most of them do, I presume, by taking out insurance coverage. But as far as the Consolidated Mining and Smelting Company is concerned, the company has gone beyond the ordinance, and it is willing to provide a higher scale of benefits. That is a voluntary matter with them.

The CHAIRMAN: Shall the preamble carry?

Mr. CHURCHILL: Not Yet. We have not quite finished with line 27.

I propose to move that the paragraph be altered to read, in line 26, after the words "a deceased workman", the phrase "who is usually employed in that province by a person other than Her Majesty", and that the word "employed" in line 26 be struck out.

Mr. SIMMONS: Would you please read that over again.

Mr. CHURCHILL: That the sentence would then read—"or a dependant of a deceased workman who is usually employed in that province by a person other than Her Majesty."

Mr. JOHNSTON (Bow River): I second that.

Hon. Mr. GREGG: You would leave in the word "and" at the end of that line?

Mr. CHURCHILL: Yes.

Mr. W. B. DAVIS (*Departmental Solicitor*): It starts out: "under the same conditions as are provided under the law of the province where the employee is usually employed respecting compensation for a workman". The workman is the person who comes under the provincial Act. "Respecting compensation for a workman, or a dependant of a deceased workman, employed by a person other than Her Majesty". In other words, the people they are talking about there are workmen in the province, and the dependants of workmen in the province, the non-federal governmental people; they are the ones there; and if we change it, we change the whole sense of the Act. If we take the last part, those who are usually employed in the province, we are talking about somebody else.

The Department of Justice looked at it very carefully this morning and felt that it would change the whole sense. They felt that we should look for those that we were talking about, the provincial person or dependants of a provincial person employed by a person other than Her Majesty. I think it is clear that the people they are talking about there are the non-federal people to whom the law should apply.

Mr. CHURCHILL: That is an exercise in grammar. That last clause modifies what noun? I recognize that you cannot usually employ deceased workmen, but I would leave that as being too involved.

Mr. HAHN: Whom does that clause modify?

Mr. W. B. DAVIS (*Departmental Solicitor*): That, I would say, modifies workmen.

Mr. JOHNSTON (*Bow River*): It is describing the first workman and there should be a connection with that first workman. Why would not your sentence

read, "respecting compensation for a workman who is usually employed in that province or a dependant of such deceased workman"? I think it modifies the first workman and not the second; if you read it that way I think it makes sense.

The CHAIRMAN: Have you anything further to say on that, Mr. Davis?

Mr. DAVIS: Do I understand the question to be "employed by a person other than Her Majesty"? I suggest it clarifies workman.

Mr. CHURCHILL: That is right, I was putting the modifying word near the word "workman".

Mr. DAVIS: It follows right after workman. You see, "under the same conditions as are provided under the law of the province—" which province, the province where the employee is usually employed, the law "respecting compensation for a workman, or a dependant of a deceased workman, employed by a person other than Her Majesty—" I think they are making it sufficiently clear, it applies to other than federal employees.

Hon. Mr. GREGG: I do not want to get involved in this, but I wonder if this is not the case; let us start up at the top of 2:

2. Sections 3 to 6 of the said Act are repealed and the following substituted therefor:

- '3. (1) Subject to this Act,
- (a) an employee who
- (i) is caused personal injury by an accident arising out of and in the course of his employment, or
- (ii) is disabled by reason of an industrial disease due to the nature of his employment, and
- (b) the dependants of an employee whose death results from such accident or industrial disease,
- are,—'

Just leave that phrase out.

"...entitled to receive compensation—'" Down to that point we are talking about federal civil servants, the rest of that reference, in my reading of it, to other people than federal civil servants. We come down after the (c) and (d) column and see:

'—and such compensation shall be determined by the same board, officers or authority as that established by the law of that province for determining compensation for workmen and dependants of deceased workmen employed by persons other than Her Majesty or by such other board, officers or authority, or by such court as the Governor in Council may direct.'

Now, I do not think, Mr. Churchill, that refers to the second workman. "Where the employee is usually employed respecting compensation for a workman, or a dependant of a deceased workman," lines 24 and 25, but those are non-federal civil servants. Now, I admit there are a good many words there, but if the law officers say that is the best way to do it I suggest, Mr. Chairman, we should leave it.

Mr. CHURCHILL: The law officers are just human beings like the rest of us and it is their job to make the law clear so everyone can understand it. I suggest that the words in lines 35 and 36 are not used in lines 24 and 25.

Mrs. FAIRCLOUGH: Yes, that is really what we are trying to get at.

Mr. JOHNSTON (*Bow River*): Is that not the same thing we are trying to get across?

Mr. CHURCHILL: It is the same thing you are trying to get across in lines 25 and 26.

Mr. A. H. BROWN: I think you are going to change the meaning if you change it. I respectfully suggest that the drafting be left as is.

The CHAIRMAN: Have you a motion, Mr. Churchill?

Mr. CHURCHILL: Yes, that is my motion. I think the time has come to let the Department of Justice draftsmen know we are not altogether satisfied with some of their efforts. We recognize the extreme difficulty in drafting; I think it is one of the hardest jobs done in connection with legislative bodies, drafting of laws, it is extraordinarily difficult; nevertheless, in so far as the law of the land can be clear for the average person to read I think it should be done. The reason I objected to this was, I believe I am accustomed to reading statutes and so on and I had to read this five or six times before I knew what it was all about.

Mr. JOHNSTON (*Bow River*): It seems to be in lines 35, 36 and 37, that is exactly the same idea you tried to express in lines 25 and 26, and I think it is a better job in 35 and 36 than it is in the other places. Why did you change them if you wanted to express the same idea?

Mr. A. H. BROWN: This last clause, "Who is usually employed in that province", goes back to the employee of the federal government, whereas, if you switch it around you are making it applicable to these provincial people coming under the provincial Act.

The CHAIRMAN: Will you read your motion, Mr. Churchill?

Mr. CHURCHILL: My motion was—I will put it this way: In line 26 the word "employed" be struck out; and in line 27 the words from "who" to "province" be struck out, and that in line 26 after the words "deceased workman" be inserted "who is usually employed in that province".

Mr. FRASER (*St. John's East*): If the amendment were adopted it means the workmen usually employed in that province by a person other than Her Majesty, but usually employed in the province. There are two distinct ideas there, and I think they should be separated. As they are in the bill as it stands it would mean it would only apply to persons usually employed in the province by a person other than Her Majesty, but he could be employed by a person other than Her Majesty but usually in the province by someone else.

Mr. BELL: It just shows the confusion that exists in this sort of thing. It seems to me that we are having all this difficulty of trying to decide what this means and how is anybody else going to figure it out. Surely we can have it re-written by the Department of Justice in such a manner that there is no doubt as to what is meant.

Mr. DAVIS: It is going to lead to a lot of trouble. The effect is clear enough, the language may be awkward, but it is generally clear enough. I am quite satisfied that if you change this, as Mr. Churchill purposes, you change the meaning of the section and the application.

Mr. HAHN: May I ask a question about this. Do I understand the contention to be that the last "who is usually employed in the province" refers not to the word "workman" but it refers to "employee" up in "A". That is your contention, do I understand that?

Mr. DAVIS: Your suggestion is, "employed by a person other than Her Majesty who is usually employed in that province", what part of that?

Mr. HAHN: The last phrase "who is usually employed in the province" is the one giving us trouble. That has been separated by you with a comma. Now, can you tell me what that refers to; does it refer to the word "workman" or to the word "employee" which I understand you just said?

Mr. DAVIS: It refers to the federal employee, yes, it refers to working for a person other than Her Majesty.

Mr. HAHN: If that is the case it has no reference to this thing; I definitely agree with Mr. Churchill's contention. Unless you can give us some further argument it would seem to me to be perfectly all right in view of the fact it has been separated by a comma by the Department of Justice. If they did not have the comma there might have been another reason, but I fail to see a reason now.

Mr. DAVIS: I think the words between the two commas make it quite clear that they apply; it follows the word "workman" and describes workman and when we are talking about "usually employed in this province" we are referring to employee; it is quite far removed from the word "employee" but it is the only thing it can cover.

The CHAIRMAN: Are you ready for the motion?

Mr. HAHN: Mr. Chairman is this not what we are asked to say. Beginning with line 20.

Notwithstanding the nature or class of such employment, entitled to receive compensation at the same rate and under the same conditions as are provided under the law of the province where the employee is usually employed respecting compensation for a workman or a dependant of a deceased workman employed by a person other than Her Majesty and who are usually employed in that province?

The CHAIRMAN: What have you to say about that?

Mr. DAVIS: I would think it would amount to much the same thing. You have used the words "who are" rather than "and who".

Mr. HAHN: Would not that be a way of avoiding confusion with "Her Majesty" or the man employed?

The CHAIRMAN: You have heard Mr. Churchill's motion. All in favour of Mr. Churchill's motion please signify.

Opposed?

I declare the motion lost.

Mr. HAHN: Mr. Chairman, I would like to move an amendment by striking out the words in line 25 from "for a workman" up to and including "than Her Majesty", in line 26 and inserting therein the same phrase beginning in line 35 "for workmen and dependants of deceased workmen employed by persons other than Her Majesty" and then "and who are" instead of "who is".

Mr. JOHNSTON (*Bow River*): He is substituting the words in lines 35 and 36.

The CHAIRMAN: I think it is a little difficult for members to follow that, Mr. Hahn. I think the proper way would be to write out the proposed amendment.

Mr. LUSBY: I think that since there is some confusion here the proper thing would be to refer this matter back to the department so that the confusion might be eliminated. I think myself that it is a most confusing section.

Mr. MICHENER: It seems to me there is too much in here. The confusion arises out of the repetition of the two clauses about injuries and industrial

disease, in one case referring to an employee of the Crown and in the other to a person who is not an employee of the Crown; that is why it becomes so complicated. It seems to me that in all fairness to those who have to administer this Act the provision should be clarified.

Hon. Mr. GREGG: The idea is a very simple one. All we want to ensure is that the employees of the Crown in the federal sphere will get the same treatment as the others. Since we know what it means, how would it be if we undertook between now and the time when this comes before the committee of the whole House to take this question back to the law officers of the Crown and ask them if they could simplify the expression of this idea? There is no difference of opinion here as to the idea, it is the way in which it is expressed which has caused the difficulty, and I think that if we ask the law officers to review it it would be as well. You have Mr. Greene and the Deputy Minister here, and I hope that the minister also knows what is meant here. In the ordinary course we will administer the Act in the light of our discussions. If the need arises for a legal definition, of course it would have to come to the law officers of the Crown who, perhaps, should have the opportunity of giving a renewed opinion on it.

If the committee is willing to leave the matter in that way, we undertake to ask that it be reviewed between now and the time the bill comes before the committee of the whole House. When it is presented then, I will give an explanation of this matter.

Mr. GILLIS: You tell them how to word it.

The CHAIRMAN: Are you withdrawing your motion, Mr. Hahn?

Mr. HAHN: Yes, I am withdrawing it.

The CHAIRMAN: Shall the preamble carry?

Carried.

The CHAIRMAN: Shall the title carry?

Carried.

The CHAIRMAN: Shall I report the bill as amended, subject to the reservation outlined by the minister?

Carried.

The CHAIRMAN: Shall we adjourn to the call of the chair?

Carried.

The committee adjourned.

## APPENDIX A

### STATEMENT SHOWING BENEFITS PROVIDED BY THE VARIOUS WORKMEN'S COMPENSATION ACTS

Acr	TEMPORARY TOTAL DISABILITY				Permanent total disability	Permanent partial disability	
	Necessary period of disability	Date compensation commences	Percentage of earnings	Minimum compensation			Maximum compensation
Prince Edward Island.....	4 days.....	First day.....	75	\$15.00 per week or full wages if same less than \$15.00 per week.	Based on maximum salary of \$2,500.00 per year.	Life pension of 75% of earnings—maximum earnings \$2,500.00 per year—minimum pension \$15.00 per week.	Life pension of 75% of difference in earnings before and after accident.
Nova Scotia.....	5 days.....	First day.....	66½	\$15.00 per week or full wages if same less.	Based on maximum salary of \$3,000.00 per year.	Life pension of 66½% of earnings—maximum earnings \$3,000.00 per year—minimum pension \$85.00 per month.	Life pension of 66½% of difference in earnings before and after accident.
New Brunswick.....	4 days.....	First day.....	66½	\$15.00 per week or full wages if same less than \$15.00 per week.	Based on maximum salary of \$3,000.00 per year.	Life pension equal to average earnings, but not to exceed 66½% of \$3,000.00 per year.	Amount determined by Board—lump sum may be given.
Quebec.....	7 days.....	First day.....	70	\$15.00 per week or full wages if same less than \$15.00 per week.	Based on maximum salary of \$4,000.00 per year.	Life pension of 70% of earnings—maximum earnings \$4,000.00 per year. Minimum pension of \$15.00 per week, or amount of earnings if same less than \$15.00 per week.	Life pension of 70% of difference in earnings before and after accident.
Ontario.....	5 days.....	First day.....	75	\$15.00 per week or full wages if same less than \$15.00 per week.	Based on maximum salary of \$4,000.00 per year.	Life pension of 75% of earnings—maximum earnings \$4,000.00 per year. Minimum pension \$100.00 per month. If earnings less than \$100.00 per month the amount of such earnings.	Life pension of 75% of difference in earnings before and after accident.

APPENDIX A—Conc.

STATEMENT SHOWING BENEFITS PROVIDED BY THE VARIOUS WORKMEN'S COMPENSATION ACTS

Act	TEMPORARY TOTAL DISABILITY					Permanent total disability	Permanent partial disability
	Necessary period of disability	Date compensation commences	Percentage of earnings	Minimum compensation	Maximum compensation		
Manitoba.....	3 days.....	Fourth day, if disability lasts over 7 days, payable from date of disability.	70	\$15.00 per week or full wages if same less than \$15.00 per week.	Based on maximum salary of \$3,000.00 per year.	Life pension of 70% of earnings—maximum earnings \$3,000.00 per year. Minimum pension \$15.00 per week or amount of earnings if same less than \$15.00 per week.	Life pension of 70% of difference in earnings before and after accident.
Saskatchewan.....	Day following accident.	Day following accident.	75	\$25.00 per week or full wages if same less than \$15.00 per week.	Based on maximum salary of \$4,000.00 per year.	Life pension of 75% of earnings—maximum earnings \$4,000.00 per year—minimum pension \$20.00 per week.	Life pension of 75% of difference in earnings before and after accident.
Alberta.....	Day following accident.	Day following accident.	75	\$25.00 per week or full wages if same less than \$25.00 per week.	Based on maximum salary of \$3,000.00 per year.	Life pension of 75% of earnings of—maximum earnings of \$3,000.00 per year. Minimum pension of \$25.00 per week, or amount of earnings if same less than \$25.00 per week.	Life pension of 75% of difference in earnings before and after accident.
British Columbia.....	3 days.....	Fourth day, if disability lasts more than 6 days, payable from date of disability.	75	\$25.00 per week or full wages if same less than \$15.00 per week.	Based on maximum salary of \$4,000.00 per year.	Life pension of 75% of earnings—maximum earnings of \$4,000.00 per year. Minimum pension of \$15.00 per week or amount of earnings if same less than \$15.00 per week.	Life pension of 75% of difference in earnings before and after accident.
Newfoundland.....	4 days.....	First day.....	66½	\$15.00 per week or earnings of less than \$15.00.	Based on \$3,000.00 per year	66½% of earnings—maximum earnings of \$3,000.00 per year. Minimum \$65.00 per month. If earnings less than \$65.00 per month, amount of such earnings.	66½% difference in earnings before and after accident.
Yukon and Northwest Territories.....	<i>Residents</i> —Same as Alberta.		<i>Non-Residents</i> —Province in which ordinarily resident.				

APPENDIX A—Cont.

STATEMENT SHOWING BENEFITS PROVIDED BY THE VARIOUS WORKMEN'S COMPENSATION ACTS

Act	DEATH								
	Maximum burial expenses	Transportation of body and pre-burial expenses	Widow until death or remarriage or invalid widower	Widow—Sum upon remarriage	Each child till age 16 or 18	If dependents are children only, each child till age 16 or 18	Minimum pension	Maximum total pension	Other dependents where no widow, etc.
Prince Edward Island	Necessary expenses not exceeding \$150.	Nil	Lump sum \$100 and \$50 per month.	\$20 per month for 12 months.	Age 16—\$12.50 per month for each child not exceeding \$100 to consort and children. Age 18 if attending school, indefinitely if invalid.	Age 16—\$25 per month—maximum \$100 per month. To age 18 if attending school—indefinitely if invalid.	Widow—\$50 per month	\$100 per month.	Foster mother same as widow. Sum equal to pecuniary loss, determined by the Board, but not exceeding \$30 per month to a parent or parents or \$45 per month on the whole.
Nova Scotia.....	Necessary expenses not exceeding \$200.	Nil	Lump sum \$100 and \$50 per month.	\$20 per month for 25 months.	Age 16—\$20 per month—limit to consort and children \$130. Age 18 if attending school, indefinitely if invalid.	Age 16—\$30 per month—maximum \$100 per month. To age 18 if attending school, indefinitely if invalid.	Widow—\$50 per month.	\$130 per month to consort and children, \$100 to orphan children.	Foster mother same as widow. Others as determined by Board. Maximum \$60 per month.
New Brunswick....	Necessary expenses not exceeding \$200.	Necessary transportation expenses not exceeding \$125.	Lump sum \$100 and \$50 per month.	Lump sum equal to pension for one year.	Age 18 or ceases to attend school regularly—\$12 per month until recovery or death if invalid.	Age 18, if attending school—\$25 per month until recovery or death if invalid.	Widow—\$50 per month.	66⅔ of earnings up to \$3,000 per year.	Foster mother same as widow. Others as determined by Board.
Quebec.....	Necessary expenses not exceeding \$200.	Nil	Lump sum \$200 and \$55 per month.	Lump sum equal to 2 years' pension.	Age 18—\$20 per month. Indefinitely if invalid.	Age 18—\$30 per month each. Indefinitely if invalid.	Widow—\$55. Widow and 1 child—\$75. Widow and 2 or more children—\$95	70% of earnings up to \$4,000 per year.	Foster mother same as widow. Others as determined by Commission.

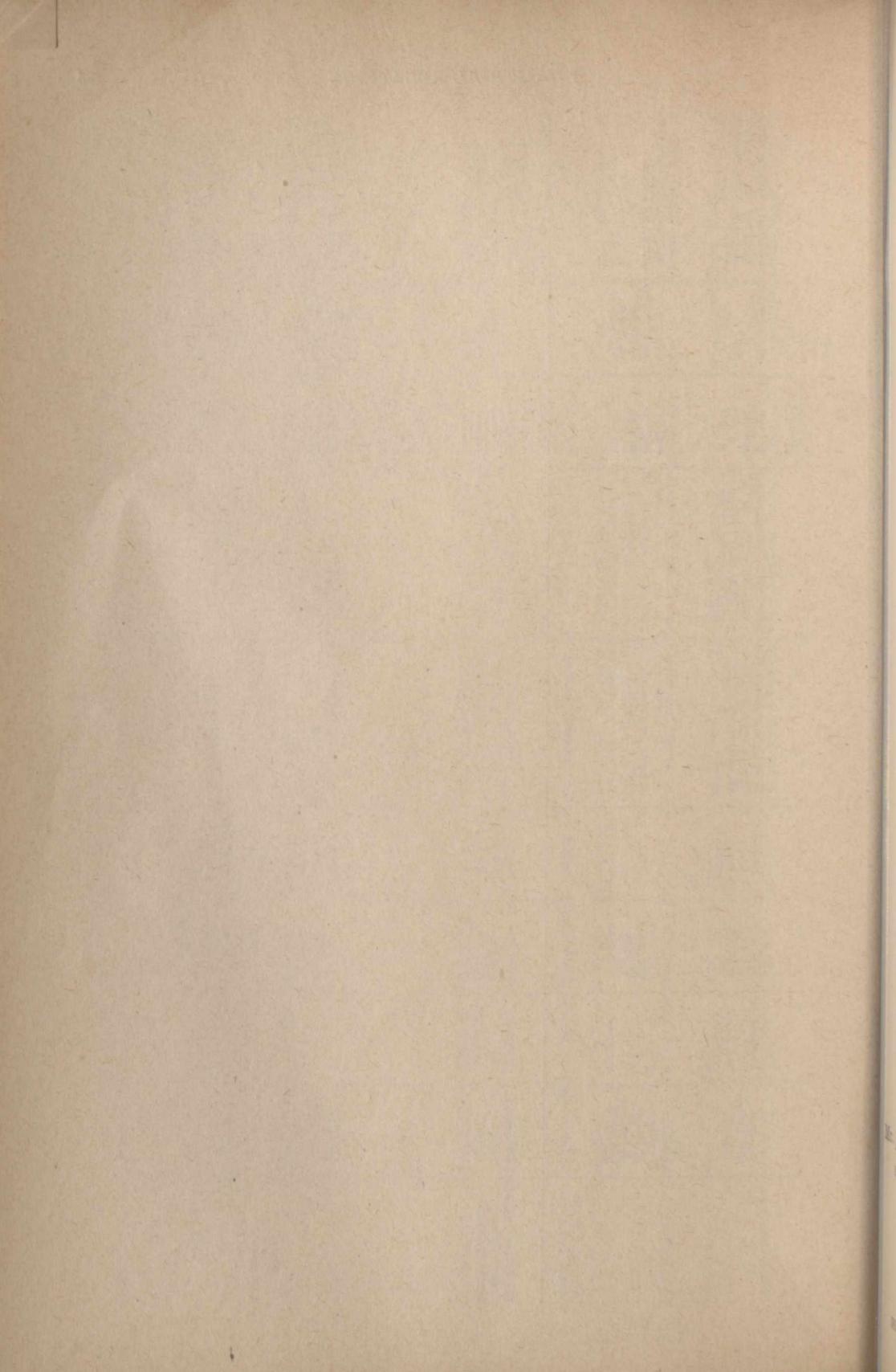
APPENDIX A—Cont.

STATEMENT SHOWING BENEFITS PROVIDED BY THE VARIOUS WORKMEN'S COMPENSATION ACTS

Act	DEATH								
	Maximum burial expenses	Transportation of body and pre-burial expenses	Widow until death or remarriage or invalid widower	Widow—Sum upon remarriage	Each child till age 16 or 18	If dependents are children only, each child till age 16 or 18	Minimum pension	Maximum total pension	Other dependents where no widow, etc.
Ontario.....	Necessary expenses not exceeding \$200.	Up to \$200.	Lump sum \$200 and \$75 per month.	Lump sum equal to 2 years' pension.	Age 16—\$25 per month. Age 18, if attending school—until recovery or death if invalid.	Age 16—\$35 per month. Age 18, if attending school—until recovery if invalid.	Widow—\$75 per month. \$25 to each child. \$35 to orphan child unless total benefits exceed \$150.	Average earnings of workman up to \$4,000 per year.	Foster mother same as widow. Others as determined by Board. Maximum \$100 per month.
Manitoba.....	Necessary expenses not exceeding \$200.	Necessary transportation expenses.	Lump sum \$100 and \$50 per month.	Lump sum equal to 2 years' pension.	Age 16—\$20 per month. Age 18, if attending school—until recovery or death if invalid.	Age 16—\$30 per month. Age 18, if attending school—until recovery or death, if invalid.	Widow—\$50 per month. Minimum of \$70 per month if one child. \$90 if more.	70% of earnings up to \$3,000.	Foster mother same as widow. Others as determined by Board. Maximum \$60 per month on the whole or \$30 for one dependent.
Saskatchewan.....	Necessary expenses not exceeding \$250.	At discretion of Board.	Lump sum \$100 and \$75 per month.	Lump sum equal to 2 years' pension.	Age 16—\$25 per month. Age 18, if attending school, indefinitely if invalid.	Age 16—\$35 per month. To age 18 if attending school or later if invalid.	Widow—\$60 per month. Widow and 1 child—\$85—Widow and 2 or more—\$100.	Average earnings up to \$4,000 per year.	Foster mother same as widow. Others as determined by Board.
Alberta.....	Necessary expenses not exceeding \$200.	\$100.	Lump sum \$100 and \$50 per month.	Lump sum of \$600.	Age 16—\$25 per month if attending school up to age 18. Indefinitely if invalid.	Age 16—\$25 per month. Indefinitely if invalid.	Widow—\$50 per month. Up to \$15 per month extra if in necessitous circumstances.	No maximum provided. Would apparently depend upon number of children under 18 years of age.	Foster mother same as widow. Others as determined by Board. Maximum \$85 per month in total or \$50 to parent or parents.

British Columbia...	Necessary expenses not exceeding \$250.	Necessary transportation expenses not exceeding \$100.	Lump sum \$100 and \$75 per month.	Lump sum equal to 2 years' pension, but not to exceed \$1,200.	Age 16—\$25.00 per month. If attending school payable to age of 18, \$25 until recovery or death, if invalid.	Age 18—\$30 per month. If able to attend school and not doing so \$27 between age of 16 and 18 until recovery or death if invalid.	Widow—\$75 per month.	No maximum provided.	Foster mother same as widow. Others as determined by Board. Maximum \$75 per month.
Newfoundland.....	Necessary expenses of burial but not exceeding \$200.	Not exceeding \$125.	Lump sum \$100 plus \$50 per month.		Age 16—\$12 per month. Age 18 if attending school, indefinitely if invalid.	Age 16—\$20 per month, to age 18 if attending school, indefinitely if invalid.	Widow and children—\$100 per month.	66⅔ of average earnings up to \$3,000 per year.	Foster mother same as widow. Others as determined by Board.
Yukon and Northwest Territories..	<i>Residents</i> —Same as Alberta. <i>Non-Residents</i> —Province in which ordinarily resident.								

Employees Compensation Branch,  
Ottawa, Ont.,  
January 13, 1955.



HOUSE OF COMMONS  
Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 2

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BILL No. 328  
An Act respecting Unemployment Insurance

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TUESDAY, MAY 17, 1955

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WITNESSES:

Mr. J. G. Bisson, Chief Commissioner, Unemployment Insurance Commission; Mr. Richard Humphrys, Chief Actuary, Department of Insurance.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

*Chairman:* G. E. Nixon, Esq.,

*Vice-Chairman:* Fernand Viau, Esq.

and Messrs.,

Barnett	Fraser ( <i>St. John's East</i> )	Maltais
Bell	Gauthier ( <i>Nickel Belt</i> )	Michener
Brown ( <i>Brantford</i> )	Gauthier ( <i>Lake St. John</i> )	Murphy ( <i>Westmorland</i> )
Brown ( <i>Essex West</i> )	Gillis	Richardson
Byrne	Hahn	Ross
Cauchon	Hardie	Rouleau
Churchill	Johnston ( <i>Bow River</i> )	Simmons
Croll	Knowles	Small
Deschatelets	Leduc ( <i>Verdun</i> )	Starr
Dufresne	Lusby	Studer
Fairclough, Mrs.	MacEachen	Vincent

(Quorum 10)

Antoine Chassé,  
*Clerk of the Committee.*

ORDERS OF REFERENCE

MONDAY, May 9, 1955.

*Ordered*,—That the following Bill be referred to the said Committee:  
Bill No. 328, An Act respecting Unemployment Insurance.

WEDNESDAY, May 11, 1955.

*Ordered*,—That the name of Mr. Maltais be substituted for that of Mr. Cloutier; and

That the name of Mr. Barnett be substituted for that of Mr. MacInnis on the said Committee.

*Attest*.

Leon J. Raymond,  
Clerk of the House.



## MINUTES OF PROCEEDINGS

House of Commons, Room 277,

TUESDAY, May 17, 1955.

The Standing Committee on Industrial Relations met this day at 11.00 o'clock a.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Brown (*Essex West*), Byrne, Churchill, Croll, Fraser (*St. John's East*), Gauthier (*Lac St. Jean*), Gillis, Hahn, Hardie, Knowles, Leduc (*Verdun*), Lusby, Michener, Nixon, Richardson, Simmons, Small, Starr, and Studer.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour, Mr. A. H. Brown, Deputy Minister; Mr. J. G. Bisson and Mr. C. A. L. Murchison, respectively, Chief Commissioner and Commissioner of the Unemployment Insurance Commission; Mr. Richard Humphrys, Chief Actuary, Department of Insurance.

The Chairman announced the personnel of the subcommittee on agenda and procedure as follows: Mrs. Fairclough and Messrs. Gauthier (*Nickel Belt*), Johnston (*Bow River*), Knowles, Murphy (*Westmorland*), and Simmons.

On motion of Mr. Knowles, the name of Mr. Gillis was substituted for his.

On motion of Mr. Starr,

*Resolved,*—That pursuant to the authority conferred upon it by the Order of Reference of Thursday, April 28, 1955, the Committee print from day to day 1200 copies in English and 400 copies in French of its Minutes of Proceedings and Evidence, relating to Bill No. 328, An Act respecting Unemployment Insurance.

The Committee then took into consideration Bill No. 328, An Act respecting Unemployment Insurance.

Mr. J. G. Bisson, Chief Commissioner of the Unemployment Insurance Commission, was called.

The witness submitted a lengthy report on the administration of the Unemployment Insurance Act since 1940 (\*) and read extensive comments thereon.

On motion of Mr. Croll, it was ordered that the report submitted by the witness be appended to the printed report of today's proceedings and evidence. (*See Appendix A*).

The Chairman thanked Mr. Bisson for his valuable submission and the witness was temporarily excused.

At 12.15 o'clock p.m., the Committee took recess.

(\*) and on the proposals contained in the bill now under study.

## AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m.

*Members present:* Messrs. Barnett, Brown (*Essex West*), Brown (*Brantford*), Byrne, Cauchon, Churchill, Croll, Deschatelets, Fairclough (Mrs.) Fraser (*St. John's East*), Gauthier (*Lac St. Jean*), Gauthier (*Nickel Belt*), Gillis, Hahn, Johnston (*Bow River*), Knowles, Leduc (*Verdun*), MacEachen, Michener, Nixon, Ross, Simmons, and Starr.

*In attendance:* The same officials as are listed in attendance at the morning sitting, with the exception of Mr. A. H. Brown.

The Chairman announced that the Canadian Congress of Labour had indicated their desire to make representations before the Committee and he said the Committee would make the necessary arrangements at a later time.

The Committee resumed consideration of Bill No. 328, An Act respecting Unemployment Insurance.

Mr. Richard Humphrys, Chief Actuary of the Department of Insurance, was called. He presented a report, parts of which he read.

On motion of Mr. Croll, it was ordered that the full report of Mr. Humphrys be appended to the day's printed proceedings and evidence. (*See Appendix B*).

Mr. Humphrys was questioned at length on his report. The Honourable Milton F. Gregg, Mr. Bisson and Mr. Murchison were in turn questioned in connection with certain specific points arising out of Mr. Humphry's examination.

At 4.55 o'clock p.m., the Committee adjourned to meet again at 11.00 o'clock a.m., Thursday, May 19.

Antoine Chassé,  
Clerk of the Committee.

## EVIDENCE

TUESDAY, May 17, 1955,  
11.00 a.m.

The CHAIRMAN: Order gentlemen.

At our first meeting there was a subcommittee selected as follows: Mrs. Fairclough, Messrs. Gauthier (*Nickel Belt*), Johnston (*Bow River*), Knowles, Murphy (*Westmorland*), Simmons, along with myself and Mr. Viau as deputy chairman.

I believe we could today arrange to adjourn about 12.00 o'clock and then have the subcommittee meeting immediately after our adjournment.

Mr. KNOWLES: Before you leave that may I suggest that you substitute the name of Mr. Gillis for my name.

The CHAIRMAN: I think that could be arranged without any motion. The order of reference is as follows: bill No. 328, An Act respecting Unemployment Insurance. Also I might advise you that Messrs. Maltais and Barnett are now members of the committee in place of Messrs. Cloutier and MacInnis.

Could we have a motion for printing? I believe it has been suggested that we have printed 1,200 copies in English and 400 in French.

Mrs. FAIRCLOUGH: Mr. Chairman, is this an amendment to the motion we passed?

The CHAIRMAN: We decided on the number of copies to be printed in English and in French in relation to Bill 188, respecting the government employees Compensation Act, but we did not decide what the numbers would be printed for this bill. In 1940 I understand there were 1,000 copies in English and 400 in French. It is thought we should have the English increased to 1,200.

Mr. STARR: I so move.

Agreed.

The CHAIRMAN: I might say also that the following organizations have been notified of the fact that the committee is now studying bill No. 328: Canadian Railway Brotherhood of Employees; Canadian Congress of Labour; Trades and Labour Congress of Canada; The Catholic Syndicate of Workers, Montreal; the Canadian Manufacturers Association; and the Canadian Chamber of Commerce, through the Board of Trade (Ottawa Branch).

As I said a moment ago I think if possible we will try to adjourn at 12.00 o'clock today and the steering committee will meet immediately thereafter. Then we will meet again this afternoon at 3.30.

Mrs. FAIRCLOUGH: Mr. Chairman, were any of the women's groups notified? You will remember there were extensive representations by them the last time this committee met.

The CHAIRMAN: I have substantial correspondence which I will go into when the steering committee meets.

Mr. STARR: You mentioned the Ottawa Branch of the Board of Trade. Are they going to act on behalf of the senior chambers of commerce of Canada?

The CHAIRMAN: I could not say.

Mrs. FAIRCLOUGH: The Ottawa Branch of the Board of Trade does not have anything like the experience in industrial matters that some of the other chambers of commerce in some industrial centres would have.

Hon. MILTON F. GREGG (*Minister of Labour*): The only thing that was done was that those who indicated they might be interested in making representations to this committee had been told, that the committee was now organized. I think it was indicated that they would be got in touch with as to the date. That can be gone into by your subcommittee.

The CHAIRMAN: These organizations which I have mentioned are the only ones who have indicated a desire to be notified of our sittings.

Hon. Mr. GREGG: Yes.

The CHAIRMAN: I think we are now ready to proceed with the work of the committee. We will now hear the Chief Commissioner of the Unemployment Insurance Commission, Mr. Bisson, who will now read a prepared statement which he has on unemployment insurance.

Will you just remain seated Mr. Bisson. You have a lengthy report there.

**Mr. J. G. Bisson, Chief Commissioner, Unemployment Insurance Commission called:**

The WITNESS: Mr. Chairman and members of the committee, we have prepared an extensive report which reviews the present Act and explains the nature and purpose of the proposed amendments. I will give you the highlights of this report, referring you to the report itself for the detailed discussion of matters you will want to consider at greater length.

This is the first general revision of Canada's Unemployment Insurance Act. In the light of the experience gained during fourteen years of operation and after studying developments of similar legislation in other countries, a complete review has been made of the objectives of the Act and the respects in which the legislation can now be improved in order to reach these objectives more effectively.

The basic principles of the present Act still hold good. It is being amended because the review indicated that a more complete protection can now be given within the limits of sound insurance principles; because it is desirable to shift the protection from areas where it is not needed to those where it is needed and because the present Act requires complicated administrative procedures.

You will appreciate that in order to gain these three ends, a fairly extensive revision of the Act was necessary.

Before discussing the details of this revision, I would like to touch briefly on the principles that govern the Act.

#### *Insurance Principles*

Here are the basic principles under which our unemployment insurance plan operates. First, a fund must be accumulated. Second, the plan is designed to give protection against uncertainties but not against those things that are certain to come about. Third, the scheme is not designed to provide benefit for voluntary unemployment or for long term unemployment. Fourth, the amount of benefit and the conditions of payment should not be such that workers are discouraged from taking employment, either insurable or non-insurable. Fifth, there must be adequate machinery for the verification of the state of unemployment and the payment of contributions.

In following these broad principles, Canada's Unemployment Insurance Act is designed to achieve two main objectives. These are the establishment of a nation-wide employment service, and the provision of monetary benefit to workers during periods of involuntary unemployment.

The employment service is required to assist employers to find workers and workers to find employment. It is an essential part of any plan designed to minimize the effects of unemployment, and there is no doubt that the National Employment Service, as it now operates, is largely achieving that end.

Before outlining the proposed improvements, I would like to discuss briefly some of the things that unemployment insurance is and also some of the things that it is not.

Our unemployment insurance plan is intended to meet the needs of the worker who, having lost one job, is still actively in the employment field, anxious to work, and honestly trying to find employment. It is not intended to provide full protection for all insured workers during a lengthy period of unemployment.

Although the Act is a social measure which must take account of economic need, it should also be remembered that it is essential to adhere to sound insurance principles if we are to have a sound scheme. A state-operated plan is subject to pressure from employers, unions and welfare agencies that do not affect private insurance. These agencies and individuals tend to view this kind of legislation as a purely social measure, forgetting that unemployment insurance is not social service, though it is social insurance.

As a social measure, for example, the Act recognizes the greater need of claimants who have dependants and therefore provides a higher dependency rate of benefit. On the other hand, as a scheme of insurance the Act provides for the payment of benefit as a matter of right to an insured person who is unemployed and duly qualified under the prescribed conditions. There is no means test and a claimant's private income is ignored.

The amount of benefit should not be such as to make unemployment more attractive than work. But it should be sufficient, in all but exceptional cases, to make it unnecessary for the worker to obtain public assistance during short periods of unemployment.

Again, as a social measure the Act is compulsory. It applies to every person engaged in an insurable employment, regardless of his desire for insurance. In this way it protects the improvident who would not save or insure of their own accord.

As a social measure, too, it has been made national in scope so as to eliminate problems of provincial jurisdiction and of wage differentials in different parts of the country, and to allow insured workers the fullest possible freedom of movement in their various employments without losing their protection against unemployment. From the insurance standpoint, however, it has been kept in mind that a compulsory scheme applied on a national basis makes possible a low rate of contributions. It also ensures a solvent fund by enabling the less stable industries, in which unemployment is heavier and from which the claims may equal or exceed the contributions, to be assisted by the more stable industries.

It is also important for both insurance reasons and from the social standpoint that benefit should be related to earnings and that unemployment insurance should maintain the income of the insured persons so far as possible without removing the incentive to obtain work rather than benefit.

There are, of course, limits to what unemployment insurance can do. It is not the whole answer to every kind of unemployment. You cannot insure all workers; some employments are not suitable to such a plan; nor can

unemployment insurance benefit carry an unemployed person forever, no matter how long he is out of work. It should always be kept in mind, when considering the Unemployment Insurance Act, that the plan cannot logically be criticized for not doing what it was never designed to do.

I will turn now to the actual revision of the Act.

#### *Re-arrangement and Clarification*

Bill 328 attempts both to clarify the language so that workers can better understand their rights and to group together the sections dealing with the same subject in such a way that the whole matter can be seen in logical sequence. The five parts of the Bill are: Administration, Employment Service, Unemployment Insurance, General (i.e., legal proceedings, inspection, etc.), and Transitional (i.e., providing for adjustments of benefit during a period after Bill 328 comes into force).

#### ADMINISTRATION

Our Canadian law is administered by a Commission of three members responsible to the Governor-in-Council through the Minister of Labour. Labour and management are represented on the Commission, which is advised by the National Employment Committee as far as employment policies are concerned, and there is an independent Unemployment Insurance Advisory Committee which has certain statutory functions, and reports to the Governor-in-Council in respect to the adequacy of the fund. Some two hundred local offices have been established in the larger communities and these operate the National Employment Service and also carry out the insurance plan. Nearly 8,000 employees are engaged in this work, and in the fiscal year ending March 31st, 1954, the cost of administration was \$26,096,722.06. You will find in the report a table of administration costs up to the end of the fiscal year 1953-1954; that is on page 10.

#### EMPLOYMENT SERVICE

The general provisions contained in the present Act regarding the establishment of an employment service are retained. The maintenance of an employment service is the positive side of the Commission's functions. I would like at this moment to outline the guiding principles under which the Commission operates this service.

NES services are free to workers and employers alike; services are available to all workers whether insurable or not, or whether they are claiming benefit or not. Moneys can be advanced on a refundable basis for the movement of workers.

The aim of the employment service is the best organization of the employment market, as an integral part of a program for the achievement and maintenance of full employment and the development and use of productive resources.

The policy of the employment service is developed and its services operated with the co-operation, where necessary, of other public and private bodies concerned and of representatives of employers and workers.

Referrals of workers seeking employment are made on the following basis: (i) primarily on suitability of skills; (ii) where there is equality of skills, veterans, in preference, and then on the basis of length of registration for employment; and (iii) other conditions being equal, on family responsibilities and length of unemployment.

Subject to the needs of the employment, referrals are made without discrimination either in favour of or against any worker by reason of his sex, racial origin, colour, religious belief, or political affiliation.

Referrals of workers to establishments where a strike or lockout exists are made only after the existence of such strike or lockout has been notified to the worker.

I turn now to the insurance side of the Act, dealing first with the matter of coverage.

#### UNEMPLOYMENT INSURANCE

##### *Coverage*

Under the present Act coverage has been extended to a considerable number of employments that were originally excluded. Most of the industrial and commercial employments are now insured. The principal exceptions that remain constitute the hard core of employments that are difficult to insure; for example, fishing, agriculture and domestic service. However, it is intended that Bill 328 shall make further improvements possible—for example, the insuring of some classes of workers who are not in all cases engaged in employment under a contract of service.

The present Act limits coverage to employment under a contract of service, i.e., to persons who are wage earners. Where such contract does not exist or where, although it may exist, the fact is difficult to prove, groups of persons are left outside the Act even though the nature of their work and the conditions under which they work make their status very similar to that of wage earners.

While the amendments do not make any immediate changes in the present coverage, they give better scope for a ready extension or restriction of coverage where it is needed to remove inequity or anomalies. Besides enabling excepted employments to be brought under the Act when this becomes feasible, the amendments will facilitate the insuring of such groups as certain kinds of salesmen working on commission, certain building tradesmen and others who cannot be shown at present to be employed under a contract of service, but who nevertheless work continuously for the same employer and who are economically dependent on that employer in the same way as any wage earner employed under a contract of service. Under these provisions it will also be possible to continue coverage for a wage earner who, when unable to obtain employment for wages, takes contracts on his own account for short periods.

As regards the larger excepted industries such as agriculture and fishing, it is the commission's view that coverage should not be extended unless and until it can be shown that these industries or those parts of them that are to be covered are suitable to a plan of unemployment insurance. The two groups just mentioned are difficult to adapt to any scheme of unemployment insurance because they do not conform to the basic insurance principles recited earlier. For example, it is difficult to verify periods of employment and unemployment; there are large numbers of family workers in both industries which means that there is a lack of insurable interest; the scale and basis of remuneration differ from that of other industrial employments which again makes it difficult to determine the insurable interest; and it would be difficult, because of the scarcity of records, to verify that the proper contributions were being made and that the contingency insured against, namely unemployment, had actually occurred. Further, the high degree of seasonality in these industries introduces special problems that aggravate the situation just described.

### *Contributions*

Turning now to the matter of contributions, we find that there are three main changes. First, Bill 328 provides that contributions will be made in accordance with the amount of earnings in a week rather than on a daily basis as under the present Act. Second, the scale of contributions has been revised so that the contributions will be a closer approximation to the same percentage of wages in each earnings class. Third, three new earnings classes have been added at the upper end, which will allow higher ranges of benefit to employees as they move into those earnings classes.

The daily contribution was adopted in Canada under the 1940 Act in an attempt to make the contribution record an accurate reflection of days worked and days lost and also of changes in the amount of earnings from day to day or week to week. This method escapes some of the disadvantages of the fixed weekly stamp used in Britain, for example. However, the method is involved, entails much risk of error, and means additional work for employers and additional difficulty in processing insurance books and computing benefit. Bill 328 retains the basic method of making contributions by stamps or meter and recording them in insurance books. However, the weekly contribution will reduce the difficulties just mentioned and will have several advantages over the daily contribution. For example, with one stamp based on the weekly earnings instead of portions of stamps for each day worked, it will be immaterial whether an employer's establishment is on a six-day or five-day week. The spread of the five-day week has caused great practical difficulties in applying the system of daily stamps. A weekly earnings stamp will also facilitate the recording of contributions and the determination of periods of unemployment where there is short-time employment or subsidiary employment or where a holiday falls in the middle of a week. This will be an advantage for employers and workers as well as for the administration.

In relation to the corresponding earnings classes, the proposed rates of contributions are, for the most part, slightly lower than the present rates. This will benefit both employers and workers. Further, they are more evenly graded as a percentage of earnings. The present rates range from 18 cents a week from the employee for earnings under \$9 a week up to 54 cents for earnings of \$48 and over, with a similar amount payable by the employer. Taken as a percentage of average earnings in each contribution class these contributions range from 3.21 per cent at the bottom of the scale to .94 per cent in the highest class, which means that the person with small earnings pays a much higher contribution relatively than the person in the higher earnings bracket. The proposed scale of contributions ranges from 16 cents for earnings under \$15 a week to 60 cents for earnings of \$57 and over. These rates work out at very close to 1 per cent of average earnings in each earnings class. At the bottom of the scale the percentage is 1.36 per cent. The percentage falls very slightly but in the top earnings bracket is still 1.01 per cent. This is about as even a progression as can be achieved with a set of stamps of fixed denominations.

As insurance books and related records are being retained on substantially the present basis, the commission will still be in a position to maintain adequate records for statistical and actuarial purposes with reference to the income and outgo of the fund and the contribution and benefit history of insured persons.

### *Benefit*

With regard to benefits under the Act, the following changes have been made.

The qualifying conditions have been amended and in some respects made easier.

The conditions for re-qualifying for a second benefit period after exhaustion of benefit have in some respects been made easier.

Most of the benefit rates have been increased.

The provisions governing the minimum and maximum duration of benefit have been changed.

The non-compensable day has been eliminated and the conditions under which a claimant, while receiving benefit, may earn casual, subsidiary or short-time earnings have been made more equitable.

The present supplementary benefits have been integrated with ordinary benefit and called "seasonal benefit".

No material change has been made in disqualifications (leaving employment voluntarily without just cause, participation in labour disputes, etc.) or in the waiting period.

#### *Qualifying Conditions for Benefit*

At present as a preliminary to obtaining benefit a claimant must show that he is:

- (a) unemployed;
- (b) capable of and available for work; and
- (c) unable to obtain suitable employment.

Having satisfied these three conditions, it must be also shown that the prescribed number of contributions has been paid in respect of him. Under the present Act these are: 180 daily contributions paid during the two years preceding the date of his claim for benefit, of which either (a) 60 must have been paid during the 52 weeks preceding the claim, or (b) 45 must have been paid during the 26 weeks preceding the claim for benefit. In order to be fair to claimants who have been incapacitated for work or who have been in business on their own account, the Act allows an extension of the periods mentioned above in order that a claimant may utilize contributions made at an earlier period.

Under Bill 328 a claimant must show that he is unemployed during any week he claims benefit, and he is disqualified from receiving benefit for a day for which he fails to prove that he is capable of and available for work and unable to obtain suitable employment. However, the qualifying contributions under Bill 328 are related to the number of contributory weeks rather than the number of daily contributions. The minimum qualification for benefit is that contributions have been paid in each of 30 weeks during the two years preceding the date of claim, at least eight of which must be in the year immediately preceding the claim. This will entitle a claimant to the basic minimum period of benefit, namely 15 weeks. Each additional two weeks of contributions will entitle him to a further week of benefit up to the point where 60 contributory weeks have been taken into account, which will give the maximum of 30 weeks of benefit.

While it is necessary under Bill 328 to have made contributions in each of 30 weeks to qualify, it is not necessary for a claimant to have been employed for the whole of each week. In this respect the qualifying conditions under Bill 328 are easier than under the present Act. Formerly the requirement of 180 days meant the equivalent of 30 complete weeks of employment, reckoning each week as six working days. Under the proposed provisions two days, or even one day, of employment in a week can give a weekly contribution credit for the purpose both of qualifying and determining the duration of benefit. Such partial employment, since the earnings per week would be lower, would, if prolonged, result in a lower weekly rate of benefit, but would on the other hand enable a claimant to qualify for benefit sooner than he can do under the present provisions.

For example, if a person ordinarily working on a five-day week goes on a short time of four days a week, under the present daily stamp system he would receive four daily stamps for his week's work rather than one weekly stamp. This would mean that if the short-time condition lasted for three months, under the daily plan he would be credited with 52 days or  $8\frac{1}{2}$  weeks, while under a weekly plan he would be credited with 13 weeks.

The same applies to the re-qualifying conditions, which are as follows. Instead of 60 days during the last year (or 45 during the last half year) a claimant will have to build up credit for eight additional contribution weeks since the commencement of his previous benefit period. He will again have to show that contributions have been made in each of at least 30 weeks in the two years preceding the date of his claim. (Contribution weeks which were in the two years immediately preceding the previous claim can be used on a new claim only if they are within one year of the commencement of the new claim. This proviso is necessary to prevent a claimant using the same contributions over and over for benefit without having obtained any further insurance employment.)

Here again, Bill 328 makes it easier for a claimant to re-qualify for benefit in that a full weekly contribution credit may be acquired even though a claimant has been unemployed and paid benefit only in respect of part of that week. Under the present Act he would get credit only for the particular days for which he paid contributions. If he was working only a couple of days a week, it would take him two or three times as long to establish a new benefit period.

Now, Mr. Chairman, in connection with the benefit formula we have prepared some charts which we will use when we come to the clauses pertaining to the benefit formula in the bill; they are charts with examples worked out of cases of claims.

Mr. CROLL: Will this brief, the review of the Unemployment Insurance Act and Explanation of the Revision, be in our minutes?

The CHAIRMAN: You are referring to the brief, aside from the evidence Mr. Bisson is giving now.

Mr. CROLL: Yes. I think it should be in as an appendix to the minutes of this meeting.

The CHAIRMAN: Is that agreeable to the committee?

Agreed.

(See Appendix A).

#### *Rates of Benefit*

In regard to rates of benefit, it has been realized for some time that because of the rise in wage levels the existing benefit rates do not represent the same percentage of average earnings as formerly. The scale of benefit originally provided by the 1940 Act was designed to give benefit which would be slightly less than ordinary earnings in the lowest brackets and which would gradually fall to approximately 50 per cent of earnings in the top brackets. Benefit rates have been adjusted several times so as to keep them in line with earnings. Bill 328 makes another such adjustment. Under it, the maximum weekly rate for a single person is increased from \$17.10 to \$23 and the rate for a person with a dependent is increased from \$24 to \$30. (Average weekly earnings, excluding agriculture, are now about \$60.) There are adjustments also for the persons in lower earnings brackets.

### Duration

Turning now to duration of benefit, under the present Act a claimant gets entitlement to one day's benefit for five days' contributions in the previous five years less  $\frac{1}{3}$  of the benefit days taken in the previous three years. This provides a minimum of six weeks' benefit and a maximum of one year (less the waiting period) or 51 weeks, depending on the length of time for which an insured person has contributed. However, the nominal entitlement may be reduced or even wiped out entirely, if the claimant has made many previous claims, because of the  $\frac{1}{3}$  deduction.

The great majority of insured persons have a good contribution history and the experience of the last several years has shown that in many cases the credit thus set up for an unemployed person when he files a claim is not being used. For example, during the five-year period 1949-1953, although about  $\frac{1}{3}$  of all those establishing benefit rights were entitled to 180 days (30 weeks) or more, only about 1/20 actually drew benefit for 180 days or more. This is illustrated by the following. The average duration authorized for all claimants was 26 weeks; the average benefit taken by all claimants was 9 weeks; 90.1 per cent drew only 1 to 19 weeks, 6.4 per cent drew 20 to 29 weeks, while only 3.5 per cent drew 30 or more weeks.

On the other hand it has been found that the minimum duration of six weeks provided for a person who has made the minimum 180 qualifying contributions is insufficient to carry many claimants over their actual period of unemployment. This applies especially to immigrants, young persons and others who have newly entered insurable employment and to persons who have been unable to obtain steady employment and thus to build up a solid record of contributions. Because of seniority clauses in labour agreements, among other reasons, these groups tend to be unemployed sooner than senior employees and also tend to have more difficulty in getting back into employment.

It was, therefore, the object in designing a new benefit formula to provide a longer basic minimum period of benefit. This has been fixed in Bill 328 at 15 weeks instead of the present minimum of six weeks (which, as stated above, may be reduced to even less than six weeks by the  $\frac{1}{3}$  deduction rule). In view of the high percentage of claimants who do not use the long period of entitlement that is often set up for them, it was considered justified to reduce the maximum period of entitlement to 30 weeks. The records show that approximately 95 per cent of claimants would have been taken care of my way of regular benefit.

Moreover, it has been found that considerable numbers of those who remain on benefit for long periods, i.e., in excess of 30 weeks, are persons who have to all intents withdrawn from the labour market. Many of these persons go through the motions of lodging an application for employment in order to obtain benefit but are not genuinely in search of work. The drain on the fund from this type of claimant is considerable but this is not the most important reason for eliminating such claims. What is really important is that the fund should only be used for the proper purpose and that benefit should be paid only to persons who are genuinely unemployed and seeking work. To invite what may be, in plain words, improper claims would be unjust to other contributors and brings the scheme into disrepute.

The object, therefore, has been by reducing the maximum period of benefit both to reduce the number of claims from persons who are not really unemployed and to use the funds made available in this way to better purpose for increasing the minimum duration of benefit.

However, it must be noted that under the new benefit formula the provision of a nominal maximum credit for 30 weeks' benefit does not mean that 30 weeks

is the maximum period during which a claimant can draw benefit. Under the new provisions regarding allowable earnings from part-time employment while on claim, if a claimant earns more than the prescribed amount during a week while he is on claim his benefit, though not necessarily cancelled altogether, will be reduced to some extent. His income will be maintained through the receipt of partial earnings and partial benefit. The effect of this provision will be to extend the duration of his potential benefit. If at the commencement of his benefit period a credit amounting to 30 weeks of benefit is set up he will draw that amount in 30 weeks if he is wholly unemployed during that time. In many instances he will not draw it in 30 weeks, however, if he is getting some short-time employment or part-time or subsidiary employment. At the end of 30 weeks he will still have a credit and if his incidental earnings during some weeks are fairly substantial he may continue to receive benefit (with or without partial earnings) throughout 51 weeks as at present instead of 30 weeks, i.e., until the end of his benefit period.

Mr. KNOWLES: Is that credited on a time basis or a dollar basis?

The WITNESS: On a dollar basis.

To further illustrate the fact that Bill 328 is, on balance, quite as generous as the present Act and in some respects more so, it should be noted that under the present Act a claimant can obtain 51 weeks' benefit only if he has a record of solid contributions for unbroken employment over a period of five years preceding his claim, i.e., for 260 weeks. Under Bill 328, if he has made contributions for 60 weeks within the two years prior to his claim he can obtain benefit for 30 weeks. (Under the present Act 60 weeks' contributions give only 12 weeks' benefit.) Moreover, he need not have been employed for the whole of each week in the 60 weeks mentioned provided he has contributed for some insurable employment in each of those weeks.

In this connection I might say that when the actuaries were studying the effect of the new benefit formula they made a careful estimate of the difference that would have resulted in the number of benefit days allowable to claimants during a selected period, had the new formula been in effect at that time. They took as an example the claimants whose years ended in the calendar year 1953. The total number of benefit days actually allowed under the present scheme was, of course, known. The actuaries then estimated the number of benefit days that would have resulted from the new formula. Their conclusion was that approximately 3.2 million additional benefit days would have been allowed to those claimants under the new formula.

From these viewpoints the new benefit formula is more generous and also fairer than the old one in that it provides easier qualifying conditions and greater incentive to take casual or short-time employment while on claim.

#### *Allowable Earnings*

In the matter of allowable earnings, the present Act allows a person on claim to be considered unemployed if he is carrying on some part-time job but only if it is in an occupation which can be carried on in addition to and outside of the ordinary working hours of his usual employment, and if the earnings from this subsidiary occupation do not exceed \$2.00 a day. This results in many anomalies. If a claimant earns, say, \$3 a day each day of the week he loses his benefit for the whole week. Another claimant who earned the same amount of money in one or two days would receive benefit for the other days on which he was unemployed. Similarly a claimant earning \$2 or less per day in subsidiary employment outside of his usual working hours is deemed to be unemployed and eligible for benefit throughout the week, while a claimant who earns even a small amount from his regular employer, say for one hour's work each day, is deemed to be employed and gets no benefit for that week.

Anomalies also result from the present provision that the first day of unemployment in any period of unemployment is a non-compensable day. As with the waiting period this device is intended to eliminate claims for very short periods and to help a single plan of unemployment insurance to fit a wide variety of employment conditions. However, the reasons for the provision are difficult to explain to claimants and the anomalies have been aggravated by the spread of the five-day week. None of the rules which have been applied in an attempt to adjust the non-compensable day under these circumstances have been satisfactory. Owing to the variations in working weeks, workers in different plants lose the same amount of pay but some get benefit and some do not.

The same sort of anomalies occur in the treatment of short-time employment. One plant will shorten the working hours but continue to employ its workers on every working day. They get no benefit. Another plant will employ its workers in alternate weeks. They work the same number of hours as the workers in the other plant. However, these employees get benefit in the unemployed weeks.

Under the new benefit formula the non-compensable day is eliminated and the rule regarding subsidiary earnings is modified. As part of the new formula Bill 328 provides a scale of allowable earnings, related to the ordinary earnings of a claimant in the period preceding his claim. During a week on claim he receives his full benefit payment if the earnings he gets from any casual, part-time or short-time employment do not exceed the allowable amount established in his case. However, if that amount is exceeded he does not necessarily lose all his benefit. The amount of the benefit is simply reduced by the amount of the excess of his earnings over the allowable scale.

Under this provision it will generally follow that a claimant who loses only one day's work will get no benefit, as the amount of his earnings from the other days of employment in that week will so greatly exceed the allowable limit as to reduce the benefit to zero. As regards a claimant who gets only a small amount of work during a week while he is on benefit, it is immaterial whether the earnings are obtained on one day or six days. It is also immaterial whether his earnings are from casual, subsidiary or short-time work. He will get benefit in proportion to the drop in his usual earnings, after taking the allowable earnings into account. This provision will eliminate the anomalies now arising in respect of short-time work, the five-day week, the non-compensable day and the subsidiary employment rule.

#### *Seasonal Benefit*

In regard to seasonal benefits (formerly supplementary benefits) the amendments in Bill 328 substantially incorporate the amendments regarding supplementary benefit which were approved by parliament in January, 1955. Seasonal benefit is payable during the period January 1, to April 15 because it is recognized that at this time of year unemployment is always greater and that persons whose ordinary benefit runs out in the late fall or winter months find greater difficulty at that season in obtaining employment.

Under the provisions of Bill 328 an insured person will be able to qualify for seasonal benefit at the same rate as ordinary benefit if

- (a) he has made 15 weekly contributions since the preceding March 31 (this will qualify him for two weeks' benefit for every three such contribution weeks, giving a minimum of 10 weeks' benefit and a maximum of 15 weeks); or
- (b) his regular benefit period terminated after April 15 preceding the date of his claim for seasonal benefit (this will qualify him for 15 weeks' seasonal benefits).

In effect, a regular benefit period can thus be extended during the winter from the ordinary maximum of 30 weeks to 45 weeks.

At this point, I must also mention the provision made in Bill 328 for a waiting period of six days. This is the equivalent of the present waiting period of five days plus the first non-compensable day at the beginning of an initial claim. Under a scheme of unemployment insurance the insured person can be expected to absorb's small part of the loss, as is often done under automobile and personal property insurance. This provision saves expense to the fund by eliminating claims that would otherwise be made for very short periods of unemployment amounting to only a day or two and makes a lower rate of contributions possible. What is just as important is that eliminating such claims makes it unnecessary to investigate the genuineness of the unemployment, something that is often difficult to verify when it is only of one or two days' duration.

By comparison with other countries it appears that the proposed waiting period of one week is not severe. All but three of the United States require a waiting period, and in most cases it is one week. In two states the waiting period in two weeks. In the United Kingdom there is a waiting period but, under a rather artificial arrangement, short periods of unemployment, if not separated by a stated number of weeks, are deemed to be a continuous period of unemployment and the first days are eventually paid for.

Since 1950 the commission has had power to prescribe conditions under which the waiting period can be deferred in order to prevent hardship for a claimant when a new benefit period begins after he has been unemployed for some time. Bill 328 provides that the waiting period in such cases can be waived entirely instead of being merely postponed.

#### GENERAL

I have now dealt with the administration, employment, and insurance parts of Bill 328. In Part IV, the general part, I would like to outline the enforcement provisions and also say a few words about regulations under Bill 328.

#### *Enforcement*

Enforcement of the Act in its fullest sense is concerned with ensuring compliance with all the provisions of the Act on the part of claimants and employers and the imposition of suitable penalties on delinquents.

The major enforcement provisions are concentrated in a part of the Act but other enforcement provisions occur throughout the remainder of the bill as well.

The principles of enforcement contained in the bill can be outlined as follows:

- (a) actions of claimants or employers under the Act for which the Criminal Code makes adequate provision and are criminal in nature, will be prosecuted under the Criminal Code. Examples of these are: obtaining benefit fraudulently through false statements, known to be false and made false for the purpose of obtaining benefit illegally; conversion by employers of the trust fund constituted by the deductions made by them from the wages of their employees for the purpose of paying contributions;
- (b) actions not covered by the Criminal Code but contrary to the Act or regulations in matters which are within the control of the claimant or employer, will be treated as offences under the Act and prosecuted under summary conviction proceedings. Examples are; making simple false statements, failure to keep adequate records, failure to register

as an employer, failure to make proper returns of information. Not included in this category is failure to pay contributions at the proper time since the employer may not have been in a position to do so;

- (c) as an alternative to prosecution, there will be internal penalties. Examples of these are; a punitive disqualification from benefit imposed upon claimants who make false statements, some increase in the contribution payable by an employer who fails to pay contributions in due time, keep adequate records or make the proper returns of information, etc.;
- (d) collection of sums owed to the fund will be done by way of a certificate filed in the Exchequer Court and failing payment, seizure of goods and chattels or garnishment of wages.

This collection feature is entirely divorced from the punishment of any offence committed. In the present Act, they are intimately linked together and the new procedure restores the proper balance which should exist between the two recourses.

I would add that, before the certificate is filed in the Exchequer Court, opportunity to appeal against the assessment of the amount owed will be provided the claimant and the employer. This appeal will be made to the board of referees or to the commission, depending on whether the amount pertains to overpayment of benefit or arrears of contributions. A final appeal may be made to the umpire. The new procedure will have the advantage of being informal and speedy, and will entail a minimum expense to all concerned.

### *Regulations*

Regulations under the present Act are made by the commission and approved by the Governor in Council. In addition to regulations there are special orders of the commission which do not require the approval of the Governor in Council.

In order to avoid confusion, the special orders have been abolished and replaced by regulations. Under Bill 328, therefore, there will be two kinds of Regulations made by the Commission. The regulations involving the insurance rights of workers or the liability of employers will be approved by the Governor in Council and those concerning matters of detailed administration will not require approval.

Another difference is that only those regulations which are approved by the Governor in Council will entail offences and be subject to prosecution by way of summary conviction proceedings.

Examples of regulations that must be approved by the Governor in Council are: the constitution of a board of referees; matters pertaining to the functions and scope of the employment service; the extension of coverage on a compulsory basis and the exceptions from the coverage generally; regulations concerning the manner and conditions under which contributions shall be paid and recorded; the imposition of additional conditions for the receipt of benefit; and regulations requiring employers to answer enquiries and to keep records and produce them for inspection.

Examples of regulations that can be made by the commission alone are: the inclusion in insurable employment, with the consent of the employer, of employment under a provincial or foreign government; the time and manner of making and revoking elections to remain insured when persons become excepted by the "wage ceiling" alone; the procedure to be followed in the decisions of questions of coverage by the commission and the umpire; the return of contributions erroneously paid; the times when contributions are to

be paid and recorded; the manner of proving the right to an extension of the qualifying periods and the maximum time to which a claim can be "antedated" where a good cause is shown; the payment of benefit to persons who are temporarily or permanently residing outside of Canada; the proof of the fulfilment of conditions of receipt of benefit and the procedure to be followed for the consideration of the claims by the insurance officer and other statutory authorities; the time and manner of payment of benefit; the proof of the amount of stamps in the possession of an employer and the amount purchased by him during a period.

I come now to the fifth, and final, part of Bill 328, wherein provision is made for a period of transition.

#### TRANSITIONAL

Under Bill 328 the rates of benefits are increased, the minimum duration is lengthened and the provisions regarding allowable earnings which a claimant may receive without loss of benefit are made more liberal. Taken as a whole these amendments will result in more benefit being paid to many claimants than at present. However, there will be cases where claimants, who have been insured for a long period, would obtain more benefit under the present Act than will be possible under Bill 328. Provision is therefore made that during a transitional period of three years any claimant who exhausts his benefit on his first claim after the appointed day for the coming into force of Bill 328 will be entitled to any excess benefit which he would have received under the present Act had it been in force.

In practice, the potential benefit under both the present and the proposed provisions will be expressed in terms of a money credit and if the present Act would result in a larger credit the excess will be translated into the equivalent number of additional weeks of benefit at the proposed rate.

No claimant need fear, therefore, that he will lose credit which he would have otherwise obtained had the present benefit formula been still in effect, or that, for example, the reduction in the maximum duration from 51 weeks to 30 weeks will adversely affect him on a first claim filed within three years after Bill 328 comes into effect.

This concludes my review of the highlights of the present Unemployment Insurance Act and of the nature and purpose of the proposed amendments. I believe it would be in order now to refer you to the report itself for the detailed discussion of matters you will want to consider at greater length.

The CHAIRMAN: Thank you, Mr. Bisson. I think that it would have helped considerably if each member of the committee had had a copy of your brief as you read it. It was hard to follow.

Mrs. FAIRCLOUGH: How soon could we have it?

The CHAIRMAN: It will be in the record.

Mrs. FAIRCLOUGH: But we will not get these printed copies for several days and in the meantime the committee goes on.

The CHAIRMAN: I wonder if we should defer questioning on this report of Mr. Bisson until we get on the bill itself.

The WITNESS: We could have copies of this brief printed today.

Mr. CHURCHILL: When would they reach us?

Mr. R. G. BARCLAY (*Director, Unemployment Insurance Commission*): Late today or early tomorrow.

Mr. KNOWLES: It will be reproduced separately from the other report?

Mr. BARCLAY: Yes.

The CHAIRMAN: Mr. Minister, have you anything to say?

Hon. Mr. GREGG: No. I think this statement which the Chief Commissioner has made, plus this document certainly goes into the subject fully.

There is one point I would like to make with respect to the early part of the bill, both the present bill and the old Act. I know all members of parliament are quite aware of it, but I do not think the general public realize that when the Unemployment Insurance Act was passed it was quite obviously the wish of parliament that it should be a fairly autonomous government agency.

As I interpret the discussions which went on at that time, it appeared to me that parliament then said, "Well, here is an insurance business to which the workers and their employers may contribute and it becomes a contributory insurance plan". True, the taxpayers do augment that by way of contribution and by paying administrative costs, but the point that I am getting at is that under this bill, the situation has not been changed to any degree at all.

Under the Act, the Commission has a very definite responsibility for the administration of the insurance features of the Act as stated in the early part of the bill. A very important factor, namely employment services, is perhaps more closely related to the responsibilities of the minister. But the insurance features of the Act are set out, after parliament has had its say, under the administration of the Unemployment Insurance Commission. The wording of the duties of the commission is: "The commission shall administer this Act and shall assume and carry out such other duties and responsibilities as the Governor in Council, on the recommendation of the minister, requires and, in respect of such other duties and responsibilities, is responsible to the minister." Then there is a further point on page 7 of the bill, 22 (1):

The commission shall organize and maintain a national employment service to assist workers to find suitable employment and employers to find suitable workers.

In between that are various responsibilities of the commission. The only reason I point this out is the fact that the public mind there has sometimes been the impression that the Unemployment Insurance Commission is a branch of the Department of Labour, which it is not. It is a commission responsible to the government through the Minister of Labour.

The CHAIRMAN: Thank you, Mr. Minister.

Mr. BYRNE: Mr. Chairman, before the committee adjourns I know that the two large affiliated unions, the national unions, have been invited to make representations or have been notified, together with the Catholic Syndicate. There are a number of independent unions, notably the Mine, Mill and Smelter Workers which represent almost the entire base metal industry in Canada and they are not affiliated with the Canadian Congress or Labour or the Trades and Labour Congress, and in view of the manufacturing associations having been invited, the mine operators will be represented in that group. Will the committee consider notifying the Canadian Council of the Mine, Mill and Smelter Workers?

The CHAIRMAN: Could we go into that at the meeting of the steering committee?

Mr. BYRNE: I am not a member of the steering committee.

The CHAIRMAN: Perhaps you may be able to attend for this purpose.

Mr. BYRNE: The coal miners are represented in general by the Canadian Congress of Labour but this organization is left out and there will be no representations from the hard rock industry.

The CHAIRMAN: Will someone move we adjourn?

Mr. CROLL: I move that the committee adjourn.

The CHAIRMAN: We will meet again at 3.30.

## AFTERNOON SESSION

May 17, 1955.

3.30 p.m.

The CHAIRMAN: Order please.

Since we met this morning I received word that the only union that has indicated they will appear before this committee is the Canadian Congress of Labour. We will likely hear from the others later, but that is the only one which has indicated so far.

We have with us this afternoon Mr. R. Humphrys, Chief Actuarial of the Department of Insurance. He has a brief and I think we will start off this afternoon with a copy in each member's hand of this very same brief which Mr. Humphrys will now present.

Mr. JOHNSTON (*Bow River*): I cannot hear you, Mr. Chairman.

The CHAIRMAN: I know it is difficult to hear unless we speak up. We will now hear from Mr. Humphrys.

**Mr. R. Humphrys, Chief Actuary, Department of Insurance called:**

The WITNESS: Mr. Chairman and gentlemen, a copy of this brief I think has been distributed to each member so I propose to read the key paragraphs.

The report is rather long and some parts of it are quite complex. I think that the general tenor of it can be presented by reading the selected paragraphs and I will jump over the intervening parts with a few comments.

INTRODUCTION

1. The enactment of Bill 328 will introduce an entirely new scheme of unemployment insurance, differing at many important points from the existing one. This report presents an analysis of the scheme described in Bill 328 with a view to comparing the expected revenue from the proposed contributions with the expected cost of the proposed system of benefits. Actuarial reports were prepared on the earlier proposals that were from time to time put forward, but until now no report has been prepared on the exact scheme described in Bill 328.

2. For ease of reference in this report, the scheme described in Bill 328 will be referred to as the "proposed scheme" and the scheme now in existence will be referred to as the "existing scheme".

3. The calculations made for this report, and for the reports made on the earlier proposals, were based on statistical material accumulated during the fifteen years of experience under the present scheme. This material reflects not only the basic underlying forces affecting employment and unemployment but also the terms of the particular forces affecting employment and unemployment but also the terms of the particular scheme in effect. It cannot be assumed therefore that the statistical results shown in the data at hand would have been the same had the proposed scheme been in effect; consequently, caution must be exercised in using them as a guide to what might be the future experience under the proposed scheme. For this reason, a number of special adjustments must be made as noted in this report, based upon a comparison of the proposed scheme with the existing one.

4. The following is a summary of the terms of the proposed scheme that are of significance in the actuarial calculations, together with references, where appropriate as a background for subsequent adjustments, to differences between the proposed scheme and the existing scheme.

Then follow several paragraphs describing the details of the proposed scheme and comparing them with the existing one which substantially duplicate the presentation of Mr. Bisson this morning. I suggest that we skip over to paragraph 25 on page 8.

Mr. CROLL: Mr. Chairman, may I break in and move that Mr. Humphry's report be inserted into the record.

The CHAIRMAN: Is that agreed, that it go in as an appendix?

Agreed.

(See Appendix A)

The WITNESS:

#### EXPECTED REVENUE

25. The procedure adopted in the calculations was to determine the expected revenue per insured person per year on the basis of the rates of contribution set out in the bill and to compare this with the expected cost of benefit per insured person per year on the basis of rates of benefit set out in the bill. The calculations in each case were based upon the average per person in what is termed for the purpose of this report the "contact population". This may be defined as the total number of persons who have any contact with unemployment insurance, either as contributors or as beneficiaries, during a year. The term "covered population" is used to describe the number of persons who are either contributing or drawing benefit at any particular time. The average of the covered population at the end of each month is taken as the covered population for a year, where that concept is used.

26. To determine the expected revenue per insured person per year, it is necessary to establish a distribution of the insured population by earnings classes and also to determine how many contributions per year may be expected, on the average, from persons in each class.

The next few paragraphs of the report then describe how I arrived at the classification of the insured population by earnings and the number of contributions to be expected each year and other necessary adjustments, and then I arrived at my conclusions in paragraph 31 on page 10.

31. On the basis of the average daily contribution determined as just indicated, the insured population distributed according to the proposed earnings classes, and the expected days of contributory time (days of employment in each class), the average revenue per year per person in the contact population was placed at \$19.30.

I might interpolate here that that figure would represent the employee contribution only; that is not the total. The reason that the rates of contribution were converted to a daily rate was to make it possible to use the statistics we have accumulated under the existing scheme, which are on a daily basis.

#### EXPECTED COST OF BENEFITS

32. Attention will be directed first towards regular benefit and subsequently toward seasonal benefit.

33. To arrive at an estimate of the annual cost of benefits per person in the contact population two factors must be considered, namely: the number of weeks of benefit per person that may be drawn in a year and the amount of benefit per week. The statistics under the existing scheme give data as

to benefits in terms of days, not weeks, of unemployment, and the rate of benefit per day. Some analyses of these data must be made to determine whether they can be used to measure the cost of benefit under the proposed scheme.

34. The difference, if any, between the benefit costs of a given amount of unemployment under the proposed scheme and the same amount of unemployment under the existing scheme (assuming the same weekly rate of benefit in each case) would occur in "broken" weeks of unemployment and would arise from the substitution of the proposed rules relating to waiting period and allowable earnings for the existing rules relating to waiting days, non-compensable days and earnings from subsidiary employment.

The report then goes on to analyze and compare the two schemes in those respects and reaches a conclusion in paragraph 43 on page 13.

43. From these analyses, the conclusion was reached that the rules relating to waiting period and allowable earnings under the proposed scheme will have a slightly more severe effect than would the present rules relating to waiting period and non-compensable days. However, the difference is likely to be small and since its effect is confined to cases where benefit rights are not exhausted and where unemployment does not occur in terms of complete weeks, it was considered unnecessary to make any special adjustment in the calculations. It was also considered satisfactory to proceed on the assumption that the cost of benefit for a particular number of days of unemployment will not differ greatly under the rules in the proposed scheme from the cost under the rules in the existing scheme, even though benefit is to be payable in terms of weeks in the proposed scheme whereas benefit is payable in terms of days of unemployment under the existing scheme.

44. If it could be assumed that there is no substantial movement into and out of insurable employment it would be reasonable to conclude that when insured persons are not contributing they will draw benefit to the maximum extent possible. For any given number of weeks of contribution in a year this maximum would be the remainder of the year or the number of weeks permitted by the benefit formula, whichever is less.

The actuarial sample—I might interpolate that the actuarial sample is a special body of statistical data accumulated annually for statistical and actuarial studies, based on a five per cent sample of the insured population.

45. The actuarial sample indicates the extent to which insured persons establish benefit years under the existing scheme. The following table shows the ratio per cent of claimants to renewal insured persons classified by the number of weeks of contribution in the year, the data being shown separately for men and women and separately for each of the years 1947 to 1951. The term "renewal insured persons" is used to indicate insured persons who established their first contact with unemployment insurance at some time previous to the particular year under examination.

There then follows a table showing the ratio of number of claimants to number of renewal insured persons.

46. It is reasonable to assume that the existing rules would enable nearly all persons with thirty or more weeks of contribution in a year (and less than 52 weeks) to establish a benefit year if they wished to do so. It is significant therefore to note that even in 1950, a year of high claim compared with previous years, not much more than half the potential number actually became claimants among men contributing 21 to 36 weeks and considerably less than half among men contributing either more than 36 weeks or less than 21 weeks. For women, the number of claimants is only a little more than  $\frac{1}{3}$ rd of the number of insured

persons in 1950 for those contributing 21 to 36 weeks, and less than that for those contributing either more or less. It may be that among those with short periods of contribution a large proportion were unable to meet the conditions for establishing a benefit year, but this could scarcely apply to any significant number contributing as much as 35 weeks or more. No information is available at present to show what happens to those persons who contribute less than the full year but do not claim. Some of the non-contributory time is probably the result of holidays, illness, or labour disputes, but this would scarcely account for more than a small part of it. The most likely explanation seems to be that most of the non-contributory, non-claim time represents either non-insured employment or withdrawal from the labour market. In any event, it is not safe to assume that an insured person, when not contributing, would be on benefit to the fullest possible extent permitted by his entitlement.

47. These data make it difficult to estimate the benefit load that would result from any particular formula relating benefit to contributions. An extra factor must be introduced representing the portion of potential claimants who actually become claimants. The matter is further complicated under the proposed scheme by reason of the fact that any particular week of the year may be both a week of contribution and a week of benefit. Thus there could be overlapping between contribution weeks and benefit weeks. Under the existing scheme, since benefit is paid only for days of unemployment, and contributions are required only for days of employment, there can be no such overlapping; by deducting the days of recorded contribution from the total days in the year, one can therefore determine the area within which any period of benefit must lie. For example, an insured person with a record of 45 weeks of contribution in a year under the existing scheme could not possibly draw benefit for more than the remainder of the year. Under the proposed scheme, however, because of the possible overlapping between periods of contribution and periods of claim or potential claim, it becomes much more difficult to determine a pattern of claims corresponding to any particular pattern of contributions. It may well be that considerable experience will have to be gathered under the operation of the proposed scheme before any such relationship can be established with certainty.

48. It was considered, however, that some useful information concerning the operation of the proposed benefit formula could be obtained if the potential benefit under it could be compared with the potential benefit that would arise under the existing formula, on the basis of a number of particular contribution patterns. Accordingly, a number of assumed patterns of contribution were examined and the potential period of benefit was determined for each, both on the basis of the proposed formula and on the basis of the existing formula. From the results of this analysis a relationship was established, on an empirical basis, between the average number of contributions per year and the maximum potential benefit. From the actuarial sample a probability distribution was determined showing the probability of contributing any specific number of weeks per year and, using these probabilities, the potential number of benefit days under each formula was computed.

Paragraph 49 refers to a special adjustment and then turning over to paragraph 50—

50. The result of the above calculations indicated that the potential period of benefit under the proposed formula will exceed that under the existing formula by about 6 per cent.

51. Because of the uncertainties surrounding the calculation just described, particularly those relating to the adjustment for fractional weeks of contribution and the possible increase in benefit due to an overlapping between weeks

of benefit and weeks of contribution, it was considered desirable to make an alternative calculation. The alternative calculation was based on an analysis of the benefit years terminated in the calendar year 1953. A computation was made of the number of benefit days that would have been compensated in those benefit years had the authorized period of benefit been at least 15 weeks and never more than 30 weeks for each benefit year. This minimum and maximum limitation would have resulted in the addition of benefit days for all benefit years having authorizations of less than 15 weeks and the cutting off of benefit days for all benefit years having authorizations in excess of 30 weeks. The following table shows the number of days that would have been added and the number of days that would have been cut off, classified by sex and marital status:

There then follows a table showing that in total 1,916,000 benefit days would have been cut off and 5,212,000 benefit days would have been added.

52. The increase in benefit days under the proposed scheme as shown by this table would have been 3,296,000, representing 7.4 per cent of the total number of days paid in the benefit years that ended in 1953. This percentage increase may be compared with an estimate of 6 per cent arrived at in the first calculation.

53. The results of this second calculation can be considered as valid only if the number of benefit periods established under the proposed scheme will be the same as the number of benefit years that would be established under rules of the existing scheme.

The report then proceeds to analyze that particular problem and reaches conclusions in paragraph 60.

60. The general conclusion reached was that the number of benefit periods established under the proposed scheme will be slightly in excess of the number of benefit years that would be established under the existing scheme in similar circumstances but the excess will not be great unless there is a sharp change in the attitude of insured persons toward non-insurable employment or own-account work. It was considered valid for the present calculations to assume that the number of benefit years established under the existing scheme can be taken as representative of the number of benefit periods that will arise under the proposals.

61. It seems, therefore, reasonable to place some reliance on the estimate of 7.4 per cent as the increase in the number of benefit days that will result under the rules of the proposed scheme as compared with existing rules. It was considered that this result was somewhat more reliable than that obtained by the first calculation, but that the two results were sufficiently close to confirm each other. It was thought appropriate to consider, for further calculations, that under the proposed scheme the number of benefit days will be increased by 7 per cent as compared with the number under the existing scheme.

62. Having given consideration to the increase in days compensated under the proposed scheme as compared with the existing scheme, it was then necessary to settle upon a benefit pattern representative of the existing scheme and to apply the necessary adjustment to determine a pattern that may be taken as representative of the proposed scheme.

63. On the basis of data from the actuarial sample and having regard for actual experience in recent years, a pattern of claims was determined that would be consistent with the pattern of contributions used to estimate the revenue and would serve as a reasonable guide to the future financial experience of the scheme. This pattern makes provision for 10.8 days of benefit per year per

person in the contact population under the present rules. In terms of the covered population, this is about equivalent to the average of the five years 1950-54, namely, 13.7 days per person per year. Under the proposed scheme, therefore, the number of days of benefit per person per year in the contact population was taken to be 11.6, that is, 10.8 days increased by 7 per cent.

64. To determine the cost of benefits on the average in a year, it is necessary to determine an average daily rate of benefit and apply this to the estimated number of days of benefit that will be drawn each year. For this purpose, calculations were made on the basis of the data for benefit years that ended in 1953. The data used were the number of days for which benefit had been paid in those benefit years, classified according to the earnings class relevant to the rate of benefit that had been paid, and separately for beneficiaries with a dependant and beneficiaries without a dependant. From these classifications, according to present earnings, a reapportionment was made to the proposed benefit classes. From the reapportioned data and the proposed rates of benefit according to class, the average daily rate of benefit was determined for persons with a dependant and for persons without. These rates were then combined in the proportions in which the days of benefit would be divided between claimants with and claimants without a dependent. The average daily rate of benefit so determined was found to be \$3.58.

65. Under the proposed scheme the contribution made by a contributor will depend upon his total earnings in a week rather than on his rate of earnings while working. This means that where a contributor works for only part of a week in insurable employment, he will contribute in a lower class than where he works for a full week. Since benefits are to be based upon average contributions, there might be some tendency for rates of benefit to be lower for insured persons suffering a number of broken weeks of employment than for insured persons working for the same rate of pay but working for complete weeks. An analysis was made of this possibility and it was concluded that although such an effect might be observed in individual cases, the number of broken weeks of employment would not be sufficiently large in total to cause any serious depression in the average rates of benefit; consequently no special adjustment was made for this possible effect.

66. The expected cost of regular benefit per year per person in the contact population was then placed at 11.6 days at \$3.58 per day, or \$41.53.

67. It should be emphasized that the benefit cost brought out by these calculations is a minimum, and it would be unsafe to rely on it in the absence of a strong fund or if there were any reason to think that claims experience in the future, taking one year with another, would be very much heavier than that experienced in the five years April 1, 1949 to March 31, 1954.

68. The above estimate does not take into account the cost of the limited sickness benefit that is now being paid and that is to be continued under the proposed scheme. A comparison of the days of sickness benefit paid in the 12 months ended March 31, 1955 with the days of regular benefit paid in the same period indicates that the days of sickness benefit were 1.37 per cent of the days of regular benefit. Since sickness benefit is paid only in respect of periods of sickness commencing while an insured person is in receipt of benefit, the number of days of sickness benefit paid would, to some extent, be a function of the number of days of regular benefit. Thus it seems to be appropriate to express the sickness benefit as a proportion of the regular benefit. The number of days of regular benefit was, therefore, increased by 1.37 per cent to allow for days of sickness benefit.

69. As respects seasonal benefit under the proposed scheme, data were available concerning claims paid under the existing scheme of supplementary benefit and certain additional data were supplied by the Bureau of Statistics. On the basis of these data, the number of benefit days that would have been paid in the winter of 1953-54 had the proposed scheme been in effect were computed, assuming that the regular benefit periods would have terminated at the same dates as were shown for benefit years in the experience for 1953-54. It is almost certain that there will be a change in this respect under the proposed scheme. It might be, for example, that a minimum benefit of 15 weeks would enable a good many claimants to get through the winter who now exhaust their benefit and have recourse to supplementary benefit. On the other hand, the lower maximum limit (30 weeks as compared with 51) on the period of benefit might throw more people onto seasonal benefit than have recourse to supplementary benefit under the existing scheme. In general, it is impossible to estimate what the effect of the proposed scheme will be in shifting the pattern in which benefit years terminate. There seems to be no course therefore but to proceed on the basis of what the benefit days would have been in the winter of 1953-54 had the payment of supplementary benefit been subject to the proposed rules relating to seasonal benefit. On this assumption, it was estimated that the rules relating to seasonal benefit will result in an increase in benefit days, as compared with the present rules relating to supplementary benefit, of some 23 per cent and that the cost of seasonal benefit could be taken as  $13\frac{1}{2}$  per cent of the cost of regular benefit. In adjusting the expected annual cost of benefit per year per person in the contact population to allow for seasonal benefit, it appears to be appropriate to assume the same average daily rate of benefit will be payable to claimants under seasonal benefit as will be payable to claimants for regular benefit.

#### SUMMARY AND CONCLUSION

70. In total, therefore, the expected cost of benefits per year per person in the contact population may be taken as \$47.71 made up as follows:

Expected cost of Regular Benefit .....	\$41.53
Expected cost of Sickness Benefit .....	.57
Expected cost of Seasonal Benefit .....	5.61
	<hr/>
Total .....	\$47.71

71. The expected revenue per year per person in the contact population may be taken as \$46.32 made up as follows:

Revenue from employee contribution .....	\$19.30
Revenue from employer contribution .....	19.30
Revenue from Government contribution .....	7.72
	<hr/>
Total .....	\$46.32

72. It appears from these figures that the proposed rates of contribution will not, in themselves, be sufficient to support the proposed benefits. However, so long as a large fund exists, the revenue will be considerably bolstered by interest earned on the fund. The estimated costs of benefits is based upon a level of claims that corresponds in general to the average of the five years ending March 31, 1954. If the future should produce much higher claim costs than were shown in this period of five years, then it may well be that the proposed rates of contribution will not be sufficient. However, the size of the existing fund should provide sufficient safeguard to allow enough time to make the necessary adjustments.

73. The above calculations have been based in general on the assumption that the pattern of employment and unemployment would not be greatly changed under the proposed scheme as compared with the existing scheme. It may be that the somewhat easier qualifying conditions under the proposed scheme will encourage insured persons to stay within the field of unemployment insurance and thus make them unwilling to accept uninsurable employment or to go into own-account work. If this effect were to be substantial, a heavy increase in claims might be expected. These comments are, perhaps, particularly relevant in relation to seasonal benefit. Under the proposed scheme, there would be a very extensive increase in potential seasonal benefit and since this will occur at a time of the year when weather conditions are particularly unpleasant, there may be some tendency to stay on the benefit rolls rather than to turn to what would often be strenuous and perhaps unpleasant employment. Thus, it may well be that the cost of seasonal benefit will be considerably higher than that estimated above.

74. The size of the proposed benefits in relation to the normal income of the claimant is of special importance in considering the effect of a scheme of unemployment insurance on employment and unemployment. It is a well known fact in the field of sickness insurance that claim costs are much heavier where the benefit is large in relation to normal income than where there is a considerable differential between benefit and normal income. There is no reason to suppose that the same effect would not occur under unemployment insurance. When the proposed rates of benefit are compared with the normal income of the claimants, it can be seen that, for some income groups the benefit, together with allowable earnings, is nearly equal to the normal income. This could result in decreased incentive to seek employment and so lead to higher claims.

There then follows a comment on some special assumptions that were made, and the concluding paragraph is:

77. It should be emphasized in conclusion that the calculations on which this report is based relate to the costs that may be expected over a considerable period of years; there may be wide fluctuations from year to year.

I would like to add one comment in closing. In order to estimate benefit costs one must make some assumption as to the level of claims. Now, there are no actuarial techniques that make it possible to predict future economic activity, so the calculations were made assuming approximately the same level of claims as was experienced in the five years, 1950 to 1954. Thank you, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Humphrys. If the committee would like to ask questions of Mr. Humphrys, I think now is an opportune time.

*By Mr. Michener:*

Q. The difference between the costs of benefits and the contributions is worked out on the basis of an individual claimant for a year, is it not?—A. Yes.

Q. And it is \$1.39. What would that mean in terms of total payments in a year assuming the present rate of claimants; how much would the fund go behind in a year with this differential?—A. The answer to that question would depend upon the size of the contact population. In the statistics produced from month to month, we have information concerning what I have called the covered population; that is, the people who are under unemployment insurance at that particular time. But until the data from the actuarial sample are processed we cannot make a reliable estimate of the contact population. That is, everyone—the total number who had contact with unemployment insurance in the year. Therefore, to answer your question at this time, I

would have to say that it is a pretty wide speculation. I would have to make a guess at the contact population in a current year, but I think it might be in the neighbourhood of 4 million. The covered population is about  $3\frac{1}{4}$  million, and the contact population tends to run around 25 per cent higher. Taking a figure of about four million as the contact population the differential between contributions and the benefits would be \$1.39 for each of the four million.

Q. That is, \$5,600,000 roughly in a year on the assumptions you had to make?

Mr. CHURCHILL: What is the average interest earning over the five-year period?

Mr. MICHENER: This is per year.

The WITNESS: It might be taken now as being about \$6.50 per person in the contact population so that it would be sufficient to bring the expected revenue up to perhaps \$52.80 or something like that.

Mrs. FAIRCLOUGH: Would you say that again, please?

The WITNESS: The present interest revenue on the fund would be approximately \$6.50 per person in the contact population so that if the fund stays at its present size the expected revenue per year per person would be about \$52.50.

Mrs. FAIRCLOUGH: Therefore, rather than a loss of \$1.39 you have a profit of \$5.11 on that basis?

The WITNESS: So long as the fund stays at something like its present size and so long as there is interest coming in on it.

Mr. BYRNE: Is that fund invested?

Hon. Mr. GREGG: Yes, by the Department of Finance.

Mr. MICHENER: It is invested entirely in Dominion of Canada securities, is it not?

Hon. Mr. GREGG: I think that is so, yes.

Mr. MICHENER: And what is the amount of the fund at the present time?

Mr. CROLL: \$841 million, is it not? It was given this morning, and that is my recollection of it at a quick glance although I did not count the pennies. You are not getting any ideas from that, are you?

Mrs. FAIRCLOUGH: None for publication.

Hon. Mr. GREGG: Does the \$841 million include this year's interest, Mr. Bisson?

Mr. BISSON: Yes, sir.

*By Mr. Knowles:*

Q. Was any actuarial calculation made as to the cost on the same basis that has been worked out for any extension of the sickness benefit?—A. In one of the early proposals there was some proposal put forward for a sickness benefit and I made some calculations on it. It is rather difficult to give a cost without accompanying it with a complete description of the benefits to which it is related. The calculations were made on the basis of a scheme that allowed sickness benefit as well as unemployment benefit—that is, where a person was unable to work because of illness he would receive benefit just as if he were unable to work because he could not find a job—but the benefit formula used in the calculation was a formula that paid a flat 20 weeks of benefit to every claimant and was not a graded formula such as that under the current proposals.

Mr. MICHENER: Mr. Chairman—

Mr. CROLL: What is the answer?

The WITNESS: I am just coming to it. I computed a contribution rate of .74 per cent of earnings for that particular benefit.

Mr. CROLL: On the basis of 20 weeks?

*By Mr. Knowles:*

Q. Do I understand that figure was .74 per cent of earnings?—A. That rate is interwoven with a number of stipulations that surrounded the particular proposal on which I was working. For example, as I recall it now without going back to read that report, the contributions were limited to the first \$60 a week of income and it was at a time when consideration was being given to a payroll deduction—a percentage of payroll as a system of contribution to unemployment insurance. It would not be safe to use that rate without the particular scheme to which it applied.

Q. Do I have it clear that under the scheme you stipulated the .74 per cent of income would be sufficient to pay for 20 weeks of sickness benefit at the rate of unemployment insurance benefits?—A. Not exactly. The proposal was that when a person was unable to work whether because of illness or because of unemployment and could meet the statutory conditions in the Act, he would be entitled to 20 weeks of benefit, but that 20 weeks entitlement could be used for unemployment and sickness. It was not a separate entitlement, but a joint entitlement. The cost for a strict sickness benefit would be much higher.

Q. That 20 weeks evidence of joint benefit was in any one year. Is that right?—A. Substantially so. The concept of a benefit year was used in that connection also.

Mr. MICHENER: Mr. Chairman, I would like to go back to my original question which was about the original relationship of cost and—

The CHAIRMAN: On which page?

*By Mr. Michener:*

Q. On page 22. Relationship of cost of benefits with the expected revenue. I would like to ask Mr. Humphrys what the actual corresponding figures are for the existing scheme say averaged over the last 5 years. I assume that those figures were taken off in the course of making these calculations. In other words, for the last 5 years what was the cost of benefits per person for a year which corresponds to the \$47.71 which we have on page 22, and what was the corresponding revenue item per person per year?—A. I do not have those figures. As I mentioned in reply to your previous question we have not the complete data as to the contact population for the current years. The actuarial samples would take some time to process. The last data I had available for my report was the actuarial sample for 1951.

Q. Have you the corresponding figures for any one complete year of the 16 years of experience that the fund has had which would be perhaps a fair indication of the way in which the fund has been built? Obviously the benefits have cost less than the contributions because we now have \$841 millions. I wondered what the rate of the increase of the fund has been under the existing scheme?—A. I can give you some figures which may at least partially answer your question. In 1950 the total benefit payments were \$85 million. The regular contributions were \$119 million, the benefit in that year being 71 per cent of the regular contributions.

Mrs. FAIRCLOUGH: Would that \$119 million include interest on the fund?

The WITNESS: No, just the regular contributions.

Mr. MICHENER: 1951 was not a good year for the fund.

Mrs. FAIRCLOUGH: No. This was 1950 you just gave us?

The WITNESS: Yes, the fiscal year ending March 31, 1950.

Mrs. FAIRCLOUGH: That was the year we had relatively more unemployment.

The WITNESS: Yes. The average number of benefit days per person in that year was 14.1. The following year, 1951, the total benefit payments were \$83 million. The regular contributions were \$127 million or 66 per cent. The average number of the days per person was 12.3.

*By Mr. Michener:*

Q. Then comparing the figures of 1950 and 1951 with the expected experience of the first year under the proposed scheme the fund would be about from 30 to 35 per cent worse off or more than 30 per cent worse off than it is at the present time?—A. It appears that the revenues and benefits would be pretty much in balance under the proposal, whereas in the past years there has been quite an excess of revenue over claim costs.

Q. So that the proposed scheme does, from an actuarial point of view, put a much greater strain on the fund than the existing scheme?—A. I think I agree with the thought, although I would not express it as a strain on the fund. It appears it will about use up all the normal contribution from year to year, but it does not appear at the present time that it will draw down the fund.

Q. Put it this way. Whereas the fund in the past few years has been increased annually by 30 per cent or more, under the proposed scheme we would expect the fund to diminish slightly were it not for the interest on the accumulated fund.

Mrs. FAIRCLOUGH: Even with respect to conditions which you think may pertain under the proposed scheme, you are taking an average, you are not taking any one year—save this last year which has been a particularly heavy demand upon the fund. You are taking a 5 year average?

The WITNESS: Yes.

Mrs. FAIRCLOUGH: So that the fund may accumulate for 3 or 4 years and then level off in a bad year again?

The WITNESS: Yes. As a matter of fact the experience in the year ending March 31, 1954, was heavier than the payment on which the calculations were based.

*By Mr. Michener:*

Q. Then, could you answer this question. You regard the proposed scheme as being actuarially sound in the light of all your calculations, as an insurance scheme?—A. I would say it is safe to go forward on it having regard to the present size of the fund. If we were starting operations and there were no fund I would say it would not be safe to go forward. I would also say that judgment as to the soundness I think must inevitably depend upon the individual's judgment as to what the future is going to hold in the way of employment.

Q. Of course there can be such a variation, depending upon economic conditions over the country, that it is awfully difficult to apply actuarial methods to it, but taking everything into consideration the result seems to be that because we have accumulated a bit of fat we can now afford to adopt a more generous scale of payments and benefits without substantially increasing the contributions.

The CHAIRMAN: I understood Mr. Humphrys to say under the present conditions with the fund as it is that he thinks it is sound.

Mr. MICHENER: Yes, because of the accumulation of reserves we can do better today than if we were starting the scheme at this time.

Mr. STARR: Looking at this unemployment insurance fund I notice in most years there has been an increase of somewhere around \$70 million per year in the balance in the fund with the exception of between 1953 and 1954 where it dropped to about \$30 million. Now, in these new amendments to the benefits and contributions is it planned that this fund should increase or that it should hold some figure in the fund; that is is it intended that this fund should increase gradually on the same basis as it has in the past number of years or will these new benefits be sufficiently high enough to use up any contributions and hold this to some stable figure?

The CHAIRMAN: Is that a question you would like to answer, Mr. Minister.

Hon. Mr. GREGG: Perhaps it would be unfair to ask the actuary to answer that. I think Mr. Michener summed up a moment ago pretty well what the government had in mind in providing this provision which was to carry out a revision which would give benefit without adding materially to either the employee, the employer or the taxpayer, except for those higher groups of wage earners who are now coming into the higher categories, and to do that and make possible the maximum benefit for unemployed workers even if it were carried to the point of taking advantage of the good reserve that is in there now. In other words, as Mr. Humphrys has pointed out, playing a little dangerously because of having that reserve. I do not know whether I make myself clear. It is desirable, of course, that there should be a good healthy reserve in the fund. I think that is fundamental. I think we would not be doing our duty if we did not maintain a reserve against a bad period of unemployment and I think it is the hope that these revisions might move forward without either lessening the reserve very much or increasing it very much.

Mr. STARR: I think that answers my question. But what I had in mind is how far we are going to go in building up this reserve. Is there going to be a ceiling? Will we say, this is as high as it will go and we will increase the benefits, or limit it to this?

Hon. Mr. GREGG: I think that if it should prove that rather than great drawings from the fund the reserves should continue to grow, I think there would be an immediate suggestion that the matter should be revised again, and so it should be. We have not refrained at any time from considering an amendment to the Act if it has been felt that it could better serve the purpose for which it is intended. But I think, Mr. Humphrys, that your summing up is if you were starting fresh on this new revised plan you would feel a little worried about the amount of the benefits that are being given under it, but by virtue of the fact that you have a large reserve you feel that before that reserve is seriously tampered with there would be time to take whatever steps may be necessary?

The WITNESS: Yes.

*By Mr. Hahn:*

Q. Was there any attempt made to take any particular year and apply the proposed plan to the figures used at that time of those who might be unemployed under those circumstances to see what effect it would have upon the scheme for that year?—A. Not specifically, sir. But some idea of that may be gained by noting that the level of claims on which the calculations were based made provision for 13·7 days of unemployment, that is under the existing rules, and that would be increased by 7 per cent. I am speaking now in terms of the covered population. In 1954 there were 17·4 days of claims per person. Now, that gives us at least some idea of how this would compare. Actually taking the 5 years, 1950 to 1954, the claims were higher than the figure I used, in three of the years and lower in two of them. The level of claims I assumed made

provision for the equivalent of 13·7 days under the present scheme. In 1950 there were 14·1 days, in 1951 12·3, in 1952 10·9, 1953 14, and 1954 17·5. I do not have the 1955 figure.

Q. When you say 1954 you mean—A. The fiscal year ending March 31, 1954.

Q. If you should have a continuation of the present scale of unemployment as we had this past year we might have to revise our figures backwards. Would you go as far as to say that?—A. I would think so, yes. Either change the contributions or the benefits.

Mr. BARNETT: Mr. Chairman, I would like to ask a question. It is related to the period of contribution weeks required to qualify under the fund. I notice that the period has been left in the proposed scheme at 30 weeks, which, apart from the change from the daily basis to the weekly basis, is the same as under the present scheme. The minister has just mentioned that one of the considerations was an attempt to keep the contribution rate at pretty much the existing level. Now, what I am wondering is whether any formula has been developed which would indicate the amount required on either a percentage basis or a dollar and cents basis of increase in the premium rate which would be necessary to reduce the qualifying period? What would be the increase necessary for example to say reduce that from 30 weeks to 20 weeks or from 30 weeks to 10 weeks and so on. Have you any formula developed that would indicate the amount of premium increase involved to maintain this fund on an even keel and at the same time reduce the necessary qualifying period to be eligible for benefit?

The WITNESS: No, we have not made any calculations in that respect whatever.

Mr. CROLL: Mr. Humphrys, in making your calculations I presume you originally calculated on the basis of the 52 weeks on the present basis and then you reduced it to 30 weeks. Is that correct? That is, in the new bill. Let me put it this way. What would be the difference in cost between the maximum limits under the old bill and the maximum limits under the new bill?

The WITNESS: Well, perhaps I can illustrate. The table on page 16 of the report shows what would have happened had the benefit years that terminated in 1953 been adjusted to have a minimum authorization of 15 weeks and a maximum of 30. The number of days that were cut off by reducing the authorization from 51 weeks to 30, were 1,916,000. Does that answer your question?

Mr. CROLL: Well, no. I asked you to put it on the cost or percentage basis.

The WITNESS: Taking the average daily benefit of \$3.58 for each one of those approximately 2 million days, there would be an increase of about \$7 million in the benefit cost which might be in the neighbourhood of \$2 per person.

Mr. MICHENER: I was thinking along the same line as Mr. Croll and was going to ask whether you considered what the figure \$47.71 on page 22 would have been if we had retained the 51 week maximum instead of the 30 week maximum in the proposed scheme. I think you have given the answer it would be somewhere around \$2 more.

The WITNESS: That is a rough calculation. I would not like to be held to it unless I had a little more time.

Mrs. FAIRCLOUGH: Would it not be somewhat in the nature of 3·4 per cent which the minister quoted as the number of people who received in excess of the 30 weeks. I think it was 3·4 per cent who received over 30 weeks benefit over a period of time.

The WITNESS: I think there would have to be some greater detail to the calculations because just counting the number of persons might not give you the results. One person might get 21 weeks and one person only one week over the 30.

Mrs. FAIRCLOUGH: But it would hardly be over the 3·4 if that was the average?

The WITNESS: I am not quite familiar with the figure of 3·4, but if it is the proportion of persons who claimed in the 30 weeks I would have to analyze those claims.

Mrs. FAIRCLOUGH: Of the benefit days or benefit weeks?

The WITNESS: Yes.

Mrs. FAIRCLOUGH: I think it would be an interesting figure to have if it is possible to procure it.

Mr. MICHENER: I think if Mr. Humphrys could make the calculations involved in these last questions it would be interesting to have it before us to show what the cost would be if the 51 week maximum was not cut down to 30 weeks.

Mr. CROLL: I understood him to say between 6 and 7 million.

Mr. MICHENER: He might like to consider that and give us a closer estimate of what it might be; what contribution would have to be increased to maintain the present maximum. Those are the two sides of the same problem.

Hon. Mr. GREGG: Having in both cases retained the present minimum of the new scheme?

Mr. MICHENER: Yes.

Hon. Mr. GREGG: Not going back to the old minimum in the old scheme.

Mr. MICHENER: No, just the present maximum.

The WITNESS: It may be a little difficult in the sense that the scheme as outlined in the bill has a benefit formula in it. One week benefit for two weeks of contribution. I understood then you wish me to calculate, if I can, what the cost would be if that held right through up until a maximum of 51 weeks.

Mrs. FAIRCLOUGH: Yes.

*By Mr. Barnett:*

Q. There have been suggestions that certain calculations were made in relation to the period of the duration of benefit. At the same time I would like to raise the question as to what would be involved in the kind of calculation about which I was inquiring in respect to the effect of reducing the qualifying period. I wonder if the minister might have some comment to make?

The CHAIRMAN: It may be that Mr. Humphrys could not give us that information. Perhaps it would be better for the commissioner to give it to us.

Mr. BISSON: We could not answer unless we were given a specified number of weeks as a qualifying requirement.

Mr. BARNETT: I phrased my question in the manner I did because personally I do not have much idea of just what would be involved in arriving at a calculation like that although I feel quite strongly that such a calculation would be very useful information not only for this committee but also for the consideration of people who are involved in receiving benefits under the fund. I think it would be worth while for the working people of Canada to know what would be involved in the way of increased contributions to the fund assuming it is carried on as it has been in the past and on the same principles in order that working people could qualify under the fund despite the fact that they had not been working in insurable employment for as long a period as applies

at the present time. I think that is a very fundamental and important consideration and one which would be useful for the people involved generally to know and for that reason if it is within the realm of feasibility as a calculation I felt this might be an appropriate time to raise the question.

Hon. Mr. GREGG: We have touched on an interesting point, but I also think—if I might ask the chief commissioner to point out to the committee—behind your question lies the question, “Why have you, Mr. Unemployment Insurance Commissioner, taken under the old scheme 180 days as your basic number of contribution days and under the new scheme 30 weeks as your basic period?” Now, I think that you moved into the new scheme with that as a set piece. Can you tell us why you did that? Why in your original speculations did you give consideration to a change of that period as a basis for actuarial computation?

Mr. BISSON: At the time the provisions of the present Act were studied it was considered that work to the extent of 180 days showed on the part of the worker an interest thought to be insurable. As we believe that this provision still holds good we converted this requirement of 180 days into one of 30 weeks. It must be remembered that the definition of the contributory week in the proposals makes the qualifying provisions easier. With regard to some lower figure, say 20 or 25 weeks, the actuary would need certain statistics and available in a way of use to him.

The WITNESS: Just considering the problem off-hand I am not aware of any statistical material which would enable that calculation to be made. However, I can investigate that question, and see whether or not we could make it.

Mr. BARNETT: I do not have the exact reference, but in the statement which the chairman of the commission gave us this morning there were some allusions to that general matter. There were references, for example, to the effect of the seniority clauses in union contracts meaning that those who had the shorter period of contribution into the fund often became more liable to the need for benefits and reference has also been made as to the effect of the changeover from the contribution days to the contribution weeks as something which will in some circumstances make it easier for certain workmen to qualify under the fund. I understood from that reference that it is a problem which the commission has had in mind in the drafting of the present proposal. As I have already made clear in the House, I think, it is an aspect of the matter in which I am much interested because I have seen in a number of instances how that has worked out in actual situations, and I feel if it were possible to let people know what the effect would be if the qualifying period were lowered, that in itself would be a useful piece of knowledge for them to have.

Hon. Mr. GREGG: I wonder if I might comment that I have seen an extremely interesting chart which I hope the commission will present to the committee. I wonder if we could defer a discussion of your point until we come to that, because I feel they will throw some light on it. It is not only the effect of the benefits on the first period of employment, but the 180 days also has an effect upon the second and third periods within the benefit year. Would that be satisfactory to you?

Mr. BARNETT: Yes, Mr. Chairman. I did not raise my question at this moment with the idea of pressing the matter to any conclusion, but simply because I was interested to know from the actuarial point of view.

Hon. Mr. GREGG: I do not think on the discussion we have had thus far that we could give the actuarial process until we have information on which to work, and after we have seen that chart perhaps we could have it.

The CHAIRMAN: When we have heard all the witnesses, then we will call the commissioner as the last witness. Perhaps he can sum up these things and probably you will get your answer at that time. Would that be all right?

Mr. BARNETT: Yes.

The CHAIRMAN: Mr. Fraser, did you have a question

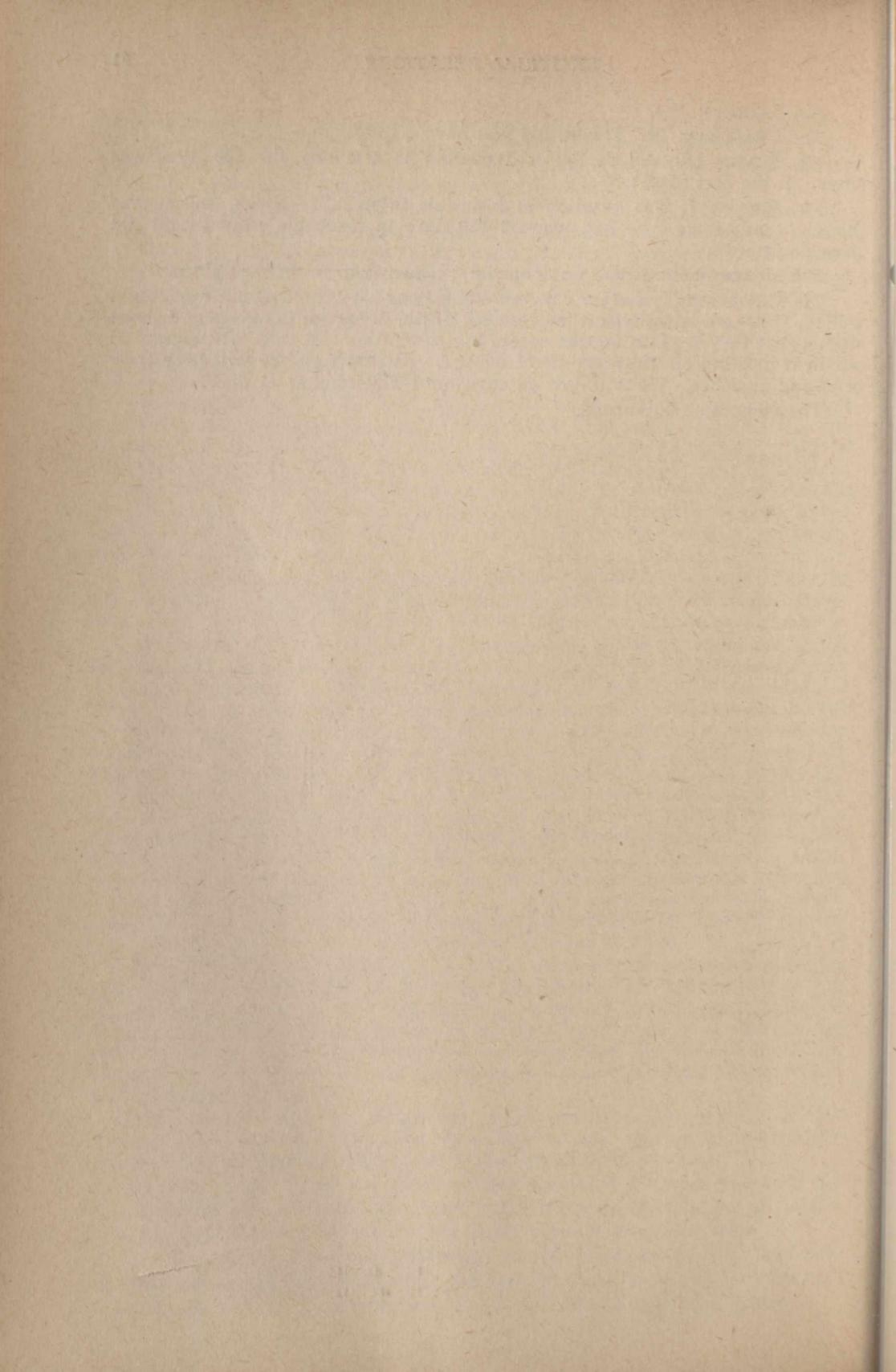
Mr. FRASER (*St. John's East*): I wanted to ask why the 180 days was chosen in the first place?

Mr. BISSON: It is a question of insurable interest, I believe, and it was thought that people who had worked 180 days in insurable employment did show an interest.

Mr. MURCHINSON: It was an actuarial consideration in the first place.

The CHAIRMAN: If there are no more questions we will bring our meeting to a close. I have a letter from the president of the Canadian Congress of Labour stating that they wish to appear before the committee and they will appear at our next meeting on Thursday at 11 o'clock. At that time we will hear their brief and evidence. We will now adjourn until Thursday at 11 a.m.

The committee adjourned.



## APPENDIX "A"

UNEMPLOYMENT INSURANCE COMMISSION  
 REVIEW OF THE UNEMPLOYMENT INSURANCE ACT  
 AND  
 EXPLANATION OF THE REVISION

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## UNEMPLOYMENT INSURANCE COMMISSION

## INTRODUCTION

1. The Canadian Unemployment Insurance Act became law on August 7, 1940, and was proclaimed operative as from July 1, 1941. Its predecessor the Employment and Social Insurance Act, later declared ultra vires of the Canadian Parliament, was passed on June 28, 1935. It might, therefore, be said that Canada has had nearly twenty years of Unemployment Insurance legislation and we have nearly 14 years of actual operation of such legislation.

2. The present Act has been amended seven times; in 1943, 1946, 1948, 1950, 1952, 1953, and January 1955. The amendments made were in the main amendments in detail rather than in principle, only three could be considered as changes in the general structure of the Act—the change in the basis of rate from the average of all contributions in the two years preceding claim to the average of the most recent 180 contributions (made in 1948); the introduction of supplementary benefits in 1950; and the 1953 amendment providing for the continuation of benefit to those who become sick while unemployed.

3. The Act was passed in the time of War. The country was just emerging from a prolonged period of depression and of unemployment. Data concerning employment and unemployment were meagre, similar legislation in the United States was in its infancy and the legislation of the United Kingdom had recently been amended in many respects. Since that time, we have our own experience and much more efficient data, further major changes have taken place in the British legislation and the Americans have more than fifteen years of experience behind them. Further, we have come through the immediate post-war period and now have a fund in reserve of nearly \$850,000,000. It would seem to be a good time to take stock and examine the existing legislation in the light of these facts and prepare to make such changes as are necessary and desirable to achieve the objects of the legislation.

*Objects and Principles*

4. Before discussing the merits and shortcomings of the present Act, it would perhaps be as well to set down briefly the objects of the legislation and the principles embodied in it. It is sometimes easy, particularly for those who are responsible for day-to-day administration, to lose sight of objectives and to confuse principles with the methods adopted to carry out those principles. It has been a criticism of representatives of labour, that in the administration more attention has been paid to the adherence to insurance principles than to the main objectives of the legislation—a criticism which would not have been made had there been a better understanding of the objects or a clearer distinction by the critics between insurance principles and the methods enacted to give effect to those principles.

5. It is not intended at this time to discuss "Economic Security", "Social Security" or "Social Insurance" in its broader aspects. We are concerned primarily with one phase only of "Economic Security", the means of alleviating want caused by the interruption of earning power through unemployment.

6. Even this last statement must be qualified and restricted. It is the recognized responsibility of Government by the use of tariffs, money, natural resources and works programs to create and maintain the greatest desirable level of employment for those able, willing and seeking work. With these

phases of the development of economic security, we are not primarily concerned. Our assumption is that the necessary steps have been and will continue to be taken to ensure this.

7. The *Objectives* of the Legislation are twofold:

- (1) To provide a nation-wide employment service which will
  - (a) collect and disseminate information regarding employment available to workers, and workers seeking employment;
  - (b) assist employers to find workers and workers to find employment; and so reduce to a minimum the interruption of earnings.
- (2) To provide insurance benefit in monetary form to workers during periods of involuntary unemployment to compensate for loss of earnings.

8. The fact that the first objective is not further discussed here does not detract from its importance in any plan to minimize the effects of unemployment. The establishment of an effective employment service is the positive approach, within the limits set out, to ensure the full employment of the labour force. Without such a service any safeguards for the protection of taxpayers or contributors to the insurance fund would be ineffective. It would be impossible to set any standards of employability, of suitable employment or of availability of employment opportunities. An efficient employment service is essential.

9. With regard to the second objective, it can be assumed that some kind of cyclical budget or funded plan must be adopted. Unemployment is sporadic, good years are followed by bad. Provision must be made in years of adequate employment for periods of poor employment. The more fortunate must help the less fortunate, and those in employment today must help those who may be unemployed tomorrow. Pay-as-you-go plans may be quite suitable for old age pensions and other economic security plans where the incidence of the condition is fairly regular and can be forecast with certainty. For unemployment, it is essential to plan on a long-term basis and build up a fund for disbursement in the future. It is a practice that goes back to the days of Joseph in Egypt and is an essential part of any plan of unemployment compensation.

10. Granted the necessity of creating a fund out of which benefits are paid, it is necessary to provide contributions to that fund. In the United Kingdom, contributions are made by employers, workers and the Government, and the cost of administration is paid out of the fund. In the United States, the fund is collected by a payroll tax on the employers, only a few States levy a contribution from the workers and no contribution is made by the State. The United Kingdom legislation has always been more generous than the American, and, in the latter, there are indications that employers by supplying the funds have a far greater influence on the legislation and the administration than where part at least of the fund is supplied by the workers. Our Canadian plan calls for equal contributions from employers and workers, with the taxpayers as a whole adding 20 per cent and paying in addition the cost of administration. Nothing which has occurred since the inception of the Act would indicate the necessity of any change in the general conception of contributions by employers, workers and the Government.

11. If it is assumed that long-term financing and the building up of a fund in better than average years for use in sub-normal years is necessary, the question arises as to whether financing will be done on a planned basis, both as regards collection and disbursement, or by haphazard methods with the consequent constant shifts in both contribution and benefit rates. It was

because of the failure of unplanned and unscientific methods, which were all we had in Canada prior to 1940, that the present legislation was adopted. If the problem is to be met on a planned basis, then scientific methods—that is, insurance principles—must be applied. This will necessarily limit the application of the scheme to that part of the labour force that is suitable to insurance coverage. An unemployment insurance scheme cannot be expected to provide benefit for voluntary unemployment or for the chronically unemployed, for example. Supplementary aid must be made available in special circumstances, in accordance with need and in connection with adequate welfare services aimed at rehabilitation. The object should be, however, to reduce to a minimum the areas remaining to be covered by these means.

12. It would perhaps be difficult to obtain agreement by the competent authorities as to what constitutes sound insurance principles. The following are the principles set out by Mr. Frederick H. Ecker, President of the Metropolitan Life Insurance Company, in 1931:

### 1. *Accumulation and Redistribution of Funds*

A FUND MUST BE ACCUMULATED, IN ADVANCE OF THE EVENT, OUT OF WHICH DEFINITE PAYMENTS CAN BE MADE UPON THE OCCURRENCE OF THE CONTINGENCY AGAINST WHICH THE INSURANCE IS PROVIDED. It is essential that funds be accumulated in advance. Insurance does not create funds. It collects and distributes them in accordance with the terms of the contract. Between the time of collection and distribution, investment is often necessary for the accumulation of interest. While so invested, of course, these sums are merely trust funds awaiting distribution. As a collecting and distributing agency, insurance then becomes a redistribution of income. This is clearly apparent when other forms of insurance are considered. Under life insurance policies, a man reserves part of his yearly income for his family after his death; he may reserve part of his earnings during his working days for use during old age, while under sickness insurance policies he sets aside part of his income for a day when he might be prevented from working because of sickness or of accident.

### 2. *Insurable Interest*

THE INSURED PERSON MUST HAVE A DEFINITE INTEREST IN THE CONTINGENCY AGAINST WHICH HE IS INSURED, WHICH NEED NOT BE MONETARY, BUT WHICH MUST BE CAPABLE OF APPROXIMATE MEASUREMENT IN MONEY COMPUTED BY THE LAW OF AVERAGES. In order to participate in this redistribution, a man must have what is called an "insurable interest". He must be subject to a loss in property or in human value which can in some measure be evaluated in money. The loss may never be incurred, and likewise the amount of the loss may be indefinite. It is difficult to determine in advance the value of a man's life at his death because we do not know when he will die or what his earning power at the time of his death may be. The number of years during which a pension will be payable during old age may be small or large, dependent upon how long the pensioner lives. A loss from fire or accident, or even sickness, may never occur. In all these instances, however, the insured is subject to the risk. This may also be the case when insurance is applied to the risk of unemployment.

A man must be subject to the loss of his employment, and consequently to the loss of income earned during employment. To be subject to this loss implies that employment and income therefrom exist.

The chronic idle have no employment that is subject to loss. To a large extent, part-time or temporary workers are in the same category. There will always be some who have little or no income, and any attempt to indemnify them against loss of income violates sound insurance principles. The income from employment of the steady worker of any country is subject to loss and as such creates an insurable interest. Therefore, with respect to this essential of insurance, the population divides itself into two distinct classes; those who comply with this requirement and those who do not.

### 3. *The Rate of Occurrence of the Contingency*

THE RATE OF OCCURRENCE MUST BE PREDICTABLE WITHIN REASONABLE LIMITS AND BE BEYOND INDIVIDUAL CONTROL, AND THOSE INSURED MUST BE PLACED IN HOMOGENEOUS CLASSES. For a risk to be insurable the mathematical law of probability must be applicable. In order that this law may apply, there must be a sufficient number of people insured, all considered equally subject to a loss which will occur to the individual regardless of the mass. The probability of the occurrence must be predictable within reasonable limits. For the loss to be insurable, it cannot happen simultaneously to all the insured or to a relatively large group thereof.

The probability of the occurrence of unemployment cannot be predicted within reasonable limits. It sometimes occurs simultaneously to large numbers of workers. It is influenced by economic conditions and is to some degree within the control of the individual, thus rendering the formation of large homogeneous classes exceedingly difficult.

### 4. *Limitation of Occurrence*

IT MUST NOT BE POSSIBLE FOR THE CONTINGENCY TO HAPPEN TO TOO LARGE A PROPORTION OF THE GROUP AT ANY ONE TIME. The uncertainty as to the extent of the happening raises the greatest difficulties. A contingency which will happen to comparatively few people, or to small numbers at given times, in accordance with some known law, offers a basis for sound insurance. Thus the loss by robbery is one that happens to a relatively small proportion of the population in each year. Death, inevitable as it is, does not occur to all at any one time, however, and its general occurrence over a large number of people usually follows some law of mortality. Contingencies that occur more or less regularly may have a catastrophe hazard which can be covered, provided the catastrophe is not too inclusive. With unemployment the contingency at times is known to cover large areas and extend for long durations with disastrous severity. Therefore, it presents conditions so at variance with this basic essential requirement that it makes unemployment a far less satisfactory "insurance" risk than any other type of insurance covered. Even enthusiastic advocates of insurance as applied to unemployment admit quite frankly that unemployment insurance cannot provide adequate and continuous protection against loss resulting from unemployment during periods of major depression.

### 5. *Verification*

THE ACTUAL OCCURRENCE OF THE CONTINGENCY MUST BE EASY OF VERIFICATION AND OF PROOF THAT IT FALLS WITHIN THE SCOPE OF THE INSURANCE CONTRACT. The verification of unemployment is fraught with difficulty. There should be no trouble in determining whether or not a man is unemployed, but

whether his unemployment is such as to come within the scope of an "insurance" scheme is quite a different matter. Workmen can be graded with a fair degree of accuracy from those who are temporarily unemployed down to those who are nearly always unemployed, but whether the unemployment in any individual instance comes within the requirements for insurance benefit is often difficult to determine. An acceptable definition of unemployment for insurance purposes, the determining of the right to the payment of benefit within this definition and the setting up of proper machinery to eliminate illegitimate claims, without imposing an undue handicap upon legitimate claimants, are necessary.

13. The foregoing may be taken as the basic insurance principles that must be followed if a sound plan is to be evolved; subject to the qualifications that

- (a) with regard to Principle 2 it should be understood that the extent of the insurable interest is not necessarily the same for all individuals in the class having an insurable interest;
- (b) with regard to Principle 3 the placing of the insured in homogeneous classes from the point of view of the rate of occurrence of the contingency has no relevance to social insurance where the coverage is compulsory;
- (c) Principle 5 has meaning only to a degree and the situation changes as records are built up from experience or other sources.

In addition to or arising from these five basic principles there are certain principles applicable to unemployment insurance which experience in the United Kingdom, the United States and Canada has shown to be desirable:

1. The methods used for giving effect to the necessary principles should be as simple as is consistent with the safeguarding of these principles. The method of levying contributions should not be an undue burden on employers or the administration or be the cause of undue delay in settling claims. The benefit formula should not be too rigid or complicated and should not make distinctions which appear to discriminate, impose hardships or be merely arbitrary. The rules should be intelligible and fair so as to command the support of public opinion. The law should set out the plan on broad lines with provision for prescribing procedures and minor amendments by regulation.

2. The plan should be on a national basis and apply equally to as large a segment of the labour force as possible. The good risks should be included with the bad and exclusion should be made only for those who

- (a) are in insurable employment to an inconsiderable extent; or
- (b) are in an industry or employment which is not suitable to an insurance plan.

3. The plan must be compulsory, to avoid adverse selection against the Fund, to spread the risk and keep the individual worker's contribution low, to protect the improvident who would not save or insure of their own accord, to insure against technological changes and seasonal recessions and to level off the inequalities of risk.

4. The plan should give protection against contingencies and not against certainties. Benefit should not be paid for periods of planned unemployment or idleness.

5. The worker should assume part of the risk to avoid claims for short periods of unemployment which would ordinarily be assumed by the claimant. Without this provision the contributions for every insured person would be unnecessarily high and it would be difficult to make one general plan applicable to a wide variety of employment conditions

and circumstances—in particular to persons in fringe employments and to insured persons who have many interruptions of employment in the year.

6. Because benefit is paid as a matter of right under a contract, it should not be subject to a means test. There should be a formula which determines for every claimant the conditions under which benefit may be paid, how much benefit may be paid and how long it may be paid.

7. The amount of benefit and the conditions of payment must not unduly attract workers from non-insurable to insurable employment, nor should it discourage insured workers from taking non-insurable work. Anything else would tend to increase unemployment, invite fraud and interfere with the industrial economy. One general plan leaves workers free to move from one employment or area to another and makes for a minimum interference with the national economy.

8. Benefit should be related to earnings rather than to need. The amount must not be such as to make unemployment more attractive than work and must therefore be less than ordinary earnings. However, it should be sufficient in all but exceptional cases to avoid the need for the worker having recourse to public assistance during short periods of unemployment. No realistic scale of benefit can eliminate the need for supplementary assistance in all cases, but where assistance is given on the basis of need it is not properly part of an unemployment insurance plan.

#### General

14. The objectives and principles are set out in order to give the yardsticks by which the existing legislation should be measured and to provide a basis for the proposals for improvement in the law.

15. It cannot be reiterated too often or too strongly that adherence to these principles is essential to a sound unemployment insurance law, and that a disregard for them will not only bring the legislation into disrepute but will undoubtedly retard the introduction of other necessary Social Security measures. Unfortunately, state-operated plans of this kind are subject to pressures almost unknown in private insurance companies. Unemployment Insurance in Canada, as elsewhere, encounters constant resistance from employers to any broadening of coverage or increase in contributions or benefits, and from the unions pressure to increase benefits and resistance to any measures designed to restrict unwarranted claims. Then too there are those who view legislation of this kind from the standpoint of social service and fail to understand that *this and similar laws are not social service legislation but only enlarge the sphere of self-support (co-operatively it is true) and thereby reduce dependency on social service assistance.*

16. An erroneous impression, quite widely held by workers and others, which has to be corrected, is the belief that because a worker has paid contributions into the unemployment insurance fund he is entitled to get something out regardless of whether he ever becomes unemployed. Some workers tend to look on their contributions as if they were credits in a savings account which can be withdrawn when the need for the account no longer exists. They lose sight of the fact that the plan provides insurance against a contingency, namely the risk of unemployment during their working life, and that if this contingency never occurs they have no claim to any indemnity. These groups from time to time suggest that a refund of contributions should be made if a person has paid in for a certain length of time or if he has made no claim for benefit.

Others suggest that the accrued benefit rights should be translated into the equivalent of an old age pension on retirement. These suggestions if adopted would undermine the very basis of the unemployment insurance plan. Even from a purely actuarial point of view refunds of contributions can no more be justified under unemployment insurance than refunds of premiums under fire insurance. There would soon be no fund left for the payment of claims. Neither should a plan of insurance against unemployment be expected to provide a pension for a person who has retired from employment. Unless the real objects of the scheme are kept in view the benefits it can give to workers (and indirectly to their employers) will be made both more costly and of less value. The other types of benefit referred to should be provided under legislation appropriate for those needs.

17. A further point to be remembered is that unemployment insurance is not the whole answer to every kind of unemployment. It has a limited application and its true purpose is to provide protection against short periods of unemployment. Where a whole community becomes unemployed because the main industry in the community has gone out of business, for example, it is not practicable to expect the unemployment insurance plan to carry the load until everyone in the community becomes re-employed, possibly many months or even years later. Similarly some employments will probably always have to be excluded, either because the extent to which persons engaged therein participate in insurable employment is so limited that they can never meet the requirements to qualify for benefit, or because such employments are unsuitable to a plan of unemployment insurance. Some fringe employments of a part-time or seasonal nature do not need unemployment insurance as they are not the main means of livelihood and are taken as a supplement only to other occupations. Some of the principal reasons that make other employments unsuitable for insurance are:

- (a) the difficulty of verifying unemployment;
- (b) the lack of insurable interest;
- (c) the conditions of work, including such factors as the location, the lack of an employer, the nature of the contract, the seasonality of the employment, etc.

For example, share fishermen are unsuitable for insurance because of (a) and (c); family workers because of (a) and (b); some commission salesmen, such as life insurance and real estate agents, because of (a). These points are referred to more specifically below in the paragraphs dealing with the coverage and benefit provisions.

18. A thorough analysis of the laws in other countries particularly those of the United Kingdom, the United States and Commonwealth Countries where the economic outlook and working conditions are comparable to our own indicates that sound principles have been followed in the legislation in force. It is also evident that the Canadian Act has adopted complicated methods of carrying these principles into effect. Because of their complexity there is suspicion and misconception in the minds of many union officers and members. While most workers and unions are aware that the fund must be operated on a proper basis and that more cannot be paid out than comes in, they feel that as they are contributing their money to the fund they expect a maximum benefit from it. They have, however, come to the conclusion that unnecessary barriers have been erected to prevent the worker from getting what he is entitled to. The pages which follow are critical of the existing law as well as an explanation of the amendments. The criticism will be of the *methods adopted to carry out* the objectives and principles of the legislation rather than of these objectives and principles themselves. This distinction must be borne in mind.

## REVISION OF THE ACT

*Re-arrangement and Clarification*

19. The sections of the Act have been arranged to bring together the provisions which deal with the same subject, and the language of the Act has been simplified.

20. A prominent Canadian trade union officer recently said that there are possibly not more than a dozen people in the trade union movement throughout Canada who can honestly say that they are thoroughly conversant with the Act as it reads or with what it means. He describes it as a lawyer's document which certainly cannot be understood by the average worker who thinks that it is so worded to discourage and prevent prospective claimants from getting what they are entitled to.

21. There is reason for the use of "legal phraseology" in the law. The words and phrases used must be the most precise and unambiguous available so that the courts and the statutory authorities may construe them without uncertainty. However, the draughtsmen have borne in mind that this particular law imposes obligations on, and grants rights to, several million people and have recognized the need for stating its terms in the clearest and most understandable form.

22. There was greater scope for improvement in the re-arrangement of the sections to bring together all the provisions which deal with a particular subject. To quote an example (and probably the most obvious) let us look at the provisions which deal with coverage or "Insured Persons". The first reference in the present Act is found in Section 14 which merely refers to the Schedule at the end of the Act. This is followed by sections 15 to 18 and the Act then goes on to deal with contributions. However further examination shows that sections 47 to 53 deal with the determination of questions regarding coverage, there is another reference in Section 89 and still further provisions in Section 108 paragraphs (a), (n) and (s). Finally there is the Schedule at the end of the Act in which the insurable and excepted employments are listed. There is no question that even if it is necessary to use legal terms the ordinary person will have a far greater understanding when under the heading "Coverage" he finds everything pertaining to that subject.

23. It is not intended to set out in detail all of the changes which have been made in either phraseology or arrangement. The following is the new arrangement of the various subjects:

## Part I

*Administration.* This combines the present parts headed "Unemployment Insurance Commission" and the provisions for the establishment of committees, boards of referees, etc.

## Part II

*National Employment Service.* This part is brought forward to emphasize the positive function of the Commission which is to assist in obtaining employment.

## Part III

*Unemployment Insurance.* Here the sections have also been re-arranged as follows:

- Coverage
- Contributions
- Benefits and Claim Procedure
- The Unemployment Insurance Fund.

## Part IV

*General.* This includes legal proceedings, inspection, reports, reciprocal arrangements, etc.

## Part V

*Transitional.* This part provides for the adjustment during a transitional period of benefit rights accrued under the present Act.

24. The present Part III "Supplementary Benefit" has disappeared as the provisions have been included in the "Benefit" section of Part III. Part V, "Veterans", which has now become obsolete, is omitted but its provisions will still apply for the purposes of the Veteran's Benefit Act. The regulations now in Part VI have been distributed to the sections to which they refer.

## PART I ADMINISTRATION

25. Our Canadian law is administered by a Commission of three members responsible to the Governor in Council through the Minister of Labour. Labour and management are represented on the Commission, which is assisted by the National Employment Committee as far as employment policies are concerned, and there is an independent Unemployment Insurance Advisory Committee which has certain statutory functions, and reports to the Governor in Council in respect to the adequacy of the Fund. Some two hundred local offices have been established in the larger communities and these operate the National Employment Service and also carry out the insurance plan. Nearly 8,000 employees are engaged in this work, and in the fiscal year ending March 31st, 1954 the cost of administration was \$26,096,722.06.

## COST OF ADMINISTRATION

Fiscal Year	Unemployment Insurance	National Selective Service	Total
	\$ cts.	\$ cts.	\$ cts.
1940-41.....	69,394 36		69,394 36
1942.....	2,343,599 35		2,343,599 35
1943.....	4,657,394 29		4,657,394 29
1944.....	5,170,900 33	4,857,072 12	10,027,972 45
1945.....	5,112,626 95	6,877,802 17	11,990,429 12
1946.....	6,184,964 15	9,247,406 38	15,432,370 53
1947.....	7,496,042 15	11,230,076 71	18,726,118 86
1948.....	17,640,405 24		17,640,405 24
1949.....	18,965,130 67		18,965,130 67
1950.....	20,385,981 70		20,385,981 70
1951.....	21,904,809 68		21,904,809 68
1952.....	23,519,567 26		23,519,567 26
1953.....	24,954,926 98		24,954,926 98
1954.....	26,096,722 06		26,096,722 06

26. As is inevitable in any organization and in particular in building a machine to administer a new law which in many respects differs from other similar legislation in its major aspects, there must be a period of trial and change. The war-time manpower controls which the Commission's offices administered in the earlier days of the organization aggravated this situation. The result has been constant changes in procedures and techniques, all designed to increase efficiency and eliminate unnecessary work. Up to the present these improvements have been accompanied by increased work loads so that to a great extent staffs have been able to cope with heavier demands.

27. While it cannot be said that no further improvements in procedures can be made, the fields in which changes are possible are narrowing. Generally speaking, while the supervising functions of the Regional Offices and Head

Office might be diminished now that our formative years are past and the operating staffs have become more efficient, no great reduction in administration costs can be expected under the present legislation. However, the major changes contemplated by this Bill make possible economies in administration.

28. In the new Act the different provisions regarding administration, which are scattered throughout the present Act, are assembled in a more logical arrangement in Part I. No major changes in substance are made. Minor changes include amendments regarding the age of retirement of Commissioners and the change of name from Courts of Referees to Boards of Referees.

## PART II. EMPLOYMENT SERVICE

29. The general provisions contained in the present Act regarding the establishment of an employment service are retained. However, the Commission is given more specific power to make regulations defining the functions and scope of the employment service and the principles to be applied in carrying out its own duties in this regard.

30. The maintenance of an employment service is the positive side of the Commission's functions. The object is to put employers seeking workers and workers seeking jobs in touch with each other. The employment service is available to insured and non-insured persons alike and makes no distinction on account of race, colour, national origin, religion or political affiliation.

31. In addition the employment service provides the opportunity for testing the availability of claimants without which the efficient operation of the insurance function of the Commission would be impossible.

## PART III. UNEMPLOYMENT INSURANCE

### COVERAGE

#### Broader Basis of Coverage—

32. As at August 21, 1954, the Labour Force was made up as follows:

		%		%
Own Account Workers.....	739,000	13.0		
Unpaid Family Workers.....	290,000	5.1		
Employers.....	335,000	5.9	1,364,000	24.0
<i>Wage Earners—</i>				
Non-Insured Civilians.....	999,000	17.6		
Non-Insured Armed Forces.....	105,000	1.9		
Insured Wage Earners.....	3,206,000	56.5	4,310,000	76.0
			5,674,000	100.0

33. The coverage of the present Act is restricted to those working under a contract of service and excepts wage earners in certain specified industries. These excepted categories of wage earners may be brought under insurance by Order-in-Council on a joint recommendation of the Commission and the Unemployment Insurance Advisory Committee. The legislation also makes provision for the exclusion of wage earners and the inclusion of non-wage earners where anomalies are found to exist, but basically wage earners only are insured.

34. The inclusion of wage earners and the exclusion not only of employers but of all own-account workers irrespective of the nature of the work performed and the relationship of the person performing it to the person for whom

it is performed seems somewhat arbitrary. Obviously a person carrying on a genuinely independent business should not be brought under the Act regardless of any broadening of the basis of coverage. This applies to most employers, to many professional workers, physicians, dentists, lawyers, etc., and to persons who operate a shop or office or similar recognizable place of business where they have a substantial investment in premises, stock, and equipment and sell goods or services to the public. Such persons are in a category to which some at least of the general principles enunciated in paragraph 12 cannot be applied, particularly principles 2, 3, and 5. Their insurable interest would not be readily capable of measurement in monetary terms (principle 2). The occurrence of the contingency (unemployment) would not be beyond the possibility of their individual control (principle 3). In many cases it would be far from easy to verify that the contingency contemplated by the insurance contract had actually occurred (principle 5).

35. The reason why these principles cannot be applied is that such persons are not economically dependent on any one employer or principal. They hold themselves out as ready to sell their goods or services to the public at large and usually when a specific transaction is completed their relationship with the person with whom the transaction takes place is ended for the time being. Hence their status in no way even resembles that of an employee. They occupy the role of independent agents or contractors.

36. There are three unmistakable signs of a person who is in business as an independent contractor:

(1) He must have an independent calling. That is, he must be customarily engaged in an independently established trade, occupation, profession or business.

(2) He must undertake to perform a specific job or piece of work with a view to producing a specific result. That is, he must be engaged by the principal to do a job that has a definite beginning and ending and he must be doing it in pursuit of his own independent calling.

(3) He must be free from control as to the manner of performance of such work. That is, he undertakes to produce an agreed result but reserves to himself the right to determine how to bring about that result.

Where these three conditions are present, the person performing services is not an employee in any sense of the word and should not be brought within the scope of the Act.

37. Although this group cannot be covered by an unemployment insurance plan, it does not follow that all own-account workers must be excluded. There is a difference between the person referred to above as an independent contractor and the person who, unlike him, works exclusively for one firm, whose relationship with the firm is a continuing one, not limited to the performance of a specific job with a definite beginning and ending, and whose work is a customary function of that firm's business and closely integrated with the business. Many such persons are at present excluded because there is some question whether they are employed under a contract of service; for example, many salesmen on commission, taxi drivers and building tradesmen who work continuously and exclusively for one firm. As a matter of economic reality these persons are wholly dependent on the one business to which they render service. Even if they are not employed under a contract of service, this economic dependence on one principal makes their real status much closer to that of an employee than anything else. In all essential particulars their pattern of employment, their risk of unemployment and their need of unemployment insurance are the same as a wage earner's.

38. Many of these persons are not insured at present because the underlying employer-employee relationship is disguised under a pretense that the worker is in business for himself. He is variously described as an independent contractor, as an independent agent, or as the vendee or lessee under a purported agreement for sale or lease.

39. An independent contractor status cannot be created by the mere device of a contract which purports to subtract the right of control, when the relationship is in fact that of employer and employee. Even if the principal specifically states that he renounces control, a mere agreement divesting him of the right of control does not relieve him from liability as an employer unless the conditions mentioned in paragraph 36 as applicable to an independent contractor, or at any rate some of them, are in fact present. If they are not present, and if, as a matter of fact, the worker ordinarily depends upon the business to which he renders service, there seem to be no good reasons for treating him otherwise than as an employee and every reason for insuring him as if he were employed under a contract of service.

40. Under the approach which the existing definition of coverage compels us to take, i.e., to identify what is employment under a contract of service, many borderline cases arise and much time is spent in trying to distinguish between the various shades of these relationships. In some cases we have to rule that there is no actual contract of service, though the relationship is very similar. Other cases are allowed to go by default and persons who may really be employees are ruled as non-insurable simply because it is impossible to get sufficient evidence to prove the existence of a contract of service.

41. As the object is to cover all persons who work under an employer-employee arrangement no matter how described, provision has been made for a ready extension of coverage to any category of such persons when it is found that they work in economic dependence on one principal and have not the true independent contractor status mentioned above. The present procedure for making such an extension is complicated by the necessity for showing that there is an anomaly as regards such persons and some other insured group, and also a similarity in the nature of their work and in the terms and conditions of service. Under the revision it is sufficient to show a similarity in the nature of the work and that the general relationship is similar to that of an employee rather than an independent contractor.

42. There is a further variation from employment under a contract of service and here also, from the viewpoint of protecting the worker against unemployment, provision has been made for keeping him under insurance. This is where a worker, though accustomed as a general rule to working as an employee, occasionally undertakes small jobs on a contract basis in his usual line of work when he cannot get a job as an employee. This is fairly common in the construction industry. The person performing such contracts devotes his personal service to the work whether he does it alone or with a helper. A man who makes a success of such contracting may become permanently established in such a business and move out of the employee group entirely. Coverage would then no longer apply to him. Many workers do not ever attain such independence, however, and continue to take work as employees when they can get it, filling in slack periods with any contract jobs they can obtain.

43. So long as a worker's status remains primarily that of a journeyman or employee it would seem to be in harmony with the general insurance principles quoted before that his coverage should be continued during short periods when he is working on his own account. The additional contributions credited

in respect of such periods of work would increase the duration of benefit for such workers when they became unemployed, but what is perhaps even more important, the workers would be less deterred than they sometimes now are from taking such work through fear of being unable to re-qualify for benefit because of insufficient recent contributions.

44. The Act at present has a provision for bringing specified groups of non-wage earners under coverage provided it is shown that their exclusion results in anomalies in respect of wage earners who do the same kind of work and under similar conditions of employment. This provision has been made less restricted and it is possible under the revision to cover the kind of non-wage earners described in the preceding paragraphs without having to establish the existence of an anomaly in every instance.

45. As the basis of coverage, the revised Act makes it possible to include as insured employment all services performed for remuneration, whether under a contract of service or under any other contract, except where the person performing services is in fact an independent contractor. It is intended that this is broad enough to include short periods of own-account work performed by persons who customarily work as employees. Proper limits will have to be devised defining the conditions under which such own-account workers can continue to be insured and it may be necessary to require them to pay the whole cost of the contributions themselves in respect of their periods of own-account work. Power has been given to the Commission to make regulations for this purpose.

#### *Inclusion of Excepted Employments*

46. Various reasons were advanced for the exclusion of wage earners in certain employments when the Act was passed. Since 1940 coverage has been extended to some of the groups originally excluded but those listed below still remain outside the Act. These constitute 19.5% of the whole labour force and 25.6% of the wage earners. While some of these groups are shown as excluded primarily because of problems associated with benefit, such as the difficulty in verifying unemployment, seasonality, and determination of what constitutes suitable employment, they are also affected by difficulties regarding coverage and contributions which will be lessened when the basis of coverage is changed and contribution procedures simplified.

(Figures as at August 21, 1954)

Groups which can be covered without administrative difficulty:

Horticulture and parts of Agriculture .....	20,000
Hospitals and Charitable Institutions .....	115,000
Forestry .....	8,000
Police Forces .....	20,000
Armed Forces .....	105,000
Government—Federal .....	70,000
—Municipal .....	35,000
Provincial Government (with the consent of the Province) .....	72,000
Earning over \$4,800 per annum .....	61,000

506,000

Groups which present difficulty in verification of unemployment and in administration:

Agriculture .....	160,000	
Private Domestic Service .....	72,000	
Insurance and Real Estate Salesmen .....	20,000	
Private Duty Nurses .....	25,000	
Teachers .....	108,000	
Fishing .....	7,000	
		392,000

Groups which would derive little advantage from insurance and should probably remain outside:

Hunting and Trapping	
Part-time Commission Agents	
Casual Employment Outside the Employer's Trade or Business	
Subsidiary Employment	
Employment by Husband or Wife	
Professional Sport .....	206,000
	1,104,000

47. Certain of the above employments have been excluded because the persons engaging in them do so intermittently or on a part-time basis and do not derive any substantial part of their livelihood from them; for example, part-time employment as a commission agent or casual employment for purposes other than the employer's regular business. These groups would derive little advantage from insurance and it is felt that there is no point in straining to include them either now or in the future. Regardless of any broadening of the basis of coverage it would appear to be necessary to retain these exceptions. However, other employments have been excepted hitherto because of administrative difficulty or because they are not considered to be within the industrial field. Some of these employments might be brought under the Act, by special schemes if necessary. For example, members of the armed forces and federal police forces are not subject to any risk of unemployment during their period of service. On discharge, however, they might be given protection against future unemployment by being credited with contributions for their period of service as has been done for veterans of World War 2 and of the Korean War.

48. Certain other exceptions have been retained in the Act because such employments, even though under a contract of service, are not suitable to a plan of unemployment insurance. Family employment, for example, is unsuitable for unemployment insurance because it is difficult to verify the occurrence of unemployment and because there is no insurable interest. Other classes which are unsuitable to insurance for these reasons and also because of the difficulty of determining what is suitable employment are outworkers who work in their own homes, blind persons who are maintained in sheltered employment in special institutions, persons employed and paid for playing games, and persons employed by corporations who are directors of such corporations.

49. Two substantial groups still excluded because it is difficult to adapt unemployment insurance to their conditions of employment are farm workers and fishermen. Basically what makes both groups unsuitable for insurance is the difficulty of verifying the periods of employment and unemployment. Both groups include large numbers of own-account workers and family workers; in both groups much of the employment is carried on in remote and inaccessible

locations; in both the scale and basis of remuneration differs from that of ordinary industrial employment; and in both the problem of applying unemployment insurance is aggravated by a high degree of seasonality and by scarcity of records.

50. Many of the same reasons account also for the exclusion of domestic servants. Much study has been given to ways of overcoming these difficulties, and investigations are currently being made regarding fishermen and farm workers. It is possible that some phases of agricultural employment, fishing and domestic service might be insured under special schemes. The employment conditions of these groups and the availability of jobs are such as to introduce a lack of homogeneity if they are included with other groups.

51. No material change has been made at this time in the list of employments that are now excepted. The amendments, however, simplify the provisions for extending coverage in future to such groups as need insurance and which it is feasible to insure.

#### *Summary of Proposed Changes in Coverage*

52. The changes set out in the foregoing paragraphs can be summarized briefly as follows:

(1) The scope of insurable employment has been broadened to make it possible to include some kinds of work which are not performed under a contract of service.

(2) Provision has been made for enabling the extension of coverage by regulation to any of the excepted employments that it is considered desirable and feasible to bring under insurance, with any necessary modifications or by special schemes.

(3) Power has been given to the Commission to deal with borderline cases by regulation, either by excluding employments or by bringing employments under the Act (in the latter case by special schemes, if necessary).

## CONTRIBUTIONS

### *Present Method of Making Contributions*

53. Our system of making contributions was modeled on the British plan which provided that employers would make their own and the workers' contribution by means of stamps placed in insurance books. However, several important changes were made. In Britain, the contributions (and benefits) were on flat rates irrespective of earnings but were based on sex and age. This involved comparatively few changes in the weekly contribution rates for the individual employee.

54. In Canada, seven rates of contribution were established based on weekly earnings, and as earnings constantly change because of lost time, short time, etc., this change made the system more difficult to administer. Again, in Britain, a stamp is affixed for a full week irrespective of the number of days worked; in Canada, a daily rather than a weekly stamp was provided and this again made for difficulties of administration and a complexity of rules regarding a full week, payments for holidays, the constitution of a working day and many others.

## SCHEDULE OF CONTRIBUTIONS

1940	Weekly Contribution		1950 to Present	Weekly Contribution	
	Employer	Employee		Employer	Employee
0 Less than 90¢ per day or under 16.....	18¢	09¢	Less than \$9.00	18¢	18¢
1 \$ 5.40 - \$ 7.49.....	21	12	\$ 9.00 - \$14.99	24	24
2 7.50 - 9.59.....	25	15	15.00 - 20.99	30	30
3 9.60 - 11.99.....	25	18	21.00 - 26.99	36	36
4 12.00 - 14.99.....	25	21	27.00 - 33.99	42	42
5 15.00 - 19.99.....	27	24	34.00 - 47.99	48	48
6 20.00 - 25.99.....	27	30	48.00 or more	54	54
7 26.00 - 38.49.....	27	36			

55. In Canada, stamps are sold only to licensed employers so that it is first necessary for each employer in an insurable industry to register and obtain a license. Stamps are sold by post offices and most employers purchase stamps in advance of their requirements. Some employers make the combined employer-employee contribution by the purchase of meter credits or by the bulk payment method.

56. The stamps when purchased must be safeguarded until affixed in the insurance books and most employers also maintain ledger accounts to show the unused balance of stamps on hand. The large employer who uses the bulk system escapes the difficulties of stamp purchases but takes on the added burden of keeping individual records of contributions.

57. Each year it is necessary for the employer to renew the insurance books of his employees at the nearest local office of the Commission. As the present benefit formula is based on five years' contributions, it has also been found necessary for the administration to assemble and process the records annually.

58. The Commission must also maintain a staff of auditors to

(a) ensure that contributions are paid by employers, and

(b) see that these contributions are properly recorded in the insurance books.

59. The following table shows the number of registered employers as at May 31, 1954, classified by number of employees.

REGISTERED EMPLOYERS  
CLASSIFIED BY NUMBER OF EMPLOYEES

Employees	Employers			
	Number	Percentage of Total	Cumulative Total	Cumulative Percentage
Over 100.....	4,156	1.6		
50 - 100.....	4,076	1.6	8,232	3.2
26 - 50.....	7,531	2.9	15,763	6.1
21 - 25.....	3,584	1.4	19,347	7.5
16 - 20.....	5,794	2.2	25,141	9.7
11 - 15.....	10,694	4.2	35,835	13.9
5 - 10.....	36,885	14.3	72,720	28.2
0 - 5.....	185,039	71.8	257,759	100.0
	257,759	100.0		

*Contribution Records*

60. The stamp method of contributions provides the administration with annual individual records without recourse to the cumbersome wage reporting methods used in many of the States. The insurance books are collected in April of each year and replaced by new books. After the books are replaced or renewed the books turned in are sent to one of the five regional offices where they are processed, that is the contributions recorded are posted in summary to contribution ledger cards. These books and contribution records must be retained for five years in order to determine the duration of benefit.

61. When a claim is filed, the claimant produces his current insurance book containing the contributions subsequent to the previous April 1st; the current contributions are recorded on the application for benefit and the insurance book returned to the employee. Then the claim is sent to the regional office where the past history of contributions paid and benefits received is maintained.

62. The present daily contribution is replaced by a contribution related not to the number of days worked but to the amount earned in a week. These contributions will be paid and recorded in insurance books by means of stamps as at present.

63. The contribution rates and the earnings classes to which they relate have been revised so as to produce a more equitable graduation of contributions. The effect of the proposed new contribution rates is shown in the following tables.

64. *Present and Proposed Contribution Rates*

TABLE I—PRESENT RATES

Range of Earnings	Employer and Employee Contribution (each)	Actual Average Earnings in Range	Contribution as Percentage of Actual Average Earnings
Less than \$9.00.....	18c.	\$ 5.60	3-21
\$ 9.00 to \$14.99.....	24	12.80	1-88
\$15.00 to \$20.99.....	30	17.85	1-68
\$21.00 to \$26.99.....	36	23.70	1-52
\$27.00 to \$33.99.....	42	30.20	1-39
\$34.00 to \$47.99.....	48	40.95	1-17
\$48.00 and over.....	54	57.50	0-94

65. The table of rates which follows combines the present two lowest classes and provides additional classes in the higher earnings ranges. This will provide contributions which are more equitable in that the percentage of earnings shows much less variation than the present scale and at the same time will provide benefits which bear the same ratio to contributions in the various classes.

TABLE II—PROPOSED RATES

Range of Earnings	Employer and Employee Contribution (each)	Actual Average Earnings in Range	Contribution as Percentage of Actual Average Earnings
( <sup>1</sup> ) Less than \$9.00	8c.		
\$ 9.00 and under \$15.00	16	\$11.80	1.36
15.00 and under 21.00	24	17.85	1.34
21.00 and under 27.00	30	23.70	1.27
27.00 and under 33.00	36	29.65	1.21
33.00 and under 39.00	42	35.60	1.18
39.00 and under 45.00	48	41.60	1.15
45.00 and under 51.00	52	47.55	1.09
51.00 and under 57.00	56	53.50	1.05
57.00 and over	60	59.70	1.01

NOTE: (<sup>1</sup>) When earnings are less than \$9.00,  $\frac{1}{2}$  stamp or a contribution of 8c. is made. Two such contributions would equal one week for the purpose of qualification and duration.

66. The stamp placed in the book will represent the actual earnings in a week whether the period being worked be one or more days. If there is more than one employer in a week, two or more stamps will be placed in the weekly space up to the maximum contribution required of 60¢ (\$1.20), or in the manner provided by regulation where stamps cannot be combined to obtain the exact equivalent. All the stamps acquired in a week will be counted as one week's contribution and the worker will be given credit for the total contributions made as far as benefit rate is concerned. The only exception to the above rule is: Where the earnings are less than \$9.00, half of the 16¢ (32¢) stamp or a contribution of 8¢ will be made by the worker, and this half-stamp will count as half a week to qualify for benefit and for computing duration.

67. The present insurance book and contribution records will be retained with suitable modifications to fit in with the revised proposals.

68. Among the several advantages of a weekly contribution basis over a daily one are:

(1) It is immaterial whether an employer's establishment is on a six-day, five-day or four-day week or whether it works, say, a six-day and a four-day week alternately.

(2) There will be less trouble for employers if stamps are not split into small daily segments as these segments are easily lost and are apt to be placed in wrong spaces in insurance books.

(3) There will be less trouble for the administration as daily segments make the processing of contributions more difficult and allow less control of fraud because they are easier to transfer to other books than whole stamps.

(4) Daily stamps mean more difficulty when contribution rates are increased or decreased as changes in rates must be multiples of six.

(5) For employers, employees and the administration, a weekly earnings stamp will overcome many of the anomalies now experienced where there is short-time employment or subsidiary employment or where a holiday falls in the middle of a working week.

## BENEFIT

69. Under the present legislation, in order to qualify for benefit, an insured person must meet three primary conditions. He must prove that he is

- (a) unemployed;
- (b) capable of and available for work;
- (c) unable to obtain suitable employment.

Having satisfied these three conditions, his right to benefit is subject to the "statutory" conditions that

- (a) 180 daily contributions have been paid in respect to him during the two years preceding application; and
- (b) contributions have been paid for
  - (i) 60 days during the 52 weeks preceding his application or since the commencement of the immediately preceding benefit year, whichever is less, or
  - (ii) 45 days during the 26 weeks preceding his application or since the commencement of the immediately preceding benefit year, whichever is less.

These periods of two years, fifty-two weeks or twenty-six weeks, may be extended up to four years if within the two years preceding application he was

- (a) incapacitated for work;
- (b) employed in excepted employment;
- (c) engaged in business on his own account;
- (d) engaged in insurable employment in respect of which no contributions were payable;
- (e) employed outside Canada;
- (f) employed in non-insurable employment.

70. The first of the primary conditions for benefit is that a person must be unemployed. The Act lists seven sets of circumstances under which a claimant, though his employment has terminated, is deemed not to be unemployed; these are—

- (a) on any Sunday;
- (b) on any day for which a contribution is required;
- (c) for any holiday at the plant where he is employed;
- (d) on any day prior to the day on which he makes a claim;
- (e) for any day in the calendar week during which he works the full working week;
- (f) on any day for which he received remuneration or compensation equivalent to his wages;
- (g) on any day on which he is following a subsidiary occupation at which he earns more than \$2.00 per day.

It will be noted that it is necessary to establish the period or the day during which these conditions exist. Apart from the administrative difficulties inherent in this type of provision, only one has been found to present problems; that is (e), the determination of what constitutes a "full working week". Many employers reduce the normal working week rather than lay off part of their working force, sometimes for short periods and sometimes for long. In most instances, these reductions have resulted in loss of wages of  $\frac{1}{8}$  or  $\frac{1}{2}$  and such losses could very well be in the class of loss which should be assumed by the worker and not be the subject of benefit payment.

71. The second primary condition requires proof of capability and availability. Ordinarily a claimant must present himself at the office at stated hours and on stated days. If he fails to report as required or absents himself from the local office area without first notifying the local office, benefit is denied. On reporting claimants are required to state whether or not they have been sick

or have otherwise made themselves not available during the week for which payment is being considered. Difficulty has been experienced here with some classes of claimants. A certain number of women leave their employment in urban centres to go with their husbands who have found work in remote areas. For example, a Winnipeg workman got a job at the grain elevator at Churchill, Manitoba. His wife, a sales clerk, accompanied him. There are just no jobs for female sales clerks at Churchill, but a number of weeks' benefit were paid before it was possible under the present provisions to disqualify.

72. The third primary condition is that a claimant must be "Unable to obtain suitable employment". Some comparable laws also require the claimant to prove that he is genuinely seeking work. The experience here and elsewhere indicates that the only reliable method of enforcing the provision in our law is an efficient employment service. The greater the number of employers using the service, the larger are the number and variety of job opportunities available to the applicants for employment. The "genuinely seeking work" provision is very largely non-effective as it is almost impossible of proof and is easily circumvented. "Suitable" employment is difficult of definition and working rules have been made which have been accepted generally and appear to work fairly efficiently.

73. Disqualifications are imposed and benefits denied under certain circumstances. These deny benefits to a claimant

- (a) for as long as the conditions last
  - (i) if the loss of employment is due to a work stoppage caused by a labour dispute;
  - (ii) while an inmate of a prison or a public institution;
  - (iii) while resident outside of Canada (unless in an area covered by a reciprocal agreement).
- (b) for a period up to six weeks for
  - (i) neglecting an opportunity to work;
  - (ii) failure to attend a course of instruction;
  - (iii) failure to apply for a suitable vacancy;
  - (iv) refusing an offer of suitable employment;
  - (v) having lost his employment through his own misconduct;
  - (vi) having voluntarily left his employment;
  - (vii) false statement or misrepresentation.

As to these disqualifications little comment is required. The administration has been criticized because, with regard to Group (b), insurance officers have generally imposed the maximum of six weeks' disqualification. Instructions have been issued that, wherever there are extenuating circumstances or doubt, a reduced penalty is imposed. These decisions are constantly being reviewed by Courts of Referees and by the Umpire, and the decisions of these appeal tribunals have not as yet indicated that too strict an interpretation has been given to the statutes. In many of the comparable laws, the penalties are more severe than in ours, and any general direction to the insurance officers to fix reduced penalties in cases where there are no extenuating circumstances would only mean that the law was not being enforced. After studying similar legislation and the decisions of other authorities under comparable legislation, it is not considered necessary to make any changes either in the law or its interpretation.

74. In addition to the primary conditions, or conditions precedent, the statutory conditions and the disqualifications set out in the Act, the Commission is empowered to make regulations with regard to persons

- (a) who habitually work less than a full working week;
- (b) who are seasonal workers;
- (c) who are piece workers or on a basis other than time;
- (d) who are married women.

These regulations may

- (a) impose additional conditions regarding the payment of contributions or the receipt of benefit;
- (b) restrict the amount or period of benefit; or
- (c) modify the provisions relating to the determination of benefit.

Under this authority, the Commission has

- (a) made seasonal regulations with respect to lumbering and logging, stevedores and inland seamen;
- (b) made regulations regarding the payment of contributions by piece-workers, stevedores and mileage rated workers;
- (c) made regulations imposing additional conditions on certain women after marriage.

75. The number of workers in Canada engaged in employment which does not extend throughout the year and who do no work in the balance of the year is comparatively small. There are, however, much larger numbers who are own-account workers, employers, housewives or wage earners in non-insured industries for part of the year and are insured workers in seasonal industries for the balance. The extension of coverage to certain industries, such as inland navigation and stevedoring, made it necessary to impose seasonal regulations restricting the payment of benefit. The further extension of coverage to other non-insured occupations would decrease the problem but not solve it unless coverage was extended to all workers, including employers and own-account workers. The first seasonal regulations were found to be cumbersome and discriminatory. The modified regulations that have been in effect for the last five years have not been wholly effective and need further revision.

76. The Act at present denies benefit for a holiday whether or not the employee is paid, unless otherwise prescribed by the Commission. Representations have been made by the major labour organizations for some considerable time that, when a plant shuts down for a holiday period, benefit should be paid for days for which no pay was received. The government actuary held the view that holidays were not an unforeseen contingency and payment of benefit for such days was not a subject for insurance and that as far as the payment of benefit was concerned holidays should be treated the same as a Sunday or any other day for which the worker knows he will receive no pay. For some time, the Commission has by regulation paid benefit for holiday layoffs of over two weeks (when no pay was received) and effective October 1, 1953, this was modified and at present benefit is being paid for any days for which no pay is received in the second or subsequent weeks of a holiday layoff of more than one week.

#### *Benefit Rates*

77. At present benefits for those without dependents range from \$4.20 to \$17.10 per week and for those with dependents from \$4.80 to \$24.00 per week. In 1940 these rates were: Without dependent, \$4.08 to \$12.24, and with dependent, \$4.80 to \$14.40. It will be noted that while the minimum benefit has remained almost stationary, the maximum benefit has increased 71 per cent (single) and 60 per cent (dependent). The reason is that in the lower wage

brackets benefits are a very high percentage of earnings and any upward adjustment would have left no incentive to work. The relation of benefit to earnings ranges from 84 per cent (single) and 96 per cent (dependent) when wages are \$5.00 per week to 29 per cent (single) and 40 per cent (dependent) when wages are \$60.00 per week. A comparison of the benefit rates of 1940 and the present rates follows:

## WEEKLY BENEFITS

Weekly Earnings	1940		Weekly Earnings	1954		
	Without Dependents	With Dependents		Without Dependents	With Dependents	Estimated % of Claimants
\$ 5.40—\$ 7.49.....	\$ 4.08	\$ 4.80	Under \$9.00.....	\$ 4.20	\$ 4.80	0.1
\$ 7.50—\$ 9.59.....	5.10	6.00	\$ 9.00—\$14.99.....	6.00	7.50	0.8
\$ 9.60—\$11.99.....	6.12	7.20	\$15.00—\$20.99.....	8.70	12.00	3.8
\$12.00—\$14.99.....	7.14	8.40	\$21.00—\$26.99.....	10.80	15.00	6.8
\$15.00—\$19.99.....	8.16	9.60	\$27.00—\$33.99.....	12.90	18.00	11.7
\$20.00—\$25.99.....	10.20	12.00	\$34.00—\$47.99.....	15.00	21.00	33.4
\$26.00—\$38.49.....	12.24	14.40	\$48.00 and up.....	17.10	24.00	43.4

78. The principle of paying one rate for persons with dependents and a lesser amount for persons without dependents was probably inherited from the British Act. The departure from the principle of basing benefits on earnings without regard to need has been justified on the grounds that (1) over his lifetime the average insured person will draw lesser rates in his early years when he has no dependents and greater rates in his later years when he has, (2) while the risk of unemployment is greater, on the whole, for single persons than for married (other than married women who are not breadwinners) the single person is under less compulsion to look for another job, (3) under social insurance it is proper to consider the extent of the loss suffered by the individual and there is no doubt that married men who lose their jobs have suffered a greater loss than have single men who become unemployed. According to "Unemployment Insurance in Great Britain, 1911-1948" by Sir Frank Tillyard, dependents' benefit was the result of the integration of out-of-work donations for the veterans of the 1914-18 War with unemployment insurance and it was later discontinued only to reappear in a slightly different form in later legislation.

79. In 1954, eleven of the United States had the two rates. The introduction of family allowances in Canada has perhaps reduced the necessity for this provision. However, family allowances are paid only for children under sixteen and not for all dependents as defined in the Act.

80. The principle of paying additional benefits for a claimant with a dependent has been retained in the new Bill. There would, of course, be advantages in having one rate of benefit irrespective of a claimant's being single or having dependents, as this would simplify administration and reduce the amount of documentation.

81. The table in paragraph 77 shows the estimated percentage of claimants in each of the present wage classes. The number of claimants drawing benefit in the lowest class is very small and with earnings at their present levels, even for the young and unskilled, it is difficult to understand how even 1% of claimants in 1954 were in the lowest earnings class of less than \$9.00 a week. The only explanation is that these are part-time workers who only work for

a few hours a day or the very young. In the new Act it is proposed to group in one class all those earning less than \$15.00 a week. The following tables show the comparison between present and new benefit rates.

TABLE I—PRESENT BENEFIT RATES

Employee Weekly Contribution	Weekly		Weekly Benefit		Average Earnings in Range	Benefit % of Average Earnings	
	Earnings	Range	Single	Dependency		Single	Dependency
18¢	Less than	\$ 9.00	\$ 4.20	\$ 4.80	\$ 5.60	75.0	85.7
24	\$ 9.00 to	14.99	6.00	7.50	12.80	46.9	58.6
30	15.00 to	20.99	8.70	12.00	17.85	48.7	67.2
36	21.00 to	26.99	10.80	15.00	23.70	45.6	63.3
42	27.00 to	33.99	12.90	18.00	30.20	42.7	59.6
48	34.00 to	47.99	15.00	21.00	40.95	36.6	51.2
54	48.00 or over		17.10	24.00	57.50	29.7	41.7

TABLE II—PROPOSED BENEFIT RATES

Employee Weekly Contribution	Weekly		Benefit		Average Earnings in Range	Benefit % of Average Earnings	
	Earnings	Range	Single	Dependency		Single	Dependency
16¢	Less than	\$15.00	\$ 6.00	\$ 8.00	\$11.80	50.8	67.8
24	\$15.00 to	20.99	9.00	12.00	17.85	50.4	67.2
30	21.00 to	26.99	11.00	15.00	23.70	46.4	63.3
36	27.00 to	32.99	13.00	18.00	29.65	43.8	60.7
42	33.00 to	38.99	15.00	21.00	35.60	42.1	59.0
48	39.00 to	44.99	17.00	24.00	41.60	40.9	57.7
52	45.00 to	50.99	19.00	26.00	47.55	40.0	54.7
56	51.00 to	56.99	21.00	28.00	53.50	39.3	52.3
60	57.00 and over		23.00	30.00	59.70	38.5	50.3

82. An important reason for the increase is to restore the relation between average earnings and benefit to approximately what it was when the Act first came into operation. This relation has been impaired as a result of the rise in wage rates in the last fourteen years. Because of this increase more and more insured persons have been moving into the top benefit class. Although there have been some adjustments in the rates of benefit, the ratio of benefit to average earnings has dropped considerably. This is clear from the following figures.

Year	Maximum Weekly Benefit	Average Weekly Earnings	% of Benefit to Av. Weekly Earnings
1942 .....	\$14.40	\$28.62	50.0
1948 .....	18.00	40.06	46.7
1950 .....	21.00	44.84	46.8
1952 .....	24.00	54.13	44.3
1955 .....	30.00	59.26	50.1

83. While the increase in benefit now made falls short of some of the recent demands by labour organizations, it is felt that the proposals meet to a very large degree the principles which should be borne in mind. Benefit payments should

- (a) replace enough of the current wage loss to obviate the necessity of turning to other aid programs,

- (b) provide sufficient compensation for wage loss to give the insured a sense of security, and
- (c) help maintain essential consumer purchasing power.

#### *Duration of Benefit*

84. The amount of benefit payable under the present Act is computed according to a formula that (a) relates the daily rate of benefit to the claimant's recent earnings, and (b) relates the duration of the benefit to the number of the claimant's contributions, subject to a reduction in the period of entitlement based on the amount of benefit previously taken. The ratio is one day's benefit for every five days' contributions paid in the last five years, less one day's benefit for every three days taken in the last three years. A claimant with the minimum qualifying contributions (180 daily or 30 weekly contributions within the two years preceding the date of claim) who has not drawn any benefit within the last three years, can be paid benefit for 36 days or six weeks. If a claimant has paid contributions for five years or more and drawn no benefit he can be paid benefit for one year less the waiting period or 51 weeks.

85. A noted United States authority on unemployment insurance has said of this formula that it provides a period of benefit that is both too short and too long. By "too short" he meant that the minimum duration does not give adequate protection to the considerable number of persons who are out of work for periods longer than six weeks, especially young workers and new entrants whose lack of experience makes it more difficult for them to find employment and who are apt to be the first laid off and the last to be rehired. By "too long" he meant that the maximum entitlement provides an unnecessarily long period of benefit for the very persons who, because they have the seniority resulting from a long period of employment, are generally those who have the least risk of prolonged unemployment. In practice, great numbers of these persons, even if they become claimants, never use their full benefit entitlement.

86. The question is whether the experience of the last dozen years confirms this and if so whether it is desirable to adjust the benefit formula so as to give a longer minimum duration and a shorter maximum duration. The present maximum of one year was probably provided because the Canadian Act was drafted during the depression years between 1930 and 1940, when everyone knew that thousands of persons had been out of work for long periods. It is a question, however, whether it is the function of unemployment insurance to take care of such a prolonged period of mass unemployment. It may be considered that its primary purpose is to provide for maintenance of a worker's income during relatively short periods of unemployment and that, generally speaking, unemployment persisting for more than half a year or thereabouts should be dealt with by other measures.

87. Shortening the maximum duration of benefit compensates from the actuarial point of view for some lengthening of the minimum duration. In other words, some of the benefit not being used by claimants with a long entitlement could be applied to those who now have too little. It appears that a basic minimum entitlement of 15 weeks, instead of the present 6 weeks, would give adequate protection. This is illustrated by the following table.

<i>Year</i>	<i>No. of Benefit Years Terminated</i>	<i>Average Entitlement</i>	<i>Average Days Paid</i>
1949 .....	410,820	153	60
1950 .....	578,111	162	65
1951 .....	590,660	156	55
1952 .....	660,419	147	55
1953 .....	770,684	147	58

88. This shows that, although few claimants needed their full entitlement, which averaged about 26 weeks, many were unemployed for more than six weeks or 36 days. A minimum of 15 weeks' entitlement remedies this situation, particularly as regards persons who, although genuinely in the labour market, can now get little or no benefit when unemployed.

89. In considering what maximum duration should be provided in order to give adequate protection the practice of the United States and Great Britain was examined. In the United States, over the years since unemployment insurance came into effect, the legislation in the various States has provided a gradual increase in the average of both minimum and maximum entitlement. According to a report "Adequacy of Benefits under Unemployment Insurance" issued by the U.S. Bureau of Employment Security in 1952, the State laws in 1939 provided minimum benefit on the average for seven weeks. By 1952 this had been increased to 13 weeks. In 1941 the maximum duration provided on the average was 14 weeks. By 1952 this had been increased to 21 weeks. The increase in potential duration of benefit has not been accompanied by a corresponding increase in the average weeks of benefit actually taken. During both 1940 and 1951 the average duration of benefit actually taken was 10 weeks. (In Canada over the years 1949-1953 the average was 9·8 weeks.) This seems to show that economic conditions, not the entitlement provided, have been the main determinants of the benefits drawn.

90. In Britain the National Insurance Act of 1946 provided for a maximum duration of 30 weeks and under the Unemployment Insurance Acts which preceded it the duration was about the same. Beveridge's proposals, on which the 1946 Act was based, suggested that an individual who remained on benefit for more than 30 weeks was no longer a case for ordinary unemployment benefit: such a condition called for investigation to see whether the real need was for retraining or for relocation in a different kind of work or in a different area.

91. As regards Canada, analysis of the number of days' benefit actually drawn by claimants in relation to the number of days authorized shows that a very high percentage (nearly 90 per cent) of all claimants would have been adequately provided for (so far as duration is concerned) if the Act had provided a maximum entitlement of 20 weeks instead of 51. With the maximum at 30 weeks, the percentage taken care of should be about 95 per cent.

*Percentage of Claimants Classified by  
Number of benefit days taken*

Estimate based on 1921 Census,  
1922-30 Data and 1931 Census (11  
yrs.) A. D. Watson's report of

	0-119	120-179	180 & Over	Total
	%	%	%	%
January 25, 1935. ....	71·1	13·3	9·6	100
Benefit Years Terminated in Cal- endar Year				
1949	90·6	6·5	2·9	100
1950	88·3	7·9	3·8	100
1951	92·2	5·4	2·4	100
1952	89·6	6·2	4·2	100
1953	89·4	6·4	4·2	100

92. In this connection consideration was given to the question whether a uniform duration of benefit for all claimants, irrespective of the length of their contribution record, would be satisfactory. A uniform duration is favoured by the present British scheme. Some 15 of the 51 State schemes in the United States provide a uniform potential duration of a prescribed number of weeks for all claimants. This method has the advantages that it is equitable to insured workers at all wage levels, it is simple to understand and therefore increases the worker's feeling of security, and it is easy to administer. In the other States the duration varies according to the length of prior insured employment, as in Canada, or the amount of earnings or both.

93. The argument in support of a variable duration is that the person who has made more contributions has a greater equity in the fund and should receive a correspondingly longer period of protection. The ratio rule mentioned in paragraph 84 provides for a carefully weighted deduction of part of any benefit taken within the previous three years. This ensures actuarial soundness as well as close adherence to the insurance principle that the person with a better claim record gets a larger indemnity.

94. However, under this rule a person with a record of many previous claims may find that his nominal entitlement is partly or even wholly wiped out by the deductions. Young workers, new entrants and others who have a short history of employment are often subject to the risk of unemployment equally with those with longer insurance records, and even where they have not previously made claims their entitlement may be so small that they exhaust their benefit some considerable time before getting another job.

95. It was therefore considered that to provide benefit sufficient to care for all ordinary claimants there should be a basic minimum based on a formula under which there is no deduction of benefit previously taken and that this minimum duration could be increased in proportion to the additional contributions paid over and above the bare minimum required to qualify. It was recommended that the increase so made could lengthen the duration to a maximum of 30 weeks.

96. Shortening the maximum duration from 51 weeks to 30 would still, it was estimated, provide protection for the whole period of employment for some 95 per cent of claimants. In addition, it would reduce the drain on the fund, and the misuse of the fund, caused by the payment of benefit to certain classes of claimants whose entitlement to any benefit at all is doubtful. These are persons who tend to remain on benefit for long periods, but whose availability is difficult to test and who, although they had a good record of employment in preceding years, have for practical purposes withdrawn from the labour market when they make their claims.

97. There are three such classes in particular. The first is persons aged 65 or more for whom retirement rather than unemployment is the real basis of claim in many cases. In the calendar year 1953 the average number of benefit days for all claimants was 55 as against 259 for the group aged 65 or older. The second group is married women. There are only one-half as many married women in insurable employment as single women, but in the three calendar years 1951, 1952 and 1953 the aggregate number of benefit days paid to married women was more than three times as great as to single women. The average duration of benefit was 48.3 days for single women and 69.8 days for married women, or nearly 50 per cent more. The third group is the fringe element who enter insurable employment on a seasonal or part-time basis. The benefit rights thus acquired by these claimants tend to be exhausted during the following

months when these persons have again withdrawn from any active search for employment. It does not seem unduly restrictive to limit the benefit for these groups to the same basic period that is evidently sufficient to give protection to practically all of the great mass who make insurable employment their ordinary way of life.

98. Under the present benefit formula, an insured person can establish a benefit year if contributions have been made for 180 days in the two years preceding claim, and under certain circumstances this two-year period may be extended to four. This means that, to take an extreme case, a person who had worked in insurable employment for only 180 days out of the 1248 preceding his claim is entitled to benefit. Or, to put it another way, a person need only work in insurable employment one day out of every 6.9 days to qualify for benefit.

99. Under the present formula, to requalify a claimant must have earned either 60 days' contributions in the 12 months preceding claim (or since the commencement of the previous benefit year, whichever period was shorter) or 45 days in the six months preceding claim (or since the commencement of the previous benefit year, whichever period was shorter). This means that contributions are used again and again to qualify for succeeding benefit years.

#### *Revised Benefit Formula*

100. The present benefit formula has been replaced by substantially the following:

*Qualification:* To establish the right to receive insurance benefit, an insured person must prove

- (a) that contributions have been paid in respect of him while employed in insurable employment for at least thirty weeks during the two years preceding the date of claim, and
- (b) that at least eight weekly contributions have been paid during the year immediately preceding the date of claim or since the date of claim or since the date of commencement of the immediately preceding claim, whichever period is shorter,

Provided that the contribution weeks which were in the two years immediately preceding the previous claim can be used on a new claim only if they are within one year of the commencement of the new claim.

*Entitlement:* An insured person who qualifies as above will be entitled to one week's benefit for each two weeks' contributions up to a maximum of 30 weeks' benefit in a benefit period.

101. Minimum entitlement in any case will thus be 15 weeks and maximum entitlement will be 30 weeks. To requalify it will be necessary to build up eight new weekly contributions since the previous claim was made and, as before, show a minimum of 30 within the two years preceding the date of the new claim. However, the contribution weeks which were in the two years immediately preceding the previous claim can be counted on a new claim only if they are within one year of the commencement of the new claim. Had the present two-year qualifying period been retained without this proviso a person could continue to qualify for benefit indefinitely by earning only the additional eight weeks' contributions, once he had qualified for his first benefit period.

102. The requirement of thirty weeks in insurable employment to qualify for benefit will make it easier for a claimant to qualify than the present provisions which require 180 days. For example, if a person ordinarily working on a five-day week goes on short-time of four days a week under the daily stamp

system, he would receive four daily stamps for his week's work rather than one weekly stamp, and this would mean that, if the short-time condition lasted for three months, under the daily plan he would be credited with 52 days or  $8\frac{1}{2}$  weeks while under a weekly plan he would be credited with 13 weeks.

103. The two-year period mentioned in paragraph 100(a) above will be subject to extension by two years under the same conditions as at present, subject to the modifications hereafter noted.

104. Under the present formula, a claimant may have more than one benefit year in any twelve-month period. Under most of the State laws in the United States this is not permitted and a claimant who exhausts his entitlement may not claim again within twelve months of his previous claim. In view of the fact that the maximum entitlement is being reduced from 51 to 30 weeks, it is considered desirable to retain the present provision permitting a subsequent benefit period to be set up without waiting for the expiry of the twelve-month period, provided a claimant can requalify. The extent to which this now occurs is illustrated by the following table:

	Calendar Year		
	1951	1952	1953
Number of benefit years established . . . .	629,000	751,000	882,000
Number of claimants who established 1 benefit year . . . . .	607,000	711,000	824,000
—do— 2 benefit years . . . . .	11,000	20,000	29,000
—do— 3 benefit years . . . . .	50	78	132
% of claimants who established 2 or more benefit years . . . . .	1.8	2.7	3.4

#### *Seasonal Benefit*

105. In Canada the incidence of unemployment is highly seasonal. Even during the war years there were marked seasonal variations and unemployment has always been greater in the winter months. From an actuarial standpoint this was allowed for in establishing the benefit formula but from a social standpoint it was not given recognition in our Canadian law until February of 1950. Our present supplementary benefit provisions for taking care of this feature were designed to meet an urgent situation then existing. The first major revision of these provisions was made only in January, 1955. The substance of these modified provisions is now incorporated in the Act.

106. Originally supplementary benefit was payable out of the fund during the period January 1st to March 31st to two classes of claimants—

*Class 1:* Those whose benefit had become exhausted subsequent to March 31st prior to claim. This class qualified for supplementary benefit up to the number of days in the preceding benefit year.

*Class 2:* Those who could not qualified for ordinary benefit but who had made 90 daily contributions subsequent to March 31st preceding their claim. This class was entitled to benefit for  $\frac{1}{3}$  the number of contribution days.

107. At the time supplementary benefits were introduced contributions were raised by 1c. per day from both employer and employee to meet the additional cost. However, in 1952, 7/10 of this additional 1c. was set aside to meet the cost of increased regular benefits.

108. In the beginning the rates of supplementary benefits were set at approximately 80 per cent of regular benefits. Although regular benefit rates were increased in 1952, no change was made in supplementary benefit rates until the present year. However, in 1952 the period for which payment could be made was extended from March 31st to April 15th.

109. In January, 1955, both the rate and duration of supplementary benefits were increased. The rate was brought up to that of regular benefit. The duration for both Class 1 and Class 2 was determined as before but was to be not less than 60 days (10 weeks) in any case.

110. The extent to which supplementary benefits have been used can be judged by the following table:

*Supplementary Benefit Classes 1 and 2*

Calendar Year	Persons Establishing Benefit Rights	*Amount Paid	Average Days Paid
1950 .....	69,088	\$ 2,702,700	21
1951 .....	88,549	3,972,100	23
1952 .....	95,986	3,563,400	24
1953 .....	149,317	9,190,600	29
1954 .....	220,031	14,132,000	30

Note: \*D.B.S. figures—not adjusted by refunds, etc.

111. The revision integrates seasonal benefits with regular benefits and the rates for both regular and seasonal benefits will be the same. As before, there will be two classes of insured persons who can qualify for seasonal benefits. For those corresponding to the present Class 2 the qualification will be 15 weeks' contributions paid subsequent to March 31st preceding the date of claim and they will qualify for two weeks' benefit for every three such contribution weeks. This will mean that the minimum period for this class will be 10 weeks (formerly 3) and the maximum 15 weeks (formerly 6)—15 weeks being the maximum possible in the seasonal benefit period January 1st to April 15th.

112. A person whose regular benefit period terminated after April 15th preceding the date of his claim for seasonal benefit will be eligible for a period of 15 weeks' seasonal benefit.

113. It has been found that a fairly large number of claimants who exhaust their regular benefit between April 15th and September 30th are persons who have little or no regular attachment to employment. Many of them are housewives and older retired persons. When these persons qualify for seasonal benefits they merely aggravate the situation described in paragraph 97 above. For this reason the payment of seasonal benefit to persons whose previous benefit years expired between April 15th and September 30th will be subject to their satisfying such reasonable test of continued attachment to the labour market as may be prescribed by regulations of the Commission.

114. As regards the seasonal benefit period, January 1st to April 15th, experience has indicated that winter unemployment begins to rise in December. Usually spring work commences early in April and is fairly well under way by April 15th, so that no change has been made in the commencement or termination dates.

115. The effect of these provisions is that a claimant, whether entitled to the minimum of 15 weeks' regular benefit or the maximum of 30 weeks, may be allowed additional seasonal benefit that will increase the total benefits to 30 and 45 weeks respectively.

#### *Waiting Period*

116. One of the principles embodied in the Canadian law is that the worker should assume part of the risk, and two methods are used to give effect to this principle—the first being the waiting period, and the second being the non-compensable day.

117. At the beginning of each benefit year there is a waiting period of five days for which a person receives no benefit. This can either be a continuous period or be spread over a number of weeks. This has the effect of avoiding claims for very short periods as well as reducing the amount of benefit paid out, and is similar to the principle found in other insurance measures, as for example in automobile insurance where the insured person very often assumes the first \$50 or so of damage. A further advantage of the waiting period is that it gives the administration time to process the claim before any payment is due; but, while this is an advantage, it is not necessarily the reason for the provision.

118. It has been claimed that this waiting period is too long and is much more severe than in other similar legislation. It should be remembered that to impose a waiting period does not reduce a claimant's total entitlement. It results in a reduction of the total benefit payments only to those whose benefit rights lapse, not to those who exhaust the entitlement. In the United Kingdom there is a waiting period, but under a rather artificial arrangement short periods of unemployment, if not separated by more than a stated number of weeks, are deemed to be a continuous period of unemployment and the first days are eventually paid for. In the United States all but three of the 51 States and Territories require a waiting period. The length varies from State to State; in 46 States it is one week and in two States it is two weeks. Without the provision of a waiting period a very large number of additional claims would be received for very short periods of unemployment and there would be a considerable increase in the amount of benefit paid out.

119. The present Act imposes at the beginning of a benefit year a waiting period which consists of the first five days of unemployment. When to this is added the first days in any period of unemployment, which is a non-compensable day, the waiting period is actually six days. While the non-compensable day will disappear under the proposals which follow, the total waiting period will consist as at present of six days or one week.

120. The amendments made to the Act in 1950 provided that the Commission could make regulations prescribing the conditions under which all or any of the "waiting days" may be other than the first days in a benefit year. This was intended to prevent hardship when a new benefit year commenced after a claimant had been unemployed for some time. The Commission prescribed that where a benefit year commenced within fourteen days of the termination of the previous benefit year and the claimant worked during that period for less than six days or a full working week, the waiting days could be deferred until after the claimant had worked for a full working week or on six consecutive days or on eight days in any two consecutive weeks.

121. To ascertain the effect of this regulation the benefit years terminated in the calendar year 1953 were examined. Of the 770,684 benefit years terminated, the waiting days had been deferred in 37,694 (4.9%) cases. The number of waiting days subsequently served was as follows:

		% of Those Deferred	% All Claims
Served 0 days	22,432	59.5	2.91
1 day	72	.2	.01
2 days	122	.3	.01
3 days	132	.3	.02
4 days	154	.4	.02
5 days	14,782	39.3	1.93
Total Deferred	37,694		4.90
No Deferment	732,990		95.10

122. It will be seen from the above that only 4.9% of all claimants benefited from these provisions and that 2.97% served less than the five waiting days. To put it another way, of the 188,470 days which were deferred only 75,338 or 39.9% were served.

123. This is one of those rules that is soundly based but is hard to explain to claimants and difficult to administer. In many cases the deferred days are not picked up at the proper time and overpayments result with ensuing explanations, correspondence and bad feeling between claimants and the Commission. There is provision therefore in the new Act to permit the waiting days to be waived rather than deferred.

*Non-Compensable Days*  
*Casual Earnings*  
*Subsidiary Employment*  
*Short-Time Employment*

124. The second provision for having the claimant carry part of the load is the non-compensable day. The rule is that no benefit paid for the first day of any period of unemployment following a period of employment of more than three consecutive days (or following any period of employment if a claimant is working short time for the same employer). The above rule was effective as from February 1950. The rule which it replaced was much more drastic and provided that no benefit would be paid for the first day of unemployment in any week unless that day fell within or followed a complete week of unemployment. Ordinarily, the person who obtains three days' employment has in those three days earned considerably more than the amount of benefit he would have drawn for the same period, and if keeping contributions to a minimum is a proper objective, it would not seem unreasonable that a person who has worked for three days should be denied benefits for four. As with waiting days, the provision of non-compensable days does not reduce a claimant's total entitlement and it helps to fit a single plan of unemployment insurance to a wide variety of employment conditions. However, it is one of the rules which is apparently difficult to explain to claimants, and many representations have been made from time to time not only by organized labour but by individual claimants that the rule should be abolished.

125. The fact that each year more and more workers are on a five-day week further aggravates the situation with regard to the non-compensable day. Regulations and procedures have been instituted in an endeavour to carry out the intention of the Act but none have been entirely satisfactory.

For example, if a factory goes on short time and reduces from five days to four each week, the non-compensable day rule operates and no benefit is paid. Another factory will adopt a pattern of five days' work one week and three the next. The loss of wages is the same but in the second case the two days' benefit is paid every second week.

126. There is a further provision which has been found rather difficult of administration and that is the provision with regard to subsidiary employment. The rule is that a claimant may carry on an occupation provided that it is one which can normally be carried on outside his ordinary working hours and provided that the remuneration does not exceed an average of \$2.00 per day. Most of the unions and claimants refer to this as "spare-time earnings", and there has been much confusion in the minds of the public as to the difference between this type of employment and earnings from any casual employment which only occupies two or three hours in a day, or short-time work in a claimant's usual employment. Here again, the fact that these earnings are computed on a daily basis adds to the difficulties of administration, and it has been represented that this provision as well as the non-compensable day rule are deterrents to claimants taking short-time or casual employment.

127. Casual earnings vary considerably. One claimant may work for one hour in a day and earn \$1.00—he is considered to be employed on that day and loses one day's benefit. Another claimant may earn \$10.00 in a day and loses the same amount of benefit. The earnings from subsidiary employment also vary and provided that they do not amount to more than \$2.00 per day or an average of \$2.00, do not affect benefit. One claimant may earn \$15.00 a week in a subsidiary employment by working one evening—he loses one day's benefit. Another claimant earns the same amount in a week but has to work every day—he loses a week's benefit. A claimant who for example keeps a set of books for an employer and earns \$12.00 a week (working a few hours a day) loses no benefit; while if he earned \$13.00 a week he would lose that week's benefit.

128. Similar anomalies occur in the treatment of short-time employment. One worker will work for three days in a week instead of five; another worker will work six hours a day instead of the usual eight; and still another may work only an hour or so a day but every working day. In each case there is a wage loss but under the present provisions of the Act some claimants get benefit and some do not, and in other cases while the wage loss may be the same the benefit paid is not.

129. In addition to creating anomalies and inequities all of these rules are difficult to administer and more difficult to explain to the claimants. The provision regarding the non-compensable day can be defended, and has always hitherto been explained, on the ground that it is a sound principle of insurance to require the insured person to assume a part of the loss. Eliminating all claims for one day's benefit makes it possible to keep contributions at a lower rate for all contributors and to reduce the cost of administration. It also makes it unnecessary to inquire into the genuineness of such unemployment where this is doubtful but is difficult to verify.

130. Although this principle is sound, the present method of carrying it out is not satisfactory. As stated above, in many cases the rule does not work. It is often circumvented and it results in great inequity between claimants. So far as it does work it discourages an unemployed person from taking a casual day's work because of the resultant loss of one day's benefit. Further, no amount

of explanation satisfies workers and unions that the rule does not operate unfairly, and it is a constant sore spot in relations between the Commission and claimants.

131. This rule has therefore been replaced by one general rule which will apply in any week either of partial unemployment or in which there are earnings from any source. Any provision with regard to casual earnings, etc., should not destroy the incentive to take any casual employment that offers. For that reason it is desirable to provide that the first earnings in any week will not affect the amount of benefit payable. In view of the relation of benefit to normal earnings as set out in paragraph 81, the amount of the allowable earnings added to the benefit payable must not exceed the normal wages, so it is necessary to relate the amount of allowable earnings to the normal earnings and to the benefit rate. Any earnings over and above the allowable earnings will be deducted from the benefit paid.

132. The rates of allowable earnings are as follows:

TABLE V—ALLOWABLE EARNINGS

Weekly Earnings Range	Benefit		Weekly Allowable Earnings	% of Average Earnings	
	Single	Dependency		Ben. + Allow. Earnings	
				Single	Dependency
Less than \$15.00.....	\$ 6.00	\$ 8.00	\$ 2.00	67.8	84.7
\$15.00 to 20.99.....	9.00	12.00	3.00	67.2	84.0
21.00 to 26.99.....	11.00	15.00	4.00	63.3	80.2
27.00 to 32.99.....	13.00	18.00	5.00	60.7	77.6
33.00 to 38.99.....	15.00	21.00	6.00	59.0	75.8
39.00 to 44.99.....	17.00	24.00	7.00	57.7	74.5
45.00 to 50.99.....	19.00	26.00	9.00	58.9	73.6
51.00 to 56.99.....	21.00	28.00	11.00	59.8	72.9
57.00 and Over.....	23.00	30.00	13.00	60.3	72.0

133. The following examples will illustrate the way in which this rule will be applied:

	EMPLOYED					
	1 day	2 days	3 days	4 days	5 days	6 days
<i>Earnings \$30 per week—</i>						
Earnings.....	\$ 5	\$10	\$15	\$20	\$25	\$30
Allowable Earnings.....	5	5	5	5	5	5
Deduction from Benefit.....	0	5	10	15	20	25
Benefit Rate (Dep.).....	18	18	18	18	18	18
BENEFIT PAID.....	13	13	8	3	0	0
Benefit Payable Present Plan—						
If Short-time.....	12	9	6	3	0	0
If Work is Casual.....	15	12	9	3	0	0
<i>If Working a 5-Day Week and Put on Short time—</i>						
Earnings.....	6	12	18	24	30	
Allowable Earnings.....	5	5	5	5	5	
Deduction from Benefit.....	1	7	13	19	25	
Benefit Rate (Dep.).....	18	18	18	18	18	
BENEFIT PAID.....	17	11	5	0	0	
Benefit Payable Present Plan.....	12	9	6	0	0	

134. This rule will still achieve what the present rule does in preventing the payment of benefit for one day of unemployment. On the other hand, it will allow a claimant who is on short time or who gets casual jobs while on claim

to earn approximately one day's ordinary wages without losing much, if any, benefit. As unemployment insurance is primarily a plan for maintaining income during unemployment, it is proper that a claimant should be allowed to do this provided the benefit plus the allowable earnings do not exceed his ordinary wages.

#### *Extension of the Qualifying Periods*

135. The provisions now in the Act for the extension of the qualifying periods are enlarged to include periods during which claimants are unable to earn contributions because they are taking part in a labour dispute resulting in a work stoppage. It has been found in many cases, particularly if the work stoppage is of long duration, that when it has ended claimants are unable to qualify for benefit. An additional clause has therefore been added to take care of this situation. However, a claimant will not obtain an extension in relation to any period for which benefit is paid.

#### *Claim Procedure*

136. No material changes are considered necessary in regard to the provisions for taking and adjudicating claims for benefit. Except for some slight re-arrangement the present provisions have been retained in the new Act.

#### THE UNEMPLOYMENT INSURANCE FUND

137. As stated in paragraphs 9, 10 and 11, it is necessary that unemployment insurance be planned on a cyclical budget or funded basis and the more scientific the methods adopted the greater are the chances of the plan meeting its objectives over a period of years. In Canada, the actuaries first tried to determine from the data available the incidence of unemployment over a period of eleven years, 1921-1931, and from the figure of average total unemployment, the non-compensable unemployment envisaged by the plan was deducted; for example, time lost through strikes, sickness, waiting days and non-compensable days, etc. The net result was the average benefit payments which would be made and from this was calculated the contributions which would be required to meet these payments.

138. The following table shows the yearly growth of the Fund:

THE UNEMPLOYMENT INSURANCE FUND  
(in Thousands of Dollars)

Fiscal Year	Revenue				Benefit Payments	Balance
	Employer and Employee	Government	Interest and Fines	Total		
	\$	\$	\$	\$	\$	\$
1941-42.....	36,436	7,287	269	43,992	28	43,964
1943.....	57,435	11,487	1,841	70,763	716	114,011
1944.....	61,721	12,345	3,973	78,039	1,722	190,328
1945.....	63,729	12,746	6,198	82,673	4,967	268,034
1946.....	62,567	12,514	6,119	81,200	31,993	317,241
1947.....	76,014	15,204	7,534	98,752	43,114	372,879
1948.....	83,871	16,366	9,566	109,803	34,947	447,735
1949.....	98,581	20,924	12,122	131,627	49,827	529,535
1950.....	104,432	20,094	14,409	138,935	85,824	582,647
1951.....	128,744	27,536	15,666	171,946	90,013	664,580
1952.....	153,888	30,815	19,080	203,783	90,164	778,199
1953.....	155,184	22,987	31,036	209,207	135,821	851,585
1954.....	158,673	31,736	26,131	216,540	186,852	881,274
1955 (est.).....	159,655	31,890	26,052	217,597	257,655	841,216
	1,400,931	280,152	171,947	1,853,030	1,011,814	841,216

139. In no year since the law became operative until 1954-55 has there been unemployment to the extent planned for. However, it is not considered that the whole of this can be taken as a normal period, including as it does most of the war years and the postwar period during which shortages of consumer goods were prevalent in all fields. The Unemployment Insurance Advisory Committee in commenting on the adequacy or otherwise of the Fund has said:

27th July, 1949:

It was to be expected that in the period of high employment, which has persisted since the inauguration of Unemployment Insurance, a large Fund should be accumulated. It is, nevertheless, a matter of gratification that there has been an opportunity to build up such substantial reserves to meet future liabilities in periods when employment may not be so buoyant as in the years since 1941. This long period of high employment has meant not only the accumulation of assets but the establishment also of very high potential rights to benefit. It should be borne in mind, also, that the coverage of the Act is now much wider than in 1941 and that average rates of benefit have increased substantially.

25th July, 1950:

The Fund as a result of nine years of high and sustained employment has reached a level which no one would have predicted in earlier years. It is of course to be noted that the contingent liabilities of the Fund have also increased very greatly by reason of wider coverage, higher rates of benefit and more extended duration of benefit earned by the contributors.

140. While it is true that no one can with any degree of accuracy say whether the Fund is too large or too small, the fact remains that there has been accumulated nearly \$850,000,000. It is equally difficult because of the shifts in the insurable population to determine how many persons might qualify for benefit. On the basis of 4,000,000 persons who might qualify and be given an average benefit rate of \$3.00 per day, the Fund would provide 75 days' benefit for each person or a year's benefit for 25% of the insured population. When there were no reserves, each and every risk had to be weighed and calculated. It is possible now to expand the benefits provided by the plan and take some chances in the knowledge that corrective action, if required, can be taken before there is danger of the Fund being unduly depleted. It is not suggested, however, that any extensions or changes should be made which would violate the general insurance principles laid down in the early part of this report.

141. In a report to the Unemployment Insurance Advisory Committee, dated December 3, 1952, the Actuarial Adviser made this statement—

Having regard for all of the circumstances, it would seem that, under our scheme of unemployment insurance, the reserve in periods of favourable employment should be such that the contributions currently being received and the reserve (the Fund) would be adequate to provide benefits for a few years of really heavy unemployment, or a longer period of moderately heavy unemployment, and still leave the reserve large enough to be an entirely effective cushion until remedial measures, that might in the circumstances appear necessary and adequate, might have their effect in stemming the situation and rebuilding the reserves with the return of more favourable years. Anything in the way of a rule-of-thumb formula would be quite out of place in the times and circumstances in which we now find ourselves, and perhaps at any time.

The reserves for Unemployment Insurance are more like those needed in certain circumstances to protect the currency of a national economy in times of difficulty.

142. In a previous report dated July 16, 1952, the Actuarial Adviser had recommended that contributions from employers and employees be reduced and suggested that, in addition, consideration should be given to the suspension of the government contribution on a year to year basis. Neither the recommendation nor the suggestion have been acted upon, as the representatives of the workers favoured increased and enlarged benefits rather than a reduction in contributions, and with regard to the suggestion it was felt that the tripartite plan of contributions should be retained.

143. Since those reports were made, unemployment has increased and certain modifications have been made in the benefit provisions. In his report of July 7, 1954, the Actuarial Adviser stated:

"In the last fiscal year the fund increased by \$29,689,000, of which all but \$3,592,000 is attributable to interest on investments and profit on sale of securities. For each of the last four months of that fiscal year the benefit payments, ordinary and supplementary, were in excess of the contributions of employees, employers and the Government; and in total for those four months, the benefit payments exceeded the contributions by \$46,927,000.

“ . . . . For the fiscal years

ending in . . . . .	1950	1951	1952	1953 and 1954
the ratios of regular benefits (not including supplementary to regular contributions (not including armed service) are . . . . .	71.2%	65.7%	53.4%	79.9% 105.1%
And the ratio of claimants to insured persons . . . . .	6.0%	5.5%	5.2%	6.2% 7.4%

“The ratio of claims to contributions has stepped up rapidly in the last three fiscal years, and in the last the benefit payments were 5.1 per cent in excess of contributions.”

144. There is no question but that the size of the reserve accumulated in the Unemployment Insurance Fund has made the Fund and the Act a target for many demands which would never have been made had the Fund been smaller. Year after year as the Fund has grown larger, the pressure to use it for purposes for which it was never intended has increased. Social service and welfare agencies, municipalities and others forget the insurance principles on which the Fund was founded and the possible future need for which it is being accumulated and see only the size of the Fund and the good purposes to which it could be put.

145. The amendments now made to the Act, if accepted, will mean, on balance, larger payments of benefits. Even so, the extent to which the Fund is increased or depleted will depend more on the rate of unemployment among the insured population than on any changes made in the benefit formula or the benefit rates. Even taking a pessimistic view, the present reserve should be large enough to provide an entirely effective cushion until remedial measures could be taken.

## PART IV. GENERAL

*Penalties*

146. Under the present law, if an employer is delinquent in making contributions the only penalty is by prosecution in the criminal court. It has been found by other similar administrations that a money penalty which can be levied without recourse to the courts is effective in securing prompt compliance with the law. Provision is made in the new Act for imposing such penalties on employers who do not remit contributions or submit returns promptly.

*Recovery of Debt*

147. The provisions for the recovery of overdue contributions or other debts owing to the Unemployment Insurance Fund are also changed in the new Act to permit civil action through the Exchequer Court of Canada or any other court of competent jurisdiction instead of criminal proceedings as at present. It is provided that a certificate made by the Commission, certifying the amount of the debt, may be registered in the Exchequer Court and that proceedings may then be taken as if the certificate were a judgment obtained in the Exchequer Court. The debtor is entitled to appeal to the Commission or the Board of Referees and from them to the Umpire before the certificate is issued.

148. Another new provision will permit garnishment proceedings. Among other things this will enable the Commission to recover amounts of contributions payable in respect of former employees by a person who has been an employer and has subsequently take work in the employ of some other person.

149. At present, in the event of liquidation, assignment or bankruptcy of an employer who has withheld from the wages of his employees their portion of the contributions but at the time of the bankruptcy, etc., has not remitted those amounts to the Commission, the amounts withheld from the employees cannot legally be disentangled from the employer's other assets. The new Act specifies that such amounts are held by the employer in trust for the Crown and are to be kept separate from the rest of the employer's estate. Any payment made by the employer is to be applied first in settlement of the contributions payable by him on behalf of his employees and secondly in payment of his own portion of the contributions.

150. A further amendment allows the Commission to require deposits from employers to guarantee payment of contributions. The Commission has by regulation already applied this requirement to employers who elect to pay contributions in bulk rather than by stamps or meter. The amendment will permit the Commission to extend the requirement to any employer.

## PART V. TRANSITIONAL

151. It is believed that under the revision the Act will give greater protection to a greater number of workers and will tend to concentrate that benefit where it is most needed. However, in view of the reduction of the maximum duration of regular benefit from 51 to 30 weeks, it is felt desirable to provide for a transitional period during which those who have accumulated credits under the present Act might be eligible for more than the maximum of 30 weeks allowed under the amendments.

152. The plan is that in the three years following the change, if in the first benefit period a claimant exhausts his benefit, the record of contributions made by him in the five years prior to the change-over to the new plan will be examined. The money value of the benefits to which he would be entitled to

virtue of these contributions will then be determined; the amount of benefit received under the new plan will be deducted and he will be entitled to an additional benefit period for the balance without requalifying. For example, a claimant at the cut-off date has in the past five years contributed for 250 weeks and would be entitled to 50 weeks at \$24.00 a week or a total of \$1,200.00 benefit. He has under the new plan become entitled to 30 weeks' benefit at \$30.00 a week or \$900.00. If he exhausts this credit he will be entitled to a further \$300.00 or ten additional weeks at \$30.00 per week. In computing the duration of such additional benefits and the weekly rate at which they will be payable, the rate of benefit appropriate to his earnings range under the new Act will apply.

153. If a worker has established a benefit year under the present provisions immediately before the coming into force of the new Act, substantially the same rate and duration of benefit so established will apply until the termination of the benefit year.

154. Similarly, if a worker makes a claim immediately after the coming into force of the new Act, before he has accumulated sufficient contributions to qualify under the new provisions, any contributions he has made under the present provisions will be converted to the equivalent credits under the new Act and benefit will be determined accordingly.

#### APPENDIX "B"

#### ACTUARIAL REPORT ON BILL 328 (APRIL 5, 1955)

#### UNEMPLOYMENT INSURANCE

By: R. Humphrys,

May 16, 1955.

#### INTRODUCTION

1. The enactment of Bill 328 will introduce an entirely new scheme of Unemployment Insurance, differing at many important points from the existing one. This report presents an analysis of the scheme described in Bill 328 with a view to comparing the expected revenue from the proposed contributions with the expected cost of the proposed system of benefits. Actuarial reports were prepared on the earlier proposals that were from time to time put forward, but until now no report has been prepared on the exact scheme described in Bill 328.

2. For ease of reference in this report, the scheme described in Bill 328 will be referred to as the "proposed scheme" and the scheme now in existence will be referred to as the "existing scheme".

3. The calculations made for this report, and for the reports made on the earlier proposals, were based on statistical material accumulated during the fifteen years of experience under the present scheme. This material reflects not only the basic underlying forces affecting employment and unemployment but also the terms of the particular scheme in effect. It cannot be assumed therefore that the statistical results shown in the data at hand would have been the same had the proposed scheme been in effect; consequently, caution must be exercised in using them as a guide to what might be the future experience under the proposed scheme. For this reason, a number of special adjustments must be made as noted in this report, based upon a comparison of the proposed scheme with the existing one.

4. The following is a summary of the terms of the proposed scheme that are of significance in the actuarial calculations, together with references, where appropriate as a background for subsequent adjustments, to differences between the proposed scheme and the existing scheme.

#### DESCRIPTION OF PROPOSED SCHEME

5. Under the proposed scheme coverage is to extend to all persons in Canada employed under a contract of service, subject to certain exceptions set forth in clause 26 of the Bill. The more important of these exceptions are employment in agriculture, fishing, hunting and trapping, non-profit hospitals, charitable institutions, armed forces, police forces, professional sport, teaching, private duty nursing and domestic service. In addition, persons earning in excess of \$4,800 per year will be excepted unless they are compensated on an hourly, daily or piece-work basis. This gives a general indication of the coverage, not a precise description of it.

6. The Unemployment Insurance Commission is to have authority to make regulations, subject to the approval of the Governor in Council, for the inclusion in insurance of any excepted employments and also for excepting certain employments otherwise included. In view of this, it is not possible to determine exactly what the coverage will be under the proposed scheme until the regulations are enacted. However, the terms of the Bill relating to coverage are sufficiently similar to those of the existing Act to justify the assumption, for the purposes of this report, that coverage under the proposed scheme will be the same as coverage under the existing scheme, or at least that any changes in coverage will not be such as to have a material effect on the actuarial calculations.

#### Contributions

7. Contributions are to be required from each insured person each week. The amount of the contribution is to be determined by the earnings of the insured person during the week in accordance with the following table:

TABLE I

Rates of Contribution		
Contribution Class	Range of Weekly Earnings	Weekly Contribution of insured person
1	Less than \$9.00	8¢
2	\$ 9.00 and under \$15.00	16
3	15.00 and under 21.00	24
4	21.00 and under 27.00	30
5	27.00 and under 33.00	36
6	33.00 and under 39.00	42
7	39.00 and under 45.00	48
8	45.00 and under 51.00	52
9	51.00 and under 57.00	56
10	57.00 and over	60

8. An equal contribution is to be required from each employer on behalf of the employee. In addition to the contributions from insured persons and employers, a contribution is to be made by the Treasury equal to  $\frac{1}{3}$ th of the total amount contributed by insured persons and employers.

9. The Commission is to have power to make regulations to deal with the case where an insured person is employed by two or more employers in a particular week. No information is at hand concerning the nature of these

regulations, but the calculations have been made on the assumption that a contribution is to be made for each period of employment with a separate employer as if that were the only period of employment during the week. In some circumstances, this could result in a contribution in excess of 60¢ for one week's employment. However, such cases are likely to be rare, and even if regulations were enacted to require no further contribution as soon as 60¢ had been paid for the week, it would not be necessary or appropriate to make any adjustment in the calculations as a consequence.

10. As compared with the existing scheme the proposed contributions represent some revision of earnings classes and an extension of the classes to a higher earnings level. Under the existing scheme for example, the top class is that with earnings of \$48.00 or more in a week and the weekly contributions required is 54c. Also, under the existing scheme an insured person who works less than a full week is placed in an earning class determined by his weekly *rate* of earnings and contributes one-sixth of the appropriate weekly contribution for each day of work. Under the proposed scheme however, such a person is to be placed in an earnings class determined by his actual earnings in insurable employment during the week and the contribution required is to be the weekly contribution for that class. As an illustration of this difference, one might consider the case of an insured person earning \$10.00 per day. Under the existing scheme, if he works for three days in a week he is placed in the earnings class appropriate to \$60 a week and contributes exactly half a full week's contribution for that class. Under the proposed scheme however, he is to be placed in the earnings class indicated by his actual earnings, \$30.00, and, according to the above table, would contribute 36c.; whereas six days' work at \$10.00 per day would require a contribution of 60c., or something less than twice the contribution for three days' work. This creates certain complications in attempting to compute the expected revenue under the proposed system of contributions from statistical material derived under the existing system. These complications will be dealt with later in this report.

#### *Regular Benefit*

11. An insured person, when unemployed, is to be entitled to benefit provided he meets certain tests relating to the extent and recency of his attachment to insurable employment. These tests are not to be applied every time he makes claim for benefit; instead, the concept of a "benefit period" will be used (corresponding to the "benefit year" under the existing scheme). When the tests are applied to a claimant, and he is able to meet them, a "benefit period" is to be established for him; on becoming unemployed at any time during that period he will be entitled to benefit without again being subjected to the tests. When a benefit period is established, a maximum benefit entitlement, i.e. so many dollars, that the insured person may draw during that period will be determined. A benefit period will last for one year, or until the whole benefit entitlement is exhausted if that occurs sooner.

12. The tests referred to in paragraph 11 are to be in terms of "countable" weeks of contribution. A countable week at the date of applying the test is to be any week for which the insured person had contributed at least 16c. and

- (a) occurred within one year prior to the date of the test, or
- (b) occurred more than one year prior to the date of the test but subsequent to the commencement of the last preceding benefit period, if any.

A week for which a contribution of only 8c. was made is to be treated as one-half a countable week if it falls within category (a) or (b) above. This definition of a "countable" week is of importance; it should be kept in mind in reading the remainder of this report.

13. The qualifications required for the establishment of a benefit period will be—

- (a) at least thirty countable weeks (see above definition) in the two years preceding the date of application, and
- (b) at least eight countable weeks in the one year preceding the date of application or since the commencement of the immediately preceding benefit period if that commencement occurred within the one year.

14. Where for any periods within the two years mentioned in (a), the insured person did not contribute by reason of (1) illness, (2) employment in uninsurable employment, or (3) a labour dispute at his place of employment, then the two years may be extended by the aggregate of those periods of non-contribution. A similar extension may be made in the period of one year in (b) and also in the period of one year referred to in (a) and (b) of paragraph 12.

15. The maximum weekly benefit applicable to an insured person is to be determined on the basis of the average contributions made by him during the most recent thirty countable weeks of contribution preceding the establishment of the benefit period. The actual benefit payable during a week in which he suffered unemployment is to be this maximum amount reduced by any earnings during the week in excess of a specified amount of allowable earnings. The following table shows the rates of benefit and the allowable earnings for the several contribution classes:

TABLE II

Range of Average Weekly Contributions (1)	Weekly Rate of Benefit		Allowable Weekly Earnings (4)
	Person with- out Dependent (2)	Person with Dependent (3)	
Less than 20 cents .....	\$ 6.00	\$ 8.00	\$ 2.00
20 and under 27 cents .....	9.00	12.00	3.00
27 and under 33 cents .....	11.00	15.00	4.00
33 and under 39 cents .....	13.00	18.00	5.00
39 and under 45 cents .....	15.00	21.00	6.00
45 and under 50 cents .....	17.00	24.00	7.00
50 and under 54 cents .....	19.00	26.00	9.00
54 and under 58 cents .....	21.00	28.00	11.00
58 to 60 cents .....	23.00	30.00	13.00

16. When a benefit period is established for an insured person, he becomes entitled to a total amount of benefit, during that benefit period, determined by multiplying the weekly rate of benefit applicable to him by one-half of the number of countable weeks of contribution to his credit during the period of two years preceding the establishment of the benefit period, up to a maximum entitlement of thirty times his weekly rate of benefit. Since at least thirty countable weeks are required to establish a benefit period the minimum benefit entitlement would be fifteen times his weekly rate of benefit.

17. If in any week the insured person does not work the full working week, that week is to be considered as a week of unemployment for him. He would therefore (unless disqualified) be entitled to benefit as described above if he had a benefit period in existence or had the necessary qualifications to establish one. Disqualification for benefit could occur for a variety of reasons, for example if the unemployment occurred as a result of misconduct or voluntary quitting without just cause; or if a person neglected to avail himself of an opportunity of suitable employment. (See Clause 59 of the Bill.) Also, disqualification would occur in respect of any day for which the claimant fails to prove that he is

- (a) capable of and available for work, and
- (b) unable to obtain suitable employment.

18. The above described benefits and benefit formula differ considerably from the existing scheme. Under the existing scheme a person who can establish a benefit year, or who has a benefit year existing, is entitled to benefit when he becomes unemployed. The term "benefit year" under the existing Act corresponds to the term "benefit period" under the proposed scheme. Benefit is payable under the existing scheme only for days of unemployment during which the insured person is capable of and available for work but unable to find suitable employment. Benefits are payable at a fixed rate for each day of unemployment. There is no deduction from benefit otherwise payable in respect of earnings during the week. Rather, the adjustment is made through the principle that any day on which the insured person works for compensation is not a day of unemployment. (An exception occurs in the case of subsidiary employment that may be carried on outside the normal working hours of the employee and that gives rise to earnings of not more than \$2.00.) This difference of approach creates some difficulty in attempting to estimate cost of benefit payments under the proposed scheme on the basis of statistics derived from the existing scheme. The existing statistics of benefit payment show the actual days of unemployment experienced by the insured persons. Since each day of unemployment attracts benefit at the rate applicable to the insured person, the financial cost is directly related to the number of days of unemployment. This will not hold under the proposed scheme however, for benefits are to be on the basis of weeks and the amount of weekly benefit will not be directly proportional to the number of days of unemployment.

19. Under the existing scheme, the qualifications for establishing a benefit year are, first, that the insured person has made at least 180 daily contributions in the two years preceding the date of application to establish the benefit year; and either (a) has made 60 contributions since the beginning of the last preceding benefit year, if any, or in the period of twelve months preceding the date of application, whichever is less, or (b) has made 45 contributions since the beginning of the immediately preceding benefit year, if any, or in the period of six months preceding the date of application, if less. Qualifications here are based on days of contributions and these correspond to days of employment. Under the proposed scheme however, qualifications are to be based upon countable weeks. A countable week might occur in respect of one, two, three, four, five or six days of employment. Thus, 30 countable weeks could, in an extreme case, be credited in respect of only 30 days of work.

20. Under the existing scheme, the rate of benefit depends upon the average contribution over the period of 180 days used to establish the benefit year. This may produce a result very different from that of the proposed rule whereby the maximum rate of benefit is to depend on the average weekly contribution in the thirty most recent countable weeks. This point is dealt with at greater length in paragraph 65.

21. Under the proposed scheme, benefit is to be withheld at the beginning of a benefit period until a total amount equal to one week's benefit at the maximum rate has been withheld. This period of withholding of benefit is referred to herein as the "waiting period". Under the existing scheme, a waiting period of five days is required at the beginning of each benefit year and, in addition, the first day of any spell of employment does not attract benefit.

### *Seasonal Benefit*

22. In addition to regular benefit under the proposed scheme, an insured person may be entitled to "seasonal benefit". Seasonal benefit is to be payable during the period beginning with the week in which January 1 falls and ending with the week in which April 15 falls, to persons who are unable to claim regular benefit, and (a) whose most recent benefit period terminated after the 15th of April immediately preceding the day of application for seasonal benefit, or (b) who had made at least 15 weekly contributions since, approximately, the preceding March 31. Seasonal benefit is to be payable at the same rate as regular benefit and subject to the same conditions as respects allowable earnings. The amount of seasonal benefit payable is to be computed by multiplying the maximum rate of weekly benefit by the number of weeks remaining between the date of application and the week in which April 15 falls. However, no person is to become entitled to seasonal benefit in excess of the larger of (i) his maximum weekly rate of benefit multiplied by the number of weeks of benefit in any benefit period terminated subsequent to the preceding April 15, or (ii) his maximum weekly rate of benefit multiplied by  $\frac{2}{3}$  of the number of weekly contributions made since the preceding March 31.

23. Seasonal benefit under the proposed scheme would correspond in general to supplementary benefit under the existing scheme. However, supplementary benefit is payable only between January 1 and April 15 (one week less than in the case of seasonal benefit) and, until the amendment in 1955, was payable at a rate considerably less than the rate of regular benefit. The duration of supplementary benefit for persons described in (a) of paragraph 22 equals the number of days of benefit to which he was entitled in the preceding benefit year; for a person described in (b) of paragraph 22, the duration is equal to  $\frac{1}{3}$  of the number of days of contribution made since the preceding March 31.

24. This completes the description of the proposed scheme on which the actuarial calculations were based.

### *Expected Revenue*

25. The procedure adopted in the calculations was to determine the expected revenue per insured person per year on the basis of the rates of contribution set out in the Bill and to compare this with the expected cost of benefit per insured person per year on the basis of rates of benefit set out in the Bill. The calculations in each case were based upon the average per person in what is termed for the purpose of this report the "contact population". This may be defined as the total number of persons who have any contact with unemployment insurance, either as contributors or as beneficiaries, during a year. The term "covered population" is used to describe the number of persons who are either contributing or drawing benefit at any particular time. The average of the covered population at the end of each month is taken as the covered population for a year, where that concept is used.

26. To determine the expected revenue per insured person per year, it is necessary to establish a distribution of the insured population by earnings classes and also to determine how many contributions per year may be expected, on the average, from persons in each class.

27. As respects the distribution of the insured population by earnings classes, the data used were, in the main, the actuarial sample covering several years, a recent survey of earnings in manufacturing, summaries of stamp sales and bulk contributions by contribution class under the existing scheme, and information published by the Department of National Revenue concerning salary and wages reported in income tax returns for several recent years. (The actuarial sample is a special body of statistical data relating to a 5 per cent sample of the insured persons. It is collected annually for use in special statistical studies and actuarial calculations.) From these data, a classification was determined showing the proportion of the insured population expected to fall within each of the proposed earnings classes, as follows:

TABLE III

<i>Range of Weekly Rate of Earnings</i>	<i>Percentage of Insured Population in Class</i>
Less than \$9.00 .....	0.1
\$ 9.00 and under \$15.00 .....	0.4
15.00 and under 21.00 .....	2.2
21.00 and under 27.00 .....	4.8
27.00 and under 33.00 .....	7.5
33.00 and under 39.00 .....	9.5
39.00 and under 45.00 .....	10.1
45.00 and under 51.00 .....	10.7
51.00 and under 57.00 .....	10.9
57.00 and over .....	43.8

It should be noted that this distribution is based upon rate of earnings while working rather than on the actual amount earned in a week. Reference to earnings under existing statistics are all related to rate of earnings.

28. To determine the expected number of contributions per year in each earnings class, recourse was had to data in the actuarial sample. From these data it was determined that the first 4 per cent of the insured population, taking the percentage from those with the lowest rate of earnings upwards, could be expected to average about 125 days of contribution in a year; the next 4 per cent could be expected to average about 150 days; the next 8 per cent, about 175 days; the next 28 per cent, about 200 days; the next 30 per cent, about 225 days; the next 20 per cent, about 250 days; and the remaining 6 per cent, about 275 days.

29. If it could be assumed that all employment occurred in units of complete weeks, then the data from the existing scheme, based on days of contribution, could be used without adjustment to compute revenue from the proposed scheme by assuming that the contribution for each day would be  $\frac{1}{7}$  of the contribution for the week. However, some proportion of the contributory time occurs in respect of other than full weeks; these may, for ease of reference, be termed "broken" weeks of employment. Under the method and rates of contribution in the proposed scheme, assuming a fixed rate of earnings, the average contribution per day of work tends to increase as the number of days worked per week decreases. As a consequence it is necessary to determine the extent of the contributory time that arises from broken weeks of employment and also

to determine the average number of days per broken week. From these data an average contribution per day under the proposed scheme can be determined and this can be used in conjunction with the data relating to the days of contribution.

30. A special survey of a sample of contributors was made in 1954 to secure information on the prevalence of broken weeks of employment. In this sample it was found that, in the year ended March 31, 1954, some 92 per cent of the days of contribution arose from full weeks of employment and some 8 per cent arose from broken weeks. The data revealed also that about 88 per cent of the number of weeks of contribution were full weeks and about 12 per cent were broken weeks. The average number of days of contribution per broken week was 3·8. From these data an average contribution per day in respect of each earnings class was derived. The following table shows the average daily rate of contribution so determined:

TABLE IV

<i>Range of Weekly Rate of Earnings</i>	<i>Average Daily Contribution cents</i>
Less than \$9.00 .....	1·4
\$ 9.00 and under \$15.00 .....	2·9
15.00 and under 21.00 .....	4·0
21.00 and under 27.00 .....	5·1
27.00 and under 33.00 .....	6·0
33.00 and under 39.00 .....	7·1
39.00 and under 45.00 .....	8·1
45.00 and under 51.00 .....	8·6
51.00 and under 57.00 .....	9·4
57.00 and over .....	10·4

31. On the basis of the average daily contribution determined as just indicated, the insured population distributed according to the proposed earnings classes, and the expected days of contributory time (days of employment in each class), the average revenue per year per person in the contact population was placed at \$19.30.

#### *Expected Cost of Benefits*

32. Attention will be directed first towards regular benefit and subsequently toward seasonal benefit.

33. To arrive at an estimate of the annual cost of benefits per person in the contact population two factors must be considered, namely: the number of weeks of benefit per person that may be drawn in a year and the amount of benefit per week. The statistics under the existing scheme give data as to benefits in terms of days, not weeks, of unemployment, and the rate of benefit per day. Some analyses of these data must be made to determine whether they can be used to measure the cost of benefit under the proposed scheme.

34. The difference, if any, between the benefit costs of a given amount of unemployment under the proposed scheme and the same amount of unemployment under the existing scheme (assuming the same weekly rate of benefit in each case) would occur in "broken" weeks of unemployment and would arise from the substitution of the proposed rules relating to waiting period and allowable earnings for the existing rules relating to waiting days, non-compensable days and earnings from subsidiary employment.

35. Under the present rules, benefit is not payable for single days of unemployment, nor for the first day of unemployment in any period consisting of two or more days; days so excluded are known as non-compensable days. In addition, the first five days of unemployment in any benefit year are excluded from benefit; these are known as waiting days. Thus, at the start of a benefit year at least six days of unemployment must be experienced before any benefit becomes payable. In some cases a good many more than six days of unemployment might be experienced before benefit would become payable because of the fact that non-compensable days do not count as waiting days. However, for the immediate purpose we may confine attention to the cases where the first day and the five waiting days are served consecutively.

36. Under the proposed scheme, benefit to which a claimant would be entitled but for the waiting period is to be withheld until the amount withheld becomes equal to one week's benefit at the maximum rate applicable to the claimant. The operation of this rule was analyzed in some detail in terms of the number of consecutive days of unemployment that will have to be experienced at the start of a benefit period before any benefit becomes payable. It was found that the required number of days varies from 5 to 8 (or even 9 if earnings are high), depending on the day of the week that unemployment begins, on the rate of earnings and on the dependency status.

37. If there were no tendency for the onset of a spell of unemployment to start on one day of the week rather than another, it appears that the net effect would be equivalent to a waiting period of slightly more than six days, that is, slightly more than the period required under the present rules. If there were a tendency for the onset of spells of unemployment to occur in the latter part of the week, the effect of the proposed rule would be equivalent to a lengthening of the waiting period as compared with that under the existing scheme. If the onset of spells of unemployment co-incided with the beginning of the week, there would be no difference between the two rules.

38. Concerning spells of unemployment occurring during the benefit period after the waiting period has been served, the proposed rule requiring the week's benefit to be reduced by any earnings during the week in excess of the allowable earnings, will in general result in more benefit than would be payable under the present rule rendering non-compensable the first day in any spell of unemployment. Again, the effect will depend on the day of the week on which the spell of unemployment starts and on the earnings. It could result in an increase in benefit payment equivalent to more than two additional days of benefit under existing rules. If the onset of spells of unemployment were uniformly distributed over the days of the week, the increase would be of the order of one day in each spell of unemployment but less for those with high earnings. The financial effect will be influenced by the number of spells of unemployment within the benefit year as well as by the day of the week on which the unemployment starts.

39. Further analyses were made of benefit payable in the week in which a spell of unemployment terminates. These suggest that, in such weeks, the proposed rule requiring a deduction from benefit for earnings in excess of the allowable earnings will result in somewhat less benefit than under the existing scheme where benefit is paid for each day of unemployment, regardless of earnings on other days.

40. It seems likely that, under the proposed scheme, there will be some increase in the number of cases where a benefit period is established but no benefit is drawn. At present, an insured person unemployed, say, two days

a week could serve his waiting days in five weeks and would then be able to draw one day's benefit each week. Under the proposals he might take much longer to complete his waiting period; if he were single he probably would never qualify for benefit.

41. The effect of dropping the existing rule enabling earnings in subsidiary employment up to \$2.00 a day to be ignored and the substitution of the proposed rule concerning allowable earnings, will tend toward a decrease in benefit costs, for allowable earnings in all but the highest earnings class would be less than \$2.00 daily. This in itself will have a similar effect to that resulting from a decrease in the amount that might be earned in subsidiary employment under the present rules. However, the allowable earnings are to apply to all earnings, not only to earnings in subsidiary employment. This will have the effect of allowing some benefit to be paid that would be cut off under the present rules. It is not possible to calculate any adjustment for these effects. Apart from the point mentioned in the following paragraph, they would probably be slight.

42. It may be that the proposed rules will have an influence on the attitude of claimants towards casual employment. So long as the earnings from casual employment remain less than the allowable earnings, a claimant will have some incentive to seek out and perform such employment. But when earnings reach the maximum that is to be allowed without reduction in benefit, there will be no financial incentive to take casual employment in that week unless the employment is to continue for some considerable time. Thus, a claimant will have more incentive than at present to get one or two days' work but less to get any further work unless there seems to be a prospect of it lasting for some time. An insured person might, for example, work four days in a week and his financial advantage would be no more than the allowable earnings for his class. The net effect of this change cannot be estimated and no allowance has been made in the calculations one way or another.

43. From these analyses, the conclusion was reached that the rules relating to waiting period and allowable earnings under the proposed scheme will have a slightly more severe effect than would the present rules relating to waiting period and non-compensable days. However, the difference is likely to be small and since its effect is confined to cases where benefit rights are not exhausted and where unemployment does not occur in terms of complete weeks, it was considered unnecessary to make any special adjustment in the calculations. It was also considered satisfactory to proceed on the assumption that the cost of benefit for a particular number of days of unemployment will not differ greatly under the rules in the proposed scheme from the cost under the rules in the existing scheme, even though benefit is to be payable in terms of weeks in the proposed scheme whereas benefit is payable in terms of days of unemployment under the existing scheme.

44. If it could be assumed that there is no substantial movement into and out of insurable employment it would be reasonable to conclude that when insured persons are not contributing they will draw benefit to the maximum extent possible. For any given number of weeks of contribution in a year this maximum would be the remainder of the year or the number of weeks permitted by the benefit formula, whichever is less.

45. The actuarial sample indicates the extent to which insured persons establish benefit years under the existing scheme. The following table shows the ratio per cent of claimants to renewal insured persons classified by the number of weeks of contribution in the year, the data being shown separately for men and women and separately for each of the years 1947 to 1951. The

term "renewal insured persons" is used to indicate insured persons who established their first contact with unemployment insurance at some time previous to the particular year under examination.

TABLE V

Number of Weeks of Contribution	Ratio (%) of Number of Claimants to Number of Renewal Insured Persons									
	Men					Women				
	1947	1948	1949	1950	1951	1947	1948	1949	1950	1951
0	% 100	% 100	% 100	% 100	% 100	% 100	% 100	% 100	% 100	% 100
Less than 1.....	18	9	14	18	21	16	6	9	11	12
1 - 4.....	20	11	14	20	16	14	8	10	13	15
5 - 8.....	21	13	16	21	17	15	10	11	15	17
9 - 12.....	24	15	22	28	23	18	12	16	18	23
13 - 16.....	29	14	29	36	29	19	16	21	23	26
17 - 20.....	31	26	31	44	36	22	20	23	31	28
21 - 24.....	33	32	40	50	44	22	20	24	32	35
25 - 28.....	30	34	44	56	42	24	22	27	35	35
29 - 32.....	32	37	48	58	52	23	23	27	37	35
33 - 36.....	31	33	40	54	46	23	22	23	34	33
37 - 40.....	27	28	25	43	27	19	17	15	31	25
41 - 44.....	24	23	23	38	29	14	14	13	25	20
45 - 48.....	15	12	7	24	14	11	8	4	17	10
49 - 52.....	4	1	2	3	2	3	1	1	2	1

46. It is reasonable to assume that the existing rules would enable nearly all persons with thirty or more weeks of contribution in a year (and less than 52 weeks) to establish a benefit year if they wished to do so. It is significant therefore to note that even in 1950, a year of high claim compared with previous years, not much more than half the potential number actually became claimants among men contributing 21 to 36 weeks and considerably less than half among men contributing either more than 36 weeks or less than 21 weeks. For women, the number of claimants is only a little more than  $\frac{1}{2}$  of the number of insured persons in 1950 for those contributing 21 to 36 weeks, and less than that for those contributing either more or less. It may be that among those with short periods of contribution a large proportion were unable to meet the conditions for establishing a benefit year, but this could scarcely apply to any significant number contributing as much as 35 weeks or more. No information is available at present to show what happens to those persons who contribute less than the full year but do not claim. Some of the non-contributory time is probably the result of holidays, illness, or labour disputes, but this would scarcely account for more than a small part of it. The most likely explanation seems to be that most of the non-contributory, non-claim time represents either non-insured employment or withdrawal from the labour market. In any event, it is not safe to assume that an insured person, when not contributing, would be on benefit to the fullest possible extent permitted by his entitlement.

47. These data make it difficult to estimate the benefit load that would result from any particular formula relating benefit to contributions. An extra factor must be introduced representing the portion of potential claimants who actually become claimants. The matter is further complicated under the proposed scheme by reason of the fact that any particular week of the year

may be both a week of contribution and week of benefit. Thus there could be overlapping between contribution weeks and benefit weeks. Under the existing scheme, since benefit is paid only for days of unemployment, and contributions are required only for days of employment, there can be no such overlapping; by deducting the days of recorded contribution from the total days in the year, one can therefore determine the area within which any period of benefit must lie. For example, an insured person with a record of 45 weeks of contribution in a year under the existing scheme could not possibly draw benefit for more than the remainder of the year. Under the proposed scheme, however, because of the possible overlapping between periods of contribution and periods of claim or potential claim, it becomes much more difficult to determine a pattern of claims corresponding to any particular pattern of contributions. It may well be that considerable experience will have to be gathered under the question of the proposed scheme before any such relationship can be established with certainty.

48. It was considered, however, that some useful information concerning the operation of the proposed benefit formula could be obtained if the potential benefit under it could be compared with the potential benefit that would arise under the existing formula, on the basis of a number of particular contribution patterns. Accordingly, a number of assumed patterns of contribution were examined and the potential period of benefit was determined for each, both on the basis of the proposed formula and on the basis of the existing formula. From the results of this analysis a relationship was established, on an empirical basis, between the average number of contributions per year and the maximum potential benefit. From the actuarial sample a probability distribution was determined showing the probability of contributing any specific number of weeks per year and, using these probabilities, the potential number of benefit days under each formula was computed.

49. A special adjustment was made in the case of the proposed formula to allow for the fact that the probability distribution determined from the actuarial sample was necessarily based on days of employment, and where reference is made to weeks of contribution in this connection, a week of contribution must be taken to be the same as six days of employment. Under the proposed scheme however, a week of contribution may vary from one day of employment to six days of employment. Thus a particular pattern of employment would give rise to more contribution weeks under the proposed scheme than it would under the existing scheme. The probability distribution was therefore revised to give effect to this feature before applying it to the proposed benefit formula.

50. The result of the above calculations indicated that the potential period of benefit under the proposed formula will exceed that under the existing formula by about 6%.

51. Because of the uncertainties surrounding the calculation just described, particularly those relating to the adjustment for fractional weeks of contribution and the possible increase in benefit due to an overlapping between weeks of benefit and weeks of contribution, it was considered desirable to make an alternative calculation. The alternative calculation was based on an analysis of the benefit years terminated in the calendar year 1953. A computation was made of the number of benefit days that would have been compensated in those benefit years had the authorized period of benefit been at least 15 weeks and never more than 30 weeks for each benefit year. This minimum and maximum limitation would have resulted in the addition of benefit days for all benefit years having authorizations of less than 15 weeks and the

cutting off of benefit days for all benefit years having authorizations in excess of 30 weeks. The following table shows the number of days that would have been added and the number of days that would have been cut off, classified by sex and marital status:

TABLE VI

Sex	Marital Status	Number of benefit yrs. terminated	Benefit days that would have been cut off	Benefit days that would have been added
Male	Single .....	226,976	189,000	2,009,000
Male	Married* .....	387,460	1,179,000	2,281,000
Female	Single .....	63,246	136,000	321,000
Female	Married* .....	93,002	412,000	601,000
Total .....		770,684	1,916,000	5,212,000

\* Including widowed, separated and unspecified.

52. The increase in benefit days under the proposed scheme as shown by this table would have been 3,296,000, representing 7.4% of the total number of days paid in the benefit years that ended in 1953. This percentage increase may be compared with an estimate of 6% arrived at in the first calculation.

53. The results of this second calculation can be considered as valid only if the number of benefit periods established under the proposed scheme will be the same as the number of benefit years that would be established under rules of the existing scheme.

54. It will be easier to establish a benefit period under the proposed scheme than to establish a benefit year under the existing one, from one point of view, and harder from another. Under the existing scheme, a claimant must have 180 days of contribution in the two years preceding the establishment of a benefit year; under the proposed scheme, 30 countable weeks of contribution in that period will be sufficient. Thus, under the proposed scheme a broken week of employment will count as much in meeting this qualifying condition as six days of employment under the existing scheme. The effect of this, considered by itself, would undoubtedly lead to an increase in the number of benefit periods that would be established. The effect would however, be confined to borderline cases having a record of broken weeks of employment.

55. In an attempt to measure this particular factor, an analysis was made of a small sample of contributors gathered specifically for the purpose in 1954. The contribution record of the persons in this sample for the two years preceding March 31, 1954 was examined to compare the number of contributors who had a record of at least 180 days of contribution in the two years with the number of contributors who had a record of contribution in at least 30 weeks in the two years. All contributors who had a record of at least 180 days in the one year preceding March 31, 1954 could be set aside since they would also have at least 30 weeks of contribution. For men who had less than 180 days in the one year preceding March 31, 1954, it was found that 50 per cent had 180 days or more in the two-year period preceding March 31, 1954, while 56 per cent had contributions in 30 weeks or more. For women, these percentages were 37 per cent and 42 per cent respectively; taking all contributors together, the percentages were 46 per cent and 51 per cent.

56. Under the proposed scheme, however, there is to be a further condition to the establishment of a benefit period. This further condition is that, at the time of application to establish a benefit period, any week of contribution more than one year earlier and also prior to the establishment of a previous benefit period, cannot be treated as a countable week. It is difficult to get a true measure of the effect of this provision but, in general, it would seem that for persons working more or less intermittently throughout the year and averaging less than 30 weeks of insurable employment per year, it would be harder to find 30 countable weeks of contribution than to find 180 countable days under the present scheme. The effect would fall principally on the borderline cases and would act as an offset to some extent to the probable increase in the number of benefit periods established, mentioned in the preceding paragraph.

57. Additional analyses were made of the small sample of contributors referred to above to try to gain information on the effect of this further condition. It was found that of the male contributors in the sample having less than 180 days of contribution in the one year preceding March 31, 1954, some 14 per cent had made contributions in at least 30 weeks in the two-year period preceding that date but had established a benefit year in 1952-53. Thus this proportion of contributors would have to be examined with relation to this second condition. It was impossible, from the data in the sample, to subdivide this group into those who made contributions in at least 30 weeks since the establishment of the preceding benefit year and those who had made contributions in less than 30 weeks since that time. If it be assumed that benefit years are established uniformly throughout the fiscal year, one could estimate that half of these contributors would fail to qualify because of the operation of this second condition. It would then be found that the number of benefit periods that could be established among this sample is very nearly the same as the number of benefit years that could be established under the rules of the existing scheme. The results for women were similar.

58. It should be emphasized that the sample on which the above analyses were based was a small one and that some approximations had to be made. However, the results shown seem to be reasonable in the circumstances and are felt to justify the conclusion that the number of benefit periods that will be established under the proposed scheme will not differ greatly from the number of benefit years that would be established in similar circumstances under the existing scheme. It is likely, of course, that there will be some shift in benefit periods established, in the sense that some persons who could meet the qualifying conditions under the existing scheme will not be able to meet the conditions under the proposed scheme and, on the other hand, some who fail to qualify under the existing scheme could qualify under the proposed one.

59. A further condition on the establishment of a benefit period under the proposed scheme is the requirement that an insured person must have made at least 8 weeks of contribution since the commencement of the last preceding benefit period, or within the period of 12 months preceding the date of application for the current benefit period, whichever is less. This compares with the requirement under the existing scheme of 60 days of contribution in the 12 months or 45 days of contribution in the six months preceding the application to establish a benefit year (or in each case since the commencement of the immediately preceding benefit year, if that is a shorter period). There were no data available to enable any analysis to be made of the comparative effect of these two requirements. In general, the condition under the proposed scheme will be easier to comply with than the comparable condition under the existing scheme since a broken week of employment would count as one of the 8 weeks, however many days of work it might represent. Thus the condition might be

met with perhaps only 16 or 20 days of work as compared with 45 days under one of the existing conditions and 60 days under the alternative. No special adjustment was made for this factor although it will lead to a small increase in the number of benefit periods established as compared with the number of benefit years under the existing scheme.

60. The general conclusion reached was that the number of benefit periods established under the proposed scheme will be slightly in excess of the number of benefit years that would be established under the existing scheme in similar circumstances but the excess will not be great unless there is a sharp change in the attitude of insured persons toward non-insurable employment or own-account work. It was considered valid for the present calculations to assume that the number of benefit years established under the existing scheme can be taken as representative of the number of benefit periods that will arise under the proposals.

61. It seems, therefore, reasonable to place some reliance on the estimate of 7.4% as the increase in the number of benefit days that will result under the rules of the proposed scheme as compared with existing rules. It was considered that this result was somewhat more reliable than that obtained by the first calculation, but that the two results were sufficiently close to confirm each other. It was thought appropriate to consider, for further calculations, that under the proposed scheme the number of benefit days will be increased by 7% as compared with the number under the existing scheme.

62. Having given consideration to the increase in days compensated under the proposed scheme as compared with the existing scheme, it was then necessary to settle upon a benefit pattern representative of the existing scheme and to apply the necessary adjustment to determine a pattern that may be taken as representative of the proposed scheme.

63. On the basis of data from the actuarial sample and having regard for actual experience in recent years, a pattern of claims was determined that would be consistent with the pattern or contributions used to estimate the revenue and would serve as a reasonable guide to the future financial experience of the scheme. This pattern makes provision for 10.8 days of benefit per year per person in the *contact population* under the present rules. In terms of the covered population, this is about equivalent to the average of the five years 1950-54, namely, 13.7 days per person per year. Under the proposed scheme, therefore, the number of days of benefit per person per year in the contact population was taken to be 11.6, that is, 10.8 days increased by 7%.

64. To determine the cost of benefits on the average in a year, it is necessary to determine an average daily rate of benefit and apply this to the estimated number of days of benefit that will be drawn each year. For this purpose, calculations were made on the basis of the data for benefit years that ended in 1953. The data used were the number of days for which benefit had been paid in those benefit years, classified according to the earnings class relevant to the rate of benefit that had been paid, and separately for beneficiaries with a dependant and beneficiaries without a dependant. From these classifications, according to present earnings, a reapportionment was made to the proposed benefit classes. From the reapportioned data and the proposed rates of benefit according to class, the average daily rate of benefit was determined for persons with a dependant and for persons without. These rates were then combined in the proportions in which the days of benefit would be divided between claimants with and claimants without a dependant. The average daily rate of benefit so determined was found to be \$3.58.

65. Under the proposed scheme the contribution made by a contributor will depend upon his total earnings in a week rather than on his rate of earnings while working. This means that where a contributor works for only part of a week in insurable employment, he will contribute in a lower class than where he works for a full week. Since benefits are to be based upon average contributions, there might be some tendency for rates of benefit to be lower for insured persons suffering a number of broken weeks of employment than for insured persons working for the same rate of pay but working for complete weeks. An analysis was made of this possibility and it was concluded that although such an effect might be observed in individual cases, the number of broken weeks of employment would not be sufficiently large in total to cause any serious depression in the average rates of benefit; consequently no special adjustment was made for this possible effect.

66. The expected cost of regular benefit per year per person in the contact population was then placed at 11.6 days at \$3.58 per day, or \$41.53.

67. It should be emphasized that the benefit cost brought out by these calculations is a minimum, and it would be unsafe to rely on it in the absence of a strong fund or if there were any reason to think that claims experience in the future, taking one year with another, would be very much heavier than that experienced in the five years April 1949 to March 31, 1954.

68. The above estimate does not take into account the cost of the limited sickness benefit that is now being paid and that is to be continued under the proposed scheme. A comparison of the days of sickness benefit paid in the 12 months ended March 31, 1955 with the days of regular benefit paid in the same period indicates that the days of sickness benefit were 1.37 per cent of the days of regular benefit. Since sickness benefit is paid only in respect of periods of sickness commencing while an insured person is in receipt of regular benefit, the number of days of sickness benefit paid would, to some extent, be a function of the number of days of regular benefit. Thus it seems to be appropriate to express the sickness benefit as a proportion of the regular benefit. The number of days of regular benefit was, therefore, increased by 1.37 per cent to allow for days of sickness benefit.

69. As respects seasonal benefit under the proposed scheme, data were available concerning claims paid under the existing scheme of supplementary benefit and certain additional data were supplied by the Bureau of Statistics. On the basis of these data, the number of benefit days that would have been paid in the winter of 1953-54 had the proposed scheme been in effect were computed, assuming that the regular benefit periods would have terminated at the same dates as were shown for benefit years in the experience for 1953-54. It is almost certain that there will be a change in this respect under the proposed scheme. It might be, for example, that a minimum benefit of 15 weeks would enable a good many claimants to get through the winter who now exhaust their benefit and have recourse to supplementary benefit. On the other hand, the lower maximum (limit 30 weeks as compared with 51) on the period of benefit might throw more people onto seasonal benefit than have recourse to supplementary benefit under the existing scheme. In general, it is impossible to estimate what the effect of the proposed scheme will be in shifting the pattern in which benefit years terminate. There seems to be no course therefore but to proceed on the basis of what the benefit days would have been in the winter of 1953-54 had the payment of supplementary benefit been subject to the proposed rules relating to seasonal benefit. On this assumption, it was estimated that the rules relating to seasonal benefit will result in an increase in benefit days, as compared with the present rules relating to supplementary benefit, of some 23 per cent,

and that the cost of seasonal benefit could be taken at  $13\frac{1}{2}$  per cent of the cost of regular benefit. In adjusting the expected annual cost of benefit per year per person in the contact population to allow for seasonal benefit, it appears to be appropriate to assume the same average daily rate of benefit will be payable to claimants under seasonal benefit as will be payable to claimants for regular benefit.

#### *Summary and Conclusion*

70. In total, therefore, the expected cost of benefits per year per person in the contact population may be taken as \$47.71 made up as follows:

Expected cost of Regular Benefit .....	\$41.53
Expected cost of Sickness Benefit .....	.57
Expected cost of Seasonal Benefit .....	5.61
Total .....	<u>\$47.71</u>

71. The expected revenue per year per person in the contact population may be taken as \$46.32 made up as follows:

Revenue from employee contribution .....	\$19.30
Revenue from employer contribution .....	19.30
Revenue from Government contribution .....	7.72
Total .....	<u>\$46.32</u>

72. It appears from these figures that the proposed rates of contribution will not, in themselves, be sufficient to support the proposed benefits. However, so long as a large fund exists, the revenue will be considerably bolstered by interest earned on the fund. The estimated costs of benefits is based upon a level of claims that corresponds in general to the average of the five years ending March 31, 1954. If the future should produce much higher claim costs than were shown in this period of five years, then it may well be that the proposed rates of contribution will not be sufficient. However, the size of the existing fund should provide sufficient safeguard to allow enough time to make the necessary adjustments.

73. The above calculations have been based in general on the assumption that the pattern of employment and unemployment would not be greatly changed under the proposed scheme as compared with the existing scheme. It may be that the somewhat easier qualifying conditions under the proposed scheme will encourage insured persons to stay within the field of unemployment insurance and thus make them unwilling to accept uninsurable employment or to go into own-account work. If this effect were to be substantial, a heavy increase in claims might be expected. These comments are, perhaps, particularly relevant in relation to seasonal benefit. Under the proposed scheme, there would be a very extensive increase in potential seasonal benefit and since this will occur at a time of the year when weather conditions are particularly unpleasant, there may be some tendency to stay on the benefit rolls rather than to turn to what would often be strenuous and perhaps unpleasant employment. Thus, it may well be that the cost of seasonal benefit will be considerably higher than that estimated above.

74. The size of the proposed benefits in relation to the normal income of the claimant is of special importance in considering the effect of a scheme of unemployment insurance on employment and unemployment. It is a well known fact in the field of sickness insurance that claim costs are much heavier where the benefit is large in relation to normal income than where there is

a considerable differential between benefit and normal income. There is no reason to suppose that the same effect would not occur under unemployment insurance. When the proposed rates of benefit are compared with the normal income of the claimants, it can be seen that, for some income groups the benefit, together with allowable earnings, is nearly equal to the normal income. This could result in decreased incentive to seek employment and so lead to higher claims.

75. In connection with seasonal benefit, there were two assumptions that had to be made. These related to the case where a claimant passes directly from regular benefit to seasonal benefit. The assumptions are that in this circumstance (a) no waiting period will be required for seasonal benefit and (b) where the final payment of regular benefit is less than a full week's benefit, the first payment of seasonal benefit will relate to the last week of regular benefit, but the payment will be only enough to bring the total benefit of the week up to the maximum for the claimant's class less any earnings in excess of allowable earnings. These points are not quite clear in the Bill.

76. As respects (b) in paragraph 75, the Bill seems to require that the regular benefit period be terminated before seasonal benefit could start. However, in discussion with the Unemployment Insurance Commission it appeared that some change would be made to prevent any gap in benefit and the calculations were made accordingly. A similar problem arises where one period of regular benefit follows directly on another.

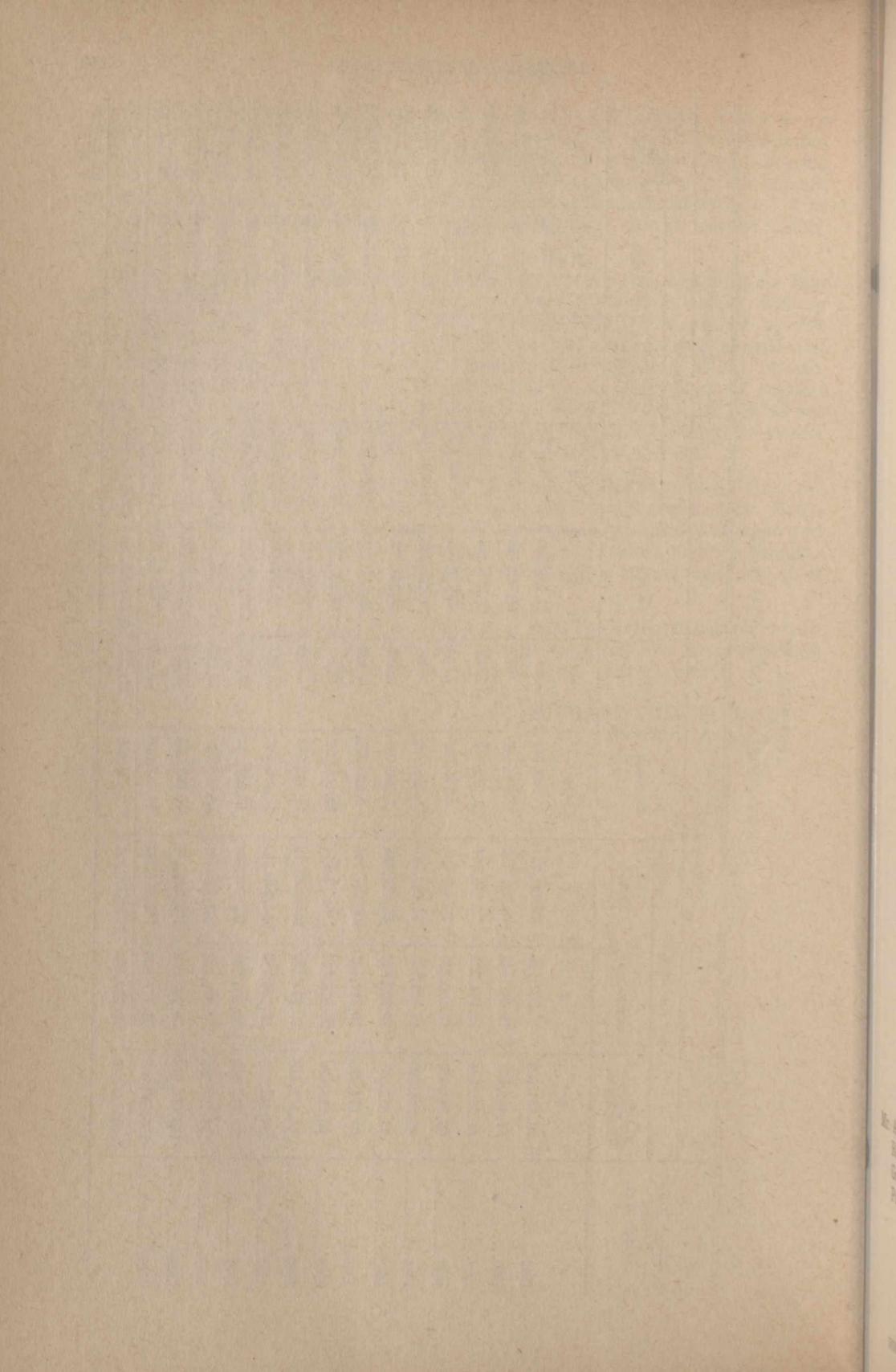
77. It should be emphasized in conclusion that the calculations on which this report is based relate to the costs that may be expected over a considerable period of years; there may be wide fluctuations from year to year.

RICHARD HUMPHREYS,  
*Chief Actuary.*

Department of Insurance.

**APPENDIX "C"**  
**UNEMPLOYMENT INSURANCE FUND**

Fiscal Year Ending March 31st	REVENUE						EXPENDITURE			Balance in Fund
	CONTRIBUTIONS			Interest	Fines	Total	BENEFIT			
	Employer- Employee	Government	Total				Regular	Supplement- ary Classes 1 and 2	Total	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1942.....	36,435,609	7,287,122	43,722,731	269,269	.....	43,992,000	27,753	.....	27,753	43,964,247
1943.....	57,434,651	11,487,058	68,921,709	1,840,449	638	70,762,796	716,013	.....	716,013	114,011,030
1944.....	61,720,785	12,344,422	74,065,207	3,972,047	1,324	78,038,578	1,721,666	.....	1,721,666	190,327,941
1945.....	63,728,855	12,746,179	76,475,034	6,195,926	2,041	82,673,001	4,966,483	.....	4,966,483	268,034,460
1946.....	62,566,590	12,513,799	75,080,369	6,116,769	2,304	81,199,442	31,993,240	.....	31,993,240	317,240,660
1947.....	76,015,031	15,203,457	91,218,488	7,529,985	3,820	98,752,293	43,114,329	.....	43,114,329	372,878,626
1948.....	83,870,835	16,366,401	100,237,236	9,560,776	5,323	109,803,335	34,947,020	.....	34,947,020	447,734,939
1949.....	98,581,560	20,924,014	119,505,574	12,113,318	8,359	131,627,251	49,826,752	.....	49,826,752	529,535,437
1950.....	104,432,416	20,014,500	124,446,916	14,391,258	17,731	138,855,905	85,006,136	738,234	85,744,370	582,646,973
1951.....	128,744,249	25,796,703	154,540,952	15,630,847	34,657	170,206,456	83,082,102	5,190,950	88,273,052	664,580,377
1952.....	153,887,858	30,805,705	184,693,563	17,046,504	33,344	203,773,411	85,559,678	4,594,759	90,154,437	778,199,351
1953.....	155,184,595	31,036,836	186,221,431	22,950,737	36,086	209,208,254	128,814,175	7,008,266	135,822,441	851,585,165
1954.....	158,673,276	31,735,868	190,409,144	26,094,504	36,834	216,540,482	174,619,903	12,231,610	186,851,513	881,274,133
1955.....	158,860,309	31,771,464	190,631,773	26,378,269	36,788	217,046,830	232,757,808	24,870,838	257,628,646	840,692,317
	1,400,136,619	280,033,508	1,680,170,127	172,090,659	219,248	1,852,480,034	957,153,059	54,634,657	1,011,787,716	840,692,317



HOUSE OF COMMONS  
Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 3

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BILL No. 328  
An Act respecting Unemployment Insurance

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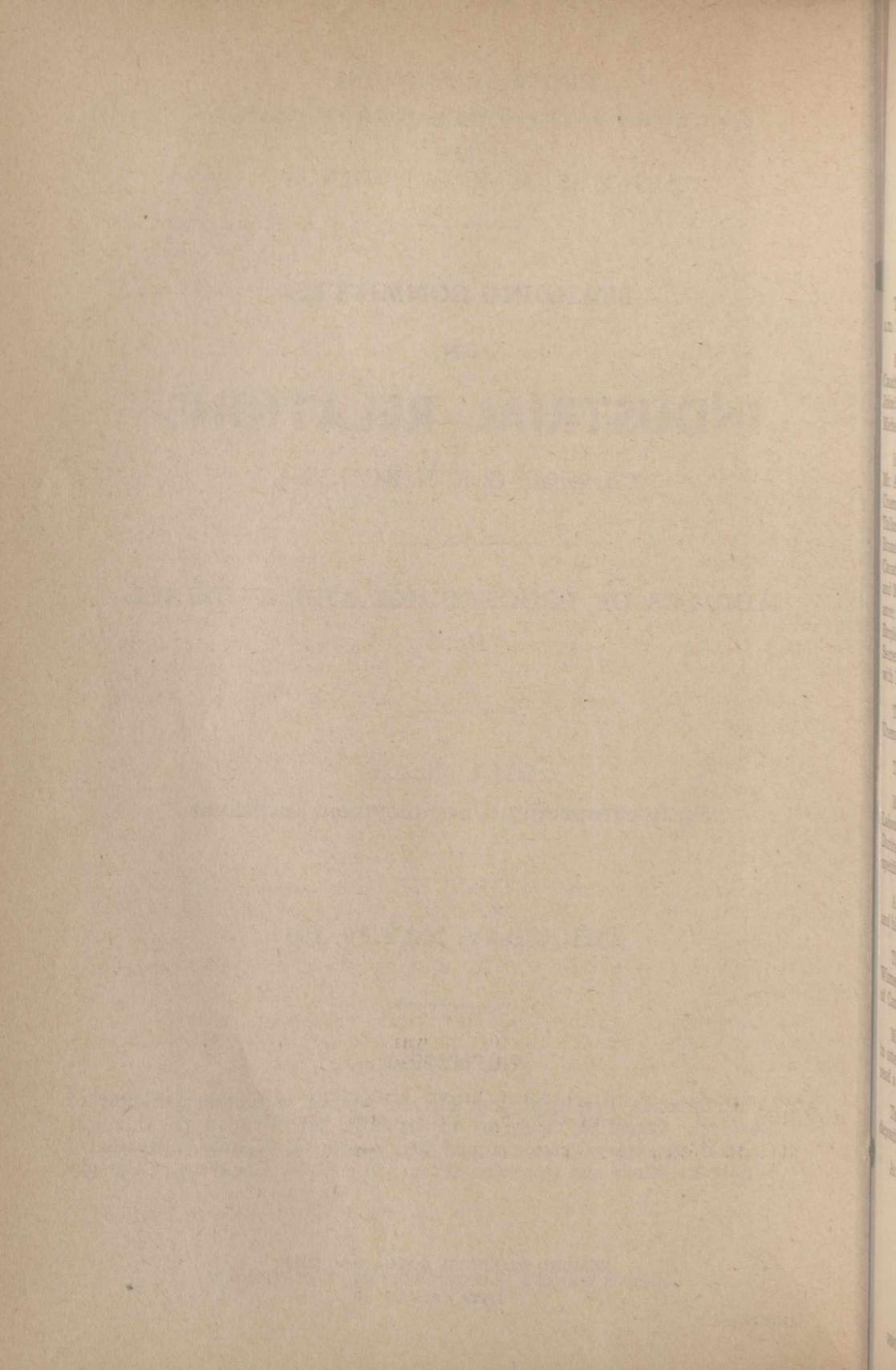
THURSDAY, MAY 19, 1955

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WITNESSES:

Mr. A. R. Mosher, President, and Mr. A. Andras, Assistant Director of Research, Canadian Congress of Labour; Mr. Gordon G. Cushing, General Secretary-Treasurer and Mr. Leslie E. Wismer, Director of Public Relations and Research, Trades and Labor Congress of Canada.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955



## MINUTES OF PROCEEDINGS

House of Commons, Room 277,  
THURSDAY, May 19th, 1955

The Standing Committee on Industrial Relations met this day at 11 o'clock a.m. The Chairman, Mr. George E. Nixon, presided.

*Members present:* Messrs. Barnett, Bell, Brown (*Essex West*), Byrne, Cauchon, Churchill, Deschatelets, Dufresne, Fairclough (*Mrs.*), Fraser (*St. John's East*), Gillis, Johnston (*Bow River*), Knowles, Leduc (*Verdun*), Maltais, Michener, Murphy (*Westmorland*), Nixon, Richardson, Simmons, Starr, Vincent.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour and Mr. A. H. Brown, Deputy Minister; Mr. J. G. Bisson, Chief Commissioner of Unemployment Insurance Commission, and Mr. C. A. L. Murchison and Mr. R. J. Tallon, Commissioners; also, Mr. R. G. Barclay, Director of the Insurance Branch and Mr. Claude Dubuc, Legal Adviser; Mr. A. R. Mosher, President, Canadian Congress of Labour, with Mr. A. Andras, Assistant Research Director, and Mr. S. Wolstein, Member of the CCL Committee on Unemployment Insurance; also, Mr. E. Robson, Vice-President, Canadian Brotherhood of Railway Employees and other transport workers; Mr. Gordon G. Cushing, General Secretary-Treasurer of the Trades and Labour Congress of Canada, together with Mr. Leslie E. Wismer, Director of Public Relations and Research.

The Committee resumed consideration of Bill 328, "An Act respecting Unemployment Insurance".

The Chairman invited Mr. Mosher to address the Committee.

Mr. Mosher read a lengthy brief on behalf of the Canadian Congress of Labour and was followed by Mr. Robson, who addressed the Committee briefly. During Mr. Mosher's examination Mr. Andras was asked to clarify certain specific points arising out of the said examination.

At the conclusion of their presentation, the Chairman thanked Mr. Mosher and his associates for their valuable contribution to the work of the Committee.

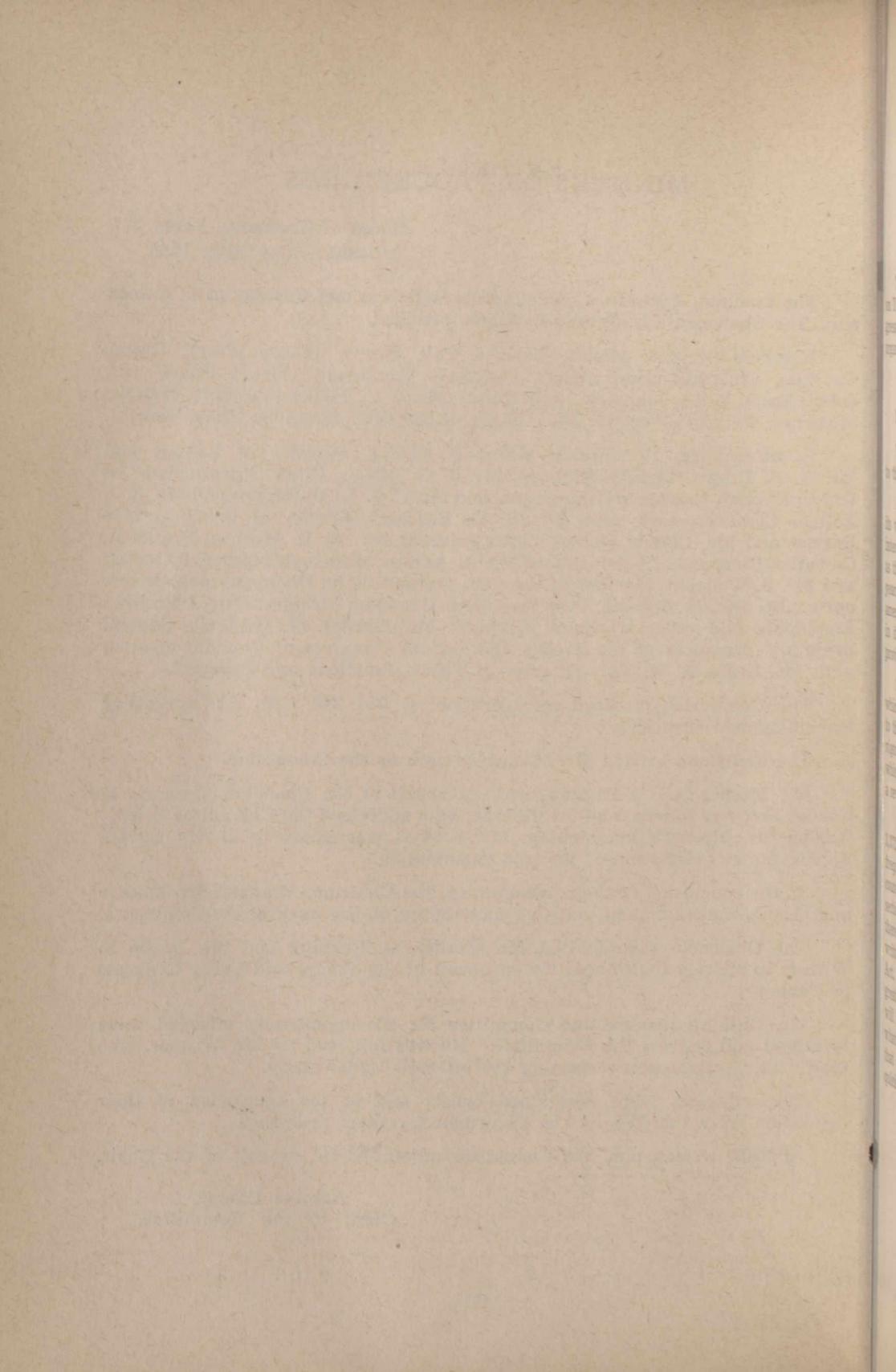
The Chairman then invited Mr. Gordon G. Cushing and Mr. Leslie E. Wismer to address the Committee on behalf of the Trades and Labor Congress of Canada.

Mr. Cushing thanked the Committee for the opportunity afforded them to attend and address the Committee. He was followed by Mr. Wismer, who read a brief submission respecting the bill now under study.

The witnesses were questioned briefly and at the conclusion of their deposition were thanked by the Chairman for their assistance.

At 12.50 o'clock p.m. the Committee adjourned to the call of the Chair.

Antoine Chassé,  
*Clerk of the Committee.*



## EVIDENCE

MAY 19, 1955.  
11 a.m.

The CHAIRMAN: Order gentlemen. As you will recall, before we adjourned on Tuesday it was agreed that we would hear a brief from the Canadian Congress of Labour this morning. We have with us today the president of that organization, Mr. A. R. Mosher, and we will now hear from him.

**Mr. A. R. Mosher, President, Canadian Congress of Labour, called:**

The WITNESS: This is a submission of the Canadian Congress of Labour to the Industrial Relations Committee of the House of Commons on Bill 328.

1. The Canadian Congress of Labour welcomes this opportunity to express its views on Bill 328. The congress has always maintained a very active interest in the Unemployment Insurance Act and it recognizes the present bill as the most important measure affecting unemployment insurance in recent years. The bill does not seek merely to amend the existing Act, as previous amending Acts have done. It is apparently designed to rewrite the Act almost in its entirety, as well as to make substantive changes in certain of its provisions.

2. We regard the bill with mixed feelings. It contains improvements which we heartily endorse. It also contains changes which we feel will operate to the disadvantage of insured workers and these we propose to criticize as vigorously as we know how. But we are also concerned about another objective which we were led to believe motivated the government in making so extensive a revision: clarification of a lengthy and complicated piece of legislation.

3. This Act, as members of this committee are well aware, affects some 3,372,000 Canadian wage and salary earners. It affects more directly, more frequently and more closely than perhaps any other piece of legislation in this country. They are expected to be familiar with its terms, certainly with those sections which deal specifically with entitlement to benefit. In view of the fact, therefore, that this Act is used extensively by laymen, the more plainly it is written the better. In reading the bill and comparing it with the present Act, we are forced to conclude that, so far as the wording is concerned, greater clarity has not been achieved. If anything, the bill, when enacted, will be more difficult to understand than the present Act. An example of what we are complaining about is section 53 of the bill. We venture to say that even members of this committee would have difficulty in arriving at a quick and clear understanding of its terms. It reads:

53 (1) Subject to this section, all the provisions of this Act respecting benefit periods and benefits apply in respect of seasonal benefit periods and seasonal benefits respectively, except section 4, subsections (1), (3), (4), (5) and (6) of section 45, subsection (1) of section 46, subsection (2) of section 47, section 48, paragraph (b) of section 50, and section 121.

(2) For the purposes of subsection (1) of section 47

(a) the average of the weekly contributions of a person coming within paragraph (a) of section 50 is the average of the weekly contribu-

tions paid on his behalf under paragraph (a) of subsection (1) of section 37 for the contribution weeks subsequent to the Saturday referred to in paragraph (a) of section 50, and

- (b) the benefit rate of a person coming within paragraph (b) of section 50 is his benefit rate for the benefit period referred to an paragraph (b) of section 50.

(3) A person coming within paragraph (a) of section 50 shall not be paid seasonal benefits in excess of

- (a) the weekly rate applicable to him multiplied by the number of weeks in his seasonal benefit period, or
- (b) the weekly rate applicable to him multiplied by two-thirds of the number of his contribution weeks subsequent to the Saturday referred to in paragraph (a) of section 50, whichever is the lesser amount.

(4) For the purposes of paragraph (b) of subsection (3), where two-thirds of the number of the contribution weeks therein referred to results in a fraction, a fraction less than one-half shall be disregarded and a fraction of one-half or more shall be taken as one.

(5) A person coming within paragraph (b) of section 50 shall not be paid seasonal benefits in excess of

- (a) the weekly rate applicable to him multiplied by the number of weeks in his seasonal benefit period, or
- (b) fifteen times the weekly rate applicable to him, whichever is the lesser amount.

4. It seems to us that this section could have been written without the need to refer back to six other sections of the Act with their numerous subsections. Section 53 is, to say the least, a bewildering array of references and cross-references. While this may be the lawyer's delight, it is not very helpful to the unemployed worker anxious about his access to seasonal benefits. An additional example should suffice to make our point. In the present Act, the five-day waiting period is spelled out with commendable clarity: "An insured person is not entitled to benefit for the first five days of unemployment in any benefit year ... (section 37 (1) (b) )." The bill seeks to establish, if we understand it properly, a one-week waiting period, which is spelled out as follows (section 55 (1) ):

Except as otherwise prescribed by regulation of the commission, an insured person is not entitled to receive benefit in respect of a benefit period until the expiration of a waiting period commencing with the day on which the benefit period was established and ending on the day that, but for this section, benefits in respect of that benefit period equal to the weekly benefit rate would have accrued.

Were it not that we are able to appreciate the difficulty of drafting legislation so that it will do what it is meant to do, neither more nor less, we would be tempted to echo the words of Sir Winston Churchill: "This is bastard English, up with which I will not put."

5. So far as the structure of the Act is concerned, it appears that an improvement has been made in that respect. Sections now separated throughout the Act have been brought together in a more logical order. Undoubtedly, once people have got familiar with it, the new sequence of sections will facilitate understanding by claimants, unions and employers, and should, we imagine, make administration easier. This is all to the good.

6. There are certain other improvements in the bill, and we should like to point them out in order to give credit where credit is due. These in our opinion include:

- (a) The change to *boards* from *courts* of Referees (section 17). This will serve to allay the fears of some claimants that appeals are dealt with by judicial tribunals.
- (b) The extension of the two-year period to include not working by reason of a work stoppage (section 45 (2) (d)).
- (c) The deletion of the present section 31 (1) (f), which resulted in anomalies and presented administrative difficulties.
- (d) The extension of protection against loss of a worker's right to become or remain a member of a union (section 61).
- (e) The addition of the words "national origin" in section 22 (2) (b), and the substitution of the phrase "*bona fide* occupational qualification" for "subject to the needs of the employment" in the present Act (section 97 (3)). On the other hand, we are at a loss to understand the inclusion of the words "limitation, specification or preference". They appear to be out of place. They reduce the effectiveness of the section in maintaining fair employment practices and make administration more difficult. We believe they should be deleted.

7. To offset these improvements, there are a number of features in the bill to which we take exception, and against which in their present form we would like to enlist the support of this committee.

8. *The Unemployment Insurance Advisory Committee* (sections 19, 89, 90 and 91). The present bill seeks to reduce the status of this important committee, which is representative of both labour and management. The Act and the bill are substantially alike (a) in the requirement that the advisory committee shall make a report on the condition of the fund annually, or more frequently if necessary; and (b) in the right of the commission to consult with, and seek the advice of, the committee with regard to certain specified matters and in general terms as well (present Act, sections 85, 86, 87, 88, 89, 90 and 104). The present Act, however, contains one important provision which is being withdrawn in the bill. Section 109 (2) of the Act requires that, before regulations are made on certain points, they "shall be reported on" by the advisory committee. This mandatory feature will cease to exist, unless it is restored before the bill is enacted.

Without this section 109 (2), the advisory committee may be relegated to a very minor role in the administration of the Act. Labour and management, the two main bodies vitally interested in the Act, will be deprived of an opportunity to investigate, discuss and "report on" matters which may directly affect them, and it is well to remember that this is the only committee which can discuss regulations relating to coverage and benefits. The direct link between those who very largely finance and benefit from the Act and its administrators will be weakened if not broken by this omission. This is a backward step. We are at a loss to understand its purpose, since we feel that the advisory committee has made a very valuable contribution in the years of its existence. We strongly urge that this section be re-introduced.

9. *The National Employment Committee* (section 21 (1)). This section, deals with the establishment of the National Employment Committee, has replaced "shall" by "may". In other words, the establishment of the committee is now optional. Since this committee is representative of employers, unions, and other groups in the community concerned with the employment service, its continued existence should not be open to doubt. We believe the word "shall" should be reinserted.

May I say that having been a member of the National Employment Committee since its inception I have had occasion to listen to several Ministers of

Labour and many other important people of government commending the National Employment Committee for the splendid work it has done and for the responsible job it is expected to do. I should be very sorry to feel that these gentlemen in making their comments about the value of the National Employment Committee were not sincere yet I will have to concede that if now they say "we may have a committee" instead of "we shall have a committee", it would seem there might be a desire to disband the committee because of its lack of value to the commission and to the government.

10. *Section 27, Excepted Employments.* The congress has repeatedly gone on record in favour of extending the coverage under the Act. It has repeatedly made representations for the inclusion of the employees of hospitals and charitable institutions, in particular. It is evidently the intention of the government to continue to discriminate against these employees, for no reason other than a wish to appease the hospitals and charitable institutions. The attitude of these agencies is hardly consistent with the noble role they are supposed to play; it smacks rather of a narrow-minded, entrenched interest. The government, for its part, by its consistent refusal to act, displays a singular lack of moral fibre. There is no logical reason why kitchen staff, maintenance crews, clerical staff, floor cleaners, and others employed in and around a hospital, should be barred from unemployment insurance coverage. It is inconceivable that any hospital would be forced to close its doors simply because it has added unemployment insurance contributions to its other administrative expenses.

11. The same section seeks to effect an important change in connection with public utilities. At present public utilities (as defined in Part II of the schedule, paragraphs (j) (i) and (ii)), are specifically covered, although other employment by a "municipal authority or in the public service of Canada or a province" is excluded. The bill does not make reference to public utilities at all. Instead, under section 28 (1) (b), the commission will be given the power to except by regulation "any employment under Her Majesty in right of Canada or under any municipal or public authority." The definite assurance of coverage has thus been removed and replaced by something less tangible, and the way is opened to discrimination between the employees of one kind of utility and another, or the creation of anomalies in their treatment. The power of the commission to make regulations is already so extensive that it seems altogether unnecessary to extend it into a field where an acceptable situation has been established for a number of years. We would urge the committee to recommend the re-establishment of the present provision with respect to public utilities.

12. *Section 31.* The present Act (section 48) allows six months in which to launch an appeal against the decision of the commission under section 47 of the present Act. Section 30 reduces the period to only one month. This drastic reduction seems completely unwarranted, and can have the effect only of reducing the opportunities of claimants to seek redress against what is considered an unjust ruling. We believe that the six-month period should be retained.

I think it should be borne in mind that the working people who will benefit most from the Act are not people who just sit around in an office all day long thinking how they are going to take advantage of the provisions made for them by the country in which they live, and I think they might be expected in a period of 30 days to make their appeal if they think they have received unjust treatment.

13. *Benefit Period (Sections 45 and 46).* The bill is based on weekly contributions and benefits, instead of daily, as under the present Act. Accordingly, the statutory conditions are expressed in terms of weeks. The bill proposes a

basic requirement of 30 contribution weeks in the preceding 104; of these eight must have occurred within the 52 weeks preceding the filing of the claim or since the beginning of the last benefit period, whichever is the shorter period. On the surface this does not appear to be much different from the present Act's section 30. There is apparently about the same requirement of recency of attachment to the labour market. The congress does not object to this kind of requirement in principle although it has protested in the past that the condition *per se* was too onerous, and more so than the statutory conditions at an earlier stage of the Act's development. It has pointed out that a prolonged period of unemployment might very easily prevent an insured worker from claiming benefit, although he might have a considerable number of contributions to his credit; he just would not have enough recent ones because of a situation beyond his own control. The same sort of feature not only prevails in the bill but is made even more onerous by the requirements of section 45 (2), dealing with benefit periods other than the first. Under this provision, any contribution week more than a year old may not be counted toward the basic 30 weeks' requirement. For an insured worker who suffers only infrequent and short periods of unemployment, this presents no serious problem. But for the worker (of whom there were many during the past winter) who loses his job and stays out of work for several months, this may be disastrous.

An example may be useful to make our point. Let us assume that an insured worker establishes a benefit period on November 1, 1954, for a 30-week period. During this period, he finds no employment and consequently his benefit period expires on June 4, 1955 (we have allowed for one waiting week). He then files a claim for a further benefit period. But he has obtained no contribution weeks during his immediately preceding benefit period, which leaves him at best with only 22 contribution weeks to his credit toward the 30-week requirement. Thus, though he may conceivably have 74 contribution weeks in the past 104 weeks, the lack of eight relatively recent weeks disqualifies him from further benefit. We cannot see any justice in a proposal of this sort, which penalizes those most in need of benefit: the workers who suffer prolonged unemployment.

It may be argued that we have given an extreme example, but it is not as extreme as might be supposed. It is hardly necessary to remind this committee of the difficulties encountered by older workers in getting jobs; and "older" workers may be workers in their forties. In an Act established to insure against unemployment, it is obviously unjust to make that very unemployment a means of defeating the purpose of the Act. It is not only unjust, it is surely inconsistent as well. If anything, the Act should afford the greatest amount of protection to those who suffer the worst degree of unemployment. As the Act now stands, and as the bill proposes, a serious and prolonged bout of unemployment would throw thousands of workers outside the scope of the Act, although the unemployment insurance fund might be swollen with funds, and these unemployed workers might have many contributions recorded in their books.

It is worth noting that the number and percentage of the unemployed who are unemployed for seven months or more has been increasing. In March, 1952, for example, there were 13,000 of these people, making up 6.2 per cent of the total of persons without jobs and seeking work. In March, 1953, it was 11,000 and 6.3 per cent. In March, 1954, it was 22,000 and 6.9 per cent. In March, 1955, it was 45,000 and 12.2 per cent. (DBS *Labour Forces*, March, 1955, and Reference Paper No. 58.)

14. *Extension of the two-year period (section 45 (3)).* We have already noted an improvement here (see our reference to section 45 (2) (d) above). The bill, however, has taken away two of the reasons under which an extension might be granted: (1) "employed in business on his own account" and

(2) "employed outside of Canada or partly outside of Canada in an employment in respect of which contributions were not payable" (present Act, section 30 (3) (c) and (f)). These, it seems to us, are unreasonable withdrawals of protection. The deletion of the first of the two conditions strikes at those workers who, from time to time, become self-employed. It is commonplace for a building tradesman, for example, to do a job on his own account from time to time, or for a truck driver to buy a truck and become a self-employed carter. It happens, also, that a worker may risk his small savings and open a shop, only to find in due course that it is not a profitable venture and that he must seek employment once again. Surely people like these should not be penalized for exercising some initiative, nor should the misfortune of an unsuccessful small business venture be compounded by the erection of an obstacle to unemployment insurance entitlement.

Admittedly, it is sometimes difficult to determine whether a self-employed person is genuinely returning to the labour market or is merely seeking relief from the fund during the slack season in his business. But we submit that, by now, the commission has accumulated sufficient experience to be able to determine whether or not an application is made in good faith, and be able to test him by a referral to suitable employment. As for the second condition that is being removed, its removal strikes at those who are essentially not different from workers in excepted employments. During the many years that the congress has devoted to observing the Act, and in discussions of it with commission representatives at meetings of the Unemployment Insurance Advisory Committee, this matter was never raised as a problem of any consequence, if at all. We therefore can see no reason for taking away this bit of protection from the relatively small number of workers who might need it.

15. *Rates of Benefit (section 47)*. In order to deal adequately with this section, we find it necessary to draw to the committee's attention, first of all, the change in the contribution method from a daily to a weekly rate. It is likely that an insured worker irregularly employed will have less difficulty in establishing his first benefit period than at present, although his position with regard to subsequent benefit periods is being made more difficult.

It is also likely that a worker irregularly employed will emerge with a lower rate of benefit than under the present Act. At present, a worker earning \$20 in two days gets two daily contributions in the *highest* insurance class. Under the bill, he would get a week's contribution stamp in the *third lowest* insurance class. Assuming a two-day-a-week pattern, under the present Act this worker would be entitled to daily benefits at the *highest* rate of benefit; under the bill he falls into the *second lowest* benefit class (see the schedule under section 47 of the bill). A further example may serve to illustrate this point, using this time again a worker earning \$50 a week or \$10 a day, but working sometimes full weeks and sometimes less than full weeks. During his most recent 30 contribution weeks he may show:

10 weeks at \$50 a week (full time);	10 cont'bs. at 52 cents: 520 cents
8 weeks at \$40 a week (4 days);	8 cont'bs. at 48 cents: 384 cents
4 weeks at \$30 a week (3 days);	4 cont'bs. at 36 cents: 144 cents
8 weeks at \$20 a week (2 days);	8 cont'bs. at 24 cents: 192 cents
	Total 1240 cts.
	Weekly Average 41.3 cts.

This claimant would thus, under the schedule, be entitled to either \$15 or \$21 a week, depending on whether or not he had a dependent. Under the present Act, other things being equal, he would be entitled to \$17.10 or \$24.00 as the case might be. Getting the basic number of contributions is clearly easier; example above contains the equivalent of only 120 contribution days under the present Act, but a full 30 weeks under the bill.

Is it better to qualify sooner, possibly at a lower benefit rate, or later at possibly a higher benefit rate? It is not an easy question to answer. The congress is inclined to believe that the intent of the bill—and of parliament—is to raise rather than lower benefit rates, and the establishment of higher benefit rates under section 47 is evidence of that. This committee should not be unmindful of the fact, furthermore, that at present a claimant who has worked, say, only two days, is entitled to three days' benefit. Under the bill, any benefit payment would be conditioned by his earnings during those two days; he may get little or nothing by way of benefits (see our comments below on section 56). Accordingly, the congress is inclined to feel that the bill subtracts from, even while it seems to add to, the protection afforded to insured workers whose employment is casual or irregular.

Turning specifically to the benefit rates, the congress freely admits that there has been some improvement, although, to be sure, the contribution rates are being increased concurrently. Nonetheless, we wish to remind the committee that this congress and other sections of organized labour have sought changes in the benefit rates for some time, and that these changes are a belated recognition of the alterations which have taken place in the wage-structure of this country. The amended benefit rates ostensibly reestablish the relationship between earnings and benefits which the Act has generally sought to maintain. The committee has merely to look at the benefit rate for claimants with dependents in the top insurance class, as a percentage of earnings:

Year	Range of Earnings, Top Insurance Class	Weekly Benefit, With Dependent	Benefit as % of Earnings
1941	\$26.00 to \$38.50	\$14.40	55.4 to 37.4
1943	26.00 or more	14.40	55.4 or less
1946	26.00 or more	14.40	55.4 or less
1948	34.00 or more	18.30	53.8 or less
1950	48.00 or more	21.00	43.7 or less
1952	48.00 or more	24.00	50.0 or less
1955	57.00 or more	30.00	52.6 or less

(The Act took effect in 1941. The subsequent years are those in which amendments were made, or, as is now the case, contemplated.)

Except for 1948, there is a well-defined tie-in between the bottom figure of the income range and benefit. These figures, however, are used simply for illustrative purposes. A more accurate assessment of the relationship would be to match benefit against actual average earnings. At February 1, 1955, average weekly wages in manufacturing were \$58.36 (DBS *Man-Hours and Hourly Earnings*, February, 1955). On the average, therefore, the maximum benefit of \$30 is 51.4 per cent in relation to earnings in this important segment of the economy, rather than 52.6 per cent.

It is altogether likely that, if from this over-all average were to be abstracted the earnings of those earning \$57 a week or more, the average of this group would be such as to make the gap between earnings and benefit still

wider. It is worth while looking at the average weekly wages in those industries where the average exceeded \$57. The following figures are as of February 1, 1955 (DBS *Man-Hours and Hourly Earnings*, February, 1955):

Industry Division	Average Weekly Wages	No. of Workers
Metal mining		
Gold .....	\$65.24	16,008
Other metal .....	77.73	27,958
Fuels		
Coal .....	57.98	15,875
Oil and natural gas .....	83.08	5,452
Non-metal mining .....	65.28	9,969
Meat products .....	62.09	16,127
Distilled and malt liquors .....	63.16	9,691
Rubber products .....	61.20	14,952
Paper Products		
Pulp and paper mills .....	74.60	49,558
Printing, publishing and allied industries	66.84	28,085
Iron and steel products		
Agricultural implements .....	68.97	9,328
Fabricated and structural steel ....	68.56	6,509
Hardware and tools .....	59.95	8,068
Iron castings .....	64.58	13,123
Machinery manufacturing .....	64.19	21,814
Primary iron and steel .....	69.28	24,376
Sheet metal products .....	62.85	11,428
Transportation equipment		
Aircraft and parts .....	70.86	24,715
Motor vehicles .....	72.35	17,698
Motor vehicle parts and accessories ..	70.05	16,315
Railroad and rolling stock equipment	63.44	27,788
Non-ferrous metal products		
Aluminum products .....	60.17	4,724
Brass and copper products .....	63.12	6,722
Smelting and refining .....	72.59	22,637
Heavy electrical machinery and equipment	65.27	11,244
Non-metallic mineral products		
Clay products .....	59.75	4,430
Glass and glass products .....	62.42	5,805
Products of petroleum and coal .....	77.76	7,554
Chemical products		
Acids, alkalis and salts .....	71.70	5,314
Construction		
Buildings and Structures .....	64.38	85,842
Electric and motor transportation .....	63.72	28,955
		558,064

Thus, in this monthly report which covered 1,048,590 hourly-rated wage-earners, 558,064, or 53.2 per cent, were, on the average, in the top insurance class. On the basis of a claimant with a dependent, the \$30 weekly benefit would for the foregoing groups represent a high of 51.7 per cent of average earnings in the case of coal, and a low of 36.1 per cent of average earnings in the case of oil and natural gas. For the largest single group in this table, buildings and structures, benefit would be equivalent to 46.6 per cent of average earnings.

The Minister of Labour made this point himself when he submitted the following table to the House on April 4th (Hansard, p. 2660):

Weekly Earnings Range	Weekly Single	Benefit Dependency	Average Earnings in Range	Benefit % of	
				Average Single	Earnings Dependency
Less than \$15.00 ...	\$ 6.00	\$ 8.00	\$11.80	50.8	67.8
\$15.00 to 20.99 ...	9.00	12.00	17.85	50.4	67.2
21.00 to 26.99 ...	11.00	15.00	23.70	46.4	63.3
27.00 to 32.99 ...	13.00	18.00	29.65	43.8	60.7
33.00 to 38.99 ...	15.00	21.00	35.60	42.1	59.0
39.00 to 44.99 ...	17.00	24.00	41.60	40.9	57.7
45.00 to 50.99 ...	19.00	26.00	47.55	40.0	54.7
51.00 to 56.99 ...	21.00	28.00	53.50	39.3	52.3
57.00 and over ...	23.00	30.00	59.70	38.5	50.3

On the average, based on average earnings in the range, the minister's figures show that benefit for a claimant with dependent in the top insurance class would be only 50.3 per cent of earnings. If, as may be anticipated, average earnings rise, that percentage will drop. In the other classes, as earnings and structures, benefit would be equivalent to 46.6 per cent of average more closely to earnings.

The congress submits that the top insurance class, with its open end on earnings above \$57, is unrealistic in terms of the present wage-structure. Wages, on the average, have been moving up over the years, and more and more workers are moving into this class. Inevitably, therefore, as wages rise, the proportion of benefits to actual earnings is bound to diminish. The congress believes that a much more satisfactory and equitable arrangement would be to break up the proposed top class into at least two classes, thereby adjusting benefits more closely to earnings.

The congress does not for a moment wish to suggest that it considers something in the vicinity of 50 per cent of earnings a high enough benefit rate. In the \$51 and under \$57 class, the benefit rate of \$28 for a claimant with a dependent ranges from 54.9 to 49.1 per cent of earnings. This is too low. It might be more readily tolerated if unemployment was always of very short duration, but events have shown that a worker may be without work for months at a time. Under such circumstances, a drop of 50 per cent or more in income means a very serious drop in living standards. Since there are costs which a worker cannot avoid, even while unemployed—rent, for example—prolonged unemployment at a low benefit rate is bound to result in indebtedness and other hardships.

The congress submits that benefits should not be less than 60 per cent of earnings. In the lower income and insurance classes this has been the case; in some instances, benefits have been very much closer to earnings. Fortunately, however, there are now relatively few workers at the bottom of the insurance scale. The clumping is in the top three or four classes. It is probably safe to say that well over half of the insured population are in the top two insurance classes.

It is generally stated as a sound insurance principle that benefit should not reach a point where the incentive to work would be eliminated. The congress is not disposed to quarrel with such a principle. But it suggests, with much respect, that a worker with a dependant, who has been earning, say, \$60 a week, is not likely to lose all interest in getting a job simply because he is receiving \$36 a week in benefit. Moreover, our Act possesses ample means whereby the occasional would-be drone can be rooted out and disqualified from benefit.

To sum up this section of our statement, the congress submits (1) that the change from a daily to a weekly contribution and benefit method, while making entitlement somewhat easier, may result in lower benefit rates than under the present Act; (2) that the top insurance class is too broad and should be divided into at least two classes, one of which would include earnings of \$57 and under \$63, and the other \$63 and over; (3) that benefit rates should be set at not less than 60 per cent of earnings.

16. *Duration of Benefit (section 48 and Part V)*. The bill makes a significant change in the benefit period. The minimum period is increased from six to 15 weeks, the maximum reduced from 51 to 30 weeks. Obviously, the change in the minimum is to be welcomed. It will add substantially to the protection of younger workers and others whose insured employment has been of relatively short duration, or who are low on the seniority list. The reduction in the maximum, however, cannot be regarded as anything but a backward step. It may be true, as the Minister of Labour stated in the House of Commons on April 4th (*Hansard*, p. 2661), that only about 5 per cent of all claimants draw more than 30 weeks' benefit. If that is so, it seems reasonable to suppose that the Act could continue to protect this small number to the extent that it does at present. The cost to the fund cannot be large, since not all of even this five per cent use up the full 51 weeks. Furthermore, this particular group includes the very people whose employment opportunities are most restricted: older workers. As long as Canada lacks a scheme under which an unemployed worker who has exhausted his benefit rights can continue to receive assistance, there should be no reduction in the maximum period of entitlement. The proposal to protect existing benefit rights for the next three years under part V of the Bill is purely a temporary measure. It fails to meet this basic criticism of a lack of any program to supplement unemployment insurance, when and where unemployment takes on its present proportions or worse. We strongly urge this committee to recommend maintenance of the present maximum benefit period, especially since it seems quite clear that the cost would have little, if any, significant effect on the continued solvency of the fund.

17. *Seasonal Benefits (sections 49 to 53)*. We have already commented on the lack of clarity in section 53 of the bill.

This part of the bill is essentially a redraft of the amendment to the Act made earlier this year. The amendment was welcomed at the time since it raised benefit rates up to the same level as ordinary benefits, and extended the period of entitlement. At the same time, however, it is worth noting that the period January 1st to March 31st or April 15th does not take in the period when seasonal unemployment is most widespread. Such unemployment usually begins in the fall and may continue after April 15th. Consideration might be given, therefore, to a more extensive period during which seasonal benefits might be payable.

18. *Waiting Period (section 55 (1))*. The congress has repeatedly taken exception to the waiting period. It believes that it is unwarranted and unnecessary. The gap between loss of a job and receipt of benefit imposes a hardship on claimants, especially on those in the lower income groups. If it is an administrative convenience, some alternative should be found. If not, it should be eliminated.

19. *Deductions from Payment of Benefit (section 56)*. The present Act (section 31 (2) (a)) permits a claimant to earn up to \$12 a week in casual employment outside his normal working hours. This sum applies to any insurance class. The bill proposes two changes in this regard. It sets up a sliding scale of permissible earnings ranging from \$2 to \$13 a week, depending on the weekly benefit class. It does not differentiate between casual and regular

earnings. It proposes further that any money earned during the week over and above the amounts specified is to be deducted from benefits. For the claimant receiving \$30 a week in benefit, an additional \$13 a week in earnings will be permitted, without reduction of benefit. Conversely a claimant in this class who earns \$43 or more will not be eligible for benefit, although he may have earned that money in only part of a week, three days, for example.

Except for the distinction between casual and regular employment, which we admit may be important, claimants who are in any but the top benefit class will now be entitled to earn from \$2 to \$11, without loss of benefit; at present they may earn up to \$12. The merits of the proposed change are, therefore, at least debatable.

For the claimant in the top insurance class, the situation is somewhat different. He is limited, as we have already stated, to an aggregate of \$43 in earnings, or earnings and benefit. If, as a result of a high hourly rate, or of overtime, or of incentive payment, he earns \$43 in two days, he is, under the bill, entitled to no benefits, although he is, to all intents and purposes, unemployed for the balance of that week. Under the present Act, notwithstanding the fact that he had earned \$43 or any other amount in those same two days, he would, other things being equal, be entitled to claim benefit for three days. Similarly, if he had earned this amount in three days, he would be entitled to two days' benefit. In other words, the present Act recognizes days of unemployment as such. The bill, while it does so, in one sense, establishes these dollar limitations, which in effect makes them non-existent, in another.

Comparisons between the Act and the bill in this regard are difficult to make, in view of the changes in insurance classes and benefits. It appears, however, that some claimants will gain and others lose under the proposed change. Those who stand to lose will do so because of the change from daily to weekly benefits.

There is at present no ceiling on the insurability of wage earners. Regardless of what a claimant may have earned during the days worked in the work-week, he is entitled to benefit for recognized days of unemployment. This is no longer the case. The bill establishes what is in effect an income test on eligibility for benefit. No one may receive more than \$43 a week. This is an extremely objectionable feature, and one which we feel should not be inserted in this Act.

20. *Disqualifications (section 59 (1) (a))*. A change has been made from the present Act (section 42 (1) (a)), which places a greater burden on the claimant, and makes him more liable to disqualification than before. We hold no brief for a claimant who evades opportunities of suitable employment, but we believe that the present provision, together with the powers that the commission already possesses, are sufficient to take care of such people. The amendment may result in the imposition of disqualifications on claimants who have been acting in good faith. We, therefore, suggest that the present wording be retained.

21. *Illness (section 66)*. The bill now merely states in plainer language the anomaly which exists in the present Act (section 29 (3)), regarding claimants who are incapable because of injury, illness or quarantine. As things now stand, a claimant is entitled to benefit, under such circumstances, only after he has filed his claim and waited out his non-compensable day and waiting days. Should he, however, lose his job because of illness, injury or quarantine, or should any of these events occur before the non-compensable day and the waiting days are over, he cannot receive benefit until he is once more capable of work. Claimant A who falls ill seven days after filing his claim may receive benefit. Claimant B who falls ill and loses his job for that reason gets none. Claimant C who loses his job, files a claim for benefit,

and falls ill on the first day of his unemployment, gets none. If this is not gross inequity of treatment, we are unable to say what is. We very strongly urge on this committee that it bring in a recommendation whereby this anomalous situation will be remedied.

I think it must be quite apparent to everyone that it is unfair to a worker who is out of employment as a result of injury or illness that he should be deprived of the benefits for which he has been paying into the unemployment insurance fund and it is worse still, I would say, for the worker who is out of employment, and who has filed a claim and two days after becomes ill and cannot draw his unemployment insurance while a man who is able to keep well for seven days, can do so. Now, it does seem to me that unemployment insurance is for the purpose of taking care of people who are unemployed and if they are unemployed because of illness or injury there is the same claim for compensation and assistance as there would be if they were fired by the boss or for any other reason.

22. *Time to Appeal (section 75)*. The time to appeal from the decision of a court of referees is being reduced from six months to a month. We consider this completely unwarranted, and an unnecessary restriction on claimants. The six-month period should be retained, and we urge this committee to recommend accordingly.

23. In conclusion, the congress would like to comment on two other matters on which we have gone on record in the past, and to which we wish to draw your attention:

(1) The continued discrimination against carried women (section 67 (1) (c) (iv) of the bill);

(2) A prohibition against the referral of workers to plants at which a strike is taking place. We do not believe that the National Employment Service should be used as a strike-breaking agency.

24. The present bill represents a very significant step in the evolution of unemployment insurance legislation in Canada. It is not likely that so thoroughgoing a review of the Act will be made again in the near future; this is the first since the Act's inception. It is all the more important, therefore, that each provision of the bill be carefully scrutinized, and that the representations of bodies such as this congress be given the utmost consideration. We earnestly hope that this committee in particular will give due consideration to the issues we have raised, bearing in mind that we represent a considerable proportion of the insured population, and reflect their views on this whole matter.

The CHAIRMAN: Is it agreed that we take the tables included in the brief as read?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Thank you, Mr. Mosher. Mr. Elroy Robson, vice president of the Canadian Brotherhood of Railway Employees and other transport workers, is with us this morning and has a short brief which he would like to present.

Mr. MOSHER: It is part of the congress brief.

The CHAIRMAN: Yes, it is part of the congress brief. Would it be in order to hear Mr. Robson now?

Some Hon. MEMBERS: Agreed.

Mr. ELROY ROBSON (*National Vice President, Canadian Brotherhood of Railway Employees and other Transport Workers*): Mr. Chairman, I will be very brief. I am appearing here on behalf of a large group of lower paid railway employees. I desire to particularly support that part of the congress brief dealing with the duration of benefits. Railway employees are forced to

retire at the age of 65. They become involuntarily unemployed. Many of these railway employees receive pensions as low as \$25 per month and consequently they must seek employment in order to live. It is difficult for railway employees at the age of 65 to find other employment. Their difficulty is enhanced because they have not been seeking jobs through the years and have been more or less steadily employed. Seeking a job is something new for them and they must adjust themselves to the new environment of seeking employment.

We are therefore asking this committee to give favourable consideration to the request of the congress to maintain the present maximum benefit period of 51 weeks. We feel that in view of the statement made by the Minister of Labour that only 5 per cent of the unemployed ever draw more than 30 weeks' benefit, the unemployment insurance fund will not be unduly strained if the duration of benefits continues for the period of 51 weeks instead of 30 weeks.

The CHAIRMAN: Thank you, Mr. Robson. Now, does the committee wish to ask questions of Mr. Mosher?

*By Mrs. Fairclough:*

Q. First of all there have been a couple references to the minister's remarks with respect to the 5 per cent and if my memory serves me well the minister first of all quoted some figure—4· something—and then at a later date corrected it to 3·4; am I correct?

Hon. Mr. GREGG: That was the figure that had been referred to generally as 5 per cent; it is the same figure.

Mr. BISSON: Yes, it is the same figure.

Mrs. FAIRCLOUGH: It is 3·4 per cent?

Mr. BISSON: Yes, I think so.

Mrs. FAIRCLOUGH: It does make some difference if you are making calculations. Some of the figures which I have produced for my own information are based on the 3·4 figure and I would like to know if that is the definite figure.

Hon. Mr. GREGG: That is the figure which I gave in breaking down the 100 per cent and in the other case where I used the 5 per cent or the 4 per cent figure I was just using it in round and general terms. The 3·4 per cent was the commission's exact figure.

Mr. BISSON: It is actually 3·5 per cent.

Mrs. FAIRCLOUGH: The figure I am seeking is the percentage of claimants who got more than the 30 weeks.

Mr. BISSON: I will read again what I read in making my statement to the committee last Tuesday:

The average duration authorized for all claimants was 26 weeks; the average benefit taken by all claimants was 9 weeks; 90·1 per cent drew only 1 to 19 weeks, 6·4 per cent drew 20 to 29 weeks, while only 3·5 per cent drew 30 or more weeks.

Mrs. FAIRCLOUGH: I should like to ask Mr. Mosher a question. This is a most interesting brief and if I may be so bold I would like to compliment the congress on the very comprehensive manner in which they have analyzed the bill. Referring to section 21 of this brief this is a matter that has claimed our attention also and we are very much concerned about the anomaly which exists. Do you think, Mr. Mosher, that the elimination of the waiting period would solve the problem of claimant "C"?

The WITNESS: Yes, it would, I presume—partially, at least. Of course, it would not solve it for those who lose their jobs on account of illness.

Mrs. FAIRCLOUGH: I had a most interesting case not long ago where a man was laid off on a Friday night. The office was closed on Saturday and Monday was a holiday. On Sunday he took his family out for a little picnic and had an accident, and was laid up. Consequently, he could not file his claim. He was out until such time as he could report. I wonder whether you think this particular situation would be solved—and the question arises is it better to solve the problem for claimant "C" or to cover the whole situation by the elimination of the waiting period?

The WITNESS: It would not eliminate the whole of it, but only one part of it.

*By Mr. Starr:*

Q. I want to ask about section 20 of your brief the last sentence of which reads: "We, therefore, suggest that the present wording be retained".

Under the present Act a person who, through various reasons may lose his job—and possibly there are some instances where he loses the job through no fault of his own—is penalized before he can file his claim for benefit. Now, the period of benefit starts from the day he is unemployed which includes the six weeks, and therefore his maximum benefit under the old Act would be 45 weeks. I have always felt that it has been a double-barrelled penalty. I maintain the benefit period should start after the six-weeks period of disqualification so he would still be entitled to \$51 weeks of benefit. What is your reason for suggesting that the present wording be retained?—A. I think I will ask Mr. A. Andras, assistant research director of the congress to answer that question.

Mr. A. ANDRAS: Actually, that was not in our minds at the time we submitted this memorandum. We were concerned with a change in the wording in the proposed bill, and the existing section. Under the existing Act, section 42 (1) (a), the initial wording is what we are concerned about. The Act reads: "An insured person is disqualified from receiving benefit if he",—and these are the important words—"after an officer of the commission or a recognized agency or an employer has notified him, etc..." Under the bill it reads: "An insured person is disqualified from receiving benefit if he has without good cause, (a) after becoming aware that a situation in suitable employment is vacant or about to become vacant, refused or failed to apply for such situation or failed to accept such situation when offered to him." In other words, the onus has been shifted. We think it is difficult enough for a claimant to find his way through the Act and its bewildering array of regulations and we think the commission itself has sufficient experience to call the claimant once he has filed his claim, and make an offer of employment to him. We are concerned with the onus of the responsibility. The commission has now had the experience of 14 years under the Act, and we think in the present situation it can handle the claimant who is looking for work.

Mr. STARR: That was not what I asked you.

Mr. ANDRAS: I know that you have raised an entirely different point, but it was not in our minds.

Mr. STARR: You agree with me in my contention that it is a double-barrelled penalty on the man who has lost his job?

Mr. ANDRAS: When a claimant loses his job, and is disqualified for whatever reason, and if the six weeks take place within the benefit years then he has lost his six weeks and if he has a 51-week benefit year—

Mr. STARR: It should not be a sufficient penalty that he should wait for a six-week period and then have his benefit period start from the end of that disqualification?

Mr. ANDRAS: You embarrass me with your question. The purpose of the disqualification is to impose a penalty. We have suggested where a disqualification takes place of more than a week, let us say six weeks, that it be spread over 12 weeks; that is, every second week be considered a disqualification week in order not to impose too much difficulty at the one time, but your proposal is a very attractive one.

Mr. STARR: My proposal is what?

Mr. ANDRAS: Most attractive.

*By Mrs. Fairclough:*

Q. Then of course you have an anomaly there in that in section 65 which covers cases of fraud the person who commits fraud apparently qualifies, and the person who has been discharged for cause suffers. It seems as though under the Act it is better to commit fraud than it is to be fired for cause?

Mr. ANDRAS: Our position has never been that the penalty should be removed from the Act. If the claimant does things contrary to the Act he should be penalized. We have argued on frequent occasions that the punishment does not fit the crime. There has been a tendency about which we have complained to impose the maximum penalty under almost all circumstances. We have filed grievances on that year after year, and in some insurance offices there has been a modification—want to be quite fair about it—but if the claimant leaves without just cause or if he commits fraud or refuses suitable employment, then he leaves himself open to a penalty.

Mrs. FAIRCLOUGH: Do not misunderstand me, I am not arguing against that, but it seems to me that in the case of fraud after the period of six weeks' disqualification then the claimant can resume collection of benefits on his claim which was based on false statements.

Mr. ANDRAS: That is true.

*By Mr. Dufresne:*

Q. Mr. Mosher, why do you oppose the change from six months to one month?—A. We think it does not leave sufficient time to the average person to deal with his problem and make his claim.

Q. Do you not think that during this time since he cannot draw any benefit, he might be in a sad situation regarding his obligations?—A. If he had the six months it would not deprive him of any rights he has under the Act, but in cutting it down to one month, it does deprive him. If he voluntarily neglects during a reasonable period of time to make an appeal naturally he will be penalized for it, but to reduce the waiting time of appeal to 30 days is, I feel, too short a period of time for the average working man to decide on his mode of procedure, so to speak.

*By Mr. Johnston (Bow River):*

Q. There is one section on page 2 to which I should like to refer. I was interested in Mr. Mosher's statement regarding the ambiguity of the clauses. We have found that in some cases it is very difficult to understand the words that the lawyers have put into some of these sections. Now I suppose the congress has some lawyers who work on this to, and I doubt if they are any brighter than those lawyers in the employ of the Department of Labour—and we have found that some of those are not too bright. You have criticized the bill on page 2 where you say: "We venture to say that even members of this committee would have difficulty in arriving at a quick and clear understanding of its terms". I agree with you on that point. Have you re-written that section in your own words—the one about which you complain—in order to clarify

the meaning?—A. No sir, we have not re-written it. We think that the government of Canada has access to people who are just as qualified to write a section which could be understood by the average individual as well as anyone could whom the congress might employ or find among its own ranks. I know it is not always the most constructive action to criticize something without having something better to offer in its place, but since we have not been given the job of writing the amendment to the Act, we think that by calling attention to the difficulty we find in its wording that the government can very well secure people who can make it clearer and more satisfactory to all of us.

Q. I am not saying this in a critical way.—A. I understand that.

Q. However, we have a sample here of the work of the law officers of the Crown, particularly the Department of Labour, in writing this section, and it has not been made very clear. Now, I wonder if you would undertake to re-write that section in your own words to clarify it and present it to the committee in order that the committee might have a look at it, compare the two, and see which is the better?—A. I am afraid I cannot answer "yes" to that question, sir. We have limited resources, as you know, for purposes of this kind, and I am afraid we are not in a position to do the job which we feel the government should do in clarifying this Act.

Mr. DUFRESNE: You could ask an ordinary man on the street to write it in his own plain words.

*By Mr. Knowles:*

Q. May I ask another question regarding section 21 of your brief to which Mrs. Fairclough has already referred. Are we correct in taking it from what is in the brief and from your interpolation that the congress would like to see unemployment insurance benefits covering workers unemployed at any time provided that unemployment is beyond their own control?—A. Right.

Q. Including illness being its cause?—A. Right.

Q. May I ask this question. If it were established that it might cost an additional amount of money or even a slight increase in the premium to be paid in in order to provide that kind of coverage, what would be the attitude of the congress?—A. I think the attitude of the Canadian Congress of Labour and organized labour generally is that they would be quite willing to meet their share of the additional cost.

*By Mr. Michener:*

Q. I wonder if Mr. Mosher has any figures as to the number of people who are covered by the Unemployment Insurance Act, and who already have sickness benefits under some scheme or other, either with their employers or on their own?—A. No, I am afraid we do not have those figures.

Q. Would it be a substantial number of those who are now in employment and covered by the Act who have sickness benefits of one kind or another?—A. It depends on what you mean by "substantial." There is certainly a percentage of our people—those particularly who can afford to buy this extra protection from private corporations—who have that kind of protection, but as to the percentage or the number, I am sure it would only be a guess.

Q. The reason I asked is to find the extent of the problem which Mr. Knowles raised. My impression has been that in recent years the collective bargaining and the extending of benefits of one kind and another have been so great that a good percentage of the people who are the subject of this legislation have already secured some kind of sickness benefit which pays them in the event of their being unemployed due to illness, and that is paid in much the same way as it would be under this Act?—A. You find that more par-

ticularly in some of the larger corporations where they are employing many thousands of people, but I am quite satisfied that a survey of the situation would reveal that many hundreds of thousands of workers do not have those benefits simply because the cost to them is prohibitive.

Q. In your view, would it be preferable to adopt the other method of dealing with it, and bring sickness insurance under the Act?—A. Yes. If the benefit were brought under this Act and if it were sufficiently substantial to meet the situation I think we would favour it rather than having the individual buy protection or negotiate for the benefits through collective bargaining.

*By Mrs. Fairclough:*

Q. Yes, but you have two separate kinds of benefits there. You have the insurance or whatever you call it which pays the medical and hospital expenses and so on, but at the same time it does not give the worker one cent for the maintenance of his home. Now, they are two entirely different things. There is a type of insurance available—as a matter of fact, I have it myself on a private basis—which pays not only medical expenses, but also a certain sum per week for the period during which you are incapacitated and unable to carry on your normal business activities. Now, that is an expensive type of insurance.—A. If you are talking about P.S.I. or Blue Cross, you are talking about the paying of hospital expenses and physicians' services, but certainly those plans do not pay for the medicines and other things which must be used and which also cost money. There are few of these plans of which I have knowledge, but there may be some way in which they take care of the expense involved in trying to get well once you become sick.

Q. And none of those schemes available to workers so far as I am aware—correct me if I am wrong—pay anything for loss of earnings?—A. Yes, that is true.

Mr. ANDRAS: There are some.

The WITNESS: There may be the odd one.

Mrs. FAIRCLOUGH: I am not aware of any.

The WITNESS: I could not mention any.

Mr. MICHENER: I know of some schemes of that kind; they do pay compensation for loss of earnings due to illness and thus they close the gap between workmen's compensation and unemployment insurance.

Mr. ANDRAS: There are those which cover non-compensable illness, but they are limited in the amount of money and the duration during which the coverage takes place. A period of 13 weeks is the most frequent, but there are some which have a 26-week maximum.

*By Mr. Bell:*

Q. Mr. Mosher, can we take it that you are now fairly well satisfied with the new section concerning the board of referees?—A. I think I could say we do not like the word "court" and that we prefer the word "referee"—"Board of referees"—but in general I think we are pretty well satisfied.

Q. In other words as things stand now, the appellants in circumstances such as these are subject to no injustices, but you would point out that you do not like the word "court" and you do not feel the expenses and travelling and so on he might have to do are really serious?—A. That is right.

*By Mr. Dufresne:*

Q. Mr. Minister, I would like to draw the attention of the committee and of the members of the Congress of Labour to one point. We often receive complaints from young female workers regarding the lack of information they

receive from their employers when it comes time for them to leave their jobs and get married. We have many young girls who decide one day to get married, and they go to their employers and endeavour to get all the information on the subject of their benefits. I realize that this is a complicated law for the ordinary worker, and frequently they do not receive from their employer the necessary information about the time concerned and the representation that must be made for their benefit. Sometimes we have cases in which a young girl has worked for the same employer for 8 or 10 years. The employer may be satisfied with her work and because she has been a good employee he is anxious to take care of her interests. I know it is true in my own riding that frequently an employer does not give the employee the right kind of information to which she is entitled, and often she thinks the information she has received from the employer is correct, and sufficient to entitle her to draw unemployment insurance benefits.

Now, here is what happens. She goes to the unemployment insurance office. She is sure of being able to draw her benefits, but she finds herself in possession of information given to her which was not correct or complete, and after contributing for a period of 8 to 10 years she finds herself unable to receive any benefits.

I wonder if there would be any way—perhaps through the Department of Labour or even through the labour syndicates—to invite these people not to go anywhere else but to the unemployment insurance office in order to obtain the right information which will give them an opportunity to draw the benefits to which they have contributed for so long and to which they are fully entitled. I have had many such cases in my riding, and of course we cannot go beyond the law. Frequently these girls are deprived of their rights to receive unemployment insurance benefits and, as I have already pointed out, they have often contributed for many years. Can there be a concession made by the Canadian Congress of Labour, or the minister or some of the members of the committee, whereby these people could be given the right kind of information to which they are entitled in order that they might not be deprived of their rights in receiving the benefits?

Hon. Mr. GREGG: Mr. Chairman, I think that is a question which has to do with administration primarily and I am sure that the commissioner and the members of the commission who are here this morning will take note of what has been said, and perhaps we could discuss this at a later time. I would like to say with regard to the question covered in this brief in relation to married women and in relation to hospital coverage and these other things, that during the last six months as we have had this intensive study going forward, proposed changes in the regulations have been put forward by the commission which were held until we could have a thorough discussion such as we are having this spring, and what you have said, Mr. Dufresne, is to some extent related to the women covered by the Act. I will ask the commission to discuss your point at a later sitting of this committee.

Mr. DUFRESNE: May I respectfully suggest that I brought this matter up only because I think that it might be possible to work it out jointly with the labour syndicates and the Minister of Labour.

The WITNESS: I might say that one of my colleagues here suggested that if workers were not getting the proper information from their employers they might be well advised to join a union where they will get the proper information from the officers of the organization.

Hon. Mr. GREGG: That is by way of a commercial!

Mr. DUFRESNE: But they might go to the union and contact a less informed man.

The WITNESS: Oh no.

By Mr. Deschatelets:

Q. I understand the congress is in favour of extending the coverage under the Act?—A. Yes.

Q. Do I understand you are favouring certain classes of workers coming under the Act even if the workers cannot benefit from the Act? I have in mind the Association of Fire Fighters who, as well as the police, cannot benefit from the Act. Do I understand that the congress would like all employees in general to come into the plan even if they cannot derive any benefit from it?

Mr. ANDRAS: We believe, Mr. Chairman, there is not a wage or salary earner in this country who does not at one time or another face the risk of unemployment. Even fire fighters might want to change jobs or they may be dismissed for some infraction of the rules governing their brigade or what have you. When such people lose their jobs, they are faced with the situation of being out of work and receiving no income, and it may be that many of them would be very glad to be covered even if they never have to face unemployment. This is similar to being glad that you have a fire insurance policy, even if you have to pay a fire insurance premium every year. I think the analogy is there.

We have stated to the advisory committee that there should be universal coverage and that will take in good and bad risks which is a sound insurance principle. There is hardly a person in this country, however secure he may feel in his employment, who does not face some risk that he may lose his job at some time or another.

Mr. DESCHATELETS: Do you agree that according to section 27 of the proposed bill a member of the police force is excepted from the plan?

Mr. ANDRAS: I would reiterate my previous statement that we stand for universal coverage. You may recall that recently in Montreal a number of policemen were separated from their employment as a result of a change in the mayoralty. I think they might have welcomed unemployment insurance benefits.

Mr. JOHNSTON (*Bow River*): Did I understand you to suggest that if people were fired for a good cause, that they should not receive unemployment insurance benefits?

Mr. ANDRAS: I did not say that. If a claimant loses his job because of voluntary leaving or misconduct, then he is entitled to file a claim for benefits, but the insurance officer is liable to impose a penalty of up to six weeks' disqualification for voluntarily leaving or leaving without just cause or being dismissed on the basis of misconduct.

Mr. JOHNSTON (*Bow River*): I thought you were referring to Mr. Deschatelets' remark when you said firemen may be in need of benefits if they were fired?

Mr. ANDRAS: If they were fired then they would be in the position of any other unemployed worker. I do not see the distinction.

Mr. JOHNSTON (*Bow River*): If fired for a good cause they would not have access to unemployment insurance other than filing claim?

Mr. ANDRAS: They would, after the penalty period. If they could establish a claim for 51 weeks, they might find themselves with a six weeks' disqualification, but thereafter they would have entitlement. Our Act does not impose an unlimited penalty on claims of that sort.

The CHAIRMAN: Did you wish to ask a question, Mr. Fraser?

Mr. FRASER (*St. John's East*): I notice on page 6, paragraph 2 of the brief dealing with section 15, the congress submits that the benefits should

not be less than 60 per cent of earnings. I would like to ask Mr. Mosher if the congress has made any calculation as to the increased cost that would entail or what effect it would have on the rates of contribution?

Mr. ANDRAS: No sir. We have always discovered when we make a suggestion to the government that they can easily establish these calculations through their actuary and if they find it is excessive they inform us of it quickly. We are always astonished with the rapidity with which we receive this information. The second answer I would make is that we have always faced up to the fact that we are prepared to pay our share of the costs.

Mr. BELL: The minister might have mentioned this previously, and I do not wish to embarrass the congress or anyone else, but to what extent were you people consulted previously by the commission before this brief was prepared—were discussions held?

Mrs. FAIRCLOUGH: Before the bill.

Mr. ANDRAS: We have a representative on the advisory committee and these things are put before the advisory committee year by year—we make our representations annually as we do to the government in our annual statements.

Hon. Mr. GREGG: I think Mr. Bell's question goes further than that. I believe he asked if in addition to the advisory committee, you were consulted by the commission prior to the introduction of the resolution in parliament?

Mr. ANDRAS: We knew that something was in the air and the newspapers were certainly full of it. We have a cordial relationship with the Unemployment Insurance Commission and its officers. At the moment I see a representative of the Canadian Manufacturers Association sitting in the corner—I hope he does not mind my drawing attention to him. Over the years we have established a cordial relationship.

Mr. BELL: They do not come to you and say, "Here is a section of the Act; how do you feel about this comma or that draft or this piece?"

Mr. ANDRAS: We are aware over the years of changes being contemplated and to that extent we are kept informed. I think it is a proper kind of relationship and it is certainly one which we appreciate.

Mr. MOSHER: I think I should add to that that the Minister of Labour has been very tolerant in allowing us to come and see him on many occasions to discuss the changes we think should come in any amendment to the Act and we appreciate the manner in which he has always received us, and has worked out these things.

Mr. BELL: Does he say "No" most frequently?

The WITNESS: Whenever we go there, we expect to get 99 per cent "no," and one per cent "yes" answers.

The CHAIRMAN: On behalf of the committee, I want to thank you, Mr. Mosher, for coming before us and presenting your brief. I wish also to thank Mr. Andras, Mr. Wolstein and Mr. Elroy Robson. I can only say that your briefs will be considered by the committee.

Hon. Mr. GREGG: And as Minister of Labour I say amen to that.

The CHAIRMAN: Now, members of the committee, we have a request from the Trades and Labour Congress to present a short brief today. We have with us Mr. Cushing and Mr. Wismer of that body, and I believe they are anxious to present a brief at this time. The reason for this is that they are having a convention soon and this is the only opportunity they will have of appearing before this committee prior to sometime in June.

Mr. BROWN: (*Essex West*): Where are they having the convention?

The CHAIRMAN: In Windsor.

Some Hon. MEMBERS: Another commercial!

The CHAIRMAN: Yes, another commercial. If the committee will agree, we will now hear from Mr. Cushing.

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Mr. Cushing is the general secretary-treasurer of the Trades and Labor Congress.

Mr. CUSHING: Mr. Minister, Mr. Chairman, ladies and gentlemen. We appreciate very much this opportunity on what might be called short notice of making our submission to you this morning. At the end of this week our officers and people will travel to Mr. Brown's constituency to hold the annual national convention. As your chairman has said, if we do not say our piece this morning unfortunately we would not have the opportunity of appearing before your committee. If this were the case it might very well meet with the approval of the committee, but we feel we should come and say what we have to say. Our presentation has been kept as brief as possible, and I would ask Mr. Wismer to make our submission to you at this time.

The CHAIRMAN: Thank you, Mr. Cushing. Mr. Wismer.

Mr. WISMER: Mr. Chairman and members, the Trades and Labor Congress of Canada is pleased to have this opportunity to place its views before you on the contents of Bill 328, an Act respecting Unemployment Insurance.

At the outset we wish to stress upon your committee the importance of this legislation to our more than 600,000 affiliated members throughout Canada. Among these affiliated members are those who, perhaps, feel the pinch of seasonal unemployment more and more regularly from season to season than any other organized workers in Canada. In particular, we would draw your attention to those employed in the building and construction industry, the shipping industry and water transportation, and to the garment industry.

Because of these prevalent conditions which were faced traditionally by our affiliated members, it was this congress which made the first efforts to have such legislation placed upon the statute books and implemented in Canada. When these efforts began to bear fruit during the depression years of the thirties, it was the president of this congress who became one of the commissioners charged with establishing the first unemployment insurance provisions. When the present legislation was mooted and finally put into effect it again was this congress which was the active agency seeking the establishment not only of the legislation itself but also the best possible provisions and methods of administration. We therefore have a major interest today in seeing that any extensive revision of the legislation should be accomplished in the best possible manner.

We wish to advise your committee that we have met on many occasions with the Minister of Labour and officials of the Unemployment Insurance Commission before this bill was introduced into parliament.

In all of these meetings we consistently asked for certain changes which are not contained in Bill 328. This is one major reason why we asked for this opportunity to place our views before your committee. In these meetings too, we asked that certain features of the present legislation should be retained which have not been. We wish to draw these to your attention because their deletion from the legislation will work hardships upon our affiliated members.

In general terms we favor the principle and provisions of Bill 328. At the same time, we take the position that new legislation of this type can never be certain of acceptable enforcement until after it has been subject to administration. It is possible therefore that we may be back here next year urging certain changes in the new Act which today we will not suggest in Bill 328.

We of this congress see unemployment insurance as an income maintenance scheme and a measure of social security which can be of great usefulness to those who become temporarily unemployed. We also believe that such a scheme can provide the greatest benefit not only to the unemployed themselves but to the economy generally when it is designed to fit the current situation.

Maintenance of income in the hands of the temporarily unemployed can have the effect of maintaining others in employment who would otherwise become unemployed. Maintenance of income in the hands of those who become unemployed for protracted periods would have the same effect, but the maintenance of such income should be assured through an agency or legislation apart from unemployment insurance.

To make unemployment insurance benefits available to the temporarily unemployed on the most advantageous basis, having in mind the foregoing paragraphs, we believe that it should be possible for insured workers to qualify in the shortest possible time and to allow them to draw benefits for the longest possible time. The attempt which has been made to do this in Bill 328 we think is a good one. The reduction of the contribution-benefit ratio from (5 to 1) to (2 to 1), with a corresponding adjustment in the minimum period for qualification, we believe is a step in the right direction.

What we disagree with and urge your committee to rectify is the reduction of the maximum benefit period from 51 weeks to 30. We would like to remind your committee that the success of the present Unemployment Insurance Act and its administration is to a large extent the result of making it apply to most employments in Canada, including those in which temporary or seasonal unemployment is relatively small. At least a part of the ability to keep such workers encouraged to continue to accept such coverage and make the necessary contributions stems from the fact that at a time of long lay-off or retirement these workers can look forward to a year of benefits. In our opinion, to withdraw this feature and thereby this encouragement to these workers to accept coverage is to court real danger and, perhaps, eventual disaster.

At the moment there are groups of workers who should be covered by the Act and on whose behalf we have consistently asked for coverage. The target of this congress has always been, and still remains, complete coverage. We hope your committee will support us in this. But we wish to point out that the effect of setting the maximum period for benefits under the provisions of Bill 328 could be requests from large employment groups for withdrawal from coverage. Should this happen, the position of the fund would be quickly weakened and the whole structure which today seems eminently sound would deteriorate into chaos.

We therefore specifically request that the maximum period for benefits be retained at the present 51 weeks.

We are well aware that cost enters into this, but we would remind your committee that claims experience has shown that the drain on the fund in recent years from those drawing benefits for such long periods has not been great. The necessary weighting of the contributions to provide for this maximum period of 51 weeks would not be excessive.

The increase in benefits provided in Bill 328 and the increase in the number of classes with consequent adjustment of the benefit rates throughout the scale is, we believe, an improvement. But we wish to point out that the ceiling on benefits and on earnings upon which contributions may be paid is too low and completely out of line with present wage and salary scales. If this ceiling is approved by your committee and parliament, we wish to point out that the advantages to be gained from this legislation will be greatly and unnecessarily curtailed. For instance, over forty per cent of those covered by unemployment insurance earn more than \$60 per week. For the worker employed in the

skilled trades and earning, say \$80 to \$100 per week, a weekly benefit of \$30 is little more than a subsistence payment. Unemployment insurance was not designed and should not be designed to provide more subsistence.

We would point out further that this fact is taken into account in workmen's compensation. Generally workmen's compensation is paid at a rate of sixty-six and two-thirds per cent of earnings in most provinces and at as much as seventy-five per cent in some. Ceilings on earnings in these cases too are higher than \$60 per week.

We have heard it suggested that benefits set at higher rates than those proposed in Bill 328 could lead to malingering of workers. We are not prepared to accept this suggestion, and at the same time we would draw your attention to the benefits proposed at the lower levels where they do amount to as much as sixty-six and two-thirds per cent of weekly earnings or more. If there is any point to the suggestions that benefits could be set too high for those in the higher earnings groups, then the anomaly we wish you to consider is how can parliament agree that the unskilled and low paid worker is less likely to mangle than the highly skilled and higher paid worker. We wish to be quite clear that we do not object to the benefit levels set for the lower earnings categories, but do object to those set for the higher levels.

We therefore request that your committee revise the benefit schedule, and provide that benefits shall not be less than sixty-six and two-thirds per cent of earnings at all levels, with no ceiling on the amount of earnings for which contributions will be paid for those on hourly rates of pay.

We hope that your committee will give full consideration to our requests, that you will approve of them, and recommend to parliament that these important changes be made in Bill 328 in the interests of all of those who may become unemployed and of the economy generally.

Respectfully submitted on behalf of

THE TRADES AND LABOR CONGRESS OF CANADA

Claude Jodoin, President

Gordon G. Cushing, General Secretary-Treasurer.

The CHAIRMAN: Thank you, Mr. Wismer. Would the committee like to question either of these gentlemen at this time?

Mr. MITCHENER: There is an interesting comparison, Mr. Chairman, between the minimum rate of benefit in the two briefs we have today. I understand that these two great labour organizations are considering combining. It is a question of which we will change as a result of the combination.

Mr. WISMER: I think the answer is very simple. We are going to a convention next week at Windsor of the united congress which would set the policy as to what the percentage should be. The reason we have a convention is that it is a democratic organization and I am sure it will be democratic when the unions are put together.

Mr. KNOWLES: Mr. Chairman, I believe that Mr. Cushing and Mr. Wismer were in the room when we were questioning Mr. Mosher a while ago. I wonder if either of these gentlemen would care to comment on the questions I asked regarding unemployment insurance including coverage at the time of sickness. Where does the Trades and Labor Congress stand on that question?

Mr. CUSHING: Of course, our position had been when we submitted our submission to the cabinet last November that there should be a provision along with the unemployment insurance to cover those people who become unemployed because of illness. Of course, we have been told very emphatically by the Prime Minister that that cannot be the case, that that would be bringing

health insurance in through the back or the side door and that it will have to come in through a separate piece of legislation. Our representation is that it should be either part of the unemployment insurance or another piece of legislation parallel to the Unemployment Insurance Act.

Mr. KNOWLES: May I ask the other question which I put to Mr. Mosher as to the sickness benefit aspects; if it were established that it requires a slightly higher premium what would be your attitude to that?

Mr. CUSHING: We are prepared to go along with that increase in premium to cover health insurance if it is necessary.

Mr. MALTAIS: Regarding this extra premium some discrimination is bound to be made against employees in big firms who already have insurance under which benefits they can draw some relief when they are sick. Should this extra premium be extended at large to all employees or should there be a rider whereby the employee chooses to be covered in the event that he becomes sick when unemployed?

Mr. CUSHING: Mr. Wismer points out the first thing that is important is that this is a guarantee or indemnity of income. What we are proposing is not an insurance to cover hospital, medical bills and so on. I think you should have universal coverage just the same as you have for unemployment. Any other private plan could be still operated by the employer and employee groups to cover medical bills and hospital bills and so on.

The CHAIRMAN: On behalf of the committee, Mr. Cushing and Mr. Wismer, I wish to thank you for coming here and presenting this brief.

Mr. WISMER: We are glad we were able to be here today.

The CHAIRMAN: I am sure that each of the members of the committee will study the brief very carefully. Thank you very much. Now, the committee will adjourn to the call of the chair.

—The committee adjourned.

HOUSE OF COMMONS  
Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 4

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BILL No. 328  
An Act respecting Unemployment Insurance

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THURSDAY, MAY 26, 1955

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WITNESSES:

Mr. J. G. Bisson, Chief Commissioner, Mr. C. A. L. Murchison, Commissioner and Messrs, Barclay, Temple, Curry, and Dubuc, of The Unemployment Insurance Commission.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955.



## MINUTES OF PROCEEDINGS

House of Commons, Room 16,  
THURSDAY, May 26, 1955.

The Standing Committee on Industrial Relations met at 10.30 o'clock a.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Bell, Brown (*Essex West*), Brown (*Brantford*), Byrne, Cauchon, Churchill, Deschatelets, Dufresne, Fairclough (Mrs.), Fraser (*St. John's East*), Gauthier (*Lac St. Jean*), Gauthier (*Nickel belt*), Gillis, Hahn, Johnston (*Bow River*), Knowles, MacEachen, Murphy (*Westmorland*), Nixon, Simmons, Small, and Starr.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour, Mr. A. H. Brown, Deputy Minister; Mr. J. G. Bisson, Chief Commissioner, Unemployment Insurance Commission; Mr. C. A. L. Murchison, Mr. R. J. Tallon, Commissioners; also, Mr. R. J. Barclay, Director of the Insurance Branch, Mr. J. W. Temple, Director of the Employment Service, Mr. L. J. Curry, Executive Director, and Mr. Claude Dubuc, Legal Adviser; Mr. Richard Humphrys, Chief Actuary, Department of Insurance.

The Committee resumed, from Thursday, May 19, consideration of Bill No. 328, An Act respecting Unemployment Insurance.

The Chairman announced that the Subcommittee on Agenda and Procedure had agreed to recommend that the following national organizations, which had so indicated their intention, to attend before the Committee and present their views with respect to the Bill now under study: The Canadian Manufacturers Association, the Canadian Construction Association, and The Confédération des Travailleurs Catholiques du Canada; furthermore, the Canadian Mine-Mill Council of the International Union of Mine, Mill and Smelter Workers to be notified to present their views to the Committee in writing.

The Chairman also read letters from the Canadian Retail Federation, The Canadian Chamber of Commerce and the Industrial Union of Mine and Shipbuilding Workers of Canada, in which the respective views of these organizations were expressed.

The Chairman also informed the Committee that the brief from the International Association of Firefighters, distributed to all members, would be appended to the printed record of today's proceedings. This was agreed to. (See Appendix "A" on page ...)

It was then agreed that the Committee proceed forthwith with the clause by clause study of Bill No. 328, An Act respecting Unemployment Insurance.

In the course of the study of the Bill, many questions addressed to them by the members of the Committee were answered in turn by Hon. Mr. Gregg, Mr. Bisson, Mr. Murchison, Mr. Temple, Mr. Curry, Mr. Barclay and Mr. Dubuc.

*Clause 1* was considered and agreed to.

*Clause 2*, being the interpretive clause, it was agreed that the said clause be stood over until all other clauses of the Bill had been agreed to.

*On Clause 3*

Mrs. Fairclough moved the following proposed amendment:

That subclause (1) thereby be amended by striking out the words "three commissioners" in line 9 on page 2 of the Bill and substituting therefore the following: "four commissioners, one of whom shall be a woman," so that the said subclause would now read:

3. (1) There is hereby established a Commission called the "Unemployment Insurance Commission" consisting of four Commissioners, one of whom shall be a woman, appointed by the Governor in Council, of whom one shall be Chief Commissioner.

After lengthy debate on the said proposed amendment of Mrs. Fairclough, the Chairman ruled the amendment out of order because, he stated, under the rules of the House, no amendment can be made to the Bill by the Committee which results in an increased charge upon the public. He added, however, that the Committee could recommend that the Government consider the advisability of giving effect to the intention contained in the terms of the said proposed amendment of Mrs. Fairclough.

It was agreed that subclauses (1) and (2) of Clause 3 as well as clause 35 of the Bill be stood over.

Mrs. Fairclough then gave notice that she would later move the following resolution:

That the following recommendation be made by the Committee to the House:

The Committee recommend that the Government consider the advisability of amending Bill No. 328, An Act respecting Unemployment Insurance as follows:

Subclauses (1) and (2) of Clause 3 of the said Bill to be struck off and the following substituted therefor:

3. (1) There is hereby established a Commission called the "Unemployment Insurance Commission" consisting of five Commissioners, appointed by the Governor in Council, of whom one shall be Chief Commissioner.

(2) One Commissioner, other than the Chief Commissioner, shall be appointed after consultation with organizations representative of workers and the other two after consultation with organizations representative of employers.

Subclauses (3), (4), (5), (6) and (7) of Clause 3, also Clauses 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 were severally considered and agreed to.

Subclauses (1) and (2) of Clause 19 were considered and stood over for further study.

At 12.30 o'clock p.m., the Committee took recess.

The SENATE, Room 368.

The Committee resumed at 4.00 o'clock p.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Bell, Byrne, Churchill, Deschatelets, Fairclough (Mrs.), Fraser (*St. John's East*), Gillis, Hardie, Johnston (*Bow River*), Knowles, MacEachen, Murphy (*Westmorland*), Nixon, Simmons and Starr.

*In attendance:* The same officials as are listed in attendance at the morning sitting, with the exception of Mr. R. J. Tallon, Commissioner of Unemployment Insurance.

Clause 19 was further considered and entirely agreed to.

Clause 20 was considered and agreed to.

*On clause 21*

Subclause (1) was stood over to be considered at a later date when an amendment will be brought in for consideration of the Committee.

Subclauses (2) and (3) of the said Clause were severally considered and agreed to.

*On Clause 22*

Subclause (1) was considered and agreed to.

Subclause (2) was considered and stood over for further consideration at a later date.

Subclauses (4) and (5) were severally considered and agreed to.

Clauses 23, 24 and 25 were severally considered and agreed to.

Mr. Murphy (*Westmorland*) moved and it was agreed, that the statement of Placements by Industry and by Type of Placement, 1953 and 1954, distributed to members during study of Clause 23, be appended to the printed report of the day's proceedings and evidence. (*See Appendix "B"*).

*On Clause 26*

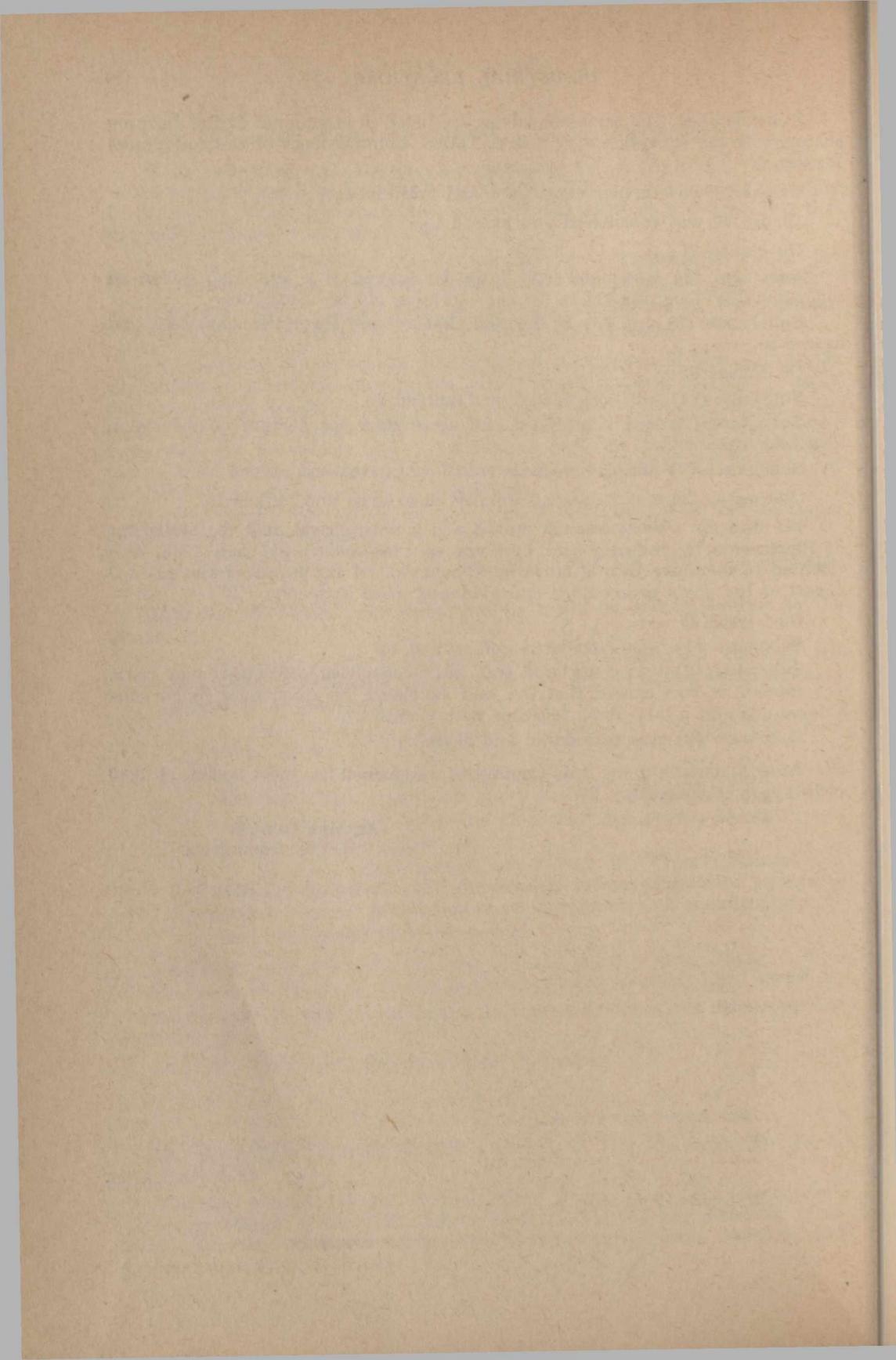
Subclause (1) was considered and agreed to.

Subclause (2) was considered and, after considerable discussion on para. (c) thereof, it was agreed that the said subclause be stood over to be considered again at a later date, together with Clause 27.

Subclause (3) was considered and agreed to.

At 6.00 o'clock p.m., the Committee adjourned to meet again at 3.30 o'clock p.m. Friday, May 27.

Antoine Chassé,  
*Clerk of the Committee*



## EVIDENCE

MAY 26, 1955.

10.30 A.M.

The CHAIRMAN: Order gentlemen, please. For the information of the committee I would like to say that the steering committee met here this morning. We considered some requests for briefs to be presented personally to this committee on Bill 328 and the steering committee decided to hear briefs from the Canadian Manufacturers Association, The Canadian Construction Association and the Catholic Federation of Workers. Any other requests that may come in from time to time until the work of this committee is completed will be advised that they may send a brief—or sufficient copies so that each member of the committee will have one—and that their briefs will be recorded as an appendix to the minutes of the meeting.

Unfortunately we will not have anyone here today to present a brief. The people who were going to be here will not be prepared to present their brief until next week, so if it is agreeable to the committee before proceeding with our work today, I might read some letters which I have received.

I have a letter from the Canadian Chamber of Commerce written to myself under the date of May 19, 1955.

530 BOARD OF TRADE BLDG.,  
MONTREAL 1, QUEBEC.

Mr. George Nixon, M.P.,  
Chairman,  
Industrial Relations Committee,  
House of Commons,  
Ottawa, Canada.

Dear Mr. Nixon,

The proposals contained in Bill 328—an Act Respecting Unemployment Insurance, has been considered by the Chamber's Labour Relations Committee and by the Chamber's Executive Council and have been generally approved. The Executive Council, however, wishes to go on record that it would be greatly concerned if any attempt were made to extend the maximum duration of benefits from 30 weeks, as proposed, to a longer period. Further, in the opinion of executive council, the present proposal calling for the payment of maximum benefits of \$30.00 a week is sound, having regard to the present level of wage rates.

The council suggests that even the present proposals of the bill concerning contributions, will result in a fairly substantial increase in cost and any additional class, necessitating still higher contributions would be unreasonable at the present time. We wish, respectfully, to place these views before you and the members of the Industrial Relations Committee.

Yours sincerely,  
(Sgd) W. S. Kirkpatrick.

We also have a letter from the Canadian Retail Federation who are asking to present a brief to bring out certain points. It is addressed to myself under date of May 19, 1955 and reads as follows:

MAY 19TH 1955.

Mr. George Nixon, M.P.,  
Chairman, Industrial Relations Committee,  
Parliament Buildings,  
Ottawa, Ontario.

Dear Mr. Nixon,

It is our understanding that the new bill relating to the Unemployment Insurance Act is now before the Industrial Relations Committee. The Canadian Retail Federation, which is thoroughly representative of retailing in all parts of Canada, has been deeply interested in the contents of the proposed Bill and I have been asked to place certain of our views before you at this time.

The federation would be much concerned if any attempt were made to extend the maximum duration of benefits from thirty weeks, as now proposed, to any longer period, such as one year. It is also our opinion that the present proposal involving a payment of a maximum benefit of \$30.00 a week is definitely sound, in view of the present level of wage rates.

There is no question in our minds but that the change to a maximum benefit of \$30.00 a week, with a maximum duration of thirty weeks, will involve a rather substantial increase in costs. We believe that any additional class involving still higher contributions would not be practical at the present time.

I would be grateful if you would bring to the attention of the members of the Industrial Relations Committee these views of the Canadian Retail Federation.

Thanking you in advance, I remain,

Sincerely yours,

(Sgd) E. F. K. Nelson,  
General Manager,  
Canadian Retail Federation

We have another letter from the Industrial Union of Marine and Shipbuilding Workers of Canada written to myself by the secretary-treasurer under date of May 18, 1955 which reads as follows:

Chairman of the Parliamentary Committee,  
Amendments U.I.C. Act,  
Ottawa, Canada.

Honourable Sir:—

At a recent membership meeting of this organization, great concern was expressed by our members with regard to the proposal presently being considered by parliament to reduce the length of time for which unemployed workers would be eligible to draw benefits in a benefit year.

Under present economic conditions, particularly in the maritimes, where long established industries, such as coal mines, railway car ferry

operations, etc., have closed down permanently, it is possible that some of these workers may find themselves unemployed for lengthy periods before they are able to secure employment.

We therefore urge that the Act be amended so as not to reduce the period of time for which claimants are presently paid, but rather to extend it until employment is obtained, and that benefits be increased at least 50 per cent over existing benefit rates.

Yours truly,  
(Sgd.) Murray A. Lowe  
Secretary-Treasurer.

The CHAIRMAN: That is all the correspondence that I have read today and with the consent of the committee we shall have these letters embodied in the daily report. Is it agreed?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: As I said a moment ago there will not be a brief presented to the committee this morning. I wonder if the committee would care to proceed with the bill and if we come to sections that we find difficult to get through we can stand them.

Mr. HAHN: Mr. Chairman, before you do that, I would like to suggest that any further letters or briefs that are submitted be automatically recorded in the minutes without going through the procedure of reading them to the committee.

The CHAIRMAN: Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: I think that was suggested anyway. We will now consider Bill 328, an Act respecting Unemployment Insurance.

Clause 1; shall section 1 carry?

The CHAIRMAN: Clause 2, that is headed "Interpretation." Probably we should leave that one and proceed to clause 3.

Clause 3. Organization and appointment.

Shall clause 3 carry?

Mrs. FAIRCLOUGH: No.

Some Hon. MEMBERS: No.

Mr. CHURCHILL: What changes if any are there from the old act, Mr. Chairman?

The CHAIRMAN: In clause 3?

Mr. CHURCHILL: Yes.

The CHAIRMAN: We will take clause 3; let us take subclause 2, "Chief Commissioner and Commissioners." Now, who is going to tell us about the changes here?

Mr. J. G. BISSON (*Chief Commissioner, Unemployment Insurance Commission*): On subclause 2, there is no change.

The CHAIRMAN: There is no change in subclause 2; carried.

Mrs. FAIRCLOUGH: No, wait a moment. What about subclause 1?

Mr. BISSON: There is no change.

Mrs. FAIRCLOUGH: Mr. Chairman, once more I bring up this question of the appointment of women to the commission. This is the time I think when we should consider that, and I point out that almost 25 per cent of the workers in the labour force are women and yet, as I said the other day in the House,

at no place in this Act does it make specific provision for the inclusion of women either on the commission itself or on any of the committees. As we come to these various sections I propose to bring this matter up again, and I might say I am not speaking from my own viewpoint alone, nor from that of women's organizations. I am speaking from the the position which has been established by reason of representations that have been made to me by individuals and groups of individuals who are concerned with the administration of this Act, and while they have not made an official representation at any time, I have had a number of discussions with them, and at least half a dozen definite suggestions were made to me that I should request a change in these regulations to include women in the Commission. I now present that to you, and I would like to hear from the minister as to why such a suggestion could not be considered.

Hon. Mr. GREGG: Well, I can assure you, Mr. Chairman, that the matter has been considered. The commission as previously set up consists of three members, and it would be quite in order for the government to appoint a woman as chairman, or it would be in order when the government has to appoint one or other of the other two—as the old Act pointed out after consultation with organized labour on the one hand and with organized management on the other—if a nomination were made for a woman there. If the setup were as at present and it did not happen that one of these three was a woman, it would necessitate an increase in the form of the commission itself, and if it were increased for the purpose of adding a woman because of special representation which is important therein, then it would perhaps be necessary to reconsider the whole setup of the commission. I am not saying that should not be done, but I can say that at the time of revision was given some thought and it was felt that there were a great many things in the consolidation and revision that it would perhaps be better to have carried out under the existing organization rather than to change the organization itself when that was being done. However, I can assure you, Mr. Chairman, that as far as the government is concerned, we will keep in mind any changes that may usefully be effected in the commission.

Mrs. FAIRCLOUGH: Well, Mr. Chairman, that is not very satisfactory. You have here practically 25 per cent of your labour force who get just so far with their representations and then their viewpoint is just not considered. I cannot see how it can be considered unless you have a representative of that group on the commission. Therefore, Mr. Chairman, I move that the word "three" in line nine be deleted and the word "four" be inserted, and that in line ten a comma be placed after the word "commissioner" and it shall say "one of whom shall be a woman."

The CHAIRMAN: Could I have a copy of that please?

3. (1) There is hereby established a Commission called the "Unemployment Insurance Commission" consisting of three Commissioners, appointed by the Governor in Council, of whom one shall be Chief Commissioner.

(2) One Commissioner, other than the Chief Commissioner, shall be appointed after consultation with organizations representative of workers and the other after consultation with organizations representative of employers.

Mr. BROWN (*Essex West*): Mr. Chairman, are we appointing these commissioners because of the fact they are men or women, or because they have certain qualifications? I certainly am not opposed to having a woman as a commissioner, but the woman must have certain qualifications to hold such a position, and if we can find a woman who has those qualifications I feel sure that the government would feel it advisable to appoint a woman, but just because she is a woman she should not be appointed to a commission, nor should a man be appointed simply because he is a man. These appointments

should be made on the basis of certain qualifications which would satisfy the requirements, and for that reason they should be appointed to the commission. I am all for women holding all jobs—

Mr. GAUTHIER (*Nickel Belt*): Just imagine!

Mr. BROWN (*Essex West*): And I am in favour of equality of the sexes, but just because she is a woman we are not going to appoint her to this position. I think that it would be a great mistake. Women have their place in our governmental affairs, but women of course must show they have the requirements that are necessary. I would urge upon all women throughout all Canada to take an active part in political affairs—yes, and partisan affairs—so they can qualify themselves to hold governmental jobs.

Mrs. FAIRCLOUGH: Do I understand Mr. Chairman, that the hon. member thinks there are no qualified women who could serve on these commissions.

Mr. BROWN (*Essex West*): I did not say that.

Mrs. FAIRCLOUGH: Nor did I say that a woman should be appointed simply because she is a woman.

Mr. BROWN (*Essex West*): But you are making it a stipulation that she must be a woman.

Mrs. FAIRCLOUGH: There are already two stipulations, that one shall be appointed by labour and one shall be appointed by management and nothing is said about qualifications.

Mr. BROWN (*Essex West*): It does not say they have to be men or women. If there is a woman appointed, then she must have the qualifications. It does not say in the Act that she must be a woman.

Mrs. FAIRCLOUGH: But I think you again overlook the fact which has been recognized here that both labour and management should have a word in the administration of the affairs of the commission and I maintain that since 25 per cent of the workers are women, women likewise should have a word in the administration of the affairs of the commission.

Mr. BROWN (*Essex West*): There is nothing which says labour cannot appoint a woman.

Mrs. FAIRCLOUGH: I think it goes without saying that so long as there is going to be one appointee by government, one appointee by labour and one appointee by management and that so long as the workers thus represented are 75 per cent men and 25 per cent women you are never going to have a woman commissioner under those circumstances.

Hon. Mr. GREGG: I would not say that, but I did want to say before the motion is put that consideration has been given to that point completely outside the matter of a woman member. If we are to stick to the original conception of the commission, remembering that the appointments are carefully made to one whose duty is the administration of this Act, and who is appointed after consultation of organized labour, and the other after consultation with organized management—now that does not mean that they have no word in the appointments. They are not the agents of organized management and labour in formulating the policies of the commission, but either of those bodies could recommend to the government that they would like to have a woman appointee, and I am sure that would be given very considerable consideration. Likewise the government has given consideration to that factor, and I am sure that it would. Leaving that aside, however, if you are to change the three way business for any good reason now and make it four, I think it would open up the whole question as to the original conception of the one being appointed after consultation with labour, one after consultation with management and the neutral government appointed chairman. I cannot see how the proposal could by adding one effectively be acted upon at the present time or when a vacancy occurs.

Mr. BYRNE: I think that Mrs. Fairclough, in her anxiety to bring about equality for women, in this case would be introducing legislation which would have the effect of being discriminatory. It is not true to say that the viewpoint of women will only go twenty-five per cent of the way. I think it goes much farther than that in actuality. Since women have received the suffrage, which was certainly their right, they have been received in society with full equality.

If we set a precedent by determining, under all legislation in which it is required to set up a commission, that out of four commissioners one must be a woman—supposing there are not as many women with qualifications to undertake such work. I would say that one woman for every three men is discriminatory legislation. Further I think that adding another commissioner, where three seem to be able to handle the work quite well, is simply adding a greater expenditure to the commission and would only have the effect of deciding that one shall be a woman. I think it is quite conceivable that all the commissioners could be females. I am opposed to the motion entirely.

The CHAIRMAN: Is there any further discussion?

Mr. BARNETT: Following the Minister's statement, he mentioned "After consultation with organizations." Do the organizations suggest the names, or does the government suggest to the organizations that certain persons would be acceptable as commissioners? How is the choice arrived at?

Hon. Mr. GREGG: As you know, I have never had occasion, as minister, to do it; but I am told that when it was done before, in selecting the present incumbents, it was a matter of discussion on the part of the Minister of Labour representing the government, with the various organizations concerned. My guess would be that it would be a case of perhaps working out a group of possible persons, and then consultations with the various organizations to find out which of these persons was most acceptable to all concerned. There is no correspondence on the matter. I looked it up, so it must have been done verbally; and there have not been any appointments made to the commission since 1950.

Mr. CHURCHILL: There are no qualifications listed in the Act. I do not know what is meant by saying that women perhaps may not have the qualifications. It might follow that men are not qualified. Who determines the qualifications for a commissioner?

Hon. Mr. GREGG: In so far as the qualifications of the commissioners are concerned, their qualifications would be the composite opinions of the organizations concerned, and in the last analysis of course, of the government which makes the appointment. It would have to be a responsible body as well as the chairman.

Mr. HAHN: It seems to me that until such time as labour itself recognizes it, by instituting regulations whereby at least one-quarter of their executives must be women, I do not think that we should set a precedent and suggest to them that that is what they should be doing. I mean, after all, women do belong to the same organizations as men in the labour field, and I do not think that labour necessarily stipulates that if a union is composed one-half of women, that one-half of its executives must be women. In some unions I imagine most of the members are women. I do not think that a union stipulates that one-quarter of its executive must be men, if in that particular union one-quarter are men. I know that in the teaching profession, in our union, it was predominantly women who composed the membership; but for some reason, the executive was usually made up of men, and it was the women who elected them. I do not mean to say that I would concur, but I think we have a stipulation here whereby either persons, whether male or female, can be appointed at the discretion of the employers, the representative of labour, and the Minister of

Labour or the governor-in-council. I am satisfied that if a woman has proven herself as capable and is looked upon as such by all three, that she would get the nomination.

Mrs. FAIRCLOUGH: I must say that you are more easily satisfied than I am. I submit, Mr. Chairman, that a large proportion—I have not any figures to substantiate this statement, but it is my opinion that probably a large percentage of the women who are in the labour force are not organized; they are not in unions; consequently they probably do not have a voice. And when you consider the number of people covered by this Act who work as clerks in stores, particularly in small places where there is no union—while a lot of the larger stores are unionized—and when you consider in the case of the teachers' union that there are a number of teachers who are covered by a union as well, I think you would find that a lot of them are covered by organizations, such as nurses who are working in institutions which can have coverage, and they would fall into that class, as well as a great many others.

If the members of this committee would just think for a moment about the class of women who are in the labour force, it would seem to me that they would recognize that many women do not have a voice in the administration of the Act either through labour unions, through management, or as individuals.

Mr. KNOWLES: I support the campaign which Mrs. Fairclough has been waging for a long time to win a place for women on the unemployment insurance commission. But I must confess that I wonder whether this is the way to get it. I wonder whether Mrs. Fairclough would be really very happy if the principle were established in the legislation that woman's place is twenty-five per cent of the total? It seems to me her point is well taken even at that. She said "one of whom shall be a woman."

Mrs. FAIRCLOUGH: That is right.

Mr. KNOWLES: I would qualify it by saying "at least one of whom shall be a woman."

As I take it, you probably would have some lawyers saying that the other three must be men. I am sure that the lawyers could argue over that.

Mr. BYRNE: They would have a lovely time!

Mr. KNOWLES: Is there any other place in the legislation where we could add this? I wonder if there is not some other way. The suggestion does occur to me that it might be a little more expensive than Mrs. Fairclough's proposal, but what about increasing the size of the commission to five, having two members representing labour, and two members representing employers, with no specifications, and then hope that one side or the other, when naming their two members, would be sensible enough to name women on it. It does seem to me that just to put women's place down as twenty-five per cent of the total is not exactly in keeping with the policy principle which Mrs. Fairclough and I hold.

Mrs. FAIRCLOUGH: I would be quite agreeable to that suggestion if it met with the approval of the committee. I must say that it is only a coincidence that one out of four would be approximately in ratio with the size of the participation of women in the labour force. I was not thinking of that at all. It just happened.

Mr. KNOWLES: We used to have this same argument when Tommy Church was here. He used to propose women for juries. Some of the women who were in the House at that time did not think it was quite the way to go about it by establishing a set proportion for women.

Mrs. FAIRCLOUGH: There have been quite a few references to placing women on an equal basis with men. That was not my motive in proposing this amendment. It is not the matter of the equality of sexes or anything else. It is just

this; that here is a group of workers who have no voice. I cannot say that certainly there is no other reason why a representative of the workers should have been appointed to the commission and specifically accepted as such, or a representative of the employers specified as such, unless you were expecting to give consideration to the representation of every group of persons. That is my whole point: that there should be representation for a group of persons, and that group would constitute twenty-five per cent of the labour force. I might say here, as well, that this committee might consider that in appointing a representative of workers—I think I am correct, Mr. Chairman and Mr. Minister—organized labour was consulted. What percentage of your labour force is covered by the organizations?

Hon. Mr. GREGG: About one-third of wage-earners.

Mrs. FAIRCLOUGH: And yet it is to organized labour that you go for suggestions.

Hon. Mr. GREGG: I did not say that organized labour only is consulted. That I cannot say because I was not present when the present incumbents were nominated.

Mrs. FAIRCLOUGH: Am I not correct in saying that a representative of the workers would scarcely be considered unless he was approved by the labour organizations? The labour organizations would be the first to object if you appointed some person and said: "this man is going to represent the workers on the commission." And yet he had no connection whatever with organized labour. I do not think that would be an acceptable appointment.

Hon. Mr. GREGG: No, I agree with you, in the point that the government would not appoint a member of the commission to fill that vacancy if he or she were not generally acceptable to organized labour and to labour generally.

Mrs. FAIRCLOUGH: I would consider that as quite correct.

Hon. Mr. GREGG: And the same way on the other side of the table; they would not appoint anyone whom they felt sure was unacceptable to organized management; but it would not necessarily mean that the individual would have to be an active member of organized labour or actually engaged in management.

Mr. GILLIS: Once he is appointed, he has to sever his connection anyhow.

Hon. Mr. GREGG: Yes.

Mr. BYRNE: I do not know how Mrs. Fairclough proposes to find a person who is acceptable to unorganized women such as clerks and so on. They have no organization through which they could communicate in regard to an appointment; therefore an appointment from that group might not be one which would be representative of unorganized females in industry or in business services. I think we should leave the bill in such a way that it is not at all discriminatory, that it is not discriminatory legislation.

The CHAIRMAN: I think this discussion has been helpful and I am sure that the minister will consider very carefully the suggestions made. But in reading this motion, where it increases the membership of the commission from three to four, that will entail the expenditure of public money, and I am afraid that I must rule it out of order.

Mrs. FAIRCLOUGH: You are ruling my amendment out of order?

The CHAIRMAN: That is right.

Mrs. FAIRCLOUGH: In that event I would like very much to pick up Mr. Knowles' suggestion which I had thought of before, but never expected to have any support for it, and just simply substitute the word "five" for the word "three" in line nine, and substitute the words "two commissioners" in clause 2, and the word "two" in place of "one", as the first word, in place of clause 2.

Mr. KNOWLES: You would have to add "two" in line fourteen as well.

Mrs. FAIRCLOUGH: Yes.

Hon. Mr. GREGG: That will mean just about twice as much money.

The CHAIRMAN: It seems to me that that amendment as well, Mrs. Fairclough, must be ruled out of order, because it would involve a further expenditure of public money.

Mrs. FAIRCLOUGH: Mr. Chairman, this is a committee to consider making recommendations.

The CHAIRMAN: That may be.

Mrs. FAIRCLOUGH: We are not in the House now, and any recommendations which would come from this committee would have to go to the House. I do not think you can rule out a recommendation in this committee on the ground of increasing expenditures.

The CHAIRMAN: This is not an actual recommendation. This is a motion to change the bill as it is, and this would entail the further expenditure of public money. Now, I see nothing wrong with making a recommendation if you would like to make a recommendation, and it would be considered.

Mrs. FAIRCLOUGH: But if it is considered by this committee and goes to the House, then it becomes a recommendation of the whole committee.

The CHAIRMAN: As chairman of the committee I must rule this motion out of order for the reasons I have stated.

Mr. KNOWLES: You are ruling it out of order as an amendment to the bill, but you would entertain it at some point in our proceedings as a motion that this be a recommendation to the House?

The CHAIRMAN: I think that would be in order.

Mr. KNOWLES: Perhaps you might indicate to Mrs. Fairclough when that point is.

The CHAIRMAN: Yes.

Mrs. FAIRCLOUGH: In what manner would you entertain the motion?

The CHAIRMAN: It is a recommendation to the government to consider—

Mrs. FAIRCLOUGH: To the House.

The CHAIRMAN: Yes, to the House rather, to consider the advisability of doing something like this, but I do not think—mind you, I am just—

Mr. JOHNSTON (*Bow River*): Does that not only come in when the committee makes its final report to the House?

The CHAIRMAN: It will be in a separate report.

Mr. BYRNE: I am not an expert either on the procedure in committee, but is it not conceivable as we go along that there will be all kinds of motions which will go beyond the spending limitations provided in this bill. If we are going to have recommendations on the side for every one of these, we will be so bogged down by recommendations together with the bill by the time we get back into the House we will not know where we are at. I think we should decide on the sections of the bill now and vote on them as it stands and let us be done with it.

The CHAIRMAN: I must adhere to my first decision that the motion is out of order. Now, if someone wants to appeal that, it is their privilege to do so.

Mrs. FAIRCLOUGH: I think this is a good place to clear up that point. Are we to be permitted to make any suggestions at all with reference to this bill that might involve the expenditure of money?

Hon. Mr. GREGG: Mind you, I do not pose as an expert, but it appears to me this would be a sensible point of view. I know it would be very satisfactory from my point of view. I do agree with the chairman and I am sure

that to take a step intended to change the wording of a section which has to do with the expenditure of public money is technically out of order. I will also be glad to see as we go along in this bill that there be points of view expressed in this committee effecting the spending of public money which I for one would like to have recorded somewhere as the opinion of this committee by the time we are finished with our work. Whether or not it is technically right might I suggest, Mr. Chairman, that if Mrs. Fairclough's motion be made a recommendation to be considered at the end of the deliberations of this committee and not as a specific amendment to the section, that it be dealt with now?

Mrs. FAIRCLOUGH: Very well, I will make that as a recommendation for the consideration of the committee. You can see where we are heading if you are going to make that ruling and make it stick, because already you have representations from the two labour congresses and some of the things they suggested in their representation would definitely cost money. If you do not watch out you will find yourself in this position because we cannot consider these things if they involve the expenditure of public money that we will have to take the Act as is.

Hon. Mr. GREGG: That is why I say there should be this opportunity. Mind you, I must immediately state that the government must take and of course will take the final responsibility as to the acceptance of any recommendation but I think we would be working in an atmosphere of unreality, as Mrs. Fairclough said, if this committee cannot express their opinion for or against a point of view because it would directly or indirectly effect the expenditure of moneys. I do not see many things in this bill which does not do that somewhere. Mr. Knowles, as the expert on procedure, do you think there is anything wrong with that?

Mr. KNOWLES: Without accepting the premise —

Hon Mr. GREGG: All right, but not as an amendment to the section.

Mr. STARR: May I suggest that we could save a great deal of time if we took this Act as presented to us at this meeting and anyone who had any recommendations could write them out and hand them to the chairman. If this were done we could probably get through with this committee in about two meetings, because I think we are going to waste a great deal of time going over this section by section when we cannot put forward any amendments to those sections.

Mr. HAHN: With all due respect to what the minister said, I seem to recall that in our veterans' affairs committee we made resolutions to recommend proposing an increase in the expenditure of moneys with regard to an increase in allowances for war veterans as to whether or not we would include them and they go back to the House then as a government recommendation.

Hon. Mr. GREGG: I think any recommendations you might decide upon would be put in as a separate report apart from the bill itself.

The CHAIRMAN: Would that meet with the approval of the committee?

Mrs. FAIRCLOUGH: If you are going to rule the amendment out of order I will make it as a recommendation.

Mr. HAHN: But with all due deference, amendments similar to this have been made in other committees; for instance, in the war veterans affairs committee where we tried to pass a motion which was accepted. If it had passed, we would have made it a part of our report as accepted.

Mr. GAUTHIER (*Nickel Belt*): It could have been included in the report but not necessarily in the bill before the House.

Mr. HAHN: But if it was accepted it would be a part—

Hon. Mr. GREGG: As a recommendation as part of the report but you do not change the wording of the Act to correspond with it?

Mr. HAHN: No, but we voted on it as we came to it.

Hon. Mr. GREGG: I think that is what the chairman proposes to do now.

The CHAIRMAN: Perhaps the clerk could offer a word of explanation?

The CLERK (*Mr. A. Chasse*): The bill was not amended, but we said we were in the position of being unable to change. We did however recommend that an amendment be made and the resolution was introduced and the amendment was made.

The CHAIRMAN: Let us see if we cannot get this ironed out satisfactorily.

Mr. KNOWLES: Could we decide as a matter of procedure and of convenience whether we will take matters like this as we go through the bill or whether we are going to appoint a time after we have gone through the clauses of the bill for such recommendations as members want to make involving the expenditure of money. I am not arguing for either side, but let us get it clear as to what course we are going to follow.

The CHAIRMAN: Do I understand that the recommendations would be made and then they would be considered at the end of our discussion?

Mr. KNOWLES: That is one course which we could follow. I am asking the committee what course it prefers.

The CHAIRMAN: Would that not be acceptable because it has been stated that there may be different recommendations coming out of this bill as we proceed through it, and they could all be considered at the end of our discussion on the bill.

Mrs. FAIRCLOUGH: I take it then any clause which is affected by a recommendation would not be acceptable?

The CHAIRMAN: We could stand that clause.

Mrs. FAIRCLOUGH: Is that the procedure?

The CHAIRMAN: We could stand that clause; there is nothing wrong with that.

Mr. GILLIS: Whether or not we like the way we are doing it, it is the practice. This committee has no authority to make any amendments to this bill. There is only one man on this committee who can amend the bill and that is the minister. If we go over it clause by clause and can persuade the minister to make an amendment to a certain clause and he brings it in here or in the House and it passes, then you can change the bill, but no one on this committee can do that. What is generally done if there are clauses to which we think further consideration should be given is that we make notes of them and when we are through with the bill if it remains as it is then the chairman and the clerk and the steering committee generally sit down and take the recommendations on the different clauses and write a separate report in their final report on the bill recommending that the government give further consideration to this clause and this clause and this clause. That is all we can recommend. We cannot change it because we do not have authority to do so. The chances are, however, that as we go along we can get the minister to agree to a lot of amendments to various sections and that is the only purpose the committee serves. It familiarizes us with the Act and we may be able to change various sections.

The CHAIRMAN: My understanding is that we cannot amend this bill where it is found that it increases the expenditure of public money.

Mr. GILLIS: Unless the minister is in agreement.

The CHAIRMAN: No, we are not in that position unless the minister has a motion which goes through the committee.

The other suggestion follows along the lines of Mr. Knowles' suggestion that we take these recommendations in writing and file them unless we reach the end of our discussion on the bill, and then we will go over them and make a separate report to parliament if we wish to consider these recommendations, but I do not think we can make a motion here that changes the bill as it now stands if it is a case involving the expenditure of public money.

Mrs. FAIRCLOUGH: What procedure do I follow now?

The CHAIRMAN: We will just take this—

Mrs. FAIRCLOUGH: Do I not move that this recommendation be considered?

Mr. KNOWLES: In fact, Mrs. Fairclough has given notice that she will move this motion when we have completed our discussion of the bill clause by clause and by the time we reach that point there will perhaps be 30 other motions.

The CHAIRMAN: All right.

Mrs. FAIRCLOUGH: Could I pass on to sub-clause (3) and ask if under the old Act—

The CHAIRMAN: Before we pass on to sub-clause (3), does sub-clause (1) of clause 3 carry?

Mrs. FAIRCLOUGH: No, it stands. Subsections (1) and (2) stand.

Mr. HAHN: They have to stand.

The CHAIRMAN: Sub-clause (2)?

Mr. HAHN: It also stands.

Mrs. FAIRCLOUGH: On sub-clause 3—

Mr. BYRNE: On a point of order, Mr. Chairman, I cannot see how we are advancing our cause by simply standing these clauses. We could conceivably go through every clause of this bill and have them all stand and then we will have to start all over again with the recommendations or ideas put forward by various members of the committee. The suggestion that we increase the commission by six seems to me to be preposterous in the first place. The commission have been working for 10 years. They have gone over the bill and know how much work they have to do and they are not asking for assistance nor that the commission be tripled. This would cost \$10,000 each and another \$5,000 for an office and approximately \$45,000 would be added to the cost of operating the unemployment insurance commission. I can vote on this point readily now or with a little more discussion if it were necessary, but at this rate the committee will be here all summer.

The CHAIRMAN: I thought we agreed at the start that if there were certain sections which members wanted to stand it would be in order to do so, but this is a recommendation which will be considered at the end of the discussion and if we want to take a vote on the sections it is perfectly all right.

Mr. KNOWLES: May I throw in another nickel's worth and suggest that it is conceivable that as a result of the postponed discussion we will have the minister might be persuaded to change his mind on the point and I do not think Mr. Byrne has anything to lose; in fact, I think he has something to gain in time by agreeing to your suggestion that where there are contentious sections let us take it as notice that we will have the debate on them later and we will move on.

The CHAIRMAN: Yes, that is my suggestion. Sub-clause 3?

Mrs. FAIRCLOUGH: I would like to ask, Mr. Chairman, why the old Act was changed. I see in the old Act that each of the commissioners other than the chief commissioner held office for a period of five years except in the case of reaching retirement age and now in subsection (3) it is for 10 years—I presume except where the commissioner reaches retirement age. If I have your permission to link clause 4 with this—because it sets out the retirement age—I would point out it likewise has been lowered by five years from 70 years of age in the former Act to 65 years of age in this bill, and I would personally like to know why these changes were made?

Hon. Mr. GREGG: Well, Mr. Chairman, on (3) and (4)—and I am glad Mrs. Fairclough took them together—the reason for the special change concerning age 65 was to have these federal government civil servants' retirement age correspond with that of other senior federal civil servants who come under the superannuation Act. When the commission was created they did not come under the superannuation Act although they have in the interim period—1946—and it was desired when we amended this that the wording of their appointment should correspond with that for others. From my point of view I did not care how the wording is so long as it gives authority for those commissioners to have their appointment continued if it were desired that it should be so continued, and that is provided in the bill as we have it.

Mrs. FAIRCLOUGH: Has the practice grown in the commission that when the five-year appointment was up the same person was re-appointed for a further period of five years?

Hon. Mr. GREGG: Yes.

Mrs. FAIRCLOUGH: It seems to me that 10 years is quite a long time, and referring once more to the possibility of ever having a woman on the commission if you are going to appoint all your commissioners for 10 years, then the answer is never.

Hon. Mr. GREGG: On the other side of the fence, I think five years is a little bit short for the reason that this Act is a most involved one and covers a wide field. It appeared to me that to make it for five years and then have it reach a sudden death would be too short a period.

Mr. KNOWLES: On this same point I notice—if I may glance ahead at clause 120—that there is provision for the present commissioners to continue in office for the unexpired portion of the respective terms to which they were appointed under the old Act. Maybe the commissioners could not answer this question, but are they to be continued to the unexpired portion of five years or to the unexpired portion of 10 years?

Hon. Mr. GREGG: Five and ten respectively; whichever one they came in under.

Mr. KNOWLES: In other words the ten-year clause in respect of the other two applies only to commissioners appointed after the Act is revised?

Hon. Mr. GREGG: Yes.

Mr. KNOWLES: That might give Mrs. Fairclough a little hope.

The CHAIRMAN: Subclause (3); carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Subclause (4); carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Subclause (5)?

Mr. CHURCHILL: Concerning subsection 5 in the present Act the retirement age is 70 and reappointment could occur for a commissioner who has not

reached that age which would mean if under the present Act the chief commissioner's term of office ran out when he was 67, it could run for ten years which would make him 79. Now, under the bill if a commissioner at 65 years of age is eligible for reappointment for one or more terms not exceeding one year each, and there is no limit set, he could go on until he is 90 or 100.

Hon. Mr. GREGG: I am informed by the drafters of the Act that will be taken care of. Under the old Act they must all stop at 70 regardless, and there is no authority for continuation beyond 70. Under this bill the chief commissioner and the two commissioners appointments must end at 70, but they can be appointed from year to year by special appointment beyond 70 if it is desired to do so.

Mrs. FAIRCLOUGH: There is nothing in this clause, Mr. Minister, that says that even with the one-year term they must retire? It could go on indefinitely, could it not? I do not think it is an immediate problem, but it could go on indefinitely, could it not, on one-year terms?

Hon. Mr. GREGG: Oh yes.

Mrs. FAIRCLOUGH: There is no age limit set.

Hon. Mr. GREGG: No, there is no definite ceiling mentioned in the Act, but it would be understood—

Mrs. FAIRCLOUGH: You retain them for one year, and if they are still on their feet you retain them for another year *ad infinitum*?

Hon. Mr. GREGG: I think it would be a rare occasion when they would be reappointed after the 70 year mark.

The CHAIRMAN: Shall subclause (5) carry?

Carried.

Shall subclause (6) carry?

Carried.

Shall subclause (7) carry?

Carried.

The CHAIRMAN: Clause 4, duties of commission.

Shall it carry?

Mrs. FAIRCLOUGH: Impossible.

Mr. CHURCHILL: I think it is important that whereas the changes are not shown here where the old Act sections are placed it is important that the major changes should be brought to the attention of the committee as we go along.

The CHAIRMAN: You are referring to clause 4?

Mr. CHURCHILL: Yes. Is there any major change there?

Mr. BISSON: It is a continuation of section 4 (1) in the present Act, and section 97 (5). Section 4 (1) of the Act reads: "The commission shall administer this Act and shall assume and carry out such other duties and responsibilities as the Governor in Council, on the recommendation of the minister, requires and, in respect of such other duties and responsibilities, is responsible to the minister." Section 97 (5) reads: "The commission shall assume and carry out such other duties and responsibilities as the Governor in Council, on the recommendation of the minister, may require from time to time and, in respect of such other duties and responsibilities, is responsible to the minister."

Hon. Mr. GREGG: Part of that was incorporated in clause 3 which we have passed, section 3 (1). The other part is incorporated in clause 4.

The CHAIRMAN: This is really clause 4?

Hon. Mr. GREGG: Yes.

The CHAIRMAN: Carried?

Some Hon. MEMBERS: Carried.

Mr. DUFRESNE: In clause 5 you say that two commissioners constitute a quorum and in section 2 you say the decision of a majority of the commissioners present at any meeting is the decision of the commission, and in the event of a tie, the chief commissioner has a casting vote.

Mr. HAHN: That is going to have to stand.

Mr. DUFRESNE: If there are only two there may be a tie, and what is going to happen if there is not a third one to vote?

Hon. Mr. GREGG: I understand that there is frequently a tie.

Mr. HAHN: We will have to stand this because it is related to 1 and 2.

The CHAIRMAN: Dealing with the commissioners.

Mr. HAHN: Yes.

The CHAIRMAN: It will not make any difference.

Mrs. FAIRCLOUGH: Two would not constitute a quorum; it is a minor point.

The CHAIRMAN: All right, we will stand clause 5.

Shall clause 6 carry?

Mr. DUFRESNE: Did clause 5 stand?

The CHAIRMAN: Yes.

Mr. GAUTHIER (*Nickel Belt*): We will call on you before we carry any clauses.

Mrs. FAIRCLOUGH: I could not help but wonder when you wrote this just what you meant by personal property; is that typewriters, desks and that sort of thing as distinct from buildings? I understand the commission has no power to acquire real property.

Mr. BISSON: Not under this bill. They did have that power under the present Act.

Hon. Mr. GREGG: In the interest of government efficiency and administration—it is referred to Public Works.

Mrs. FAIRCLOUGH: That is in the estimates where the \$1 million is taken out.

Shall clause 6 carry?

Carried.

Shall clause 7 carry?

Carried.

Clause 8. Head Office.

Mr. CHURCHILL: Why the 10-miles. That might have applied in the horse and buggy days but surely not now!

Hon. Mr. GREGG: So the minister can easily get hold of them and so that members of parliament can beat them over the head.

Mr. KNOWLES: With the growing size of Ottawa that does not necessarily follow.

Mrs. FAIRCLOUGH: You can be here in half a day from a point 500 miles away.

Hon. Mr. GREGG: As a matter of fact it is useful for the commissioners to be available for inter-departmental committees and conference and so on, and I think anything beyond 10 miles would be rather inconvenient.

The CHAIRMAN: Clause 8.

Mrs. FAIRCLOUGH: I am not exactly satisfied, Mr. Chairman, because 10 miles does seem unnecessary. Most people who live in suburbs are located 10 miles out today. Ten miles is insignificant the way people commute today.

The CHAIRMAN: I understand it is 10 miles from the city limits.

Hon. Mr. GREGG: It is immaterial to me.

Mr. STARR: With your permission I would like to bring up a matter that might possibly come under section 7 and it is pertinent to the building occupied by the Unemployment Insurance commission in the city of Oshawa which occupies rented space at the present time. The old post office and customs building has been vacated by the post office department and is in the hands of the Crown's disposal at the present time for sale. They have called for tenders and have not received any tenders; apparently no one is interested. It seems to me that since you are committing so much money for rental purposes for these buildings where you are using them now that you might have investigated the possibilities of moving your offices to the old post office and customs building which is very centrally located and this would represent a saving. Have you considered that?

Hon. Mr. GREGG: I would be glad to bring that to the attention of the Minister of Public Works. The commission is concentrating decisions similar to that within the Department of Public Works. Naturally the commission is anxious to have good working conditions for the large number of people who visit their offices and it seemed to us particularly within the last year or two there would be a great deal of advantage in making the representative of the Department of Public Works the central figure there and the Unemployment Insurance Commission would bring their needs to bear upon that, but the Commission will be represented on such questions by the Department of Public Works and will be brought to the attention of Mr. Winters.

Mr. STARR: Would you let me know the decision?

Hon. Mr. GREGG: Yes.

The CHAIRMAN: Shall clause 8 carry?

Carried.

Shall clause 9 carry?

Carried.

Shall clause 10 carry?

Carried.

Clause 11.

Mr. BELL: Is there any substantial change in section 11 from the previous one?

Mr. BISSON: No.

Hon. Mr. GREGG: It is exactly the same, is it not?

Mr. KNOWLES: It has been reduced from four clauses to three.

The CHAIRMAN: Shall section 11; shall subsection 1 carry?

Carried.

Mr. KNOWLES: On that point, Mr. Chairman, I did not hear too clearly the discussion which took place between Mr. Starr and the minister. Does the Commission or the Department of Labour have any preference in matters as to where the Unemployment Insurance offices are located? Many of the buildings, as one of my colleagues has pointed out, are old and obsolete buildings located on back streets and it hardly seems appropriate in view of the considerable use made of the Unemployment Insurance offices that this be the case. What consideration has been given to better housing accommodation for the Unemployment Insurance offices?

Hon. Mr. GREGG: In the last year and a half, Mr. Knowles, very high priority has been given to improving the housing of the Unemployment Insurance Commission offices. I am free to admit that when I had the chance to go to the department and visit some of the offices across the country I was shocked at the conditions under which they were working. People were required to go up creaking stairs and queues were running all the way down-stairs and out on the street in mid winter in terrible conditions. During the past two years a great deal of progress has been made in obtaining up-to-date buildings where people can get in under cover and have a chance to sit down. We are continuing to push forward with that development in the future but we have not caught up on all of them. Mr. Murchison reminds me to advise you to examine the offices when you are passing through Regina.

Mr. KNOWLES: I did not remind you about Winnipeg.

Hon. Mr. GREGG: The office at Regina is the kind of office we would like to have in every center of approximately that size, and in Winnipeg we have plans on the books now the chief commissioner tells me.

Mr. KNOWLES: May I ask if the offices at Regina and the plans for Winnipeg include plans for housing most of the Unemployment Insurance sections in one building and under one roof so people can go to one place instead of having to go from building to building?

Hon. Mr. GREGG: Yes.

Mr. HAHN: What effort has been made in the past to get the Unemployment Insurance offices located in a federal building which we are already in the process of constructing. I understand that in the city of New Westminster a new federal building is being constructed and that the unemployment offices are going to retain their old building. The offices are entirely satisfactory which we rent in New Westminster, but I do not understand why when you are going to build a fine, large and new building that we just do not increase it in size and house the unemployment offices in it?

Mr. MURCHISON: Mr. Chairman, the commission has a policy in connection with that building and the Department of Public Works is largely in agreement with that policy. In a smaller office which we call grade 1 or grade 2 where we have 8, 10 or 12 employees, it is possible to maintain an office in a public building, and on a second floor. We have to take second-floor space because a post office is invariably on the ground floor and probably some grade 3 offices are in that position also, but when you get above that the flow of traffic is such that you require ground space. Moreover some of the departments of government do not like to be housed in the same building in which we are located because of the crowds which gather around our office. It is agreed for the larger offices that these buildings should be set up separate and apart from other buildings.

Mr. HAHN: I am not taking exception to your remarks in that respect, but I do feel where the government is spending the amount it is in rent and where in a building like that in New Westminster where you have a staff of 70 or more, certainly we should have a building of our own. Has any effort been made to get one, or is it your intention to get one?

Mr. MURCHISON: We are trying to time the construction so we will not be giving up premises on which we have offices before the lease elapses. All these places are being considered. I do not suppose you would be interested in the places where buildings are being built, and in other places where the scheme is in the blueprint stage and so on, but there is quite a program under way. We do hope to get to New Westminster some day. I am familiar with the layout there, and it could stand some improvement.

Mr. BARNETT: I have one question in this connection, Mr. Chairman. This section apparently gives the commission power to establish offices where they deem it to be advisable. It was made clear from a previous section that the commission is no longer going to be in the position to hold premises in its own name. I am now wondering what will happen under this arrangement in a place where the commission desires to establish an office and no suitable premises are available on a rental basis—the commission apparently cannot put in a building of its own. Where does the position rest with regard to the establishment of suitable premises?

Hon. Mr. GREGG: The commission makes its need known to the minister and I take it up immediately with the Minister of Public Works and it will be established just as quickly as we can get the money and authority and just as if the commission was doing it on its own. The formal authority will be granted by the Department of Public Works, but the representations with regard to the need and the type of building will be made by those who are using the building.

Mr. BARNETT: And the understanding with the Department of Public Works is that if the commission through the Minister of Labour indicates that a building is needed they will proceed with its construction?

Hon. Mr. GREGG: If in the general program that can be done, yes, and providing the proof of the need is there, but the decision as to the need rests with the commission through their minister and not with the Department of Public Works. As to the construction of the building, and its architects, the architects we already have in the Department of Public Works will do that job.

Mrs. FAIRCLOUGH: Just one point on that subject, Mr. Chairman. It might be well for the members of this committee to bear in mind in connection with the occupancy of premises for which they have no financial responsibility that it does make a very decided difference in the cost of the administration if they are occupying premises rent free or if the charge for the premises is paid by another department.

Mr. BISSON: We have to show in our annual report any expenses incurred by any government departments on our own behalf.

Mrs. FAIRCLOUGH: One million dollars has been taken out of the minister's estimates and is now to be paid by the Department of Public Works.

Hon. Mr. GREGG: I think the commission will be careful in the use of that.

Mrs. FAIRCLOUGH: I am not objecting to it, but I think it is a point which we should bear in mind. It is not a true picture of the administrative expenses when the cost of the premises occupied is not shown.

Hon. Mr. GREGG: Quite true.

Mr. BISSON: At the end of each fiscal year we will get from the Department of Public Works a statement as to the cost and that will be incorporated in our annual report submitted to parliament.

Mr. HAHN: Just following along the lines I was discussing earlier with you—I was going to use the word "cooperation" and although it is not the best word it may be the right word—I am thinking that in the city of New Westminster with which I am familiar they have an armouries there which they are thinking of getting rid of. The Department of National Defence has already acquired property for a new building away from this one. Is there a liaison between government departments to discover whether there is a possibility of acquiring that property which is centrally located next to the city hall and so on?

Hon. Mr. GREGG: Yes, that is true, but the requirements of the various departments hinge on the Department of Public Works. It makes a survey in conjunction with representatives of all departments and works out the best

arrangement possible so there will not be any over-lapping and that is partly why the commission has thrown in its lot with that same central survey coming under Mr. Winters and the Department of Public Works.

Mr. HAHN: His department looks after all construction for the government?

Hon. Mr. GREGG: They act as agents of the other departments in the light of the representation and the needs which those departments have.

The CHAIRMAN: Shall section 11 carry?

Some Hon. MEMBERS: Carried.

Section 12; "staff and temporary staff."

Mr. BELL: Could I ask a question about your policy concerning temporary employees? For example in St. John there is quite a heavy load at various times, and I understand the Unemployment Insurance offices actually take on temporary employees. I am just wondering what your policy is with respect to temporary employees. Do you have a staff that goes around and surveys the various offices and decides where extra help is needed? Would you outline the procedure? We have all been wondering about it and there seems to be an extra load on certain members of the staff.

Hon. Mr. GREGG: Mr. Curry will probably answer that question.

Mr. L. J. CURRY (*Executive Director, Unemployment Insurance Commission*): In determining the staff requirements at our offices we use work load measurements. In Saint John, New Brunswick we have not changed it over the three or four past years, but in the event of anything happening there which would increase unemployment, or which would increase unemployment activity, we would increase the establishment of that office.

Mr. BELL: Who decides the individual hours? Is there any sort of breakdown or does that apply generally to the entire office.

Mr. CURRY: Just what do you mean by that?

Mr. BELL: For example, certain employees like those in charge of the payments and things like that might have extra duties?

Mr. CURRY: —and work overtime, you mean?

Mr. BELL: Not necessarily, but you might figure he was working a lot harder than the other employees in the office due to local circumstances. Do you not go into that at all or would the administration of that be left up to the manager?

Mr. CURRY: Very definitely, yes. Now, in connection with what you call "temporary people" and these peak loads which occur in our offices in the winter months, we make use of casuals. That is, they are people who may be taken on on an hourly basis for a day or for four hours, or perhaps even for several weeks or months. We meet the fluctuation in load by use of these casual employees who are in addition to the regular establishments.

Mr. BELL: In your surveys do you consider the individual jobs as such, or do you just take the office as a whole?

Mr. CURRY: The office as a whole; that is, while we have a staff of specialists trained in both employment work and in work on insurance there are times in the year when the employment activity may decrease and the insurance activity increase at such times we may use our employment staff to assist with the insurance work.

Mr. DUFRESNE: Are these temporary employees appointed by the Civil Service Commission?

Mr. CURRY: No. We get them sometimes through the Civil Service Commission, but they are not civil service appointments. They are on an hourly rate at 90 cents, but they do not come in under superannuation nor are they entitled to any leave credits.

Mr. DUFRESNE: What happens after they work for a while as temporary employees and then become permanent employees?

Mr. CURRY: A casual employee may be taken on by us and if we have a vacancy on our regular establishment that is filled by the Civil Service Commission. These casual people may not be the people who would be appointed to that vacancy. In order to go on the regular staff they must go through the Civil Service Commission and be referred to us.

Mr. DUFRESNE: Do they have the privilege of contesting the appointment?

Mr. CURRY: Yes, very definitely.

Mr. GILLIS: You have an eligible list established in each district?

Mr. CURRY: The Civil Service Commission as a rule have an eligible list for the clerical and stenographic positions which are the usual classifications which casual employees fill.

Mr. GILLIS: What are your reasons for the payment of overtime?

Mr. DUFRESNE: Yes, on what basis are they paid?

Mr. CURRY: As you know, the casual employees are paid in cash for overtime at the hourly rate, but once you go on the regular establishment in the civil service you are not paid for overtime. You build up a credit of hours and then you liquidate that by leave provided we are able to give it to you.

Mr. GILLIS: Providing you can get it?

Mr. CURRY: Yes.

Mr. GILLIS: Sometimes you go two or three years before getting leave?

Mr. CURRY: Yes, that could happen; that is, after you work so many hours. If you work over a certain number of hours in a year, and then you are unable to liquidate it the following year, we may pay you in cash for the hours in excess of that number, but I think we have only had one instance where they have ever gone to the board in payment of cash for overtime. Generally speaking the overtime is taken by way of leave credits and as you say, if the load lightened enough in the summer when we are able to give these people their overtime leave in addition to their statutory holidays, that is the way they get it.

Mr. GILLIS: I am thinking particularly of the mining sections of Nova Scotia where you have an abnormal upset and quite a load thrown on the Unemployment Insurance offices. I know those boys worked half the night, and this went on for a couple of years and is still going on, and they were having a lot of difficulty getting any adjustment on the overtime proposition.

Mr. CURRY: Yes, it depends almost entirely on the load in the office following the period. After the load drops to the point where we can permit the staff to take the leave then we are very anxious that they do so, and we encourage our management and administration to give them the leave during the slack time.

Mr. DUFRESNE: They build up leave which they never get sometimes.

Mr. GILLIS: I would like to ask you about one classification which you have in your offices, and that is the man who completes the claim. Under the present plan of things that person is considered a pretty junior employee and many times when you take on casuals for example and some of the regular staff to fill those positions, the men are poorly qualified. In my experience I have found most of the difficulties in administration in the districts arise from the fact that the men completing the claim are not competent and do not understand the Act. They get the claim in such a state that when it reaches the main office for adjudication it requires a lot of running around to untangle it. I think you will have to give consideration to the fact that the men who complete the claims for the claimants are important, and should have certain

qualifications and be competent. Although he is presently considered a junior employee, I think he is one of the most important employees in the office.

Mr. CURRY: We have been trying to meet our requirements with respect to the claims takers as we call them. At the moment we recognize that the job which we call an employment and claims officer grade 1—which is between a clerk grade 2 and a clerk grade 3—is an important one, and we place a lot of emphasis on the technique of taking claims because the information given to the claims taker is the information which as you say is supplied to the adjudication officer.

Mr. GILLIS: 99 times out of 100 the claimant has no knowledge of the Act at all, but the man who is completing the claim should know the Act so that he can give correct information and prevent a lot of trouble for the insurance officer when he has to complete the claim.

Mr. CURRY: That is true, I agree.

Mr. DESCHATELETS: Are all the claim takers permanent employees?

Mr. CURRY: Generally speaking they are, but during our periods of high and low where we get a sudden rush probably an office that is equipped to handle, we will say, 100 a day is suddenly called upon to handle 500. Where they are being used, we try to train casual employees to take the claims, and we use people from other parts of the office, but during the ordinary load the claim taker is generally a regular employee and we try to have him qualified and trained as Mr. Gillis stated.

Mr. DUFRESNE: What is the hourly rate for the temporary employees? Do they all receive the same amount?

Mr. CURRY: Yes, 90 cents an hour.

Mr. DUFRESNE: 90 cents an hour?

Mr. CURRY: Yes.

Mr. DUFRESNE: Do they get unemployment insurance when they are laid off?

Mr. CURRY: Yes, providing they can qualify for it in the regular way.

Mr. DUFRESNE: In the unemployment office in Quebec why is it the staff goes to work at 8.30 and the doors do not open until 9?

Mr. CURRY: In a great many of our offices we carry on staff training because of the complexities of the Act, and the procedure that we are required to follow. We have a continuous program and take a half hour each day during which these employees study the instructions and keep posted on the Act and any changes that take place.

Mr. DUFRESNE: Are they getting paid for the half hour?

Mr. CURRY: Yes. In a great many of our offices we bring the employees in at 8.30 and do not open our doors until 9 and between 8.30 and 9 we devote time to staff training and making plans for the day.

Mr. DUFRESNE: What do they get for this?

Mr. CURRY: They are on a regular salary.

Mr. DUFRESNE: Do they accumulate these half days?

Mr. CURRY: No, it is part of the working day.

The CHAIRMAN: Shall clause 12 carry?

Mr. CHURCHILL: I have one question. We are using words which occur throughout the bill and which are changed throughout the Act. What is the significance of that change?

Hon. Mr. GREGG: You will recall that about a year or two ago the Minister of Finance brought in a new financial administration Act in which a good many things that formerly were dealt with by Governor in Council are dealt with by

the Treasury Board. And when this commission was created the Treasury Board did not occupy the important role of being the watchdog of finances which it is at the present time. This is to conform with the Finance Administration Act.

Mr. BARNETT: I have a question in relation to the subject of casual employees. An hourly rate of 90 cents an hour I believe was mentioned. My question is: is that a uniform rate payable across the country?

Hon. Mr. GREGG: Yes.

Mr. BARNETT: Or does the prevailing rate principle, in the locality, enter into the rate for occasional employees?

Hon. Mr. GREGG: It is a uniform rate across the country.

Mr. BARNETT: The prevailing rate principle does not enter into it?

Hon. Mr. GREGG: No.

The CHAIRMAN: Shall clause 12 carry?

Carried.

Shall clause 13 carry?

Carried.

Shall clause 14 carry?

Carried.

Shall clause 15 carry?

Carried.

Shall clause 16 carry?

Carried.

Clause 17, "Boards of Referees".

Mrs. FAIRCLOUGH: Have there been women on these boards at all in the past?

Hon. Mr. GREGG: Yes, we have one on now.

Mrs. FAIRCLOUGH: You saw me coming; that is not fair.

Hon. Mr. GREGG: And the one in Edmonton is the chairman of the board.

Mrs. FAIRCLOUGH: It is true, is it not, that a large percentage of the applicants are women? Do you not have more appeals on behalf of women than on behalf of men?

Mr. BARCLAY: Not more.

Mrs. FAIRCLOUGH: A large percentage of women?

Mr. BARCLAY: Yes.

Mrs. FAIRCLOUGH: Will the commission consider, certainly in the larger centres where you have boards established, placing women on these boards because I do think there is a point, particularly with regard to the registration, that they understand the problem.

Hon. Mr. GREGG: I agree with that completely.

Mr. C. A. L. MURCHISON: The practice of the commission in appointing members on the panels is to obtain nominations from labour organizations or employment organizations as the case may be. The chairman, of course, is appointed in a different way. That is the practice.

Mrs. FAIRCLOUGH: I am quite satisfied if that trend is established.

Mr. GILLIS: I would like to ask the minister if that board can function in the absence of the chairman. What I have in mind is this: there is one chairman appointed. In the section I have in mind he is a lawyer. The work of that board in that area was tied up one time for six weeks because the chairman was not available and he was not available because he became involved in a

lot of legal work and just could not get around to the other duties. That board was stagnant while he was not available. Is there not somebody on the board who can act for him?

Mr. BISSON: We have on odd occasions imported a chairman from other localities. We certainly do not allow cases to pile up so to speak.

Mr. GILLIS: This occurred only last September or October. I know it was six weeks.

Mr. CHURCHILL: There was in the Act the words: "Could not proceed with the chairman absent." Is that in the present Act? Section 55 subsection (4) of the Act says this in the marginal note: "Court may not proceed if chairman absent." Has that been dropped out? I do not see it.

Mr. HAHN: That does seem to raise the question of authorization and under the circumstances perhaps a recommendation should be made that the court shall be permitted to proceed provided there is a quorum present.

Mr. BISSON: The present provision is, with the consent of the claimant or the person or association representing the claimant. As I said before we do not allow, unless there is a breakdown, cases to pile up where the chairmanship is vacant. We have on several occasions brought in chairmen from other localities to come in and sit.

Hon. Mr. GREGG: I think Mr. Gillis' point was also as to whether it was the policy of the commission to expect a chairman of some sort to preside at the various meetings rather than choose a nominee from one side or the other to act as chairman. You do want a neutral chairman to sit?

Mr. BISSON: Yes.

Mr. CHURCHILL: On that point, the present Act requires the presence of the chairman. Now, in the bill, section 54, subsection 17, the commission will make the necessary regulations for these boards of referees. Is it the intention in those regulations to repeat the relevant portion of section 55 subsection 4 in regard to the chairman being present before the committee's work may be proceeded with?

Mr. BARCLAY: We have a regulation now which says:

Any claim or question which is referred to a court may, with the consent of the claimant or the person or association in whose case the question arises, but not otherwise, be proceeded with in the absence of any member or members of the court other than the chairman.

There is no intention of changing that at the moment although the commission has not given final consideration to the final regulation. We have chairmen who are unable to attend and our usual practice is to use the nearest chairman at that point. Had our regional office known about it we could have brought a chairman from Halifax or New Glasgow into Sydney to take care of those cases. That is being done all the time. Just what happened in Sydney I do not know. The ordinary practice is to substitute.

Mr. HAHN: How would you be advised?

Mr. BARCLAY: We have a clerk of the court who is a member of our own staff. He gets in touch with the members and if the chairman says he cannot act we would have a substitute for him.

Mr. GILLIS: I think the difficulty is the board cannot sit unless one designated man is present. I believe the regulation should be flexible enough that one member of the board could be chosen to take the chair during the absence of the chairman.

Hon. Mr. GREGG: That is possible, except that the commission would prefer to have another chairman and he should be able to be obtained quite quickly.

Mr. GILLIS: This chairman's job is not a permanent full time job. They have their own work also?

Hon. Mr. GREGG: That is true, but it is a task for which it would be pretty difficult to pick a man who had not had some experience as chairman when dealing with a number of cases.

Mr. GILLIS: The board of referees are qualified and are dealing with it day after day. I do not see why they could not substitute at one or two meetings.

Mr. FRASER (*St. John's East*): If a matter of that kind came to the attention of the committee is there no power for them to appoint someone else to act?

Mr. BARCLAY: We would know of a situation like that and we would send a chairman.

Mr. FRASER (*St. John's East*): But you would obtain the chairman outside that region?

Mr. BARCLAY: The trouble is if we were to appoint an employer nominee the employees would complain or if we were to appoint an employee nominee the employers might complain.

Mr. GILLIS: Why not appoint a permanent chairman as substitute?

Mr. BARCLAY: We have done that on occasions. We have ten chairmen in Montreal.

Mr. GILLIS: Here you only have one. In taking him from New Glasgow you would be taking him 180 miles and he would be leaving his own work in the meantime.

Mr. BARCLAY: We have never had trouble getting substitutes where we knew of it.

The CHAIRMAN: Shall subclause (1) clause 17 carry?

Carried.

Shall subclause (2) carry?

Carried.

Shall subclause (3) carry?

Carried.

Shall subclause (4) carry?

Carried.

Shall subclause (5) carry?

Carried.

Shall subclause (1) of clause 18 carry?

Carried.

Shall subclause (2) carry?

Carried.

Clause 19: "Advisory Committee".

Mr. KNOWLES: Perhaps the committee will now consider one of the sections on which the Canadian Congress of Labour made a complaint in its brief. That complaint was mainly that a provision set out in section 109 subsection 2 of the present Act seems not to have been carried forward into the new bill. That section was:

Prior to the making of regulations under the provisions of section 40 or in relation to the matters specified in subsections (2) and (3) of section 87 the same shall be reported on by the Unemployment Insurance Advisory Committee.

Is it correct that that enactment has been dropped? If so, why? Under the old Act the advisory committee, while advisory, did seem to have some substantial status. There seems to be some subtraction in this bill.

Mr. MURCHISON: Mr. Chairman, the change will not make much difference in the actual practice because the commission has found it very useful to discuss problems with the insurance advisory committee and have done so and have brought up points for this committee which were not mentioned in the present Act. There are, however, some small matters of little consequence of extending coverage and so on where it is hardly necessary to obtain the viewpoint of the committee. Then also, as you know, the main function of this committee is to consider the reports of the commission to determine whether or not one feature of our plan is good or bad or otherwise from the standpoint of a drain on the fund. Now to introduce before this committee a coverage of a certain group of people not now covered—a coverage proposal—is of little value because that committee, and certainly the commission, does not know whether that group will create a drain on the fund or whether it will be a source of profit. It is only after the commission gains some experience on that that they can report to this committee, as they will every year, and at that time the committee can decide to recommend to the Governor in Council whether or not such coverage should be discontinued or continued as the case may be. Its main function, as I say, is that of looking to the results of the administration of the commission to see whether or not the Act has been properly administered and whether the fund is in jeopardy or whether we have more money in the fund than we need. That is the main purpose and we feel that the committee's services will be used as much under this proposed legislation as they have been in the past and this proposed legislation will remove the necessity of taking every small item of coverage before that committee in the first instance. In any event it would go to the Governor in Council with our recommendation for such a coverage and if the Governor in Council felt it should go back to the insurance advisory committee that would be done on the instructions of the Governor in Council.

Mr. KNOWLES: Mr. Chairman, let me cite one of the types of things which had to go to the Unemployment Insurance Advisory Committee; it is a question of married women. Mr. Murchison says the advice of this committee is still available to the commission if it wants to obtain that advice, or if the Governor in Council instructed it to do so it would; but it is certainly a change from the former situation. I read the section, 109, subsection 2. You will note there is a reference to the provisions of section 40 of the old Act, the section under which the commission can make regulations respecting persons who are married women. That is just one instance which may bring a comment from another member of the committee in a moment. But my point is that I think the C.C.L. has a valid claim in suggesting this is a backward step to put the advisory committee on a basis of "we will call you if we want you" rather than a basis where it has certain rights and obligations in the matter of making reports before regulations are enacted.

Hon. Mr GREGG: There is no intention on the part of the government to cut down in any way at all the authority of the Unemployment Insurance Advisory Committee. In view of what Mr. Knowles has said and in view of the fact that this is an item which is covered in the memorandum of the C.C.L. I would suggest to the committee that this be one of the items which might stand this morning.

Mr. KNOWLES: I think you had better stand the whole of clause 19.

The CHAIRMAN: Clause 19 shall stand.

Mrs. FAIRCLOUGH: May I ask once again—and I will have to stick my neck out—have there been any women appointed to this committee before?

Hon. Mr. GREGG: No. Here again the nominees are appointed after consultation with the various bodies, but we will keep it to the fore.

Mrs. FAIRCLOUGH: It is a fact that such items as the item quoted by Mr. Knowles have to be considered.

Hon. Mr. GREGG: There was a woman but unfortunately she is not still serving.

Mr. BARCLAY: I believe she resigned. I do not know.

The CHAIRMAN: Gentlemen, it is now 12.30 and we will adjourn to meet at 4.00 o'clock this afternoon in room 368 which is over towards the other place.

#### AFTERNOON SESSION

MAY 26, 1955.  
4.00 p.m.

The CHAIRMAN: Order, please. When we adjourned we had just allowed clause 19 to stand. Since that time I understand that the question raised by Mr. Knowles might more properly be discussed under clause 67, so if it is the wish of the committee we might revert to clause 19, subclause 1 and probably pass this subclause 1. Is that agreeable, Mr. Gillis?

Mr. GILLIS: Mr. Knowles is at the External Affairs meeting, and I agree.

Hon. Mr. GREGG: It will be open for discussion when we come to the regulations.

Mr. GILLIS: Yes.

The CHAIRMAN: Shall subclause (1) of clause 19 carry?

Carried.

Subclause (2)?

Carried.

Subclause (3)?

Carried.

Subclause (4)?

Carried.

Subclause (5)?

Mrs. FAIRCLOUGH: In regard to subclause (5) I do wonder a little about the wording which says that a majority constitutes a quorum and a vacancy does not impair the right of the remaining members to act. It seems to me that since any number of vacancies up to 49 per cent would still leave a quorum available, why specify a vacancy? It almost seems to me it should be a vacancy or vacancies. You would not likely have a number of vacancies, but you might conceivably have two at one time?

Mr. Claude DUBUC (*Legal Adviser, Unemployment Insurance Commission*): The word "vacancy" includes the plural vacancies.

Mrs. FAIRCLOUGH: Is that understood?

Mr. DUBUC: Yes.

Mrs. FAIRCLOUGH: It is my lack of legal knowledge coming to the fore.

Carried.

The CHAIRMAN: Shall subclause (6) carry?

Carried.

Subclause (7)?

Carried.

Subclause (8)?

Carried.

The CHAIRMAN: Before we pass subclause 9, I wonder if we could explain this to Mr. Knowles who has just entered the room. We did not play a dirty trick on you, Mr. Knowles.

Hon. Mr. GREGG: During the luncheon period I asked the officials whether I could have a further chance to look at the point you raised, and they told me it could appropriately be brought up under clause 67(2) so that the committee having been told that in your absence agreed that we might go forward with clause 19 and bring it up and let me have a chance to look at it before we come to 67(2).

Mr. STARR: What about the consideration of the Canadian Congress of Labour where they point out on page 3 of their submission with regard to section 8 that they consider section 109(2) of the Act requires that before—

Hon. Mr. GREGG: That is the point that stands now.

The CHAIRMAN: It will come up in clause 67.

Shall subclause (9) of clause 19 carry?

Carried.

Shall section 20 carry?

Carried.

Shall clause 21, subclause (1) carry?

Mr. KNOWLES: What about that word "may" in line 1 of section 21?

Hon. Mr. GREGG: "The commission may establish a committee to be called the 'National Employment Committee', and such other committees as the commission considers desirable, for the purpose of advising and assisting the commission in carrying out the functions of the employment service". Well now, as far as I am concerned, and as far as the National Employment Committee is concerned, I would be very glad to see that "shall" in there. There should be a certain amount of discretionary power on small local committees so if the legal adviser would take that into consideration and work out a wording on that which would incorporate "shall" for the National Employment committee it would be satisfactory.

Mr. BRYNE: When we incorporate the word "shall" into that section, does it not mean they would also have to set up other committees.

Hon. Mr. GREGG: That is the point. Perhaps you could leave it with the lawyers and let them bring it back later, but we will take it now that for the National Employment Committee it shall be "shall".

Mr. CHURCHILL: In the Act you have the words "subject to the approval of the minister" which are dropped out of the bill.

Hon. Mr. GREGG: How did that happen, Mr. Chairman?

Mr. MURCHISON: Look at subclause 5 of clause 22, Mr. Churchill.

Mrs. FAIRCLOUGH: Oh yes, but that is employment service; that is from 22 on.

Mr. MURCHISON: The National Employment Committee is a part of the employment service.

Mrs. FAIRCLOUGH: It does not have power in part 2; it is under the clause before. In the bill it is not under that section.

Hon. Mr. GREGG: To be perfectly frank, Mr. Churchill, I did not know about that. It is probably a part of the general idea which I expressed at the beginning of the meeting of this committee concerning the economy of the commission.

The CHAIRMAN: How does the old Act read?

Mr. BISSON: "Subject to the approval of the minister". This was added in 1948.

Mrs. FAIRCLOUGH: Does it not occur to you that clause 22 might more properly refer to 21 and 21 should be a part of part II.

Hon. Mr. GREGG: I think that would solve the problem.

Mr. MURCHISON: Part I creates the commission and sets up the empire, the board of referees and the advisory committees. It is all in one piece, and that is why you find it in part I rather than in part II. Actually the insurance advisory committee is referred to in part I whereas its functions will be found in the part dealing with insurance.

Mr. JOHNSTON (*Bow River*): It is quite certain that 22 (5) has no reference to 21?

Mrs. FAIRCLOUGH: No.

Mr. MURCHISON: In actual administration, no.

Mr. JOHNSTON (*Bow River*): I understood you to say 21 would be corrected when you come to 22 (5)?

Mr. MURCHISON: No, I said that in respect of the employment side of our operations we are responsible to the minister. 22 has to do with the National Employment Committee and all the other committees that have to deal with employment matters at local levels.

The CHAIRMAN: Shall subclause (1) clause 21 carry?

Mrs. FAIRCLOUGH: No.

Mr. CHURCHILL: Mr. Chairman, the approval of the minister surely would be required by the commission if in setting up other committees it involves an expenditure of money. Who is in control unless the minister has some knowledge of what is going on?

Hon. Mr. GREGG: The National Employment Committee most certainly involved the expenditure of money and travelling expenses. It of course must come in the estimates of the commission. Frankly, on this I am reminded now by the chief commissioner that in the original Act it read this way as it is in the bill, and then in the 1940 amendment, I think, there was something of a tendency to delete a bit of the autonomy of the commission and apparently this was to bring it back to the former wording. I must say here that I would deplore anything that would even appear to lessen the importance of the National Employment Committee, because it has been due to the committee that we have made, amongst other things, a very great deal of progress in studying and experimenting with seasonal unemployment.

Mr. JOHNSTON (*Bow River*): Why not put another clause in making it responsible to the minister, and that would settle it? That could be easily done.

Mr. BYRNE: Why not just put in "subject to the approval of the minister"?

Mr. KNOWLES: Mr. Chairman, Mr. Murchison has pointed out that these several bodies and committees are somewhat on a level, but apparently the Insurance Advisory Committee was appointed by the Governor in Council through the minister, but at any rate there is the basis of the authority for this appointment, but this is the committee appointed by the Unemployment Insurance Commission.

Hon. Mr. GREGG: And on page 8 the commission is responsible to the minister for the administration of the Act.

Mr. BYRNE: What are we discussing now, the National Employment Committee or the regional?

Hon. Mr. GREGG: The National Employment Committee.

Mr. BYRNE: If that is the case, there is no point in putting "shall" in there if the commission must have the approval of the minister before they make any decisions.

Hon. Mr. GREGG: I think the expression "subject to the approval of the minister" was not in there as to whether they would appoint and also they would take over who would be the members of the committee. Is that right?

Mr. BISSON: Yes.

Mr. MURCHISON: In one point Mr. Knowles raised in attempting to compare the functions of the advisory committee with those of the employment committee, I might say the advisory committee advises the minister and the Governor in Council on the condition of the fund, and the other committee advises the commission; there is that distinction.

Mr. KNOWLES: Is it not good enough to let the commission do it? I have no objection to the reference to the minister being in there, but I do not think it needs to be. Have you not got enough on your hands?

Mr. GILLIS: There is nothing wrong with it the way it is.

Hon. Mr. GREGG: In the bill?

Mr. GILLIS: Yes.

Mrs. FAIRCLOUGH: But it is a little vague when it says "such other duties as the commission considers desirable." We all have confidence in the commission, but they might consider that any number of committees would be advisable without reference to the minister, and I would think for their own protection they would want it.

Mr. BISSON: What we had in mind was in certain localities we set up local committees, and if we have to establish one in every place where we have an office it may not be desirable but we have in mind perhaps establishing committees to study employment in an area or in an industry.

Mrs. FAIRCLOUGH: Are you speaking now to the point of substituting the word "shall" for "may"?

Mr. BISSON: Yes. I think the minister made the point that there is no intention of abolishing the national committees.

Mr. MURCHISON: Last winter when we decided to embark on the policy of encouraging people to get work done during the winter and thus ease seasonal unemployment, the commission set up something like 93 special committees; that is, over and above the local committees.

Hon. Mr. GREGG: In local areas?

Mr. MURCHISON: Yes, but they are not regular local employment committees. We intend to follow that same policy again this summer and have it ready for the coming winter, and we also may find it appropriate to set up area committees or industry committees. I do not think it would be wise to tie us down, because after all we want to get the greatest amount of assistance possible from the public to create employment.

Hon. Mr. GREGG: Mr. Chairman, I think there are two points involved here. One is the matter of "may" and "shall" and it has been agreed that the word shall be "shall" and we have asked that the legal adviser might have an opportunity to put it in the proper form. Pending its coming back, since the chief commissioner and the commission have no strong feelings in the matter, I am prepared to be guided by the committee as to whether it shall be "the commission shall establish" or "subject to the approval of the minister the commission shall establish."

The CHAIRMAN: What are the mechanics involved? Suppose the commission sets up several other committees and has to get approval for the remuneration and travelling allowances in connection with those committees from the Treasury Board, what are the mechanics and how is that done?

Mr. BISSON: The regulation would be made in general terms for the payment of expenses, if a committee is set up. We do not have to go to the Treasury Board for each individual committee.

Mrs. FAIRCLOUGH: But you do go through the minister?

Hon. Mr. GREGG: Yes, the minister would have to make that submission to the Treasury Board so that he has to be in the picture to get the money. The chairman and the members of the commission and the minister must from day to day and from week to week be in constant discussion on matters whether or not it is laid out in the Act. If that is not done, then the whole matter is going to be in a very difficult position, but I would be very happy if you would just ask the committee to indicate their feeling in that regard.

Mr. CHURCHILL: I have one more question. If the words "subject to the approval of the minister" are written in here, then the minister has to answer for the action of the National Employment Committee and the action of the commission in so establishing it. I would not want the minister to be in the position of saying "This is a body which is autonomous and they carry on on their own, and so on," you know.

Hon. Mr. GREGG: That is one consideration. There is another consideration which I have mentioned myself as to whether this group of hard working voluntary members of the committee might feel that this is detracting from the importance of their committee. I would not like that to happen. As far as having it there in relation to the minister and to the commission I do not think it matters much.

Mr. STARR: There is no possibility that the Minister of Labour would shirk his responsibility in the House by saying, "I have nothing to do with this."

Hon. Mr. GREGG: I would hope not.

Mrs. FAIRCLOUGH: Are we still on the first section of section 21, subsection 1? Is it agreed to stand it as is?

Hon. Mr. GREGG: Yes, with the exception that there will be an amendment brought in to make that "may" "shall" and the remainder as "may".

The CHAIRMAN: Subclause (1), clause 21, stands until we get the amendment.

Mrs. FAIRCLOUGH: I am not sure this comment belongs in sub-clause (1), but it belongs in this section anyway. I notice that there is no mention made of the number of members. I realize that may differ in various sections of the country, but there is no mention at all of either the number of members who will constitute the committee or how many will be required to form a quorum, and it seems to me there should be some kind of regulation when the matter of remuneration allowance enters into it.

Mr. MURCHISON: That is covered in (3).

Mrs. FAIRCLOUGH: What I am driving at is that if it is a completely voluntary committee and if there is any expense attached to it at all, it would be on a little different basis.

Mr. MURCHISON: Local committees are not paid, but regionals are.

Mrs. FAIRCLOUGH: Should there not be something in here about the number of persons? It could be flexible. In 19(1) it says "not less than six or more than eight" and that is flexible to a certain extent within limits. It seems to me it would be proper to have something in this section that would limit the number and there should also be something about a quorum in there.

Mr. MURCHISON: Speaking to that, Mr. Chairman, in two of our regions there are four provinces in each. In the Atlantic region there are four provinces, and in the prairie region three, and part of Ontario, and in setting up the regional committees for those two regions we had to take into account the provincial boundaries to some extent, and that makes for a larger committee. And then, too, in those committees we have representatives of women's organizations, veterans of the Legion, agriculture and other main groups besides management and labour. I suggest, Mr. Chairman, that if you endeavour to limit the number it would make it rather difficult for us to have a proper organization in those two regions to which I have just made reference.

Mrs. FAIRCLOUGH: Then what do you do about a quorum.

Mr. MURCHISON: They make their own rules.

Mrs. FAIRCLOUGH: It is sort of a rule of thumb.

Mr. MURCHISON: We have rules now.

Mrs. FAIRCLOUGH: But the committees themselves make their own?

Mr. MURCHISON: The commission and the committees agree on the rules.

The CHAIRMAN: Shall subclause (2) of clause 21 carry?

Carried.

Shall subclause (3) carry?

Carried.

The CHAIRMAN: Now we are on part II, clause 22, subclause (1).

Carried.

Subclause (2).

Mrs. FAIRCLOUGH: With reference to subclause (2) para. (b) I take it—

Hon. Mr. GREGG: Could we let this stand in view of what has been said in the chamber. It is on the matter of discrimination?

Mrs. FAIRCLOUGH: Yes.

Hon. Mr. GREGG: I would like to have that stand.

The CHAIRMAN: What about (2) (a). Shall it carry?

Mrs. FAIRCLOUGH: We may as well let the whole clause stand.

The CHAIRMAN: (2) (a) and (2) (b) stand.

Mr. KNOWLES: Part of (2) (b) is the extra wordage used in spelling out the proviso?

Hon. Mr. GREGG: Yes.

The CHAIRMAN: Subclause (3)?

Carried.

Subclause (4)?

Carried.

Subclause (5)?

Carried.

Clause 23.

Mrs. FAIRCLOUGH: Mr. Chairman, something got away from me there in 22 (4). I notice that this is substantially the same as the old 98 (4), but the word "is" has been substituted for "may be". There has been some practice followed by divisional offices which hardly carried out the intention of this subclause. It is my information that most of the information in the divisional offices was marked "confidential", "office use only", and so on, and accordingly was not free to employers or applicants for employment. I wonder if it is intended that a more direct verbage should be placed in there to correct this situation? If so, will the divisional officers be instructed to make this interoffice information available?

Hon. Mr. GREGG: As to opportunity for work?

Mrs. FAIRCLOUGH: Yes. To either employers or applicants for employment.

Mr. MURCHISON: That information is given but probably there is another point in this subsection, namely the giving out of information about placement of applicants and so on. It has been treated as confidential.

Mrs. FAIRCLOUGH: The very wording is: the information obtained in any division is available to workers and employers in other divisions.

Mr. MURCHISON: Let us suppose Cornwall calls for certain workers of certain classifications and that is put into clearance. It goes to the several local offices in the area; it is not confidential. It is posted up and the people who come to the local offices are able to see the notices on the board.

Mrs. FAIRCLOUGH: But, I do think probably an indiscriminant use of the words "confidential documents" and "for office use only" has been indulged in by some of the officers who may have placed a different construction on what is confidential.

Mr. BISSON: Are you referring to employment statistics?

Mrs. FAIRCLOUGH: Inter-office information largely. I can understand where some of it might be confidential, but representations have been made to me from time to time to the effect there is information available but that some of the divisional directors have felt it was not for general use.

Mr. BISSON: Information about individual claimants is not available.

Mrs. FAIRCLOUGH: I am talking about employment information and conditions of employment as between divisions. If you wish to have some flexibility in the flow of labour and of workers generally it is scarcely conducive to that flow to have the actual normal conditions kept from the employers and workers.

Mr. MURCHISON: Can you cite an example?

Mrs. FAIRCLOUGH: I cannot now. This is a matter which has been told to me from four different local sources.

Mr. BISSON: Any information which would affect a job applicant is always made known to him and we encourage people to communicate with our offices before they go to another location.

Mrs. FAIRCLOUGH: I can assure the commissioner there is quite a bit of secretiveness over matters that are not considered by even the local manager to be too secret in nature. I would think some direction is needed to some of the local offices to the effect that they use discretion in what they label for "Office use only", "confidential" and so on.

Hon. Mr. Gregg: I think that can be dealt with by administration. I am sure the commission is greatly concerned there should not be any check on the flow of information.

The CHAIRMAN: Shall subclause 4 carry?

Carried.

Clause 5 has been carried. We are down to clause 23, "Regulations".

Shall clause 23 carry?

Mr. BARNETT: On clause 23 paragraph (a) which has to do with the defining of functions and scope of employment, I would like to raise a matter here on which we might have a little discussion in respect to the functions and scope of the employment service as such in contrast to the functions of the unemployment insurance as such. The impression I have from my observations in my part of the country is that inadvertently or otherwise, in the minds of most people the functioning of the national employment service has become very much submerged under the functioning of the unemployment insurance.

It has come to the point where a great many people seem hardly aware of the fact that there exists in the unemployment insurance offices the employment service. Just as an illustration of that, it appears to me from by observation, for example, that the mere sign gives ones that impression—"unemployment Insurance Commission". It does tend to create the impression this is a place to which a person goes to collect unemployment insurance rather than a place one would go to in the first instance for employment whether or not he were covered under the unemployment insurance benefit. Now, in addition to that I would like to make the observation that I know from conversations I have had that in the minds of a considerable number of working people there still exists some feeling of distaste towards the office in respect to the employment service arising out of the wartime selective service provisions, and to me that is a regrettable situation. I would like to feel that our national employment service is the place where people would most naturally go if they are in the position of looking for a job. I know from my observation that that is not the case speaking of the area of the country with which I am familiar. That may not apply in other sections of the country. I am wondering while we are considering this question whether we could have a little discussion on that aspect of the matter; and whether the commissioners themselves might have any suggestions to offer to the committee as to what could or as to what might be done to overcome that particular problem.

Mr. BROWN (*Brantford*): I would like to move that this table: "Placement by industry and by type of placement, 1953 and 1954" be printed as part of the record.

The CHAIRMAN: Shall we print this as an appendix?

Agreed.

Mr. BISSON: We certainly, in all of the publicity we give to our service in the commission, stress the employment side of it more than anything else. Now, the first thing that a man does when he comes into our office is to register for employment; the insurance aspect of his visit is not considered. If we cannot offer him a job then we will take his claim for insurance benefit if he has made the contributions in the past. I know that in the winter time we are more in the insurance business than in the employment business and that is probably when the people you refer to get the impression that there is no employment service and that it is just insurance. But I can assure you we do definitely stress the employment side of our job. Our offices are known officially as the National Employment Offices of the Commission. There may be, in some areas, an impression which has been created and is still in the minds of people that we are only an insurance office and the stigma of selective service is still prevalent.

Mr. BYRNE: Are employers required to register job vacancies?

Mr. BISSON: No.

Mr. BYRNE: Would not that be helpful?

Hon. Mr. GREGG: I doubt whether we could apply compulsion. A good many of them do register vacancies. However, there is something, I am sure, from the general public's point of view in what Mr. Barnett says; so much so that when we were looking at this bill at one point I suggested we might even change the name of the commission and call it the National Employment and Insurance Commission or something like that, but that would cost a good deal in the matter of changing the title on publications and so on. But I do think that the general public is getting to know more and more about it. Word is passed around that a number of people have found jobs through our offices and I think that that is bringing about good will and I think that they are gaining more and more the confidence of the employers and that

the employers feel they will be sent the likely people to fill the vacancies which they have. I think the sign now has national employment service in the same size letters as unemployment insurance.

Mr. BISSON: Yes.

Mr. JOHNSTON (*Bow River*): I have had no difficulty in respect to what has just been stated here, but the minister has apparently pointed out something to this committee which we have been overlooking and which Mr. Barnett has brought to our attention. If there is all that confusion which the minister thinks there is, having in mind the purpose of this whole set-up which is to give people jobs—the primary purpose is to give them jobs—and as the minister has indicated—and he must be speaking from experience—that there has been a good deal of confusion and the only reason is that we have not made it clear to the public that this is a place to obtain jobs, even though it is going to cost money, if it is going to help lessen that confusion and doubt, then we should spend that little extra money and make it doubly sure.

Hon. Mr. GREGG: My statement on the confusion was that I had felt it was mainly in the past, but I have felt that the way our offices are used for both purposes and the fact that everybody going there registers for a job and sees the opportunity of using that machinery to obtain a job, is perhaps a better means of getting them known to the people than attempting to do that by changing the name of the commission. After considering it completely I am not prepared now to suggest we should change the name of the commission for that purpose although it would have been a good thing if it had been that way previously.

Mr. BYRNE: Does the minister not think that the fact that employers are not required to register with the employment service is one of the reasons that people just ignore that service?

Hon. Mr. GREGG: I think that there would be objections if we made it compulsory for the applicant for a job to go to our offices rather to go out and find a position for himself. I think there would be objection on the part of employers if steps were taken to try to compel them to register with our offices every job they had available under peacetime conditions. If we had compulsion in other fields of our national life we would apply it there.

Mr. BYRNE: Is it not conceivable we might be denying a large amount of employment to people we could otherwise place in jobs? I cannot see how it is going to work any great hardship. They do not have to necessarily accept employees from the commission but should at least list their vacancies.

Hon. Mr. GREGG: In actual practice rather than a formal registration of jobs the commission workers in the local office do the registration by telephone and are checking on jobs all the time for applicants? And in that way I am sure that an office which is on its toes and has the goodwill of the community is not overlooking very many opportunities for jobs.

Mr. BYRNE: It might assist us in the statistics if we had not only the number of unemployed, but also the number of job vacancies open.

The Hon. Mr. GREGG: We do get information as to vacancies but always the vacancies listed there are less than the actual vacancies.

Mr. MURCHISON: This table shows that in 1954 there were 861,588 placements made. It is true that the big placement business is done in the major centres because employees in the smaller centres know where there are jobs and know where there are none and in many of those places we do not have offices. In the construction industry particularly, several unions of the building trades have placement offices for members of their own unions. These 861,588 placements represent a considerable amount of business and represent a

considerable amount of confidence on the part of employers or we would not obtain that business. It is true the placement business is down compared to 1953 but the labour market was more sluggish.

Then, if you refer to the table on the third page it shows you how many vacancies were notified to us in 1954; there were 1,088,320 vacancies notified to us. I say again that the large offices like Montreal, Toronto, Winnipeg and Vancouver do a substantial placement business because those are the most likely places to find jobs. But when you get to a place of 1,500 or 2,000 or 3,000 people the employees know the places where the jobs are liable to be had and they go there and are hired at the gate. This is not a compulsory service; it is a free service, free to employers and workers. This table indicates the extent to which they do come.

Mr. MACEachen: I would like to ask the commission if they have undertaken any studies to ascertain the effectiveness of our employment service? I know studies of the American employment service have pretty well demonstrated that when workers get information for jobs they get it from neighbours and relatives and then from other employees and there is a very small percentage of information provided to workers from the national employment service in the United States. The only bad feature in depending on other workers and relatives and friends for such information is that these people have very incomplete information and information confined only to a very small area. I wonder if any similar studies have been made in Canada to really determine how effective our service is in placing workers?

Mr. J. W. Temple (*Director of Employment Service*): Yes, we do. There is a survey made twice a year of the number hired and we take that and compare it with the placements we have made. We have been batting about 38 per cent, which is not an extensive figure, but nevertheless just recently, because we got in the neighbourhood of 1,310,000 vacancies in 1953 and then dropped 1,088,000 in 1954, we showed some concern and started out about two months ago to find out what is the cause of this and have field people working on it at the present time. When I say 38 per cent I think any of you gentlemen in the automotive business know if you get 38 per cent of the industry you are doing a very good job. I would like to see, however, every employer put his orders in to us.

Mr. MACEachen: What tests do you use?

Mr. Temple: We get a report from the employer which tells us what he hired in the past six months and we compare that with what we placed in that particular industry.

Mr. MACEachen: Would you be able to tell us just what type of employees you succeeded in placing?

Mr. Temple: Yes.

Mr. MACEachen: I think that American experience shows the employer goes to the employment service when he has exhausted all other avenues. I believe the ones who do apply are generally unskilled labourers.

Mr. Temple: We have that condition here as well, but also a large number of other employers use us exclusively and General Motors use us exclusively.

Mr. STARR: For one reason, that they want a certain type of employee and are not able to get it themselves. They use your service to sift through it and get exactly what they want.

Mr. Temple: Nevertheless, they have at the same time given us that job to do and we have been doing it. We are trying, and hoping with the assistance of everybody in the country, to get the employers to do it. We had an instance in Montreal recently where at an employer's meeting a suggestion was made that the employers put the orders in with the national selective service—they

used that title. I suggested here was a group of employers who had the solution in their hands. All they had to do was to make sure that we got those orders; we had the applicants and want the orders and we would do everything we can to get them.

Mr. MACEACHEN: My impression would be that you are getting just a very special type of employer and a very special type of employee to use your service. This is my impression.

Mr. TEMPLE: Yes, of course, the bulk of our placement and applicants are in that category, but we do a lot of work on the executive and professional side, and on the special placement side—the handicapped and older worker. It was suggested and you might think these people come to us because they cannot find jobs themselves, but we have proven in a good many instances that even the higher calibers—engineers and scientific people—have been placed by us.

Mr. GILLIS: Mr. Chairman, I just wanted to say it is only by a long process of education so far as the employer is concerned that you will sell the national employment service to him. By and large they do not want it for the reason Mr. Gregg stated. They feel it is compulsion. I have never looked upon it in that way; it is not a matter of compulsion but a matter of direction. If the national employment offices are registering the unemployment in every office across the country, they are doing a good screening job to start with. They know the men, their ages and their family requirements and what they are able to do. If the employer was sensible and he needed a group of men in certain classifications you could contact that office and he would have his employees already screened for him, but most of the employers maintain their own employment service. They have their own employment office, and they want to do the job. In this way they are doing a selective service job for themselves. They want to select. You will not break that down until you demonstrate to the employers that this is a better way of meeting the employment requirements of the country than the way they do it—haphazardly. There is one type of employment in the country which we can do something about, and that is in relation to government contracts or let us say a naval base where it is a straight government setup, and they employ quite a lot of people. When a government contractor goes into a given area, he should be given to distinctly understand when he goes in that he must go to the national employment office to meet his requirements, but they do not. I know of case after case where a contractor came in to do a specific job, but instead of going to the employment office and getting his employees there, he dealt with the local patronage committee and the employee who goes on that job has to have a slip of paper either from the member of parliament or from the defeated candidate in the last election—that has been happening recently. Mind you, it creates confusion. In many cases the employer gets a truckload of people who are absolutely of no use to him, and after he has gummed it up properly he goes back to the employment office and tries to get them to untangle it, but he has lost a month's work in the meantime. I think it should be understood when the government has a contract that the contractor going into any locality should get in touch with the local employment office for the purpose of picking up his employees. They are there, and they have already been screened, and he can find any type he wants in any classification instead of picking them up by the truckload through the back door. That is true also in a place like the naval base at Point Edward. We have had many discussions on this down in that part of the country. If the employer or the contractor going in on that naval base were to contact the local employment office they could supply him. Why you cannot force the general employers across the country to utilize the services of the national employment services is

beyond me—you could write something into your contract so that when a contractor comes into that area he could contact the employment offices. That is one place where you could do it.

Mr. GILLIS: I do not consider this business compulsion at all either for the general employer or a contractor for the government. It is a matter of direction and it is a more systematic way which is 100 per cent better than this grab bag method that is being used by the general employer today. I think if these offices are going to stand up in the future it is not because they are issuing unemployment insurance, but because they are able to do something with respect to the education of the employee and the employer, and in the latter case instructing employers where to go to select their employees, and where they can do their maximum job. Just take the St. Lawrence seaway as an example. It has been in the offing for a year. Everyone across the country where there is unemployment is wondering how they can get a job in Cornwall. The minister told me in the House that their labour will be recruited through the national employment offices. Now, how much information concerning this project is there in the national employment offices across the country in relation to employment on that particular project? There is not very much.

Hon. Mr. GREGG: There is the most complete information.

Mr. GILLIS: If it is in every office it must be one of these deep dark secrets Mrs. Fairclough was talking about.

Hon. Mr. GREGG: The time has not yet come for personnel to be called upon for work at Cornwall. I do not want to prolong the discussion, but I must say in response to what Mr. Gillis said earlier about his experience, in Nova Scotia, I presume—

Mr. GILLIS: I can assure you I have had that experience.

Hon. Mr. GREGG: I am sure the committee members will agree it must be the exception rather than the rule. I will take a much larger example. Is Mr. Bell here?

An Hon. MEMBER: He has left.

Hon. Mr. GREGG: He is familiar with this situation. There has been an expenditure of \$20 million in a series of contracts for the national defence area down in New Brunswick. The commission set up on the area—or at the approach to the area—a special office for the purpose of handling it just the moment the public announcement was made that the lowest tender had been awarded the contract. The representative of the national employment service got in contact with the contractors and told them that its services were available to them, and the men who came by thumbing rides by truck and by motor car were interviewed by the national employment office as they came into the area, and the national employment office provided the workers for 95 per cent at least of the project.

Mr. GILLIS: I presume it is at Gagetown?

Hon. Mr. GREGG: Incidentally, there was not a person who went in for a job with a slip of paper on any patronage grounds whatsoever.

Mr. GILLIS: I am glad to hear that.

Mr. BYRNE: I was going to say, Mr. Minister, I think it is the weather. Mr. Gillis is indulging in one of his periodical pipedreams.

Mr. GILLIS: Mr. Chairman, I resent that. I think it is uncalled for. It is no pipedream, but a statement of fact that I can back up.

Hon. Mr. GREGG: I think it must be an exception, as I say.

Mr. BYRNE: I have been a member of parliament for going on six years now, and I have never secured a job for anyone in my riding with a contractor

and there has been considerable contract work around there. It may not be a pipedream, and it may apply in a particular area, but I can speak for my particular area, and I suggest it is not so. It could be a pipedream.

Mr. GILLIS: You would not say it was so, even if it was.

Mr. SIMMONS: Have you any figures broken down for the province of Ontario?

Mr. MURCHISON: We could bring them in for another meeting.

The CHAIRMAN: They can be brought in at a later time, Mr. Simmons. I think Mr. Barnett has succeeded in obtaining an answer to his question.

Mr. MACEACHEN: I think one of the real purposes and the objectives of the national employment service is to further the mobility of labour from one part of the country to the other and that problem of course is becoming more acute from time to time. The picture we have here is a static picture of placement with no indication of whether there has been any mobility between areas or between industries and I wonder if there is any data that could be provided to demonstrate the mobility?

Mr. MURCHISON: See the figures under the heading "Transfers out"—53,900—that indicates mobility.

Mr. MACEACHEN: It does not indicate geographic mobility?

Mr. MURCHISON: No, we have another statement for that.

The CHAIRMAN: You are talking about what page?

Mr. MURCHISON: Page 2, the last column entitled "Transfers out". That is where workers moved from one area to another.

Mr. MACEACHEN: I see. Could you give us any idea how this has taken place? I would really like an expression of opinion as to how the mobility is being handled and if the real problems and resistances to mobility are being overcome in the country?

Mr. MURCHISON: One large example is the potato pickers who come from New Brunswick and Quebec down into Maine and the harvest workers from the maritimes who come up into Ontario and those people who come from the west down east and who go from the east to the west—large movements of that nature. The breakdown is shown in the annual report of the commission as to where the main movements are. Then too, there are large contracts up in Newfoundland where we supply workers and another example was in 1953 when miners were moved to Kitimat in B.C.

Mr. MACEACHEN: This picture of 33,000 that you mentioned is an indication of mobility then as a percentage of the labour force, we have to conclude that our labour force is extremely mobile, is that not right?

Mr. MURCHISON: Those are actual placements; we may not have placed all the people who moved on.

Mr. MACEACHEN: But 33,000 in 1954 indicates a real problem. I am not saying that the national employment service is not doing what it should do, but this certainly would indicate for the Canadian labour force that mobility is still a very real problem?

Mr. STARR: Is it not true that the flexibility of movement of the labour force been decreasing in the past number of years because of the trend of home ownership that has come into existence with the National Housing Act, and therefore your flexibility of movement is getting smaller and smaller?

Mr. BISSON: Yes.

Mr. BARNETT: I would like to say first of all that I know from my own knowledge that the remark made by the minister earlier about the effort on the part of some individual managers to build up the unemployment end of the

thing are perfectly correct, and I can think of instances where in my opinion a good job of public relations between the office and the employers and the office and the workers or potential workers is being done. As the minister said, quite a lot of it is being done by telephone. I think that what was said about informing workers concerning employment opportunities once they are inside the doors of the office is probably quite correct. One of the problems I have in my mind was that people—particularly those not covered under unemployment insurance—in a great many cases never do enter the door in order to have the opportunity made known to them. Again, as was already mentioned, it is partly a matter of education. I hope I made it quite clear at the outset that I did not think the whole responsibility for this situation—if it is not all it might be in some directions—lay with the commission but certainly there has been a tendency, as far as I have seen, for employers using this service only as a last resort and in addition to that, there has been a tendency for the employers who use the service to be the kind of employers who are not offering desirable employment opportunities from the point of view of wages and that sort of thing. That does tend to aggravate the feeling in the minds of a lot of people that this office is the place you go to only as a court of last resort before you are completely down and out and that the kind of jobs you could get there are jobs you will only take to keep your wife and children from starving. While some efforts were being made I felt that this might be a good place to discuss whether or not any further steps could be taken so that either members of the House could come up with suggestions to the commission or the commission on the other hand could bring up suggestions to the members as to how a general increase in the consciousness of the Canadian people of the services available could be brought about.

I hesitate to make any suggestion about a large advertising program, because I know that sort of thing costs money, but I thought perhaps a study could be made of ways and means whereby greater publicity could be given to the service and I cited what appeared to me to be a fairly simple example of giving greater prominence to the employment aspects as far as the offices are concerned.

Mr. BISSON: We do get quite a bit of publicity and most of it is free. We get free time on radio stations and we get a lot of free publicity from having our employment offices in various localities and we are assisted by the national employment committee. They are meeting next week and we have certain problems to present to them in that respect. We are doing our best to try and make our services known.

The CHAIRMAN: I am sure, as I said a moment ago, that some good will come out of this discussion, and the commissioners who are here are aware of the significant points that have been raised.

Clause 23, paragraphs (a), (b) and (c).

Shall these carry?

Mr. CHURCHILL: No, no, Mr. Chairman. Clause 23, paragraph (a) reads: "defining the functions and scope of the employment service and the principles to be applied in carrying out the duties of the commission under this part;" are you able to define the functions, scope and principles now?

Mr. TEMPLE: We have that formulated. I will read the regulation: "Services shall be free to workers and employers alike; and no officer, clerk or employee of the commission shall accept any fee in relation thereto. Services shall be available to all employable workers whether insurable or not, or whether they are claiming benefit or not." Twenty per cent of those registered in our offices are not insured. "The aim of the employment service shall be the best organization of the employment market, as an integral part of a

program for the achievement and maintenance of full employment and development and use of productive resources. The policy of the employment service shall be developed and its services operated with the cooperation, where necessary, of other public and private bodies concerned and of representatives of employers and workers. Referrals of workers seeking employment shall be made on the following basis: (1) primarily on suitability of skills; (2) where there is equality of skills, veterans in preference and then on the basis of length of registration for employment; and (3) other conditions being equal, on family responsibilities and length of employment. Subject to the needs of the employment, referrals shall be made without discrimination either in favour of or against any worker by reason of his sex, racial origin, colour, religious belief, political or union affiliation. Referrals of workers to establishments where a strike or lockout exists shall be made only after the existence of such strike or lockout has been notified to the worker." Those are the principles.

Mr. CHURCHILL: This is a new departure?

Mr. TEMPLE: So far it has been done on directives from the commission and we propose to incorporate these directives in the regulations.

Hon. Mr. GREGG: In other words these are principles upon which we have been operating in the past.

Mr. CHURCHILL: In paragraph (b), I suppose "c" incorporates the relative portions of "o" "p" and "t" in section 108, and section 108 subsection "o" uses the word "requiring" which does not occur in this bill. It simply says: "make regulations for obtaining information". Then subsection "t" of 108 requires persons seeking employment—again the word "requiring" is used. Is there some reason for dropping that phrase? There is quite a difference between just obtaining information and requiring that it be done on the part of employers or employees.

Mr. BISSON: There is no change there.

Mr. CHURCHILL: The regulation will make it mandatory?

Mr. BISSON: Yes.

Mr. CHURCHILL: In other words the employment records—that is the marginal note with regard to 108, subsection "o"—will be set out by regulations under 23 (b)?

Mr. BISSON: That is right, yes.

Mr. KNOWLES: It is getting late in the day, and perhaps I am more stupid than usual, but the minister a while ago said he could not compel employers to use the service, and yet it does seem that section 108 (t) which is being carried forward does compel people who want jobs to inform the employment service of that factor. Please do not misunderstand it; I put it in the form of a question. Is a person who is unemployed not free to stay that way?

Mr. BISSON: They are compelled to inform the employment office. That is the only way the employment office can know they want jobs.

Mr. KNOWLES: That is all you are seeking there, is it?

Mr. TEMPLE: It deals primarily, I think, with the report we mentioned which we get every six months. We have that and we are now asking them to report the number of people they take on and lay off.

Hon. Mr. GREGG: So this compulsion is on the employees?

Mr. TEMPLE: No, the employers who make the report to us every six months.

Mr. KNOWLES: That is not what 108 (t) seems to say. It says: "requiring every person seeking employment to notify the employment service of such fact and to supply prescribed incidental information in such manner and

within such time as may be prescribed." Is not "every person seeking employment" the jobless person who wants a job?

Mr. TEMPLE: My comment on that would be that it is there if we wanted to use it. The minister expressed the view that we are not using it because we have not got to that stage where we want to compel.

Mr. GILLIS: It is not compulsion you are asking for, but cooperation?

Mr. TEMPLE: That is about the size of it.

Mr. GILLIS: Sure; there is no compulsion in that.

Mr. TEMPLE: Yes. If we had to do it, we want to be able to do it.

Mr. JOHNSTON (*Bow River*): What do you mean it is not compulsion—if you want to use it, you can?

Mr. MURCHISON: There may be an emergency that would require it.

Mr. JOHNSTON (*Bow River*): So Mr. Gillis is quite wrong—it is not cooperation, but compulsion when you want to use it.

Mr. GILLIS: He is asking for their cooperation, but if they do not cooperate—

Mr. JOHNSTON (*Bow River*): You will beat them over the head.

Mr. GILLIS: If it is in the interest of the country, they should be able to do that.

Mr. JOHNSTON (*Bow River*): Let us not confuse the thing.

Mrs. FAIRCLOUGH: Is this the same section under which persons during the war years were required to register with the department, and likewise applicants? I can recall a time when you could not put an advertisement in the newspaper and you had to channel your request through the selective service. I fancy this is a throwback to those times.

Mr. MURCHISON: It would only be used in the case of an emergency.

Mrs. FAIRCLOUGH: You are taking it out now?

Mr. MURCHISON: No, we have the same regulations but—

Mrs. FAIRCLOUGH: —but they will not be spelled out in the Act?

Mr. MURCHISON: Yes.

Mr. KNOWLES: And you will have it both ways—that is, the possibility of making it compulsory in relation to any person who is an employer and to people who are seeking jobs?

Mr. MURCHISON: If it becomes necessary in the case of an emergency, yes.

Mr. BYRNE: Does not section 108 (o) require the employer also—on page 41—in the part which reads: "Requiring every person who has engaged an employee, who ascertains that he requires or will require to engage an employee or who ascertains that an employee has left or will be leaving his employment, subject to prescribed conditions, to notify the employment service organized, etcetera." Does that not require the employer also to register any vacancies with the service?

Mr. BISSON: It would have to be by regulation.

Mr. TEMPLE: We have that now through the report which we receive each six months.

Mr. BYRNE: Does it come into the local offices?

Mr. TEMPLE: No, it comes to the head office.

The CHAIRMAN: Shall paragraph (b) carry?

Carried.

Shall paragraph (c) carry?

Carried.

The CHAIRMAN: Clause 24, subclause (1).

Mrs. FAIRCLOUGH: Mr. Chairman, I realize that this is pretty much the same as it was under the old Act, but it has been shortened up and clarified; however, it is practically the same. I wonder if the departmental officials would explain under what circumstances it is necessary to make advances for employees and also if these advances are made on behalf of an employee and then if the applicant on whose behalf the advance was made fails to report for work—it frequently happens—how do you go about it—let us suppose the prospective employer says, “No, I am not going to be responsible for advances made if I did not reap any benefit from it.”

Mr. MURCHISON: That has happened; not very often, but it has happened.

Mrs. FAIRCLOUGH: What do you do?

Mr. MURCHISON: We collect from the would-be worker.

Mrs. FAIRCLOUGH: But this clause says: “The person on whose application the advance is made”—it does not necessarily say the worker. The advance could be made on either the applicant’s employer or the worker. This definitely puts the onus for repayment on the person who made the application and not necessarily on the person who received the money?

Mr. TEMPLE: May I answer that question? We have had cases of that, Mrs. Fairclough, but they have been very few, where we have sent a man to a given job at the request of the employer, and the employer has paid his transportation. We have advanced it and collected from the employer, and when he got there conditions were not as they were described and that kind of thing, but there have been very few cases like that.

Mrs. FAIRCLOUGH: I know those cases exist.

Mr. TEMPLE: There have been one or two like those you are thinking about but there has been confusion all the way along. Perhaps I should really put it this way—actually the order that we got was not precise, and as a consequence the employer realized that, and he did take care of the payment.

Mrs. FAIRCLOUGH: Since this section in the bill is substantially the same as in the Act, you believe that this is a workable section, and it has worked out all right in the past?

Mr. TEMPLE: Yes, I think so.

Mr. CHURCHILL: Is the worker on whose behalf an advance is made is required to be a resident of Canada before the advance is made?

Mr. TEMPLE: When you say resident of Canada, do you mean that we might bring someone up from the States and advance money that way?

Mr. CHURCHILL: Or from Europe.

Mr. TEMPLE: We have brought people from Europe under the D.P. movement and the assisted passage movement—it could be arranged.

Mr. CHURCHILL: In other words a person who proposes to become an immigrant to Canada, may be assisted under this provision?

Mr. TEMPLE: Possibly.

Hon. Mr. GREGG: After he got here and became an immigrant.

The CHAIRMAN: Shall subclause (1), clause 24 carry?

Carried.

Shall subclause (2) carry?

Carried.

Shall subclause (3) carry?

Carried.

Shall subclause (4) carry?

Carried.

The CHAIRMAN: Shall clause 25 carry?

Mr. FRASER (*St. John's East*): I would like to raise the matter of the insurability of Canadian workmen on American bases in Newfoundland. The statement has been made in the House during the second reading of the bill that workmen in Newfoundland employed by United States civilian contractors on these bases are not covered by the Unemployment Insurance Act. Now my understanding is that this is not so. I have been informed that they are insurable and have been insurable for some time; in fact, I believe ever since such employment first started. I would like to have this matter cleared up and I would direct my question to the chief commissioner for clarification of that point.

Mr. BISSON: American contractors employing Canadian workers have to pay contributions. The American government employing Canadian labour does not have to pay contributions unless it wishes to do so.

Mr. FRASER (*St. John's East*): In the case of civilian contractors being U.S. citizens and employing Newfoundlanders or other Canadian workers—

Mr. BISSON: They have to pay contributions.

Mr. FRASER (*St. John's East*): And the workmen are insured?

Mr. BISSON: Yes.

Mr. JOHNSTON (*Bow River*): In cases where they have refused to pay the American government is not required to?

Mr. BISSON: No.

Mr. JOHNSTON (*Bow River*): They just do not pay it then?

Mr. BISSON: Yes.

Mr. BARNETT: I was the member who made that statement in the House, and I have had it drawn to my attention since that the statement was not entirely correct. I am prepared to accept that that is the case. I should have said, in my remarks in the House, as has already been indicated, that this situation exists in respect to those who were employed by the American government or some department or agency of it, and I think now that the matter has come up that this is a point on which it would be valuable to have some amplification in the committee as to what can be done, or what should be done, to take care of that aspect of the situation.

Mr. BISSON: At the moment we are carrying on informal discussions—that is through the Canadian labour attaché in Washington—with the United States government towards the insuring of Canadian workers employed by the U.S. government in Canada and perhaps Mr. Barclay might amplify that statement.

Mr. R. G. BARCLAY (*Director of Unemployment Insurance*): What the chief commissioner describes as informal discussions are now more in the formal stages and the Departments of External Affairs of the two countries are taking a hand in it. As has already been said, ever since the Americans came over here back in the early days when work began on the Alcan highway, we have had a deal with them under which any American contractor would insure his employees, but the government did not insure employees of the government. Now on the western job when they started out most of the people were hired by contractors and at one stage when the American government took over the insurance ceased. When Newfoundland came in we had more negotiations and

made the same deal with regard to Newfoundland as we had made previously in western Canada; that is, anyone employed by a contractor would be insured, but when he was employed directly by the government he was not insured.

Just last autumn the American—I think it was President Eisenhower—recommended certain changes in their social security laws which would bring in certain classified employees of the government under insurance. Because the insurance laws are operated by the States, I understand that it will not be exactly the same as our coverage here, but there will be protection for these people and, since we heard about this development in the United States, we began to negotiate with Washington to have the employees of the American government employed in Canada insured under the Act. All I can say at the moment is that these negotiations are going on and we hope for a successful conclusion to the negotiations.

Mr. GILLIS: Are many people in Newfoundland affected?

Mr. BARCLAY: Our understanding is that there is some new work being performed and they will probably have 3,000 people working there this summer. We are in hopes of getting it going before too many people are employed.

Mr. GILLIS: What about the employees on the DEW line?

Mr. BARCLAY: Most of it is by contract, and Canadians employed on the DEW line will be insured under the Canadian scheme. Some of the key positions will be filled by the American and they will continue insurance under the American plan, and the same thing applies on the St. Lawrence seaway project. On that project we are insuring Canadians under our plan whether or not they are employed here or in the United States, and the Americans are doing the same thing for their people.

Mr. BARNETT: Well now, Mr. Chairman, I gather from what we have been told that negotiations are going on in the rarefield atmosphere of the Department of External Affairs of the two countries involved, and as I understand it it was expressed as a hope that these negotiations might be brought to a successful conclusion in the near future. It does not necessarily follow that this is going to be the case, and while I freely admit that I used the wrong aspect of this matter when speaking in the House nevertheless the basic situation with which I was concerned when I spoke still exists, and I did suggest in the House—I think I put it in the terms that if the Minister of Labour could not persuade his colleague in External Affairs to bring this matter to an early conclusion that we could very well consider the question of providing within our own boundaries unemployment insurance protection for these Canadian workers and I would like to hear the reaction of the minister or of the unemployment insurance commission as to what might be considered in that direction. I think it will be granted that this is in effect a special situation, and I still feel that particularly in a province like Newfoundland where so far as my limited observation went, the work on these bases is quite a large factor in the general economy of the province—that it should be given wise consideration because it is a matter not only of depriving these workers of benefits during the period of their employment on the bases, but it might very well mean that if they had some employment on the bases and some other employment that in the other employment they would not have accumulated a sufficient contribution period, so that they could qualify in any respect whatever under the Act. It would seem to me that in the overall picture of Canada the necessary budgetary requirements to make some special arrangement pending the completion of these negotiations, would not be apt to increase the deficit of the country or to deplete the resources of the unemployment insurance commission to any extent.

Hon. Mr. GREGG: I think in view of the good results of the negotiations concerning unemployment insurance between the United States and Canada on other matters in the past it might be well to let these negotiations proceed a little further before considering the alternative course you suggested. I will ask the commission now if they will keep me informed of progress in this regard, so that when the results come forward I will refer to your question in the House, and make a statement there if this committee is not sitting at that time.

Mr. KNOWLES: I have another question to ask under this clause. I could ask this question under several different clauses because it involves cross references. Section 25 is the one that takes the place of section 14 of the old Act. As a result of reading section 14 of the old Act, and part II of the schedule to which section 14 of the old Act refers, I take it that at the present time employment in connection with a public utility is by statute insurable employment, but section 25 of the new bill does not carry forward, as I see it, the statutory provision that employment in the public utilities is insurable employment. On the other hand when we get over to section 28 of the bill we find that the commission is being given power to make regulations for excepting from insurable employment any employment under any municipal or public authority.

The CHAIRMAN: Mr. Barclay will answer your question, Mr. Knowles.

Mr. KNOWLES: My question is, why the change?

Mr. BARCLAY: As a matter of fact, there is no change intended. When we were examining the provisions of the present Act, we found that things kept going backwards and forwards and some people were in insurable employment and then were found to be excepted or someone was excepted and was then found to be insurable. In omitting the actual reference to a public utility there was no intention of any change in the present practice at all; it just seemed when we were drafting the new bill that dealing with it by regulation fitted in with the general scheme of things a great deal better than the way it was written before, so in effect there is no intention for changing the present situation so far as public utilities are concerned. By the change we removed a certain amount of the verbiage out of the Act. It is true some of it may have to come into the regulations, but as far as the general scheme of things is concerned there was no intention that the public utilities would be in any different position than they are at the present time.

Mr. KNOWLES: I am glad to know that there was no intention to achieve that result by means of a regulation, but am I not correct that under the old Act the commission could not do it if it wanted to whereas under the new bill the commission could if it so chose e-x-c-e-p-t employment—as Mr. Pouliot would say—in a public utility? If I may go a little further, I take it from the new Act if no regulation contrary thereto is passed by the commission employment in a public utility will continue to be insurable employment, but there is the possibility under section 28(1) (b) of the commission taking public utilities out of that category?

Mr. BARCLAY: Under the present Act, section 16, the commission always had the same power to take people out that they have now. Under section 15 any time the commission found an anomaly it could take any class of persons out of insured employment and put them into excepted employment so that the Commission's powers have not been widened to any great extent.

Mr. KNOWLES: And it is clear, as you have said, there was no such intention?

Mr. BARCLAY: No.

Mr. CHURCHILL: Is not section 15 the other way round—they can take people in to insured employment?

Mr. BARCLAY: You can do both under 15.

Mr. CHURCHILL: You can either take them in or put them out?

Mr. BARCLAY: Yes.

The CHAIRMAN: Shall clause 25, paragraph (a) carry?

Carried.

Paragraph (b)?

Carried.

Paragraph (c)?

Carried.

The CHAIRMAN: Clause 26, "Regulations", sub-clause 1.

Mr. CHURCHILL: Mr. Chairman, I notice this combines sections 89, 108 and the schedule of the Act. Could we have just a word about what portion of 108 are included in that—it is a very extensive section.

Mr. BARCLAY: There is no part of 108 under paragraph (a)—the part of 108 comes in a little later on; under "C" as a matter of fact.

The CHAIRMAN: Shall paragraph (a) carry?

Mrs. FAIRCLOUGH: Of sub-clause 1?

The CHAIRMAN: Yes. And paragraph (b) of sub-clause 1?

Carried.

The CHAIRMAN: This paragraph (c) is the one Mr. Barclay spoke of.

Mr. BARCLAY: In the bill it says: "The commission may, with the approval of the Governor in Council, make regulations for including in insurable employment (c) the entire employment of a person who is engaged under one employer partly in insurable employment, and partly in other employment". Section 108 of the Act says: "The commission may also make regulations: (a) for permitting persons who are engaged under the same employer, partly in insurable employment and partly in some other employment, to be treated with the consent of the employer, for the purposes of this Act, as if they were wholly engaged in insurable employment."

Mr. CHURCHILL: Is that the only portion of section 108 that is included in clause 26 of the bill?

Mr. BARCLAY: It is the only part that is included in clause 26.

The CHAIRMAN: Shall paragraph (c) of sub-clause 1 carry?

Carried.

The CHAIRMAN: Paragraph (d). Shall this carry?

Mrs. FAIRCLOUGH: This brings to mind a question that was brought up in the House one day—I think it was by General Pearkes—you will remember he talked about pile drivers—

Hon. Mr. GREGG: Oh yes, special people.

Mrs. FAIRCLOUGH: Yes. He said they were working for fishing companies and were not covered.

Hon. Mr. GREGG: I think I can tell you that this little group has been brought to the attention of the commission. I think you have some hope of recommending that they be brought in under the regulations, have you not?

Mr. BISSON: We are checking one more detail with the employer.

Hon. Mr. GREGG: Perhaps you could convey that information to General Pearkes.

Mrs. FAIRCLOUGH: That is the type of employment you intend to cover under (d)?

Mr. BISSON: Yes.

The CHAIRMAN: Shall paragraph (d) of clause 26 (1) carry?

Carried.

The CHAIRMAN: Sub-clause 2 of clause 26, shall paragraph (a) carry?

Carried.

Paragraph (b)?

Carried.

Paragraph (c)?

Mr. BARNETT: This paragraph (c) is one to which I made reference in the House under second reading of the bill—at least the principle embodied in this section, and I feel it is a matter that should have very serious consideration before its continuance in the bill is agreed to. As I endeavoured to point out, it appeared to me to be in direct conflict with the statement of principle in section 35 of the bill which says that “in determining whether any employment is or was insurable, regard shall be had to the nature of the work rather than to the business of the employer.” It does appear to me that this subsection as it is drafted in effect places completely at the will of the employer whether or not a certain group of employees are to enjoy unemployment insurance coverage regardless of whether the nature of the work they are performing is such that under another employer they would be covered under unemployment insurance. Personally I regard it as a very poor principle to have embodied in this Act which, by and large, I think does place employees and employers on a fairly equal basis as far as application is concerned. I feel if the principle involved in this subsection were applied generally as far as unemployment insurance coverage is concerned in Canada, very likely there would be a very small minority of employers if the first instance at least who would have consented to having their employees covered by the provisions of the Act and in effect would have made a national unemployment insurance scheme just unfeasible.

I did suggest that I recognized there may be certain circumstances under which hospital institutions are operated in the country where the employees themselves might not wish to come under the coverage of the Unemployment Insurance Act, but that in circumstances where the employees desire that, and where there is no reason why the employer should not pay the amount involved as their share that employees are in fact being prevented from getting coverage simply because the Act says that they have to have the consent of their employer and this then forces the employees of hospital institutions which are caring for sick people into position where their only recourse to obtain the consent of the employer would be to take strike action, and I think that all of us would agree that is not the kind of situation we would want to ferment in a piece of federal legislation.

Mr. BARCLAY: I wonder if it would be as well to allow paragraph (c) to stand until we get to clause 27, paras. (d) and (e) which make excepted employment in hospitals and charitable institutions. I think perhaps the discussion of this particular para. (c) could very well be combined with any discussion there might be on these forms of excepted employment. It is part of the whole thing.

Mr. BARNETT: I would be quite agreeable to that, Mr. Chairman, except that under 27 (d) employment is simply exempted employment. The matter of principle I raised is not involved, but I agree the matters are related, and I would be quite willing to have them discussed together.

Mr. BARCLAY: I think you are suggesting that employment in hospitals should be insured employment, the same as other employment.

Hon. Mr. GREGG: I thought you said you felt the consent of the employer should not be necessary.

Mr. GILLIS: He is arguing that the employee should have a say in it also.

Mr. BARCLAY: If, for example, para (d) were eliminated from the Act, there would be no necessity for paragraph (c).

Mr. BARNETT: I agree that the elimination of para (d) from 27 would almost automatically eliminate the other.

Mr. BARCLAY: We would not need (c) at all.

Mr. BARNETT: But regardless of whether the committee and the government agree to the removal of that exemption as stated there I think the other matter should be considered.

Hon. Mr. GREGG: How would it be if we agreed that 27 (2) (c) stand. I was going to ask that 27 (2) (d) and (e) stand also because I would like to have more time than we have at our disposal today in order to say a few words about hospitals to the committee, if I might.

The CHAIRMAN: Paragraph (c) of subclause 2, clause 26 stands.

Shall sub-clause 3 carry?

Carried.

The CHAIRMAN: It is nearly 6 o'clock, and I think probably this a good point at which to break off.

Hon. Mr. GREGG: There is a long list under 27.

The CHAIRMAN: Yes, there is a long road ahead.

We will adjourn now and meet tomorrow at 3.30 p.m. in the same room.

The committee adjourned.

## APPENDIX "A"

26. 5. 55

Mr. Chairman,  
Ladies and Gentlemen of the Industrial Relations  
Committee of the House of Commons.

The International Association of the Fire Fighters, representing the professional fire fighters of Canada, are requesting that the professional fire fighters of Canada be excluded from the provisions of the Unemployment Insurance Act, as they were prior to January 1st, 1954.

We contend that there is very little possibility of our men ever being able to benefit in any way from the provisions of the act for the following reasons:

1. The fire fighter becomes a permanent employee in from 3 to 6 months of his employment and participates in a pension plan on the start of his employment.
2. Severance of employment only comes by reason of dismissal for cause, resignation for better employment, or by retirement on pension. Past experience over a good many of years, shows that there has never been reduction in staffs due to economic conditions and the future bids for larger departments. Under the provisions of the act the fire fighter cannot receive benefits for severance of employment for these reasons.

We further contend that the fire fighter should be excluded from the act as the Police Forces are. The occupation of fire fighter parallels very closely that of the policeman. His conditions of employment are similar, they are both serving the public as an emergency group, they are not permitted to strike, and they both must meet standards as to training, physical conditions etc., as apart from other municipal employees.

As the possibility of the fire fighter receiving any benefits from the Act are extremely remote, we submit that it is an unnecessary burden to place on the Municipalities for payment of this tax, and a very unfair burden to place on our membership.

We sincerely submit and suggest to the members of this committee that an amendment be added to section 27, subsection G of Bill No. 328, to include professional fire fighters as well as policemen.

We sincerely trust the members of this committee will give their earnest consideration to our submission and rectify which we feel is a most unfair burden to our membership.

The International Association of Fire Fighters thank you Sir, and the members of your committee for the privilege of presenting this brief on behalf of the fire fighters of Canada.

Respectfully submitted,

INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS

A. VANASSE,  
Vice-President 15th District

M. TUCKER,  
Vice-President, Provincial Federation of Ontario Fire  
Fighters.

APPENDIX "B"

26.5.55

PLACEMENTS BY INDUSTRY AND BY TYPE OF PLACEMENT, 1953 AND 1954

Industry	1953				1954			
	Total placements	Regular	Casual	Transfer out	Total placements	Regular	Casual	Transfer out
Agriculture.....	79,137	36,080	31,441	11,616	97,565	32,022	53,646	11,897
Forestry.....	41,579	36,272	751	4,556	37,626	31,488	832	5,306
Fishing and Trapping.....	233	208	11	14	88	79	3	6
Mining, Quarrying and Oil Wells...	13,046	10,508	283	2,255	10,978	8,902	386	1,690
Metal Mining.....	6,425	4,644	102	1,679	5,551	4,200	186	1,165
Fuels.....	3,399	3,185	68	146	2,962	2,638	107	217
Non-Metal Mining.....	1,546	1,213	4	329	974	742	3	229
Quarrying, Clay and Sand Pits..	630	578	49	3	507	441	59	7
Prospecting.....	1,046	888	60	98	984	881	31	72
Manufacturing.....	216,486	195,723	16,724	4,039	164,979	144,873	16,466	3,640
Foods and Beverages.....	31,074	27,921	2,992	161	22,812	19,708	2,898	206
Tobacco and Tobacco Products..	1,042	1,017	24	1	1,751	1,746	5	.....
Rubber Products.....	2,210	2,057	134	19	1,843	1,663	141	39
Leather Products.....	5,924	5,812	84	28	4,214	4,103	93	18
Textile Products (except clothing)	11,889	11,221	517	151	10,800	10,121	542	137
Clothing (textile and fur).....	22,783	22,205	439	139	17,494	16,961	447	86
Wood Products.....	24,778	22,583	1,861	334	20,387	18,175	1,761	451
Paper Products.....	9,199	7,077	1,936	186	8,170	5,679	2,286	205
Printing, Publishing and Allied Industries.....	7,441	6,233	1,144	64	6,140	4,889	1,185	66
Iron and Steel Products.....	29,859	26,774	2,446	639	23,506	20,634	2,374	498
Transportation Equipment.....	28,646	25,895	1,148	1,603	17,183	14,780	1,327	1,076
Non-Ferrous Metal Products.....	7,318	6,694	542	82	5,438	4,912	278	248
Electrical Apparatus and Supplies	8,939	8,190	525	224	6,899	6,134	453	312
Non-Metallic Mineral Products..	6,247	5,503	677	67	4,935	4,090	764	81
Products of Petroleum and Coal.	1,229	999	161	69	1,245	973	222	50
Chemical Products.....	10,269	8,430	1,615	224	7,090	5,683	1,298	109
Miscellaneous Manufacturing Industries.....	7,639	7,112	479	48	5,072	4,622	392	58
Construction.....	161,278	138,693	10,301	12,284	120,810	101,562	13,398	5,850
General Contractors.....	125,740	107,300	7,223	11,217	92,396	77,194	10,059	5,143
Special Trade Contractors.....	35,538	31,393	3,078	1,067	28,414	24,368	3,339	707
Transportation, Storage and Communication.....	48,227	34,842	12,666	719	39,416	22,619	15,894	903
Public Utility Operation.....	3,727	3,184	421	122	3,613	3,184	370	59
Trade.....	132,748	97,978	34,053	717	109,624	79,098	30,014	512
Wholesale Trade.....	48,962	32,833	15,920	209	39,015	25,340	13,527	148
Retail Trade.....	83,786	65,145	18,133	508	70,609	53,758	16,487	364
Finance, Insurance and Real Estate	13,714	12,847	779	88	12,348	11,206	1,050	92
Service.....	283,231	169,853	110,583	2,795	264,541	153,539	106,979	4,023
Community or Public Service...	19,997	16,841	2,912	244	17,149	13,407	3,347	395
Government Service.....	53,324	45,195	7,417	712	59,390	48,190	9,974	1,226
Recreation Service.....	11,195	5,618	5,496	81	9,355	3,985	5,319	51
Business Service.....	16,833	13,479	3,253	101	15,325	10,455	4,733	137
Personal Service.....	181,882	88,720	91,505	1,657	163,322	77,502	83,606	2,214
TOTAL.....	993,406	736,188	218,013	39,205	861,588	588,572	239,038	33,978

Analysis and Development Division,  
Unemployment Insurance Commission,  
May, 1955.

## STATISTICAL SUMMARY OF PLACEMENT OPERATIONS, 1950-54

Year	Vacancies notified by employers	<sup>(1)</sup> Vacancies filled—		Applicants registered	Applicants referred to vacancies	<sup>(1)</sup> Applicants placed—	
		Locally	By transfer in			Locally	By transfer out
1950.....	1,164,322	771,084	19,718	2,076,576	1,120,258	771,084	26,143
1951.....	1,331,568	890,740	27,498	2,164,675	1,263,499	890,740	35,409
1952.....	1,310,078	941,155	28,761	2,446,174	1,337,096	941,155	40,142
1953.....	1,289,162	954,201	28,523	2,735,276	1,346,560	954,201	39,205
1954.....	1,088,320	827,610	26,004	2,969,987	1,193,030	827,610	33,978

<sup>(1)</sup> The number of employers' vacancies filled locally corresponds with the number of applicants placed locally. Vacancies filled by transfer in, on the other hand, do not correspond with applicants transferred out because the latter also includes applicants transferred to vacancies outside Canada.

Analysis and Development Division,  
Unemployment Insurance Commission,  
May, 1955.

EXECUTIVE AND PROFESSIONAL PLACEMENTS  
1950-1954

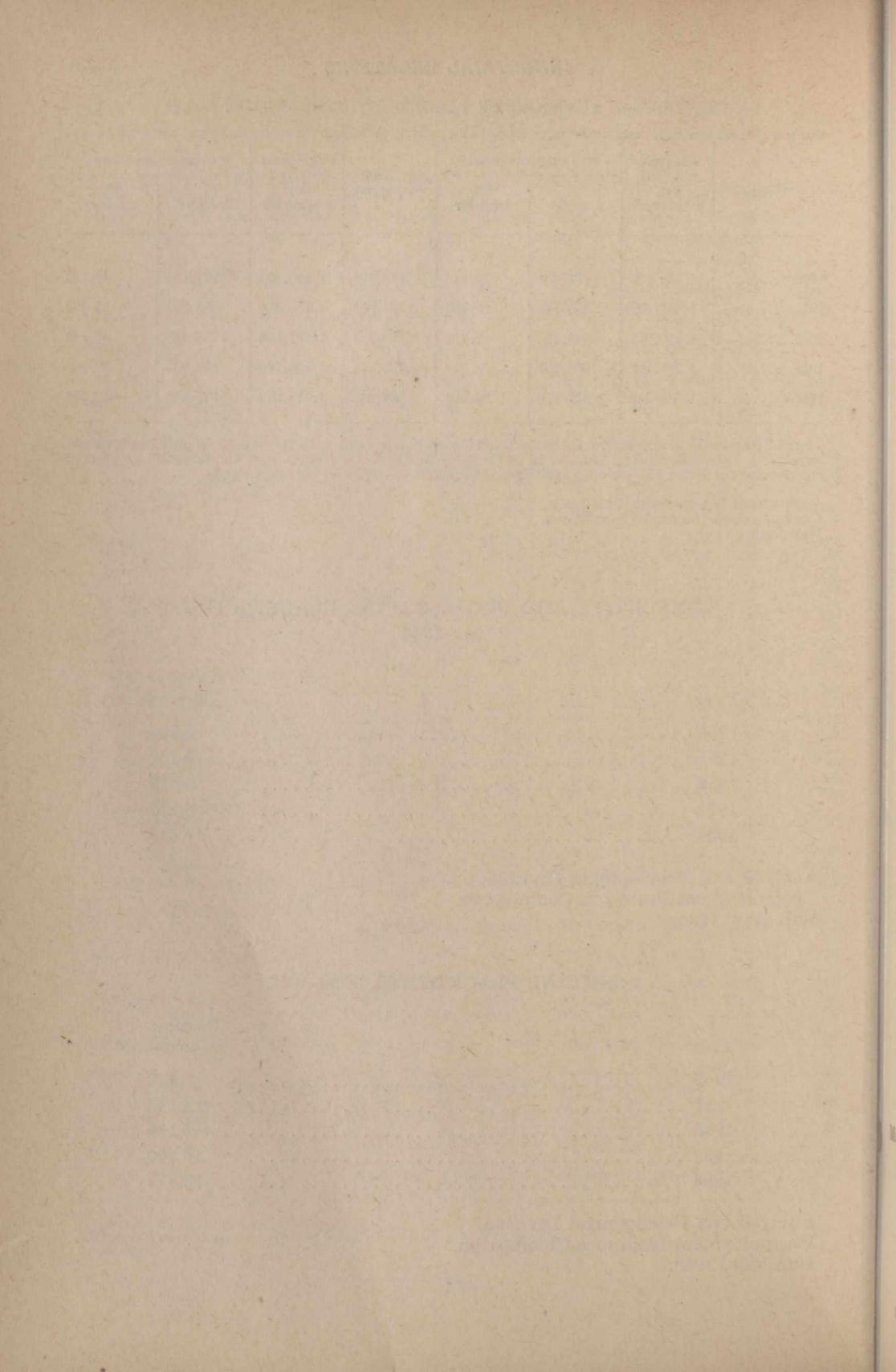
<i>Year</i>	<i>Number of placements</i>
1950 .....	5,808
1951 .....	6,250
1952 .....	6,819
1953 .....	5,737
1954 .....	5,819

Analysis and Development Division,  
Unemployment Insurance Commission,  
10th May, 1955.

## SPECIAL PLACEMENTS, 1950-1954

<i>Year</i>	<i>Number of placements</i>
1950 .....	11,400
1951 .....	14,152
1952 .....	14,195
1953 .....	16,769
1954 .....	13,777

Analysis and Development Division,  
Unemployment Insurance Commission,  
10th May, 1955.



HOUSE OF COMMONS  
Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 5

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BILL No. 328  
An Act respecting Unemployment Insurance

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FRIDAY, MAY 27, 1955

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WITNESSES:

Mr. J. G. Bisson, Chief Commissioner; Mr. R. G. Barclay, Mr. Claude Dubuc, and Mr. D. J. Macdonnell, of the Unemployment Insurance Commission.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
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OTTAWA, 1955.

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## MINUTES OF PROCEEDINGS

The Senate, Room 368,

FRIDAY, May 27, 1955.

The Standing Committee on Industrial Relations met this day at 3.30 o'clock p.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Bryne, Churchill, Deschatelets, Fairclough (Mrs.), Fraser (*St. John's East*), Gillis, Hahn, Johnston (*Bow River*), Knowles, MacEachen, Michener, Murphy (*Westmorland*), Nixon, Simmons, and Studer.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour; Mr. J. G. Bisson, Chief Commissioner of the Unemployment Insurance Commission, with Mr. R. G. Barclay, Director of the Insurance Branch, Mr. Claude Dubuc, Legal Adviser, and Mr. D. J. Macdonnell, Chief Coverage Officer; also Mr. Richard Humphrys, Chief Actuary, Department of Insurance.

The Committee resumed from Thursday, May 26, the clause by clause study of Bill No. 328, An Act respecting Unemployment Insurance.

The Chairman informed the Committee that he had received copies of a brief from the United Electrical, Radio and Machine Workers of America. However, as a copy of the said brief had been mailed to each member of Parliament, it was agreed on motion of Mr. Deschatelets, that it be taken as read and be appended to the day's printed report of the proceedings and evidence. (*See Appendix "A"*).

The Chairman also informed the Committee that another brief had been received from the Board of Trade of the City of Toronto. As only one copy of the said brief was available, it was, on motion of Mr. Johnston (*Bow River*), agreed that the Chairman read it into the record.

Mr. Deschatelets enquired as to whether or not a decision had been taken in respect to the request of the International Association of Firefighters for a hearing before the Committee, and it was agreed that the matter be referred to the Subcommittee on Agenda and Procedure. (*Steering*).

The Chairman informed the Committee that he had received telegrams in support of the brief by the United Electrical, Radio and Machine Workers of America from the following: Welland and Crowland Workers, Local 523; Niagara Falls United Electrical Radio and Machine Workers, Local 505; Niagara Falls, United Electrical Radio and Machine Workers, Local 536; Niagara Falls, United Electrical Radio and Machine Workers, Local 535; Niagara Falls, United Electrical Radio and Machine Workers, Local 529; Toronto, United Electrical Radio and Machine Workers, Joint Board; Peterboro, Canadian General Electric Workers, Local 524; Peterboro, United Electrical Radio and Machine Workers, Local 527.

The Committee then proceeded to the clause by clause study of Bill No. 328.

In the course of the said study, Honourable Mr. Gregg, Messrs. Bisson, Barclay, Dubuc and Macdonnell gave answers to many questions asked by the members with respect to the various paragraphs under study.

*On Clause 27*

With the exception of paragraphs (a), (b) and (s), which were stood over for further study at a later time, the said clause was agreed to.

*Paragraph (c)* of subclause (2) of Clause 26, stood over from Thursday, May 26, was agreed to.

On motion of Mr. Fraser (*St. John's East*), it was ordered that the brief presented to the Committee by Mr. Barclay regarding Unemployment Insurance for Fishermen be appended to the day's printed report of proceedings and evidence. (*See Appendix "B"*).

And the clause by clause study still continuing, the said study was postponed until a later sitting.

The Chairman announced that on Tuesday, May 31, representatives from the following national organizations would attend before the Committee to present oral submissions: The Canadian Manufacturers Association; The Canadian and Catholic Confederation of Labour (C.C.C.L.); and The Canadian Construction Association.

At 5.30 o'clock p.m., the Committee adjourned to meet again at 10.30 o'clock a.m., Tuesday, May 31.

Antoine Chassé,  
*Clerk of the Committee.*

## EVIDENCE

May 27, 1955.

3. 30 p.m.

The CHAIRMAN: Order, please. We have a quorum so we will proceed. Since we adjourned yesterday I have received two submissions, one from the United Electrical Workers and one from the Toronto Board of Trade. Would members of the committee like me to read this or shall we have it recorded as read?

Mr. DESCHATELETS: I move they be taken as read.

The CHAIRMAN: In support of the submission by the United Electrical Organization I have heard by telegraph from seven local organizations. Would the committee like to have their names, or shall we just record the briefs as submitted?

Mr. JOHNSTON (*Bow River*): What is the nature of them?

The CHAIRMAN: Just a word supporting the United Electrical Workers—from their locals.

Mrs. FAIRCLOUGH: This one which we have received now is the local one?

The CHAIRMAN: That is right.

Mrs. FAIRCLOUGH: We have already had the overall brief?

The CHAIRMAN: This brief from the Electric Workers came through the mail to me, and I think copies have been distributed to each member of the committee now. The motion of Mr. Deschatelets was that the two briefs be recorded as read. (*See Appendix "A"*)

Mr. CHURCHILL: What was the second one?

The CHAIRMAN: A submission by the Toronto Board of Trade.

Mr. CHURCHILL: Is there anything in it which would affect any of the sections we are now coming to?

The CHAIRMAN: I don't know. Would you like me to read it out?

Mrs. FAIRCLOUGH: We do not get the proceedings for several days, and if there are any points brought out in this brief... maybe it would be well to have them summarized so that we are informed about any points which they may contain—it may take time to read them.

The CHAIRMAN: It will take time to read them, there is no doubt about that. This one is somewhat lengthy—two folios.

Mr. CHURCHILL: If there is something in brief which we have not had an opportunity of reading with reference to some sections which we have covered would we have permission to go back?

The CHAIRMAN: That came in this morning. The Board of Trade brief is just written to me as chairman of the committee. We could have it put into the proceedings or we will have someone make a summary and probably report on it a little later during this meeting.

Mrs. FAIRCLOUGH: If there are any points in it concerning sections already passed, would we have the opportunity to go back?

Mr. JOHNSTON (*Bow River*): You had better read it out, Mr. Chairman. You could have read it by now.

The CHAIRMAN: Well, it is signed by the General Manager of the Toronto Board of Trade and written to myself. I will read it:

TORONTO, May 25, 1955.

George E. Nixon, Esq., M.P.,  
Chairman, Standing Committee on Industrial Relations for the House  
of Commons  
Parliament Buildings  
Ottawa, Ont.

The Board of Trade of the city of Toronto has reviewed with a great deal of care House of Commons Bill No. 328—an Act respecting Unemployment Insurance—which the Board understands is under consideration by the Standing Committee on Industrial Relations at the present time. The Board takes this opportunity of informing you and the members of the committee that in its opinion Bill No. 328 is a well conceived measure.

The Bill provides for more liberal benefits generally by increasing the benefit rate of persons without dependants from \$17.10 to \$23.00 per week, and of persons with dependants from \$24.00 to \$30.00 per week. More liberal treatment is provided in particular for two groups of employees which experience has shown to be under-insured.

Owing to the increasingly widespread development of seniority provisions in collective agreements and seniority practices by employers apart from collective bargaining, it is usually the employees with least seniority and therefore the least accumulation of unemployment insurance benefits who are laid off first. The unemployment benefit of such employees is only six weeks at the present minimum, following which they quickly experience acute financial difficulty and in many cases have to apply for relief. The replacement of the present cumulative benefit system by the proposed flat benefit system will provide a benefit period of thirty weeks for those who have had at least thirty contribution weeks within the preceding one hundred and four weeks. The proposed flat benefit system should prove more helpful to low seniority employees when out of work and indirectly to municipalities and charitable agencies upon which many of them might become a charge.

The other group of employees who will substantially benefit are seasonal employees. In the place of the present supplemental ten-week seasonal benefit the seasonal benefit period will be January 1st to April 15th. This change also will benefit not only those who experience seasonal unemployment, but also the municipalities and charitable organizations upon which they might become a charge.

The revenue for the more liberal benefits referred to above is found from two sources. First, there is an increase in contribution rates which is reflected by the increase from fifty-four cents to sixty cents per week as shown in the schedule set out under section 27. This increase in cost does not appear to be excessive or out of line in the light of constructive objects which will be accomplished by the Bill. However, this board would be strongly opposed to any such further increase in cost as would be involved in the proposals which it is understood have been made to you and the members of the committee for the establishment of an additional class of those who earn from \$63.00 and up and which would call for a weekly benefit of \$33.00. The board's opposition to this suggestion goes much farther than the mere question of increased cost. The board would regard such a proposal as sweeping into the unemployment insurance scheme for contribution purposes the whole group of senior and executive employees respecting whom unemployment is hardly even a remote contingency. In the opinion of the board it would be so unreasonable and unjustifiable as to amount to a wrong

principle to oblige such a group to contribute to a fund from which there can scarcely even be a slight possibility that they may at some time benefit. The board respectfully proposes that the general scope of the Unemployment Insurance Act in this regard be retained on its present basis which is reasonably related to contributions by and on behalf of those who face in carrying but nevertheless real degrees, the possibility of needing unemployment insurance benefits at some time in their lives.

The other source of the revenue for the more liberal benefits conferred by the Bill is in reducing what has come to be recognized as over-insurance of certain groups which is a consequence of the cumulative benefit system under which after five years' contributions an entitlement just short of a year's benefit is built up. The maximum benefit entitlement of such groups will be reduced from one year to thirty weeks. The groups which will be most affected by this reduction in benefit entitlement are elderly persons on their withdrawal from the labour market who the board believes, on a strict interpretation of the governing provisions in the Act, would in most cases be disqualified from benefit because they are not capable of and available for work. The other principal group so affected is high seniority employees who seldom need the full cumulative benefit entitlement under the existing system. In the opinion of the board the reduction of the benefit period to a thirty-week period is not unreasonable in the light of the circumstances just mentioned and the more liberal benefits made possible elsewhere, where they are so much more needed.

Finally, it is desired to comment favourably on the change of benefits from a daily basis to a weekly basis which will have a more beneficial effect in that benefits will not be limited to total unemployment but will extend to those only partially employed within the meaning of the Act. It appears that the combination of pay and benefit arrived at in accordance with Section 56 of the Act and the benefit schedule thereunder will amount in varying degrees to upwards of 75 per cent of the earnings ceiling for the purposes of the Act, as set out in the contributions schedule under Section 27.

For the foregoing reasons the Board of Trade of the city of Toronto hopes that House of Commons Bill No. 328—an Act respecting Unemployment Insurance—will be enacted as introduced without material change and, in particular, without provision for the suggested additional class.

Yours very truly,

(Sgd) DAVID M. WOODS,  
President.

(Sgd) J. W. WAKELIN,  
General Manager.

Now when we adjourned yesterday we were just about at the start of Clause 27.

Mr. JOHNSTON (*Bow River*): I have had two members approach me and ask if it would be possible to stand this clause over because they are in the House or on other committees and they cannot come here. They have asked me to ask you if you cannot let Clause 27 stand until the next meeting

The CHAIRMAN: Well, we would like to accommodate all those we can—

Mr. DESCHATELETS: Before the matter is allowed to stand I would ask information in relation to clause 27. I understand that the secretary has on hand 50 copies of a brief from the Association of Firefighters, and I would like to

know whether this association will be allowed to appear to present their brief, or if this brief will be considered by the committee because I would not like their brief to be ignored.

The CHAIRMAN: The brief was distributed, was it not, to the members of the committee?

Mrs. FAIRCLOUGH: Did the member say that he wished the brief to be ignored?

The CHAIRMAN: The firefighters brief?

Mrs. FAIRCLOUGH: It was just that I could not catch the last words, whether he said that he wished it to be ignored.

Mr. DESCHATELETS: No, I would not like it to be ignored.

The CHAIRMAN: It was distributed, as I understand, to the members of the committee along with other briefs of a similar nature, and it is being printed in No. 4, report of our daily proceedings which will be out early next week.

Mrs. FAIRCLOUGH: Have we had a request from them for a personal appearance?

The CHAIRMAN: We have had a request from them, I believe, yes, but I think it was decided, was it not, by our steering committee that we would distribute the brief?

Mrs. FAIRCLOUGH: Not for the firefighters, no.

The CHAIRMAN: I think so. No, you are quite right; it was not decided just what we would do with them.

Mr. JOHNSTON (*Bow River*): In respect of the request I made of you a moment ago, Mr. Chairman, I think that rather than let that item stand it would be better if Mr. Hahn could be permitted to refer to it when he comes. I think that that would answer his request.

Hon. Mr. GREGG: I am agreeable to whatever the committee wishes to do, but I know that there are items in this clause 27 that are of great importance. I had hoped that the committee might be able to do the least difficult ones and get them off the board. I think, for instance, (a) can be dealt with quite quickly now. When you come to (b), I was going to suggest that that be allowed to stand for today for the reason that there are members of the House who are not members of this committee who have said that they would like to have the opportunity of sitting in when his matter was discussed. I was hoping, Mr. Chairman, that there might be a time set when employment in fishing could be discussed so that we could ask those members of the House who are not members of the committee to be present so as to cover the ground at the one time.

Mr. JOHNSTON (*Bow River*): Mr. Chairman, I see that Mr. Hahn is here now so that he can take the matter up when the question is reached.

The CHAIRMAN: Then let us proceed with clause 27. If there are contentious items which we want to stand, we will deal with them as we come to them.

Mr. JOHNSTON (*Bow River*): My request was made on behalf of Mr. Hahn, but he is present now, so that he can take care of himself.

Mr. BARNETT: I find myself in support of the suggestion made by the minister in respect of that one paragraph with regard to employment in fishing. However, I was wondering whether in connection with some of these paragraphs it might be useful to have some discussion, which we might consider to be preliminary. What I have in mind is that in connection with some of these matters—take for example agricultural employees—that the committee might have some information in respect to their reasoning in these categories remaining as excluded from coverage. It might be useful information for the committee to have to study before we reach any official discussion of it.

Hon. Mr. GREGG: My suggestion was that the chairman might perhaps call each subdivision and we might see how far we got with each one.

The CHAIRMAN: Yes. We will take clause 27 (a). Does clause 27(a) carry?

Mr. J. G. BISSON (*Chief Commissioner, Unemployment Insurance Commission*): In answer to Mr. Barnett, in the brief which we presented on the first meeting we explained the reasons why we consider certain employments to be not insurable and others which could be insured but with difficulty, and others which we feel are ready for insurance, so to speak. Now it so happens that in the matter of agriculture we have prepared a brief on it and with the permission of the chairman we might distribute that brief. In it you will see outlined pretty well the principles which we have followed for the exclusion of certain employments, if that is agreeable, Mr. Chairman?

The CHAIRMAN: Yes. Now, each one has a copy of this brief on agriculture and Mr. Barclay is going to read it now. Mr. Barclay?

Mr. R. G. BARCLAY (*Director of Unemployment Insurance, Unemployment Insurance Commission*):

The Unemployment Insurance Act excludes employment in agriculture, horticulture and forestry. When the Act was passed in 1940 it was known that it would be difficult to apply unemployment insurance to agriculture. The experience of other countries administering an unemployment insurance plan illustrated this as agriculture was either excepted or the coverage was accompanied by special limitations. It was considered, therefore, that the commission would need experience in the administration of the Canadian Act before any steps could be taken to bring agriculture under the Act.

The principal reasons for the unsuitability of agriculture to unemployment insurance are:

(1) On the great majority of farms which employ paid helpers there is only one employee. Insuring farm employment would make it necessary to register and obtain contributions from a great many additional employers with only one worker apiece.

(2) Much of the employment is carried on in remote areas where it would be difficult for local offices to supervise claims, to effect adequate placement and to determine when unemployment began and ended. There would be similar difficulties in the inspection of employers' records by the commission's auditors.

(3) There is a great deal of family employment in agriculture, including much unpaid employment, which would probably necessitate restrictions on the payment of benefit to immediate relatives of an employer.

(4) There is the considerable difference between the level of farm wages and urban wages, in view of the fact that a considerable percentage of farm earnings is received in kind, in the shape of board and lodging, etc.

(5) Farmers do not as a rule keep extensive records, which would add to the difficulties of inspection and of establishing entitlement to benefit.

(6) Since farming is a highly seasonal industry in many parts of Canada, the necessity for seasonal regulations, governing the payment of benefit in the off-season, would be an important factor.

(7) Finally, since the agricultural working force includes a large number of self-employed farmers in addition to wage earners and unpaid family workers, and since many of these self-employed persons go into insurable employment at times as employees, it would be impossible to avoid many anomalies arising from their receiving coverage at

certain periods and not at others, and the problem of demarcation and of determining their insurable status would be considerable.

It is estimated that in 1954 the number of paid workers (wage earners) employed in agriculture at the peak of seasonal employment in August was approximately 170,000. The average number employed throughout the year is considerably lower. In addition to paid workers the agricultural working force includes about half a million persons who are either employers or working on their own account. By industrial status the agricultural working force in 1953 was as follows (12-month average):

	<i>Number</i>	<i>%</i>
Paid workers .....	111,500	13
Own Account Workers .....	470,900	55
Employers .....	74,000	9
Unpaid Family Workers .....	192,400	23
	<hr/>	<hr/>
	848,800	100

You will note that out of that nearly a million on the agricultural labour force there are only 111,500 or 13 per cent who are paid workers, and ordinarily the Act covers paid workers only.

Although employment in agriculture in general is difficult to bring under insurance, the commission has recommended that certain parts of agriculture and of employment in horticulture could be insured. These employments for the most part are carried on in or close to urban centres and the people employed in them are drawn from occupations where they are generally insured. The present exclusion of these employments results in anomalies and some persons are unwilling to take employment in these occupations because the employment is not insurable.

The employments which the commission has recommended for coverage (except when carried on as an incidental part of farming operations) are:

- (1) employment in horticulture (other than employment in nurseries, greenhouses, vegetable farming and fruit farming), and
- (2) those parts of employment in agriculture described hereunder:
  - (a) employment in the processing of flax;
  - (b) employment in the breeding and raising of poultry;
  - (c) employment in chick hatcheries;
  - (d) employment in poultry pools for preparation and marketing of poultry;
  - (e) employment in egg grading, and
  - (f) employment in the breeding and raising of race horses, saddle horses or light harness horses.

These recommendations were concurred in by the Unemployment Insurance Advisory Committee. However, before putting them into effect it was suggested by the committee that a comprehensive survey be made by the commission of employment in agriculture generally so that adequate consideration could be given by interested bodies to the possibility of making a further extension of insurance. The report of the commission's investigation was completed in June, 1952. The advisory committee gave consideration to the report at its meetings in 1952 and 1953 and during this period the report was also circulated to other interested organizations, including the Canadian Federation of Agriculture.

In its report the commission stated that as all the evidence confirmed that there would be great difficulty in applying unemployment insurance to agri-

culture as a whole, it could not recommend a general extension of coverage to this industry.

The Canadian Federation of Agriculture suggested that coverage be extended on a voluntary basis which would enable any farm employee to elect to be covered if he wished. The commission did not feel able to recommend adoption of this plan, principally for the reasons

- (a) that the commission would get a high proportion of the bad risks without the compensating contributions of the good risks, and
- (b) that it would be difficult to distinguish between family workers and other employees who elected coverage.

As a result of suggestions from the Canadian Federation of Agriculture and others, the commission was requested by the government to find out what other countries are doing with reference to the insurance of agricultural workers. The commission has been collecting the results of this inquiry for several months. Information has been obtained with reference to about a dozen countries, including Britain, the United States, several European countries, and Australasia. The information is not yet complete and therefore no conclusive report is possible. It appears, however, that Britain is one of the very few countries which insures agricultural workers against unemployment and that Britain is able to do so because of the conditions peculiar to agricultural employment in that country. While some other forms of social security (old age pensions, etc.) are applied to farm workers by other countries, unemployment insurance is considered too difficult to be workable. The reasons for this are much the same as those mentioned above with reference to Canada. The United States, for example, although it has recently amended its legislation regarding old age pensions to include farm workers, still excludes them from unemployment insurance in all states except the District of Columbia, where the amount of agricultural labour is almost nil.

That is the end of the brief.

Hon. Mr. GREGG: Might I report to the committee, referring to the part of page 3 that Mr. Barclay has read, with reference to groups (a), (b), (c), (d), (e) and (f). The Commission after going through the process of consideration which he has outlined, came to me with a recommendation for consideration by the Governor in Council. I hold that and some others of a like category in my hand and I would like to tell the committee that on receipt of these, which came to me when the planning for these amendments was under way, I held them with the intention of getting the views of the committee thereon, and, after that, asking my colleagues to give them consideration. The one referred to here is one of them which I have not yet presented to the Governor in Council.

Mrs. FAIRCLOUGH: If I may ask a question, at the top of page 4 it says, "The Canadian Federation of Agriculture suggested that coverage be extended on a voluntary basis which would enable any farm employee to elect to be covered if he wished." Was that their recommendation, any employee?

Mr. BARCLAY: Yes.

Mrs. FAIRCLOUGH: That is so different from the Act itself. Where coverage is permissible it is always on the application of the employer, is it not?

Mr. BARCLAY: There is only one case where it is on the application of the employer, and that is in the hospitals. This would be the employee who would apply.

Mrs. FAIRCLOUGH: Is there any similar case? Is there any precedent for that?

Mr. BARCLAY: There is no precedent for voluntary coverage.

Mrs. FAIRCLOUGH: It seemed a very odd recommendation to me, because if the employer decided that he did not want to cover, I do not know how you could force him; he could simply discharge the man.

Mr. BARCLAY: We did not consider that their recommendation was at all practical.

Mrs. FAIRCLOUGH: It is very odd.

Mr. BARNETT: I have one question with respect to section (1) near the top of page 3. It has reference to employment in horticulture which is recommended for coverage, "other than employment in nurseries, greenhouses, vegetable farming and fruit farming." I am no authority on horticulture, but I am wondering what other aspects of horticulture there are of a substantial nature other than those which are listed as being excepted.

Mr. BARCLAY: Precedents that we have to follow bring a lot of employments into horticulture. For example, a man might get a contract to sod your lawn and plant trees and things like that and then he would go out and pick up some labourers who do not know the first thing about horticulture but can dig a ditch and can carry earth from one pile to another. The commission has under another section of the Act insured those types of people. Oddly enough, a greenskeeper on a golf course is a horticulturist. We would pick up quite a few of those individuals which we have to exclude now if we had this change in force as regards to horticulture. The reason we were excluding nurseries and greenhouses was that practically all the help they get in those industries is interchangeable with farm help and we did not think we should insure farm workers working for a nurseryman or so-called horticulturist when he is doing exactly the same work he would on a farm in mixed farming. We would pick up quite a lot of people, mainly people whose ordinary work, when not working as a horticulturist, would be insurable.

For example, employees of municipal and national parks and people like that are excluded because of the horticultural nature of the work they are doing.

Mr. JOHNSON (*Kindersley*): Have you ever canvassed the farmers or the horticulturists themselves to see whether they wanted it?

Mr. BARCLAY: They are all generally against it.

Mr. JOHNSTON (*Bow River*): Why would the Canadian Federation of Agriculture suggest it?

Mr. BARCLAY: They suggested voluntary coverage.

Mr. JOHNSTON (*Bow River*): Is that just somebody's idea or was it in the form of a resolution?

Mr. BARCLAY: I cannot say whether it went through the Convention or the executive committee. I know the executive committee saw the recommendation.

Mr. JOHNSTON (*Bow River*): You do not have any recollection of it coming from any convention as a resolution?

Mr. BISSON: We took it as an official recommendation.

Mrs. FAIRCLOUGH: With reference to your mention of the fact that workers in parks are excluded from coverage, does that also apply if they are working for a municipality which has elected the coverage?

Mr. BARCLAY: The parks employees are still not covered under this.

Mrs. FAIRCLOUGH: Despite the fact that they might be municipal employees and the municipality has elected the coverage.

Mr. BARCLAY: No they are not covered. We think that the hard core of the people employed in horticulture are people interchangeable between this work and farming.

Mr. MICHENER: They would be seasonable workers like farm workers because even the greenskeepers just work in the summertime. In some parts of Canada I suppose it would be year around work; but by and large it is difficult to see a very sound distinction between a horticultural worker and a farmer.

Mr. BARCLAY: That is one of the difficulties. So many of those seasonal workers work in insurable employment part of the year and then in the summer they cannot get insurance on the golf courses and those places. That is why we suggest they be insurable before we are ready to take on the others.

Mr. MICHENER: Because they work on insurable work in the winter?

Mr. BARCLAY: Yes.

Mr. MICHENER: If a man is working in a non-insurable occupation in the summer, such as farm labour, does that disqualify him from working in insurable work in the winter?

Mr. BARCLAY: No. But once he is in insurable employment he likes to have all his employment insurable.

Mr. KNOWLES: What is the present status of employees at the experimental farms?

Mr. BARCLAY: They are considered to be agricultural which is excepted employment. Although most of the dominion government employees are insured for the first three years of their service the people who are on experimental farms are out because they are agricultural.

Mr. KNOWLES: Is that true if a man's other job is as a carpenter or as a plumber?

Mr. BARCLAY: We have a regulation where if a carpenter or a plumber goes on a farm to carry out his own trade or is employed by a farmer to build a house or fix a fence or something like that, doing work in his own classification, he will be covered on the farm.

Mr. KNOWLES: Does that regulation apply in the case of tradesmen working for the experimental farms?

Mr. BARCLAY: Yes, if they are carrying on their own trades; but if a carpenter becomes a farm labourer and goes on a farm he is not insurable.

Mrs. FAIRCLOUGH: If a carpenter works for a farmer at his own trade does he pay the employer's contribution as well as his own?

Mr. BARCLAY: No, the employer pays.

Mrs. FAIRCLOUGH: That farmer might not very well be listed as an employer under the Act. Would he be compelled to secure a licence in order to insure that man?

Mr. BARCLAY: No. We have another provision. Where a casual employer hires a man, such as in the case where you as a householder may hire a man to paint your house, you would go to the post office and by stamps up to six weeks without a licence.

Mrs. FAIRCLOUGH: How are those stamps cancelled in a book of the employee, because up to the present time they have been cancelled by a permit number?

Mr. BARCLAY: As a rule, yes, but they are cancelled in another way.

Mrs. FAIRCLOUGH: I should like to refer to this 2 (f) and remark on the comment which was made that some of these classifications designated in 1 could not be separated. How would you separate these employees from farm workers if the employer was engaged in general farming and at the same time breeding and raising horses?

Mr. BARCLAY: We would not do that. If you look at the first paragraph on page 3 you will see:

"The employments which the commission has recommended for coverage (except when carried on as an incidental part of farming operations)."

Mrs. FAIRCLOUGH: I see. If a person breeding and raising horses was also carrying on general farming he would be excluded from the coverage?

Mr. BARCLAY: Yes.

Mr. MICHENER: Mr. Chairman, would you exclude any worker in an accepted employment from buying the insurance and paying his own and the employer's contribution?

Mr. BARCLAY: We would be taking on all the bad risks and we would go broke.

Mr. MICHENER: You are not, surely, serious in that?

Mr. BARCLAY: Oh, yes.

Mr. MICHENER: Of course the purpose of the government generally is to look after the bad risks these days.

Mr. BARCLAY: Not under an insurance plan. This is an insurance plan and you have to have so many good risks before you can look after bad risks.

Mr. MICHENER: Is there any really serious objection to letting a man pay his own way? Insurance companies take good and bad risks of certain kinds. Of course, medically they have distinctions but in other lines they have to take all comers. It is a problem how you are going to deal with the situation, Mr. Chairman, where the man really wants to get the coverage available in the insurance scheme. If he is prepared to pay the full premium he is buying his protection and the only initial cost is the cost to the government of its contribution, and if he is not employed and becomes a charge, somebody has got to pay for it. It might not come within the four corners of the actuarial calculation of the scheme, but it could be brought in; the premium could be made to cover the risk so that it would be actuarially sound; and he would then have an opportunity of getting insurance and paying a fair cost for it. That approach would seem possible for these attempted employments.

Mr. RICHARDSON: Does Mr. Michener suggest that you would raise a premium?

Mr. MICHENER: Yes; even the man who has had so many automobile accidents that he cannot get any insurance has a remedy, because some companies will take those risks at an increased rate, and they pool such risks. If it is an actuarial problem, it could be met.

Mr. BARCLAY: Under those circumstances the premiums would be too high for the man to pay.

Mr. STUDER: Wages would have to be considerably higher on the average farm in order to compensate for what is proposed. My comment is that if this insurance is possible at all on farms, it would be more applicable to experimental farms, because in the case of experimental farms the labour would be more permanently employed than they would be on average farms, because they usually work the year round. And if it could be tried anywhere, perhaps it could be adaptable for this purpose. I wonder what the situation would be in Great Britain which would be different from our own, because you stipulate that Britain is one of the few countries where agricultural workers are insured. Have you any knowledge of that?

Mr. BARCLAY: The situation there is that the British farm worker is nearly always employed the year round. Employment there is a year-round proposi-

tion. The number of seasonal employees is very limited, as compared to our own. Another thing is that a great many—I would say more than fifty per cent of the farm workers in Britain—are family people who occupy their own homes. In other words, on a farm in Britain farmers have a house for their hired help, and they do not become one of the family as they do in Canada. I do not know off hand; but these are, I think, the two main reasons.

There is the other factor, of course, that the farms there are much closer to the industrial centres, and there could be a greater interchange between farm work and industrial employment. They are not out in the woods like a lot of our farms are.

Mr. STUDER: I would suggest that if the situation continues it would be a problem. If you consider it as such, that is, if we are to consider agricultural workers, because I do not think there will be any of them left. As time goes on, if it is possible for them to make a good living in industry with a forty-hour week, and with the wages that are payable, I think the trend is going to be definitely away from the farm, and the farm workers will all be endeavoring to obtain positions in the city. I can see no incentive for an individual to endeavour to obtain farm work if the amenities are so much better in the city, and the farm worker will be moving into the city; on the other hand city people will be moving out on the farms within the next generation if we are going to eat. I do not know why it would be otherwise.

What would be the incentive to a farmer? You cannot have a five day week or a forty-hour week on a farm; and you can make a better living in town and get more money for it. What is the incentive for staying out on the farms? I think an insurance policy is part of it. If farm workers and people who are interested in farms cannot obtain unemployment insurance on the farms, that is another incentive for them to move into town.

Mr. HAHN: You are on the right track.

Mr. STUDER: I am on what track?

Mr. HAHN: I am trying to figure out if you are for or against it.

Mr. STUDER: I am trying to find some feasible method of applying it. We have not found it yet under the circumstances. There is a reason given here regarding farmers not keeping records. Farmers do not as a rule keep extensive records but the income tax situation is correcting that, because under the income tax law you are subject to a penalty if you do not keep records on the farm. So as time goes on that will be eliminated. If we can eliminate one, two, three, four, six and seven, then we will be going places with unemployment insurance. But that has not been eliminated yet. It is something which I think we can continue to work on, and if, as a result of these hearings, the commission follows the suggestions which are in evidence here in regard to a continuing study of it, then some method can be found to apply it to agriculture, and it would be of interest to everyone to have it applied.

Mr. GILLIS: I think what the minister is trying to find out is whether it is considered feasible by this committee that the classifications here which the commission recommended might be considered as coming under the Act. You want to find out what the opinion of the committee is concerning that?

Hon. Mr. GREGG: I would like to find out two things: first, the opinion of the committee as to these small groups "A" to "F"; whether the committee feels it is worthwhile to proceed and try to get them in under the Act; and second: in spite of the lions in the path that have been outlined this afternoon in a very, very real way, whether the committee would like, as was suggested a moment ago, to continue to see if further groups might be included from time to time.

Mr. JOHNSTON (*Bow River*): I think the latter suggestion is a proper one.

Hon. Mr. GREGG: There is a lot of work to be done on this and we would like to do it. Perhaps Mr. Barclay might run over the others affected, those engaged in poultry, those engaged in hatcheries, and so on, as an indication of what you hope they would cover.

Mr. MICHENER: If we could have an estimate of the number involved, perhaps we need not spend much more time on it.

Mr. BARCLAY: There would be somewhere between five thousand and ten thousand people involved in poultry, and coverage would be of value from many standpoints because we would be moving closer into the agricultural picture and getting our feet wet gently, if you like. Perhaps some of those difficulties which we now see might be overcome. In other words, experience is a great teacher in this as well as in everything else. And if we move even this far to get these five thousand or ten thousand people in, we would be getting experience on the fringe of agriculture anyway, and would be able to feel more confident in stepping further.

Mr. JOHNSTON (*Bow River*): What is the percentage of unemployment in these figures which you gave us?

Mr. BARCLAY: We have no definite information on that.

Mr. JOHNSTON (*Bow River*): I mean in this group you have given us.

Mr. BARCLAY: There is quite a lot of seasonal work. There is much fluidity.

Mr. JOHNSTON (*Bow River*): I mean with respect to those you have given us.

Mr. BARCLAY: There is a certain amount of unemployment. I was going to say—

Mr. JOHNSTON (*Bow River*): Would it be ten per cent of these five thousand or ten thousand who would be unemployed?

Mr. BARCLAY: I would not hazard a guess; but a lot of the work is seasonal and short-time work, and people are moving from one job to another.

Mrs. FAIRCLOUGH: We have some confusion at this end of the table. When you quoted the figure 5,000 to 10,000 did you mean poultry alone?

Mr. BARCLAY: No, I referred to all the exceptions.

Mrs. FAIRCLOUGH: The whole group under (2) or under (1) and (2)?

The CHAIRMAN: Would that include both (1) and (2)?

Mr. BARCLAY: There would be about 10,000 in each group. There would be about 10,000 in (1) and about 10,000 in (2). I was going to say as far as unemployment in agriculture is concerned, it is very seldom there is any surplus of agricultural workers even in the winter time. In other words there always seem to be jobs on the farm for people who will go out and take them.

Mr. JOHNSTON (*Bow River*): How do you account for the fact that you said if you assured them you would go broke?

Mr. BARCLAY: I said if we just took the bad risks.

Mr. JOHNSTON (*Bow River*): But you do not do that under any circumstances. You just do not pick out the bad risks—you take the whole industry.

Mr. BARCLAY: Yes, it cannot be on a voluntary basis

Mr. JOHNSTON (*Bow River*): I think you would have to take the whole industry.

Mr. HAHN: What percentage of this group are permanently employed?

The CHAIRMAN: These?

Mr. HAHN: In this business?

Mr. BARCLAY: I would not hazard a guess.

Mr. HAHN: Groups (1) and (2)? Do you have any idea?

Mr. BARCLAY: No, I do not have any idea off hand.

Mr. BARNETT: I was wondering if the commission made any study as to the effect of putting it on the basis of farms where there were three or more employees coming under the Act. Have you made any study as to what the effect of an approach of that kind to the problem would be?

Mr. BARCLAY: We made that suggestion to the Canadian Federation of Agriculture. They turned it down. They felt there would be a discrimination between the man on the big farm and the man on the little farm. They were not in favour of it so we did not pursue it. It would probably be a way of getting more experience, and the best experience possible, if we took farms with three or more but there are not many. I do not have all the detailed figures here, but there are only 2,000 or 3,000 farms where there are three or more people.

Mr. BARNETT: In other words only a small percentage of the number listed on page 2 as being paid workers would come under coverage? Is that what you mean?

Mr. BARCLAY: If you look at page 2 you will see there are 74,000 employers employing 111,000 people. That is roughly less than  $1\frac{1}{2}$  per person so the majority of the 74,000 employers have one employee. We now cover a static population of  $3\frac{1}{2}$  million people working for 335,000 employees.

Mr. MICHENER: Are there any figures from the National Employment Services as to the instances of unemployment among farm workers?

Mr. BARCLAY: I made the statement that there are not many farm workers who cannot find jobs on farms.

Mr. MICHENER: On farms?

Mr. BARCLAY: Yes.

Mr. MICHENER: And if there are no jobs on farms I suppose the employment service would simply place them elsewhere?

Mr. BARCLAY: When there are no jobs on farms, that is when we have the big surplus of urban unemployed.

Mr. MICHENER: The two go together?

Mr. BARCLAY: Yes.

The CHAIRMAN: As the minister has said, the commission along with the minister are studying this problem and will continue to study it if it would meet with the approval of the committee to just leave it at that.

Mrs. FAIRCLOUGH: Do we understand, Mr. Chairman, that no action is imminent on this proposal?

Hon. Mr. GREGG: I take it in the absence of any protest or expression of opinion to the contrary that the committee would feel there would be no objection in seeking to bring this small group at the top of page 3 under the Act if we could.

Mrs. FAIRCLOUGH: I do not think you can assume that, Mr. Chairman, on the basis of the discussion we have had here. However, that might very well turn out to be the case.

Mr. GILLIS: Let us get something definite to talk about. The minister has already said he would like an expression of opinion from this committee as to whether or not he would recommend to council to bring in this fringe of agricultural workers and that he will continue to study the problem. I am going to move that the minister be authorized by this committee to make the

necessary revision to bring in the groups listed here on page 3 and that a study be continued with regard to the whole industry.

Mr. FRASER (*St. John's East*): I second that.

Mr. GILLIS: That covers it; does it meet with the approval of the committee?

Mrs. FAIRCLOUGH: I think we are being asked to bite off a large chunk here without having had an opportunity of giving it a great deal of consideration. We have been talking about this for a matter of only 15 minutes. This is the first time we have seen it. We do not know what the ramifications are. I do not intend to infer in my remarks that we would be opposed to it, but this group is largely a group of people who are interested in industrial workers. I do not know how many farmers there are, or people who are members of the Federation of Agriculture, but I think in covering a group of employers who are largely in the class of farmers that there should be some expression of opinion from employers and employees in farm occupations, someone who has profound knowledge of it. I would be delighted to listen to someone who could give us some information on it.

Mr. BARCLAY: I think the employers in this group are more urban or are at least on the fringes and in the smaller communities, and some of them in the larger cities. I remember in Winnipeg there was a big chick hatchery right on Main street and most of these employers would be more urban than rural. I do not think they could be too accurately classed as farmers.

Mr. MICHENER: I would suggest that Mr. Gillis allow his motion to stand until we get along with the bill or even until a later meeting when we have had more opportunity to think about it.

Mr. GILLIS: I do not see what there is to think about.

Mr. MICHENER: You are asking the committee to recommend that the minister proceed with this and we have just seen it today for the first time.

Mr. GILLIS: But wait a minute—you are not going to put words in my mouth. Mrs. Fairclough said that we have had no chance to study or think about this. We have been talking about unemployment insurance since 1940, and have been amending the Act and taking in all classifications. Mr. Barclay reported—and surely we have some respect for his word—that the commission not only carried on a continuous study but they called in the advisory committee which is pretty well Canada wide and represents all sections of industry and agriculture and that committee selected these particular classifications and said, "you might go ahead with these, but we will continue to study the rest". The minister was good enough to sit back and say, "I will wait for the committee," and he wants an expression of opinion from the committee. There is nothing else to know about it. These men have given it a thorough working over.

Mr. MICHENER: You are asking us to endorse the recommendation of the commission?

Mr. GILLIS: And of the advisory committee.

Mr. MICHENER: For the information and instruction of the minister, and that is quite all right. I approve of the motion, but I would rather it not be put until perhaps the next meeting when we have had an opportunity to think about it and to discuss it.

Mr. GILLIS: I would like to see these 20,000 brought in.

Mr. FRASER (*St. John's East*): That is a start.

Mr. GILLIS: It is the thin edge of the wedge in the industry.

Mrs. FAIRCLOUGH: Mr. Gillis has said we have been considering this since 1940, I submit that we have not been considering if we would cover horticultural employees other than those employed in nurseries and green houses, nor have we been considering that if a man is employed in mixed farming in the breeding and raising of race horses that he shall be covered. I think we have a distinction even between groups with regard to the people who should be covered and I think we should not rush into this thing. I am sure the minister will be quite happy if he receives his reply by the time we are further on in the consideration of this bill.

Mr. STUDER: I just want to comment on the status of the agricultural working force in 1953. One page 2, at the bottom of the list of the four types of workers listed there you will find the figure of 192,400 unpaid family workers. My comment is this: I imagine that if a similar listing appeared on an industrial sheet there would be some members of this committee and some members of parliament who would be getting very interested—I mean, if there were such a large number of unpaid workers in any other industry. Our effort is to place them in a position where they can be paid as members of the family, and I think Mr. Gillis' motion could very well carry. It advocates nothing more than the continued study of this matter, and who could object to that? I would vote in favour of it.

Mr. BYRNE: I notice at the top of the page the employments which the commission has recommended for coverage; the two groups are given and then at the bottom it says:

These recommendations were concurred in by the Unemployment Insurance Advisory Committee.

Of course they recommend further that before going into agriculture as a whole a further study should be made, but I think we could very well go along with their recommendations and assure the minister that we are in agreement with the proposal. The only exception I might take is under paragraph 2 (f)—employment in the breeding and raising of race horses—which may not be something that we should be too concerned about because I note that under Clause 27 reference is made to excepted employment and (h)—employment for which the employed person is paid for playing any game. . . .

Mr. BARCLAY: We would not be concerned with jockeys.

Mr. BYRNE: However, I think we could get this over now.

The CHAIRMAN: As I understand it this is a motion that the minister and the commission should give further study to this problem.

Mr. MICHENER: No. It is a motion to recommend to the minister the confirmation of the recommendation.

Mr. GILLIS: Of course, he does not need that recommendation from us.

Hon. Mr. GREGG: That is quite true, but by virtue of the fact that these clauses are so closely related to the larger study it was my desire to know the feeling of the committee with regard to it. I am not in any hurry for that. We are not going to get through the bill this afternoon or tomorrow.

Mr. HAHN: I sincerely hope that no one having occasion to read these minutes will form the impression that the committee is opposed to the further study of this matter, because we are apparently in favour of it.

Mrs. FAIRCLOUGH: There has been some comment made that after all this was approved by the Unemployment Advisory Committee, yet in the second paragraph it says":

These recommendations were concurred in by the Unemployment Advisory Committee. However, before putting them into effect it was

suggested by the committee that a comprehensive survey be made by the commission of employment in agriculture generally so that adequate consideration could be given by interested bodies to the possibility of making a further extension of insurance. A report of the commission's investigations was completed in June, 1952. The Advisory Committee gave consideration to the report at its meetings in 1952 and 1953 and during this period the report was circulated to other interested organizations including the Canadian Federation of Agriculture.

But it does not say what they decided to do about it.

Mr. GILLIS: They decided to recommend approval of the thing we have been discussing.

Mrs. FAIRCLOUGH: It does not say that.

Mr. RICHARDSON: It is at the top of page 3.

Mr. CHURCHILL: What is the purpose of asking this committee to make a formal recommendation?

Hon. Mr. GREGG: Although this is strictly speaking the responsibility of the Advisory Committee set up under the Act, and the Governor in Council I was hoping it might clarify the situation if I could have the feelings of the committee on that regard of this matter. I do not think it should be a matter of controversy, and I would like to suggest now, Mr. Chairman, that if the mover and seconder have no objection that this be put off until the next meeting.

Mr. GILLIS: If you want it that way it is okay with me, but you will never get these things settled unless some action is taken.

The CHAIRMAN: Could this not be a recommendation to the House?

Mr. GILLIS: That is not necessary. The minister asked for an expression of opinion.

Mr. KNOWLES: All the minister is doing is by way of courtesy to the committee—asking for an informal expression of opinion.

Hon. Mr. GREGG: And I postponed the receipt of that until the next meeting.

Mr. KNOWLES: Mr. Gillis' motion was not so much a formal motion to be presented to the House as it was a means of testing the opinion of the committee.

Mr. BARNETT: I was wondering whether the commission or possibly the Department of Labour had made any survey as to what happens to seasonal agricultural workers when they are not working in agriculture. I am wondering, if such studies are made, what they reveal and what percentage of these seasonal agriculture workers take up seasonal work which is insurable.

Mr. BARCLAY: It is very difficult to get definite figures. However we know that a large number of seasonal agricultural workers go into the woods and work in lumbering or logging. That is one reason why we had representations from employees who work in agriculture because part of the year they spend in insurable employment and the rest in non-insurable employment.

Mr. BARNETT: Have you any figures to indicate what proportion of these people do go, for example, to work in the woods and the proportion who are engaged in agriculture exclusively? Would the work in the woods last long enough to enable them to qualify for benefit?

Mr. BARCLAY: I would say that quite a good proportion do take up seasonal occupations in the woods and other places, and that applies to farm operators as well as to farm workers, because a lot of these seasonal workers are the

operators of small subsistence farms, and a great many of them find it necessary to go out and augment their cash crop by working for wages during part of the year.

Mrs. FAIRCLOUGH: Do they draw benefit during the season they are working on their farms?

Mr. BARCLAY: No.

Mrs. FAIRCLOUGH: That particular claim has been made.

Mr. BARCLAY: We have seasonal regulations with regard to the lumbering and logging industry so workers can only draw benefit, at, you might say, the peak season of lumbering and logging activities. The people who go to work in industry are governed by the decisions of the Court of Referees and the Umpire. Generally speaking a man who is operating a farm is not considered to be unemployed while he is operating that farm.

Mrs. FAIRCLOUGH: I have had a couple of specific instances given to me concerning one of the maritime provinces where people have worked in lumbering and then gone back to their farms in the summertime and succeeded by some means in sustaining themselves by means of unemployment insurance benefits. Would you say those are rare cases?

Mr. BARCLAY: They would be rare cases because ordinarily if a farm operator wants to draw benefit during the farming season he has to show that he has worked in insurable industry in the previous year or two years before he could get benefits.

Mrs. FAIRCLOUGH: Oh yes, but that was not my point.

Mr. GILLIS: Is this going to stand, Mr. Chairman?

The CHAIRMAN: I was just going to say that this is going to stand.

Mrs. FAIRCLOUGH: I was just taking the case where he has worked in uninsurable employment on the farm. Suppose he does go and take a job in industry.

Mr. BARCLAY: When he is operating a farm he does not get benefits.

The CHAIRMAN: This item is allowed to stand, and I think we should proceed to paragraph (b), "employment in fishing."

Mr. HAHN: With regard to that may I say that in respect to the fishermen in British Columbia today the same argument was put forward in the case of getting compensation for them, but this year the fishermen are in receipt of compensation under the new Compensation Act, and we feel, or I feel, that possibly this Unemployment Insurance Act could be extended to include fishermen. I do not know what study has been made of the question itself, but I have found on discussing it with the fishermen in the area that while fishing is a highly seasonal job and most of them are busy for eight to nine months of the year at it, during the other three or four months they are occupied at a job in the area in some different industry, and they actually pay unemployment insurance for three or four months of the year, but they have not the benefit of that same privilege to pay in during the fishing season so that should they become unemployed for some unforeseen reason they would not be covered. Much of the argument which took place in respect of the agricultural workers also applies of course to the case of the fishing industry, and I would like to know now have any efforts been made to have a complete study of the inclusion of the fishing industry in the Unemployment Insurance Act.

Hon. Mr. GREGG: You were not here, Mr. Hahn, when we started, and I was going to suggest that (b) is an even tougher one than (a) and on (b) there has been much more study than on (a). On (b) I have not had any recommendation made to me, and because of the fact that a good many of our fellow members of the House of all parties, around the eastern coast particularly,

would like to come in when this matter is discussed, I was going to ask the chairman if it could stand, and we could have the steering committee set a time so that we can notify those other members to come in, perhaps as observers, if they want to. In the meantime the commission has here today the outline of the studies that have been carried out, and if it is your wish they could be circulated today, we can let the matter stand and I would let the other members know when those memoranda are available and they can have them in their hands when they come.

Mr. FRASER (*St. John's East*): That is a very good suggestion.

Mr. HAHN: I would be very pleased to agree with that.

The CHAIRMAN: Very well, if that is agreeable then let (b) stand. Is paragraph (c) carried?

Mr. SIMMONS: No, Mr. Chairman. Take the Indians in the Northwest Territories and the Yukon. They are logically considered as hunters and trappers. Now a lot of them this year will be working at seasonable employment on the DEW line. Would you give me an explanation in regard to that?

Mr. BARCLAY: We have excluded the natives and the people who spend most of their lives in the north country from insurance when working on the DEW line.

Mr. SIMMONS: Just the Indians, I suppose?

Mr. BARCLAY: No, I do not think it is restricted to them; practically any person who makes his home to the north of—

Mr. SIMMONS: The 60th parallel?

Mr. BARCLAY: No, the 55th, and we exclude those from coverage. We are insuring the people who go from the industrial centres into the north for that particular job but we are not insuring the people who normally live there.

Mr. SIMMONS: What is the reason for that?

Mr. BARCLAY: We just cannot police an unemployment insurance program in that far north country.

Mr. SIMMONS: Of course you have employment centres like Yellowknife and Whitehorse, but I suppose those would be the nearest ones to the scene of operation?

Mr. BARCLAY: Yes, in the mines at Yellowknife and at Uranium City and those places, the industrial centres, we insure the workers.

The CHAIRMAN: Is paragraph (c) carried?

Carried.

Paragraph (d)?

Mr. MICHENER: Why is there a distinction between a hospital not carried on for the purposes of gain and one carried on for the purposes of gain? Why distinguish between a public and a private hospital?

Mr. BARCLAY: Originally, Mr. Michener, hospitals not carried on for the purposes of gain and charitable institutions were lumped together. They actually belong in the same category. A hospital that is carried on for the purposes of gain is an ordinary business enterprise, and there is no reason for its exclusion. There was in the minds particularly of the senators in 1940 when this bill was passed a distinction between a hospital that was carried on more or less as a charitable institution, and one which was carried on for gain.

Mr. JOHNSTON (*Bow River*): Will you give us an example of those not carried on for gain?

Mr. BARCLAY: A private nursing home.

Mr. JOHNSTON (*Bow River*): They are carried on for gain, are they not?

Mr. BARCLAY: Yes, they are carried on for gain.

Mr. JOHNSTON (*Bow River*): I was asking for an example of those that are not carried on for gain.

Mr. BARCLAY: A public hospital.

Mr. JOHNSTON (*Bow River*): They make their profit like any other business enterprise.

Mr. MICHENER: No. Public hospitals are not carried on for gain.

Mr. JOHNSTON (*Bow River*): Then why do they charge \$12 a day?

The CHAIRMAN: Is paragraph (d) carried?

Carried.

Mr. BARNETT: Mr. Chairman, I understood from the discussion that we had yesterday the minister said that he had some statement to make in respect of the situation. I ask that that question be allowed to stand until such time as the minister indicates he is ready to make that statement.

Hon. Mr. GREGG: Well there again the Unemployment Insurance Commission with the concurrence of the Unemployment Insurance Advisory Committee have made recommendations for the insurance of a group on the edge of the hospitals, those that are clerks, stenographers, secretaries, bookkeepers, switchboard operators, laundry workers, stationary engineers, firemen and other power-house workers, carpenters, painters, electricians, plumbers and other building construction workers, porters, elevator operators, chauffeurs, drivers and other transport workers, gardeners and other ground maintenance workers, printers, machine operators and other craftsmen. Those are the people who clearly would come under unemployment insurance if they are working for somebody other than the hospitals. The Unemployment Insurance Commission has given consideration to this, and the Unemployment Insurance Advisory Committee has, and from time to time there have been certain semi-official statements made that these non-medical personnel were under consideration to come under the Unemployment Insurance Act, whereupon I was deluged by wires of protest, not on the part of the workers, although in some cases earlier on there were some from the workers, but the great number were from the chairman and the members, who give of course of their time voluntarily and of their money, stating that the budget for their particular hospital was very difficult to meet without this added burden.

Mr. MICHENER: Does the Canadian Hospitals Association oppose bringing in all hospitals under the scheme?

Mr. BISSON: Yes, they did.

The CHAIRMAN: Does that answer your question, Mr. Barnett?

Mr. BARNETT: Well it answers my question in part, but I hope that it will not be considered that the matter is closed.

Hon. Mr. GREGG: I can assure you it is not.

Mr. BARNETT: There was quite a bit of discussion yesterday.

Hon. Mr. GREGG: I am very glad of this discussion on these points so long as the committee does not mind taking the time, because the question is then asked "why cannot we have wider coverage under this Act?" We were all for it. But, when you come to do it there are always difficulties. I for one will recommend anything that will help to overcome those difficulties and I can assure you that if there is no objection expressed in this committee we will press on to get these groups of hospital employees covered.

Mrs. FAIRCLOUGH: Having had some experience in the municipal field where a hospital was operated by the municipality, and knowing this situation

obtains in other places, I would like to point out that coverage for municipal employees is not compulsory; in fact it is voluntary. Is that not true?

Mr. BARCLAY: All municipal employees are covered for the first three years of service and after the third year passes those who are considered permanent cease to be covered.

Mrs. FAIRCLOUGH: But the municipality elects coverage at the expiration of that time?

Mr. BARCLAY: At the end of that time they can certify the employee as being permanent and their insurance stops.

Mrs. FAIRCLOUGH: After the three years you do have some voluntary coverage on the part of the employing agency?

Mr. BARCLAY: We except after that time people who have a permanent job.

Mrs. FAIRCLOUGH: You have the hospital employees who would be part of the municipality, and the employees of other hospitals would be in a non-competitive position with the others unless you covered them all. You just cannot take out one class of hospitals. You would have to place them all in the same position; that is, all those who were not operating for gain.

Mr. BARCLAY: That is a point which has not been discussed.

Mrs. FAIRCLOUGH: It occurred to me immediately.

Mr. BARCLAY: I think perhaps we could treat all hospitals alike. I think we would have room in the regulations to treat all hospitals alike, whether municipal or otherwise.

Mr. JOHNSTON (*Bow River*): Did the minister say that it is your desire and purpose to further investigate this in order to bring all hospitals under coverage?

Hon. Mr. GREGG: For those classifications which I mentioned.

Mr. JOHNSTON (*Bow River*): Why do you, Mr. Minister, leave out all women such as the char help?

Hon. Mr. GREGG: They are included.

Mr. BARCLAY: The groups proposed for insurance in hospitals and charitable institutions are administrative and clerical; ward attendants—orderlies and ward aids; housekeeping—char and cleaning staff; food services—kitchen and delivery of food; laundry; powerhouse—electricians and carpenters; groundsmen; porters, lift operators, stores, and general labour.

Mr. CHURCHILL: Mr. Chairman, are those people covered now or is it under consideration?

Mr. BARCLAY: They are not covered now.

The CHAIRMAN: Shall paragraph (d) carry?

Carried.

Shall paragraph (e) carry?

Mr. BARNETT: I understand you are attempting to suggest that paragraph (d) is carried?

The CHAIRMAN: Yes. Do you wish to say something under paragraph (d)?

Mr. BARNETT: Yes. I might be willing to express myself less strongly on this question if we had had some further discussion on the section above which has to do with the same subject matter. As I see it now some of the people in exempted employment are being put into insured employment and others are being taken out. The commission has, under the bill drafted, fairly wide latitude. They can make adjustments under the Act as it is drafted to suit certain changing conditions. That applies, as I understand it, pretty well to every category that is listed under excepted employment, with the exception

of employees in a hospital not carrying on for gain. As long as that paragraph 2 (c) in clause 26 above is in there it means that the hospital institutions have a veto power not only over their own employees but they also are in a position to exercise the veto power over the Unemployment Insurance Commission and regardless of the further consideration being given to the categories which were just read out, as I understand it, as it stands now, no matter how strongly the Unemployment Insurance Commission might recommend or be convinced that those employees could or should be brought under the Act they would not have authority to do anything about it except by an amending Act of parliament to change this bill when it becomes law.

That is the way I understand the situation as it exists at the moment.

Mr. BARCLAY: If the commission by regulation brings in these particular categories as insurable employment they can under paragraph 2 make regulations for including insurable employment with the consent of the employer for employment in a hospital. I feel quite sure when the regulations are drafted under this Bill, if we bring in these categories, then the regulation made under 26 (2) would not include the categories insure.

The reason "consent" is in here is because we have been able to insure certain categories where the individual hospitals thought they could handle them. We have insured 3,000 hospital employees under that clause in the Act. If certain categories are taken out and made insurable then the regulation could be framed in such a way that all those people will be insurable without consent. Would that be satisfactory?

Mr. BARNETT: I understand that you are proposing or suggesting that this committee might consider an elimination of paragraph (d) of clause 27?

Mr. BARCLAY: Paragraph (d) of 27 was not considered yesterday. I did not know whether the committee would eliminate it or not. That is why I thought the two things should be considered together.

Mr. BARNETT: I understood that the chairman was just calling for the carrying of that section.

The CHAIRMAN: Paragraph (d) in clause 27.

Mr. BARCLAY: At the same time the minister indicated that there is a regulation of the commission which will come before the cabinet which could take certain categories out of this exception and make them insured.

Hon. Mr. GREGG: It applies to both (d) and (e).

Mr. Barnett: Oh, I did not understand that.

Hon. Mr. GREGG: I am sorry. Perhaps I did not make it clear.

Mr. BARNETT: I understood that the recommendation was not going forward at this time.

Hon. Mr. GREGG: No, no. The expression was that this is now under active consideration.

Mr. BARNETT: The list of categories in the hospitals?

Hon. Mr. GREGG: That would also apply to charitable institutions.

Mr. BARNETT: I was under a misapprehension. I thought you said that preliminary consideration was given to it, but that the matter was resting.

Hon. Mr. GREGG: No. After these meetings are held, this matter will be brought forward to the governor-in-council.

Mr. MACEachen: What groups are included in the classification of charitable institutions?

Hon. Mr. GREGG: The same categories which I read.

Mr. MACEachen: I am sorry. What type of institutions are classified as charitable institutions?

Mr. BISSON: The Red Cross Society is classified as one, and also the churches.

Mr. MACEachen: Have you a list which you could indicate?

Hon. Mr. GREGG: The largest group would be the churches.

Mr. FRASER (*St. John's East*): And the universities?

Mr. BISSON: Yes, the universities.

The CHAIRMAN: Are we ready to carry (d) and (e)?

Carried.

Mr. FRASER (*St. John's East*): I move that the brief regarding unemployment insurance for fishermen, which has just been distributed to the members present, be appended to this day's printed record of proceedings and evidence.

The CHAIRMAN: Is that agreeable to the committee?—Agreed.

Mrs. FAIRCLOUGH: Would that apply to agriculture also?

Mr. FRASER (*St. John's East*): There is no brief.

The CHAIRMAN: That has been read into the record by Mr. Barclay.

Mrs. FAIRCLOUGH: Yes, I understand.

The CHAIRMAN: Could we now carry paragraph (c), sub clause (2) of clause 26 at the same time as paragraphs (d) and (e) which are just above clause 27 on the same page?

Carried.

Mr. BARNETT: On division!

The CHAIRMAN: Paragraph (f) of clause 27.

Carried.

Paragraph (g)?

Mr. GILLIS: That matter is under study with the armed forces?

Hon. Mr. GREGG: Well, it is under study but not of asking the forces to contribute.

Mr. GILLIS: To determine whether they want to contribute or not?

Hon. Mr. GREGG: Yes; but that will be for national defence, not for us.

Mr. DESCHATELETS: What is the reason for these forces being included under paragraph (g)? Is it on account of the permanent nature of their employment?

Mr. BARCLAY: The present act excepts the R.C.M.P. and the members of the dominion, provincial and municipal police forces. As far as the R.C.M.P. and the provincial police are concerned, they are pretty well on the same terms of enlistment as the armed forces; but as far as municipal police are concerned, we are not on as solid ground as we are with the others. We are simply carrying the present exception forward and the question of insuring the municipal forces will be given consideration along with other matters of coverage which we can study after this bill is passed.

Mr. DESCHATELETS: I would like to have from the minister, in order to make the argument short, his assurance that the fire departments could come under the same category as the police forces. Would their case be considered in due course?

Hon. Mr. GREGG: I would be very glad to do that.

Mrs. FAIRCLOUGH: I would like to support that request because I am one of those who have never seen any difference between municipal police and firemen in so far as their respective duties are concerned and the nature of

their employment. I see no particular reason to exclude municipal police and to include municipal firemen. I hope that if firemen have requested that they be heard, that some provisions be made for hearing them.

The CHAIRMAN: We will bring that before the steering committee at our next meeting. Does paragraph (g) carry?

Carried.

Paragraph (h)?

Carried.

Paragraph (i)?

Carried.

Paragraph (j)?

Carried.

Paragraph (k)?

Carried.

Mrs. FAIRCLOUGH: I wonder about paragraphs (i) and (j). Actually these people are professional people are they not, and what you are really doing is giving a further explanation of professional occupations, because all professional people engaged in the practice of their respect professions on their own account are excluded anyway, in any event.

Mr. BARCLAY: We made a very thorough investigation of the teachers, and we could find no unemployment amongst them.

Mrs. FAIRCLOUGH: I wouldn't think there would be.

Mr. BARCLAY: The difficulty there would have been to determine what a teacher was during the summer holidays, whether or not he was unemployed. because there was no unemployment, and apparently there will be a shortage of teachers for some years to come, we did not carry on with the idea of including them. The teachers themselves, through their organizations were definitely opposed to paying unemployment insurance.

As far as private duty nurses are concerned, we started out in 1940 with all nurses being excluded; but since that time we have insured nurses who are working for wages. There are a lot of nurses in offices, industrial establishments, and places of that kind. So the present exclusion is only for private duty nurses who are working on their own account.

Mrs. FAIRCLOUGH: She would be in a professional capacity working for herself. Therefore is there any necessity for including that type of nurse?

Mr. BARCLAY: A professional person as such is not excluded.

Mrs. FAIRCLOUGH: But the private duty nurse working for herself would not have an employer, therefore how could she be covered?

Mr. BARCLAY: There might be some doubt about it, but we have taken the view that she was working on her own account. Some of them do and some do not. There might be an organization through which they would draw their money. But a professional person as such is not excluded. If a lawyer works for wages of less than \$4,800, he pays his contribution.

Mrs. FAIRCLOUGH: Or a doctor. It is the salary being paid which determines the coverage.

The CHAIRMAN: Carried.

Paragraph (l)?

Mrs. FAIRCLOUGH: Has consideration ever been given to permitting coverage for an employer? I mean a man who has a small business and hires two or three persons and pays unemployment insurance on their account. Probably his enterprise is not so well established that he could be considered to be perfectly safe from unemployment himself. Has any consideration ever been given to permitting him self-coverage? I realize that this is something along the line of what Mr. Michener brought up, except from a different viewpoint.

Mr. BARCLAY: I suggest if you go back to the brief which was presented on the first day of the hearings, on page 11 starting with paragraph 32 and going on you will find the same argument there. We have by changing the wording of the Act made it easier to insure that person of whom you have just spoken.

Mrs. FAIRCLOUGH: That is, in the case of a person who has been working for someone and then becomes self-employed.

Mr. BARCLAY: That is right.

Mrs. FAIRCLOUGH: But that was not my point. I mean a person who is established in a small business. You are assuming that he formerly worked for someone else so he would be covered. But someone may not have worked in insurable employment and then goes into commerce.

Mr. BARCLAY: I think the wording of the Act is broad enough to cover him, if we can find some way of doing it.

Mr. SIMMONS: Did you receive a brief from the Federal Firefighters Union?

The CHAIRMAN: We have a brief here but it has not yet been presented.

Mr. SIMMONS: I see. I did not know if it had come up during my absence.

Mr. BARCLAY: It is something to which we have not given too much consideration, Mrs. Fairclough.

Mrs. FAIRCLOUGH: I do not know whether there is any great demand for it, but from time to time employers in that category, particularly in retail trade—

Mr. HAHN: Go bankrupt?

Mrs. FAIRCLOUGH: —when they are looking after their own employees will say, "I do not see why I should not be covered also, because my position is not particularly stable." I do not know if they have ever made application, but they do talk that way.

Mr. BARCLAY: We have not heard from them.

Mr. HAHN: You may not have heard from them, but the reason is because they have gone to their local employment office and have been advised that they were not covered. I have raised the question myself. I am a small grocer. I am not covered; I could not be, but I have never made representation in parliament on that account. I merely suggested to the employment office that we should be covered but we are not an organized body similar to the farmers who have a farmers organization working for them or a clerks and nurses are. These are individual cases coming to the local offices and I think you will find most of these small merchants who are paying a few employees have a desire to be covered themselves. They are contributing and I do not know that I have been frequently approached on that same question. I do not think we should dismiss it quite so easily. I think there should perhaps be a letter of inquiry sent to the various offices to see whether or not there have been any requests for that type of insurance on behalf of the little merchants.

Mr. GILLIS: Did you ever take it up with the merchants association or the Board of Trade?

Mr. HAHN: The merchants association unfortunately charges quite a heavy fee before you can belong to it, and a lot of the small grocers and confectioners and so on—

Mr. GILLIS: It is a closed shop?

Mr. HAHN: From the point of view of belonging to it, it is, yes.

Mr. GILLIS: I am on your side, George.

Mr. BARNETT: Related to the question of the small grocers I do believe that the same thing might very well be said of a good many tradesman who are engaged in small contracts and may have two or three men working with them whom they have to cover and in that field over a period of time there is quite a good deal of moving in and out of the employer-employee class—

Hon. Mr. GREGG: I think you have both made your points. I think the commission will be glad to consider this discussion and follow through. Of course when one thinks of it, one says to oneself, "Where are you going to stop when you begin to deal with the so-called owner class or group? With 10 employees? Or should Mr. Eaton in Toronto—should he also come in?" The Act was of course designed for wage earners and if you carry it beyond them you go into a different field.

Mr. HAHN: I am quite in agreement with you in that one respect but since we are reviewing the matter this might be called into the picture as well.

Hon. Mr. GREGG: Quite right.

The CHAIRMAN: Paragraph (m) subparagraph (i).

Mrs. FAIRCLOUGH: Mr. Chairman, I have been wondering about those (m) and (l) because the whole basis of contribution is that of wages paid or salary paid and if there is no salary you could not have coverage. After all, the wage roll of the employers are open for the inspection of the department and are inspected periodically, and if it were shown that no wages had been paid to those individuals how could they be covered. The relationship would be incidental whether it was a child or anyone else.

Mr. BARCLAY: You are wondering why we should have the exception in the Act for people who are obviously not insured?

Mrs. FAIRCLOUGH: My point was that in the case of (1) that an employer is not allowed to deduct as an expense of doing business wages paid to a spouse, for instance. They cannot deduct them under our income tax laws. Now, they can pay a child wages—

Mr. DUBUC: The reason for the exception in the case of husband and wife is that although it is difficult to establish there may exist a contract of service between the two.

Mrs. FAIRCLOUGH: But that is not quite my point. The point is before they get covered in any event, they have to appear on a wage roll.

Mr. DUBUC: No. For a child for instance or for any person we speak of remuneration which can be pecuniary, or cash, or if it is not pecuniary, the value of it. That is why the exception is there. Board and lodging, for instance.

Mr. MACDONNELL (*Chief Coverage Officer, Unemployment Insurance Commission*): For example, a wife may be working in her husband's business and be receiving no wages, but she is maintained by him.

Mrs. FAIRCLOUGH: You have no basis for coverage there. Even if we supposed that a child received lodging and clothing and so on, it would have to be listed on the parent's wage roll as remuneration before it would be eligible for coverage in any event?

Mr. DUBUC: It might be against provincial laws possibly, but we are concerned with coverage and remuneration.

Mrs. FAIRCLOUGH: The example seems so remote that I wondered why it was included in there?

The CHAIRMAN: Do you now have an answer to your question?

Mrs. FAIRCLOUGH: Yes.

Mr. DUBUC: It is just to clear the doubt if any exists.

The CHAIRMAN: Paragraph (n) subpara. (i); shall it carry?

Mr. JOHNSTON (*Bow River*): Let us turn the page anyway.

Mrs. FAIRCLOUGH: There was something concerning the Board of Trade—

The CHAIRMAN: Subparagraph (ii)?

Mrs. FAIRCLOUGH: No, there was a reference in the brief that was read from the Board of Trade and of course I cannot keep it all in my mind, but it had something to do with persons whose employment is conceded to be of a permanent nature or something like that. No one actually is definitely certain that their employment is permanent. You cannot really say that employment is permanent. With regard to paragraph (n) (i) a person might be considered to be in permanent employment by reason of the fact that he owned over 50 per cent of the voting shares, but the business might go bankrupt.

Mr. BISSON: We consider him as an owner in that case, and that is why he is excluded—as the owner of the business.

Mrs. FAIRCLOUGH: I see, but he might not be. He might be the director of the corporation—a fairly large corporation—but in that event he would probably receive a salary that would be in excess of—

Mr. BISSON: \$4,800.

Mrs. FAIRCLOUGH: So it would not apply.

Mr. BISSON: No.

The CHAIRMAN: Subpara. (ii) of Para. (n) carried.

Paragraph (o).

Carried.

Paragraph (p).

Carried.

Paragraph (q).

Carried.

Subparagraphs (i) and (ii).

Carried.

Paragraph (r).

Carried.

Paragraph (s).

Mrs. FAIRCLOUGH: Paragraph (s) brings into consideration the whole of clause 28, does it not? We should really consider clause 28 before we pass paragraph (s) of clause 27, not that I anticipate any objection to it.

The CHAIRMAN: We might let this stand until we deal with clause 28.

Mr. HAHN: Mr. Chairman, I have one question which I should like to have asked under paragraph (r) above:

“(r) Employment in Canada under Her Majesty in right of a province or the government or any country other than Canada; and”

I was wondering whether the commission could indicate to us how many of the provinces of Canada are covering their employees at the present time?

Mr. BARCLAY: Nine provinces are covering some of their employees. The position varies from province to province. We get more in some provinces than in others. As a general rule the provinces are covering their temporary staffs—people who work on roads, and things of that kind.

Mr. HAHN: While I am on this subject, would the schedule of employees covered by a particular provincial government be available to the commission. Would a schedule of the categories of employees of provincial governments which are covered, or information of that kind be in the hands of the commission or publicly available?

Mr. BARCLAY: We could give you that information, Mr. Hahn, if you want it.

The CHAIRMAN: Now it is nearly 5.30. We shall adjourn, to meet on Tuesday May 31 at 10.30 a.m. and again at 3.30 in the afternoon. We shall meet in room 277 and I understand that they have rearranged the chairs and tables in there so that the acoustics will be somewhat improved, which will certainly be a good thing. We shall, by the way, hear briefs from the Canadian Manufacturer's Association, the Catholic Workers of Canada and the Canadian Construction Association.

Mrs. FAIRCLOUGH: On Tuesday?

The CHAIRMAN: On Tuesday morning, at 10.30.

Mrs. FAIRCLOUGH: Mr. Chairman, may I suggest that if you have reason to think that the program will not take up all the time on Tuesday we might find out whether the firemen would like to be heard on that date.

The CHAIRMAN: We could invite them...

Mr. BYRNE: Could not the steering committee meet for a few minutes.

The CHAIRMAN: Right after this morning. I think that can be done.

—The committee adjourned.

## APPENDIX "A"

MAY 26th, 1955.

*Special delivery*

Mr. G. E. Nixon, M.P.

Chairman,

Standing Committee on Industrial Relations,

House of Commons,

Ottawa, Ontario.

Dear Sir:

We have noted that your Committee have been assigned the important task of study on revisions to the Unemployment Insurance Act.

Our local unions, which represent somewhat more than 2,000 members in East Toronto, wish to draw to your attention our serious concern with two phases of the Act and procedure which discriminate against married women and workers forced to retire from industry prior to receipt of benefits under the Old Age Security Act.

*On the Status of Married Women and the Conditions Under Which They Are Being Disqualified from Benefits*

We have had several recent examples of procedural disqualification of married women which we contend are decidedly unfair and which we feel your Committee should assist in providing some remedy in your recommendations.

These cases involved a strike aftermath, in which two women of a total of 80, were disqualified from benefits during the entire period of the two years following their marriage, BECAUSE THEY REFUSED TO ACCEPT THE ROLE OF STRIKEBREAKING, by returning to employment under the employer's terms.

These two women gave every evidence of availability for work and readiness to accept employment elsewhere, just as the other women who had been involved in the strike, but who too had refused to accept the role of strikebreaking.

While the other women, including married women, were immediately proclaimed eligible for benefits, while seeking employment elsewhere, these particular two women ruled ineligible by the sole reason of marriage within the two years prior to the period of the strike.

While we maintain the right of any woman, newly married or otherwise, to claim benefits during periods of unemployment, we contend where conditions are similar or the same, then newly married women should not be ruled ineligible. We believe there were and are sufficient safeguards in the Act to avoid malpractices and that this additional all-encompassing procedure of disqualification should be eliminated.

*On the Matter of "Senior Citizens" Retiring from Industry Prior to Eligibility for Old Age Security*

The proposal, or even suggestion for decreasing eligible period of benefits from 51 weeks to 30 weeks, is one of the most drastic and damaging to the whole concept of security and build-up equity by these workers.

While we maintain that all workers should be eligible for benefits during the entire period of unemployment, we maintain strong opposition to any attempt to reduce the present 51 weeks.

It must be recognized that workers, at the age of 65, are still ineligible for Old Age Security, are not readily accepted into industry, and are in no

position to compete in the labour market for any sustained period, therefore should have their claims for benefits extended, rather than reduced.

Our local unions are pleased with the opportunity of placing our views on these matters before you, and we wish to indicate our full agreement and support of the views expressed by our District Office, in their submission to your Committee, dated May 25th, 1955.

We have enclosed copies of this submission for other members of your Committee, and would appreciate their distribution for study by Members of your Committee.

All of which is respectfully submitted,

W. E. BLAIR,  
Business Agent,  
Local 521, United Electrical, Radio  
and Machine Workers of America (EU)

W. ASHTON,  
Business Agent,  
Local 514, United Electrical, Radio  
and Machine Workers of America (UE)

## APPENDIX "B"

## UNEMPLOYMENT INSURANCE COMMISSION

OTTAWA, May 16, 1955.

## Unemployment Insurance for Fishermen

1. Fishermen have been excluded from the application of unemployment insurance in Canada since the inception of the scheme. Part II of the Schedule of the Unemployment Insurance Act lists "employment in fishing" among the excepted employments. The expression "fishing" is construed to mean the art or practice of catching fish, whether or not for commercial purposes, and to include all operations directly connected with this which are performed by fishermen, including the preparation, repairing and laying up of fishing boats and gear, the setting and removing of lines, nets and traps, and the delivery to the purchaser of fish, shellfish and other marine products.

2. Fish packing at the primary level, by which is meant cleaning, curing, drying, salting, boxing, trucking and other similar handling, when performed by the persons who catch the fish as an incidental and necessary part of the work of getting the fish to the purchaser, is considered part of fishing and not insurable employment. Commercial processing, however, such as canning, quick freezing and extraction of fish oil and other by-products, when done at the secondary level by workers not engaged in catching fish, is considered to be food manufacturing and therefore insurable employment.

3. From 1941 to 1948 there was no demand from fishermen to be insured: quite the reverse. Most disputed cases involved persons employed in canneries or cargo vessels, who did not wish to pay contributions and contended that their employment was non-insurable because the product handled was fish. When coverage was extended to some other employments, particularly lumbering and logging, fishermen who saw the benefit of unemployment insurance to workers in these industries began to urge that they be insured also.

4. To get adequate information on which to base its recommendations the Unemployment Insurance Commission made a comprehensive survey of the fishing industry. This was begun in 1949 and the Commission issued a report of its findings in April 1951. The survey covered all the main fishing areas in Canada, including the Great Lakes and other inland waters as well as both the east and west coast fisheries.

5. The main conclusions were:

(1) Of a total fishing force (at that time) of approximately 88,000, only 6,000 (7%) were working for wages as employees. Over 18,000 (21%) were lone workers. All the rest, numbering 63,000 (72%), worked on shares, as working owners or skippers of vessels or as members of the crew.

(2) To insure the small number of wage earners only would not benefit the industry as a whole and would result in serious anomalies, as there was so much shifting from one status to another and so little difference in the kind of work done by wage earners, lone workers and sharesmen.

(3) For the large percentage who worked independently or on shares there was no employer as generally understood who could accept responsibility for the payment of contributions, the maintenance of adequate records and the verification of the beginning and the cessation of an individual fisherman's employment.

(4) The ordinary contribution procedure could not be applied to fishermen. There would have to be special provisions to determine the rate of contribution and the number of days for which contributions ought to be made, in view of conditions peculiar to the fishing industry, e.g., weather, movement of fish, government quotas, closed seasons, and the fact that a poor catch might result in several days' or weeks' work showing a net earnings loss.

(5) Periods of employment and unemployment during the active fishing season would be impossible to segregate. So much of a fisherman's time, even when ashore, is taken up in work essential to his fishing—disposing of his catch, refitting his boat, repairing his gear, etc.—that he is seldom idle except from choice. This very fact would create a major problem. Self-employed persons are in a position to control the incidence and extent of their unemployment. Most fishermen are self-employed or virtually so. They would be able to decide for themselves when to fish or to refrain from fishing: for example, because of bad weather. The paucity of records and the remote location would make day-to-day conditions and operations practically impossible to verify.

(6) Hence it would be necessary, if share fishermen were insured, to deem them to be continuously employed throughout the fishing season. Because of the difficulty of getting proof of the facts there would have to be arbitrary rules for determining the exceptional circumstances when a fisherman was unemployed and for defining what con-season. Because of the difficulty of getting proof of the facts there would stituted good cause for refraining from fishing; for example, when his boat or gear had been lost or destroyed.

(7) In most fishing areas there is an off-season when little or no fishing is or can be done. The off-seasons range from three months on the Great Lakes to as high as six months in Newfoundland, the Gulf of St. Lawrence and the West Coast. In Nova Scotia it is about four months. During the off-season only one-third of the fishermen regularly follow any alternative occupation. In some cases this is logging or road work or other construction; others are self-employed, for example, operating a subsistence farm. The remaining two-thirds have no kind of employment in the off-season. It would therefore be necessary to apply seasonal regulations to the industry if it were insured, as the chronic unemployment of most fishermen in the off-season is not a hazard but a certainty, and a known and foreseeable occurrence that is certain to befall the insured is not a proper insurance risk.

6. Accordingly the report indicated that unemployment insurance should not be applied to fishermen. It considered that the administrative difficulties, though considerable, could be overcome. The main difficulty is not administrative but lies in the fact that the fishing industry in Canada is not suitable to unemployment insurance. Few fishermen could ever prove that they were unemployed during the fishing season and almost no benefit would be paid in respect of that period. In the off-season the great majority would be unable to qualify for benefit because of the seasonal regulations.

7. The Commission's report was submitted to the Unemployment Insurance Advisory Committee in July 1951. The Committee accepted the report for study but has made no recommendations in the matter.

8. Representations continued to be received from fishermen and others, especially in Newfoundland, urging the coverage of the industry, or if not the whole industry, such parts of it as were manageable. It was urged that the numbers of the fishermen were declining because fishing was not insurable

and the men preferred to take other occupations where they would be insured. According to the 1951 Census the number of fishermen in Canada who were regularly attached to fishing was 54,000 though a further 12,000 had some casual connection with it for short periods.

9. In 1954 the Commission made a further investigation to determine if the conditions of employment would make it feasible to insure the crews working on larger vessels. It was thought that this might be done on vessels where the crew worked under the control of some person, such as the skipper or owner, under conditions approximating those of wage earners, regardless of the manner of payment.

10. It was found that the number of vessels of 10 tons or more engaged in Canadian fisheries was about 2,800 and that the number of fishermen normally employed on those with a crew of five or more was some 6,000. In almost all such vessels it was reported that the skipper had sole control over the movements of the vessel and determined the manner of operation, when the vessel should put to sea and return, and what duties should be performed by the crew. In most cases the skipper was the sole owner, or one of the joint owners working aboard the vessel as agent for the shore owner. Only in a very few cases was the vessel jointly controlled by the skipper and any of the crew.

11. As in the previous survey it was found that payment by a share of the catch was the commonest method. Even on these larger vessels with crews of five or more only some 15 per cent of the crews were paid a set wage.

12. Only a small percentage of even these vessels fished all the year (422 out of 2,800). The rest had an off-season which for the majority lasted for more than four months and at least 50 per cent of the crews had no occupation in the off-season.

13. This investigation (in 1954) indicated that it appeared feasible to insure fishermen on vessels of 10 tons or more if

- (a) the skipper were treated as the employer for the purposes of making contributions;
- (b) the rate of contributions were predetermined by areas on the basis of average earnings during the normal fishing season;
- (c) fishermen were not considered unemployed at any time during the season except in specified circumstances; for example, where employment was lost as a result of destruction of a vessel or its gear;
- (d) seasonal regulations were applied, under which benefit would only be payable to a fisherman in the off-season if he proved that he ordinarily had some employment in the off-season and was unable to get such employment in the off-season in which he made his claim.

14. This proposal would provide insurance for some 6,000 fishermen out of the total of 54,000 reported by the 1951 Census. Broadly speaking, it would cover the deep sea fishermen. It would exclude the 48,000 inshore fishermen, working for the most part in small boats either alone or in small groups of two to four persons, in a sort of loose partnership, who present the chief problem.

15. A number of suggestions have been made for modifications of the Act which would permit the inclusion of share fishermen. One such suggestion would allow fishermen benefit in the off-season by modifying the supplementary benefit provisions as follows:

- (1) Any fishermen who delivered fish over a period of 90 days during the fishing season would be deemed to be under a contract of service to the buyer of his fish and therefore insurable.
- (2) Such a fisherman would be permitted to make his own contributions and to draw benefit at the end of the fishing season if no off-season

employment was available, provided he showed attachment to off-season employment, and it would be immaterial whether he was a skipper, shareman or wage earner.

16. This would put fishermen in a preferred position over other insured workers, as it would allow them to qualify for benefit regularly every off-season by merely working 90 days each summer. Supplementary benefit was designed to assist persons who become unemployed in the winter months if they have exhausted their ordinary benefit or if they are new entrants who cannot yet qualify for ordinary benefit. Further, if a fisherman ordinarily worked in insurable employment in the off-season he would make contributions in the usual way and build up protection against failure to get such work in a bad year, so that there would be no need of the scheme for him; while in areas where there was no possibility of employment in the winter months the scheme would be simply relief, not insurance.

16. A further modification of this idea proposed a voluntary scheme, under which a fisherman would be permitted to contribute or not as he chose, subject to the following:

(1) Contributions and benefits would be at the lowest rate.

(2) A fisherman would be permitted either to pay the employee contribution only, and be entitled to benefit for only half the period of the other insured persons, or to pay both the employee and employer contributions and be entitled to full benefit.

(3) A fisherman would be deemed to be employed and ineligible for benefit during the whole fishing season.

(4) He would be free to make as many or as few contributions as he chose up to the maximum possible during the fishing season (which would be defined for the area) without any regard being paid to whether he fished or not, but if he made contributions in respect of other insurable employment the number of his fishing contributions would be reduced accordingly.

(5) A waiting period of a month after the end of the fishing season might be imposed, so as to conserve benefits till later in the winter.

(6) A fisherman might be required to take any suitable employment in the off-season that was available, if necessary elsewhere than in his own community.

It is pointed out that this proposal

(a) abandoned the insurance basis almost entirely, as all the bad risks and none of the good ones would elect coverage;

(b) was practically equivalent to relief, as a seasonal contribution of about \$9.00 for a season of 30 weeks would bring an automatic off-season benefit of \$160.00;

(c) would throw a considerable financial burden on other contributors to the fund, as some \$6.5 million would be paid out to fishermen every winter, against which \$524,000 at the most would be received in contributions from fishermen and from the government's contribution of one-fifth.

17. The problem of the fishermen can therefore be summed up as follows:

(1) Fishermen do not need or especially wish for benefit during the fishing season, but during the off-season.

(2) They want benefit not because they are really unemployed—generally speaking they have not lost their employment, as they have none in the off-season to lose—but because the earnings from the work they do during the active season are inadequate.

(3) The wish for benefit in the off-season never became an issue till unemployment insurance was applied to other occupations which have some seasonal fluctuations and which employ substantial numbers of persons, such as woods work.

(4) Because most fishermen are self-employed and would have to be regarded as employed throughout the whole fishing season, there is no analogy between fishing and other seasonal industries, such as logging, stevedoring, inland navigation and fish processing, where the workers are wage earners employed under a contract of service. These workers, even if subject to restrictions on benefit in the off-season, can at least derive some advantage from their insurance if unemployed during the active season. Fishermen could never do so.

18. It may be asked what other countries have done about insuring fishermen and why, if they can insure them, Canada could not do so. It is significant, therefore to note the practice of certain other countries where fishing is an important industry. Among these are Norway, Britain and the United States.

19. Norway, which revised its unemployment insurance legislation recently, continued to exclude fishermen, though it insures seamen. The United States has very limited coverage, as only a few States cover fishermen and in those that do the coverage is restricted by the size of the vessel, the number of employees and the number of weeks per year in which an employer must have such a number of employees on his payroll. In general, only persons on vessels of more than 10 tons and persons who are under an actual contract of service are insurable. It appears that in some States seasonal restrictions on benefit exist.

20. Britain has insured fishermen who are wage earners for a good many years, but extended coverage to share fishermen only in 1949. Special regulations, including seasonal regulations, apply to them, and the British reports indicate that considerable difficulty is met with, even though there are only some 15,000 share fishermen (less than half of the number in Canada) and these for the most part operate in areas where there are other opportunities of employment. The Ministry admits that enforcement is difficult and that to a large extent they depend on the honesty and good faith of claimants when questions arise whether a share fisherman had good cause for not going fishing. About 3,000 claims a year are received from share fishermen and 80 per cent are disallowed because the claimant either is not unemployed or is not able to satisfy the seasonal regulations. The latter provision has been recommended for retention, after a thorough review by the National Insurance Advisory Committee, but the Ministry admits that the volume of complaints to which it gives rise and the amount of friction between fishermen and the Ministry are out of all proportion to the small numbers involved in a country where the total insured population is about 22,000,000.

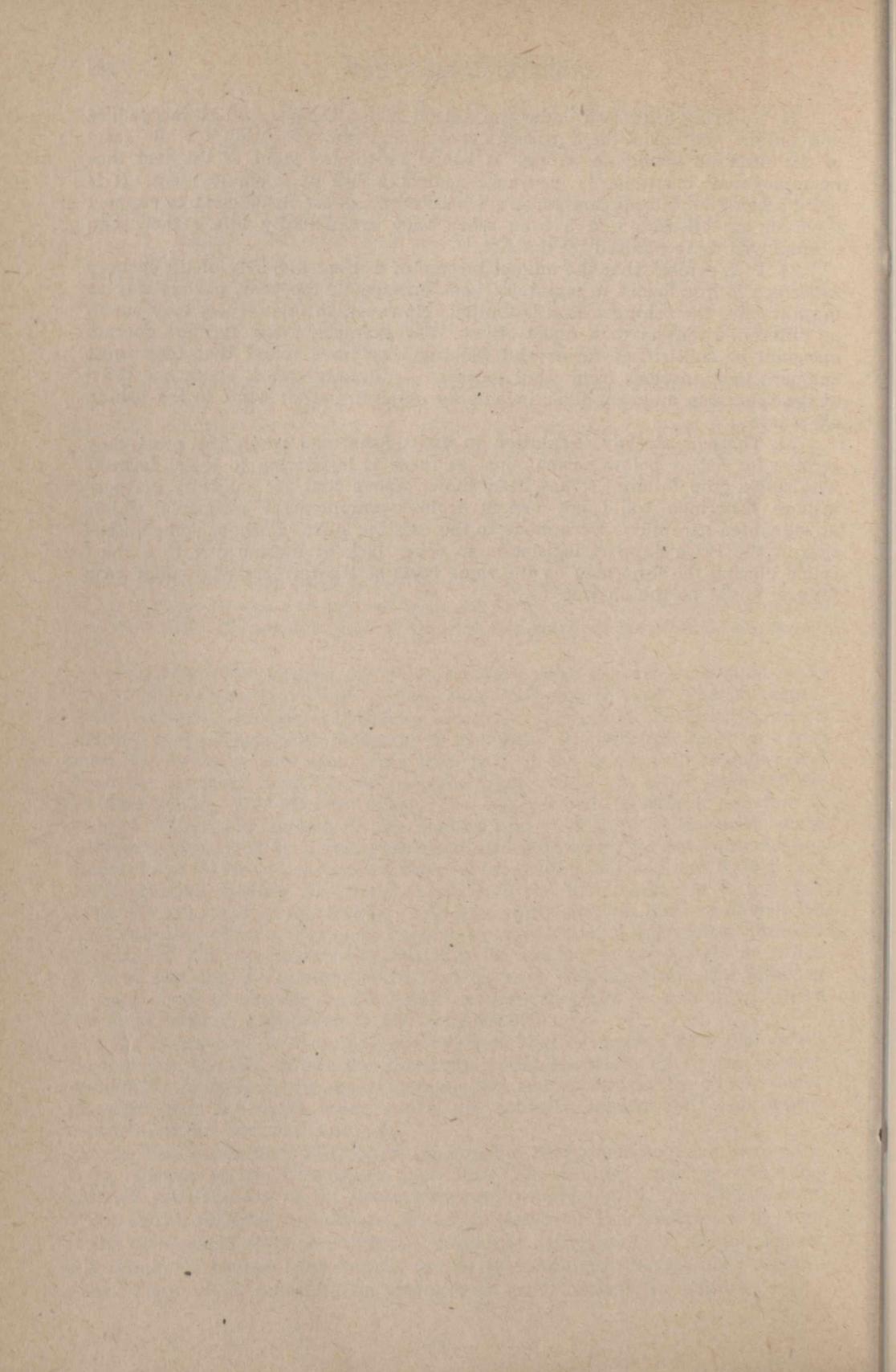
21. If this is so in Britain, it seems likely that even more difficulty would be found in Canada, where the problems would be magnified by the greater number of sharesmen, the more extreme seasonal variations, the much vaster distances and the great areas which are sparsely settled and with which communications are slow and poor.

22. The conclusion still seems inescapable that unemployment insurance is no answer to the fishermen's problems. The fishing industry cannot be adapted satisfactorily to an unemployment insurance plan. For the reasons given above, fishermen would get no advantage from their insurance, as they would be deemed to be continuously employed throughout the fishing season and would be barred from benefit in the off-season by the seasonal regulations. They would therefore be paying their contributions for nothing.

23. To bring fishermen under the Act on such a basis would be misleading and unfair. To cover them without recognizing and providing for the facts of the situation would be wrong. It would be to lose sight of the fact that unemployment insurance is insurance against a risk of unemployment. It is not a scheme for subsidizing persons whose earnings are insufficient to support them in the off-season at a time when they are actually idle rather than unemployed as recognized by the Act.

24. It is evident that the annual income of a great majority of the inshore fishermen is insufficient to maintain them throughout the year, particularly as in most cases the fishing season is limited. However, in this respect they are in no different situation than many others. For example, many farmers operate marginal or subsistence farms and the majority have found that they must augment their incomes from other sources. As already stated, about one-third of the fishermen augment their income by obtaining other work in the fishing off-season.

25. There is already legislation to assist fishermen when the price they receive for fish is below normal, just as there is legislation to assist farmers who suffer crop failure. It has been shown above that the majority of these inshore fishermen could not benefit from unemployment insurance unless unwarranted exceptions were made to the existing rules. Perhaps some extension of the Price Support legislation to cover lack of income due to a short catch, placing the fishermen on the same basis as the farmers who suffer crop failure, might be the answer.



HOUSE OF COMMONS  
Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 6

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BILL No. 328  
An Act respecting Unemployment Insurance

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TUESDAY, MAY 31, 1955

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WITNESSES:

Those listed in the Minutes of Proceedings

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955.

STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

Chairman: G. E. Nixon, Esq.,

Vice-Chairman: Fernand Viau, Esq.

and Messrs.,

Barnett	Fraser ( <i>St. John's East</i> )	Maltais
Bell	Gauthier ( <i>Nickel Belt</i> )	Michener
Brown ( <i>Brantford</i> )	Gauthier ( <i>Lake St. John</i> )	Murphy ( <i>Westmorland</i> )
Brown ( <i>Essex West</i> )	Gillis	Richardson
Byrne	Hahn	Ross
Cauchon	Hardie	(*) Rouleau
Churchill	Johnston ( <i>Bow River</i> )	Simmons
Croll	Knowles	Small
Deschatelets	Leduc ( <i>Verdun</i> )	Starr
Dufresne	Lusby	Studer
Fairclough, Mrs.	MacEachen	Vincent

(Quorum 10)

Antoine Chassé,  
Clerk of the Committee.

(\*) Mr. Cannon was substituted for Mr. Rouleau at 2.30 o'clock p.m.  
May 31, 1955.

ORDER OF REFERENCE

TUESDAY, May 31, 1955.

*Ordered*,—That the name of Mr. Cannon be substituted for that of Mr. Rouleau on the said Committee.

*Attest.*

LÉON J. RAYMOND,  
*Clerk of the House.*

STATE OF TEXAS

COUNTY OF \_\_\_\_\_

Know all men by these presents, that \_\_\_\_\_ of the County of \_\_\_\_\_ State of Texas, for and in consideration of the sum of \_\_\_\_\_ Dollars, to \_\_\_\_\_ in hand paid by \_\_\_\_\_ the receipt of which is hereby acknowledged, have granted, sold and conveyed, and by these presents do grant, sell and convey unto the said \_\_\_\_\_ of the County of \_\_\_\_\_ State of Texas, all that certain \_\_\_\_\_

ACRES, more or less,

situated in the \_\_\_\_\_ Block of the \_\_\_\_\_

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## MINUTES OF PROCEEDINGS

House of Commons, Room 277,

TUESDAY, May 31, 1955.

The Standing Committee on Industrial Relations met at 10.30 o'clock a.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Bell, Brown (Essex West), Brown (Brantford) Byrne, Churchill, Deschatelets, Fairclough (Mrs.), Fraser (St. John's East), Gauthier (Nickel Belt), Gillis, Hahn, Hardie, Johnston (Bow River), Leduc (Verdun), Lusby, Michener, Murphy (Westmorland), Nixon and Simmons.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour and Mr. Bossé, Executive Assistant.

*From the Unemployment Insurance Commission:* Mr. J. G. Bisson, Chief Commissioner, and Mr. C. A. L. Murchison, Commissioner, also, Mr. R. J. Barclay, Director of the Insurance Branch, Mr. L. J. Curry, Executive Director, Mr. Claude Dubuc, Legal Adviser.

*From the Department of Insurance:* Mr. Richard Humphreys, Chief Actuary.

*From the Canadian Manufacturers Association:* Messrs. H. W. Macdonnell, L. H. Fraser, F. G. Reynolds, G. W. Brown and C. W. George.

*From the Department of Insurance: Mr. Richard Humphreys, Chief Actuary, and Catholic Confederation of Labour):* Mr. Gérard Picard, General President, and Mr. Fernand Bourret.

*From the Canadian Construction Association:* Mr. Allan C. Ross, Chairman, Labour Relations Committee, and Mr. S. D. C. Chutter, General Manager.

The Committee heard submissions by representatives of the three groups represented at the meeting.

Mr. Macdonnell spoke on behalf of the Canadian Manufacturers Association; Mr. Picard spoke on behalf of the C.T.C.C. (C.C.C.L.); and Mr. Ross spoke on behalf of the Canadian Construction Association.

The witnesses, on conclusion of their respective submission, were thanked by the Chairman on behalf of the Committee and were retired.

The Committee then resumed from Friday, May 27, the clause by clause study of Bill No. 328, An Act respecting Unemployment Insurance.

In the course of the said study, the Honourable Mr. Gregg and Messrs. Bisson, Barclay and Dubuc gave answers to many questions asked by the members with respect to the various clauses of the Bill under study.

Clause 28, together with paragraph (s) of Clause 27, were severally considered and agreed to.

Clause 29 was considered and, after some discussion thereon, was allowed to stand for further study at a later time.

Clause 30 was considered and agreed to.

On Clause 31 Mr. Michener moved that the said clause be amended by striking out the word "thirty", in the third line thereof, and substituting therefor the word "sixty".

After discussion thereon and the question having been put on the proposed amendment of Mr. Michener it was, on a show of hands, resolved in the affirmative on the following division: Yeas, 9; Nays, 0.

The said clause, as amended, was agreed to.

At 12.30 o'clock p.m., the Committee took recess.

#### AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Bell, Brown (*Essex West*), Brown (*Brantford*), Byrne, Cannon, Churchill, Croll, Deschatelets, Fairclough (Mrs.), Fraser (*St. John's East*), Gillis, Hahn, Johnston (*Bow River*), Leduc (*Verdun*), Lusby, MacEachen, Michener, Murphy (*Westmorland*), Nixon, Richardson, and Simmons.

*In attendance:* Honourable Milton F. Gregg and the officials of the Unemployment Insurance Commission shown as in attendance at the forenoon sitting.

Also, Honourable James Sinclair, Minister of Fisheries, and Messrs. E. T. Applewhaite, M.P., T. G. W. Ashbourne, M.P., H. M. Batten, M.P., C. W. Carter, M.P., James A. Power, M.P. (*St. John's West*), H. J. Robichaud, M.P., and L. T. Stick, M.P.

Mr. G. R. Clark, Deputy Minister of Fisheries; and Mr. I. S. McArthur, Chairman, Fish Prices Support Board.

The Committee resumed the clause by clause study of Bill No. 328, An Act respecting Unemployment Insurance.

On Clause 27, paragraph (b), Mr. Barclay of Unemployment Insurance Commission, read a lengthy brief respecting unemployment insurance for fishermen.

At the conclusion of this presentation by Mr. Barclay, the following by unanimous consent, addressed the Committee: Honourable Mr. Sinclair, Mr. Robichaud and Carter. A memorandum presented by the latter named was ordered to be appended to the day's printed record of proceedings and evidence. (See Appendix "A").

During the discussion of the brief, Mr. I. S. McArthur, Chairman of the Fish Prices Support Board, was also heard.

The Chairman thanked the Minister of Fisheries, the guest members and Mr. McArthur for their attendance and their enlightening submissions.

Thereafter, paragraphs (a) and (b) of Clause 27 were agreed to.

At 6.05 o'clock p.m., the Committee took recess.

#### EVENING SITTING

HOUSE OF COMMONS, Room 118.

The Committee resumed at 8.15 o'clock p.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Bell, Brown (*Essex West*), Brown (*Brantford*), Byrne, Cannon, Croll, Deschatelets, Fairclough (Mrs.), Fraser (*St. John's East*), Gauthier (*Lac St-Jean*), Gillis, Hahn, Johnston (*Bow River*), Leduc (*Verdun*), MacEachen, Nixon, and Simmons.

*In attendance:* Honourable Mr. Gregg and the officials of the Unemployment Insurance Commission already shown as in attendance at the forenoon and afternoon sittings.

The Committee resumed clause by clause consideration of Bill No. 328, An Act respecting Unemployment Insurance.

The Honourable Mr. Gregg and Messrs. Bisson, Barclay and Dubuc gave answers to the many questions asked by the members in respect to the various clauses under study.

*On Clause 27*

After lengthy discussion, it was agreed that paragraphs (a), (b) and (g) thereof be not considered as passed, but be stood over for further consideration at a later time.

Clauses 32, 33, 34, 35 and 36 were severally considered and agreed to.

*On Clause 37*

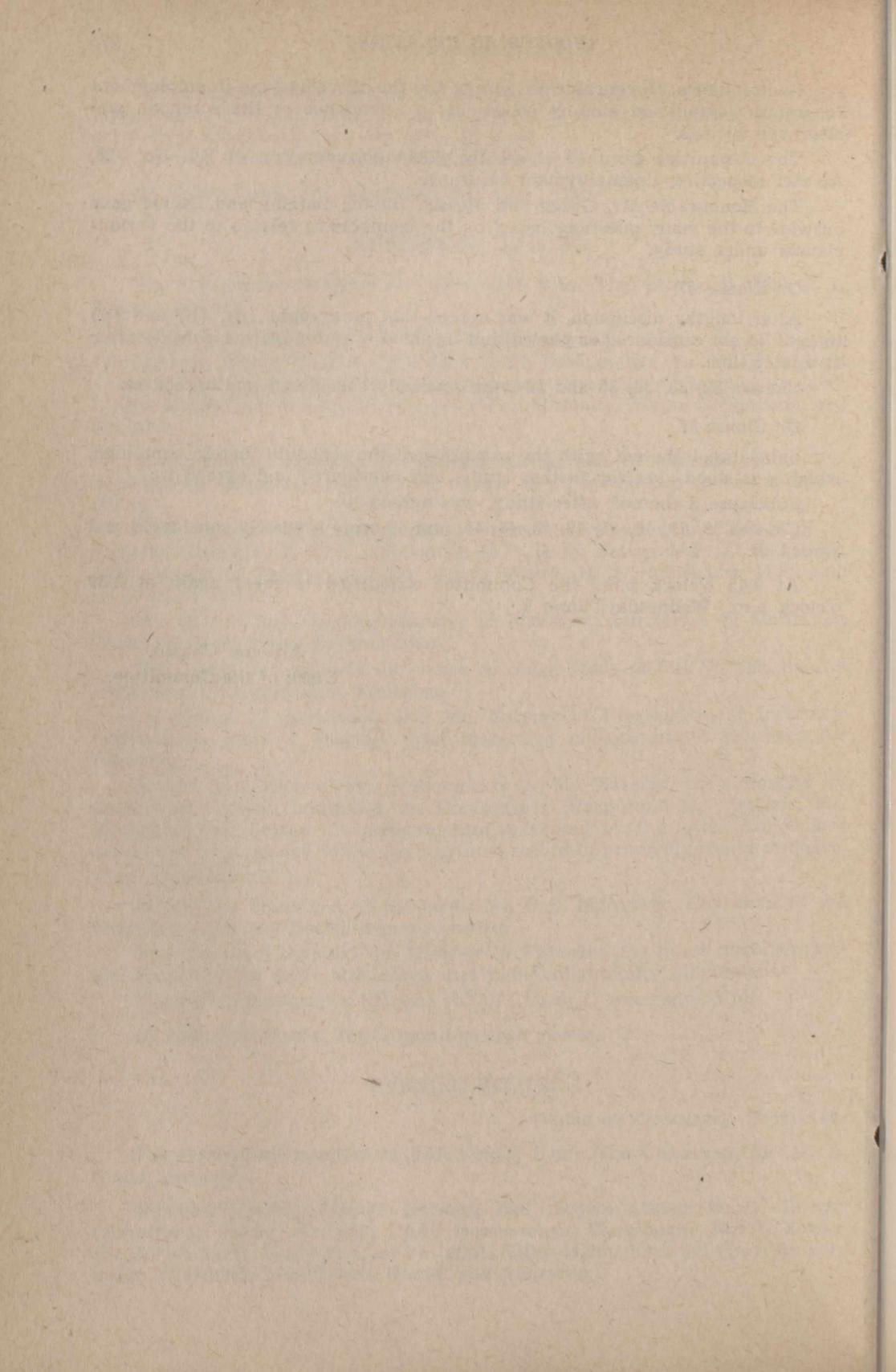
Subclause 1 thereof, with the exception of the schedule therein contained, which was stood over for further study, was considered and agreed to.

Subclause 2 thereof, after study, was agreed to.

Clauses 38, 39, 40, 41, 42, 43, 44, 45, and 46 were severally considered and agreed to.

At 9.45 o'clock p.m., the Committee adjourned to meet again at 3.30 o'clock p.m., Wednesday, June 1.

Antoine Chassé,  
*Clerk of the Committee.*



## EVIDENCE

TUESDAY, May 31, 1955,  
10.30 A.M.

The CHAIRMAN: Order gentlemen. We will have to be as quiet as we can in order for the reporters to hear as well as the members.

In view of the fact that all committees now at work print reports of their proceedings from day to day, a delay in the printing is inevitable. Therefore, copies of the brief from the Board of Trade of the City of Toronto, which was read in the record of our last meeting, have been mailed to each member of the committee so that it may be available while it is being printed in the record.

This morning we have here representatives of the following national organizations who requested, and were granted, the privilege of making oral submissions. They will be heard in the order that their respective request were received, namely:

- (a) The Canadian Manufacturer's Association.
- (b) The Confédération des Travailleurs Catholiques du Canada (C.T.C.C.) or The Canadian and Catholic Confederation of Labour (C.C.C.L.)
- (c) The Canadian Construction Association.

A copy of the text in French of the C.C.C.L. was mailed to each member of the committee and on my instruction a copy of the translation to English of the said brief was appended to the original French text.

If the committee can dispose of the submissions which I have just outlined early enough, it is the intention that we resume the clause by clause study of Bill No. 328, starting at clause 28 of the bill where we left off last Friday.

This afternoon, it is the intention, if the committee will so agree, to revert to paragraphs (a) and (b) of clause 27, which were stood over, so that the brief presented by the commission, regarding unemployment insurance for fishermen, can be discussed. In this connection I might add that I took the liberty of advising all members of the House, who are not members of this committee but are vitally interested in the matter, to listen in on that discussion and to that end they were supplied each with a copy of the said brief. I think there were some 30 members advised.

I wish to report on behalf of the sub-committee on agenda and procedure that your subcommittee has given study to the brief of the International Association of Firefighters and is of the opinion and it so recommends that no useful purpose would be served by calling on representatives of the association to add verbally to their written submission which is now part of the record. Is that agreed by the committee?

Agreed.

Mrs. FAIRCLOUGH: What are we agreeing to? That your opinion be approved of by the committee?

The CHAIRMAN: We are agreeing to the minutes of the steering committee as I so stated.

Mrs. FAIRCLOUGH: We will still have an opportunity to make observations when you come to para. (g) in clause 27 which was stood over?

The CHAIRMAN: Yes.

I will now call on Mr. H. W. Macdonnell of the Canadian Manufacturers' Association to address you. We have, also from the Canadian Manufacturers' Association, Mr. L. H. Fraser, Mr. F. G. Reynolds, Mr. G. W. Brown and Mr. C. W. George. I believe Mr. Macdonnell is going to read a brief.

Mr. H. W. MACDONNELL (*Canadian Manufacturers' Association*): Mr. Chairman, Mr. Minister and members of the committee. First of all I would like to say that the Canadian Manufacturers' Association appreciates very much the opportunity of being allowed to present its views.

The Canadian Manufacturers' Association is vitally concerned with unemployment insurance as its members, who employ 80 per cent of the workers in manufacturing, contribute heavily to the unemployment insurance fund.

The association is generally satisfied with the new proposed Unemployment Insurance Act under Bill 328. While the increased rate of contributions will increase the cost by about 10 per cent for most of our members, it is recognized that with the increase in wages in the past few years it is proper that the top rates of benefits should be increased. It is noted that the new benefits in the top classes work out at slightly more than 50 per cent of average earnings which appears to be a sound and desirable level.

The proposals to increase the benefits further to 60 per cent or 66 $\frac{2}{3}$  per cent should not be implemented for the following reasons:

1. The increased cost would be at least 20 per cent over the increased cost as proposed in the bill.

2. The incentive to find a job would be materially reduced as will be shown in the table set out below. The desire to find and accept work is not very easily measured whereas in the case of workmen's compensation it is fairly easy for a doctor to ascertain whether or not a workman is fit for work. That is why it is not desirable that unemployment insurance benefits should be on the same scale as workmen's compensation.

The reason for that observation is that in the brief of the Trades and Labour Congress a comparison is instituted between the unemployment insurance and workmen's compensation, and the argument is made in the case of workmen's compensation that you have a scale of benefits of 66  $\frac{2}{3}$ , or even 75 per cent of earnings, so why not the same in unemployment insurance. In other words, the reason which is given here as to why you should not have the same scale of benefits is that in the case of workmen's compensation you have a doctor to say when the man is fit to go back to work, whereas you have no specialists in the case of unemployment insurance. There is also a difference in the case of a man who has suffered an industrial accident and is in receipt of workmen's compensation; he has a job to go back to, and we submit that puts him in an entirely different position to the man who finds himself unemployed. Our point is here that the best thing for that man in his own interest is to get another job and if you bring his unemployment insurance benefit too close to his normal net earnings we feel that you could not do him a worse disservice because in his own interest it is best that he should have an incentive to get out and find himself another job.

The third reason why we say this demand for further increases and benefits should not be listened to is at the top of page 2.

3. It is unfair to insured employees who have little likelihood of being unemployed such as bank or insurance company clerks that they should have to make the larger contributions in order to provide increased benefits for others.

With respect to the increased cost, it would be an added burden for the export industries and would in respect to domestic production be borne by the consuming public, a large part of which is not protected by unemployment insurance.

As to the reduced incentive to work, this is shown by comparing the unemployment insurance benefit plus allowable earnings with an employee's net earnings.

Take a married worker without children earning \$60 a week in a city:—

Weekly earnings .....		\$ 60.00
Income tax deductions .....	\$3.60	
Unemployment Insurance contribution .....	.60	
Car fare to work .....	1.00	
Meals at work .....	2.00	7.20
		<hr/>
Net earnings .....		\$ 52.80

Unemployment Insurance Benefit—\$30, which is 56.8 per cent of net earnings. If allowable earnings of \$13 are added we have \$43 which is 81.4 per cent of net earnings.

It will be readily seen that if the benefit is increased even to \$36 (that is, put on a 60 per cent basis), the gap between benefit and net earnings is narrowed to almost nothing, since if full allowable earnings of \$13 are added to the \$36 benefit, the resulting \$49 will equal 92.8 per cent of net earnings.

Under the circumstances there would be little encouragement to take a job at \$60 weekly wage and much less if the unemployed worker were offered a job at less than \$60 a week, e.g., at \$55 or \$50.

For much the same reasons, the association is opposed to the proposal that classes in addition to those proposed in the bill be established, namely a class from \$57 to \$63 weekly earnings and one from \$63 and up. Even if the ratio of benefit of 50 per cent of average earnings is used, the higher cost caused by the higher contributions that would be required to finance the higher benefit in the top class is objectionable. Here, too, there would be the reduced incentive to take work, particularly if the work offered is at lower pay.

If average earnings should rise substantially in the future, then would be the time to consider establishing higher earnings classes.

In the association's view, experience shows it is sound to permit a longer minimum duration period and to allow shorter periods of contribution in which to qualify i.e. 2 for 1 instead of 5 for 1.

It does not, however, seem reasonable to do this without at the same time shortening the maximum benefit period, as proposed in the bill, since otherwise the cost will be increased by at least 5 per cent. The longer period beyond 30 weeks is only used by a few persons and many of these are on pension and are using the fund as an increment to their pension, thus making unemployment insurance serve an end which it is submitted it was never intended to serve.

On that last point the Hon. Minister mentioned when he was introducing the bill that — I think the figure is over 95 per cent — of claimants draw less than 30 weeks benefit, so that the 30 weeks' maximum benefit takes care, as he pointed out at that time, of the overwhelming majority of claimants.

The CHAIRMAN: Thank you, Mr. Macdonnell.

Now is it the wish of the committee to ask any questions?

If not, thank you Mr. Macdonnell and Mr. Fraser.

The next on our list is the Canadian and Catholic Confederation of Labour. Mr. Gerard Picard, the president, is here, and he will present the brief I believe. Then we have Mr. Fernand Bourret, who is one of the officials.

It will be permissible for Mr. Picard to make his presentation in either language, English or French. I think that has been the practice before. You are at liberty to use either language.

Mr. GÉRARD PICARD (*President, Canadian and Catholic Confederation of Labour*): I will read the brief in English.

1. The C.C.C.L. wishes to thank the House of Commons Committee on Industrial Relations for permitting it to present its point of view on that important social measure, Bill 328, which is a general recasting of the Unemployment Insurance Act.

2. The C.C.C.L. is pleased to note that the recast version of the Unemployment Insurance Act introduces some improvements to the present Act and to some extent simplifies its application. Indeed, under the revised Act the payments are increased, and the formula of the weekly stamp instead of the daily stamp marks a real step forward over the present situation.

3. However, the C.C.C.L. is still convinced that the new Act does not offer sufficient protection and that it contains, on the other hand, certain restrictions which are difficult to understand. We feel that the new Act, in order to achieve its purpose, should extend its jurisdiction over all Canadian workers. Some classes of workers, such as hospital employees, still do not come under the revised Act, and no satisfactory reason has been given us to date to justify this exception. It is true that provision is made for the extending of the benefits of the new Act to them later on by means of an order in Council but the C.C.C.L. believes, rightly or wrongly, that no order in council will be passed unless all parties are in agreement. One might as well say that this procedure will be approved only by the management of the hospitals, who will find it a means of stalling and continuing their opposition to the Act. However the turnover of labour in the hospitals is considerable and the few thousand employees of these organizations who are among our membership insists on being governed by the new Act. The C.C.C.L. fails to understand especially, among the restrictions contained in Bill 328, the one which shortens the period during which regular payments will be made. The maximum period of fifty-one weeks is reduced to thirty. The new bill, it is explained, does not effect vested interests or vested rights and the reduction comes from an actuarial study showing that in the past in almost all cases the benefits were paid for periods of thirty weeks or less. The C.C.C.L. wonders seriously whether this reduction is not an indication that the government has no confidence in the future of the country and whether it foresees a worsening in unemployment in the years ahead. This reduction is given to us as a minor detail, but the detail creates such distrust among the workers that their uneasiness should be allayed by preserving the period of fifty-one weeks provided in the present Act.

4. The C.C.C.L. does not wish to give offence to anyone nor minimize the beneficial effects of a social measure of such a magnitude as unemployment insurance, but it feels that the new bill is being governed by actuarial rather than social considerations. To be sure, the C.C.C.L. understands that unemployment insurance is a social insurance, that certain insurance principles must be adhered to and that actuaries must advise the commission, the employers' associations and workers' unions about the solvency of the unemployment insurance fund, but the opinions expressed seem harsh to us. From the first Unemployment Insurance Act of 1940 until the present time nearly two billion dollars have been collected for unemployment insurance in Canada. During that 15-year period the Act has been in force, about a billion dollars has been paid to unemployed workers, according to a statement by the Minister of Labour in the House of Commons (*Hansard*, April 4, 1955), and we know from the reports of the commission that the unemployment insurance fund is made

up at present of a reserve of pretty close to one billion dollars. If we take a close look at the commission's investments we realize that social security is a means for the government to refinance itself when it needs money. The C.C.C.L. does not object to the safe investments made by the Unemployment Insurance Commission, but it feels that social security, in the form of unemployment insurance, should serve primarily to insure some measure of purchasing power to the jobless who are entitled to it. At the present time there are in the folder of the Unemployment Insurance Commission about \$850 million in Government of Canada and C.N.R. Bonds.

5. The C.C.C.L. submits that the regular benefits should be paid to the jobless as long as they are out of work. It is the opinion of the C.C.C.L. that the distinction between the regular and seasonal benefits should be abolished. And if the present contributions are not sufficient to remedy the situation the C.C.C.L. would like to be shown to what level they should be raised so that all jobless workers under the Act may benefit from the payments for the entire period they are out of work. Our organization, perhaps, would not be opposed to an increase in the contributions, if it stays within reasonable bounds, and if the federal government will contribute its share. The C.C.C.L. believes that the federal government should pay into the unemployment insurance fund an amount equal to that paid by the workers, which is already equal to the amount paid by the employers. In that case, the contributions paid by the workers would represent one-third of the total amount collected by the commission, the contributions from the employers would represent the second third and the federal government would pay the remaining third instead of only paying one-fifth, as provided under the present Act and in Bill 328.

6. At the time of the last federal-provincial conference the idea of unemployment assistance was brought forward. The C.C.C.L. would not oppose aid to the unemployed if it meant placing at the disposal of the Unemployment Insurance Commission sufficient amounts to ensure to the jobless, without means test, benefits equal to those provided by the Act for the whole period of unemployment. On the other hand, by referring to the general plan as outlined, we doubt whether the municipalities in general, and perhaps certain provinces, will be able to assume the financial obligations that will be proposed in order to ensure the application of a program of unemployment assistance.

7. In order that we may be better informed regarding the extent of unemployment in Canada, we believe the statisticians should give the number of days of unemployment each year for which jobless workers do not receive benefits. These figures, which it should be possible to compile, would be of great interest. The national employment service and the Dominion Bureau of Statistics devote a great deal of time to the compiling and publishing of contradictory statistics about unemployment. The C.C.C.L. believes that those two bodies should agree between themselves to give the whole truth about unemployment in Canada.

8. The C.C.C.L. does not claim that unemployment insurance and aid to the jobless or unemployment assistance are the only remedial measures to be taken against unemployment in Canada. However, our group does not consider it opportune to deal here with the various remedies to be applied to the unemployment problem whether it be public works, more generous laws on family housing, foreign trade or an economic and social policy frankly directed towards the satisfaction of human needs.

9. Coming back to Bill 328, the C.C.C.L. wishes to draw the attention to your committee to a few other points which have received very careful study. In particular we would mention the application of the Act during labour disputes, the regulations concerning married women, the benefits granted to workers with dependants, and the boards of referees.

10. There is nothing in Bill 328 providing for any changes in the present situation when labour disputes arise. During a strike, for example, the national employment service may furnish an employer with strike-breakers, even though it imposes restrictions with regard to this. During the dispute, the strike-breakers establish benefit rights, and if they are dismissed at the time of the settlement, they may later on receive unemployment insurance benefits. As for the strikers acting in good faith, they are deprived of benefit rights during the strike and if, after the strike is settled, they cannot return to work in the days following settlement, they cannot receive benefits because, according to the unemployment insurance regulations, the settlements of the strike is not settled until several weeks after agreement has been reached between the parties. If you have a settlement of the strike and if the employers and unions agree that the strike is settled, let us say on May 31, 1955, then the day after employees are asked to go back to work. But, according to certain by-laws of the commission it seems that unless in fact 75 per cent of employees are back at work, as far as the U.I.C. is concerned, the strike is not settled. That means even if the strike is over the settlement is not accepted by the U.I.C. except after a certain period of time. That may mean many weeks because in some cases only 10 per cent of the employees are back to work the day after the settlement, and after one week you may have 25 or 30 per cent and it may take a few weeks before they are all back. This is the point we are trying to put before this committee.

An arbitrary percentage of the workers must be back at work in order for the strike to have come to an end according to the Unemployment Insurance Regulations.

The C.C.C.L. is by no means asking that benefits be paid to strikers. But our organization offers the following suggestions:

- (a) that the National Employment Service be not allowed in any way to be used as a reserve of strike-breakers;
- (b) that no firm involved in a labour dispute be allowed to advertise its labour needs under the authority of the National Employment Service;
- (c) that no Unemployment Insurance Stamps be affixed in a strike-breaker's book;
- (d) that a labour dispute (strike or lock-out) be considered ended the day an agreement is reached between the parties.

On (a) and (b) I would like to make one or two comments. Our organization does not want to say that generally speaking the national employment service is used as a reservoir for the strike-breakers, but in some cases this has been done. The question has been settled through the U.I.C. officials but the point I am making is that in the Act as such or in the by-laws there is nothing so far preventing the national employment service to send a certain amount of strike-breakers to the employer when the plant is strike-bound. There are not very many cases, but in some cases employers have put ads in the papers with their name jointly with the national employment service name during a strike. I agree that the strike had been settled after that through the officials of the U.I.C. But, this is the second point I am making on (b) and (a) that there is nothing in the Act or in the bylaws so far preventing the national employment service to act as the chief strike-breaker in Canada.

So far as the regulations regarding married women are concerned, the C.C.C.L. considers them to be discriminatory and advocates their repeal. In the case of married women, as in the other cases, the C.C.C.L. suggests that the law be allowed to take its course; that is the only way to do justice to all.

12. The C.C.C.L. suggests that a third column of benefits be added in Bill 328. The principle of higher benefits for the unemployed worker with

dependents is already admitted. The C.C.C.L. believes that the third column of benefits should be established by adding to the benefits of the second column at least the existing difference between those of the first and second. This would give the following figures: \$10.00, \$15.00, \$19.00, \$23.00, \$27.00, \$31.00, \$33.00, \$35.00, \$37.00. These benefits should be paid to unemployed persons having a number of dependants equal to or higher than that of the average Canadian family.

13. Lastly, when the new Act comes into force, the C.C.C.L. suggests that the chairman of the boards of referees be appointed by the government only when the management and union representatives do not agree on a choice.

On that last point, the chairman of the board is generally appointed through order-in-council. After a certain number of years of experience our people on this board—and I think it would be the same for the representatives of management, would have an opportunity to see if they could agree on the chairman of the board.

I think it would be better if that could be done absolutely, and when you have to appoint an arbitration board or a conciliation board under the labour laws of Canada.

In some respects, some of those chairmen no doubt will be out. But I think that the choice of the parties should be taken into consideration.

Now, I return for a moment, if I may, Mr. Chairman, to sections 4 and 5. We realize so far under the U.I.C. regulations that during the year the employers have paid out, roughly, \$80 million for aid; and the same amount for the workers; and the government as such has paid out, roughly, \$30 million. So if I have put the figures in the brief, the explanation is that we are asking the government to put into the fund the same amount as that put by the employers and the workers. Instead of the \$30 million as the share of the government, we suggest that the government's share should be \$80 million. Then you would have one-third \$80 million, from the government; one-third, \$80 million, from the employers; and one-third, \$80 million, from the workers.

Moreover, when we are asking to know what would be the cost if the workers have to be protected under the U.I.C. regulations during the whole period they are out of work, we feel that according to the figures we now have, the official figures, that would not mean too much.

In the month of March, 1955, where you have the greatest number of unemployed people getting benefits under the U.I.C. regulations, the amount paid was \$35 million for that month. At that time, and for that month, about 12 per cent of the labour force in Canada was unemployed.

If you take the month of January, 1955, the amount paid by the U.I.C. fund was, roughly \$10 million. But if you take the month of March, where you have 12 per cent of the people of the labour force in Canada receiving benefits from the U.I.C., I presume that there is no expert at the U.I.C. who would take for granted that for 12 months of the year, for a few years, that there will be 12 per cent of the labour force coming under the benefits clauses of the Act.

But it seems to us that it is possible to know what should be the cost of the unemployment insurance, on the one hand, if the people, when they are unemployed can get their full benefits, and, on the other hand, if the amount should be increased with the benefits as provided for in the new Act, or as suggested in the last paragraphs of our own brief.

It may seem peculiar that a labour organization is asking to know what would be the cost to cover people when they are unemployed. But I think

if we can get an answer, then it would be for the commission and the government to see if it is workable or not. I mean, if to cover all these unemployed people, the employers had to pay \$100 million a year, and the same for the workers, and the same for the government, you would be surprised how the unemployed people could be covered; and for statistics I am still putting stress on the point that we do not know so far how many workers in Canada are unemployed and are not receiving over a certain period of time any insurance benefits.

If they be hotel employees, or fishermen, or any group of workers which is not covered by the new Act, and which were not under the old Act, you will realize there are a certain number of people unemployed, it may be for weeks or months during the year, and who are not covered by the Act and who are not receiving benefits. And it does not seem that any steps whatsoever have been taken to protect them during that period of time.

That is why we think that the Act as a social measure to achieve its purpose should cover all the wage-earners in Canada, even if there are some cases where it seems that it is difficult to settle the question. Let us take fishermen, for instance. Some cases of fishermen came before the Canadian Board a few years ago and we were told that some are wage earners and some are paid according to the percentage of the gross sales of fish. There is a sixty per cent to forty per cent basis between the owners of the ship and the fishermen, or any other business. But I do not think that this question cannot be settled; otherwise the experts of the commission will have to resign and give place to some other experts who could take up these matters and settle them. That is the point I want to make, Mr. Chairman, and Mr. Minister, and I thank you very much for this opportunity to present our views.

The CHAIRMAN: Do any of the committee wish to ask questions on Mr. Picard's brief? If not, we thank Mr. Picard for being here.

(The witness retired).

Now, next on our list is the Canadian Construction Association, and we have with us Mr. Allan C. Ross, and Mr. S. D. C. Chutter. Mr. Ross is chairman of the Labour Relations Committee of the Canadian Construction Association, and Mr. Chutter is the general manager of that association.

Mr. ALLAN C. ROSS: Mr. Chairman, Mr. Minister, and members of the committee, first I must express my appreciation on behalf of the Canadian Construction Association for this opportunity of presenting our brief to your committee.

The Canadian Construction Association has a membership of over one thousand leading firms in the construction industry and thirty-two affiliated construction associations with an additional membership of several thousand companies. These firms are engaged in all phases of construction activity throughout the country.

Inasmuch as those employed in construction operations and those in manufacturing, transporting and selling construction materials constitute a sizeable proportion of those covered by the provisions of the Unemployment Insurance Act, the Association is naturally most interested in the terms of Bill 328.

Representation on the Unemployment Insurance Advisory Committee has afforded the C.C.A. an opportunity to express its views on the various changes suggested at Council meetings held since last autumn. Proposals were given very thorough examination in the light of the experience of Council members and the testimony of members of the Commission and the actuary from the Department of Insurance.

The Association would therefore reiterate its general support of the new provisions contained in the Bill. It would also like to reiterate that the proposals to create insurance benefits at any rate above \$30 would be unwise at the present time. It is most desirable that the insurance fund be maintained on a sound actuarial basis. The fact that payments from the fund were exceeding the contributions to it at times during 1954, a year of high overall economic activity, was a warning that should not be ignored. Nor should the present size of the fund give rise to complacency.

It is felt, therefore, that the proposed 25% increase in the maximum benefit is quite adequate, having in mind the latter's relationship to present wage levels. The ratio between normal earnings and unemployment insurance benefits will be restored to that set when the legislation was first adopted. In addition, it should be remembered that unemployment insurance benefits are not subject to income tax and that allowable earnings added to benefits provide an income of 70% or better of normal earnings.

May I observe that I note with interest the figures of the C.M.A. in which they suggest that these earnings plus benefits can reach a figure of approximately 90 per cent.

Similarly, the Association favours the proposed reduction in the length of the maximum benefit period. Experience has indicated that those who have drawn benefits for the 51-week period now provided for are in most cases not really seeking employment. The proposed three-year transitional period would seem to give adequate safeguards to present contributors. The proposed extension of the minimum benefit period by 2½ times from the present six-week period to a fifteen-week period will result in increased payments from the unemployment insurance fund. This factor is yet another reason for seeing that payments are not made to those who are not really in the labour market.

Finally, it should be kept in mind that the greater the benefits, the greater the need for larger contributions. The present proposals will themselves involve a fairly substantial cost increase to all three parties contributing into the fund. This is particularly true in the construction industry where most tradesmen receive more than \$60 a week in wages. Many regard the assessments made on those in the high-wage bracket—like those levied on salary earners—as a form of taxation since, as a general rule, such people are the least likely to be laid off or remain unemployed. Additional classes, as have been suggested from some quarters, would necessitate still higher contributions and would tend to reduce the incentive of those receiving the correspondingly higher benefits to take employment, especially if the work which was available offered lower pay. Such proposals should accordingly be left for review at some later date.

All of which, Mr. Chairman, is respectfully submitted.

The CHAIRMAN: Are there any questions from the committee? If not, we thank you, Mr. Ross and Mr. Chutter for being here.

(The Witnesses retired.)

The CHAIRMAN: When we adjourned on Friday, we were ready to start with clause 28. Shall we continue today with clause 28, sub-clause (1), "Regulations"? I am now calling clause 28, sub-clause (1), paragraph (a).

Mrs. FAIRCLOUGH: Clause 28 allows for excepting certain persons from insurable unemployment. Is there a provision in the bill which allows for the election to insure, when the employment is comparable as in paragraph (e)? Is there a provision which permits an election to insurance on behalf of an employer, when his employees are basically in the same type of employment as other employees who are insured?

Mr. R. G. BARCLAY (*Director, Insurance Branch, Unemployment Insurance Commission*): Clause 26 sub-clause (1), paragraph (d), you mean, Mrs. Fairclough?

Mrs. FAIRCLOUGH: That is just for outside of Canada.

Mr. BARCLAY: I said clause 26, sub-clause (1), paragraph (d).

Mrs. FAIRCLOUGH: Oh!

Mr. MICHENER: Is there any new provision?

Mr. BARCLAY: Paragraph (d) is new; clause 28, sub-clause (1), paragraph (d) is new.

Mr. MICHENER: Could we have an example of (d)?

The CHAIRMAN: Does the committee desire to take paragraphs (a), (b), (c), and (d) separately?

Mr. MICHENER: Carried.

The CHAIRMAN: In clause 28, sub-clause (1), does paragraph (a) carry? Carried.

Does paragraph (b) carry?

Carried.

28. (1) The Commission may, with the approval of the Governor in Council, make regulations for excepting from insurable employment

(a) any employment if it appears to the Commission that by reason of the laws of any country other than Canada a duplication of contributions or benefits will result;

(b) any employment under Her Majesty in right of Canada or under any municipal or public authority;

Mr. BELL: With respect to paragraph (b) there has been a change, has there not? The C.C.L. mentioned it in their brief. I wonder if that could be explained. What change has been made?

Mr. BARCLAY: The explanation was given on that when we considered clause 26, and the explanation was this: that although the wording of the Act was changed, there is no change in the policy or intent of the Commission.

The CHAIRMAN: Does paragraph (b) carry?

Carried.

Does paragraph (c) carry?

Carried.

Paragraph (d)?

Mr. MICHENER: Could we have an example under paragraph (d) of a situation which this clause would cover?

Mr. BARCLAY: Paragraph (d), incidentally, is just the opposite to a clause in 26-1; clause 26, sub-clause (1), paragraph (c) gives the Commission the power to make regulations for including in insurable employment the same type of person that we have the authority to exclude according to this paragraph (c) in clause 28. An example is the case where a person if he were employed by an employer in his regular employment would be insured, but things are slack at the shop and he sends him over to mow the lawn or something which is not insurable. In any cases of that kind we could cover the worker.

Mr. MICHENER: It is no more significant than that?

Mr. BARCLAY: No.

Mr. MICHENER: Have these powers in section 28 to make regulations been used extensively by the commission in the past?

Mr. BARCLAY: We have a large number of regulations now covering the whole of section 28. Under 28(d) we have a regulation "mixed employment" where any person employed under the same employer, partly insurable and partly in some other employment, and the employer consents thereto in writing such person shall be treated as though wholly engaged in insurable employment.

Mr. HAHN: In that case does he get employment for the whole period?

Mr. BARCLAY: Yes.

Mr. MICHENER: That is not a case of excluding, but a case of including. I have just one more question about this. Have the exclusions by regulation under this section and the preceding section affected very many workmen?

Mr. BARCLAY: Not very many.

Mr. BISSON: Our aim is to cover as many people as possible.

Mr. MICHENER: This is not used very frequently and mainly is used to smooth out administrative difficulties?

Mr. BISSON: Yes.

Mr. FAIRCLOUGH: Is each case decided by the commission on its own merits?

Mr. BISSON: Yes, generally they are.

Mrs. FAIRCLOUGH: Is it not that there are general regulations laid down; you try to fit them in?

Mr. BISSON: Yes. It does happen occasionally we have to consider a case on its own merits.

The CHAIRMAN: Shall paragraph (d) carry?

Carried.

Paragraph (e).

Mrs. FAIRCLOUGH: I wonder about the relationship between clause 28 and clause 26. The one provides for inclusion in insurable employment and the other for exception from insurable employment. When we were on clause 26 I remarked on an instance which had been brought to the attention of the House by General Pearkes with reference to persons employed in the fishing industry or some associated employments. At that time it was conceded these people could be covered. Now under this it would likewise be conceded that the persons who were presently insured could be excepted for the reason that they were actually employed in the same sort of work as the fishermen who are excepted from employment.

The CHAIRMAN: Clause, 27, paragraph (b), is fishing and we will go into that thoroughly this afternoon.

Mrs. FAIRCLOUGH: I think Mr. Bisson will remember we commented on this at the time and it is different.

Mr. BISSON: The case cited by General Pearkes is one on which we have to decide whether it is fishing or not.

Mrs. FAIRCLOUGH: What about the men employed by the pile driving companies?

Mr. BISSON: They are insurable.

Mrs. FAIRCLOUGH: But under this clause 28 (e) it could be argued in as the pile drivers who are employed in fishing are not insured that the pile drivers employed by the pile driving companies are not insurable?

Mr. BISSON: We are studying that now but have not yet reached a decision.

Mrs. FAIRCLOUGH: We have no assurance as to what way it will go; it may be that the men who are presently insured will be declared not insurable.

Mr. JOHNSTON (*Bow River*): Does the unemployment insurance office ever direct a man seeking employment to an insurable job?

Mr. BISSON: Yes.

Mr. JOHNSTON (*Bow River*): In that case what happens to his unemployment insurance when that job ceases?

Mr. BISSON: There is a provision that we can extend the qualifying period to the extent he has worked in non-insurable employment.

Mr. JOHNSTON (*Bow River*): Is that done in a particular case or is it a general practice?

Mr. BISSON: It is our general practice where there is work available if a man is qualified and it is suitable employment for him that we will direct that man to that job.

Mr. JOHNSTON (*Bow River*): When the unemployment office itself directs a man to a job which is uninsurable, is it the general practice that that man receives benefits for that whole period?

Mr. BISSON: No.

Mr. JOHNSTON (*Bow River*): Should he become unemployed?

Mr. BISSON: Should he become unemployed he might have a difficulty in qualifying. As you know, there is a basic period of two years and he has to have made so many contributions during that two years to qualify. Should he not have the required number of contributions during that two year period there is a provision in the Act to extend that two year period.

Mr. JOHNSTON (*Bow River*): The period he would be working after been directed to this job by the unemployment office in the uninsurable job does not count for qualification?

Mr. BISSON: There is a provision in the Act to extend the two year period backwards.

Mr. MURCHISON: That point, Mr. Chairman, is in section 45. Probably there will be a clear understanding of what is done when we come to that clause.

Mr. JOHNSTON (*Bow River*): I do not think that deals with the case where the employment office directs a man to a job which is not insurable.

Mr. MURCHISON: During the time that man is working in uninsurable employment, no contributions are made, but the rights which he had at the time he took that job are extended and preserved for him no matter how long he is employed in uninsurable work provided it does not exceed two years.

Mr. JOHNSTON (*Bow River*): He would have to have additional work in an insurable job. It seems to me there should be some responsibility attached to the employment office of seeing that this man is given credit for the time he works in a job which he is directed to by the unemployment insurance office, whether or not that job is insurable.

Mr. MURCHISON: That would mean we would have to find contributions for him in some way.

Mr. JOHNSTON (*Bow River*): Or the unemployment insurance office would have to make sure that it directed him to a job that was insurable or included such work as insurable work.

Mr. MURCHISON: We could not limit job opportunities to insurable employment.

Mr. JOHNSTON (*Bow River*): It leaves the worker out on the limb. He is referred to that work by the unemployment office.

Mr. BISSON: If he should work four or five months in non-insurable employment and should he lack the required number of contributions in the two year period, then that two year period will be extended backwards five months and then he will have the two years and five months in which to have the required number of contributions; that is his protection.

Mr. JOHNSTON (*Bow River*): I see that, but it seems that it serves a hardship on the worker when he is being directed by the unemployment insurance office and should be given some consideration for that. I do not think that that would be covered in section 45 as I look over section 45.

Mr. MICHENER: You mean it is better to have insurance than work?

Mr. JOHNSTON (*Bow River*): No. When a man is directed to employment by the unemployment insurance office and then later on becomes unemployed, that work which he was directed to should count as insurable work.

Hon. Mr. GREGG: Supposing he is only temporary as in the case we discussed of agriculture. These months farmers are demanding workers all across the country. If our national employment service has carpenters and there is no work for carpenters at the present time and if one of the carpenters happens to be a farmer and is directed out to a farm, that work could not possibly be insured under our existing Act and regulations, because in farming we have not found it satisfactory to bring them in.

Mr. JOHNSTON (*Bow River*): What if he says he will not go out on that uninsurable job?

Hon. Mr. GREGG: That is what freezes labour in this country.

Mr. JOHNSTON (*Bow River*): He might say, if I wait another week I will get into an insurable job whereas if I go out in agriculture as directed by the unemployment insurance office I may work for two months and have no credit for it.

Mr. MICHENER: I suggest that this discussion is scarcely on the point we are at.

The CHAIRMAN: Subclause (2) of clause 28.

Mrs. FAIRCLOUGH: I notice in subclause 1 it says:

“With the approval of the Governor in Council”

and in subclause 2 there is no such wording. Is the order in council not needed?

Mr. BISSON: Those are regulations covering administrative details.

The CHAIRMAN: Shall paragraph (a) carry?

Carried.

Shall paragraph (b) carry?

Carried.

Shall paragraph (c) carry?

Carried.

Clause 28 is carried.

Mr. MICHENER: Before you leave that is there a misprint in paragraph (a)?

The CHAIRMAN:

For excepting from insurable employment any employment in which persons are ordinarily employed to an inconsiderable extent.

Mr. MICHENER: Should the word be “unemployed”? I do not understand the section.

Mr. MURCHISON: In the case of a farmer who goes to work for a telephone company to repair a line and works nine or ten days and goes back to the farm, that work on the telephone was insurable employment but it was to such an inconsiderable extent he would never acquire any rights under our Act.

Mr. JOHNSTON (*Bow River*): How long is that inconsiderable period of time?

Mr. MURCHISON: Ten weeks I believe.

Mr. MICHENER: Working on a telephone line is not the kind of thing you exempted from unemployment insurance, and when a farmer goes to work there you do not know how long he is going to work there?

Mr. MURCHISON: In Saskatchewan, particularly, where you have several small telephone companies in the province, practically all the repairing and maintenance is done by the people in the community and they are the ones who come off the farms and go to work on these lines. That is an example of what takes place in this section.

Mr. JOHNSTON (*Bow River*): How long a period is this inconsiderable extent?

Mr. BARCLAY: Under the present regulation it is one month. It also covers election employees; a person employed as a compiler of voters' lists. A janitor, caretaker or cleaner where the value of his remuneration does not exceed a daily average of \$2. Certain radio and television artists who only work occasionally. Those are out. Any person whose livelihood is not ordinarily derived from insurable employment and who is employed not exceeding thirty days in connection with sleet, snow and ice removal. Generally speaking, those are the people. In certain cases these exceptions do not apply to a person who comes in with an insurance book.

Mr. HAHN: You mentioned days but now that the contributions are on a weekly basis will you revise that?

Mr. BARCLAY: We may have to revise some of them slightly but the substance will not be revised.

Mrs. FAIRCLOUGH: In this respect, Mr. Chairman, the commission undoubtedly gets a great many complaints from students, as all of us do, who are insured for the period of summer employment. Now there are regulations under which they can be excluded for Christmas and Easter holidays and certain other periods, but when they take on employment in the summer time for any extended period they are insurable. I think all of us realize the basis for that is because there is no guarantee they are going to go back to university or school again. However, it does seem as though a great many of them work in summer employment only to secure the necessary money to pay fees for the ensuing year and I wonder if the commission has made any further study of that and intends to take any action on it? Would it not be possible to ascertain the intentions of the students? Many of them are operating on scholarships and it is almost certain they are going back to school. In any event it seems to me that you could exclude these people and if they do not go back to school then they could be insured when the school term commences.

Mr. BARCLAY: The idea behind insuring students was that a student could by summer employment build up enough credit to get benefits if on graduation he happened to be out of work for any considerable time. The credits are not lost. In view of the fact that we are shortening up the period from five years to two it might be that we should have another look at it.

Mrs. FAIRCLOUGH: It would be very rare that a graduate would have a sufficiently long summer employment period to enable him to secure benefits and then be unable to secure employment. Most of those people when they graduate have very little difficulty in securing employment.

Mr. BARCLAY: If you take a four months summer vacation for two years you have 32 weeks.

Mrs. FAIRCLOUGH: Have you ever had one that claimed benefit.

Mr. BARCLAY: Oh, yes.

Mrs. FAIRCLOUGH: It is one of the points on which I get many complaints and I dare say those complaints also go through the commission as well. Will the commission take another look at it?

Mr. BISSON: We will.

Hon. Mr. GREGG: If and when this insurance bill becomes law passed by parliament, the commission have assured me they are going to review the whole list of regulations that are affected by any clause which has been changed in the Act.

Mrs. FAIRCLOUGH: The regulations will almost all have to be rewritten.

Hon. Mr. GREGG: A great many of them.

Mrs. FAIRCLOUGH: In subclause (2) (c) would this mean that possibly a worker who has a period of exceptional employment including a lot of overtime, and whose rate might go over the \$4,800, would still be insured. Is that meaning of this (2) (c)? It says:

For determining or pre-determining the remuneration.

In other words, the commission has the power to say a certain person is in insurable employment even though his current scale of wages might be in excess of \$4,800; or I understand that some people who have been insured right along elect to remain insured even though their remuneration goes in excess of the stipulated amount. Is that the meaning of it?

Hon. Mr. GREGG: Yes.

Mr. BELL: May I ask a question regarding this being employed to an inconsiderable extent. I understand some stevedores are not considered ordinarily employed in certain areas. Am I correct on that?

Mr. BARCLAY: There are some very small ports, mainly on the east coast, where the shipping is very occasional, like a load of lumber, and the stevedores are usually taken from classes that are not ordinarily insured so that those stevedores who are not ordinarily insured would not have to pay contribution for the few days they work on loading a ship.

Hon. Mr. GREGG: That would not apply, of course, to Saint John.

Mr. BARCLAY: No. Only to a very few.

The CHAIRMAN: On page 11, paragraph (s) in clause 27, was allowed to stand until we passed 28. Shall the said paragraph now carry?

Carried.

Clause 29.

Mr. MICHENER: I suppose it is necessary but it is a very broad clause because it gives the commission power to rewrite the statute.

Mr. BARCLAY: The same provisions are in the present Act.

Mr. MICHENER: That does not make it any better.

Mr. BARCLAY: It is something we have not done but it might be that we would insure the employees who would only be brought under the Act with quite heavy modifications from the general plan. This clause gives us the power to do that. There were three or four clauses in the Act, section 103 (n) under which the commission could vary provisions, and section 15 (2), which also gives some power to do the same thing; we had section 29, and section 17 and section 89 (2), so that although it may not be a good thing we are not getting any more power than we have at the present.

Mr. MICHENER: If the commission does not proceed properly under these broad powers then action will have to be taken against the commission. It gives them power to regulate against one personally, and the commission if it wished to be arbitrary could direct a shaft against an individual employer or employee and also on the other end of the scale it could generally rewrite a good part of these statutes.

Mr. GILLIS: In any major change in the regulations, do you consult with the unemployment insurance advisory committee.

Mr. BARCLAY: Particularly where the change affects the fund. The advisory committee's prime purpose is as a watchdog on the fund and any regulation affecting the fund has in the past gone to the advisory committee. And where we would like to get the reaction of labour and management in other cases we hold public hearings and invite people who are interested to come in and talk to us.

Mr. CHURCHILL: On the point Mr. Michener raised about this section giving the commission almost the power to rewrite the Act, is this not an extension of the power which it had before? I am looking through the sections referred to us and I do not see the words which I quote from line 15:

Such modifications and adaptations of the provisions of this Act as are necessary to give effect to the regulations made under those sections. Does that phrase occur in the present Act?

Mr. BARCLAY: It does not occur in the present wording, no.

Mr. CHURCHILL: It is quite an extension. Surely, that means to change the Act and surely it means the commission will write regulations. Now, they can write regulations and in effect by those regulations alter the Act.

Mr. BARCLAY: Is that any worse than 108 (n) where it says:

Varying the provisions of or creating a scheme supplementing or to be substituted for, part II of this Act.....

It seems to me that the old 108 (n) was—

Mr. CHURCHILL: What is part II?

Mr. BARCLAY: The insurance part of the Act. The excepted employments are part 2 of the schedules.

Mr. MICHENER: I concur in what Mr. Churchill says about that phrase. In effect it says that the commission may change the Act in order to make it comply with the commission's regulations. It seems to me the limit of the commission's power should be to modify and adapt the provisions of the Act in order to carry out the intention of the Act and that that is as far as this power should go. But it goes further than that. It goes beyond and says the commission may modify the provisions of the Act in order to make the Act conform to the regulations of the commission. The commission really is set up as an independent legislative authority with the wording in there. I suggest that the minister consider a revision of the language under that section 29.

Hon. Mr. GREGG: I suggest that that clause 2 (a) stand.

The CHAIRMAN: Stand.

Clause 30, subparagraph (a).

Shall it carry?

Carried.

Paragraph (b).

Carried.

Paragraph (c).

Mrs. FAIRCLOUGH: Mr. Chairman, I must admit I know this was in effect in the old Act also, but I cannot be very happy about any regulation which prohibits an appeal to the courts and once more I draw attention to the fact that it seems odd that a corporate body which is described in the Act as capable of suing or being sued could then include in the Act provisions whereby the employees they are protecting are prohibited from access to the courts. This same clause comes again in section 34 also and I think there are a couple other sections in which it comes. I do not have them before me at the moment, but no doubt they will come to me.

Mr. BARCLAY: All the way through the Act the provision for appeal from the insurance officers of the commission, goes first to a court of referees which is set up under our own Act and from there appeals go to the umpire who is designated in the Act as being a judge of the superior court in any province. I think in practice you would find that the umpire who is handling all of these cases is possibly more familiar with the Act and what is behind the Act than the ordinary judge would be. I have not heard any complaints of people not getting justice from the umpire.

Mrs. FAIRCLOUGH: Well, I have known of a couple of cases myself where this situation has arisen. The minister will remember when we discussed it in the House; and Mr. Nowlan also brought up a point. Where the board of referees—or as it was called formerly, court of referees—has decided in favour of the employee the matter has then been referred to an umpire and I know it is pretty hard to prove these cases because you have the employee's word for it as against the word of the local manager probably, but the employee is assured "well, the decision has already been made in your favour and this is merely a matter of confirming it when we refer it to the umpire and there is no necessity for you to get excited about it and you just stay home and mind your own business." Then the thing goes to the umpire and the decision is against the worker who was told he did not have to appear. These things do happen. I agree that probably a judge working with the Act right along would have a better understanding of it, because it is a complicated Act, rather than to take it to just any court; but nevertheless, I believe the worker should have protection. In the first place I cannot see why a case would be referred to an umpire which has been decided by referees in favour of the worker. If it is, then he should certainly be advised to be represented there to protect himself.

Mr. BARCLAY: He has that protection. The umpire in many instances holds hearings where representations are made.

Mrs. FAIRCLOUGH: These people I referred to were definitely told inasmuch as the decision had already been made in their favour this was merely a confirmation of the decision which had already been made.

Mr. BARCLAY: I do not know who would tell them things like that.

Mrs. FAIRCLOUGH: I refer to this particularly because the minister misunderstood Mr. Nowlan's reference to it and said this is for the protection of the employee. The employee certainly got no protection at all.

Hon. Mr. GREGG: I thought that Mr. Nowlan was suggesting the umpire be done away with.

Mrs. FAIRCLOUGH: I knew you misunderstood him at the time.

Mr. BARCLAY: In that particular case Mr. Nowlan appeared before the umpire on behalf of the employee. Mr. McIvor also appeared in a case the other day.

Mrs. FAIRCLOUGH: They were definitely told this was merely a confirmation. Why do you refer it to an umpire when the decision has been made by the court of referees in favour of the employee? If your intention is to protect the employee why fight the decision of the board of referees?

Mr. BARCLAY: We rarely go to the umpire on a question of facts. The facts brought up before a board of referees are usually accepted by the umpire. There is a question of law and the reason we do it is that the courts of referees very seldom have lawyers on them and very often the law is misinterpreted. In appeals going before the umpire in 1955, the number of appeals by claimants upheld were 12 and the number of appeals by claimants which were not upheld were 42.

Mrs. FAIRCLOUGH: That is rather an indictment of the courts of referees.

Mr. BARCLAY: This would be where the court of referees decided against the claimant and which went to the umpire: they were upheld in 12 cases and were not upheld in 42. Appeals by associations were upheld in one case and not upheld in seven. Appeals by insurance officers were upheld in 35 cases and not upheld in 12.

Mr. MICHENER: Is there a figure of the total number of cases sent in a year to appeal to an umpire?

Mr. BARCLAY: Yes. During 1951 there were 136; the next year, 123; in 1953, 163; in 1954, 101 and in 1955, 121.

Mr. MICHENER: That is for the whole of Canada?

Mr. BARCLAY: Yes.

Mr. MICHENER: I wonder what the average time is for disposing of an appeal by an umpire?

Mr. BISSON: Sometimes months and sometimes a week. I recall one case about a year and a half ago in British Columbia which took five months to settle.

Mr. MICHENER: That sort of appeal must involve fairly important issues.

Mr. BISSON: Yes. As a matter of fact the umpire went to the coast and held the hearing.

Mr. BARCLAY: About six weeks is the average length of time.

Mr. MICHENER: Is there a further appeal from an umpire on a question of law as is usually allowed in administrative problems? I can see you do not want to go on appealing indefinitely on questions of fact because the courts would not be able to handle the numerous appeals, but where there is a question of law involved, what is the real objection to going to a court of appeal where you get away from the decision of one man which may not be satisfactory?

Mr. BARCLAY: I have not heard any expression of opinion from labour. They have not asked for any appeals to go through an ordinary court.

Mr. BISSON: I might say that generally they are satisfied with the judgments rendered so far.

Mr. MICHENER: There has been no serious complaint about this procedure?

Mr. BARCLAY: No.

Mrs. FAIRCLOUGH: The two to which I referred were cases where women were involved and I handled them through the local manager, and while they were not satisfied we did get a decision there. It seems to me since reference has been made to the fact that since the board of referees rarely have lawyers—and I suppose do not understand the law too well—actually the first time the worker encounters anyone with any legal standing is when he goes to the umpire.

Mr. GILLIS: The chairman of the court of reference is always a lawyer.

Mrs. FAIRCLOUGH: He said no, inasmuch as they do not have lawyers.

Mr. GILLIS: They are in my end of the country.

Mr. BARCLAY: A lot of the chairmen are, but the panel members are not.

Mrs. FAIRCLOUGH: When they go to the umpire it is really the first time they come before a court, or anything that could be described as a court so why should there not be an appeal?

Mr. BARCLAY: The moment an appeal is lodged the claimant is notified that they can make their submission to the umpire on the case.

Mrs. FAIRCLOUGH: And the umpire does not necessarily sit where the worker lives. Very often it is a number of miles away, and they are under considerable inconvenience and perhaps cost in order to arrive at the place where the umpire is sitting on the case.

Mr. BARCLAY: Either of the congresses here will represent a claimant before the umpire.

Mrs. FAIRCLOUGH: Whether or not the claimant is a member of their union?

Mr. BARCLAY: I do not know whether they would act for a person who was not.

Mrs. FAIRCLOUGH: I have the highest regard for the congresses, but after all there are a lot of people not governed by them because they are not members of their unions.

Mr. HAHN: I have one other question in this respect. If an employee fails to appear before the court of referees on a designated day, is there any way in which it can be arranged that he can appear again? Sometimes they find that they thought they could be there, and have arranged to be there, but for some reason best known to themselves they cannot get there.

Mr. BARCLAY: The court would adjourn the case if the complainant said he wanted to appear. There would be no question about it. He could inform either the chairman of the court or our office that he wanted to be there, but he could not make it. There is no question about it.

Mr. HAHN: They would not take the information they had on hand and arrive at a decision?

Mr. BARCLAY: Not if the claimant said he wanted to appear in person.

The CHAIRMAN: Paragraph (c).

Mr. CHURCHILL: Under the old Act, section 47, subsections (a) and (b), the word "was" appears in each section. Section (a) reads: "...where a person is or was an insured person" and section (b) reads: "...where a person is or was an employer". "Was" has been struck out; what is the reason for that?

Mr. DUBUC: It is because in 2 (i) they define an insured person as a person who is or was employed in insured employment. The employer is a person who is or was an employer in section 2 (d).

The CHAIRMAN: Carried.

Clause 31.

31. A person aggrieved by a decision of the Commission under section 30 may appeal from the decision to the umpire within thirty days from the day on which the decision is communicated to him or within such longer period as the umpire allows.

Mr. GILLIS: The Congress of Labour took serious objection to that clause, and while they did not object to Clause 30—they thought that the Unemployment Insurance Act kept free from the regular courts is the desirable thing—but in 31 you will remember, Mr. Minister, the spokesman for the Congress of Labour stressed very strongly that he thought the 30 day period allowed the person aggrieved to appeal was much too short a period of time. It was six months in the old Act. For the average person who has an appeal to make the facilities are not too good in many sections of the country and a person

generally has to sit down and work the thing out himself. There are lots of people who are not members of the union who cannot have the appeal drawn up, and in many cases it would take more than 30 days. In addition to that—in my end of the country—for example, the claimant has to go to Ottawa and he may or may not be able to get someone at the congress to handle the thing for him. The congress suggested that the six-month period for an appeal was desirable rather than cutting it down to 30 days. Of course, section 31 also states, "Or within such longer period as the umpire allows" which does give some latitude, but in my judgment it will not work.

Hon. Mr. GREGG: Mr. Chairman, I can say now that when the commission recommended the 30 days, it was mainly for the moral effect in trying to get the matter speeded up. If what Mr. Gillis has said is the feeling of this committee based upon what the congress indicated, I have no objection whatsoever to asking the commission to agree that it revert to 60 days, if you wish.

Mrs. FAIRCLOUGH: There are two other sections, section 73 which specified no time, and section 75 which has also been reduced from six months, and it seems to me that while you are dealing with the time limit, you should look at those sections also.

Mr. JOHNSTON (*Bow River*): How many cases have there been where it has taken six months and in how many has it taken 30 days?

Mr. BARCLAY: We find that usually the people who took the six months were people who were trying to evade the Act. They are not claimants but employers. Where there is a question of whether or not people are insurable, often employers attempt to stretch out the time so they do not make contributions in the meantime. That was the main reason for cutting the time down, to avoid delays and the uncertainty of getting appeals in and disposed of.

Mr. JOHNSTON (*Bow River*): Can you tell us how many cases there were that carried over six months and involved the employer and how many involved the worker?

Mr. BARCLAY: No, I do not have those figures.

Mr. JOHNSTON (*Bow River*): I thought you indicated a minute ago that most cases were caused by the employer.

Mr. BARCLAY: I think so. I do not know of any case off hand where a claimant, that is an insured person, has taken six months to make up his mind to appeal to the umpire. There may be some cases, I do not know. I asked the office the other day, and we did not have those figures.

Mr. JOHNSTON (*Bow River*): That would make quite a difference in our opinion in regard to this, because if it was the employer who was holding this up for the purpose of evading the law in respect of making his contribution, it would give it an entirely different complex than it would otherwise.

Mrs. FAIRCLOUGH: I still think there is the consideration of the points raised by Mr. Gillis.

Mr. BARCLAY: As the minister has said, the 30-day period could be raised to 60 days.

Mrs. FAIRCLOUGH: Sixty days anyway.

Mr. GILLIS: I know that I worked on a case myself, and it took about three months to get it into the hands of the umpire.

Mr. MICHENER: But this 30 days relates to the time when the appeal must be commenced. I would think that as far as the individual workman is concerned he would want the matter determined within 60 days anyway, and if it went for six months it would be forgotten and he would be employed in another area. There would be no finality as far as the commission is concerned, and probably it would not serve any good purpose. It is a question of putting in what is a workable time.

Mr. GILLIS: I would say 90 days.

The CHAIRMAN: Would someone make a motion? Perhaps Mr. Gillis who suggested this might be extended to 60 days would make a motion to that effect.

Mr. MICHENER: I would be prepared to move it be extended to 60 days. I would think 60 days would be a reasonable compromise.

The CHAIRMAN: Would you put that in the form of a motion, Mr. Gillis?

Mr. GILLIS: I would agree to changing it to 90 days. I still think 60 days is too short a period.

Mr. BARCLAY: This is only the time for lodging the appeal, Mr. Gillis. In other words, you can make up your mind in 60 days to lodge the appeal and then you have another month or so in which to prepare your case before it is dealt with by the umpire.

Mr. GILLIS: I appreciate that point, Mr. Barclay, as to the desirability of getting the matter cleared up, and keeping it moving. I have in mind the kind of situation which occurred in No. 1 Colliery in 1952—I think you will remember this yourself—involving a layoff of many men. The commission said, “the two weeks vacation is included as wages, and you are not going to be paid for the two weeks,” so they had a period of two weeks before the unemployment insurance started, and these workers lost their vacation pay which was remuneration for work that was done the previous year. They contended they should not be treated in that way. It required a long time to appeal that kind of case and to line up 960 employees, and it could not be done in 30 days. If you live in Hamilton or Toronto where you have offices and umpires and everything immediately available it is a simple matter to appeal, but if you live in the north country where there are no facilities and your claim has to go to Alberta—or if you are living in Nova Scotia and it has to come to Ottawa to an umpire—you run into many difficulties, and I think that 90 days is a proper period of time. The congress people seemed to argue that they were satisfied with the six months, but they said this is too short, and I would be willing to split the difference with you.

Mr. BARCLAY: The tail end of the section says, “Within such longer periods as the umpire allows.”

Mr. GILLIS: Just try and get hold of the umpire’s decision from the Yukon!

Mr. BARCLAY: I do not think the umpire would refuse a reasonable request.

Mr. CHURCHILL: What is the method of lodging a complaint?

Mr. BARCLAY: Write a letter to the umpire and say you want to lodge a complaint.

Mr. CHURCHILL: A letter is sufficient?

Mr. BARCLAY: Yes. The appeal itself has to set out the reasons for the appeal but a simple letter saying, “I propose to appeal this case and require 30 days to prepare my case,” would constitute an appeal.

Mr. DESCHATELETS: This appeal is lodged to the nearest office of the umpire?

Mr. BARCLAY: Yes.

The CHAIRMAN: We have a motion before the committee, voiced by Mr. Michener, I believe, that this period be extended to 60 days. Is yours an amendment to that, Mr. Gillis?

Mr. GILLIS: I am not going to argue it at all. I will be willing to split the difference. The congress have asked for six months, and if we cut it in two then I think we would be compromising.

Mr. MICHENER: I would like to comment on the motion. I feel the commission was moving in the right direction in cutting the time down from six months, because what is really involved here is simply the making up of one's mind concerning whether or not one wishes to appeal. Six months after the decision is indicated to you, you cannot make up your mind as well as you could within 30 days, and the process of appeal simply involves an indication in writing of your intention to appeal to the umpire or to the commission. In the interests of getting finality for the commission, I would think no one is going to be prejudiced if he has to make that decision within 60 days of the time he is advised of the decision of the commission with which he would be satisfied and from there on the time he has in which to complete the appeal would be a different matter. I would not want to cut that too short because it would take time to travel a long distance and to gather information and to interview people. As far as the lodging of the appeal is concerned, I would think that is enough time, and I would remind the committee that if you are before the courts in matters that may involve your life, freedom or property, the time for appeal is very short—perhaps 15 days or 30 days.

Mr. HARDIE: In cases where people are working in the Arctic and a man is given a decision by the board, it may not reach him for two months during a breakup or freezeup period. He may not have time then to get it back out before the mail is cut off.

Mr. MICHENER: When the decision reaches the man in the northwest territories, the time begins to run, and he then has 60 days to write a letter.

Mr. HARDIE: But he still has to get the letter out.

Mrs. FAIRCLOUGH: But it would be postmarked there.

The CHAIRMAN: Just a moment, please. Perhaps Mr. Barclay could answer Mr. Hardie's question.

Mr. BARCLAY: I would say in any remote area your dew line is possibly the farthest away. We have areas where mail takes six weeks to get from one place to another, and in those places there would be no suggestion that we hew to the line and cut people off who want to appeal. The section says, "Within such longer period as the umpire allows." We get the odd case that is over the time limit now on these appeals.

The main reason for cutting this time down in this section is to prevent people who may be up in court and are contesting payment of contributions from stalling until the last moment before they lodge an appeal. If, for example, an employer is refusing to pay contributions it is perhaps denying someone benefits if he can stall along for six months before entering the appeal. It stalls the thing right across the board.

Mr. GILLIS: Getting this appeal in to the umpire is not simply a matter of writing a letter. You do not write to the umpire and tell him that you want to lodge an appeal. It has to be done through the local office. My experience is that you cannot appeal at all unless you can obtain a split decision of the board of referees.

Mr. BARCLAY: —or with the consent of the chairman.

Mr. GILLIS: Yes, which you never get.

Mr. BARCLAY: Oh, yes.

Mr. GILLIS: You have to get the split decision or the consent of the chairman first of all, and after that, it remains in the hands of the management of the office. They are the people who have to put it in the hands of the umpire.

Mr. BARCLAY: But once it is registered in the local office he has registered an appeal and has complied with the law of 60 days.

Mr. GILLIS: But if you run into the case where the chairman is busy for weeks—

Mr. BARCLAY: He still lodges the appeal.

Mr. GILLIS: —there might have been a dozen appeals in his hands, but nothing was done so far as the umpire was concerned and what this involves in my judgment, whether it is 90 days or six months, is that I think sufficient time should be given to take care of your fringe cases. I do not like to leave things up in the air. A fellow in the Arctic either has rights or he does not, and I do not believe it should be left up to someone in Ottawa such as an umpire to determine whether or not he has a case when he is too far removed from the circumstances to know.

Mr. LUSBY: I suppose there is no question but that the umpire could extend the time even after the original time has expired?

Mr. BISSON: No question at all.

The CHAIRMAN: All those in favour of the motion?

Mr. DESCHATELETS: What is the motion?

Mrs. FAIRCLOUGH: For 60 days.

The CHAIRMAN: Nine are in favour and none is opposed. I declare the motion carried.

Shall section 31 as amended carry?

Carried.

The CHAIRMAN: It is now 12.30 and we will adjourn until 3.30 p.m. this afternoon.

Mr. MICHENER: Before we adjourn, I would be interested in seeing the regulation which is referred to in section 36(1). Perhaps we should ask for it now so that we will have it for our next meeting.

Mr. BARCLAY: They are in printed form and were distributed the other day. Look at regulations Nos. 10 to 24—they are quite lengthy.

The CHAIRMAN: I think it would be in order for you to leave your books on the table because the door will be locked until we resume our meeting at 3.30 p.m.

#### AFTERNOON SESSION

TUESDAY, May 31, 1955.

The CHAIRMAN: Order please. You will recall that the committee agreed we would revert to clause 27, paragraph (b) and hear a brief to be followed by a discussion on fishing. Mr. Barclay has a brief, a copy of which the members have, and if it meets with the approval of the committee we will now hear from Mr. Barclay.

I might add that an invitation went out to all members of the House who are interested in fishing and I see we have a goodly number here including the Minister of Fisheries himself whom we welcome at this time.

Mr. BARCLAY: Mr. Chairman, this morning somebody mentioned that he could not hear me very well and I hope that I will be heard this afternoon by those members at the back.

## UNEMPLOYMENT INSURANCE FOR FISHERMEN

1. Fishermen have been excluded from the application of unemployment insurance in Canada since the inception of the scheme. Part II of the schedule to the Unemployment Insurance Act lists "employment in fishing" among the excepted employments. The expression "fishing" is construed to mean the art or practice of catching fish, whether or not for commercial purposes and to include all operations directly connected with this which are performed by fishermen, including the preparation, repairing and laying up of fishing boats and gear, the setting and removing of lines, nets and traps, and the delivery to the purchaser of fish, shellfish and other marine products.

2. Fish packing at the primary level, by which is meant cleaning, curing, drying, salting, boxing, trucking and other similar handling, when performed by the persons who catch the fish as an incidental and necessary part of the work of getting the fish to the purchaser, is considered part of fishing and not insurable employment. Commercial processing, however, such as canning, quick freezing and extraction of fish oil and other by-products, when done at the secondary level by workers not engaged in catching fish, is considered to be food manufacturing and therefore insurable employment.

3. From 1941 to 1948 there was no demand from fishermen to be insured: quite the reverse. Most disputed cases involved persons employed in canneries or cargo vessels, who did not wish to pay contributions and contended that their employment was non-insurable because the product handled was fish. When coverage was extended to some other employments, particularly lumbering and logging, fishermen who saw the benefit of unemployment insurance to workers in these industries began to urge that they be insured also.

4. To get adequate information on which to base its recommendations the Unemployment Insurance Commission made a comprehensive survey of the fishing industry. This was begun in 1949 and the commission issued a report of its findings in April 1951. The survey covered all the main fishing areas in Canada, including the Great Lakes and other inland waters as well as both the east and west coast fisheries.

5. The main conclusions were:

(1) Of a total fishing force (at that time) of approximately 88,000, only 6,000 (7 per cent) were working for wages as employees. Over 18,000 (21 per cent) were lone workers. All the rest, numbering 63,000 (72 per cent), worked on shares, as working owners or skippers of vessels or as members of the crew.

(2) To insure the small number of wage earners only would not benefit the industry as a whole and would result in serious anomalies, as there was so much shifting from one status to another and so little difference in the kind of work done by wage earners, lone workers and sharesmen.

(3) For the large percentage who worked independently or on shares there was no employer as generally understood who could accept responsibility for the payment of contributions, the maintenance of adequate records and the verification of the beginning and the cessation of an individual fisherman's employment.

(4) The ordinary contribution procedure could not be applied to fishermen. There would have to be special provisions to determine the rate of contribution and the number of days for which contributions

ought to be made, in view of conditions peculiar to the fishing industry, e.g., weather, movement of fish, government quotas, closed seasons, and the fact that a poor catch might result in several days' or weeks' work showing a net earnings loss.

(5) Periods of employment and unemployment during the active fishing season would be impossible to segregate. So much of a fisherman's time, even when ashore, is taken up in work essential to his fishing—disposing of his catch, refitting his boat, repairing his gear, etc.—that he is seldom idle except from choice. This very fact would create a major problem. Self-employed persons are in a position to control the incidence and extent of their unemployment. Most fishermen are self-employed or virtually so. They would be able to decide for themselves when to fish or to refrain from fishing: for example, because of bad weather. The paucity of records and the remote location would make day-to-day conditions and operations practically impossible to verify.

(6) Hence it would be necessary, if share fishermen were insured, to deem them to be continuously employed throughout the fishing season. Because of the difficulty of getting proof of the facts there would have to be arbitrary rules for determining the exceptional circumstances when a fisherman was unemployed and for defining what constituted good cause for refraining from fishing; for example, when his boat or gear had been lost or destroyed.

(7) In most fishing areas there is an off-season when little or no fishing is or can be done. The off-seasons range from three months on the Great Lakes to as high as six months in Newfoundland, the Gulf of St. Lawrence and the west coast. In Nova Scotia it is about four months. During the off-season only one-third of the fishermen regularly follow any alternative occupation. In some cases this is logging or road work or other construction; others are self-employed, for example, operating a subsistence farm. The remaining two-thirds have no kind of employment in the off-season. It would therefore be necessary to apply seasonal regulations to the industry if it were insured, as the chronic unemployment of most fishermen in the off-season is not a hazard but a certainty, and a known and foreseeable occurrence that is certain to befall the insured is not a proper insurance risk.

6. Accordingly the report indicated that unemployment insurance should not be applied to fishermen. It considered that the administrative difficulties, though considerable, could be overcome. The main difficulty is not administrative but lies in the fact that the fishing industry in Canada is not suitable to unemployment insurance. Few fishermen could ever prove that they were unemployed during the fishing season and almost no benefit would be paid in respect of that period. In the off-season the great majority would be unable to qualify for benefit because of the seasonal regulations.

7. The commission's report was submitted to the Unemployment Insurance Advisory Committee in July 1951. The committee accepted the report for study but has made no recommendations in the matter.

8. Representations continued to be received from fishermen and others, especially in Newfoundland, urging the coverage of the industry, or if not the whole industry, such parts of it as were manageable. It was urged that the numbers of the fishermen were declining because fishing was not insurable and

the men preferred to take other occupations where they would be insured. According to the 1951 census the number of fishermen in Canada who were regularly attached to fishing was 54,000 though a further 12,000 had some casual connection with it for short periods.

9. In 1954 the commission made a further investigation to determine if the conditions of employment would make it feasible to insure the crews working on larger vessels. It was thought that this might be done on vessels where the crew worked under the control of some person, such as the skipper or owner, under conditions approximating those of wage earners, regardless of the manner of payment.

10. It was found that the number of vessels of 10 tons or more engaged in Canadian fisheries was about 2,800 and that the number of fishermen normally employed on those with a crew of five or more was some 6,000. In almost all such vessels it was reported that the skipper had sole control over the movements of the vessel and determined the manner of operation, when the vessel should put to sea and return, and what duties should be performed by the crew. In most cases the skipper was the sole owner, or one of the joint owners working aboard the vessel as agent for the shore owner. Only in a very few cases was the vessel jointly controlled by the skipper and any of the crew.

11. As in the previous survey it was found that payment by a share of the catch was the commonest method. Even on these larger vessels with crews of five or more only some 15 per cent of the crews were paid a set wage.

12. Only a small percentage of even these vessels fished all the year (422 out of 2,800). The rest had an off-season which for the majority lasted for more than four months, and at least 50 per cent of the crews had no occupation in the off-season.

13. This investigation (in 1954) indicated that it appeared feasible to insure fishermen on vessels of 10 tons or more if

(a) the skipper were treated as the employer for the purposes of making contributions;

(b) the rate of contributions were predetermined by areas on the basis of average earnings during the normal fishing season;

(c) fishermen were not considered unemployed at any time during the season except in specified circumstances; for example, where employment was lost as a result of destruction of a vessel or its gear;

(d) seasonal regulations were applied, under which benefit would only be payable to a fisherman in the off-season if he proved that he ordinarily had some employment in the off-season and was unable to get such employment in the off-season in which he made his claim.

14. This proposal would provide insurance for some 6,000 fishermen out of the total of 54,000 reported by the 1951 census. Broadly speaking, it would cover the deep sea fishermen. It would exclude the 48,000 inshore fishermen, working for the most part in small boats either alone or in small groups of two to four persons, in a sort of loose partnership, who present the chief problem.

15. A number of suggestions have been made for modifications of the Act which would permit the inclusion of share fishermen. One such suggestion would allow fishermen benefit in the off-season by modifying the supplementary benefit provisions as follows:

(1) Any fishermen who delivered fish over a period of 90 days during the fishing season would be deemed to be under a contract of service to the buyer of his fish and therefore insurable.

(2) Such a fisherman would be permitted to make his own contributions and to draw benefit at the end of the fishing season if no off-season employment was available, provided he showed attachment to off-season employment, and it would be immaterial whether he was a skipper, sharesman or wage earner.

16. This would put fishermen in a preferred position over other insured workers, as it would allow them to qualify for benefit regularly every off-season by merely working 90 days each summer. Supplementary benefit was designed to assist persons who become unemployed in the winter months if they have exhausted their ordinary benefit or if they are new entrants who cannot yet qualify for ordinary benefit. Further, if a fisherman ordinarily worked in insurable employment in the off-season he would make contributions in the usual way and build up protection against failure to get such work in a bad year, so that there would be no need of the scheme for him; while in areas where there was no possibility of employment in the winter months the scheme would be simply relief, not insurance.

16. A further modification of this idea proposed a voluntary scheme, under which a fisherman would be permitted to contribute or not as he chose, subject to the following:

(1) Contributions and benefits would be at the lowest rate.

(2) A fisherman would be permitted either to pay the employee contribution only, and be entitled to benefit for only half the period of the other insured persons, or to pay both the employee and employer contributions and be entitled to full benefit.

(3) A fisherman would be deemed to be employed and ineligible for benefit during the whole fishing season.

(4) He would be free to make as many or as few contributions as he chose up to the maximum possible during the fishing season (which would be defined for the area) without any regard being paid to whether he fished or not, but if he made contributions in respect of other insurable employment the number of his fishing contributions would be reduced accordingly.

(5) A waiting period of a month after the end of the fishing season might be imposed, so as to conserve benefits till later in the winter.

(6) A fisherman might be required to take any suitable employment in the off-season that was available, if necessary elsewhere than in his own community.

It is pointed out that this proposal

- (a) abandoned the insurance basis almost entirely, as all the bad risks and none of the good ones would elect coverage;
- (b) was practically equivalent to relief, as a seasonal contribution of about \$9.00 for a season of 30 weeks would bring an automatic off-season benefit of \$160.00;
- (c) would throw a considerable financial burden on other contributors to the fund, as some \$6.5 million would be paid out to fishermen every winter, against which \$524,000 at the most would be received in contributions from fishermen and from the government's contribution of one-fifth.

17. The problem of the fishermen can therefore be summed up as follows:

(1) Fishermen do not need or especially wish for benefit during the fishing season, but during the off-season.

(2) They want benefit not because they are really unemployed—generally speaking they have not lost their employment, as they have none in the off-season to lose—but because the earnings from the work they do during the active season are inadequate.

(3) The wish for benefit in the off-season never became an issue till unemployment insurance was applied to other occupations which have some seasonal fluctuations and which employ substantial numbers of persons, such as woods work.

(4) Because most fishermen are self-employed and would have to be regarded as employed throughout the whole fishing season, there is no analogy between fishing and other seasonal industries, such as logging, stevedoring, inland navigation and fish processing, where the workers are wage earners employed under a contract of service. These workers, even if subject to restrictions on benefit in the off-season, can at least derive some advantage from their insurance if unemployed during the active season. Fishermen could never do so.

18. It may be asked what other countries have done about insuring fishermen and why, if they can insure them, Canada could not do so. It is significant, therefore, to note the practice of certain other countries where fishing is an important industry. Among these are Norway, Britain and the United States.

19. Norway, which revised its unemployment insurance legislation recently, continued to exclude fishermen, though it insures seamen. The United States has very limited coverage, as only a few States cover fishermen and in those that do the coverage is restricted by the size of the vessel, the number of employees and the number of weeks per year in which an employer must have such a number of employees on his payroll. In general, only persons on vessels of more than 10 tons and persons who are under an actual contract of service are insurable. It appears that in some States seasonal restrictions on benefit exist.

20. Britain has insured fishermen who are wage earners for a good many years, but extended coverage to share fishermen only in 1949. Special regulations, including seasonal regulations, apply to them, and the British reports indicate that considerable difficulty is met with, even though there are only some 15,000 share fishermen (less than half of the number in Canada) and these for the most part operate in areas where there are other opportunities of employment. The ministry admits that enforcement is difficult and that to a large extent they depend on the honesty and good faith of claimants when questions arise whether a share fisherman had good cause for not going fishing. About 3,000 claims a year are received from share fishermen and 80 per cent are disallowed because the claimant either is not unemployed or is not able to satisfy the seasonal regulations. The latter provision has been recommended for retention, after a thorough review by the national insurance advisory committee, but the ministry admits that the volume of complaints to which it gives rise and the amount of friction between fishermen and the ministry are out of all proportion to the small numbers involved in a country where the total insured population is about 22,000,000.

21. If this is so in Britain, it seems likely that even more difficulty would be found in Canada, where the problems would be magnified by the greater number of sharesmen, the more extreme seasonal variations, the much vaster distances and the great areas which are sparsely settled and with which communications are slow and poor.

22. The conclusion still seems inescapable that unemployment insurance is no answer to the fishermen's problem. The fishing industry cannot be adapted satisfactorily to an unemployment insurance plan. For the reasons given above, fishermen would get no advantage from their insurance, as they would be deemed to be continuously employed throughout the fishing season and would be barred from benefit in the off-season by the seasonal regulations. They would therefore be paying their contributions for nothing.

23. To bring fishermen under the Act on such a basis would be misleading and unfair. To cover them without recognizing and providing for the facts of the situation would be wrong. It would be to lose sight of the fact that unemployment insurance is insurance against a risk of unemployment. It is not a scheme for subsidizing persons whose earnings are insufficient to support them in the off-season at a time when they are actually idle rather than unemployed as recognized by the Act.

24. It is evident that the annual income of a great majority of the inshore fishermen is insufficient to maintain them throughout the year, particularly as in most cases the fishing season is limited. However, in this respect they are in no different situation than many others. For example, many farmers operate marginal or subsistence farms and the majority have found that they must augment their incomes from other sources. As already stated, about one-third of the fishermen augment their income by obtaining other work in the fishing off-season.

25. There is already legislation to assist fishermen when the price they receive for the fish is below normal, just as there is legislation to assist farmers who suffer crop failure. It has been shown above that the majority of these inshore fishermen could not benefit from unemployment insurance unless unwarranted exceptions were made to the existing rules. Perhaps some extension of the price support legislation to cover lack of income due to a short catch, placing the fishermen on the same basis as the farmers who suffer crop failure, might be the answer.

The CHAIRMAN: Thank you, Mr. Barclay. Before we launch into a discussion of the brief, I wonder if the committee would agree to sit tonight at 8.30 and then again tomorrow at 3.30. I take it that we agree?

Some Hon. MEMBERS: Agreed.

Mrs. FAIRCLOUGH: Does that conflict with any other committees that are sitting, Mr. Chairman? There are some committees sitting tomorrow.

Mr. BYRNE: All here are agreed.

The CHAIRMAN: Are there any questions which members of the committee would like to ask Mr. Barclay on this brief prepared by the commission?

Mr. GILLIS: Is it the intention to hear from those members who were invited to be present?

The CHAIRMAN: That is a good question, Mr. Gillis. Is it the wish of the committee to allow our guests who are with us this afternoon to ask questions? I think it could be agreed.

Mr. SIMMONS: I would like to hear from them.

Mr. MURPHY (*Westmorland*): I would think so.

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Would you like to say a few words, Mr. Sinclair? You are the Minister of Fisheries.

HON. MR. SINCLAIR: We came here to learn. The control of labour is not in the hands of the Department of Fisheries, but this matter of unemployment insurance for fishermen has been raised with our department at every opportunity especially by the fishermen from the east coast. We have with us our deputy minister and the chairman of the Fish Prices Support Board, both of whom have done a lot of work on this problem. We regret we do not see much more hope than the Department of Labour and the Unemployment Insurance Commission for including fishermen under the existing statute with its definition of employment and unemployment. I have studied the brief very thoroughly, and would comment on a few points. The matter seems to come to a head mainly in Newfoundland because of our new processing plants there where fishermen and plant workers live in the same little village. The fishermen may go out on the Grand Banks for days, face great hazards, and come back and supply fish to the plant. The plant workers are luckier for they stay ashore, work at the plant and are, of course, under unemployment insurance while the fishermen are not. I think that is the basic cause of the complaint in Newfoundland.

On page 2 of the brief there is an analysis of the number of fishermen who work for wages. The figure of 7 per cent is high if you are thinking of a fisherman as a man who actually catches fish. The figure of 7 per cent of wage earners amongst the fishermen includes in some cases those engineers and the cooks on the trawlers who will not work for shares, but even that number is small. The great bulk of the Canadian fishing industry are either self employed or work on a straight share basis. It would be very unfair to extend to this very small number of wage earners benefits which were not extended to the real fishermen in the bulk of the fishing industry, those working for themselves.

There is one other point about the fishing industry which is very different from the position of wage earners. A fisherman actually can be employed, and be worse off than if he were unemployed. If he goes to sea for three or four days and gets no catch he is out of pocket the money he has spent on bait and gear which he may have lost and oil and gas, but he certainly has been employed for the three or four days; yet if he had stayed on the beach and had not gone to sea he would be financially better off, so the definition of employment used in the present law can scarcely be applied to fishermen.

Another point is raised on page 4 in that even if a fisherman is not fishing he can be employed. As a fisherman he can stay on the shore if the weather is bad and repair his boat, mend his nets, put his lines in better shape, all of which is part of his employment as a fisherman.

The question commonly asked, of course, is if other countries can cover these fishermen with unemployment insurance, why cannot we do it. Our officers have made quite an exhaustive study of the fisheries assistance legislation in all the countries we know of which have it. Almost all of them limit unemployment insurance as such to fishermen who are wage earners, I think you will all agree there is not much problem in applying unemployment insurance to a wage earner. Other countries have far more men working for wages as fishermen than we do, and that is mainly because of the nature of fishing in our country. We have tremendous fisheries at both our coasts and in our Great Lakes so most of our fishermen do not have to leave sight of our shores in order to pursue their occupation. Britain, Norway and Portugal, to take the three great fishing nations of Europe, have pretty well exhausted their own coastal fisheries and they send big ships thousands of miles into fishing grounds; the Grand Banks, for example. They send their fleets out and these

men are generally rewarded with a combination of wages and a share in the catch. Their employment is almost continuous and year around, because they are not affected by closures in one area, for because of the long range of these big ships they can move to areas which are open. That is one reason why Britain, and Norway have been able to include a substantial number of fishermen under their Industrial Unemployment Insurance Act, because they are wage earners or wage earners receiving a share or bonus of the catch. As I have pointed out, that is not the case in our country. The one group of fishermen of which I know in our country who are wage earners are employed in the whaling fleet on the west coast, but they are a comparatively small number of fishermen.

The other point made is the fact that in certain areas of Canada a fisherman cannot follow his occupation for much more than three or four months. In the Bona Vista area, the coast of Newfoundland, and the Labrador coast a fisherman is lucky if he gets three months' fishing in. In recent years the gross income of these fishermen for the three months' fishing has averaged about \$500. As far as unemployment insurance is concerned, you cannot collect premiums from men earning only \$500 when working, to provide benefits for a nine month period they are all certain to be idle. There is no fishing because the coast is ice bound and there is very little chance of other employment. The other extreme occurs in the Great Lakes where they can fish almost all year round—in the summer when the weather is open, by boats, and in the winter, if they want to, through the ice. On the west coast of Canada it is possible for men to be employed year round if they follow the fish: halibut in the spring, salmon in the summer and fall, herring in the winter, and cod and other bottom fish the year round. Some are content with seven or eight months a year. I think that is the main reason why it is possible for countries like Britain and Norway to include a considerable number of their fishermen in their industrial unemployment insurance scheme is that they have a higher proportion of wage earners in more continuous employment.

Other countries have considered social assistance schemes for fishermen by levying a small charge on all fish caught, and putting that in a central fund from which payments are made in the cases of serious distress amongst fishermen. Such a scheme of social assistance of course has no relationship at all to a genuine unemployment insurance scheme. There is another aspect which has to be borne in mind. Fishermen during these off seasons are not so much unemployed as idle, because there is no possibility of fishing. Few fishermen are unemployed during the actual fishing season. We have legislation too, the Fisheries Prices Support Act, which helps the fishermen at times when there is an unusual drop in price, but drop in price is not the only factor affecting a fisherman's earnings. Another serious factor is mentioned in the brief, the fact that the catch may be down. Mention is made here of the protection given to the farmers who suffer crop failures. I presume the reference is to the Prairie Farm Assistance Act where there is a premium charged on all wheat produced in the prairie provinces and benefits are paid by the federal government out of this fund, to farmers in any area where because of drought or flooding the crop is definitely far below the average. Even here there is better control than in fishing, because the farmer is in possession of land which he seeded and so his expectation of crop can be estimated. That is not so with the fishermen. He is fishing in the open sea. If such assistance as that were given, the catch per fisherman could quickly be reduced far below normal by the influx of a great number of people into the fishing industry since there is no limitation as the farmer has with land. The situation is therefore more complicated in the fishing industry than it is in the farming industry. I think, however, the farmer is the closest analogy to the fisherman

in that he is a self-employed man who is at the mercy of the weather and the market. The farmer is not nearly as much at the mercy of the weather as the fisherman, because the fisherman not only loses his source of income, but his capital equipment and his life can very quickly be lost as well.

I think that covers the points in the brief illustrating the difference between fishermen and wage earners. The department of fisheries is not responsible for this legislation, but we made our own studies because we were anxious to see every possible assistance given to the fishing industry. I must say the officials in our economics branch have reluctantly had to agree with the main tenor of this brief, that it would be very difficult indeed to include the bulk of our fishermen under the present Unemployment Insurance Act, which is designed to cover wage earners.

The CHAIRMAN: Thank you, Mr. Sinclair.

Mr. CANNON: As a representative of a fishing constituency, Mr. Chairman, I must say I was very disappointed to see—to put it mildly—that we did not receive more support from the Minister of Fisheries.

At the outset of my remarks let me say that I agree with him when he comments that fishermen who are self-employed and are in the same class as farmers, should not be considered as good candidates for an unemployment insurance scheme, but I still think that fishermen who are not self-employed—particularly the wage earners and in a lesser degree the share fishermen—should not be deprived of benefits under this Act. I look at it this way: take a man who is employed by a fisherman. Why should he as a Canadian workman be deprived of benefits that go to other Canadian workers? There is no objection in his case, so far as he is concerned; he is employed and receives a salary. He can make his contribution and his employer can make his contribution. Why should he be deprived of these social benefits just because some other people in the industry who are self-employed—are not eligible for coverage under the Act? I think we should approach it from that point of view, and we should begin as a first step to amend the Act—or it could be done by regulation if the Act is so amended—and a regulation could be passed to except the fishing industry from the schedule that mentions the industries which are not covered by the Act, and then fishermen who are employed would automatically come under the Act.

The brief came into my hands only a few minutes before this meeting, so I have not had occasion to go into it at great length. I notice, however, that you begin by eliminating wage earners, and you say that because there are only about 6,000 there are not enough, therefore, let us not do it. Then you eliminate the people who work on ships of over 10 tons. There are only 6,000 so you say there are not enough, and therefore let us not do it. If you add the 6,000 wage earners, and the 6,000 employed on ships of over 10 tons you get a respectable figure—12,000—which I think is worth while considering.

Mr. MICHENER: I thought they were the same people?

Mr. CANNON: No, they are not the same people at all. The people on the ships of over 10 tons who are wage earners are very different from the wage earners on the small ships. One of the problems in my constituency, for instance, is just that. Many fishermen do not have grown up sons to go fishing with them, and there are less and less of them because they will not go into the industry largely because they do not get unemployment insurance. As I say, a fisherman who does not have grown up sons to help him has to hire help, but this is difficult to obtain because people will not work in the fishing industry when they can work in other industries where they get unemployment insurance. It is a most serious situation and it is reaching the stage now in my constituency where fishing is being abandoned as a career by the young men.

This is also mentioned in some notes that I read about the situation in Newfoundland. The same situation exists there. The fishing industry is an important industry to Canada as a whole. We have on our west coast and our east coast these great natural resources that have to be developed in the interest of Canada as a whole, and if we discourage the men who have followed the fishermen's trade for generations from continuing, we are going to find ourselves in a very serious situation.

May I repeat again it is an unfair way in which to deal with them to deprive them of social benefits that are given to the other wage earners in this country. It has been suggested that fishing could be regarded as a seasonal occupation. I do not see any objection to that. The lumbermen are covered as taking part in a seasonal occupation and the stevedores in our big ports are also considered as being occupied in seasonal occupation. Somewhere in the brief it was mentioned that fishermen might not draw any benefits during the fishing season. I think that would be all to the good. It would be difficult to determine on which day they should fish and on which day they should not fish, but if we let them pile up all their contributions during the fishing season, these contributions for working days, could be used in the off season. If in the off season they do not usually work, they would not be entitled to benefits, but if they have another occupation in the off season—some of them go into the woods and work as lumberjacks and in other occupations of that kind—then they could add to the employment days that they accumulated in their other occupation, the employment days in fishing, and that would give them longer benefits if they were out of work during the off season than they would get normally if they were employed in a seasonal occupation.

I simply wanted to make these preliminary remarks. As I said, I have had no opportunity to go into the brief at any length, but I am not convinced that unemployment benefits cannot be applied to fishermen and I think it should be done by degrees if you like. We should begin with those who are wage earners and then we should extend it to those who are share fishermen. I think it really could be done if we all put our shoulders to the wheel and did our best to bring it about.

Mr. FRASER (*St. John's East*): Mr. Chairman, I agree very heartily with the remarks of Mr. Cannon. I, too, was greatly disappointed to see that it was not possible to include fishermen under the benefits of the Unemployment Insurance Act. I have a few comments I would like to make on the brief, but before doing so I would like to ask a question. I would like to ask if, when the Unemployment Insurance Commission made the investigation last year which has been referred to in the brief, whether they had an opportunity of studying the memorandum prepared by Mr. Carter, the member for Burin-Burgeo, which was submitted to the Minister of Fisheries, the Minister of Labour and the Secretary of State on May 4th.

Mr. BARCLAY: That was taken into account, Mr. Fraser.

Mr. FRASER (*St. John's East*): Thank you, very much. Now, Mr. Chairman, I would like to make a few comments which Mr. Carter himself has suggested to me. I regret he is not on the committee today, but I should like to make these remarks on his behalf. One of the most disturbing features in the brief is the number of persons engaged in the fishing industry. For example, on page 2 of the brief, the figure of approximately 88,000 is referred to as the total fishing force in 1949, I presume, when that investigation was made. On page 6 in section 14 of the brief it is stated that according to the 1951 census the fishing force had declined to 54,000. That, I think you must agree, is a very grave reduction in the number of the fishing population—from 88,000 to 54,000 in the space of two or three years.

I agree whole-heartedly with Mr. Cannon that unless something is done to extend the unemployment insurance benefits to the fishermen that the process of exodus from the fishing industry, more particularly among the men engaged on the shore fisheries—will continue. I think that is a problem of national proportions, and anything we can do by this legislation or otherwise to prevent that development is something that certainly should be done.

I come now to the more detailed comments which I should like to make. On page 1, in relation to section 1 and 2 which refer to the definition of fishermen, the note I have here is that the definition of fishing as referred to in part 2 of the schedule of the Unemployment Insurance Act might very well be simplified. This would facilitate an unemployment insurance scheme for fishermen, I think.

The present definition appears to be complicated and it is in itself an obstacle to the development and the administration of a suitable unemployment insurance plan.

In a scheme such as the one which Mr. Carter has brought to the attention of the Commission, this difficulty might be obviated by defining a fishing day rather than the occupation itself. A fishing day could be defined as a day spent on the fishing grounds for the purpose of catching fish.

On page 2, section 5, sub-clause 4, reference is made to the ordinary contribution of the fisherman. I do not think that is a fatal obstacle to the inception of the scheme for fishermen. It seems to me that the same sort of contribution scheme could be worked out, and in your brief it is said that the administrative problem is not an insuperable one.

On page 3, section 5, sub-section 5, the definition of a fishing day which I suggested rather than a general definition of fishing occupation would enable people in employment and unemployment to be segregated.

On page 4, section 5, sub-section 7, I read:

It would therefore be necessary to apply seasonal regulations to the industry if it were insured, as the chronic unemployment of most fishermen in the off-season is not a hazard but a certainty, and a known and foreseeable occurrence that is certain to befall the insured is not a proper insurance risk.

Mr. Chairman, I think there are other employments which are insurable and in which seasonal unemployment is just as great as it is in fishing. For example, stevedores work in the port of Montreal, and although there is certain unemployment due to the annual freeze-up, I believe they are able to participate in the unemployment insurance plan. It seems to me that although the season is longer in the case of fishing, that some method could be found of not making the seasonal regulations apply to the fishing industry.

One of the features of the Act to which I would like to make reference is that while the fisherman is employed during the season, he is not able to build up credits against unemployment insurance during the off-season. I think that this places him in a very invidious position.

In this connection I would draw the attention of the committee to the fact that the normal fishing day, during the fishing season, is a great deal longer than the normal industrial working day. It is twice as long in some cases, or perhaps more. I wonder if the Commission has considered the possibility of converting fishing days into industrial days? If that were done, the number of contributions that would be made, and the amount contributed by the fishermen during the fishing season would be greater, and there would not be the same disparity between the contribution and the benefits which are pointed out in the brief.

As to the verification of unemployment, again that is an administrative problem, and one which I think can be overcome. It should be possible to find some responsible person in each community who would be prepared to accept the responsibility of certifying the employment or unemployment during the season. But indeed as was pointed out, it might be possible to eliminate that difficulty by allowing the fishing season itself to be one in which no benefit would be drawn, but in which credits could be accumulated especially in the case of those fishermen who were able to work, just as it is in other forms of work such as logging and so on during the off-season.

I have one last comment concerning the experience of the United Kingdom in this field. At page 5 of the brief, it is pointed out that unemployment insurance coverage in the United Kingdom was extended to fishermen in 1949, and it appears that this system has been in operation in the United Kingdom ever since. The brief does point out that it has not worked too well, and that there have been instances of friction. But nevertheless, in spite of these difficulties, the United Kingdom government has seen fit to continue the plan, that is, to continue the coverage of fishermen for a period of six years. As far as we know there is no indication to abandon that coverage. If that is so, the brief points out:

... the Ministry admits that the volume of complaints to which it gives rise and the amount of friction between fishermen and the Ministry are out of all proportions to the small numbers involved in a country where the total insured population is about 22,000,000.

In Canada, of course, the proportion of the insured population in the fishing industry would be a greater percentage of the total insured population than it is in the United Kingdom; and if the government of the United Kingdom found it possible to administer this Act and to extend the coverage to fishermen, even though the complaints are out of all proportion to the population, surely that makes a much stronger case for Canada.

In conclusion I would like to re-emphasize the vital importance of this whole question to Newfoundland as well as to other fishing provinces. I feel that every continuing effort should be made to find some technical method of extending the scope of the scheme so as to embrace fishermen. Even if only a small beginning is made, that in itself would be a step in the right direction. I would therefore emphasize as much as I can the importance which we attach to the extension of this scheme to cover fishermen.

Mrs. FAIRCLOUGH: Like the few members who have just finished speaking, I am somewhat disappointed with the general tenor of this report. I think that the brief is constructed in an almost entirely negative fashion as though the Commission had become convinced that coverage was impossible and had brought forward arguments to substantiate that conclusion.

On page 4, paragraph 6, it says that the report which was presented in 1947, I think it was, was concerned with administrative difficulties, and it considered that those difficulties, though considerable, could be overcome. I would add to that particular statement the remark which I made previously in the House.

I think it could be reasonably conceded that many of the comments which are made in this brief would apply to a great many other occupations than that of fishing. When you think of the size of Canada and the difficulty of contacting workers in remote places, that would certainly apply to a great many other types of workers than fishermen, and some of them are presently covered by unemployment insurance.

In paragraph 22 you said that fishermen would get no advantage from their insurance at all, as they would be deemed to be continuously employed

throughout the fishing season and would be barred from benefits in the off-season by the seasonal regulations. They are in that instance, in no worse position, although slightly different, than firemen whom the commission insists upon insuring, and they have either steady employment and are barred from benefits by reason of that steady employment, or else they are "fired" for some cause which would prevent them from benefitting or receiving benefits in any event.

Likewise, although I cannot put my finger on the place right now—the inference is, because of the small number which could be covered, that no steps should be taken. That seems to be at variance with the action which the Commission now wishes to take with regard to some types of agricultural workers. In this very committee the other day, the comment was made that the number proposed to be covered in the scheme as set forth in the agricultural brief would be small, some 10 thousand persons. But I cannot see that would be any more of a desirable situation than starting out on a plan with a small number which could be covered by reason of the fact that they are wage earners. If you could cover a small group of agricultural workers, surely you could cover a small group of fishermen. The argument which is urged to include all the agricultural workers is now used to exclude approximately the same number of fishermen.

There is, however, Mr. Chairman, in my estimation one aspect of this situation which should not be overlooked and which has already been commented upon. I am not a fisherman, nor do I come from a fishing community, but I did study the report referred to from Newfoundland, the report of 1952, I believe it was, and I must admit to being very much concerned over this matter I believe it was the minister who remarked on the fact that Britain Norway and Portugal in particular could cover their fishermen by reason of the fact that they were working as year round workers, and that having fished-out their own waters, they were now fishing in the waters of other lands, even over on the Grand Banks.

If my memory serves me correctly, that is one of the things that particularly concerned the people in Newfoundland. Waters which they considered to be territorial waters were being fished by people from other countries, when they thought that Canada should have the benefit of whatever catch there was in those waters. The big reason for not having a sufficient number of boats—I understand that the number of boats which now fish is greatly reduced from what it was a few years ago—the main reason was that these people would not engage in a non-insurable employment when they could secure employment elsewhere in insurable employment.

I believe it was Mr. Cannon who remarked on the fact that the sons of fishermen will not follow the trade of their fathers for the reason that they have no protection. That too is a situation which obtains in other employment. It seems to me, Mr. Chairman, that we should not accept this report as the final answer, but that in as much as the 1954 report indicated that the administrative difficulty could be overcome, some further steps should be taken. I think that the first step is to insure the 6 thousand odd, or 12 thousand, as the case may be, who can be handled by reason of the fact that they are wage earners.

The CHAIRMAN: Now, Mr. Robichaud.

Mr. ROBICHAUD: I am not a member of the committee but I do come from a fishing constituency, and I want to thank you for inviting me to come and give you my ideas on this problem, which is a very serious one. I agree with the members who have spoken in favour of unemployment insurance for fishermen. After all, the evidence of the brief showed that there were 88 thousand fishermen in 1949 while in 1951 according to the census there were only 54 thousand.

Mr. R. G. BARCLAY: Excuse me, the figure which we gave of 88 thousand in 1949 included about 12 thousand casual workers in fishing; while the figure of 54 thousand which is the one given for 1951 excluded those 12 thousand, so there is not as much of a difference as one of the other members implied. Actually the comparable figures are 88 thousand and about 66 thousand.

Mr. MICHENER: That is still 22 thousand out of 88 thousand.

Mr. ROBICHAUD: Any industry which shows a decrease in two years from 88 thousand to 66 thousand inevitably proves that there is something there which is not right. I notice at the bottom of page 4:

In 1954 the Commission made a further investigation to determine if the conditions of employment would make it feasible to insure the crews working on larger vessels.

It was found that it would be possible with vessels of ten tons and over. But my experience is that whether it is a large or a small boat the situation is about the same. These men have to be paid. On the smaller vessels especially, I would say that in 99 per cent of the cases, the owner of the vessel is the skipper. He cannot fish alone. He has to have in his employment two or three men. Those two or three men fishing with him have to be paid, and whether they are paid by salary or paid by shares, there is a contract with the owner; and the same with the man working on a salary as a carpenter, for example. Furthermore, you can take in many provinces. I know that in a few sections of New Brunswick, logging is paid by shares; a man is paid so much for cutting his lumber, and the same way with fishermen, who are paid so much a pound for the fish landed. In the same way the vessel workers are paid on a forty-sixty per cent basis, whether it is a large dragger, or a small herring boat. These men are employees whether paid by shares or by wages. I think that the problem mentioned in this brief may not be as great as it would seem to be in the first place. After all, the fisherman is fishing throughout the whole fishing season, whether he be held up by storm, or whether he is out fishing, or waiting on the shore for the tide to go out. He is employed, even though he may be idle, in the same way as the stevedore or a carpenter in the Maritimes. Many of the carpenters in the Maritimes have no employment in the winter months, or a very small percentage, because construction work is not available at that time. I feel that further consideration should be given to this request of the fishermen. Thank you.

Mr. BARNETT: Like the other members who have taken some interest in this question which is before us, I hoped that the Commission itself might come to some different conclusion. However, I am convinced that in this instance the responsibility for this conclusion does not, as was inferred by one of the previous speakers, lie primarily with the Commission. I think it lies primarily with the concept of unemployment insurance which has been accepted by the government and by the parliament of Canada.

At the outset of the brief the report of the Commission mentioned that fishermen have been excluded from the application of unemployment insurance in Canada. That to me would seem a verification of what I have in mind when I make the statement that in the last analysis it is the responsibility of this parliament rather than of the Commission that this conclusion has been arrived at.

I think that the essence of the matter is indicated at the top of page 4 of the brief where it is suggested that the manner of covering the fishermen who are subject to known and certain hazards, or to known and foreseeable occurrences. Unemployment is an indication of the limitation of the concept of unemployment insurance which has in fact been placed upon the Commission by parliament and the government. That I think is the first point that we should consider in this connection.

I think if we are not able to persuade the majority of this committee and the government that that concept should be revised, then I think we should seek to attack in detail what can be done in the way of closing in on the problem. My position basically is that a national unemployment insurance plan is designed to spread the risk over all the workers of Canada, whereas under the seasonal regulations, as an example, when fishermen come within them, we have dissected the working force into various segments, and set them apart instead of coming to grips with the problem and spreading them over the whole of the working force.

To me that is the crux of the problem with which the Commission is faced; and in drafting this brief in connection with coverage for fishermen, it is a basic reason why they probably have reluctantly come to the conclusion which they have reached in their brief.

Reference has been made to the decline in the number of people engaged in the fishing industry over a recent period of years. It was suggested by the previous speaker I believe that there was an indication that there was something wrong with the industry. I would submit that it is not the function of this committee or of the Unemployment Insurance Commission to cure what may or may not be wrong with the fishing industry as such. Nevertheless, as long as we have in Canada what has been recognized in quite a number of statements over the course of this and previous sessions as the problem of seasonal employment in Canada, something which up until now we have accepted as inherent in the nature of the country in which we live because of climatic and other conditions, that when we come to considering the question of assuming a social risk for unemployment that we could easily include that in our overall concept while in other ways perhaps pursuing or advocating the pursuit of a course of action which would tend to eliminate that problem. But as long as that problem exists and we are to have a national unemployment insurance plan we should revise that plan recognizing these conditions which exist and to which a certain section of our working force is subject.

Now if we could agree we are no longer going to take into consideration the particular degree of risk for unemployment which is incurred by certain sections of our working class, but were to take the position that the working people and the employing interests and the government as a whole are going to spread that risk in a manner which will improve those who of necessity suffer inclement periods of unemployment then I think we could very easily come to a different conclusion than has been come to in this brief.

I do not know that it will be possible for us to arrive at a different approach than we have done while this Act is before us now, but certainly I feel that that should be our chief consideration in attacking this problem because otherwise I do not see that this committee itself can basically come to any other conclusion than the one which the commission has arrived at. As I say, if we cannot come to any agreement to revamp our thinking in that connection we must content ourselves with the next best thing, and if there are other speakers let us see if we cannot then make an approach to close in on this problem much as has been suggested already by the commission in relation to the agricultural workers.

One other remark I would like to make is not in connection with trying to distinguish between a fisherman self-employed and one employed on shares or by wages; it seems to me the commission in its brief has made a correct analysis of the practicable situation when it indicates that in the fishing industry as it exists, you cannot draw hard and fast lines between people in those categories. Someone—it may not or may have been the Minister of Fisheries—made some reference to fishermen and the farmer and reference to the fact that the farmer always had his land at his disposal or within his purview and that that did not exist as fishermen are concerned. I think that

out of that observation can be drawn a valid distinction between a self-employed farmer and a self-employed fisherman. Because while it is true that a self-employed fisherman has under his ownership and control something of his tools of work, something that might be called capital equipment, nevertheless basically he is a worker going out to gain a livelihood out of something which is not within his control, which is exactly the position that an industrial worker is in who goes to work in a manufacturing plant in which the basic material with which he is working is not in his control.

I feel that if we are going to solve the over-all problem of bringing fishermen into the industry that we are going to have to forget about having to draw a hard and fast line between including only those working directly for wages and those on some sort of share arrangement and those who may be going out as individuals in their own little boats.

I was able to hear the reference made by the Minister of Fisheries as to what is being done in other countries and that the matter has been under study by the officials of his department. I had also noted in a press clipping which I took from "Fundy Fisherman" that he hoped to make some further study of that matter this year himself. I hope he will be able to obtain some additional information over that which has apparently already been obtained.

I note also that suggestions for putting this reservoir who take the catches of the fishermen—for the purposes of this Act—in the position of the employers has been objected to in certain quarters. I do not think personally that that should be considered as a valid objection to enabling fishermen to be brought in under the Act. Those of the members who come from the eastern fishing provinces may be interested to know that in British Columbia at the present time, arrangements are being worked out to bring fishermen under the coverage of the Workmen's Compensation Act. The fact that that is possible to be done is to me an indication that what the commission itself says is true that the administrative difficulties can be overcome.

I hope that someone else, Mr. Chairman, might be willing to enter into the discussion of this from the broader aspect to see whether we can get next to the thing beyond the rigid terms of reference of the Unemployment Insurance Commission itself and if we discover that that is not going to be possible at this time then perhaps we can go into a more detailed study of what might be done to include at least some of them.

Mr. MACEachen: Mr. Chairman, I do not want this discussion on unemployment insurance as it might affect fishermen to go without associating the interest of the fishermen of the province of Nova Scotia in this problem. Like the province of Newfoundland, the great share of our people, particularly on the coast, earn their livelihood in the fishing industry. One of my counties which is Richmond County has 80 per cent of all people dependent upon the sea for their living. At the same time the County of Inverness has inshore fishermen in every cove and inlet along the coast line. We have a very real interest in extending the benefits of this legislation to that category of citizen in the province of Nova Scotia.

I think I agree with Mr. Barnett's realization that this submission by the Unemployment Insurance Commission presents very real problems and very real difficulties. I do not believe that the facilitation of this problem is to be advanced any by ignoring the real problems of administration and the principles which exist in this submission. I think the real principle involved is the principle where it is urged that the unemployment insurance legislation cannot be extended to meet a known and definite and expected event, that it is supposed to have certain contingencies which may not occur or are not certain to occur.

We know, however, because of the very nature of the fishing industry that there are definite fixed events which will occur relating to the time of the year which the fishermen can pursue their livelihood. I believe that the members of this committee would want to have further evidence from the commission on this phase of this particular problem. First of all, the application of this legislation to seasonal employees that has been mentioned by Mr. Fraser, Mr. Cannon, and Mr. Robichaud where it is their view that something approximating the condition of the season is handled in that category. The second question here is in the introduction of a national employment scheme in Canada we resolutely avoided the adaptation of the provincial system of unemployment insurance in order to have the advantages of the national system of coverage by which all the risks that may be more intense in one area could be absorbed by a national system. Here we have completely in a sense today withdrawn from that position because the fishing industry is analyzed as a fishing industry without any regard for the total application of the insurance principle on a national basis. I think the members of the committee would want reassurance on both these points before they finally accepted the present opinion of the commission which is a suggestion that this question violates the insurance principle of the Act.

It is true that the second major series of difficulties are administrative ones and I am not so sure that these administrative difficulties cannot be overcome in some sense by suggestions already made by Mr. Fraser. I think they have shown some light on some of the administrative complexities which might be straightened out. But I would like to mention at present the fishing industry in the Atlantic provinces particularly is in a transitional stage where a real technological development is going on in the mode of conducting the fishing operation and we are moving, I think, from what could be described as a rather primitive organization of our industry to one which more needs the requirements of modern industry.

I believe at this particular time when we feel that the fishing industry in the Atlantic provinces is in for a great period of development that every step should be taken to assist in this transitional stage by extending some of the benefits which have been hitherto denied to the maritime and Atlantic provinces as a whole.

I would certainly not want this very important issue to be turned down easily by this committee or Unemployment Insurance Commission by faltering on the problems which seem to some of us to be definitional and administrative problems.

Mr. HAHN: Mr. Chairman, I do not have a great deal to add to what I had to say the other day. I think we have somewhat decided this thing that at least the 6,000 which have been referred to so frequently in this discussion might be included in this new Act we are providing at this time. But I do have one or two observations to make that are pertinent I feel. One is on page nine in article II which refers to Britain specifically:

Britain has insured fishermen who are wage earners for a good many years, but extended coverage to share fishermen only in 1949. Special regulations, including seasonal regulations, apply to them . . .

Now, I am wondering just what those special regulations are which would make it possible for Britain to have them included. Are they the same kind of regulations which we have for an overall coverage of our other groups we have included in our present Act, or are they just special regulations set aside for those in the fisheries industry? That, of course, raises a second question. Is it not possible to adopt those regulations, or in our own case possibly a modification of them, to the degree that it would be possible, by

including the first 6,000 in our present Act so that we would at least show that we are progressing to the point where we feel that all occupations should be included; that is, some of our occupations, not all of our occupations, should be included in the legislation that is now before us. Would it not be possible to make this thing actuarially sound by including some of these regulations?

I referred the other day to the fact that in British Columbia we have now found it possible to include the fishermen in the Workmen's Compensation Act. For many years, those of the British Columbia members are fully aware, we thought it was impossible; this year it has become a reality. It has called for some special regulations and I think that if the fishermen were approached with that same idea in view that they may have some special regulations they might be willing and anxious to comply with in order to make this thing workable.

I cannot concur with some of the suggestions that the very fact that unemployment insurance is being denied fishermen today is the reason for so many leaving the industry. I am more satisfied that it is a very dangerous occupation and that there is a great deal of risk coupled with a very slight return. I think the minister mentioned \$500 in the case of Bonavista. If you had an opportunity to go into a manufacturing industry where you might get \$2,000 or more a year as compared with the dangerous occupation of fishing and possibly get \$500 a year out of it, possibly you would not be too ready to carry on. I do not think it is completely fair to say the commission is at fault because it is destroying an industry by not giving them the benefit of unemployment insurance.

I am satisfied—and I am satisfied that everyone would feel—this would certainly help to keep a few at the jobs which we might otherwise lose, but certainly not the great number which was mentioned here earlier. If we could see fit to include that 6,000 by adopting special regulations after discussion possibly between the Department of Fisheries and the fishermen, I would feel satisfied we would have a beginning and from that point on we might have to revise our regulations to possibly provide all fishermen within the Act.

Mr. BELL: Mr. Chairman, if it is in order I think we should give the Minister of Fisheries or someone in his department an opportunity to reply because I was alarmed at the pessimistic attitude which was conveyed by his full remarks at the beginning. I understand that perhaps the Unemployment Insurance Commission might adopt a more pessimistic idea of the thing and we cannot blame them for some of it. But, I would like to hear from the minister personally, and I wonder whether he would let me know something about the difference in the figures of the active fishing force here and what this insurance might do for the fishing industry as a whole. I also would like to know what alternative have been explored. He mentioned another country which had something else. Would some other legislation help? That is all I have to say.

Mr. GILLIS: Mr. Chairman, the minister has already made a statement and I do not think he is under cross-examination. If he desires to take the stand we will be pleased.

I think we are making progress. Five years ago you could not get anyone in this House or outside this House to talk about this subject. But, at least we have now had a study and have obtained some useful information. I do not think it is a question to be pessimistic or optimistic about. You must face realities. I believe that the brief presented by the commission and the remarks of the minister here today are taking a square look at the problem and I believe that the Unemployment Insurance Commission are sympathetic on that. Per-

sonally I believe in universal coverage and I think that unemployment insurance means that you are going to bring all sectors of the working force in Canada together under an insurance Act and that the strong sectors of society will carry the weak in periods of unemployment and definitely the fisheries industry in this regard is one of the weaker sectors of our society.

As to why the industry is declining—I think that is very obvious. The brief here clearly sets out on page 8 that the reason that the fishermen want unemployment insurance brought about is because the earnings from the work they do during the active season are inadequate. If they are in that position in regard to the earnings at the first opportunity they have for getting out of the industry they will do so.

Certainly I think the mechanization of the industry, large trawlers, government assistance in financing, and the establishment of fish processing plants at central points, is slowly but surely taking the shore fishermen off the water the same as gas and oil is pushing coal out. They are no longer economic and they are being pushed out. The larger factor is it is mechanization and that that industry is just getting into the position of other industries. They are using other equipment.

I am not going to argue, but I think with this commission's brief there is something which can be done. I think there are two things which can be done. First the brief admits that there are about 7 per cent of those engaged in fisheries who are eligible to be covered by the Unemployment Insurance Act, that is those classified as wage earners. What is the matter with making a start and bringing those 6,000 in and then the commission can continue their studies along with the Department of Fisheries and further study the problem of bringing in the rest of the industry. Then, if you find that you cannot bring them in then the Department of Fisheries might reconsider and look at the proposition made here by the commission that perhaps some extension of the price support legislation could cover lack of income due to a short catch; that is these fishermen are in the same position as those in agriculture suffering crop failures. That is something which could be considered because if that statement on page 8 is true that the main reason why unemployment insurance is necessary is because of the inadequate income, then the way to supplement that income may be as with a farmer who has a crop failure. I think that we would make some progress if we would decide we are at least going to cover those who were eligible and that a further study be made along the lines of other unemployment insurance or a change in the price support regulations to put them on the same basis as the farmer with a crop failure. These are two things we can do to encourage people in the industry who are looking for this legislation to a great extent.

We have already set the precedent since the committee began to sit by looking at the farming industry. We decided that by and large you cannot take in all the farmers across the country for pretty much the same reason as the fishermen. But at the same time, we did select a certain group of farmers who work close to urban centres who could be covered by the Unemployment Insurance Act. If we can do that with the fringe group of farmers, why can we not do it with the 6,000 fishermen who are in almost the same category? I hope we will do that and then take a further look at this whole industry. In that way, while we are making up our minds about the universal coverage and what the real intention of the Act is, we will be making some progress in relieving some groups that are affected in this.

Mr. MURPHY (*Westmorland*): I just want to record myself as a member of the committee deeply interested in the unemployment insurance for fishermen because I represent a fishing riding.

I have read the brief and I have listened to the Minister of Fisheries and the problems which the Minister of Fisheries set out, as those which would beset the idea of paying unemployment insurance to fishermen, are especially difficult in my constituency where they are inshore fishermen. They are both lobster and herring fishermen which are inshore types. However, I would like to agree with other members of the committee and in particular the member from St. John's Newfoundland, as being in favour of the principle of unemployment insurance for fishermen for one purpose of keeping the fishermen in the fishing industry. I think that the Unemployment Insurance Commission who wrote this report have done such a wonderful job so far that if they would just keep on—I would like to think of this as an interim report—and if they would just keep on working at this report I believe they could work out some type of a formula under which our fishermen could get their foot in the door of unemployment insurance benefits. Because I believe that it will come and that the application of the unemployment insurance to the fishing industry will help develop to the point where we will know at a later date in years to come that it will be practical in other industries.

As the minister has said, some of those fishermen are not employed; they work very hard by catching nothing. This is also true in these mining developments in Ontario in the north country; the miners mine all day but do not bring up anything. I am fairly sure of that from watching the stock markets. The miners in Ontario and northern Manitoba are very busy, but often do not get anything. The only difference is that the miners in the mining country have the financial backing of the people of the country and of companies. Now, if the fishing industry could be developed to some point where there are large groups of fishermen working for wages and with the proper financial backing and the proper development of the industry I believe they will then be suitable for unemployment insurance. I do agree with the hon. member from Cape Breton—is it south or north?

Mr. GILLIS: South.

Mr. MURPHY (*Westmorland*): —that some start should be taken on unemployment insurance for those set out in this brief although they are a small number. The other day we had a brief, and there were occupations classified from A to F which could be brought in. We learned that horticulturists were not horticulturists at all, but were green keepers on golf courses, and thus derived benefits and I think the same thing could be done in the fishing industry.

There was one point in the brief I would like to impress upon the commission in their next report, and that concerns the matter of poor risks. As Canadians who are interested in Canada, I believe we should all think of Canada as a whole. If you look at that map hanging on the wall and glance at some of the provinces—I will not mention them by name—you will see that some of them are poor risks. I can take you down to certain counties that pay \$100,000 into the federal treasury of Ottawa, and collect \$1½ million. They are poor risks financially, but no one in Ottawa would think of writing off any county or province down in the east or out west as being a poor risk. I think that is the attitude we should take in the Unemployment Insurance Commission. We should take the country as a whole. We have to take some of the bad along with the good. I do not mean to imply that we should deplete the fund and put everyone on a pension, but to a certain point we must take some of the bad along with the good.

The CHAIRMAN: Mr. Sinclair, would you like to make a comment?

Hon. Mr. SINCLAIR: I am very grateful for the invitation from the hon. members for Saint John-Albert and Comox-Alberni, to speak further on some of these points. I must confess my own personal disappointment with the members who expressed the opinion that I am pessimistic about extending this or some similar measure to fishermen.

I think the Minister of Labour will agree that in the last three years the people who have been pushing him for unemployment insurance for fishermen have been—my colleagues the minister for Nova Scotia, Mr. Winters, the minister for Newfoundland, Mr. Pickersgill and myself—because we represent the three main fishing provinces. We want to see the same type of social security for the fishermen as is presently available for other Canadian workers, especially since fishermen are occupied in the most hazardous, dangerous and perhaps the most poorly paid occupation of all Canadian workers. I do not agree with the member for St. John's East that the lack of unemployment insurance is deterring people from coming into the fishing industry. Low income in some areas is responsible but this is only part of the story. The figure of 88,000 was, I think, taken from the 1941 census, and it includes part-time fishermen as well. The situation here is exactly the same as in agriculture. I remember the days when special trains took farmers out to the prairies to cut grain, but today the tractor and the combine have made these trains of temporary farm workers unnecessary. There has been a similar change in the fishing industry for bigger boats, better gear and electronic devices which have resulted in less fishermen making increased catches. Even the fishermen in the poor areas, the Saguenay and the east coast of Newfoundland which are probably the poorest fishing areas, have begun to turn to these new developments, too. We have tried to encourage them. I do not think the decline in the number of fishermen is anymore alarming than the decrease in the numbers of farmers, because the total of our catch is increasing. I do not think it is due to the lack of unemployment insurance. The hon. member for St. John's East, Mr. Fraser, commented on the British scheme. It is quite true that the British include sharesmen, but the British scheme as far as sharesmen is concerned was only brought in in 1949, and 80 per cent of the claims made by sharesmen are disallowed. I would dislike to be connected with any department of this government where 80 per cent of the claims were disallowed. The British intend to make a further review of the difficult situation. Their problems are far less difficult than ours because Britain is a small and compact country, and most of the fishermen live in fishing towns with public offices. They are convenient to every type of government office. In Newfoundland and Labrador on the other hand there are 1,200 fishing outports, no government offices, or roads or rail, and you cannot bring administration to scattered areas like that in the way that the British are able to do in their fishing towns.

I can assure the hon. member for Hamilton that the foreign fleets are not fishing in our territorial waters. We see to that through our protective service. On the high seas outside of our waters they can fish. We have international conservation treaties protecting these waters.

Mrs. FAIRCLOUGH: Are you sure they do not get through?

Hon. Mr. SINCLAIR: That is the job of our protective service. Our own fishermen are the first to report any inshore fishing by foreign vessels. Occasionally a Spanish or a Portuguese trawler comes in on the east coast but it is reported. We have the protective service for that sort of thing. One of the reasons that the number of fishermen in Newfoundland at the Grand Banks has declined is due to a lack of capital investment in modern fishing vessels and gear for deep sea fishing. Their old schooners are replaced with small boats and the men have changed from deep sea fishermen to inshore fishermen. We are endeavouring to change that trend.

The member for Gloucester raised a point which I think is worthy of consideration. These sharemen do have some form of contract of service with the skipper or owner of the boat. It may not be the same contract as with a man on wages, but I do not think a man on wages has much more security of contract.

I think I have always felt, like the hon. member for Comox-Alberni and the hon. member for Cape Breton South that the real problem in applying unemployment insurance to fishermen goes back to the matter of administration. If the fishing industry has to stand as an actuarially sound unit as far as unemployment insurance is concerned, then it will be very difficult to take premiums out of the earnings of these fishermen sufficient to pay them these benefits during their long periods of unemployment. I think that is clearly shown at the top of page 8. It is going to require \$6½ million in benefits against which \$524,000 at the most would be received in contributions from fishermen. If this is a national system of insurance, lumping the good risks with the bad risks so those people employed year round in nice warm offices are going to pay part of the risks for those who work dangerously at sea, an argument can be made to include fishermen although it is obvious that on a strict insurance principle the premium paid by a fisherman will never match the benefits he will receive. But if insurance for the industry is to stand on its own feet, it will be a different story. The fishermen in British Columbia who are the best paid—I took the figure of \$500 as an average for one group in Newfoundland, but there are high line skippers on the west coast who make \$20,000 a year—and the B.C. fishermen are also employed the longest. Their premiums will pay for the bulk of the benefits which will be drawn in the poor fishing areas of Canada. It is not for the Department of Fisheries, but it is for this committee to decide the fundamental question as to whether unemployment insurance is to be actuarially sound for each industry, or sound on a national average of all industries.

The fishermen's union on the west coast have asked me on my way to Russia this summer to stop over in the Scandinavian countries to examine their type of coverage. Many other countries have the same difficulty we have in trying to include fishermen under their unemployment insurance scheme. Some have fishermen's assistance plans instead of unemployment insurance. That may be the solution here, or it might take a change in thinking concerning the present definition of unemployment in this unemployment insurance bill. The member for New Westminster mentioned the fact that the Workmen's Compensation Act in British Columbia now includes fishermen. It took quite a change in thinking to do that. The Act did cover only those who are wage earners. Premiums were paid solely by the employer and the plan was compulsory, but fundamental changes were made to include fishermen. The plan so far as fishermen is concerned is voluntary. The fisherman himself pays the premium and not the employer because there are no employers for self-employed fishermen. However it is easier than unemployment insurance, because there is no question when a fisherman is injured. The difficult question is: "When is a fisherman unemployed?" There is no question that when a fisherman has a broken leg, and if he has covered himself with workmen's compensation he can go to a compensation doctor and show the injury. Unemployment cannot be determined so definitely. However, there are grave misgivings amongst some as to whether the compensation plan will work, but they are at least trying it. It will be difficult for the first year, and they will doubtless have to make modifications from experience.

I was interested in learning from the member from Hamilton that a small group of agricultural workers are being considered for inclusion under unemployment insurance. This would strengthen the argument of those who think you should start with the small group of wage earners in the fishing industry.

There is one other thing I should like to point out to you. The matter of unemployment insurance is not a matter for the Department of Fisheries, but because of our concern in social security for fishermen, we have urged the Department of Labour to have this study made. If it is found by this committee and the commission that it is not possible to include fishermen under the present Industrial Unemployment Insurance Act, we intend to push forward in other directions because we think the fishermen are entitled to the same type of protection we have given to the industrial workers and which has been given in very large measure to the farmers of this country. I have with me the head of our prices support board which is one phase of our activities in this field. He is also the head of our indemnity fund. We brought in fishermen's insurance for boats and gear; this year we are bringing in fishermen's loans. Within the department we are trying to do our part and if it is found that the Unemployment Commission is not the proper vehicle to bring the necessary social security to the fishermen, then we will see if we cannot have some other type of legislation in another department.

I think it might be interesting if Mr. I. S. McArthur, chairman of the Fish Prices Support Board were to say a few words on other proposals which might be put forward if it is found impossible at the present time to include fishermen under unemployment insurance.

Mr. I. S. McARTHUR (*Chairman, Fish Prices Support Board*): As the minister has pointed out my concern is with price support and other measures of assistance to fishermen other than unemployment insurance which will enter this discussion if it is decided that unemployment insurance is not possible. I think it is in section 25 of the commission's report that they suggest that the Prices Support Act might be extended in the same way to include a form of catch insurance. They suggest that is comparable to what is done in agriculture.

Actually the agricultural crop insurance is under the Prairie Farmers Assistance Act and not the Agricultural Prices Support Act and does not apply to all types of agricultural production, but just to grain in the prairie provinces. However, we have given a good deal of consideration to the possibilities of catch insurance. We have studied the variability of catches of special species of fish and also the variability of fishermen's incomes in this area. The variability depends upon the size of the area which you consider. If you consider, for example, the income of all the fishermen of Nova Scotia you find there is really very little variation from one year to the next.

It is only when you get down to studying the variations in the small area, like we have in the maritime provinces where we have 76 statistical areas. In those small areas you do get very great fluctuations from one year to the next. For example, in the sardine fishery or in almost any of the fisheries it fluctuates very greatly from one year to the next in small areas. We have thought it might be possible to extend a sort of normal level of income for a particular area and then work at that each year and in any one year when the level of income was way below normal, you might consider some kind of deficiency payment or other type of assistance. The difficulty with that, however, is even in the smaller areas you have a greater range of types of fishermen. Your off-shore fishermen may have a good year while your inshore fishermen may have a bad year, or the other way around; your lobster fishermen may have a good year and the cod fishermen may not.

Sometimes in a single fishery in Newfoundland you may have a very good catch on one side of the bay and a very poor catch on the other.

I have just pointed out all these problems not to say that catch insurance is impossible; I think it is possible, but it is not easy. In the price support board over the last seven or eight years we have had a great many requests for support which when we examined them we have found that we have had to turn them down because although the income had fallen down the decline was due to a decline in catch and not in price. The board had to report that we could not under our legislation offer a solution to that problem. The main point I wish to make on catch insurance is that you cannot generalize on it and say there is a simple formula. The fisheries vary so greatly between Newfoundland and the maritimes, and inland waters and British Columbia. I would like to also say that on these requests for support it is generally the low income areas which are in difficulty and which make the requests and you get just as great fluctuations in the minister's province of British Columbia where the fishermen's incomes may fluctuate from \$8,000 to \$4,000. Is that the same problem as in Newfoundland where they fluctuate from \$800 down to \$400?

I do not know, Mr. Chairman, whether you wish me to comment on other possible means of assistance to the fisheries?

The CHAIRMAN: Have you any suggestions or observations you would like to make?

Mr. McARTHUR: Well, we have given some consideration such as to agriculture for quality improvement, quality bonuses on the better qualities of fish particularly where the fishermen cure their own fish. We have given some thought to such ideas as the hog and cheese premiums which would enable the production of better types of fish and that sort of thing. In agriculture they have assistance to farmers with lime and fertilizer. We have thought of comparable measures of assistance for fishermen. For instance, with their salt and that sort of thing, particularly for these low income areas in Newfoundland.

Then, as the minister has pointed out, we do have programs for the improvement of vessels, boats and equipment. That is one of the dangers I would like to mention, that if assistance is given in these areas where the fishery is backward and low incomes do prevail there is a danger that that will counteract or offset or work against the efforts to try to shift the fishermen into better means of fishing and better equipment and that sort of thing.

Mr. CROLL: Mr. Chairman, everybody will start to ask what I have to do with fishing. In my city they go fishing for suckers all the year around on Bay Street. I first wanted to say how refreshing it was to have the Minister of Fisheries treat us as adults today in presenting the facts in a realistic fashion. He told us what he thought and did not attempt to dress it up. Those were his views.

Now, the brief suggests that it is quite possible for us to cover 6,000 and that is about 6 per cent of the fishing force.

Hon. Mr. SINCLAIR: It is more than that; it is 10 per cent.

Mr. CROLL: But on the other hand, it also points out that it would seem to be unfair to a large number that we are not likely to cover at the beginning. I put it to this committee how unfair it is to have a vast number, 80 or more per cent of the wage earners in this country, and not to cover these wage earners which have a very good claim. What difference does it make if we have a small beginning with say 6,000 or 10,000 or whatever it may. I think we are being squeamish about this "actuarially sound". I never heard until I came in today about every industry standing on its feet. That may be the concept of the bill, but not in the concept of social measures. This is also a social measure. I am not prepared to yard the bill but I am prepared to nibble at it. Certainly there is room for a beginning. There will be many difficulties from time to time and when we meet again perhaps as we go along we will find we have

been able to cover the fishermen. I think this is a social measure and it is absolutely indefensible for us as members of parliament to say that some wage earners can be covered by the Act but other wage earners cannot. On that ground alone I think we must give ground. I am suggesting that this committee make a start by the covering of fishermen so that as many as possible can get under the umbrella, and the size of the umbrella will be increased more and more until all have been covered in due course.

Mr. RICHARDSON: Mr. Chairman, I have been handed a copy of a letter written to you as chairman of this committee by one of the members of the House who comes from Newfoundland and who is present in the room although he is not a member of our committee. I have some idea why he should ask an inlander like myself, coming from a constituency like Montreal—and my good friend Mr. Croll practically took the words out of my mouth, because I am certain that many members would regard the constituency of St. Lawrence-St. George as having plenty of suckers—to present this on his behalf. The letter is written by Mr. Carter to you. It would only be with your consent that the letter and the enclosure would be read either by myself or by Mr. Carter. I have read this letter over very quickly, but in my humble opinion it has a great deal of merit. Do you wish to have it read?

The CHAIRMAN: I think that Mr. Fraser covered it very well this afternoon.

Mr. FRASER (*St. John's East*): Mr. Chairman, I read the comments which accompanied the letter, but I did not read the letter itself.

Mr. CROLL: Are not members of the House heard on request, Mr. Chairman?

The CHAIRMAN: That is right.

Mr. CARTER: Mr. Chairman, I am sorry that I was not able to be here at the opening of the sitting, and I discussed the problem with my colleague from St. John's East, but since I have been here, I have listened to the arguments and I think two main points have been developed. One important point is this: are we interested most in a social measure, or in something that is mathematically and actuarially a sound business proposition? I think that is the question we have to resolve as a matter of policy as a recommendation of this committee. The second point is this: "Is a plan possible?" I listened carefully to the alternative put forward by Mr. McArthur in which he suggested a plan something similar to the crop assistance—a plan of catch insurance. I do not think that would be a very satisfactory plan at all because any assistance that would be forthcoming from such a plan would reach the fishermen too late to be of much use to him. By the time the machinery got around to determining what the catch was, how to compare it with the previous catch, and what the level of the assistance would be, the fishermen would have to wait several months and perhaps a year. I worked out a plan for this from a different standpoint. I am speaking about my own fishermen now, and I decided what they needed most was some plan which would enable them to retain their eligibility for insurance while engaged in the fishing industry. The fishing industry is a part-time industry for most of my people. During the rest of the year they work at other occupations. When they are employed in insurable occupations they can accumulate months which will in time bring them benefits, but during the time they are engaged in fishing, this privilege is denied them. I think it is simple to work out a plan which will enable the fishermen to get credit for the days they spend fishing, and then add them on to credits they have already earned in other employment. If we can do that, I think it will go a long way to meeting the needs of the fishermen, and I believe that can be done within the framework of the present Act.

I worked out some ideas on that subject and sent them to the Minister of Fisheries, the Minister of Labour and several others about a year ago.

I think my friend, Mr. Cannon received a copy of my ideas as did several others. We discussed that plan. It was not intended to be a final plan but was simply intended to be a point of departure or a basis of discussion. With the consent of the committee that scheme might be included in the records of today's sittings so that other members of the committee would be able to study it.

The CHAIRMAN: Is it the wish of the committee that this suggestion of Mr. Carter's be included in the record of today's hearing?

Some Hon. MEMBERS: Agreed.

Hon. Mr. GREGG: If the discussion has concluded for this afternoon, I would just like to say first of all that I think it was a good idea on your part to dedicate this meeting today to the fishing industry. I would like to refer to the brief which was presented by Mr. Barclay. It is divided into two parts. The first part gave a quick outline of the study so-called—and Mrs. Fairclough always looks askance when I mention the word “study”—

Mrs. FAIRCLOUGH: I did not say a word.

Hon. Mr. GREGG: —which was carried out in 1951. The result of that was passed on to the unemployment insurance advisory committee. It has not yet been indicated what the unemployment insurance advisory committee—the watch dogs of the fund—think about it, because they made no comment to the minister whatsoever. However, as Mr. Sinclair pointed out, there are many gentlemen here and one lady who have from time to time brought this forward. Incidentally, like Mr. Robichaud, I am interested in it and although I am slightly an inlander, I come from New Brunswick where the fishing industry is of great importance. I think it should be said that when we started in with this study over a year ago, we had an inter-departmental committee. The chairman was an official of the Privy Council and Mr. Barclay and Mr. McArthur, who are here this afternoon, were present. We perhaps gave it too broad terms of reference in view of the fact that it was being done under the banner of the Unemployment Insurance Commission. In other words, in a general way, the terms of reference of that inter-departmental committee were to try to find a solution to stabilize the income of small fishermen—I think that would be a fair definition of it—regardless of whether they were wage earners or non wage earners and because of that fact others accept the Unemployment Insurance Commission and the Department of Labour on it. Now, they have worked diligently—I can say that—over the year in the course of their work, and have come to certain points of view. I do not agree that at any stage they have taken anything approaching a negative attitude towards this. The result has been indicated this afternoon in this brief. Now, I add very quickly at this point that the inter-departmental committee is by no means fired or disbanded. This is by way of an interim report. I think it is only fair to them to say that the reason why they have not worked around with definite recommendations for bringing the bits and pieces out of it, the six thousand or whatever it may be, is because they would like to have it as part of an over-all plan so that there would not be a few who would get special benefits and the rest left out for something else to happen.

I think the discussion this afternoon has been of extraordinary value to the commission and certainly to the minister. Out of that discussion I am sure we can perhaps rearrange our immediate objectives to the point where we might encourage the Department of Fisheries. We would be glad to cooperate with them to work towards an over-all plan for stabilization, and in doing that the Commission would be only too happy to fit in, in any way, with a plan which could bring in wage earners under the scheme. Mr. Chairman, this standing committee this afternoon has studied and had a

fairly good discussion of this matter. In view of the fact that groups can be brought in by regulation through governor in council approval, I would hope that perhaps this sub-clause regarding fishermen, and the sub-clause having to do with agriculture might be allowed to stand this afternoon.

Hon. Mr. SINCLAIR: I thank the members of the committee for the invitation to myself and the members from fishing areas to be here. Perhaps it will save some discussion later in the House. One thing has occurred to me because of the discussion. If the suggestion made by some member for starting off with the six or seven thousand fishermen who are wage earners was implemented, then this would probably change the pattern of the economy of the fishing industry, and it could change very rapidly. A great many of these fishermen who now work on shares would want to work on a combination of guaranteed wage and a smaller share, to qualify as wage earners. Our whalers and many British crews do this. So I think that in your deliberations you should also consider that the pattern of employment could change very quickly and sharemen demand to become wage earners. This would still leave out in the cold the fishermen who are individual owners and who fish by themselves.

The CHAIRMAN: I must thank you, Mr. Sinclair, and your officials, for being here.

Does the committee agree to pass paragraphs (a) and (b) in clause 27?

Mrs. FAIRCLOUGH: Did you say to pass them or let them stand?

The CHAIRMAN: No, to carry them.

Hon. Mr. GREGG: The Committee allowed them to stand in order to permit this discussion on fisheries.

The CHAIRMAN: Do paragraphs (a) and (b) of clause 27 carry?

Carried.

We shall meet tonight in room 118. Notices went out for 8.00 o'clock, but I think after sitting here until nearly 6 o'clock we should meet at 8.30 tonight, and also tomorrow afternoon at 3.30 in room 368 on the Senate side.

## EVENING SESSION

THURSDAY, May 31, 1955.

8.30 o'clock.

The CHAIRMAN: Order please.

Mr. CROLL: Mr. Chairman, if I may: perhaps I missed it, but I am particularly interested in clause 27 (b). I thought that we stood clause 27 (b) but I find that we passed it. My opportunity may come later when we need to pass the bill, but whether it is passed or not, I do not think it should make any difference if a member of the committee has anything to say on it. I suggest now that clause 27 (b) be amended to read: "excepted employment is employment in fishing except those employed for wages".

I am asking that the clause stand so that the minister may have an opportunity to canvass it with the Department of Fisheries and his colleagues for consideration at a later time. He may decide that it is acceptable or not acceptable, but I ask that it stand. I offer my amendment for his consideration from now until the time we have to deal with the bill again.

The CHAIRMAN: We could take it as a notice of motion. Both A and B were carried but if it is the unanimous consent of the committee, we could revert and reopen clause 27, paragraph (b). I am in the hands of the committee.

Mr. JOHNSTON (*Bow River*): This is just for the consideration of the minister, and if the minister decides that the amendment which Mr. Croll is offering should not be put in, then probably Mr. Croll would not insist upon it being put in. But he is simply offering it for the minister to decide what he wants to do with it, and then we will vote on that clause. Isn't that it?

Mr. CROLL: That was my thought. I wanted the minister to canvass it with his colleagues in the cabinet, and to canvass it with the Department of Fisheries with the view in mind that this carried, if not the unanimous approval of the committee, at least the majority of the committee. That is what I thought was in the mind of the committee.

Mr. JOHNSTON (*Bow River*): The minister can take it under consideration and if he decides it should be amended, the clause can be re-opened for him without having this one stand.

Mr. CROLL: No. At a later time I would have to revert again, when the bill is finally passed. But I do it now so that we can discuss it later on. I see no objection to it.

Mrs. FAIRCLOUGH: I do not see any objection to Mr. Croll's suggestion except this: I must say that I am sure the members of the committee will agree that there was a little confusion in the closing minutes of this afternoon's session. It was my idea that the minister asked for A and B to stand, and then the chairman asked if they were accepted, and upon my inquiring whether the minister had asked them to stand, the minister had agreed that it would be all right to pass them.

I agree with Mr. Croll that there was a little confusion as to whether or not the clauses were or were not passed. I would agree to have paragraph B stand only if paragraph A stands also.

Mr. HAHN: When the minister brought before us his recommendation with respect to horticulture, he only asked us to agree with him so he could take it to the governor-in-council and get their decision on it. That was in clause 27-A. My understanding of clause 27-B was likewise, that he did not have a recommendation to make, but in view of what took place this afternoon he would discuss it with the fisheries department and the same procedure might be followed; and if it was to go through, it would be done by the cabinet through an order-in-council.

Hon. Mr. GREGG: I had said those few words before we closed this afternoon. Since we had had a discussion I hoped perhaps the committee would be willing to pass these two; and thereupon, after the chairman put it, I understood that it was passed. I wonder, Mr. Croll, whether or not in view of the fact that the committee has stated that before they finished their work they propose to make certain recommendations based upon a study of this bill, the recommendation which you have in mind could not be made then, because frankly, I want now to have a further look at this before I go to my colleagues, or before I go to anyone else, as to how many fishermen wage-earners we might recommend to bring in. I do not know what the legal effect would be by amending the wording as suggested here.

Mr. BISSON: It could be done by regulation.

Hon. Mr. GREGG: Yes, it could be done by regulation.

Mr. CROLL: If the minister will say that it can be done by regulation, then I am not worried, but the minister has not said it.

Hon. Mr. GREGG: I will say this: just as I said with regard to the horticulture scheme, that with regard to fishermen working for wages, I have to move forward in conjunction with my advisers to see if we cannot bring them in by regulation. I cannot make any guarantee on behalf of the government at this time.

Mr. CROLL: I have absolute faith in what you say, but what I am trying to do here is this: I was very much impressed by the case made up this afternoon and I am trying to strengthen your hand by putting you in the position where you can go to your colleagues and say to them "this is the view of the committee."

I have got a tiger by the tail. What can I do about it? It may be that you will get turned down. We will understand, as we have in the past; but in serving notice on you and letting it stand, I thought I would be strengthening your hand.

The CHAIRMAN: Could it not go in as a recommendation in the report?

Mr. CROLL: No.

The CHAIRMAN: The order of reference is that the standing committee on industrial relations be empowered to examine, and inquire into such matters and things that may be referred to them by the House and to report from time to time their observations and opinions thereon. We have not the power to amend it.

Mr. CROLL: Certainly we have the power to amend it. We can offer amendments and pass them here. Whether the government accepts them or not is another matter. But I am not trying to do that. I am suggesting that it stand. I have in mind an amendment and I ask the minister to canvass the situation and report back to us at a later time. Certainly we can amend it.

The CHAIRMAN: This amendment involves the spending of money and that should come from the House.

Mrs. FAIRCLOUGH: Why does it involve the spending of money?

Mr. CROLL: We are collecting money.

Mrs. FAIRCLOUGH: It is a fund which is accumulated by contributions from employers and employees.

The CHAIRMAN: And from the government.

Mrs. FAIRCLOUGH: Even so. Let them hold out for their fifth. I objected the other day to a ruling given by the chairman on the ground that it would cost money. His ruling on the amendment which I moved was that it would cost money. This fund is accumulated and to it the government contributes. I do not think it is the same thing at all as asking the government to spend money out of the tax revenues.

Mr. GILLIS: Do not forget that there are administration costs.

Mrs. FAIRCLOUGH: That is the one-fifth.

Mr. GILLIS: No. They make a contribution of one-fifth, but they pay all the administration costs.

Mrs. FAIRCLOUGH: This one does not. This comes out of the fund

Mr. GILLIS: If you take in 6 thousand more people, then you will have to pay more to administer it.

Hon. Mr. GREGG: Regardless of that point entirely, if it is the desire of the committee to make recommendations to the government, such as Mr. Croll suggests, that is entirely within its rights. On the other hand I am unable at this moment to make a promise tonight that I can be in a position to say that the government is going to take in any or all the wage earners, all the fishermen wage earners, before, this committee finishes its work. I think that is the point I should make clear. So I cannot take your reference there and come back to you tomorrow or next week and say I can assure you that this can be carried out. I can assure you, though, now or next week that with the cooperation of the commission we will attempt to find out how many of those wage earners we can bring in, and bring them in as soon as possible.

Mrs. FAIRCLOUGH: Then I take it that paragraph (b) is in the same class as paragraph (a), because they were both passed together, that there has been no consent in this committee to anything, but the thing is left in the hands of the minister. We have simply passed paragraphs (a) and (b) as they stand here now; that the briefs which have been presented on agriculture and on fishing are in exactly the same position: they have been presented to this committee, they have been heard by the committee, there has been some comment thereon and they are left in the hands of the minister.

Hon. Mr. GREGG: With whatever recommendations this committee wishes to put when it submits its final report to parliament.

Mr. BARNETT: Mr. Chairman, like some of the other members of the committee who have spoken I feel that there was some misunderstanding just before we adjourned at 6 o'clock, because I know that I asked my colleague as to whether this thing was passed or standing. I was on the point of rising, and he said he understood that it was standing, so I did not say anything more. Now my feeling at the time was that the position I thought we were in was that we had agreed on nothing at this special session, as it were, this afternoon on the fisheries with other than the members of the committee present and participating; that we were in effect standing this section for the time being, and going on tonight where we had left off in the afternoon session.

The CHAIRMAN: That is not so.

Mr. BARNETT: That is as it may be, but I do feel that in this afternoon's session there was a lot of very complicated matters discussed, and a lot of information upon this complicated matter was placed before the committee, and I feel it would be an advantage to all members of the committee if we did have an opportunity of giving some thought and reflection to the various proposals that were advanced this afternoon, and if we were to follow through with some of the suggestions that have been made before we finish these hearings. If the committee wishes to bring in a recommendation in respect of the subject of unemployment insurance coverage for fishermen, if we feel free to do that, then our position is all right.

The CHAIRMAN: May I say that I sat beside the minister when he was making those brief remarks just before we adjourned and I remember him saying that he hoped, after this full discussion, that the committee would allow these two paragraphs to pass.

Mr. BYRNE: I was under the impression that that clause had passed.

Mrs. FAIRCLOUGH: The two paragraphs (a) and (b)?

Hon. Mr. GREGG: If there is any misunderstanding then I suggest that paragraph (b) stands and I will give consideration to what Mr. Croll has said, and it can be brought up at a later meeting.

Mr. CANNON: Before it stands I wanted to support what Mr. Croll has said. I was not here when he moved his motion, but he told me what it was, and in view of the fact that this afternoon all those who spoke on the committee, irrespective of party were unanimously of the opinion that at least the fishermen who were on wages should be included in the Unemployment Insurance Act, I think that Mr. Croll's motion should be supported.

Mr. BARNETT: I would like to make it clear now, I did not mention this subject and as far as I am concerned at the moment I am not satisfied that it would be the part of wisdom to bring in that particular group which some member suggested this afternoon without including some other elements.

Hon. Mr. GREGG: There are a number of factors related to it, but we will give it further thought.

The CHAIRMAN: Those two paragraphs, (a) and (b), stand. Now clause 32.

Mrs. FAIRCLOUGH: Do you realize that clause 27 (g) has not passed yet?

The CHAIRMAN: 27 (g)? That is marked passed here.

Mrs. FAIRCLOUGH: I cannot help that. It did not pass.

The CHAIRMAN: That is the one to do with the police.

Mrs. FAIRCLOUGH: That was the one that had to do with the police, and there was the reference to firemen, and you remember we had a discussion as to whether or not we should hear the firemen and we decided not, and you stood that clause over at that time in addition to (a) and (b). 27 (g) has not passed.

The CHAIRMAN: Well, somebody has to make a ruling on this thing. Does paragraph (g) of clause 27 carry now?

Mrs. FAIRCLOUGH: Not yet.

Mr. DESCHATELETS: Was it the understanding that this clause was to be considered with the others?

The CHAIRMAN: What is to be brought forward on 27 (g)?

Mrs. FAIRCLOUGH: The firemen, because the firemen are in the same category as the police.

The CHAIRMAN: But did we not agree that the brief was to be sent to each one of the members on the firemen?

Mrs. FAIRCLOUGH: Yes, but you agreed there would be a discussion on it which has not taken place yet.

The CHAIRMAN: I do not know when we will get through with these. Then let us take the discussion on it now.

Mrs. FAIRCLOUGH: All right. Then I will start off by saying as I said the other day when we had just touched on this thing that I can see no reason at all why policemen should be excluded from coverage and firemen should be included. They are both in approximately the same category of employment. A firefighter in a municipality becomes permanent within three to six months. Now at the present time he is included as a city employee and is covered for three years, but with the police they are excluded entirely. If you are going to include firemen for compulsory cover for three years then the police should be included. There is no earthly reason why the one group should be included and the other excluded. As a matter of fact if you will refer to your own city of Ottawa right here you will find that the turnover in police is far greater in the first few years of service than in the case of firemen. I feel that you cannot treat the two classes of employees differently and treat the two classes of employees within your municipality on a different basis.

The CHAIRMAN: Mr. Johnston, would you address the chair?

Mr. JOHNSTON (*Bow River*): I was saying, Mr. Chairman, that I cannot see for the life of me why you would include firemen in this, when in the job of a fireman you never or very, very seldom have a case of unemployment insurance where they would qualify for unemployment insurance. The same thing is true with the police. While there may be a great turnover yet that turnover would be let out entirely and there would be no claim for unemployment insurance. Now I cannot see any earthly reason why any group of people such as firemen or policemen, who never have a possible chance of gaining anything out of this, should be included. That just seems so ridiculous to me, that it looks like to me we are out for a money-grabbing scheme and we are trying to put everything into this thing to make it actuarially sound. Mr. Croll said a little while ago if we have to take a little bite out of this insurance fund then let us take a bite out of it once in a while,

but do not let us put everything on an actuarial basis and put people into this thing that have never any chance of getting any benefit out of it. I think that is entirely wrong in principle and I do not think it should be done in this case.

Mr. DESCHATELETS: I have just a word to say in addition to the two previous speakers. In the brief we have received a speech by itself, and I would like to add that the firefighters have been covered since 1954 only. Previous to 1954 it is my understanding that they were excepted, so I wonder what were the reasons for bringing them under the plan.

Mr. BISSON: I think I can answer that. The firefighters were only excepted when they commenced contributing to a superannuation fund. Now I understand that in their case it was done after six months of service. When we changed our regulations regarding the permanency requirement—when the Superannuation Act of the Civil Service was changed—we made it a rule that we would accept a certificate of permanency after three years of contribution to the superannuation fund.

Mrs. FAIRCLOUGH: What year was that?

Mr. BISSON: That was last year—in 1954.

Mr. SIMMONS: Did they ask to be included in the fund?

Mr. BISSON: No. The differentiation between the police force and the fire fighters is a difficult one to make. In 1940 the police force were excepted and we carried that into the present bill, and as the fire fighters were always insurable under the Act and excepted only by order of the commission we thought we would maintain the status quo; and there is unemployment among the fire fighting force—

An Hon. MEMBER: To what extent?

Mr. BISSON: Not to a very large extent.

Mrs. FAIRCLOUGH: As a matter of fact severance of employment is only in special cases. It is considered to be a permanent job, and fire fighters are either dismissed for cause or else they leave to seek better employment. In either case they cannot draw unemployment insurance. That is true of both the police force and the fire service. I cannot think of any conditions in which a fire fighter would leave his employment unless it was for cause or to seek a better job.

Mr. JOHNSTON (*Bow River*): Did either the fire fighters or the police asked to be included?

Mr. BISSON: We would like to have them included, and make this Act available to as many people as possible.

Mr. JOHNSTON (*Bow River*): Is that the main purpose behind it?

Mr. BISSON: After all it is an insurance scheme and the more people who come into it on a sound basis the lower the contribution level will need to be.

Mr. JOHNSTON (*Bow River*): Are you saying that you would like to see the police in also?

Mr. BISSON: I would like to see this Act extended to cover as many people as possible.

Mrs. FAIRCLOUGH: I feel there is no differentiation which can be made between the police and fire fighters.

Mr. CROLL: Is not the purpose of this Act to get as wide a coverage as possible? My complaint has always been that we only cover 80 per cent of the population of this country. I have always hoped we would cover the other 20 per cent over a period of time. Is not our general purpose

and aim to get as wide and complete a coverage as possible? Would it not be a mistake to drop anyone who is now being covered by the Act? Should we not rather take steps to bring more people in—even increasing the \$4,800—and bring in some of the small business people.

Mrs. FAIRCLOUGH: We were asking about small business men the other day, and I asked at that time if the commission had given any consideration to including such people; I think there is some point to it but I say that regardless of whether you take them in or put them out there is no differentiation as far as I can see between the police and firemen.

Mr. CANNON: I agree entirely with Mr. Croll. I am not only in favour of fishermen being covered and I think the more classes of employees which are covered the better it will be. It is a National Insurance Act, after all, and the better risks have to support the less good risks; there is no reason for saying that the firemen should not be covered merely because they are not very often out of a job. Rather than take out the firemen we should put the policemen in.

Mrs. FAIRCLOUGH: Are there any figures to indicate how many policemen and firemen there are in Canada and how many would be over this \$4,800 class?

Mr. MURCHISON: It is not so much a matter of being over the \$4,800 limit. Under the present regulations firemen are exempted from further contributions once they have been in the job three years.

Mrs. FAIRCLOUGH: Why should he pay for those first three years?

Mr. MURCHISON: Because there was still evidence that whatever turnover takes place in the fire fighting force takes place in the first three years.

Mrs. FAIRCLOUGH: That is true of the police too in a greater degree. It may not be true of a provincial and federal police but it is true of municipal police.

Mr. MURCHISON: Of course the federal police—the mounted police—are more or less enlisted men and we look upon them much as we look upon any enlisted people in the armed forces. The provincial police are another matter.

Mrs. FAIRCLOUGH: My main point still is this: I do not see any difference between policemen and firemen. Whatever happens to one should happen to the other.

Mr. JOHNSTON (*Bow River*): Have you any idea how many would be eligible for unemployment insurance?

Mr. MURCHISON: We have not got that information. The turnover in the fire fighting force is not very great, but it generally happens in the first three years.

Mr. JOHNSTON (*Bow River*): You have no idea how many would be eligible?

Mr. MURCHISON: That would depend on their contributions.

Mr. JOHNSTON (*Bow River*): You have no idea how many could qualify?

Mr. MURCHISON: Absolutely none.

Mrs. FAIRCLOUGH: My information is that most of the firemen who leave will leave within six months or less. If they don't leave within that period they remain in the service. In six months they cannot possibly accumulate sufficient contributions to benefit.

Mr. BISSON: It is their first job—

Mrs. FAIRCLOUGH: Granted. But the point is that we take contributions from them for three years and we take no contributions from the police.

Mr. GILLIS: There is a difference between police and firemen. Policemen are a municipal proposition but a large percentage of fire fighters today are employed by the National Defence department and there is perhaps a 50 per cent turnover during a year.

Mrs. FAIRCLOUGH: Do the fire fighters who are in National Defence come under the Civil Service organization as fire fighters?

Mr. BISSON: I image it would be civil service.

Mr. GILLIS: There is a difference between the policeman hired strictly by the municipality and the firefighters as represented by this Federation of Firefighters in the brief. There is a large percentage of the firefighters who are employed by the Department of National Defence at naval dockyards, naval bases and such places—and quite a larger percentage of them. I imagine these were the ones that were included when the Act was set up.

On the other hand, if a firefighting organization is employed by a city in Canada then they must elect to come under the Act through their municipalities.

Mrs. FAIRCLOUGH: It is compulsory for three years.

Mr. GILLIS: There are two different propositions there; there are two different classifications of firefighters. There is a pretty broad distinction there. I know you may find a lot of firefighters in the Department of Defence from time to time unemployed because when it looks like there might be a little war they build up these organizations and then when it eases up and it looks like there might be peace for a while there is a lay-off. For myself, I would have to have broader representations than this. This represents Ontario only. I am pretty sure I could go down to the naval people in Sydney and sell the firefighters there with the idea they should be in the Act.

Mrs. FAIRCLOUGH: This is the International Association of Firefighters and it is signed by the vice-president of the fifth district and the vice-president of the federation.

Mr. GILLIS: Of Ontario.

Mrs. FAIRCLOUGH: That does not mean it is only on behalf of the Ontario firefighters. It says, representing the firefighters of Canada.

Mr. GILLIS: This brief is from the firefighters of Ontario.

Mrs. FAIRCLOUGH: It is not.

Mr. BELL: I think the international name must indicate that it is an international organization.

Mr. GILLIS: Mr. Chairman, I would like to ask if any members of this committee who represent ridings across this country have received any representations from firefighters in their area asking to be taken out of this Act. I as one member of this committee do not know anything about it. These people are asking to be taken out of the Act and as far as I am concerned as a member of the committee who has quite a large body of firefighters at a naval base I am not prepared to accept this document as being sufficient reason for me to say I will vote to take the firefighters out of the Act.

Mr. DESCHATELETS: These people were here a few weeks ago and wished to be heard. If it is the wish of the committee they might come here tomorrow morning. In fact, the one who signed the brief is in Ottawa.

Mr. GILLIS: We have already decided on that matter.

Mrs. FAIRCLOUGH: You mean that you will not hear them and yet you do not believe what they write to us. We took the brief of the C.C.L.

The CHAIRMAN: Does paragraph (g) of clause 27 carry?

Mr. BARNETT: It seems to me that there has been an objection raised on the basis of the parallel situation between the police force and the firefighters at a municipal level. Now I have been looking at this particular subsection and I am really wondering why it is in there at all because as the chairman of the commission pointed out the members of the R.C.M.P. are regarded by the commission as really in the same category as enlisted armed forces. In

respect to the police forces of a province, it seems to me that the situation in respect to them is covered very nicely by section 26 subsection (2) (a) which would put the provincial police forces in the category of employees of a province. The matter of police forces of a municipality is in effect covered under 26 (a) which gives it permission to make regulations concerning employment under any municipal or public board. I am just wondering whether this situation in respect to the firefighter and police forces is not covered without having them specifically listed under section 27 at all.

If that section were removed in respect to both firefighters and police forces it would leave the commission free to deal with the situation under other sections of the Act in a manner that was best suited to the particular situation at hand, if, for example, subsection (f) were added to read:

Employment as a member of the Canadian forces or police forces of Canada

and section (g) deleted.

Hon. Mr. GREGG: Will you let it stand and we will review it for another day.

The CHAIRMAN: Paragraph (g) stands.

Shall clause 32 carry?

Carried.

Shall clause 33 carry?

Carried.

Shall clause 34 carry?

Carried.

Mrs. FAIRCLOUGH: I just wish to comment again on the fact that we have the finality of this thing with no appeal to or review by any court.

The CHAIRMAN: Shall clause 35 carry?

Carried.

Shall clause 36 carry?

Carried.

Mrs. FAIRCLOUGH: Just a minute, Mr. Chairman. This is another one. This is also a matter of making regulations, but I believe that was explained earlier that these are administrative matters without reference to the Governor-in-Council.

Mr. BISSON: All the regulations in here made without reference to the Governor-in-Council are purely of an administrative nature.

The CHAIRMAN: Shall clause 37 subclause 1 carry?

Mrs. FAIRCLOUGH: This section is very definitely, I think, for the consequences and penalties of non-payment, but there are no restrictions against making contributions in excess of the prescribed amount unless you consider that 97 (3) covers this matter. Would Mr. Bisson explain this matter to us? I suggest that both 37 (a) and 37 (b) should read:

Contribution"—and then in parentheses "more or less of the remuneration not actually paid

or something of that nature.

Mr. BISSON: I would ask Mr. Barclay to answer that question.

Mr. BARCLAY: I am sorry, Mrs. Fairclough, but I am not clear as to the exact point.

Mrs. FAIRCLOUGH: You see, the Act states the consequences of non-payment—

Mr. BARCLAY: Clause 37?

Mrs. FAIRCLOUGH: No, the Act in general. This is the only clause under which I can bring this up, I think. It says, "Every employer shall", and so on, and sets out the terms of payment and states that the payments shall be no less than those set out in the schedules, but there is nothing to say that the payments shall not be in excess of those payments, and if there is a tendency to fraud that is where it would come in. In the listing of payments for affixing stamps for payments in excess of the amount which should be so paid because of the wage class in which the employees falls. It is just possible that Clause 97 (3) covers this. I am not a lawyer and I am not certain whether that is a fact, but I would be very glad to have the opinion of the commissioners in that regard. Clause 97 (3) reads: "...the making of any false or fraudulent entries in records or books..." It is possible that would cover the point I raised under clause 37 that an employer, conniving with an employee, might place in his books stamps to a greater value than those to which he is entitled, and thereby they might benefit and be guilty of fraud under the provisions of the Act. I expressed the thought that perhaps we should put in there, "Neither more nor less" or else to add a subclause (c) which could say that such contributions shall be neither more nor less than those set out in the schedules.

Mr. BARCLAY: I think the intent of clause 37 is to set the rate of contribution. That is all it is supposed to do in this particular section of the Act. You have pointed out one clause where if there is fraud and someone pays more or less than he is required to pay, by this clause we have ample range of action to recover it if it is less or to prosecute if there is fraud.

Mrs. FAIRCLOUGH: Well, that is the question I am asking. It is rather difficult to jump ahead to clause 97 (3) in this fashion, but nevertheless it is the only place I can bring this in. If you consider that the provisions of 97 (3) cover the situation and that payments in excess of those which are actually due shall constitute fraud, then I would be quite content with this.

Mr. BARCLAY: I would say clause 97(a) is one clause in which we can do it. I am not sufficiently familiar with the new Act to be able to put my finger on the other clauses relating to fraud, but we have ample authority under the legal proceedings of the Act to prosecute for any fraud which is perpetrated against the fund.

Mr. CANNON: Mrs. Fairclough suggested she does not want it to be more or less, but section (b) says: "Equal to" and if it is equal to, it is neither more nor less.

Mrs. FAIRCLOUGH: It does not say it shall be an offence against the Act to pay more, but it does say it shall be an offence to pay less.

The CHAIRMAN: Shall clause 37 carry?

Mr. BARNETT: This is the clause of the bill which in effect, as I understand it, makes the change in the policy from the daily basis of payment of contributions to the weekly basis of contributions. There has been some suggestion made that under this new arrangement it will be possible for an individual to qualify for benefits in a shorter time than he would have done under the existing Act. However, set against that—and I think, if I remember correctly, the Canadian Congress of Labour drew the attention of the committee to this fact in its brief—is that in some circumstances under this new arrangement of payments an individual when he comes to collect his benefits will collect them at a lower rate of benefits than he would have done under the existing Act. It seems to me that before this clause is passed the com-

mittee should give some consideration to the relative merits and demerits of the one arrangement as against the other. I was wondering if the commission has any statistical evidence as to the number of people who might possibly benefit in the sampling of previous experience and the number of people who would become eligible sooner under the proposed arrangement or on the other hand of the number of people who under the proposed arrangement would actually receive a lower rate of payment than they would have under the existing Act. I think this is one of the important considerations in the new bill and we should not skip over it.

Mr. BARCLAY: The situation, Mr. Barnett, under the revised proposals is this: we will get a stamp for a week whether a man works one, six or seven days. If a person is ordinarily earning \$60 a week, his employer and he would each pay 60 cents a week. Let us suppose that the earnings drop down—he has been on a six-day week at the rate of \$10 a day—and he comes down to two days a week and is laid off for four days in that week. He would receive a weekly stamp for his earnings of \$20 rather than two days' stamps for earnings at the rate of \$60. It is quite true that if there is too much short time it will tend to bring the benefit rates down. As against that, however, as explained in the brief which was presented at the beginning, it will be much easier for him to qualify because today he has to have 180 days contribution to qualify, and under the proposal he would have 30 weeks, so that in effect, if a person is on short time and is only working two days a week, he can qualify by working 60 days, two days a week for 30 weeks, and he has qualified for a benefit year whereas under the old section a man would have to work 180 days. It is quite true that his benefit will be at a lower rate, but what the Act has always done and what we are following in the amendment at this time, is to relate benefits to earnings. If a person over six months has only earned \$20 a week—even if he has been used to earning \$60 a week—his benefit rate should follow his earnings over the period rather than over some previous period. On the other hand if you work for \$30 a week and get laid off your benefit would be based on \$30. If you got a job at \$60 your benefits would be in a higher class. Mathematically the way it works out is that it would take several weeks—over 10 weeks—at the lower rate of earnings before it will have any appreciable effects on the benefits. There is another factor, of course. It is not very often that a plant cuts down from five days to two days. Some plants cut down to three days. The person who is earning \$80 a week on a five-day week and comes down to three-days—let us suppose he is earning \$90 which is easier to divide.

That \$90 is \$18 a day; and three times \$18 is \$54. He would still be in the same bracket. And in a lot of cases the change under short-time will not affect the benefits, because the man's earnings will still stay in the same earning bracket and he will be still paying the same contribution. The fact of the matter is that under the proposals, we are going to pay a lot more days' benefits than we do now under the present Act. I think the actuarial report brings that out quite clearly. Taking the whole thing on balance, and charging up on the one side the easier qualification period which we have under this bill as against the drops in benefit rates, which will not occur too frequently—in other words, the man has to drop very severely in his earnings, before it is affected; and that has to go on for a fairly lengthy time; so taking it in balance we are satisfied that the changes are in favour of the claimant. That is what we are trying to do. In some cases there will be a decrease in his benefits, but that is over-balanced in our way of thinking by the fact that he can qualify for benefits just so much faster.

Mr. GILLIS: Does that discussion not belong to clause 34?

The CHAIRMAN: Clause 37—(1) (a)?

Carried.

Clause 37—(1) (b)?

Carried.

There is a schedule here which I believe we should allow to stand until we come to the rates of benefits in 47 and 48. We will stand the schedule on page 14.

Agreed.

Does clause 37—(2) carry?

Carried.

Clause 38—(1)?

Carried.

Clause 38—(2)?

Carried.

Clause 38—(3)?

Carried.

Clause 38—(4)?

Carried.

(4) For the purposes of this Part, "wages" includes salary and any other pecuniary remuneration.

Mrs. FAIRCLOUGH: What about this word "pecuniary"? I wonder whether it adequately covers the remuneration and a lot these things which are enumerated?

Mr. Claude DUBUC (*Legal Adviser, Unemployment Insurance Commission*): No, it is not intended to cover that in this section. Those are related only to wages, actual wages. If a man is paid by board and lodging we cannot deduct any money from him, when he is paid nothing in cash.

Mrs. FAIRCLOUGH: If you pay him entirely that way, yes; but if he is paid partly in cash and partly in kind?

Mr. Claude DUBUC: The sum of these two constitute his earnings, but you can only deduct from the wages, the actual cash.

Mrs. FAIRCLOUGH: You deduct for the total amount?

Mr. Claude DUBUC: That is right.

Mrs. FAIRCLOUGH: So while you recover from the wages, you recover on the basis of his total earnings?

Mr. Claude DUBUC: That is right.

Mrs. FAIRCLOUGH: I wonder if that is covered by this wording which says: "any other pecuniary remuneration".

Mr. Claude DUBUC: That is related to wages only. The basis of your contribution rates would be the total earnings, the wages, the cash earnings, and board and lodging, but we can only deduct contributions from the cash which passes from the employer to the employee.

Mr. JOHNSTON (*Bow River*): Could it not be considered as part of his wages?

Mr. Claude DUBUC: Only for earnings, but not for wages.

Mr. JOHNSTON (*Bow River*): Wages in clause 4 are defined as any other pecuniary remuneration; so that would be included in that?

Mrs. FAIRCLOUGH: No. The wording of the Act, I take it, makes a differentiation between earnings and wages.

Mr. Claude DUBUC: That is right.

Mrs. FAIRCLOUGH: And the rate of benefit is based on the earnings, whatever they may be. But it is recoverable only from the cash wages.

The CHAIRMAN: Clause 38 (4)?

Carried.

Clause 39?

Carried.

Clause 40 (1)?

Carried.

Clause 40 (2)?

Carried.

Clause 40 (3)?

Carried.

Clause 41 (1)?

Carried.

Clause 41 (2)?

Carried.

Clause 42—(a)?

Carried.

Clause 42—(b)?

Carried.

Subclause (1)?

Carried.

Subclause (2)?

Carried.

Paragraph (c)?

Carried.

Mrs. FAIRCLOUGH: Here you have something along the line of my previous query.

Mr. BARCLAY: I think you will find that in (f). What you were talking about a moment ago is in (f).

Mrs. FAIRCLOUGH: This is the reverse of my question with reference to the amount which had been paid in excess of what was due, and providing for a return of the contribution, which was erroneously paid less any benefits by reason thereof. That would be much the same question I spoke of before. If an employee had paid, together with his employer, an amount in excess of that which he should have paid, then this would provide for an innocent mistake; but if it were done with intent, then the other section I referred to would cover it.

Mr. BARCLAY: That is right.

The CHAIRMAN: Paragraph (c)?

Carried.

Paragraph (d)?

Carried.

Paragraph (e)?

Carried.

Paragraph (f)?

Carried.

Mrs. FAIRCLOUGH: That is the one you mean?

Mr. BARCLAY: I was referring to what you said a moment ago.

The CHAIRMAN: Paragraph (g)?

Carried.

Paragraph (h)?

Carried.

Paragraph (i)?

Carried.

Paragraph (j)?

Carried.

Mrs. FAIRCLOUGH: Under paragraph (i), under what conditions would that be done?

Mr. BARCLAY: Bankruptcy, mostly. We have bankruptcy cases and employers that we cannot find. It amounts to a fair amount during the year, but there is no use in carrying these uncollectible accounts in the fund and saying that they are assets when they are not.

Mrs. FAIRCLOUGH: What steps are taken to effect recovery?

Mr. BARCLAY: In the first instance, most of the unpaid contributions are discovered by our auditors. We have a staff of auditors. They set up what we call an assessment against the employer for unpaid contributions. We have a collection branch which tries to collect it. If they are not successful, then we can go to law about it.

Mrs. FAIRCLOUGH: Excuse me for a minute, but in the case of unpaid contributions when you know that a man definitely worked for a certain person and that he had deducted from him his share of the contributions do you credit that man with those contributions just the same as though you had actually received the amount?

Mr. BARCLAY: We have power to do that, yes.

Mrs. FAIRCLOUGH: That brings up another point. In that case you have a very serious charge against the employer, have you not, because the amounts which he has deducted from employees, are they not then Crown funds?

Mr. BARCLAY: No. It is very definitely set out here that they are trust funds. It was not set out as definitely in the old Act. In the case of a bankruptcy we did not get any preferred treatment for those as trust funds. We will under this Act.

Mrs. FAIRCLOUGH: It is now a very serious charge under this Act, the same as tax deducted at the source, which then becomes Crown funds. There is no provision in so far as tax is concerned. The provision is that those funds shall be kept separate. There is no such provision under this Act, but nevertheless the defaulting employer is in precisely the same position as one who fails to turn over to the Crown any tax deductions. There is nothing under this new Act.

Mr. DESCHATELETS: Can you tell me in the case of bankruptcy, a claim is filed with the trustee by your department.

Mr. BARCLAY: Yes.

Mr. DESCHATELETS: Can you tell me if these things are considered as preferred claims?

Mr. BARCLAY: We have a preference, yes.

Mr. DESCHATELETS: You have a preference?

Mr. BARCLAY: We have a preference.

The CHAIRMAN: Does (i) carry?  
Carried.

Does (j) carry?

Mrs. FAIRCLOUGH: Here again, Mr. Chairman, it says "for determining the earnings and contributions paid or payable." Now if an employee has been engaged in what should be insurable employment but has not been covered then you recover from the employer the full amount?

Mr. BARCLAY: That is right.

Mrs. FAIRCLOUGH: The employee is not responsible even for his own contributions in that case, is he?

Mr. BARCLAY: Under the present Act that is quite right, but under this Act we have power to make regulations so that where it is an honest mistake of some kind the employer will under certain circumstances be able to deduct although he did not deduct from the current wages.

Mrs. FAIRCLOUGH: That makes it quite a hardship. Of course it would make it quite a hardship on both of them, but it is quite a hardship for an employee if he should happen to be making \$45 or \$50 a week, and he worked for ten weeks before the commission discovered that the employer was not making the deductions. Ten weeks is a short space of time. It probably would not run much longer than that now, but I remember in the early days of the Act they sometimes went back a couple of years.

Mr. BARCLAY: We have these, what I would call honest mistakes, being made all the time. I had a case just the other day where an employer now says he inquired of our local office as to whether a certain employee was insurable and he was told he was not. We come along later on, and we do not think it is fair to collect from that employer the full amount of those contributions.

Mrs. FAIRCLOUGH: It can be quite a hardship on an employee too if he is making a moderate amount of money, to have to pay ten or twelve weeks.

Mr. BARCLAY: Some of the assessments we put on small employers are quite a hardship too.

Mrs. FAIRCLOUGH: Yes, I know, but after all the onus is on the employer.

Mr. BARCLAY: I think that when we come to make the regulation under that clause which I speak of we shall start out in a very small way at least.

Mr. BARNETT: Mr. Chairman, would it not be true in those circumstances you would have the power under the regulations to direct an employer to deduct so much extra per week over a period of time?

Mrs. FAIRCLOUGH: Of course it is all very well to say you have the power to make these regulations but you know what will happen. Your district manager will say, "Well, the book says so and so, and I have to collect it." You may place certain employees in a very unpleasant situation.

Mr. BARCLAY: I do not think the local managers, will have much to do with that phase of it.

Mrs. FAIRCLOUGH: It would go to a court of reference?

Mr. BARCLAY: No, they do not do it now. It is our audit staff that will look after it. We have a similar provision now if by any chance we overpay

benefits. We have, for a number of years, given the managers discretion as to how much they will collect each week from the continuing benefit paid. We have not had any complaints about that, and the managers have not complained about the responsibility.

The CHAIRMAN: Does (j) carry?

Carried.

Shall (k) carry?

Carried.

Then 43 (1) (a)?

Carried.

(1) (b)?

Carried.

(1) (c)?

Carried.

(1) (d)?

Carried.

(1) (e)?

Carried.

(1) (f)?

Carried.

(1) (g)?

Carried.

(1) (h)?

Carried.

(1) (i)?

Carried.

(1) (j)?

Carried.

43 (2)?

Carried.

44—does 44 carry?

Carried.

45 (1) (a)?

Carried.

(1) (b)?

Carried.

Subparagraph (i)?

Carried.

Subparagraph (ii)?

Carried.

Paragraph (2)?

Carried.

Paragraph (3)?

Mr. BELL: Just a moment, Mr. Chairman. With regard to 45 (2), this is the one about which there has been considerable discussion in regard to the recent weeks' requirement, as they call it. I do not quite follow that and I would like to have that explained to me if it has not been discussed already. The C.C.L. I know for one went into that quite extensively. They claim there is an injustice in the two recent weeks' requirement. They say that they can build up quite a few weeks' contributions but because there is a lack of recent weeks it defeats this.

Mr. BARCLAY: They made that complaint under the old Act, but if there is something in the present brief I have missed it. I do not think they have made any objection to the recency test which we have made in the new Act, which is eight weeks against the old forty-five or sixty days. As I explained a moment ago, a week under the new Act is much less than six days under the old Act in many cases so that really the recency test has been lowered considerably.

Mr. BELL: May I read from the brief? Would that be all right?

The same sort of feature not only prevails in the bill but is made ever more onerous by the requirements of section 45 (2), dealing with benefit periods other than the first. Under this provision, any contribution week more than a year old may not be counted toward the basic 30 weeks' requirement. For an insured worker who suffers only infrequent and short periods of unemployment, this presents no serious problem. But for the worker (of whom there were many during the past winter) who loses his job and stays out of work for several months, this may be disastrous.

Then the owner is under an injustice in that case.

Mr. BARCLAY: I am sorry. I was talking about one thing and you are referring to another.

Mr. BELL: Am I right in going on this basis here?

Mr. BARCLAY: That has to do with the provision in clause 45 (1) (a):

"Within the period of 104 weeks immediately preceding the most recent Sunday before the day on which he makes the claim he had at least 30 contribution weeks."

And then 45 (2) goes on to say that contribution weeks more than a year old cannot be used a second time. The effect of that is this: without that qualification it would mean that a person could get on benefit and stay there practically without requalifying at all. As a matter of fact a little later on when we come to the duration of benefit, I have some charts which will illustrate just how much benefit a person can get under this proposal, and as far as not using them again a second time is concerned, I think that that point can be explained when we get to the section dealing with duration of benefits.

The CHAIRMAN: Is sub-clause 2 carried?

Carried.

Shall sub-clause (3) carry?

Carried.

Paragraph (a)?

Carried.

Paragraph (b)?

Carried.

Paragraph (c)?

Carried.

Paragraph (d)?

Carried.

Mr. GILLIS: With reference to paragraph (d)... "not working by reason of a stoppage of work owing to a labour dispute at the place of employment" I wonder if Mr. Barclay would explain to the committee how he would work that section?

Mr. BARCLAY: This was put in as the result of a recommendation made a year or so ago by the Canadian Catholic Federation. They had rather a long strike which lasted, if I remember rightly, for about 11 months and at the end of the strike there were a lot of former workers who had not been taken back into the plant. They came to us and said "these people now are genuinely unemployed. The stoppage of work is over and these people have no jobs and now they find they cannot qualify for benefit because to do that under the present Act they have to have so many contributions in 12 months and it was not possible to have those contributions." So we have inserted here this additional reason for extending the qualifying period—the period during which a person is not working by reason of a work stoppage.

Now you want to know how that will work. We know pretty well the people who are on strike. We can get that information at the time of the claim, and a man's qualifying period will be extended for that reason, just as he produces evidence that he was sick or working in uninsured employment or for any other reason.

Mrs. FAIRCLOUGH: You pre-date the period.

Mr. BARCLAY: We drop out the period he was on strike and move all the previous contributions forward.

Mr. DESCHATELETS: That is a modification of the existing Act?

Mr. BARCLAY: Yes, that is right.

Mr. DESCHATELETS: Is it not a fact that under the existing Act a worker who is not in a trade union but who had to leave his employment because of a stoppage is not able to get any benefit because of the strike, even though he was not a member of a union?

Mr. BARCLAY: That is still in the Act.

Mr. HAHN: Really you do not take note of the time that he is on strike?

Mr. BARCLAY: That is right.

The CHAIRMAN: Is sub-clause 4 carried?

Carried.

Are sub-clauses 5 and 6 carried?

Carried.

Is sub-clause 7 carried?

Carried.

Is clause 46 (1) carried?

Carried.

Is clause 46 (2) carried?

Carried.

Is 46 (3) carried?

Carried.

Is 46 (4) carried?

Carried.

Is sub-clause 5 carried?

Carried.

Are paragraphs (a) and (b) carried?

Carried.

Now we come to clause 47. I think we will adjourn now, to meet tomorrow at 3:30 in another room—room 368 on the Senate side.

The committee adjourned.

## APPENDIX "A"

(31.5.55)

## COMMENTS ON UNEMPLOYMENT INSURANCE FOR FISHERMEN

Submitted by Mr. C. W. Carter, M.P. (*Burin-Burgeo*)

Page 1, Sections 1 and 2: Definition of "fishing"—

*Comment:*—The definition of fishing as referred to Part II of the Schedule of the Unemployment Insurance Act might very well be simplified to facilitate an unemployment insurance scheme for fishermen. The present definition is very complicated, and in itself is an obstacle both to the development and administration of a suitable unemployment insurance plan. In a scheme, such as the one enclosed, which merely seeks to insure the fishermen's eligibility it would seem to me to be sufficient to define a fishing day rather than the occupation. In my opinion, a fishing day is a day spent on the fishing grounds for the purpose of catching fish.

Page 2, Section 5, sub-section 4:

In my opinion, the ordinary contribution procedure can be applied to fishermen as shown in the attached plan.

Page 3, Section 5, sub-section 5:

Definition of a fishing day rather than a general definition of the fishing occupation would enable periods of employment and unemployment to be segregated.

Page 4, Section 5, sub-section 7:

"It would therefore be necessary to apply seasonal regulations to the industry if it were insured, as the chronic unemployment of most fishermen in the off-season, is not a hazard but a certainty, and a known and foreseeable occurrence that is certain to befall the insured is not a proper insurance risk."

*Comment:*—I understand that the stevedores who work in the docks at Montreal are covered under the Unemployment Insurance plan; when the harbour freezes up and shipping is stopped then these people are out of work. Surely, the freezing up of Montreal harbour and the stoppage of Montreal shipping is not a hazard but a certainty, and also a known and foreseeable occurrence that is certain to befall the dock worker and stevedore. In this respect I do not see how fishermen are any different from the stevedores and I cannot understand why fishermen should require any seasonal regulations that do not apply to stevedores.

Page 4, Section 6:

It should be possible to insert a regulation in any suitable scheme whereby benefits would not be paid during the normal fishing season. I believe such a regulation would be acceptable to the majority of fishermen.

Page 6, Section 16:

Fishermen would not be in a preferred position over other insured workers if they were allowed to accumulate credits for "fishing days" and add them to credits which they may obtain in other insurable employment.

Page 9, Section 20 and 21:

All unemployment insurance schemes depend to some extent on the honesty and integrity of some individual, either of the employee or the foreman or the employer. In fact, the volume of complaints that may arise from the

administration of an unemployment insurance plan does not seem to me to have any relevancy with the principle of granting unemployment insurance benefits to fishermen.

*Page 10, Section 22:*

I believe that an unemployment insurance plan which will enable fishermen to accumulate credits for fishing days is, as outlined in the attached plan, an answer to the fishermen's problem. It may not be the best answer, but it is the only answer that has been put forward to date and in the absence of a better one we should make an attempt to try it.

*General Comments:*

Some form of unemployment insurance for fishermen is a vital necessity as far as Newfoundland is concerned. Without some such plan the shore fishery will disappear because young people will forsake it for other occupations which are insurable. The majority of Newfoundland fishermen are now over 50 years of age and within five years most of these will no longer be able to engage in the fishery and there will be no young people to take their places. The loss of the shore fishery will be a serious blow to the economy of Newfoundland.

Furthermore, there will be no overall saving in expenditure by the Federal Government or by any other agency by denying unemployment insurance to Newfoundland fishermen. The people who would normally be engaged in the fishery will be engaged in other insurable occupations and will draw unemployment insurance in any case from one source or another; thus the overall expenditure will be the same.

In slack seasons people who would otherwise be engaged in the fishery will swell the ranks of the unemployed. It is a false economy to withhold such a plan when the life of an industry is at stake. A plan of unemployment insurance for fishermen will revitalize the Newfoundland fishing industries and will help to broaden the basis of the economy of the whole province.

It will also help reduce the problem of unemployment and the money paid out in benefits to fishermen will be reflected in benefit to other industries who supply their needs.

(C. W. Carter, M.P.)  
Burin-Burgeo.

Ottawa, May 31, 1955.

May 4, 1955.

**MEMORANDUM:**

TO: Honourable James Sinclair, Minister of Fisheries  
Honourable Milton Gregg, Minister of Labour  
Honourable J. W. Pickersgill, Secretary of State

FROM: C. W. Carter—M.P. for Burin-Burgeo.

RE: *Proposed Plans for Unemployment Insurance for Fishermen*

**A. Alternative Lines of Approach**

(1) A complete new plan, entirely separate from present plans of Unemployment Insurance, with different basis, different books, forms, etc.

(2) An extension of the present plan, following the same general lines, and capable of being integrated in the same general plan, using the same books, forms, etc.

(3) Since most fishermen engage in other forms of employment at different periods during the year, the latter, though more difficult is much to be preferred.

#### B. Factors to be Considered

(1) Wide variation in fishing season, i.e., from an approximate minimum of 75 days per year in the North to an approximate maximum of 200 days in the South.

(2) The wide variation in production of self-employed fishermen from an approximate minimum of 50 qtls. per man to an approximate maximum of 300 qtls. per man.

(3) Seasonal fishermen who start off by catching herring in the early spring, then follow up with lobster fishing, salmon fishing and cod fishing.

(4) The wide fluctuation in earnings from season to season, as one type of fishery ends and another begins.

(5) The conversion factor showing the equivalent average weekly earnings from one type of fishery in terms of another, i.e., the weekly earnings from the herring, lobster and salmon fisheries in terms of cod.

(6) The conversion factor showing the equivalent average earnings from the various kinds of fisheries in terms of other forms of employment, e.g., woods operations, how does the value of 1 qtl. of salt cod compare with the value of 1 cord of wood.

(7) The different means of production in the same fishery industry.

#### C. General Basic Principles

(1) Plan should be kept within present framework if at all possible.

(2) Plan should create incentive rather than destroy it.

(3) Plan should facilitate provision of statistical information not now available.

(4) Contributions should be based both on days worked and value of fish produced.

(5) It should be possible for credits from the fishery to be added to credits from other types of employment for each individual concerned.

(6) There must be a limit to the benefits that can be received in any one year or benefit period.

#### D. The Present Plan

(1) Three sources of contributions:

(a) The employee 40%

(b) The employer 40%

(c) The Federal Government 20%

(2) The scale of contributions is based on weekly earnings.

(3) *Note:* In actual practice the majority of the employers (1-b above) make no contribution at all. They merely advance the amount of their contribution and collect it back again by adding it on to their cost of production and including it in the price of their products. Actually it is the consumer who ultimately pays the contribution credited to the employer. But the contribution made by the Government also comes from the consumer in the form of taxes. Consequently there are in practice only two contributors—the employee 40% and the consumer 60%. In the final analysis, since the employee is also a consumer most employees contribute three contributions—one direct contribution on his own behalf and two indirect contributions (a) through the goods he buys and (b) his taxes to the Government.

This practice of compelling the consumer to pay double or treble contributions seems to me to be wrong in principle whether the consumer is domestic or foreign. In my opinion there should be only two contributors—the employee and the Government. If three sources of contributions are necessary, to prevent an increase in the employee's contribution, it seems that the employer's contribution should be a direct assessment in the form of a percentage tax (1 to 2%) on gross or net profit.

#### E. Classification of Fishermen for Purposes of Unemployment Insurance

(1) Fishermen who are hired on a wage basis. These can be accommodated under the present plan, the same as other wage earners on a weekly or monthly schedule.

(2) Dragger fishermen—draggers land their catches weekly. Fishermen employed on draggers get weekly payments for their catches. They may be compared to factory workers who get paid on a piece-work basis. Dragger fishermen can be accommodated with (a) under the existing plan on a weekly or monthly schedule or (b) under the proposed plan.

(3) Self-employed fishermen—this is the group that presents the greatest problems and for whom the proposed plan outlined in this memo is chiefly designed. There are two types of self-employed fishermen:

(a) the small dory fisherman, who fishes alone.

(b) the small boat fisherman, who owns his own boat and engages other fishermen on a share basis.

#### F. Proposed Plan for Self-Employed Fishermen

(1) Sources of contributions:

(a) the fisherman 40% or 50%

(b) The Federal Government 60% or 50%  
or alternately

(a) the fisherman 40% or 35%

(b) the exporter 40% or 35%

(c) the Federal Government 20% or 30%

(d) Note:

For reasons given in Section "D", paragraph 3, two sources of contributions, i.e., the fishermen and Federal Government are considered preferable. The small merchant who collects the fish is not in a position to contribute since he gets only a slight commission of 50¢ per quintal for collecting it. He would have to deduct the amount of contribution from the price paid the fisherman. Similarly the merchant exporter would recover his contribution either from the fisherman or the consumer, and since in actual practice the fisherman would be making the contribution for which the merchant would get credit, he may as well make it directly himself and claim the credit for himself.

If it is found preferable to have three contributions then the third should be the exporter and it should be collected either as an export tax or a tax on net profit, specially earmarked for the Unemployment Insurance Fund.

(2) *The Scale of Contributions*

(a) Should be patterned after the present weekly scale, i.e., up to \$9.00 per week:

	<i>Fisherman</i>	<i>Exporter</i>	<i>Government</i>	<i>Total</i>
	18¢	18¢	09¢	45¢
\$9.00 to \$14.99—	24¢	24¢	12¢	60¢

(b) Note: if only two contributors, the scale would be:

27¢ from the fisherman and 27¢ from the Government  
or 30¢ " " " " 30¢ " " "

(c) *Note:* The basic unit for calculating weekly earnings should be 100 lbs. of dried salt cod—medium sized Madiera—salt bulk and green fish can easily be converted to dry fish. Actual income from lobster, salmon, herring, etc., to be listed with weight and price in each case. The equivalent of these types of fish in terms cwt. dry cod can be obtained by dividing total income derived by the average price of dry cod.

(3) *Factors to be Considered When Assessing Fishermen's Unemployment Insurance Credits*

(a) The working day of the average fisherman is about 18 hours. This makes an average work week of about 100 hours as compared with 40 hour week of industry.

(b) This raises the question as to whether some conversion factor should be used to equate the fishing week with the industrial week, e.g. 2½ fishing days equal 1 fishing week. However, since the fisherman could not expect to get additional credits without paying additional premiums in proportion this factor has been omitted from the proposed plan; but it should be kept in mind as a factor that might eventually have to be considered.

(c) The average production of a self-employed, inshore fisherman is approximately 1 cwt dry salt cod per fishing day. This is a very useful equation when checking relationship between fishing days and unit production.

(d) Since most fishermen will engage in other forms of employment at some time during the year, and will wish to accumulate credit for fishing days, it seems that any scheme to be satisfactory *must provide credit both for the days worked at catching fish and, to some extent also, for the quantity of fish produced.* Such a device provides a means of counteracting the wide divergencies in the length of the fishing season and individual production.

(4) *Proposed Method of Computing Contributions of Self-Employed Fisherman*

(a) Contributions to be made in two parts:

- (i) for the days worked at catching fish
- (ii) for earnings from fish produced.

*Note:* Certification of days spent fishing poses a problem. Personally I feel it could be left to the integrity of the fishermen. In the final analysis certification of days worked depends upon the integrity of some individual, and I believe the integrity of fishermen is second to none. However, if checks are required it should be possible to have the fishermen of each community nominate or elect one of their number to certify the days claimed as fishing days. The person elected would be sworn, and fishermen would be required to get their fishing days certified every week, preferable Saturdays. Every fishing community, however small, has a "king pin" or leader. Larger communities have branches of Fishermen's Federation or co-operatives or Fraternal Societies, such as L.O.A. or S.U.F. The presidents or secretaries of these organizations should be responsible enough to be relied upon for proper certification. Officials such as postmasters, teachers, clergy, etc., might also agree to perform this service.

*Note:* (ii) earnings from fish produced is found by deducting cost of production from sale value. In actual practice it would be preferable to draw up a table for production costs based on a percentage scale, e.g.:

30% for herring, lobster and salmon

40% for fresh ground fish

60% for salt fish.

### 5. Amount of Contributions

(a) One three cent stamp for each day actually spent at fishing. This amounts to a maximum of 75c for each fishing month. The fisherman should purchase the stamp from the Post Office and affix it himself and get the days certified at the end of each week. With receipts from Social Security benefits every fisherman should be able to find 75c cash per month.

(b) The balance in accordance with present scale based on earnings. Stamps for this amount to be affixed by the first merchant or agent to receive the fisherman's fish. The amount to be charged to the fisherman and deducted from proceeds due from fish sold.

(b) Optional supplementary contributions of 10c per cwt of dry cod or equivalent. This would be paid only if fisherman wishes to get additional credits for quantity production to offset short fishing season.

### 6. Method of Obtaining Credits

(a) One credit for each fishing day for which contribution is made.

(b) Supplementary credits for extra production. Suppose a fisherman operates on the North Coast where the fishing season is short. His book contains 60 stamps and a certified statement showing he has fished for 60 days. His book also shows that he has produced 100 cwt of dry fish. At an average of 1 cwt per day he produces 40 cwt more than the average. For an extra contribution of 10c per cwt. he should be able to obtain extra credits—whether a full day's credit for every extra cwt or for a fraction thereof is something to be worked out in the light of experience. The principle involved is the important thing. Initially, I would suggest he be given 40 extra credits. This would compensate to some extent for the extra long working days. On an hourly basis, the 60 fishing days would be equal to at least 120 ordinary industrial days, including overtime.

(c) There should be a limit both to the total number of fishing credits that can be amassed in any one calendar year, and also the number of supplementary credits—say 250 for the former and 100 for the latter.

### 7. How the Proposed Plan Would Work

(a) Take the case of John Doe, self-employed who:

- (i) caught herring 24 days from 15th February to 15th March—50 barrels sold as caught @ \$1.50 per barrel.
- (ii) caught ground fish 15 days from 15th March to 15th April—20 cwt of green cod, sold fresh at \$2.50 per cwt.
- (iii) caught lobsters 30 days from 15th April to 30th May—800 lbs. sold fresh at 16c per lb., collected weekly.
- (iv) caught salmon—35 days—15th May to 30th June. 500 lbs. 13c per lb. collected twice weekly.
- (v) caught ground fish—cod, haddock, etc. 80 days, 1st July to 15th October—120 cwt sold dry salted at \$10.00 per cwt.
- (vi) worked on highroad construction 33 days—1st November to 20th December @ \$35.00 per week.

(b) Contributions

(i) Herring season—24 days @ 03c—72c.

Earnings—50 bbls. @ \$1.05—\$52.50

Note: \$1.50—\$1.50 less 30 per cent cost of production \$52.50 equals \$13.00 per week—weekly scale 24c.

Total contributions for 4 weeks @ 24c per week is 96c but he has already paid 72c and balance of 24c is paid by purchaser of herring and deducted from proceeds.

- (ii) Ground fish season—15 days @ 3c—45c  
Earnings 20 cwt @ \$1.50 i.e. \$2.50 less 40% production cost  
This amounts to \$30.00 for 4 weeks or \$8.00 per week.  
Weekly scale is 18c—total contribution 72c. Since 45c has already been paid—27c is paid by purchaser of fish and deducted from proceeds of fish.
- (iii) Lobster season 30 days @ 3c—90c.  
Earnings 80 lbs. @ 11c, i.e. 16c less 5c production cost—Proceeds \$88.00.  
But he also fished salmon for 10 days.  
Earnings 100 lb. @ 9c per lb.—\$9.00.  
Total earnings—\$97.00 for 6 weeks—or \$16.00 weekly.  
Weekly scale 30c total contributions \$1.80.  
But he has already affixed 90c worth of stamps. The purchaser then affixes another 90c worth of stamps, and deducts from proceeds.
- (iv) Salmon Season.  
Ten of the 35 days and 100 lbs. of salmon were included in previous period.  
There remains 24 days—and 400 lbs.  
Contributions for 25 days @ 3c—75c.  
Earnings 400 lbs @ 9c—\$36.00.  
Earnings of \$36.00 in 4 weeks equals \$9.00 weekly.  
Contributions @ 24c per week—96c.  
But 75c has already been paid for 25 certified days, therefore 21c is added by purchaser and deducted from proceeds.
- (v) Ground Fish Season  
80 certified days @ 3c—\$2.40.  
Earnings 120 cwt @ \$4.00—\$480.00.  
\$480.00 for 16 weeks is \$30.00 per week.  
Contributions for 16 weeks @ 42c is \$6.72.  
But \$2.40 has already been affixed in stamps. Therefore purchaser affixes another \$4.32 and deducts from proceeds of sale.
- (vi) Work on highroads—7 weeks @ \$35.00 per week.  
Contributions 7 weeks @ 48c—\$3.36. Credit 33 days.

## 7. (c) Credits—Contributions and Earnings

	Earnings	Contributions	Credits
(i) Herring .....	\$ 52.50	.96	24 days
(ii) Ground fish .....	30.00	.72	15 "
(iii) Lobsters & Salmon	97.00	1.80	30 "
(iv) Salmon .....	36.00	.96	25 "
(v) Ground fish .....	480.00	6.72	80 "
<i>Total</i> .....	\$695.50	\$11.06	174 "
(vi) Highroad .....	245.00	3.36	33 "
<i>Grand Total</i> .....	\$940.50	14.42	207 days

Note: This fisherman would then be entitled to 41 days U.I.C. benefits at \$2.50 to \$3.50 per day.

(d) *Supplementary Credits*

Note: In the example above the fishing season was long and eliminates the possibility of supplementary credits which, if necessary, could be calculated on the following basis:

Ground fish caught	— 140 cwt	value	\$510.00
Lobsters .....	80 lbs.	value	88.00
Salmon .....	500 lbs.	value	45.00
Herring 50 brls. ....	10,000 lbs.	value	52.50
<b>Total</b> .....	<b>10,580 lbs.</b>	<b>value</b>	<b>\$185.00</b>

\$185.50 equals earnings from 51 cwt—ground fish.

140 cwt+51 cwt—equals 191 cwt i.e. 191 days.

191 days less 174 days equals 17 days additional credit.

(e) Note: The above contributions are based on contributions from three sources—the fisherman 40 per cent—the exporter 40 per cent and the Federal Government 25 per cent.

(f) (i) In the example quoted which is a little above average, the fisherman would contribute \$11.06—the exporter \$11.06—the government \$5.53.

With two contributors, the fisherman and Federal Government would contribute \$13.82 each. In actual practice that is what is happening now, but it is not apparent.

(ii) Assuming there are 12,000 fishermen and the average contribution is around \$12.00 per fisherman on a 50-50 basis, the fishermen and Federal Government would contribute about \$150,000.00 each. This would be a relatively small amount compared with most Federal expenditures.

7. (f) (iii) If it is found preferable to maintain the present three source contributions on the 40%—40%—20% basis—then the average contribution would be around \$10.00 per fisherman, or a total of \$120,000. This would be matched by \$120,000 collected from the exporters. Since the total Newfoundland production of fish of all varieties is approximately 470,000,000 lbs.—this would be yielded by an export tax of 3¢ per 100 lbs.

The total value to fishermen of all varieties of fish produced in Newfoundland in 1953 was \$11.4 millions. The export value of this fish was around \$20,000,000. To raise \$120,000 on the export value an export tax of 6% would need to be levied.

(g) *The Unemployment Insurance Book*

(i) Should be designed so that the same book can be used for contributions from fishing as well as from other forms of employment.

(ii) Pages should be designed so that the fishing days can be certified every week by the person authorized.

(iii) Extra pages should be included in the back (one each for herring, lobster, salmon, ground fish, etc.) to record:

(a) the different kinds of fish caught

(b) the days catch—with dates

(c) the day sold

(d) the amount sold

(e) the name of the purchaser

(f) the current price.

(iv) Possibly a few pages should be included requiring badly needed weather information, i.e., wind direction, strength, dull, sunny, rain, snow,

etc. This would check against abuse of putting in stamps for days not actually fished, though it should not be necessary.

(v) Possibly there should be a page for explanation for days not fished, e.g.—stormy, no bait, sickness, motor trouble.

(h) *Conclusion*

(1) It is appreciated that the real need of fishermen is insurance against—

(a) Catch failure

(b) Poor markets

(c) Uncontrollable factors such as bad weather and failure of bait supply.

(2) To offset these factors an Insurance plan should be patterned after the Prairie Farm Assistance Act—(PFAA).

(3) But such a plan would meet with difficulties just as great as those encountered under the present scheme. In addition such a scheme by its very nature would be unsatisfactory, since it could not be put into effect for several months after it was actually needed. This would be too slow and would give rise to great dissatisfaction. There would also be great difficulties in collecting the necessary data, due to geographical isolation, and due also to the wide variation in conditions as between one locality and another, as well as between communities in the same locality.

(4) It must be borne in mind that most, if not all, Newfoundland fishermen, particularly inshore fishermen, engage in some other form of employment during the year.

(5) It is felt, therefore, that what the Newfoundland fishermen want (as distinguished from what he needs) is some method of maintaining his eligibility and accumulating Unemployment Insurance Credits while engaged in the fishery, and I believe any plan that will make this possible will serve his interests better than a plan patterned after P.F.A.A.

(6) It is with this in mind that the present plan has been prepared. Care has been taken to keep it as much as possible within the framework of existing Unemployment Insurance Plans. The same scale of contributions has been maintained as well as the same scale of benefits, and methods of accumulating credits, though modifications have been suggested. This should facilitate its easy integration with existing Unemployment Insurance plans.

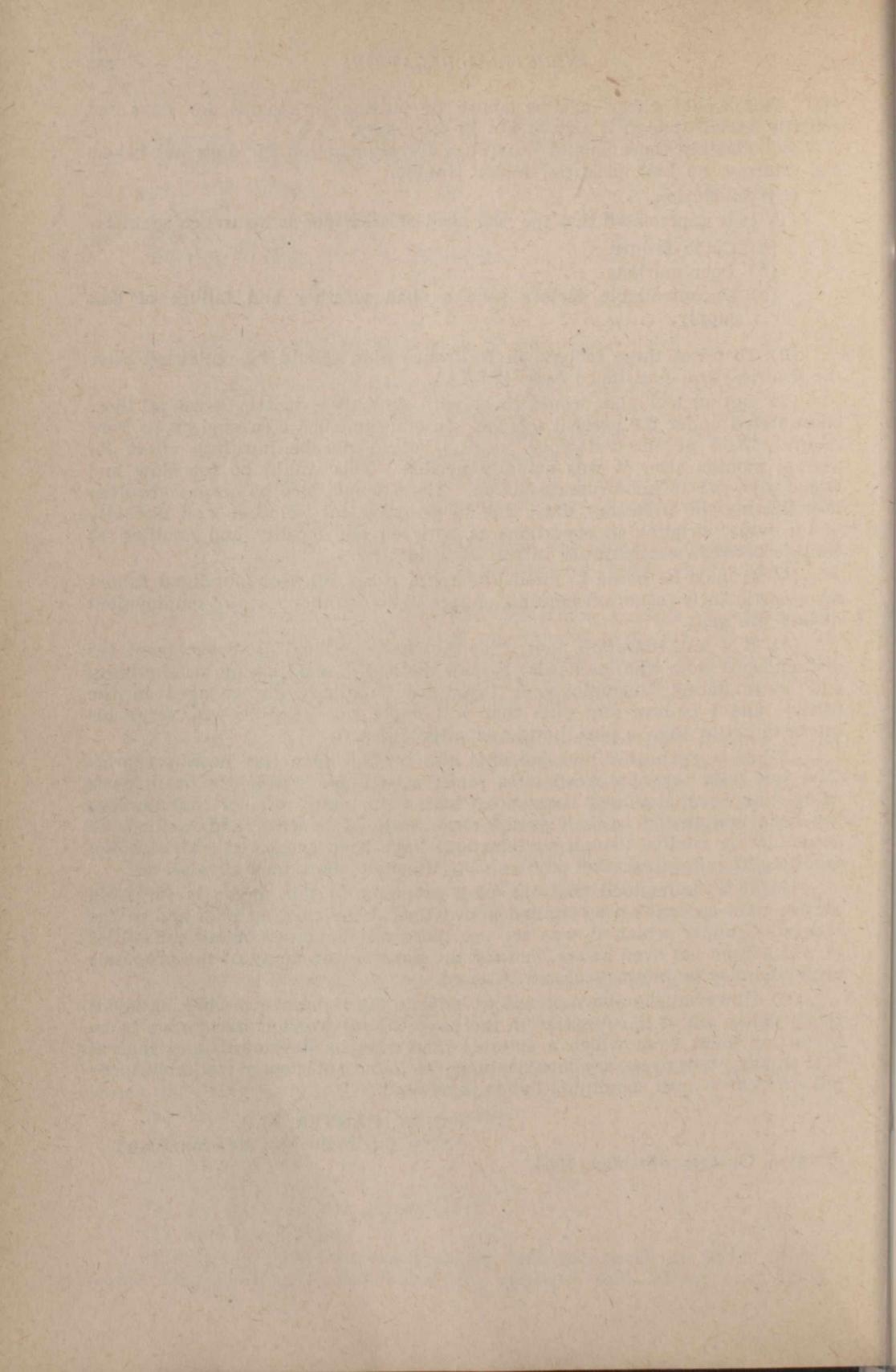
(7) It is understood that the plan proposed in this memo is far from perfect. On account of my limited knowledge of the existing plan and of the legislation under which it was set up, there are doubtless many difficulties of which I am not even aware, and for the same reason many of the proposals suggested may be impractical and unsound.

(8) However, the above plan does indicate the trend of my thinking about this problem and it is submitted in the hope that at worst it may prove to be a starting point from which a suitable plan may be developed, and that at best it may, with necessary modifications, be found sufficiently workable to be put into effect until something better is devised.

C. W. CARTER, M.P.

Burin-Burgeo, Newfoundland.

OTTAWA, Ontario, 4th May, 1954.



HOUSE OF COMMONS  
Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

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BILL No. 328  
An Act respecting Unemployment Insurance

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WEDNESDAY, JUNE 1, 1955

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WITNESSES:

*From the Department of Labour:* Mr. E. Bosse, Executive Assistant;  
*From the Unemployment Insurance Commission:* Mr. J. G. Bisson, Chief  
Commissioner; Mr. R. G. Barclay, Director of the Insurance Branch;  
Mr. L. J. Curry, Executive Director; Mr. Claude Dubuc, Legal Adviser;  
and Mr. James McGregor, Chief Claims Officer; and  
*From the Department of Insurance:* Mr. Richard Humphrys, Chief Actuary.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955

INDUSTRIAL RELATIONS

THE UNIVERSITY OF TORONTO

1912

W. H. RAY

## MINUTES OF PROCEEDINGS

The Senate, Room 368,  
WEDNESDAY, June 1, 1955.

The Standing Committee on Industrial Relations met this day at 3.30 o'clock p.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Byrne, Cauchon, Churchill, Deschatelets, Mrs. Fairclough, Messrs. Fraser (*St. John's East*), Gillis, Hahn, Johnston (*Bow River*), Leduc (*Verdun*), MacEachen, Michener, Murphy (*Westmorland*), Nixon, Simmons, Small and Starr.

*In attendance:* Mr. E. Bosse, Executive Assistant, Department of Labour; the following officers and officials of the Unemployment Insurance Commission: Mr. J. G. Bisson, Chief Commissioner, Mr. R. G. Barclay, Director of the Insurance Branch, Mr. L. J. Curry, Executive Director, Mr. Claude Dubuc, Legal Adviser, and Mr. James McGregor, Chief Claims Officer; also, Mr. Richard Humphrys, Chief Actuary, Department of Insurance.

On motion of Mr. Fraser (*St. John's East*), Mr. Byrne was named Acting Chairman to preside in the event of the absence of both the Chairman and the Vice-Chairman.

The Committee resumed from the previous day the clause by clause study of Bill No. 328, An Act respecting Unemployment Insurance. During the said study Messrs. Bisson, Barclay, Curry, Dubuc and McGregor gave answers to the many questions asked by the members in respect of the various clauses of the Bill under study.

Clause 47 was considered by sub-clauses and paragraphs and all of the said clause but the Schedule contained in subclause (1), which was stood over for further consideration, was agreed to.

Clause 48 was studied briefly and allowed to stand over for further consideration as and when the Minister of Labour is in attendance.

Clauses 49 and 50 were severally considered and agreed to.

Clause 51, after some discussion thereon, was stood over for further study as and when the Minister of Labour is in attendance.

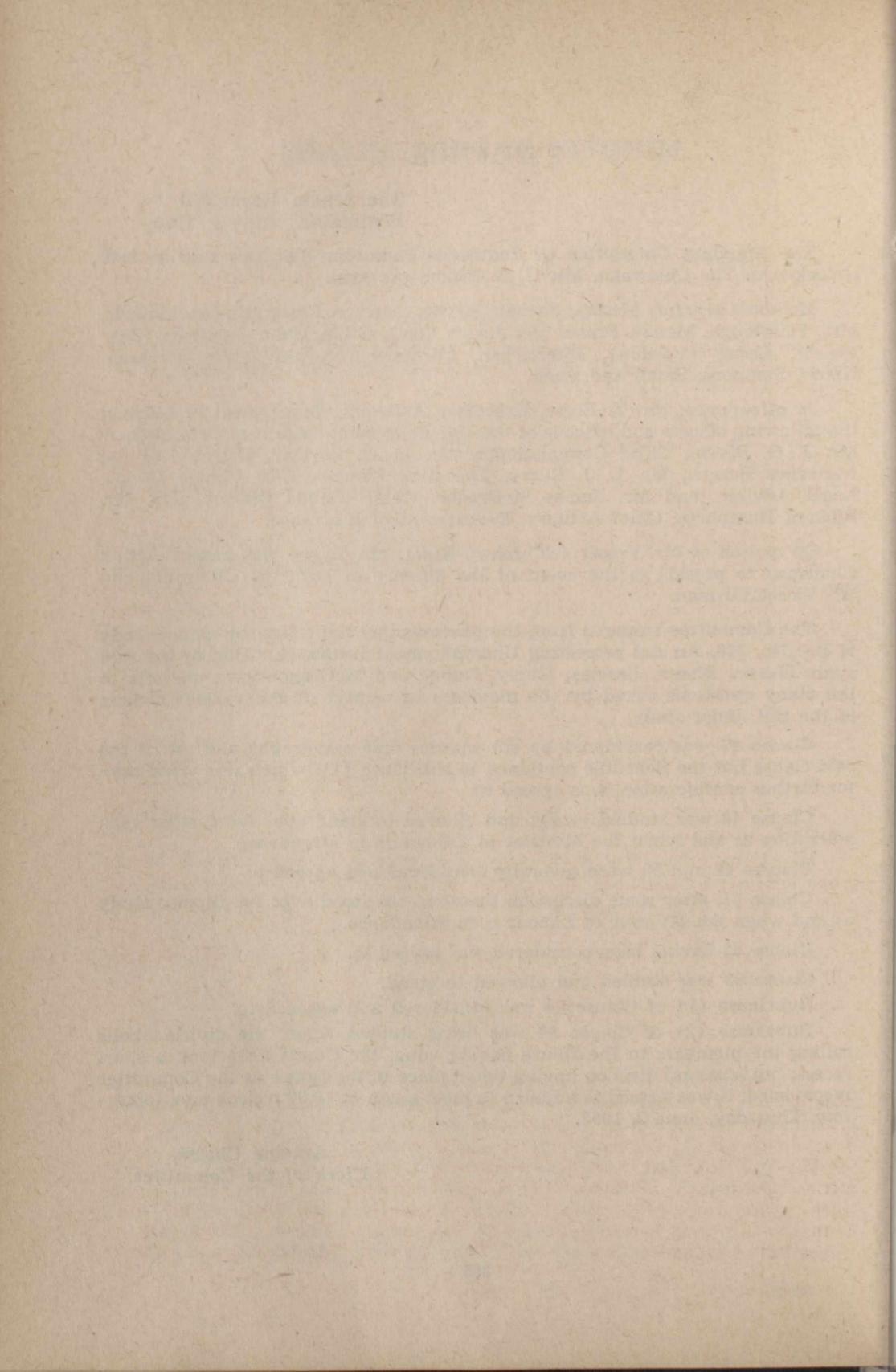
Clause 52 having been considered was agreed to.

Clause 53 was studied and allowed to stand.

Subclause (1) of Clause 54 was considered and agreed to.

Subclause (2) of Clause 54 was being studied when, the division bells calling the members to the House having rung, the Committee took a short recess; but a second division having taken place in the House as the Committee reconvened, it was agreed to adjourn to meet again at 10.30 o'clock a.m. tomorrow, Thursday, June 2, 1955.

Antoine Chassé,  
Clerk of the Committee.



## EVIDENCE

WEDNESDAY, June 1, 1955.  
3.30 p.m.

The CHAIRMAN: Order please. We have a quorum. When we adjourned last night we were at clause 47. We will now start on subclause 47 (1). Does subclause 47 (1) carry?

Carried.

Now the next is the schedule which we will stand because there may be a change in it. We will go on to subclause 47 (2). Shall subclause 47 (2) carry?

Carried.

Shall subclause (3) carry?

Carried.

Mr. MICHENER: I take it, Mr. Chairman, that these are substantially the same as section 33 in the previous Act?

The CHAIRMAN: Yes. We will stand clause 48. Does clause 49 carry?

Mrs. FAIRCLOUGH: I would just like to make a comment here, Mr. Chairman. Perhaps the commissioner would tell us if it would not be true if we should have any particularly adverse employment situation that these seasonal benefits could be extended at a pre-determined cost pretty well. It would be possible under this new scheme to pretty well estimate what the cost would be in any given set of circumstances whereas any other changes in the Act designed to meet that situation would not be so predictable? Am I right in assuming that?

Mr. BISSON: I think you are right. The shorter the period the easier it would be to estimate the cost. In the wintertime I think everyone knows the employment cost is slightly heavier than at any other times of the year.

Mrs. FAIRCLOUGH: It seems to me that under this new system it does make it more predictable.

Mr. BISSON: As a matter of fact, under these seasonal benefits as we are proposing them, a claimant as a matter of fact can draw for practically the whole period. The minimum is ten weeks for one group and for the other it is a flat fifteen weeks which is practically the whole period.

Mrs. FAIRCLOUGH: I have some other comments also but I believe they will be on the next section.

The CHAIRMAN: Shall clause 49 carry?

Carried.

Clause 50 (a).

Mrs. FAIRCLOUGH: I would like to have an explanation of just what the situation will be under this Act. I tried to figure the thing out and possibly my calculations are wrong. But it seemed to me that in order to qualify that it would be almost impossible to get thirty weeks plus fifteen weeks. I will tell you how I figured it out and perhaps you will tell me where I am going astray. Subsequent to March 31 you would have to have fifteen contribution weeks which would bring you to July 15. Then if you had thirty weeks' benefit that would bring you to February 28 and you would have possibly only six weeks left of supplementary benefit. What is wrong with my reasoning there?

Mr. R. G. BARCLAY (*Director of Insurance, Unemployment Insurance Commission*): The fifteen weeks seasonal benefits mentioned in clause 49 are payable to any person who does not qualify for regular benefit. So that I do not get your suggestion about the 30 weeks. There are nine months between April 1 and December 31 and roughly 38 weeks in that period. In order to qualify for benefits for the next January 1, he would have to have 15 weeks' contributions out of a total possible number of 38 weeks. If he has 30 weeks he is eligible for regular benefits.

Mrs. FAIRCLOUGH: I meant if he had the 15 weeks' contribution and was then unemployed and was not able to secure employment, the 30 weeks would carry him right up to February 28 of the following year.

Mr. BARCLAY: In order to get the 30 weeks he would have to have more than 15 to start with.

Mrs. FAIRCLOUGH: He might have had sufficient contributions prior to March 31. You say here:

A person who had at least 15 contribution weeks subsequent to the most recent Saturday preceding the 31st day of March immediately before the day on which he makes his claim.

Mr. BARCLAY: Yes.

Mrs. FAIRCLOUGH: So that in order for him to benefit to the maximum degree, under this Act, of 30 weeks he would not have the 15 weeks contributions?

Mr. BARCLAY: That is right. He would in that case come under (b) because his benefits year would be exhausted after April 15 and he would be entitled to whatever period is left between the date his 15 weeks expired and April 15.

Mrs. FAIRCLOUGH: I thought that was what it meant. So it would not be possible for him to get 45 weeks?

Mr. BARCLAY: No. It is not possible for any person who may be claiming supplementaries after January 1.

Mrs. FAIRCLOUGH: He could not benefit for the full time, January to April 15, unless he had the 15 weeks within the year. If he was unemployed for a sufficient period of time to have 30 weeks' benefit then he could not possibly have the time to qualify for seasonal benefits.

Mr. BARCLAY: The seasonal benefit is for that particular period and he would not need it.

Mrs. FAIRCLOUGH: If he was getting regular benefits would he still be eligible for the six weeks supplementary to the 15th of April?

Mr. BARCLAY: Yes, under subclause (b). Take for instance the case of a man who becomes unemployed on April 15; he is eligible for regular 30 weeks benefit which would take him up to sometime in December; he would not draw any benefits from the time in December when his regular benefits ceased, but under subclause (b) on January 1 he gets an additional 15 weeks. There are two classes of supplementary benefits. One is for the new entrant, a man who has less than 30 contributions in the two years prior; those people come under (a). If they do not have 30 weeks but have 15 they get two weeks benefit for each three weeks of contributions.

Mrs. FAIRCLOUGH: (a) refers exclusively to people who are new entrants into the labour market?

Mr. BARCLAY: Yes.

The CHAIRMAN: Shall clause 50 (a) carry?

Carried.

## Clause 50 (b).

Mr. BARCLAY: This is the case of a man who has exhausted his regular benefit. If he exhausts his regular benefit any time after April 15 he is eligible the next January for 15 weeks. Or if he exhausts it in February, from the date in February up until April 15 he would be eligible.

Mrs. FAIRCLOUGH: Under (b) we cannot tell what he is eligible for until we see the regulation?

Mr. BARCLAY: As far as the regulations are concerned, our first proposal in connection with these people was that it should be a person whose benefit year expired after the 30th of September. The Act at present gives supplementary benefit to anybody whose benefit years expires after March. We proposed to cut out the people whose benefit year expired between March and September 30. When we had gone further along we thought we were being too drastic. The regulations have not been finally decided. Our thinking at the moment would be a regulation which would provide that a man who has kept his application for employment alive at our local office would be eligible.

Mrs. FAIRCLOUGH: For the seasonal benefits?

Mr. BARCLAY: Yes.

Mrs. FAIRCLOUGH: Regardless of when his benefit year expired?

Mr. BARCLAY: We would not ask that if it expired say from October on when jobs are hard to get. If it expired on April 15 we would ask that he keep his application for employment alive at the local office between April and September or October.

Mrs. FAIRCLOUGH: You have abandoned this idea of September now, have you?

Mr. BARCLAY: Oh yes. It is the 15th of April now rather than September 30.

Mr. JOHNSTON (*Bow River*): Would he have to appear at the office every day to keep his application alive?

Mr. BARCLAY: No, if he is not handy he could write or phone in. The keeping of the application alive actually just requires a phone call.

Mr. JOHNSTON (*Bow River*): He does not have to appear in person?

Mr. BARCLAY: No.

Mrs. FAIRCLOUGH: Does he not have to appear in person even where the district office is right in his home town?

Mr. BARCLAY: Not for renewal of the application. He is not drawing any benefits.

Mrs. FAIRCLOUGH: This would be after his benefit year had expired?

Mr. BARCLAY: Yes.

Mr. MICHENER: Is there any difference between supplementary and seasonal benefits?

Mr. BARCLAY: No.

Mr. MICHENER: These are supplementary benefits?

Mr. BARCLAY: Yes.

Mr. MICHENER: And they are not different to the seasonal benefits as such?

Mr. BARCLAY: No.

Mr. BISSON: But they are more beneficial.

Mr. BARCLAY: A man with 15 weeks contribution formerly had only three weeks benefit and under this he is getting ten.

Mr. MICHENER: I am not very clear about the position of a seasonal worker. Take one who works in the wintertime in the woods for instance whose work is regular throughout the winter but who is normally unemployed, or working elsewhere, in the summertime. These provisions of clause 49 and clause 50 are not directed particularly towards him?

Mr. BARCLAY: The supplementary benefits were not put in for that purpose. We put the supplementary benefits in in 1950 because of the recurring heavy unemployment during the winter months.

Mr. MICHENER: Due to our cold climate and reduction of activity at that time of the year.

Mr. BARCLAY: Yes, and when jobs were extremely hard to get.

Mr. MICHENER: Where is provision made to make the variation which is made in respect to people who are employed seasonally and unemployed seasonally?

Mr. BARCLAY: There is the authority for it in the Act and we will be coming to that later on.

The CHAIRMAN: Shall clause 50, subclause (b) carry?

Mr. CHURCHILL: Section 92 in the present Act is clause 50 in the bill. In section 92 of the present Act there is rather a long paragraph where you set up four classes and have quite a bit to say in respect to them. Is all of that now covered in this new clause 50?

Mr. BARCLAY: The original bill set up four classes, two of which were paid out of the unemployment insurance fund and two were paid by special appropriation of parliament. Class III dealt with workers in lumbering and logging and was only active for one year. At that time these people were not insured and as soon as they earned contributions that went by the board. Class IV has been inoperative for the last three or four years; in any event it was a payment out of the consolidated revenue fund and would not be available to anybody anyway unless there was an appropriation.

The CHAIRMAN: Shall clause 50, subclause (b) carry?

Carried.

Gentlemen, I am going to be away for a few days and it does not look as if we will finish today. I wonder if it would be in order for us to select some other member of the committee to act in my place. Mr. Viau is the vice-chairman but he has been away through illness and he may or may not be back.

Mr. FRASER (*St. John's East*): Mr. Chairman, I move in your absence and in the absence of Mr. Viau that Mr. Byrne be appointed acting chairman of the committee.

The CHAIRMAN: Does that meet with the approval of the committee?

Agreed.

We will carry on with clause 51, subclause (1).

Does clause 51, subclause (1) carry?

Mr. BARNETT: Mr. Chairman, I would like to raise a question under this section. It concerns a matter that I have raised before but not in this committee. That is, the period which has been selected as the period during which seasonal benefits will apply. I am going to bring up a point which I have in mind and I am going to use a particular situation. Now it may be a situation that is unique in this country—I do not know—or it may be a problem which exists in other areas. The area which faces that benefit period from January 1 to April 15 is applicable all across Canada and it does in my opinion create an unfortunate position among the loggers on the Pacific coast, partly because of the fact that that particular group which—and I am just picking a round

figure—numbers say 10,000 workers which is no inconsiderable block of workers, is in effect subject to an irregular season in their employment. That is because there is usually a summer shut-down in the industry because of a fire hazard and the times of those conditions vary because of the weather we have. There is a winter shut-down which results largely from snowfall in the higher levels. That period of shut-down almost invariably in the winter, if it takes place, goes into effect sometime in December—sometimes early in December. It is always over, as far as I know, long before the 15th of April because of our climatic conditions when the snow levels have disappeared to the point where logging can resume before that date.

The result has been that many of those people who have been qualified for regular unemployment benefits during their unemployment in the summer season have exhausted those benefits and find themselves in the position, during the month of December with Christmas coming along and all that it entails, in some cases, of unemployment before they can qualify under your seasonal benefit provision proposed in the Act and which exists in the present Act. The result in effect is that the seasonal benefit period for all practical purposes is shorter for those workers than it is for workers in other parts of Canada where the proposed period may very well be the most suitable one.

As I say, I have raised this matter before and it has been suggested it would not be very easy to make any variations in this position as between different parts of Canada or as between different industries. But I must confess I am not completely satisfied to accept that as an irrevocable point of view. I do notice, for example, that in the seasonal regulations as they apply to the logging industry, variations are made in the regulations as to seasonality in different parts of Canada, and to be particular the logging industry of British Columbia is specifically in a different category from that which applies to the rest of Canada.

I am wondering whether it is necessary that that period be fixed in the Act to the point where the unemployment insurance as I understand it has not latitude by regulations or otherwise to make any other differentiation in the seasonal benefit period as between different parts of Canada. I am raising that as a question, whether it could not be considered that that method of allowing the commission to distinguish between the situations in different areas could not be introduced while this bill is under review.

Now, if this dual seasonality I have been describing is something which happened every year with complete regularity, then I suppose I might be prepared to accept the argument that this was creating a poor risk; but it does not necessarily follow that that happens every year. However, every so often there is an extended dry season in the summer which results in a long summer shutdown and then the weather-man turns around and brings an early winter season and the result is that periodically you have that particular combination. It did not occur last year when there was practically no shutdown in the logging industry in British Columbia. But two or three years ago there was that combination of an extremely long dry summer season followed by the advent of a very early snow in the higher levels which resulted in a good many loggers who had exhausted their regular benefits who could not qualify on the seasonal benefit provision.

Mr. BARCLAY: This question was discussed at some length in January when what Mr. Gregg called the "baby" bill was before the House. At that time there were representations made to have it start earlier and finish much later, and Mr. Gregg at that time after very careful consideration stated that this period from January 1 to April 15 would cover the great majority of heavy winter unemployment.

As to the suggestion that it be left to regulation, the rate and the duration of the benefit has always been left for parliament rather than for the commission to deal with. Frankly, my own impression is that that is the best way to leave things which are so important and have such an effect all the way through. Our experience so far has been that this period generally covers the situation. We made a survey during the week ending June 5 last year. At the 15th of April we had something like 80,000 people drawing supplementary benefits. When we made the survey on the 5th of June (*See also Appendix*) we selected a 10 per cent mechanical sample of the people who had been drawing benefits on the 15th of April and found that 27·8 per cent had worked full time from April 15 to June 15. 14·3 per cent had worked some time but less than full time. That took care of 42 per cent of all the people we had on benefit as of the 15th of April. Those with no job between April 15 and June 1 answered our questions to the effect that 7·2 per cent were retired, 4·8 per cent were keeping house, 42·9 per cent were unemployed and the other 3 per cent did not give us an answer which we were able to classify. So that out of the 57·9 per cent that had no job from April 15 to June 15 there were only 42·1 who stated that they were fully or partly employed.

It may be of interest that in the same survey we asked these people how they financed. 50·9 per cent stated they had financed themselves by themselves and by their family; 2·8 per cent had some assistance from outside agencies; 23·1 per cent had to borrow; 1·5 per cent by other means; and the other 21·7 per cent did not tell us how they had gotten along. Another interesting fact is this, that of those who had no job on June 5, 4 per cent had continuously registered at our unemployment offices; 7·6 per cent had allowed their applications to lapse but later revived it; 88·4 per cent had not kept their application for work alive at the local office. Those were facts we brought out a year ago, and this year on the 15th of April we were again quite concerned as to whether the 15th of April was a proper date. Spring work opened up this year quite a lot earlier than it did a year ago. But, as against that, we had nearly 142,000 people drawing supplementary benefits on the 15th of April this year; as against 80,000 last year. Enquiries we made of the organized relief agencies disclosed that they had had no particular upswing of applications for relief.

Even last year, with spring work being late in opening up, we found the some answer that there was very, very little upswing. That may be because of these figures showing 50 per cent of the people who had not been fully employed by April 15 had managed to get along by themselves and their families. Also probably a great many knew it was almost impossible to get relief from the city and did not bother to apply.

This situation last year and again this year went to confirm the fact that this period from the 1st of January to the 15th of April is covering most of the people.

As to the woods workers, most of those people have fairly steady employment and while there is that summer and winter layoff I think that particularly under the new provisions the minimum that anybody can qualify for regular benefits is 15 weeks rather than the six and I believe that that summer layoff very seldom lasts more than six weeks. The long one you spoke of was nine weeks I believe. That man has six weeks to fall back on when he is unemployed again in September.

Mr. JOHNSTON (*Bow River*): There is nothing in the regulations which allows you to alter that period?

Mr. BARCLAY: It is set by legislation.

Mr. JOHNSTON (*Bow River*): The Act would have to be changed.

Mr. BARNETT: Mr. Chairman, the gist of my suggestion was not that the commission should have the latitude in respect to extending the over-all length of the period. My suggestion was if there was to be latitude it would be this: say if we decided the period was to be as it is, from January 15 to April 15 which covers a period of so many weeks, that if consideration were given to any arrangements which would allow latitude by regulation that it should not be to extend the period but rather to move the period backward or forward in order to cover the matter in the particular area. I appreciate the point which has been brought out that a shorter period would serve to help the situation I would subscribe to. It still, I think, leaves some room for discussion on the advisability of leaving it wide open for the commission to say we will extend it for six months, but rather I believe there should be some latitude to have that period cover the period of greatest need in a particular geographic area or in respect to a certain segment of the economy. I do not advocate, nor do I want anyone to think that I am advocating, that we throw the length of the period wide open.

The CHAIRMAN: Shall clause 51 subclause (1) carry?

Carried.

Shall clause 51, subclause (2) carry?

Mr. STARR: Clause 51, subclause (2) has to do with the period for seasonal benefits under the supplementary benefits in the old Act. Previous members have spoken on this and, we particularly in the opposition, have agreed that in times such as this spring there should be some flexibility in the dates for these benefits because of varying conditions, not only at that time of the season but in various parts of Canada.

I think some thought should be given to this section and that possibly it should stand until we are able to discuss it more fully.

The CHAIRMAN: We will have to stand the whole section.

Mr. GILLIS: Where does the situation apply other than in the logging industry? I think that December to April covers the country pretty well. It just means that these particular dates do not happen to meet the requirements of the logging industry.

Mr. STARR: These particular dates did not meet the requirements of the present spring unemployment. There were more men unemployed after April 15 than there were unemployed prior to April 15.

Mr. GILLIS: That is correct. When they exhausted their benefits they were out. There is only one way to overcome it, and that is what I have wanted to do right along, namely, to make it cover everybody during his total unemployment period, until such time as he is gainfully employed once more.

Mr. STARR: Are you trying to achieve that end in this committee?

Mr. GILLIS: I have argued it in the House dozens of times.

Mr. STARR: Should we not try to achieve the same end in this committee?

Mr. GILLIS: You make the motion and I will second it.

Mr. STARR: I ask that this clause be stood, so that we can give it some thought and discuss it more fully when we come to discuss the clauses which are stood.

Mrs. FAIRCLOUGH: The figures which Mr. Barclay quoted are very interesting, but we will not have copies of them until we receive copies of our proceedings. He said that as of April 15 there were 142,000 who were on supplementary benefits and who were cut off at April 15. That is a sizeable number of people.

Mr. BISSON: This year the minimum duration of seasonal benefits was increased to ten weeks; so more people stayed on.

Mrs. FAIRCLOUGH: Than there would have been a year ago?

Mr. BARCLAY: It was about 80,000 a year ago.

Mr. BISSON: 88,000 yes.

Mrs. FAIRCLOUGH: You would not have any calculation as to how many would be on by reason of the extension of the period, and how many would be on by reason of increased unemployment?

Mr. BISSON: We know that from April 15 to April 21 or 22 of this year, there was a terrific drop in unplaced applicants.

Mrs. FAIRCLOUGH: Would that be because those people actually found work, or because having had their benefits expire, they would feel there was no further reason to report; that there was no point in standing in line at an office for hours and hours if they were not going to get anything out of it?

Mr. BISSON: We found that April 15 was just about the date when people return to their spring or summer employment.

Mrs. FAIRCLOUGH: How many did Mr. Barclay say were still on as of the first of June of last year?

Mr. BARCLAY: 42 per cent of the total stated that they were unemployed as of the first of June of last year.

Mrs. FAIRCLOUGH: Could we have that mimeographed and receive it tomorrow?

Mr. BARCLAY: Yes. (*See Appendix.*)

Mr. HAHN: Would it add materially to the discussion? We realize that there was a great number of them who apparently carried over. Why don't we carry on unemployment insurance over the full period of unemployment instead of dividing it up in this fashion with supplementary benefits added to it?

Mr. BARCLAY: How long do you want?

Mr. HAHN: I would like to know. Mr. Gillis suggested it, and we discussed it in the House several times; moreover, Mr. Starr is in agreement that this thing should be carried on.

Mr. BARCLAY: In an insurance plan you have to have a limited liability. You cannot buy a life insurance policy with no limit on it. The contributions which you pay give you certain protection. Moreover, in the case of fire insurance policies, you are limited not to the amount of the risk or the amount of the loss, because you might be foolish and carry only \$10,000 fire insurance on a \$20,000 house. But your fire insurance company will pay you only up to \$10,000. An unemployment insurance plan works the same way. For your contribution you get a limited coverage.

The coverage which is provided under the Bill is greater than the coverage that was provided under the Act. It is still not unlimited coverage. I think that is the answer to the unlimited duration question.

One other factor is this: with no limit on benefits, I do not know where you would ever stop. Consider the case of the older workers who are just about finished. It would become an old age pension for life, if you had no limit on the amount of the liability.

Mr. GILLIS: The only way to stop it would be to keep people working. If you made it more costly for the people who have to pay for it, they would then find ways and means to keep people employed.

Mr. MICHENER: That is a novel thing.

Mr. BARCLAY: I shall not say that your proposal does not have merit. I cannot quote the exact words of Beveridge, but his idea of social insurance is

a minimum which was never intended to cover the whole risk, but to give a minimum coverage which is reasonable under all the circumstances.

The figures which we have indicate, as the minister stated in the House, that 90 per cent or 95 per cent of the people who are unemployed during a 12 month period, are unemployed for less than 30 weeks, would get all the benefits they need under this bill. This bill would provide an instrument which would take care of the great majority of cases. In raising the minimum from six weeks to fifteen weeks, we have tried to take care of the segment of the population which, under the Act, was not covered adequately. Frankly, I do not know. I presume the actuaries could concoct a scheme so that contributions could be levied to take care of unlimited insurance. But I do not know if it would be a good thing, taking all the circumstances into account.

Mr. HAHN: In view of the fact of the time element, would it not be possible to amend this Bill in such a way—I mean this clause—so that we could include in it such season or seasons as might be declared to be a period of seasonal unemployment for the reason of carrying on the Act?

Mr. BARCLAY: The rates and the duration of the benefits were two things which were left to parliament to determine. I would not want to suggest that we depart from that principle in regard to this seasonal benefit policy.

Mr. STARR: Is the minister permitted under the clause to extend the period, if he so wishes, by an Act of parliament.

Mr. BARCLAY: Oh yes; by an Act of parliament you can do anything. In January we changed the supplementary benefits.

Mr. STARR: The whole thing rests with the minister to do such things, if and when they are needed?

Mr. BARCLAY: We have found out that when it is necessary, parliament can pass a bill like that in very short order.

Mr. HAHN: This year we heard a lot about seasonal unemployment. Apparently it was not in season or we would not have had this condition existing. That is why I suggest that it should be possible to incorporate such a thought or recommendation into the clause itself whereby it would be possible for the minister to declare a certain season as being a season of seasonal unemployment. I am thinking substantially of what Mr. Barnett said, that there are seasons of the year which do not fall within this period at all. If the minister was persuaded to declare it as such in that industry, then for the purpose of implementing this clause of the bill I think it would be a great help to those people.

The CHAIRMAN: Perhaps we might stand clause 51 until the minister gets back. Is that agreed?

Agreed.

Clause 52 "Only one period between December 1st and April 15th".

Mrs. FAIRCLOUGH: Clause 52 reads as follows:

Not more than one seasonal benefit period may be established in respect of an insured person during the period commencing on the 1st day of December and ending on the 15th day of April next following.

Suppose a person received unemployment insurance and then had an opportunity to get some work at Christmas time. One of our members spoke to me about this, because apparently he had run into such a case in his own town where this was put up to him. This clause might very well stop people from taking such employment as was available to them around Christmas time through fear of jeopardizing their position.

Mr. MICHENER: The seasonal benefits do not begin until January 1st and end April 15th.

Mr. James MCGREGOR: That is correct. He would resume his entitlement. It is all for the one benefit period.

Mr. MICHENER: If the benefit period should be interrupted and the workman takes work, the benefit period still goes on?

Mr. MCGREGOR: That is right.

Mr. MICHENER: It expires in ten weeks. Suppose the man is working, but he has only had three weeks benefits? Under this clause he could not go back again.

Mr. MCGREGOR: It is a ten weeks benefit period.

Mr. MICHENER: But that is not what it says here. It says there can be only one seasonal benefit period.

Mr. MCGREGOR: The benefit period lasts for ten weeks.

Mr. MICHENER: It does not need to be continuous?

Mr. MCGREGOR: No.

Mr. JOHNSTON (*Bow River*): When we spoke about this in the House I brought it to the attention of the government. I suggest that the wording of this clause be changed because, in my judgment—and it seems to be the opinion of others here too, there is only one period, and there is to be no interruption of that period. If it stays that way in the clause, there has to be a total period of ten weeks. If you allow for interruptions, all right, but that is not what it says. It might be well enough for the members of the Unemployment Insurance Commission to say what they think it is; but after all, when we are through with this bill we must take the exact wording of that clause, and the wording is that there is only one period between December the 1st and April 15th.

If you want to make it clear, and to mean what we are told it does mean, I suggest that the wording be changed to indicate it.

Mr. MCGREGOR: In an ordinary benefit period there are 30 weeks maximum which can be paid over a period of fifty-two weeks. That is to say, the ordinary thirty-week period can be spread over fifty-two weeks.

Mr. MICHENER: What clause defines the benefit period?

The CHAIRMAN: We stood that clause.

Mr. JOHNSTON (*Bow River*): Is it made clear in that clause?

Mr. MCGREGOR: It is clause 46 (1) and it reads as follows:

Subject to this section, a benefit period in respect of an insured person is a period of fifty-two weeks commencing with and including the week in which the benefit period was established.

Mr. MICHENER: Those are continuous weeks?

Mr. MCGREGOR: Fifty-two weeks continuous. The maximum entitlement that can be in there is 30 weeks, but it can be spread over a fifty-two weeks period.

Mr. JOHNSTON (*Bow River*): It does not say so in that clause.

Mr. MCGREGOR: No. But you will find it in other clauses.

Mr. JOHNSTON (*Bow River*): I am afraid there is a little bit of doubt. If clause 46 (1) makes it a continuous period, there may be another clause which says they can take thirty weeks payments, but it doesn't say it in these two clauses.

Mr. MCGREGOR: Someone might qualify for two periods of seasonal benefits; he may have fifteen contributions since the 31st of March, and a benefit period end since the 15th of April, and he would be in twice. This would keep him down to one period of entitlement only.

The CHAIRMAN: Does clause 52 carry?

Carried.

Clause 53(1) "Application of Act".

Mr. CHURCHILL: This clause is very involved. Does anybody understand it?

Mr. MICHENER: Perhaps we might have an explanation of what the maximum payments are in terms of weeks in the different cases. If so, it would help us to follow it.

The CHAIRMAN: I understand that one of the officials of the Department of Justice would like to make an explanation, so we will stand clause 53 until tomorrow.

Clause 54 (1) "Conditions of Benefit".

Mrs. FAIRCLOUGH: Mr. Chairman, I wonder if one of the officials would explain what this means. I must say here that clause 57 is similar; does it mean that he is unemployed throughout the whole week, and if the week in question is a five-day working week, or a six-day working week, whichever it may be, is it a week during which he makes a contribution, and does it mean that he was unemployed during the whole week by reason of having been unemployed for any portion of that week?

Mr. MCGREGOR: It means that he would be unemployed anytime during the week except that in a five-day working week he would not be unemployed on Saturday.

Mrs. FAIRCLOUGH: It is a little confusing. Under the new Act even if he worked one day, he will have a contribution stamp; even if he works one day, in so far as his book is concerned, it will show him as having been employed for that week.

Mr. MCGREGOR: Or employed *during* that week.

Mrs. FAIRCLOUGH: It does not show him unemployed during that week.

Mr. MCGREGOR: He can be both employed and unemployed during the same week.

Mrs. FAIRCLOUGH: You must take that in conjunction with clause 57, because I was going to ask if it means that he would be regarded as unemployed for the whole week if he left off for a couple of days?

Is the new system of inserting one stamp for one week going to complicate the process of judging whether a person is employed or unemployed?

Mr. BARCLAY: It is more lenient. At the present time if a man goes to work for one hour a day, he is employed for that day. He may only draw an hour's pay. Such a thing is quite common in the needle trades, where people may be called in for one or two hours' work. Under the present Act such a person is employed and cannot draw any benefits.

But as this is written, he may show that he has been unemployed for a part of the week, and employed for two hours in a day, it may be one full day or two full days, and so on.

Mr. MICHENER: I take it that notwithstanding the unit is now a week for the purpose of contributions and benefits and so on, that the administration does take into account a day of employment or unemployment.

Mr. BARCLAY: Not the day or the date of unemployment. Just the week, and the man can be employed during the week and pay a contribution in that week and still draw some benefit.

Mr. MICHENER: You still take into account what happens during the week. If he is now employed for five hours he is not regarded as being employed for that week but only five hours.

Mr. BARCLAY: The five hours might be his full working week.

Mr. MICHENER: You do not even take into account the hour although the week is the unit of measurement.

Mr. BARCLAY: Yes.

The CHAIRMAN: Shall clause 54, subclause (1) carry?

Carried.

Clause 54, subclause (2).

Mr. MICHENER: I would like to know what the mechanics are of complying with this section. An insured person becomes disqualified if he is unable to prove that he was unemployed:

"An insured person is disqualified from receiving benefit in respect of every day for which he fails "to prove that he was (a) capable of and available for work, and (b) unable to obtain suitable employment."

Mr. BARCLAY: The general practice at the moment is that a person within the city limits reports in person once a week. In some instances, he only reports every two weeks. A man who is unable to report to our office in person may report by mail. As a general rule, the fact that he comes into our office once a week indicates that he has no job and we take his word for it for the balance of the period. The same thing applies if he is ill.

Mr. MICHENER: Do you find many instances where the man defrauds in that honour system?

Mr. BARCLAY: Not to any degree. We may have the odd case where people who went to work on Wednesday forgot to tell us about it. But the cases are not numerous.

Mr. MICHENER: Do you have cases of people coming in every week and still carrying on a job?

Mr. BARCLAY: Occasionally that occurs.

Mr. MICHENER: Do you take any action against them when you discover that?

Mr. BARCLAY: Yes. There are provisions in the Act for penalties. We can deprive a man of so many days, as well as recovering from him the money he has received.

Mr. JOHNSTON (*Bow River*): There is a point in (a). Supposing a man receives benefits and becomes ill for a day or two?

Mr. BARCLAY: Then that provision is wiped out.

Mr. JOHNSTON (*Bow River*): He would not be capable of work at that time but would still be able to receive benefits?

Mr. BARCLAY: Yes.

Mr. BYRNE: I was not here when the meeting opened, but did clause 47 carry?

The CHAIRMAN: Clause 47 subclause (1) carried. The schedule stands.

Mr. BYRNE: We are discussing clause 54 which refers to the weekly rates applicable under clause 47. Are we quite in order?

Mr. BARCLAY: If we change 47 it will still apply.

Mr. GILLIS: This is new, is it not?

Mr. BARCLAY: You mean clause 54, subclause (2)?

Mr. GILLIS: This is throwing the onus of benefit on the claimant.

Mr. BYRNE: There is one thing I would like to get straight. Clause 47 limits the amount of earnings. Under the old Act a person may work for three days of the week and have accumulated earnings up to 50 or \$60 and can still collect unemployment insurance for two days of the week if he has accumulated sufficient waiting time, and under this new Act, if they have worked three days and earned up to \$43 they cannot apply for unemployment insurance for the two days.

Mr. BARCLAY: They would not always get it; it would depend on the earnings.

Mr. BYRNE: If their earnings were \$43, they would not get it?

Mr. BARCLAY: That is right.

Mr. BYRNE: I wonder if the committee understands that. Supposing a man works for three days in one week and is unemployed then for the next five days; if he worked Monday, Tuesday and Wednesday and was unemployed Thursday, Friday, Monday, Tuesday and Wednesday of the following week?

Mr. BARCLAY: Each week is taken as a separate unit. That means if he had worked three days in the week and earned more than \$43, he would get no benefit for that week and if the same thing happened the next week he would get no benefit for that week either.

Mr. BYRNE: There are quite a number of people in the coal mining industry who will be adversely affected. I have a table of figures here showing applicants for unemployment insurance in the Crow's Nest area. There were 1479 people who applied for unemployment insurance in the month of February. I do not say all of these applicants would have earned \$43 in a week, but a number would have and they would be disqualified from any unemployment insurance under this section.

Mr. MICHENER: For that week but they would not lose that week of benefit.

Mr. BARCLAY: You mean from their total entitlement?

Mr. MICHENER: Yes.

Mr. BARCLAY: No.

Mr. MICHENER: It is just deferred.

Mr. BYRNE: This situation may be continuous for a long period and may go on for several months in which they have orders for only a few days a week. They would never get it back.

Mr. JOHNSTON (*Bow River*): I want to join with Mr. Byrne in that. In the Drumheller area they do not average more than three or four days a week for the whole year. They could very easily be in the position Mr. Byrne has indicated. If they worked two or three days in one week they would not lose the benefit period but they would lose their unemployment insurance because they could not qualify in any week.

Mr. BARCLAY: The situation in Drumheller is more patchy than in the Crow's Nest. Our experience in Drumheller has been that it is catch as catch can. A fellow may work four days this week, and three days the next week. We have found that under the present provisions of the Act that when those things get serious at all the unions and management get together and instead of working only three days one week and three days the following week, they might settle for six days in one week and none in the following week.

Mr. BYRNE: They are able to get work when they are able to get box-cars and so on. We do not have a box-car controller as they have with wheat.

Mr. JOHNSTON (*Bow River*): I do not believe that union and management could get together and say we will work so many days this week and so many the following week. They can work only when they get the orders.

Mr. BARCLAY: I do not know what your rates are in Drumheller. Are they comparable to the rates in the Crow's Nest?

Mr. JOHNSTON (*Bow River*): I do not know.

Mr. BARCLAY: If they are and they are going to earn \$43 a week one view might be that anyone earning \$43 a week does not need unemployment insurance.

Mr. BYRNE: That might be the answer, but it still leaves them in a less happy position than they are under the present Act.

Mr. BARCLAY: It is not as good a position under this Act for the man losing one or two days as it was before. There is a table in the brief we presented at the beginning at page 36.

The CHAIRMAN: It looks now as if we have to take recess in order to answer the division bell in the House.

Mr. BYRNE: I would like to pursue that matter further.

The committee having reconvened it was adjourned because of a call for a second division in the House.

SURVEY OF THOSE DRAWING SUPPLEMENTARY BENEFIT  
ON APRIL 15, 1954

10% SAMPLE

Week Ending June 5, 1954

Worked full time since April 15 .....	27.8	
Worked less than full time since April 15 ..	14.3	42.1
Had no job since April 15		
Retired .....	7.2	
Keeping House .....	4.8	
Unemployed .....	42.9	
Other .....	1.3	
Not Stated .....	1.7	
	57.9	
		100.0

Those not fully employed since April 15

How financed

By self and family .....	50.9	
With some assistance from outside agencies .....	2.8	
Borrowing and buying on credit ....	23.1	
Other means .....	1.5	
Not specified .....	21.7	
	100.0	

Those who had no job on June 5

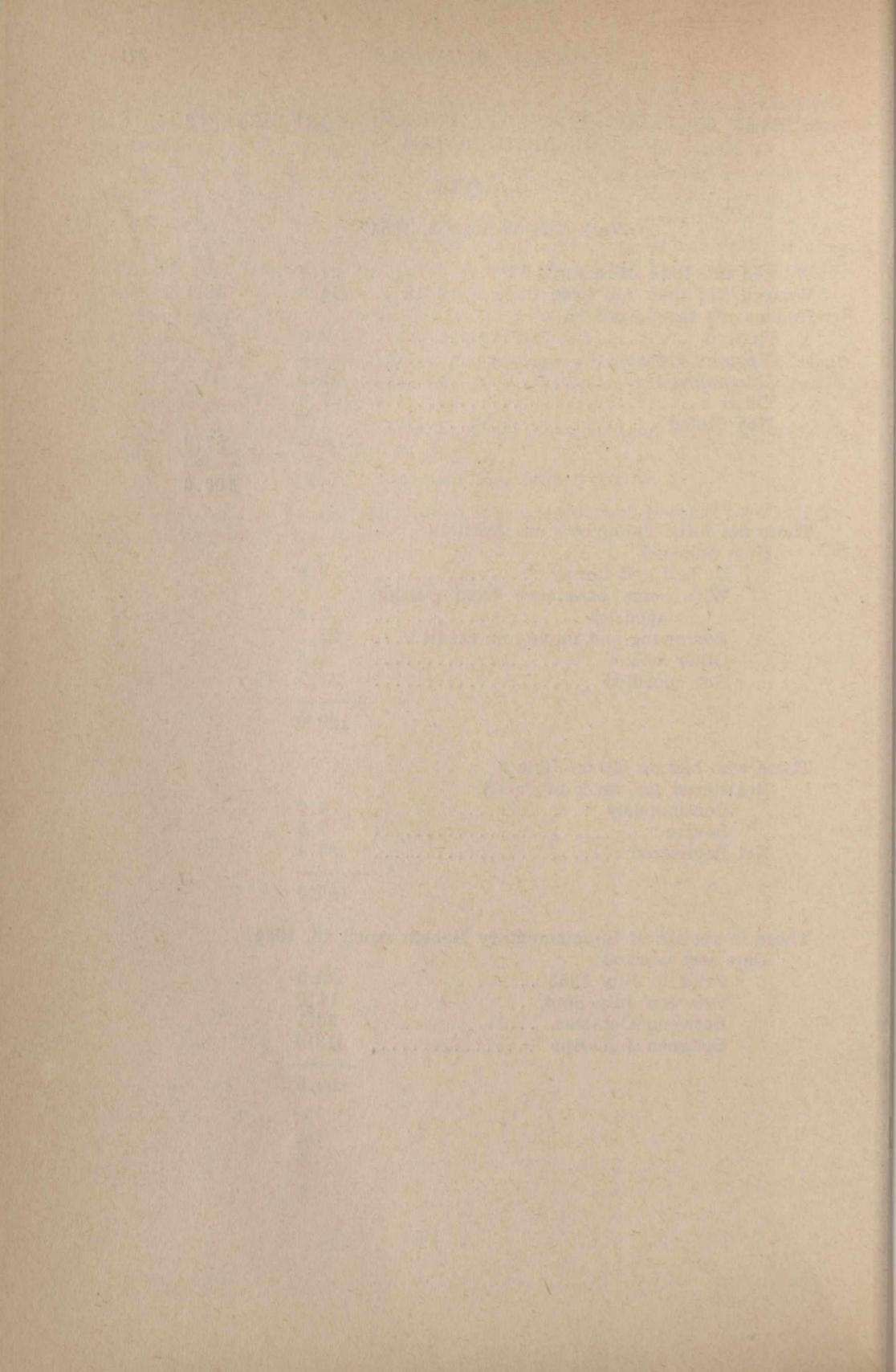
Registered for work at N.E.S.

Continuously .....	4.0	
Revived .....	7.6	
Not Registered .....	88.4	
	100.0	

Those in receipt of Supplementary Benefit April 15, 1954

Date last worked

Prior to July 1953 .....	20.5	
Between July-Sept. ....	11.0	
Between Oct.-Dec. ....	50.1	
Between Jan.-Apr. ....	18.4	
	100.0	



HOUSE OF COMMONS

Second Session—Twenty-second Parliament

1955

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STANDING COMMITTEE

ON

# INDUSTRIAL RELATIONS

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

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BILL No. 328

An Act respecting Unemployment Insurance

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THURSDAY, JUNE 2, 1955

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WITNESSES:

The Honourable Milton F. Gregg, Minister of Labour, and the following from the Unemployment Insurance Commission: Mr. J. G. Bisson, Chief Commissioner; Mr. C. A. L. Murchison, Commissioner; Mr. R. G. Barclay, Director of Unemployment Insurance; Mr. Claude Dubuc, Legal Adviser; and Mr. J. McGregor, Chief Claims Officer.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955.

1952

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

Chairman: G. E. NIXON, P.C.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

BILL No. 228

An Act respecting Unemployment Insurance

THURSDAY, JUNE 2, 1952

WITNESSES:

The Honourable Milton F. Gray, Minister of Labour, and the following from the Unemployment Insurance Commission: Mr. J. G. Dixon, Chief Commissioner; Mr. C. A. L. Woodhouse, Commissioner; Mr. E. G. Barclay, Director of Unemployment Insurance; Mr. Claude Doherty, Legal Advisor; and Mr. J. McGregor, Chief Claims Officer.

# MINUTES OF PROCEEDINGS

THURSDAY, June 2, 1955.

## MORNING SITTING

The Standing Committee on Industrial Relations met at 10.30 o'clock a.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Bell, Brown (*Brantford*), Byrne, Cannon, Churchill, Croll, Deschatelets, Mrs. Fairclough, Messrs. Gillis, Hahn, Hardie, Leduc (*Verdun*), Michener, Nixon, Simmons, Small and Starr.

*In attendance:* The Honourable Milton F. Gregg, Minister of Labour, and the following from the *Unemployment Insurance Commission*: Mr. J. G. Bisson, Chief Commissioner; Mr. R. G. Barclay, Director Insurance Branch; Mr. Claude Dubuc, Legal Adviser; and Mr. J. McGregor, Chief Claims Officer.

The Committee resumed from yesterday its clause by clause study and consideration of Bill No. 328, An Act respecting Unemployment Insurance, commencing at Clause 54(2).

Subclause (2) of Clause 54 was considered and agreed to.

Clause 55 was considered and agreed to.

Clause 56 and the Schedule were allowed to stand.

Clauses 57 to 65 inclusive were severally considered and agreed to.

Clause 66 was allowed to stand.

*On Clause 67:*

The said Clause was considered and agreed to, excluding subparagraph (iv) of paragraph (c) of subclause (1) which was allowed to stand, in respect of which the witnesses distributed a statement entitled "Married Women" for study.

Clauses 68 to 72 inclusive were severally considered and agreed to.

Clause 73 was studied and allowed to stand for reconsideration with Clause 75 in relation to the amendment made to Clause 31.

Clause 74 was considered and agreed to.

Clause 75 was allowed to stand for reconsideration with Clause 73.

Clauses 76 to 90 inclusive were severally considered and agreed to.

The Committee agreed to revert to Clause 48 as the first item of this afternoon's sitting.

At 12.05 o'clock p.m., the Committee adjourned to meet again at 3.30 o'clock p.m. this day.

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## AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m. The Acting Chairman, Mr. James A. Byrne, presided due to the temporary absence of the Chairman and Vice-Chairman.

*Members present:* Messrs. Byrne, Cannon, Cauchon, Churchill, Croll, Deschatelets, Mrs. Fairclough, Messrs. Fraser (*St. John's East*), Gillis, Hahn, Hardie, Leduc (*Verdun*), Lusby, McEachen, Maltais, Michener, Nixon, Simmons, Small and Vincent.

*In attendance:* The Honourable Milton F. Gregg, Minister of Labour, and the following from the *Unemployment Insurance Commission*: Mr. J. G. Bisson, Chief Commissioner; Mr. C. A. L. Murchison, Commissioner; Mr. R. G. Barclay, Director, Insurance Branch; Mr. Claude Dubuc, Legal Adviser; and Mr. J. McGregor, Chief Claims Officer.

The Committee reverted to Clause 48 of Bill No. 328 which, after further study and consideration, was again allowed to stand.

During consideration of Clause 48, the Commission presented comparative charts illustrating "Present and Proposed Duration of Benefits", copies of which were distributed to members present. The Committee agreed that the said charts be appended to this day's proceedings (*See Appendix*).

Clauses 91 to 101 inclusive were severally considered and agreed to.

Clause 102 was studied and allowed to stand.

Clauses 103 and 104 were considered and agreed to.

At 5.30 o'clock p.m., the Committee adjourned to meet again at 8.30 o'clock p.m., this day.

#### EVENING SITTING

The Committee resumed at 8.30 o'clock p.m. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Byrne, Cannon, Churchill, Mrs. Fairclough, Messrs. Fraser (*St. John's East*), Gillis, Hahn, Hardie, Michener, Nixon, Simmons and Starr.

*In attendance:* The Honourable Milton F. Gregg, Minister of Labour, and the following from the *Unemployment Insurance Commission*: Mr. J. G. Bisson, Chief Commissioner; Mr. R. G. Barclay, Director, Insurance Branch; Mr. Claude Dubuc, Legal Adviser; and Mr. J. McGregor, Chief Claims Officer.

The Committee resumed its clause by clause study and consideration of Bill No. 328, commencing at Clause 105.

Clauses 105 to 121 inclusive were severally considered and agreed to.

The Committee then reverted to the following Clauses that had been allowed to stand:

Clauses 1 and 2 were again allowed to stand for reconsideration when all other Clauses have been dealt with.

Subclauses (1) and (2) of Clause 3 were reconsidered and agreed to on the following division: *Yeas*, 7; *Nays*, 4.

Clause 5 was reconsidered and agreed to.

*On Clause 6:*

On motion of Mr. Byrne, seconded by Mr. Simmons, Clause 6 as previously agreed to was rescinded and the following new Clause substituted therefor:

6. (1) The Commission is a body corporate and is for all its purposes an agent of Her Majesty in right of Canada and its powers under this Act may be exercised only as agent of Her Majesty.

(2) The Commission may on behalf of Her Majesty enter into contracts in the name of Her Majesty or in the name of the Commission.

Subclauses (1) and (2) of Clause 19 were reconsidered and agreed to.

*On subclause (1) of Clause 21:*

On motion of Mr. Hahn, seconded by Mr. Michener, the word "shall" was substituted for the word "may" in line 14.

Clause 21, as amended, was agreed to.

Subclause (2) of Clause 22 was reconsidered and agreed to.

*On Clause 27:*

Paragraph (a) of Clause 27 was reconsidered and agreed to.

Paragraph (b) of Clause 27 was reconsidered and agreed to, subject to inclusion in the Report to the House on this Bill of a recommendation, moved by Mr. Cannon, to the following effect:

"Your Committee recommends that the government give early consideration to extending the coverage of this Act to fishermen

(1) who work for wages; and

(2) who are engaged in such other parts of the fishing industry as are manageable."

Paragraph (g) of Clause 27 was again allowed to stand.

*On Clause 29:*

Mr. Michener moved, seconded by Mr. Starr:

That the words "with the approval of the Governor in Council" be added to line 17.

The question having been put, the said motion was negatived on the following division: *Yeas*, 3; *Nays*, 8.

Clause 29 was accordingly agreed to.

At 10.00 o'clock p.m., the Committee adjourned to meet again at 10.30 o'clock a.m., Monday, June 6, 1955.

A. Small,  
*Acting Clerk of the Committee.*



## EVIDENCE

JUNE 2, 1955.  
11.00 a.m.

The CHAIRMAN: Order, please. When we adjourned yesterday, we were discussing clause 54, subclause (2) (a), and Mr. Byrne had the floor.

Mr. BYRNE: Instead of saying carried at this moment, may I point out we were questioning what is termed short-time claimants and we found that those workers who worked three days in one week, and earned up to \$43 were unable under the new bill to collect any benefits whereas under the present Act they could claim benefits for two days of the week. What I would like to find out is how many people are going to be affected by this regulation, and more particularly in the coal mining industry. That is an industry which is just in the process of deteriorating, I would say, and the miners are gradually moving away in some areas, but in the meantime they may be on short-time for three or four months, and they may work three days a week. Previously they were allowed to collect for two days. What is the feeling of the minister regarding that situation?

Mr. R. G. BARCLAY (*Director of Unemployment Insurance, Unemployment Insurance Commission*): I have not got very complete information. The only thing I can say is on the 30th of April, 1955, we had 23,000 short-time claimants. The number of those claimants who were working one, two, three, four or five days we do not know. In Alberta there were 3,500 short-time claimants. My recollection is that in the Blairmore office there were 1,400, 1,500 or 1,600 of those. I know there were some at Lethbridge where there are some mines. There was quite a sizeable number at Drumheller. If you would look at the table to which I referred yesterday in the brief—

Mr. BYRNE: What page was that?

Mr. BARCLAY: Page 36. The table on page 36 to which I referred yesterday shows that a person working one day is better off in the main under the proposed bill than he is at present. The same thing applies to the two-day man. We would pay under the proposal to a man whose ordinary earnings are \$30 a week working one day \$13 as against \$12 if he is working short-time, and \$15 if he is working casually. If a man has earnings for two days, we would pay him \$13 under the proposal as against \$9 if he were working short-time, and \$12 if he were working casually. Three days, \$8, \$6, and \$9. For the man working four, five or six days, it is the same as it is at the present time. A person on a five-day week would be paid \$17 as against \$12. If he works two days, \$11 as against the present \$9; and three days, \$5 as against the present \$6; and if he works four or five days, there is no change. I do not think there is any question about it that the man who is cut down to three days a week is not going to get as much benefit as he does under the present plan, particularly when his wages are high, but as I said yesterday afternoon, if a person has \$43 a week of earnings—if everyone in Canada were assured of \$43 a week earnings, there would be no unemployment insurance plan.

Mr. BYRNE: How long could a condition such as that exist; that is, of working short time, before the employee would lose any benefit rights or days, or does he keep accumulating them?

Mr. BARCLAY: Under our proposals he would accumulate contributions although he is only working three days a week.

Mr. BYRNE: Under the present Act, when he worked three days a week—

Mr. BARCLAY: It would just take him that much longer. It would take him 60 weeks to accumulate 180 days and under the bill it only takes him 30 weeks, so he would re-qualify for benefits just twice as fast under this bill as under the present Act.

Mr. HAHN: Would you go so far as to say that a man who works a short week has a kind of guaranteed annual wage?

Mr. BARCLAY: If you want to talk about a guaranteed annual wage, I guess the answer is yes. It is augmenting income or stabilizing income, if you like.

Mr. GILLIS: Mr. Barclay, most of the mines in Nova Scotia worked half-time last winter, and likely will again next winter.

Mr. HAHN: You are being optimistic!

Mr. GILLIS: No, realistic! Providing a man is qualified in every way, and the mine works this week for three days he is not entitled to any unemployment insurance that week, because he has to put in five waiting days. The following week he works three more days. Now, can you take the three days he was idle last week and the three days he was idle in the next week in order to set up that waiting period and qualify him for one day's unemployment insurance in the second week?

Mr. BARCLAY: The waiting period will be set up in terms of money rather than days.

Mr. GILLIS: He has to put in his waiting days. How does the man get started on collecting the short-time benefits?

Mr. BARCLAY: I was going to try and explain.

Mr. GILLIS: All right, I will listen.

Mr. BARCLAY: Your waiting period is set up in terms of money. If you have a weekly benefit of \$30, you do not get paid the first \$30 of benefit you earn just like at the present time, you do not get paid the first six days of benefit. Now, under the bill, it will be set up in terms of money. If at the end of that first week the man was not entitled to any benefit, there would be no credit to him on his waiting period. In any week where there is no benefit entitlement, there is similarly no entitlement to a waiting period. Suppose a man's benefit rate is \$30, and his allowable earnings are \$13. If in the first week he earns \$30 it means ordinarily he would be entitled to \$13 benefit. That \$13 comes off his \$30 waiting period, and reduces that to \$17. Now, the second week the man earns \$30 his allowable earnings are \$13 and that comes off the \$17 leaving \$4 to be deducted the third week. It works pretty much the same way as it does now.

Mr. GILLIS: You are going to have to hire a lot of chartered accountants! While I am on this subject, I would like to ask about clause 54, subclause (2), paragraph (a) and (b) which read: "Capable of and available for work and unable to obtain suitable employment." Are you not putting the onus of proof on the claimant and taking it off the offices?

Mr. BARCLAY: No.

Mr. GILLIS: "Capable of work". All right, he can satisfy you on that point, and fix up a medical certificate. On the second point, "Unable to obtain suitable employment," does he have to go to the office and prove to them that he is unable to secure suitable employment? He has already registered there, and

they know what his qualifications are, and whether or not he is a recipient of unemployment insurance. It is the job of the national employment office to find employment for him, is it not?

Mr. BARCLAY: Yes.

Mr. GILLIS: He should not have to go and prove that he is unable to find work.

Mr. BARCLAY: There is a variation in wording between the new clause of the Bill and the old section 99(1) of the Act and that variation is mainly by reason of the fact that we are now on a weekly basis rather than on a daily basis. As far as proving that he is unable to obtain suitable employment, that same provision contained in section 29(1) of the Act, and we have always accepted the fact that if a man is registered at the office and we are not able to find him a job, the "Unable to find suitable employment" requirement is met. There may be some variations of that, and there always have been. For example, if we know there is a job available to a man, although we may not have offered it to him—for example, if a board is posted up on your mine saying that a certain shift is due to go to work, and later on one of the miners says, "I was unemployed on that day," the office knows and he knows that he could have worked if he had gone down and answered the call on the board, but these variations are few and I would say that in 99 per cent of cases if a man is registered for employment at one of our local offices, and we are unable to find him a job, the requirement, "Unable to obtain suitable employment," has been satisfied, and there is no intention of changing our present practice in that regard.

Mr. GILLIS: When we get wordings interpreted outside by people who have not had the benefit of these discussions, they will and do get tangled up. With regard to this business of being unable to obtain suitable employment, Mr. Barclay has pretty well confirmed what I was speaking of. If you are living in a big industrial center where an employer might say, "I am going to do my own hiring" you could conceivably have a man who is receiving unemployment insurance and is registered for employment, but if this company—assuming that they may be looking for men, or if a rumour was circulating that they were looking for men—the local officer could say to the individual whose claim he was handling, "If you had gone down to the steel company office, or this office or that company on such and such a day, you would have got employment." Do you see what I mean? I think it detracts from what we are trying to do.

We should take the position that this is the national employment office, and you have to find employment for these men, but this kind of wording, in my judgment, sends the fellow off in some other direction. This business of "Capable of and available for work, and unable to obtain suitable employment" is bad wording. I have run into claims in which the man in the local office, who set the claim up exercised his own judgment just by looking at the fellow and wrote into the claim, "In my opinion this man is not available for work." I have run into cases like that. I have gone in and argued with boards of referees, and endeavour to untangle claims set up in that way because of that wording that in the judgment of the local fellows who set the claim up the worker was not capable of working. You run into many cases like that especially when pensioners come into the picture.

Mr. BARCLAY: There would be the pensioners and cases where obviously there was some disability—not a permanent disability—but if a man walked into your office with a leg in a cast, and was on two crutches—

Mr. GILLIS: No, that was not the case. I know a section where you have heavy industry the average pensioner coming on a pension is not able to go on

a steel bench or a coal mine, and in the opinion of this office it was the employment he was capable of and they wrote him off.

Hon. Mr. GREGG: Clause 54, subclause (2), paragraphs (a) and (b) of this Bill are exactly the same as section 29(1) paragraphs (b) and (c) of the present Act. It is not the intention to interpret it any different from the present Act. As far as I am concerned, I have never had any complaint as to the interpretation of that particular language. There have been suggestions made that our local offices do interpret them too generously, and they do not go to great enough lengths to make sure that the man is in reality unable to obtain suitable employment, but I do think if there is no change in the administration, and if there is exactly the same expression in the future as there was in the past, that there would be any cause for complaint.

Mr. GILLIS: When the Congress of Labour officials were before us, they did stress in their comments on the brief that it threw the onus of proof on the men in the offices. I am objecting to it because I do not think it is necessary. The purpose of the fund is very clear, and the function of the national employment office is clear, and I do not think that should be in there at all. It tends to mislead people who are setting up claims.

Mr. HAHN: There is another difficulty which I have experienced in my own riding concerning transportation facilities for the purpose of taking employment in a town six or eight miles away, and the onus is placed on the employee to prove that he is not available and has no means of getting to this job.

Mr. BARCLAY: Transportation has always been taken into account by the court of referees and by the local offices where a man lives in one place, and the job is in another town.

Hon. Mr. GREGG: Are you referring, Mr. Gillis, to the brief submitted by the Canadian Congress of Labour?

Mr. GILLIS: I am referring to statements made by Mr. Andras.

Hon. Mr. GREGG: They referred in their brief to the disqualification clause, 59 (1) (a) in the bill.

Mr. GILLIS: You will not find it in the brief. It was in the argument Mr. Andras presented following the brief.

Mr. J. G. BISSON (*Chief Commissioner, Unemployment Insurance Commission*): It is in the brief.

Mr. BARCLAY: One wording is negative and the other is positive, but I can assure Mr. Gillis, there is no intention of any change in policy so far as these two paragraphs are concerned.

The CHAIRMAN: Clause 54, subclause (2), paragraph (a) carried.

Clause 54, subclause (2), paragraph (b) carried.

Clause 55, subclause (1).

Mr. BELL: Concerning the waiting period, may I ask if any figures are available or if they have been made available—I suppose they would be only estimated figures—on the drain on the fund if the waiting period were to be completely removed?

Mr. BARCLAY: We have no complete figures on that, but the waiting period is very similar to the clause in your automobile insurance where you take the bump for the first \$50 or \$100, and up to the present time the general statement made by the actuary is that without a waiting period we would receive a great many more claims for very short periods, and there would be a very considerable drain on the fund. Any one laid off for one day could call in and collect for that day if there was not a waiting period. The waiting period only applies to the first period in a benefit year of 12 months. It does not apply to every period of unemployment. A man might be unemployed five or six times during the 12 months, but his waiting period only applies when the benefit year is set up.

Mr. BELL: Do I understand that under the proposal there is provision for a waiver instead of deferment of the waiting day period?

Mr. BARCLAY: Yes.

Mr. BELL: May I ask where that provision is? Are those in regulation? When would the waiver be used and why?

Mr. BARCLAY: The provision for that is in the first phrase of clause 55:

55. (1) Except as otherwise prescribed by regulation of the Commission, an insured person is not entitled to receive benefit in respect of a benefit period until the expiration of a waiting period commencing with the day on which the benefit period was established and ending on the day that, but for this section, benefits in respect of that benefit period equal to the weekly benefit rate would have accrued.

Under the present act, we have the power to defer and that power is exercised when a man is unemployed for two weeks before he makes his claim. We have a large number of people who will have one benefit year of unemployment—he might set up a benefit year in July and be unemployed for six weeks, and we will not see him again until next June, and he comes in next June and he may have a month to run on his benefit year, and then he goes on to the new benefit year, and in those cases we have deferred the benefit period until he has had another bit of work of six days in two weeks. We find in a great many cases these deferments were not working out. The men never serve the waiting period, and instead of deferring it, we decided to ask for power to waive, and our present intention is that the waiting period will be waived in similar circumstances to those under which we will defer now.

Mr. BYRNE: I am getting more confused by this waiting period.

Mr. GILLIS: So am I!

Mr. BYRNE: I thought we had established that once you get into a week, a week having been determined as from Monday to Saturday as per your working schedule—if in any week you earn—supposing you are on a rate that would normally give you \$30 benefit for the full week—any week you earn less than \$30 you are entitled to benefits. That is the understanding I had. However, the waiting period—

Mr. BARCLAY: Let me put it this way. Take first of all the majority of cases. A man becomes unemployed, and is unemployed for a full week. He gets no work at all in that week. That man has served his waiting period within a period of six days, because he has earned his full week benefit and there are no deductions for earnings, and he would write off his waiting period in the first week of his claim.

Mr. BYRNE: He collects nothing for that first week?

Mr. BARCLAY: No, but the waiting period is taken care of. Now, the man's benefit is \$30, and the first week he is unemployed he has had some work, and he is entitled to \$15 benefit which applies against the waiting period. The man who works three days under the present Act would serve three days of waiting period that week, and the other three days the next week. He must in one way or another serve a week's waiting period for entitlement.

Mr. CROLL: So the actual time has not changed, but the method of computation only has been changed?

Mr. BARCLAY: Yes.

The CHAIRMAN: Clause 55, subclause (1), carried.

Clause 55, subclause (2), carried.

Clause 56, stands.

Clause 57, subclause (1), carried.

Clause 57, subclause (2), paragraph (a), carried.

Clause 57, subclause (2), paragraph (b), carried.

Clause 57, subclause (2), paragraph (c), carried.

Clause 57, subclause (3).

Mrs. FAIRCLOUGH: Concerning subclause (3), relating to courses of instruction, that course must be one to which he has been directed by the commission according to this clause. I had an instance here about three or four months ago of a young woman who had worked in one plant and was laid off and was receiving unemployment insurance benefits. Since she could not find a position she thought she would utilize her time by going to school. She enrolled in a business college which was a commendable thing to do, and endeavoured to qualify herself for stenographic work. When she went to business college she was cut off from benefits.

Mr. BARCLAY: In the first instance the provision was put in the Act so that primarily those whose skills were no longer required could be retained and draw benefits when getting their retraining. In certain other cases, you might have certain classifications which are depleted; that is, there were not enough people to fill the jobs available, and you might persuade people to take training in order to qualify for the available jobs. We approve certain courses, and we direct people to take those courses. When a man is unemployed—it may be that the labour market is fairly stable at the time—you might send him off for six weeks on a course and he is paid benefits whereas you might get him a job in three weeks if he were not in training. A second group are people who on their own elect to take certain courses. I do not know the details of the particular case you mention, but ordinarily if a claimant who comes into an office and says, "I am going to business college, but I am going to finish my business course, and I will not take a job in the meantime," she is cut off benefits. On the other hand if she says, "I am only taking this in my spare time and I will accept a job as soon as it is offered to me," she can continue benefits.

Mrs. FAIRCLOUGH: I do not know the exact details either. She came into my office, and told me this story. I told her that there was nothing I could do, but I perhaps should have inquired more closely into the details. It seemed to me there was an element of unfairness in it.

Mr. BARCLAY: If the office was following the instructions—which I hope they were—unless she said that she would not quit her course and take a job if it was offered to her, she could have continued to draw benefits.

Mrs. FAIRCLOUGH: My impression at the time was that there was still no work available for her in her previous line of work. She certainly would not have completed the business course in six weeks, but it would seem to me that until such time as they could offer her employment they should continue to pay benefits?

Mr. BARCLAY: We have a lot of people who elect to take course and continue to draw benefits providing they assure us that the moment a job opened they will drop the course and take the job.

Mr. GILLIS: How does this apply to the reserve army people who go to summer camps for six weeks which is about the length of time they are in training for a very useful purpose?

Mr. BARCLAY: They are out of luck.

Hon. Mr. GREGG: They all draw full pay during that period.

Mr. GILLIS: They are on army pay, but they are losing a lot of pay from their regular employment.

Hon. Mr. GREGG: We have written a letter to all their employers asking them to let them go without interfering with their holidays, and I understand we have received a very good response.

Mr. BARCLAY: We have made an exception for short week-end camps. We do not take them into account.

Hon. Mr. GREGG: Training courses are looked after under schedule M.

Mr. GILLIS: I am glad to know about summer camp courses, because we are receiving a lot of inquiries about them.

The CHAIRMAN: Clause 58 carried.

Clause 59, subclause (1), paragraph (a).

Mr. CROLL: There has been a change there, if I recall correctly, the word "aware" has been added, has is not?

Mr. BARCLAY: That is right.

Mr. CROLL: Can you advise me what it was before?

Mr. BARCLAY: The present Act says:

An insured person is disqualified from receiving benefit if he, after an officer of the Commission or a recognized agency or an employer has notified him that a situation in suitable employment is vacant or about to become vacant, has without good cause refused or failed to apply for such situation or failed to accept such situation when offered to him.

The present bill reads:

An insured person is disqualified from receiving benefit if he has without good cause, after becoming aware that a situation in suitable employment is vacant or about to become vacant, refused or failed to apply for such situation or failed to accept such situation when offered to him.

Mr. CROLL: Are you defining the word "aware" for interpretation at the local level?

Mr. BARCLAY: We will define it, of course. It is a little broader than the present section, but we think it is necessary. Just to quote one example, we will say two men work in a mine, and one goes over to the other and says, "Have you seen the board; your name is on the board for tomorrow morning." The second man says, "No, I am not looking at the board. If they want me, they can come and get me." I am not saying there are many such cases, but it has happened. The officer and the commission have not notified him and the employer has not notified him, but he is aware of the job.

Mr. CROLL: What you are doing is adding "rumour" to what you already have?

Mr. BARCLAY: I do not think it is rumour.

Mr. CROLL: What I think you are doing with the word "aware" is leaving yourself open to numerous interpretations.

Mr. BARCLAY: We would have to prove that he was aware. We would have to bring evidence to show that we knew he was aware of the job.

Mr. CROLL: Of course, at the present time and under the present circumstances, without the change you would still be in the same position.

Mr. BARCLAY: We would have to say that an officer, the commission or an employer offered him a job.

Mr. CROLL: You are carrying it one step further, and you think it will work?

Mr. BARCLAY: I think we will have very few cases of this nature, but we may catch a few people who are malingering.

Mr. STARR: On the matter of disqualification I would like to bring up the matter I brought up when the Canadian Congress of Labour were here. It is my belief that the disqualification penalties are double-barrelled. I will repeat what I said before—a person is disqualified for six weeks and he has that waiting period, and then his benefit period starts at the beginning of that six weeks of disqualification so that he not only has to wait six weeks but he is also deprived of six weeks benefit. Under the present Act, that means he receives only 45 weeks maximum benefits and under the proposed bill it means the maximum benefits will be only 24 weeks.

Mr. BARCLAY: That is wrong. The ordinary disqualification simply postpones the benefit. In other words, under this Act we set up an entitlement of \$900, and a person is disqualified for six weeks, he is not paid during the six weeks, but he still has 30 weeks or \$900 to go.

Mr. STARR: Is that the case under the present Act, too?

Mr. BARCLAY: Yes. There is only one penalty which we will come to later in the case where we impose a penalty for fraud, and then we actually deduct from the entitlement.

Mr. STARR: But do you mean to say that actually the person who is disqualified under ordinary circumstances—he only waited six weeks, and then his full benefit period begins at the end of the disqualification period?

Mr. BARCLAY: That is right. There is one other situation where that does not work out, and that is where a man reaches the end of his benefit year and has money left, then what we have deprived him of has actually been deducted.

Mr. HAHN: Is there any industry in which ethics do not permit one to apply for a position which you have reason to believe might become vacant? I am thinking it might be unethical to apply for a teacher's position for instance, with the full knowledge that someone is going to leave, or if rumour has it that she will leave that particular position. I know teachers do not do that, but it could happen in industry.

Mr. BARCLAY: Not that I am aware of.

Mr. HAHN: We have been talking about nurses. They have a code of ethics which might forestall this very thing.

Mr. BARCLAY: No, if the job is not there, there is no job to go to.

Mr. HAHN: It is not the fact that the job is not there, it is the fact that that you are becoming aware that Miss Smith is going to leave such and such a place.

Mr. BARCLAY: We would have to prove there was a job vacant, and that the man knew the job was vacant. It would have to be an actual job, and not just a rumour of a job.

Mr. GILLIS: Does that mean a job vacant in your own locality. It could mean that work is available in Ontario. You are unemployed and have a family, and your circumstances prohibit your leaving and taking that employment in some other part of the country.

Mr. BARCLAY: Those circumstances always have been, and I think always will be, taken into account with the suitability of employment. It does have to be a suitable job.

Mr. GILLIS: It could be interpreted that if a person refuses to pull up stakes and leaves he could be disqualified under this clause?

Mr. BARCLAY: Are you referring to the "aware" part of it now?

Mr. GILLIS: Yes. Are you aware of the fact there is employment available in Cornwall, you might be living in British Columbia?

Mr. BARCLAY: No, I think that is a little farfetched.

Mr. CHURCHILL: I am not at all certain a good case has been made out for putting in the word "aware" instead of retaining the wording in the present Act.

Mr. BARCLAY: I will give you one more example. The present Act says: "If an officer of the commission or a recognized agency or an employer has notified him",—we have a fairly large number of tradesmen who get their jobs through their own business agents and I do not know if that is a recognized agency or not—but stevedores are another group. Very few stevedores' positions are available through our office. Their employment is controlled between the shipping people and the stevedore group. As far as this clause goes, no one is going to be too strict about it, but we have known malingering and have not been able to do anything about it. Someone said in one of our meetings that we do not want to hold a torch for malingerers and it is only in the case of malingerers where we are likely to use this provision at all.

Mr. CHURCHILL: Are you still obliged as in the present Act to notify the insured person when a situation is vacant?

Mr. BARCLAY: Definitely.

Mr. CHURCHILL: Where does it say that? Why do you not retain the same words you already have, and then put in, "Or after becoming aware"? That would take care of the malingerers. Section 42, subsection (1), paragraph (a) of the present Act reads:

- (1) an insured person is disqualified from receiving benefit if he,  
 (a) after an officer of the commission or a recognized agency or an employer has notified him that a situation in suitable employment is vacant or about to become vacant, has without good cause refused or failed to apply for such situation or failed to accept such situation when offered to him;

Mr. DUBUC: There are many ways of informing employees of a vacancy, and only two or three are mentioned there, but there may be five or six more. Instead of describing the means of making him aware, we described the consequences—whether you notify him by mail, by telephone, through a friend or in person—it goes to the root of the problem rather than being the means of attaining the end. It is broader in one sense and narrower in another. We cannot just say that we mailed a notification yesterday. We now have to prove that he received it. We have to prove the consequences, mainly that he knew the job was vacant and that he was aware of it.

Mr. CHURCHILL: The onus rests on the commission to prove that he received the information?

Mr. DUBUC: Yes, we must prove the facts.

The CHAIRMAN: Clause 59, subclause (1), paragraph (a).

Carried.

Paragraph (b).

Carried.

Paragraph (d).

Carried.

Clause 59, subclause (2), paragraph (a).

Mr. MICHENER: Is clause 59, subclause (2) the same as it was before?

Mr. BARCLAY: Yes. There is a slight change in subparagraph (2), but it does not change the sense—it is merely a change in drafting.

Mr. MICHENER: And the same applies to subparagraph (3)?

Mr. BARCLAY: Yes.

The CHAIRMAN: Clause 59, paragraphs (a), (b) and (c) carried.  
 Clause 59, subclause (3).

Mr. CROLL: What is the interpretation of the words "reasonable interval"? What is the normal interpretation of those words?

Mr. BARCLAY: We have a schedule, Mr. Croll, and the reasonable interval depends a great deal on a man's skill. For example—I am not quoting now from the exact wording because I have not looked it up for some time—but a skilled tradesman such as a carpenter would not find other employment suitable to him if he had worked for 10 years as a carpenter. It depends on the degree of the skill he has, and the amount of time he has spent in the occupation.

Mr. CROLL: It is a sliding scale?

Mr. BARCLAY: Yes, from one week to possibly 20 or 30 weeks.

Mr. CROLL: You mean that "reasonable interval" could mean from one week to 20 or 30 weeks?

Mr. BARCLAY: When I said one week, I should have said three to four weeks which I think is the minimum.

Mr. CROLL: That is what I thought. I understand it is three to four to five to six—or is it longer than that?

Mr. BARCLAY: Yes, it is longer than that.

The CHAIRMAN: Clause 59, subclause (3).

Carried.

Clause 60, subclause (1).

Carried.

Clause 60, subclause (2).

Carried.

Mr. BELL: I notice that while this is substantially the same as section 43 of the present Act, it has been changed around and the words "Of his own" in front of "misconduct" have been added. Why have the limiting words been put in?

Mr. DUBUC: It is the same wording, there is no change.

Mr. BELL: I do not see that.

Mr. DUBUC: It is only to shorten it.

Mr. BELL: It has been left out in clause 60, subclause 2.

Mr. DUBUC: Yes, because it refers to the first one; it is the same misconduct.

The CHAIRMAN: Clause 61, paragraph (a).

Carried.

Paragraph (b).

Carried.

Paragraph (c).

Carried.

Clause 62.

Mr. CHURCHILL: Could you stand that until Mrs. Fairclough returns?

Mrs. FAIRCLOUGH: Is Mr. Starr assured?

Mr. STARR: I have been assured there is just the six weeks period of disqualification.

The CHAIRMAN: Clause 62.

Carried.

Clause 63, subclause (1), paragraph (a).

Carried.

Paragraph (b).

Carried.

Paragraph (c).

Carried.

Clause 63, subclause (2), paragraph (a).

Carried.

Paragraph (b).

Carried.

Clause 63, subclause (3).

Carried.

Clause 64.

Carried.

Clause 65.

Mrs. FAIRCLOUGH: Concerning clause 65, I was talking the other day about the penalties for fraud and so on, and it does seem to me that in this clause if a claimant bases a claim on false statements and the insurance officer becomes aware of the fact that misrepresentations were made and the claimant has been allowed by reason of such false statements payments the insurance officer may disqualify or invalidate the payment of benefits to such an extent as he sees fit, but not exceeding six times an insured person's rate of benefit. That is the way it stands, is it not? However, after six weeks the claimant can re-submit the claim based on his false statement.

Mr. BARCLAY: This clause deals only with the penalty we may impose if a claimant made a false statement the balance of the settlement would be washed out.

Mrs. FAIRCLOUGH: In view of this statement about six times the person's weekly rate of benefit, it looks as though that is the only penalty, and he can turn around and re-claim?

Mr. BARCLAY: If the claim is set up falsely the balance of the claim would be washed out.

Mr. BYRNE: There would be a lien against any new claim made in the future.

Mr. BARCLAY: Yes.

The CHAIRMAN: Clause 65, (a) and (b).

Carried.

Mr. CHURCHILL: Would you permit me to ask a question concerning clause 64 which we passed a moment ago. I notice the last phrase in 64 says, "Unless otherwise prescribed by regulations made by the commission." In the present Act it is set up in a different place and it comes right after the word "or". As it stands now in the proposed bill, it applies to the entire section; that is, a person who is disqualified from receiving benefit "while he is an inmate of any prison or penitentiary or an institution supported wholly or partly out of public funds or, while he is resident, whether temporarily or permanently, out of Canada, unless otherwise prescribed by regulations made by the commission."

Mr. BARCLAY: We have broadened it, Mr. Churchill.

Mr. CHURCHILL: Yes, and the regulations might permit unemployment insurance to a person while in prison or a penitentiary?

Mr. BARCLAY: While he is an inmate of any prison or penitentiary or an institution supported wholly or partly out of public funds. The reason we put this in a different place, is because in some of the larger cities there are shelters or other homes for indigent people, which are supported wholly or partly by public funds. Those people are not there by choice—they have money and pay a small amount for bed and meals. The way the Act was written before, if a person continued to live in one of these places, he could not draw benefits whereas he was actually only getting the cheapest accommodation he could find during the time he was only getting casual work. Any extra power we have there will permit us to be more lenient with claimants of that type.

The CHAIRMAN:

Carried.

Clause 66?

Mrs. FAIRCLOUGH: This is the clause dealing with persons who become ill and we discussed previously the situation which arises when a person becomes ill between the time he is laid off work, and the time he files claim. There are some ramifications to this, and I wonder if we could let it stand for the time being?

The CHAIRMAN: Clause 66 stands.

Clause 67, subclause (1), paragraph (a), (b) and (c) carried.

Clause 67, subclause (2).

Carried.

Clause 67, subclause (3).

Carried.

Mrs. FAIRCLOUGH: Are you taking the subparagraphs?

The CHAIRMAN: Subparagraph (i) of clause 67 (1).

Carried.

Subparagraphs (ii) and (iii) of clause 67 (1).

Carried.

Clause 67, subclause (2).

Carried.

Mrs. FAIRCLOUGH: Wait a moment, Mr. Chairman. You skipped subparagraph (iv), Clause 67 (1) which is quite all right with me.

The CHAIRMAN: I am sorry.

Mrs. FAIRCLOUGH: I move that subparagraph (iv) of Clause 67 (1) be struck out! You will have to be faster on the draw than that.

Mr. CROLL: This will be somewhat involved, will it not?

The CHAIRMAN: Yes, there is an 8-page brief entitled "Married Women" to be distributed. We will let clause 67 (1) subparagraph (iv) stand.

Mr. CROLL: Subparagraph (iii) and (iv) of Clause 67 (1) are related and must stand.

The CHAIRMAN: No. Subparagraph (iv) stands and subparagraph (iii) passes. We will distribute the brief to the members and return to this later.

Mrs. FAIRCLOUGH: When I am here!

The CHAIRMAN: Clause 67, paragraphs (a) and (b) of subclause (2).

Carried.

Clause 67, subclause (3), paragraph (a).

Carried.

Mr. CHURCHILL: The whole clause 67 takes in the present sections of the Act, 29 subsection (2), section 35 and section 40. Are there any important changes from the present Act?

Mr. BARCLAY: No, there are no important changes.

The CHAIRMAN: Clause 67, subclause (3), paragraph (a).

Mr. CHURCHILL: I wonder if one of the officials will assure us that all reasonable effort is made for recovery before these amounts are written off. Just what process is followed?

Mr. BARCLAY: I explained that briefly the other day, Mrs. Fairclough.

Mrs. FAIRCLOUGH: Yes, I know that.

Mr. BARCLAY: As long as we have the Treasury Board behind us you can rest assured that we will have to use every reasonable effort to collect.

Mrs. FAIRCLOUGH: They bug you, do they?

Mr. BARCLAY: Oh, definitely.

The CHAIRMAN: Clause 67, subclause (3), paragraphs (a), (b), (c) and (d).

Carried.

Clause 68.

Carried.

Clause 69, subclause (1), paragraph (a).

Mr. MICHENER: In relation to clause 67, subclause (3), paragraph (d)—“The commission may make regulations for defining and determining what is a working week in any employment—does that give power which go beyond the general principle that duration of benefits are set by statute and not by regulation?

Mr. BARCLAY: I do not think so, Mr. Michener, because there are so many variations it would have to be done by regulation. You have variations from one hour a day to six or seven days a week.

Mr. MICHENER: It is limited to seven days at the outside, and it is a matter of dealing within that scope?

Mr. BARCLAY: Yes. I think one part of the regulation would be that where the working week is defined by agreement between management and labour it is the working week for that industry, but in a lot of cases where there are no agreements, something additional will have to be added. I do not think we could take care of all these contingencies in the legislation.

Mr. MICHENER: There is no power to define a week as something more than a week?

Mr. BARCLAY: No.

Mr. CHURCHILL: Before we leave clause 67, I notice that in section 40 of the present Act, the commission is obliged to give notice of intention to make regulations. Has that been dropped out? I do not see it in the proposed bill, has it been dropped out?

Mr. BARCLAY: It has been dropped out.

Mr. CHURCHILL: Was it not a useful thing?

Mr. BARCLAY: It was useful perhaps in 1940 before we had much experience with it, but I do not think it is useful now. These matters are discussed and we have representatives of labour and management right on the commission.

The CHAIRMAN: Carried.

Clause 69, subclause (1), paragraphs (a) and (b) and subparagraphs (i) and (ii).

Carried.

Mrs. FAIRCLOUGH: What happens to the weeks we have been referring to right along; now we have 14 days. Is there any reason why two weeks could not be put in there instead of 14 days?

Mr. BARCLAY: I do not think it makes any difference. This is only an instruction to an insurance officer, and he must refer it within 14 days.

Mrs. FAIRCLOUGH: My only point was that everything in the old Act has been changed from days to weeks.

The CHAIRMAN: Clause 69, subclause (2).

Carried.

Mr. BELL: Can you explain the change of wording in clause 69, subclause (2), paragraph (a) (i).

Mr. BARCLAY: The draftsman did not think all the verbiage was necessary. He has shortened up a lot of sections—taken out a lot of words which were just in there for the sake of putting them in.

Mr. BELL: I think we appreciate that that should be done, because the Act is difficult, but we have no way of knowing—the way things move along—and perhaps it is limiting the application of some of these clauses. I would just like to be assured there is no substantial change.

Mr. BARCLAY: No, there is no substantial change.

The CHAIRMAN: Clause 69, subclause 2, paragraph (a), subparagraph (i) and (ii) carried.

Paragraph (b).

Carried.

Mrs. FAIRCLOUGH: I notice the words "Practicable" here, and they were in the present Act as well. That means if it is practicable for the claimant or for the commission?

Mr. BARCLAY: It is the insurance officer who is doing the referring, and it would have to be practicable for him to do it.

The CHAIRMAN: Clause 69, subclauses (2) and (3).

Carried.

Clause 70.

Carried.

Mr. MICHENER: What was the time for appeal in the present section of the Act?

Mr. BARCLAY: The same.

The CHAIRMAN: Clause 71.

Carried.

Clause 72, paragraph (a).

Carried.

Mr. MICHENER: With regard to clause 71, is there any provision required that the decision of the board of referees shall be given to the party concerned?

Mr. BARCLAY: Oh, yes, it is done in every case.

Mr. MICHENER: It is not mentioned there.

Mr. DUBUC: It is in clause 75.

The CHAIRMAN: Clause 72, paragraphs (b) and (c).

Carried.

Mr. MICHENER: Referring to that point, clause 75 assumes there will be a communication otherwise the time for appeal never expires, but there is no direction that the written decision shall be given to the party concerned.

Mr. BARCLAY: It is in the regulations if it is not in the bill.

Mr. MICHENER: So long as it is there, it is all right. It should be there as a procedural matter, but there is an obligation to let every claimant know the result of the decision.

The CHAIRMAN: Clause 72, subclauses (a), (b) and (c).

Carried. Including subparagraph (i) and (ii) of paragraph (c).

Mr. CROLL: How do you reconcile clause 73 with clause 72? In clause 72 you lay down the grounds on which an appeal can be made, and in clause 72 (a) it is at the instance of an insurance officer—it is automatic. If it is automatic in that instance, then let us suppose that the man does not belong to an organization. Let us suppose he is just a common labourer in which case you put him to the trouble of getting grounds for appeal, and he is less likely to be able to do it than the man who does it as a matter of business practice. It seems to me in those circumstances it is a handicap to the fellow who does not belong to an organization. You are not giving him the same rights as other people.

Mr. BARCLAY: Could we stand that paragraph?

The CHAIRMAN: We will stand the whole of clause 73.

Mr. MICHENER: Before we proceed I would appreciate if we could have a review of the appeal procedure. Perhaps this was outlined for the committee while I was absent. Could Mr. Barclay explain the process from the beginning of the appeal, and the times allowed. I think it would be helpful to the committee because there are several provisions and it is difficult to relate them. For example, clause 75 has another provision.

The CHAIRMAN: Clause 73 stands.

Mr. MICHENER: Yes, but we are dealing with the question of appeal.

The CHAIRMAN: Could we not come back to that?

Mr. MICHENER: It has to be dealt with some time. Could the explanation be made briefly now? It might help our discussion of later clauses.

Mr. BARCLAY: You want a brief explanation of how a man lodges an appeal and what happens?

Mr. MICHENER: Yes, from the time the appeal is made.

Mr. MCGREGOR: The insurance officer makes a decision and if it is adverse to the claimant, he is notified. The notification tells him he must appeal within 21 days to the court of referees. An appeal is then held following his having taken action, and if the decision is unanimous he has no further recourse unless he obtains the permission of the chairman, or if he is a member of an association they can appeal. I may say, that so far as the chairman is concerned he always permits a claimant to appeal if there is a principle of importance involved. That is the purpose of limiting it to obtaining the permission of the chairman first.

Mr. MICHENER: That is the chairman of the board of referees?

Mr. MCGREGOR: Yes, that is right. If he obtains the permission of the chairman, he appeals right to the umpire or if he is a member of an association, they appeal right to the umpire, and if the decision of the court was not unanimous he appeals direct to the umpire.

Mr. MICHENER: And in that case it is 30 days?

Mr. MCGREGOR: No, we amended it.

Mrs. FAIRCLOUGH: Are you changing this one, too? It was a former clause that you changed. That is our point.

Mr. GILLIS: You should automatically change this one, too.

Mrs. FAIRCLOUGH: We will have to be sure about it.

The CHAIRMAN: Do you want clause 73 to stand?

Mrs. FAIRCLOUGH: We want to draw attention to the 30 days.

Mr. MICHENER: The point arises again in clause 75, so we might as well deal with it now, and find out what the answer is. Clause 75 says: "An appeal from a decision of a board of referees must be brought within 30 days of the day the decision is communicated to the claimant or such longer period as the umpire may in any case for special reasons allow." Is that not the same appeal? If we change the time from 30 days to 60 days in clause 31, should it not be 60 days throughout?

Mr. BARCLAY: We will let clause 73 stand.

The CHAIRMAN: Clause 73 stands.

Clause 74.

Carried.

Clause 75.

Stands.

Clause 76.

Carried.

Clause 77.

Carried.

Clause 78.

Carried.

Clause 79.

Carried.

Mr. CROLL: Clause 79 seems to be a very broad section. It reads as follows:

79. An insurance officer, a board of referees or the umpire may on new facts rescind or amend a decision given in any particular claim for benefit.

Now, what this is saying in effect is that an insurance officer may very well have the right to change a decision of the board or of the umpire on what he decides are new facts.

Mr. BARCLAY: It is just his own decision in practice. I was told the other day—I think by Mr. Michener—the fact that something is in the present Act is no reason for continuing it in the new bill, but that clause is exactly the same and in practice it is what we have followed for 14 years—an insurance officer may change his own decision, only a board of referees can change their decision and only an umpire can change his decision.

Mr. CROLL: In other words it does not mean what it says?

Mr. BARCLAY: I will leave that up to the lawyers.

Mr. CROLL: I do not care, mind you.

Mr. BYRNE: That is a clause for the women—they are entitled under it to change their minds!

Mr. MICHENER: I think you are right, Mr. Croll.

The CHAIRMAN: Clause 80, subclause (1), subclause (2) and paragraphs (a) and (b).

Carried.

Clause 81, subclauses (1) and (2).

Carried.

Clause 82, paragraphs (a), (b), (c), (d), (e) and (f).

Carried.

Mr. MICHENER: Mr. Chairman, I have not found any sensible explanation as to why it is necessary to have power to make regulations scattered all over the Act. It seems to me they have been brought together as compared with the present Act—these powers have been brought together in fewer clauses—but still there are many powers to make regulations and although I have not counted them they are in about 30 or 40 places. Is it not possible to put the regulation making authority in one clause?

Mr. BARCLAY: That is the way we had it before, Mr. Michener, and the trouble was in dealing with any particular section of the Act, you were liable to find regulation making powers in practically any other section, but what we started out to do, was to tack on to every particular section the powers to make regulations. In the drafting it was found that it was far easier if a regulation making section was put with each particular phase. For example, these regulations we are dealing with now are all regulations with regard to claims and claim procedure. If you glance back to clause 68, there is a heading over clause 68 which is called "claim procedure" and these are the regulation making powers for that whole part of the bill.

Mr. MICHENER: I suppose it is a matter of draftsmanship. As you explained it to us, there are two kinds of regulations; one sort of regulation which has to be approved by the Governor in Council such as appears in clause 67 subclause 1, and then in the same section you find other kinds of regulations which the commission may make, and that is the sort of regulation with which we are dealing now?

Mr. BARCLAY: That is common to all the regulation making sections; there are two types of regulations in each section.

Mr. MICHENER: If anyone wanted to find out if the commission had exceeded its regulation making powers it would require a study of the whole Act.

Mr. CROLL: Is there a "catch-all" clause somewhere in this bill?

Mr. BARCLAY: Yes, right at the end.

Mr. CROLL: It is the omnibus?

Mr. BARCLAY: Yes, clause 99, subclause (1) (d).

Mr. CROLL: What you have forgotten you covered in clause 99, subclause (1), paragraph (d)?

Mr. BARCLAY: Yes.

Mr. DUBUC: That is the "catch-all".

Mr. CHURCHILL: Would it not be helpful where the regulations occur to have a marginal note—for example in this one, "regulations concerning claim procedure"—and in other places "regulations concerning coverage" or whatever the regulation happens to refer to. It would be helpful, would it not?

Mr. BARCLAY: When we print what we call the office consolidation of the Act we put in various notes and cross-references, Mr. Churchill. We will certainly take your remarks into account when we do this.

Mr. GILLIS: This clause states that the commission may make regulations and there is a booklet which has been filed with us containing all the regulations which should be considered at this time as related to the Act. Regulation 131 in the regulations which were handed to us was a little premature, I think. That is the regulation which ties in with a story which appeared in this morning's *Globe and Mail* regarding the guaranteed annual wage.

Mr. DUBUC: These regulations were made under the present Act, and they will be made again completely for the new Act.

Mr. GILLIS: I did think these cancelled previous regulations. The principle about which I am talking is the same. I think you were premature in your writing that regulation, because there is no such thing as a guaranteed annual wage in Canada. It is just a matter of talking about it.

Mr. MCGREGOR: It is regulation No. 133, subsection 1.

Mr. GILLIS: This has created a controversy across the country. The guaranteed annual wage is something a long way off in Canada, although it is a goal worth fighting for. If they succeed in writing a guaranteed annual wage in the United States they will write it on the basis of whatever percentage of the wages guaranteed to them will be supplemented by their social security legislation. We take the position in Canada when there is no need to take it at this time of writing in a regulation like this—

The CHAIRMAN: I just wonder in the first place if this is in order, and I wonder if you would make that statement when the minister is here.

Mr. GILLIS: It is in order under the regulations. We give the power to the commission to write the regulations. Some of these regulations are badly constructed.

Some Hon. MEMBER: Take it up under clause 99!

Mr. GILLIS: There are half a dozen places you could take it up, but this applies to general regulations.

The CHAIRMAN: Let us discuss it when the minister is here.

Mr. GILLIS: All right, but we want to watch that we are not giving people power to make regulations without due consideration.

Mr. CROLL: I was looking at the regulations under the present Act—No. 108. I am not discussing any other regulation besides it. Is it fair to say that all the regulations under the present Act are to be found somewhere in the new bill?

Mr. BARCLAY: Where they are necessary.

Mr. CROLL: I must ask one more question. Look at page 41 and tell me where "T" is?

Mr. BARCLAY: The present Act?

Mr. CROLL: Yes.

Mr. BARCLAY: 108—"T"?

Mr. CROLL: Yes. Is it in the Bill?

Mr. DUBUC: Yes, clause 23, paragraph (c).

Mr. CROLL: You have dealt with it all right.

Mr. DUBUC: Yes.

Mr. CHURCHILL: I wonder if our record is going to be clear. Half the time we speak of the old Act, and of the present Act. How is the reporter writing these things in his notes, and what will it read like? When we refer to the old Act, we refer to the Act now in existence, but when we talk of the new Act, we refer to the bill which is before us.

Mr. BARCLAY: The record will show "Act" and "bill".

The CHAIRMAN: Clause 83, paragraphs (a), (b), (c) and (d), carried.

Clause 84, subclauses (1), (2), and (3).

Carried.

Clause 85, subclauses (1), (2) and (3).

Mr. MICHENER: Is there any change in these clauses?

Mr. BARCLAY: Clause 85, subclause (2) is new, but it is only to conform with the Financial Administration Act which was passed after the present Act was passed.

Mr. MICHENER: "Payments made out of the consolidated revenue fund under subsection (1) shall be charged to the Unemployment Insurance Fund."

Mr. BARCLAY: That is right.

The CHAIRMAN: Clause 85, subclauses (1), (2), (3), (4) and (5).  
Carried.

The CHAIRMAN: Before we proceed with clause 86, would you like to make your statement, Mr. Gillis? The minister is now with us.

Mr. GILLIS: Yes. I began to point out, Mr. Minister, under the clause which gives the commission the right to make regulations, but some of these regulations in my opinion are premature, and ill advised, and I refer particularly to regulation No. 133 in the consolidation. That is the regulation which sets out that any money paid under the system of the guaranteed annual wage insurance benefits cannot be used as a settlement. I say that that regulation is premature, and will bring about a great deal of apprehension on the part of a great many people about paying into the fund. In the United States it is a live issue today, but the proposal in the United States today does not suggest what percentage of wage earners are to be paid during the lay-off under a guaranteed annual wage system, but it would be supplemented by social security or unemployment insurance. Before the issue becomes real in Canada, we should write regulations in which the people in the labour movement think would be desirable, and when we have already taken action, it will prevent any supplementation in so far as unemployment insurance is concerned. I understood that the regulations should be taken out because there will be plenty of time for the Commission to deal with them, when the problem arises, or when a formula arises, because the guaranteed annual wage will be established according to agreement between employer and employee.

Hon. Mr. GREGG: That was part of the reason I went out to my office. The members of the committee will recall that on Monday Mr. Barnett asked me a question in the House. I think his question was this: "Will the Minister of Labour say whether an order-in-council has been passed recently with regard to a guaranteed annual wage, and if so, what is the effect of it?" Apparently the word "recently" was not there, but at least I inferred from the question that it referred to a guaranteed annual wage as we have known it since it has come up in the House. I said in answer: "No", but that was not a full answer, and I propose to make a correction on it because of the reply which I gave, and also because of a certain statement which Mr. Swanson made in the press in the last two or three days. The regulation you referred to was not aimed at a guaranteed annual wage, as we see it now. But if there should be, as you said in your last remarks, an occasion when management and labour come to an agreement in regard to that matter and they jointly make representations to the federal government to amend the Unemployment Insurance Act to correspond to it, then we will have to take it on its merits. But until that time these regulations will have no effect on those negotiations.

Mr. GILLIS: Is there any industry in Canada which has a guaranteed annual wage?

Mr. BARCLAY: Yes, there are a number, but they are rather small. One is the Quaker Oats Company at Peterborough.

Mr. CROLL: Also Labatt's in London, and Perth Knitting Company in Hamilton.

Mr. BARCLAY: The Scott McHale Shoe Company has a form of guaranteed wage which goes back fifteen or twenty years. That regulation, incidentally, was passed not recently but in 1952 as a result of the change which was made in the Act at the session of 1952. There were guaranteed annual wage plans in effect, and that is the reason it was put in.

Mr. GILLIS: I think it should be taken out.

Hon. Mr. GREGG: That would remain for the future. However, I am making a statement about it in the House today.

The CHAIRMAN: Clause 86 (1) (a)?

Carried.

Clause 86 (1) (b)?

Carried.

Clause 86 (2) (a)?

Carried.

Clause 86 (2) (b)?

Carried.

Clause 87?

Carried.

Clause 88?

Carried.

Clause 89 (1)?

Carried.

Mr. CROLL: There is a change there, is there not?

The CHAIRMAN: Clause 89 (1)?

Mr. CROLL: No, in clause 89; is there a change?

Mr. BARCLAY: No, there is no change. I have made a note of important changes in my book, and I have no note against clause 89. The old section was 81 (1).

Mrs. FAIRCLOUGH: It said the end of July, and this says four months, which is the same thing.

Mr. CROLL: No; 89 (2); is there any change in that?

Mr. BARCLAY: If you refer to the present section 87 (2) of the Act which refers to Clause 89, you will see that the present section is very long and there have been a lot of words taken out, but the effect is exactly the same. The British Act from which the old section 87 was taken, was very fond of saying "without restricting the generality of the foregoing, they can do this, that or the other thing"; and the draughtsmen thought those words were unnecessary.

The CHAIRMAN: Clause 89 (1)?

Carried.

Clause 89 (2)?

Carried.

Clause 90 (1)?

Carried.

Clause 90 (2)?

Carried.

Now, gentlemen, I think we shall adjourn, if it is agreeable to the committee to meet at 3:30 here in this room this afternoon.

Hon. Mr. GREGG: Might I make a suggestion: in view of the fact that there is such a good representation of the committee available and in view of the fact that clause 48 is "touchy" as far as this bill is concerned, would it not be a sensible idea to permit the Commission, and the minister if you like, to make a further explanation with regard to the 51 weeks and the 30 weeks this afternoon at the opening of the committee session? I thought we might go into that fully today while everybody is here.

The CHAIRMAN: We shall return to clause 48 then at 3:30 this afternoon.

#### AFTERNOON SESSION

June 2, 1955.

3.30 p.m.

The Acting CHAIRMAN (*Mr. Byrne*): Gentlemen, we have a quorum. It was understood this morning that the committee would revert to clause 48, "Duration of benefit". Mr. Barclay will carry on from this point with charts showing present and proposed duration of benefits. We have copies of the charts (*See Appendix*) for distribution to all members. We will distribute the charts at this point and will proceed with Mr. Barclay's interpretation.

Mr. CHURCHILL: Mr. Chairman, do we have a quorum here?

The Acting CHAIRMAN: We had a moment ago.

An Hon. MEMBER: Mr. Leduc just left the room.

The Acting CHAIRMAN: We will require another member. Mr. Hardie has just entered the room, so we can proceed.

Some Hon. MEMBER: Good old Hardie!

Mr. BARCLAY: Mr. Chairman and gentlemen, clause 48 deals with the duration of benefits, and there has been a certain amount of discussion with regard to our proposal of 30 weeks being the maximum in any year as against the present 51 weeks under the Act. I have some charts here which will show you visually just exactly how much benefit it will be possible to get under the bill and how much benefit it is now possible to get under the Act under certain circumstances. There are three sets of charts.

The first chart will show a new entrant, a man who in the beginning has the minimum 30 weeks contribution to get started. The second chart will show a man who has 2½ years behind him before he becomes unemployed. The third chart will show what happens when a man has been working for five years before he becomes unemployed. I think perhaps the large coloured chart I have placed on the table beside me is a little easier to follow than the mimeographed copies which have been distributed.

Under bill 328 we start with a new entrant who, on January 1st starts to work and works for 30 weeks, and contributes for 30 weeks. He then has one waiting week and he gets 15 weeks of regular benefit. Then he works another five weeks and has a waiting period at the end of December, and picks up 15 weeks of supplementary benefit. Then he has to work for 25 weeks before he is entitled to any more. He has a waiting week and there are 11 weeks of regular benefits up to the end of December in the second year plus four weeks of regular benefit in January of the third year and the waiting week there—which under the regulations would most likely come out—however, we have put it in—and then he gets 10 weeks of supplementary benefit. Then he has to work 30 weeks and again he has a waiting week, six weeks on regular benefit up to the end of December. From January 1st, he has nine weeks on regular benefit, then he picks up six weeks of supplementary benefits and the process starts all over again. At the end of that year he has six weeks of regular

benefit. Of course, if the chart were continued, he would have another nine weeks of benefit at the beginning of the next year. The end result of all that is that under Bill 328, he would contribute for 120 weeks, and the contribution paid by him, his employer and the government would amount to \$172.80. There would be seven waiting weeks in that period, and he would draw 51 weeks of regular benefits and 30 weeks of seasonal benefits and a total of \$2,430.

Now we will deal with a chart showing what happened under the present Act before last January's amendment.

This again is a new entrant who starts to work on the first of January of the first year. He works for 180 days for 30 weeks, and gets six weeks regular benefit from that. He has to work for  $7\frac{1}{2}$  weeks and gets  $5\frac{1}{2}$  weeks benefit and so on. You will notice under the present Act each period he is entitled to is much shorter than under the bill, but the net result is that under the present Act he has to make 118 contributions or a total payment on his behalf of \$152.80. There are 15 waiting weeks as against the seven waiting weeks under the bill and he picks up  $60\frac{1}{3}$  weeks of regular benefit,  $14\frac{2}{3}$  of supplementary or a total of 76 weeks of benefit as against 81 weeks under the bill. The payment he receives under the Act is \$1,800 and under the bill it is \$2,430. That is because of the difference in benefit rates and part of that has already been picked up in the January amendment.

The next chart is the same new entrant with no previous contributions, and the top chart which shows what happens under the bill is the same as the one we have just demonstrated. In other words, he gets 81 weeks benefits and is paid a total of \$2,430 and there has been paid on his behalf \$172.80. The bottom half of this chart shows what happens at the present time taking into account the amendment made last January which lengthened the supplementary benefit period. Here again you have the same pattern that we showed before. The entitlements he gets are short periods six weeks and  $5\frac{1}{2}$  and  $5\frac{1}{3}$  weeks and so on—all periods of entitlement are very short—as against the longer periods of entitlement shown under the bill. Again under the Act he has to make 108 contributions. Under the bill, 120. That is a difference of 12 in four years or an average of three a year. He draws a total benefit of \$2,060 under the Act as against \$2,430 under the bill, and under the Act there are 14 waiting weeks and under the bill there are only seven waiting weeks.

The next chart shows a person who has contributed 100 weeks up to January 1st, and with the 30 weeks that he contributes after January, he has been in employment for roughly  $2\frac{1}{2}$  years. Again you will notice that periods of employment according to the chart and the periods of benefit according to the chart are in longer periods than they are under the present Act. Under the bill this man would contribute for 200 weeks, and under the present Act he would contribute 190 weeks. Under the bill there are 8 waiting weeks as against 11 waiting weeks under the Act. He is paid 97 weeks benefit under the bill as against 107 under the Act, so that in actual week benefits he will receive under the bill 10 weeks less, or less than two weeks in a year, than under the present Act. The benefit payment under the Act is \$2,568 as against \$3,000 under the bill.

The next chart illustrates what will happen to a man who has worked for 230 weeks prior to the first of January. This is a person who, under the present Act, is entitled to the maximum entitlement. Under the bill this person would work for 30 weeks after the first of January, but he has the necessary number of weeks in the two years, so he gets the maximum entitlement under the bill of 30 weeks, and that takes him along until about the first of March, then he picks up five weeks supplementary. To requalify he has to work another 30 weeks. He then picks up 15 weeks regular benefit, and five weeks supplementary. Then he comes along with another eight weeks of work which

qualify him for another 15 weeks, and at the end of that period, 12 more weeks, and he is entitled to supplementary and another 18 weeks of work gives him 15 weeks of benefit.

Under the Act, of course, with the first duration of 51 weeks he is taken care of for a longer period, but after he has used up that first entitlement his periods of entitlement become progressively smaller, and you will notice towards the end of the four-year period, drawing as much benefit as he can and working in the interval, the periods of entitlement are very small indeed. The net result over the four years in this person's case is that under the Bill he makes 330 contributions and there is paid on his behalf \$475.20 while under the Act he makes 320 contributions and pays a total of \$414. There are eight waiting weeks under the bill, and nine under the present Act, and there are 100 benefit weeks under the bill and 109 under the Act. The net result again here is that on the proposed benefit formula of 30 weeks maximum, he is only losing nine benefit weeks in four years, or approximately two each year. In the charts which were distributed the third chart is one which I did not produce for the easel. This should be compared with the first chart which was shown. This is a chart to show the net effect of a man working short time, and you will notice that in the first year after he has worked for 30 weeks, and made 30 contributions, he has set up a benefit year, but is working short time, and only for eight weeks. The net result of that is that in the four-year period under the bill he would contribute for 106 weeks. He would have eight waiting weeks, and would have 85 weeks of regular benefits and 17 weeks of seasonal benefits. He would contribute \$148, and would draw benefits of \$2,864. That compares with the new entrant under Bill 328 who does not have the short-time condition, who you will see gets him 81 benefit weeks rather than the 102 where there is a short-time condition.

Mr. HAHN: That overlapping in the third chart in the eight-week period—can you explain that?

Mr. BARCLAY: In this particular case, we are showing that he is working part-time, but is making his weekly contribution and at the same time he is drawing his benefits.

The Acting CHAIRMAN: I think we should decide at this time whether or not the charts are to be included in the minutes. The clerk informs me it would be rather a difficult undertaking, but it could be done. What is the wish of the committee?

Mr. HAHN: The discussion is useless unless we have the charts, is it not?

The Acting CHAIRMAN: In the minutes?

Mr. HAHN: Yes.

Mrs. FAIRCLOUGH: These could be reproduced in the minutes without too much difficulty.

Mr. HAHN: Could they be appended? It would not be too difficult.

The Acting CHAIRMAN: Is it agreed that these charts be appended to the proceedings of the meeting of today. Any questions? Agreed.

(See Appendix.)

Mr. GILLIS: It makes it much clearer.

Mr. FRASER (*St. John's East*): Yes.

Mr. BARCLAY: When you merely say that 51 weeks is being reduced to 30 weeks, it sounds like quite a reduction, but when you take these three cases over the four-year period I think the charts illustrate the fact that to all intents and purposes a man can become entitled under the bill to just about the same amount of benefit he is entitled to under the Act, and the only

effect of the change will be that a person who is not picking up some employment—either part weeks employment or getting a job for short periods—that person will not be able, of course, to draw the benefits we have here. This shows the maximum benefits that any one person can draw. As against that, there are a large number of benefit years set up under the Act for more than 30 weeks where the persons never use 30 weeks, and all of the people who do take over 30 weeks benefits, as has already been brought out, are less than 5 per cent of the total.

The net effect of the proposals in the bill will be to impose what the actuaries describe as a "recency test". It will not carry on benefits for long periods for people who have little or no contact with the labour market. In view of the fact we have made it easier to qualify by reason of the fact that any work in a week which gives a man more than \$9 counts as a contribution week, and at the same time some or full benefits can be drawn in that period. A lot of people who perhaps are not able to take regular work and are depending to some extent on casual employment, if they can pick up a minimum—the minimum would be 30 days of employment at \$10 a day, or any combination that would work out that way—they will become entitled to a new benefit year, and qualify for a further benefit period.

It is true if the earnings are low the benefit rate will gradually come down, but after all, as I said the other day, the idea is to relate the benefits we pay to the earnings—not the earnings a year or two ago, but the earnings in the 30 weeks preceding the claim. These charts, I think, will show that although the drop from 51 to 30 looks like a big drop, in effect it does not have any very adverse effect on the claimant.

Mr. GILLIS: There is one classification which it will affect directly, and that is the man who leaves industry and goes on a small pension.

Mr. BARCLAY: He should be able to pick up some work and usually he is still attached to the labour market in some way.

Mr. GILLIS: There are many sections of the country where the pensioner cannot do that—particularly on the railroad. That is one, and another is heavy industry. In sections where there is nothing but heavy industry it is difficult for the pensioners to secure any other kind of employment although he could in the bigger cities secure work as a doorman, a watchman or an elevator operator or something like that. If he lives in a coal mining area, or a one-industry town he is out.

Mr. BARCLAY: I can understand that in some of the smaller communities, one-industry communities, the amount of light work available is limited, but by and large in most communities, if there is an incentive for them to work, people who are getting fairly well along in years and who are on pension will pick up a job of some kind. This fellow has to pick up only 30 jobs in which he earns only \$10, \$12, or \$15 and he is in for a small benefit.

Mrs. FAIRCLOUGH: But those jobs have to be in insurable employment?

Mr. BARCLAY: Yes.

Mrs. FAIRCLOUGH: And a lot of the jobs available to these people are not in insurable employment.

Mr. GILLIS: With respect to that particular classification which is not a big one, under your power to make regulations you could grant a special dispensation in that category, if necessary.

Mr. BARCLAY: In a great many cases where we say certain types of casual employments are not insurable, anyone who goes with an insurance book in his hand can be insured in that job.

Mr. HAHN: That would include some of those exceptions we listed the other day?

Mr. BARCLAY: Yes.

Mr. CHURCHILL: I am not certain it is clear when you say a man retired on a pension can get employment benefits. Surely over the last few years we have been receiving a great deal of information about the vast difficulty there is in getting employment for people after they reach 40 years of age, and the pensioner has reached 60 or 65 years of age, and must be the most difficult man for whom employment can be found. If he does find employment it is casual employment which would not be listed as insurable employment.

Mr. BARCLAY: As has been said, there is a lot of special effort being put forward by our employment services and other agencies to get work for the people who are not readily employable. We have in most of our large offices a special placement section which deals with anyone who is handicapped either by a loss of a limb or by age, or in any other way. While we still have lots of room for improvement, I think that over the last two or three years there has been a very definite drive to open up more jobs for the older aged group.

Mr. HAHN: A further analysis of that would, I think, indicate that the only jobs that are being denied to people 40 years of age and over, are those which have a pension attached to them. It makes the company's pension fund not actuarially sound and would increase their pension costs too much, and that is why the jobs are being denied that group. The casual jobs are just as available to those who are 40 as to those who are 60 in the industries, and many industries would prefer men of 65, because they do not have to insure them and they have not only qualifications but experience.

Mr. BARCLAY: There is another point in regard to the pension. After all, if you are working in a plant where there is a pension scheme, you have many years in which to think about some job after your pension begins and you reach retirement age if the pension will be too small to keep you. From my own experience I know many people who have retired at a certain age and retired on a small pension, and in the last two or three months of their employment they spent the time diligently looking for work, and many of them can find it if there is an incentive. One of the reasons we suggested this new formula was that we feel that the shorter periods of benefit offer more incentive for people to get out and actively look for employment particularly when they know that even if it was casual employment at fairly low wages, they will not be denied their benefits. That is one reason why the plan of allowable earnings rather than benefits on a daily basis is preferred to the present plan. I must emphasize, of course, these charts show the maximum amount which a person can draw, but in setting up limits, that is primarily what we are concerned with.

The actual pattern of employment and unemployment is not as recorded in these charts. That is, the periods of actual benefits here would probably be interspersed to a great extent by short periods of work. If we tried to show that on a chart, we would have charts several feet long, and they would not be intelligible at all, but the ordinary pattern of employment and unemployment is possibly five weeks, six weeks or ten weeks of unemployment and then jobs for a short spell, and then another layoff. In many of our claims that is the pattern followed all the way through. We set up some claims for very short periods and yet the number of people who use those durations are sometimes quite small. It is amazing the number of people who set up claims and never get beyond the waiting days.

Mrs. FAIRCLOUGH: But there are the others, too, Mr. Barclay, and I do not think you can judge the situation entirely by averages or percentages. You have to take into consideration that there are people who still suffer under regulations like that.

I have in mind people who have come to me in the last two or three years who are anywhere from 45 years of age up, and when they are thrown out of work for one reason or another—the plant closes, perhaps, and everyone is thrown out of work—and the younger people can get work, but these older people cannot find employment. They have a difficult time attempting to find employment. I recall there was quite a layoff—you will remember—in the Department of Income Tax. Everyone figured when you were a civil servant, you would probably be fairly stable in your employment yet lots of people were laid off from the Income Tax department. They went for a considerable length of time without employment. I knew some of them personally. They tried all manner of things. They tried setting up small businesses, but of course they did not have the capital to finance the business, so they fell by the wayside. They tried various other things. Some of them took a long time before they could actually get another position, and these were people doing accounting and clerical work and who were in the neighbourhood of 40 years of age. Those people definitely do exist, and when you have passed the first flush of youth you have a difficult time getting steady work.

Mr. BARCLAY: Our employment experience is that if a person has been in steady employment for a long period of time it takes him quite a while to adjust himself to looking for a job. He might get a temporary job or a casual job, and once he gets a job the next job is easier than the first one.

Mrs. FAIRCLOUGH: I do not think that is the general rule. It might happen to certain people, but I can tell you that you have lots of jobs offered to you when you are in steady employment, but once you are out of work, just try and find a job.

The Acting CHAIRMAN: Clause 48, subclause (1).

Hon. Mr. GREGG: I think it should be said at this point—as a matter of fact, the actuary officer is here, and he could state it if anyone wants to question him on this—but from the government's point of view when these proposals were brought forward and passed on by the government it was recognized that the weight of benefits under the new bill do bring themselves to bear upon what we have been pleased to call the younger worker—the one actively engaged in the labour force, and who maybe in and out of it, and with a rapidly growing family who needs to be established. In the whole sphere of social benefit and social security for the growing family, there is the family allowance. This was looked upon as something of a security measure for the worker—not the provincial-federal and the wholly federal old age security and old aged pension benefits—it was looked upon that the place for that would be to fill in the gap for the older person. The question naturally arises, "Are we justified in benefits coming under the Unemployment Insurance Act to have so much of it for the long term unemployed many of whom are in the older group rather than concentrated, as has been shown in the charts, for the workers during the early stages?" If we are wrong in this, I am sure that the wrong will be divulged over a period of three years, and it was for that very specific reason that we put in—that the government put in—on page 43, part 5 of the Act—a provision so it would be impossible for any worker in Canada presently under the Act to suffer during the three-year period which gives us an opportunity to gain experience with the amendments and revisions we are presenting now. If that transitional clause were not in there, I must say—and if there were not any hope on the horizon, as I said in the House, that the older person who is not receiving the old age pension who has no company pension, and who does not receive unemployment insurance—would have run out of unemployment insurance whereby he might receive some help then if those two provisions were not provided I would be quite certain that we had concentrated too much all the contributions towards the picture on the chart.

Mr. CHURCHILL: When you used the word "concentrated" with regard to the older worker, is that actually what is being done?

Hon. Mr. GREGG: I think it is fair to say some of the difference in the total benefits for these young men who have just entered the labour force and got married and all that, as between Bill 328 and the present Act—there is a difference of \$2, 430 over this period rather than \$1,800—some of the improvements must have been drawn from—I think it is true to say—what might have been benefits for an older insured person at the other end of the scale, am I not right in that, Mr. Barclay?

Mr. BARCLAY: I am not too sure about it being drawn entirely from the older person.

Hon. Mr. GREGG: I do not mean drawn from, but it makes it impossible to provide the older person with benefits such as we did in the past.

Mr. BARCLAY: The actuarial report on page 16 says that the benefit days which would be cut off by reducing the total benefit from 51 weeks to 30 are 1,916,000 days, while the benefit days which are added by increasing the minimum, amount to 5,212,000 days so that to that extent what Mr. Gregg has said is quite right. We have used the 1,916,000 days cut off to take care of part of the increase being given to people who are new entrants into the employment field. It is quite evident from our experience that the present minimum of six weeks is much too short. We went on the basis that the minimum has been increased from six to 15 weeks, as Mr. Gregg has said, and we pick up part of the cost by cutting down the maximum. The reason for cutting the maximum down was not primarily to pick up the cost although that was one reason. In this unemployment insurance plan there has to be of course tests of recency of employment, otherwise you are going to fill up your load with people who have actually retired from the labour market. For example, the suggestion was made yesterday, I think, that we might pay benefits for the whole period of a person's unemployment which meant that a person set up a benefit year, he might be in for the balance of his life. If you had a plan of that kind you might pick up in the first year 5 per cent or 3 per cent of people who had retired, and they stay from then to the end of the piece. Then the next year you pick up another 3 per cent and you have a total of 6 per cent, and the same would occur the next year, and so you are developing a hard core of people who are not actually entitled to unemployment insurance, but are simply using it as an additional old age pension. That would be the effect of having unlimited duration. Now, in our proposals, 30 weeks covers the needs of 95 per cent, and who are the other 5 per cent? They are people in the older age groups—they are married women who have not perhaps 100 per cent incentive to go out and look for a job—and people of that kind. The charts have demonstrated that a person who can get even a short period of employment—in some of these cases—let us take this chart here—the man who has contributed 100 weeks prior to January 1st—you will see he requires to pick up only a period of 8 weeks to start a new benefit year before coming back on supplementary benefits before qualifying. It is not always necessary to get 30 weeks to qualify; it varies with the season of the year, of course.

There is another explanation. Had we started this man on employment in July, it would have been slightly different, but I think the net effect would have been about the same.

Mrs. FAIRCLOUGH: He still has to find some employment?

Mr. BARCLAY: Yes, but the amount of employment in many cases is not very great.

Mrs. FAIRCLOUGH: I still maintain it is almost impossible for people in certain circumstances to find employment—circumstances of age, and not even 60 and 65 years of age, but younger than that—it is almost impossible for them to find employment.

Mr. GILLIS: I would agree with Mr. Barclay 100 per cent providing the security payments were adequate, and providing industrial pensions were adequate. I would say it is fine if they get \$100 a month, but the old age security pension is \$40 a month. Until the security payments are reasonable, there has to be some place you can supplement the little you are getting. I agree that type of thing does not belong under this Act, but there is nowhere else you can help them.

Hon. Mr. GREGG: Why should steps not be taken to make the improvements in the place where they belong?

Mr. GILLIS: We have been trying that, and I think one of the pressure points is right here.

Mrs. FAIRCLOUGH: I think it is wrong to bring in any reference to pensions when we are discussing this. This subject has to stand on its own feet, and if you want to argue whether or not a man has a pension, you could go on for a long time.

Mr. GILLIS: He is the man who raises this argument.

Mrs. FAIRCLOUGH: I am talking about the wording in clause 54, subclause (2), paragraph (b). This refers to the man who is capable of and available for work, but is unable to obtain suitable employment, and that is the crux of the whole thing. Who are we to turn around and say, "You are not available to the labour market for the reason that you have been retired." You might as well say, "For the reason that your plant has closed down."

Mr. GILLIS: But the main reason why most of the 40 year olds get employment is because of the pension plans in industry—

The Acting CHAIRMAN: Order.

Mr. HAHN: Is there a regulation that calls for these people who have unemployment insurance books that when they can get suitable employment they shall be privileged to put the stamp in themselves if they so desire?

Mr. BARCLAY: They cannot put the stamps in themselves.

Mr. HAHN: Can they pay for them out of their own earnings? The other person could buy them if they can get jobs and the industry in hiring them according to the regulation is not permitted to give them the benefit of the unemployment insurance stamp system.

Mr. BARCLAY: That condition only applies where we have some excepted employments that are borderline. There was a case mentioned the other day where there might be a storm and a telephone company picks up a crew of 100 people to work for a week or 10 days. Ordinarily these people are not insurable because in the main they are taken from non-insurable employment, but the employees who come with a book in many cases can get insurance, although the employment itself is not insurable.

Mr. HAHN: I am thinking of a case where a man has built up his benefits and if he could just get work—perhaps in British Columbia in my own riding, he might go fishing with a boat owner for a matter of weeks—

Mr. BARCLAY: No, that is completely out.

Mr. HAHN: The man could get a job, but it does not do him any good to get it. He might as well wait and get something which would entitle him to benefits. It is an unfortunate situation I would say.

Mr. MICHENER: Is the pension taken into account as permissible earnings?

Mr. BARCLAY: It is not counted as earnings. It is only counted as earnings when we are determining whether or not the person is a dependent. If a dependent has unearned income such as a pension, it is taken into account.

The Acting CHAIRMAN: Shall the clause carry?

Carried.

Mrs. FAIRCLOUGH: What do you mean, does the clause carry?

The ACTING CHAIRMAN: Clause 42, subclause 1, paragraph (a).

Mrs. FAIRCLOUGH: Are you proceeding with that clause?

Hon. Mr. GREGG: Before you came in, it was suggested that we should revert to this clause for discussion.

Mrs. FAIRCLOUGH: I understood we would revert to clause 48, subclause (1), and then proceed with the bill in order to digest this material.

Hon. Mr. GREGG: I am prepared to agree to that. I would like to have permission to put this on the record, not because we should be guided by the experience south of the line, but in the state plans down south, it should be borne in mind they have no seasonal benefits whatsoever, is that not correct?

Mr. BARCLAY: I know of no state where there are seasonal benefits.

Hon. Mr. GREGG: Just to get our perspective right I will present a very brief summary. In 20 of the states the maximum amount of benefits is below \$30; in 13 it is exactly \$30 and in 17 it is above \$30. Now, as to the point we were discussing here, in 13 of the states, the maximum number of weeks is 20, in two of the states the maximum is 22, in two states the maximum is 24 and in 26 states the maximum is 26. In no state is the maximum more than 30. Now, I mention that for means of comparison, and also the point I would like to make before leaving this clause—in the event I should not have the opportunity of presenting it again—is the definite statement, for what it might be worth, that if and when this clause is passed I would be glad to undertake on behalf of the government that under the transition clause which is referred to on page 43, we will, during the three years, or as long as the government is in power—watch the operations of these revisions and review the entire matter before the end of the three years. That is all I want to say.

Mrs. FAIRCLOUGH: I take it the minister is embarking on a trial run, and is not too certain how it is going to pan out.

Hon. Mr. GREGG: I do not think there is anyone living who could say exactly how it will work out. You can only find out by experience.

The ACTING CHAIRMAN: We have only one reporter this afternoon, and it will be necessary to give him a five-minute break. In the meantime, could we decide on the next meeting of the committee? Shall we meet this evening? This room is available.

It has been agreed that we will meet in this room this evening at 8 o'clock, and again on Monday. Does clause 48 stand?

Mr. HAHN: Did you have the break?

The Acting CHAIRMAN: Yes, we have had the break.

Mr. HAHN: Did the reporter have a break, too?

The ACTING CHAIRMAN: The reporter has indicated that he is prepared to proceed. Do I understand that clause 48 stands?

Some Hon. MEMBERS: Stands.

The ACTING CHAIRMAN: We will now proceed to Part IV, General, clause 91, subclause (1).

Carried.

Clause 91, subclause (1), paragraphs (a) and (b).

Carried.

Subclause (2).

Carried.

Clause 92.

Carried.

Clause 93, subclauses (1) and (2).

Carried.

Clause 94.

Carried.

Mr. CHURCHILL: These may be non-contentious, but there is no indication in the record as to whether there is much new material or any major changes. I think it would be advisable if we were informed as we go along whether or not there are any major changes.

Mr. DUBUC: There is no change in clause 94 or 95.

Mrs. FAIRCLOUGH: Will the officials of the commission undertake to tell us if there are any changes?

Mr. DUBUC: Yes.

The ACTING CHAIRMAN: It is agreed that one of the officials will advise us if there are any major changes in the clauses as we proceed.

Mrs. FAIRCLOUGH: If he can get a word in edgewise, you mean!

The ACTING CHAIRMAN: I have not heard too many clauses being carried!

Clause 94, carried.

Clause 95, subclauses (1) and (2).

Carried.

Clause 96, subclause (1).

Carried.

Clause 96, subclause (2), paragraphs (a), (b) and (c).

Carried.

Clause 96, subclause (3).

Carried.

Mrs. FAIRCLOUGH: Just a moment, Mr. Chairman. I think this is the clause I was looking at which makes it an offence to refuse to give information to an inspector at a given time and place.

Mr. DUBUC: Yes.

Mrs. FAIRCLOUGH: I remember looking at this, and I notice that I neglected to mark it on my copy. I wonder if it gives a little too much power to the inspector in that it says that all books and records shall be made available to him at any time. By that I mean that in small offices and plants particularly there will be certain days when it is decidedly inconvenient to disrupt the routine of the office to make available everything that an inspector would need. Most of the inspectors with whom I have had anything to do have been wonderful people, and they came in and asked if it was convenient to look at the records, and nine times out of ten the answer is yes, and the records are produced, but there are occasions when it is inconvenient, and the same thing applies to sales tax inspectors. Usually you can say, "My word, we are so busy I do not know where we will put you today—we are so busy we do not know whether we are coming or going," and they reply, "All right, we will

go to the next one on our list and come back tomorrow." The point is, is such action going to be construed as an offence under the Act? Occasionally you do get an inspector who is a little officious and he demands right then and there to have access to the records.

Mr. MURCHISON: We usually fire them.

Mr. BARCLAY: Their instructions are to cooperate, and not to inconvenience people, and to go back tomorrow if necessary. We would never prosecute in a case of that kind and the inspector himself does not have power to institute action. He only has power to report it. Those cases are few and far between.

Mrs. FAIRCLOUGH: I must confess that the instances which I mention did not relate to unemployment insurance inspectors, but there are certain departments of government whose inspectors have been officious, and I would not like to pass a clause which would leave it open for an inspector to do this.

Mr. BARCLAY: We deal with them very harshly when we find them doing that.

The ACTING CHAIRMAN: Carried.

Clause 96, subclause (4), paragraphs (a), (b), (c), (d) and (e). Carried.  
Subclause (5) of clause 96. Carried.

Clause 97, subclauses (1) and (2). Carried.

Mr. BARCLAY: Clause 2 is new in so far as the legislation is concerned. It simply gives specific authority for a practice we have carried on for some time.

Mr. CHURCHILL: What evidence is given to an officer of his authority to act on behalf of the commission?

Mr. BARCLAY: The people who deal with the public carry identification cards.

Mr. DUBUC: A certificate.

Mr. MICHENER: Do they carry an express order of the commission to exercise the powers given them? They have very broad powers, and I would think it would be desirable if they were required to carry an express authority.

Mr. MURCHISON: See clause 15 of the bill.

Mrs. FAIRCLOUGH: Oh, yes.

Hon. Mr. GREGG: Page 5.

Mr. MICHENER: That is general authority. Is this authority an express authority for the occasion?

Mr. BISSON: Specific authority is given by the commission itself to the officer himself, and he is issued with a card signed the secretary of the commission and his duties are outlined in plain language.

The CHAIRMAN: Shall the clause carry?

Mr. MICHENER: Just a moment. I would like to inquire what the experience of the commission has been with respect to the destruction of records or the falsification of records and what the number of prosecutions they have had undertaken under this clause?

Mr. DUBUC: We have had no prosecutions undertaken under subclause (3) of clause 97.

Mr. MICHENER: There have been none in the experience of the commission.

Mr. BARCLAY: No.

Mr. MICHENER: Were there any instances where prosecution was not undertaken, but could have been?

Mr. DUBUC: I do not recall off hand any like that.

Mr. BISSON: In Montreal.

Mrs. FAIRCLOUGH: There must be cases where records are not available.

Mr. DUBUC: Yes, there was a case in Montreal where we had a wholesale falsification made by an employee with the connivance of employers, but I do not think they were bona fide employers at all.

Mr. MICHENER: Does the commission find it gets into arguments with employers by reason of the exercise of the powers under subclause (1)?

Mr. BARCLAY: Our requirements are usually less than the requirements of the income tax department as far as the keeping of records over long periods of time is concerned. We have had very little trouble with employers destroying records. Our auditors are able at the present time to complete the audit within about 15 months. In other words, it is a little over a year between the audits and we have had no trouble whatsoever.

Mr. MICHENER: So the powers in that particular clause have caused no friction worthy of reporting to us?

Mr. BARCLAY: That is right.

Mrs. FAIRCLOUGH: There was some a few years ago when it was difficult to get workers during the war years and when the audits were not made as promptly as they are today. I recall some instances when they were not made for three years. It was rather difficult to take out old records—that was in the comparatively early days of operation, when they would go back for a considerable length of time and trouble the employer if erroneous entries had been made,—but I would agree with the officials that within my knowledge there has not been too much of late years.

Mr. BARCLAY: We have had practically no trouble.

Mrs. FAIRCLOUGH: The thing is to keep the audits up to date?

Mr. BARCLAY: Yes.

The CHAIRMAN: Subclause (2) of clause 97. Carried.

Subclause (3) of clause 97. Carried.

Clause 98.

Mr. MALTAIS: Would the Unemployment Insurance Commission be allowed to pass information to the Income Tax division?

Mr. DUBUC: Yes.

Mr. BARCLAY: As far as specific information regarding individuals is concerned, the answer is no. We do have an arrangement with the Income Tax where certain information of a general nature is exchanged between the two departments. In other words, if we find that the employer has not complied with the Income Tax Act, our auditors report it, and if their auditors find that employers have not complied with our regulations they help us. We are all working for the same end.

Mrs. FAIRCLOUGH: That is true, Mr. Chairman, but there has long been an understanding that the records of one department are not available to another. I do not think the average person is too much concerned about the odd case that you might feel you are obliged to report to another department, but do they have access, generally speaking to your records for the purpose of ferretting out information?

Mr. BARCLAY: No, the records are not available for that purpose. There is one other situation, of course. Our offices work with the social services of the city, and there is a certain amount of exchange of information there. We do some jobs for the War Veterans Allowance Board, and there is an exchange of information between ourselves and the Department of Veterans Affairs.

Mr. GILLIS: But we hope to eliminate that some day by taking the means test out of the War Veterans Act?

Mrs. FAIRCLOUGH: It looks as if the Bureau of Statistics is the only place left whose information is confidential.

Mr. MALTAIS: Were there any cases where any representations were received by the Unemployment Insurance Commission regarding the facility to pass information to the Department of National Revenue? In some types of industry where a worker is superintendent of work and buys unemployment insurance stamps the information has been passed over to the Income Tax department to the effect that this man was paying unemployment insurance stamps but never made a return concerning the fact that he had employees under his command, and this information when given to the Department of National Revenue caused them to take steps and they have even gone to court to order this person to produce a report because he had employees working for him, and that type of business took place in my own riding on more than one occasion when information was passed over to the Income Tax department to the effect that the superintendent did not make a report and was then sued by the Department of National Revenue because he did not put in a report to the effect that he had employees under his command and should have made a T-4 return. The point I want to come to is that the commission has power to pass information to provincial governments who operate the income tax laws.

Mr. BARCLAY: We have had no requests from any provincial government.

Mr. MALTAIS: Do they have the power to do that? I refer to the province of Quebec. Suppose they ask for information from the unemployment insurance people?

Mr. DUBUC: By the law, yes, but not under the regulations of the commission.

Mr. CHURCHILL: This is a rather interesting point which has been raised. Why should the commission have the power to determine to disclose information to such other persons as the commission deems advisable? Why should the power be given to the commission? If information should be required and should be disclosed, why should it not be done on the authority of the minister?

Mr. BARCLAY: The Act is administered by the commission and not by the minister.

Mr. CHURCHILL: That is true enough, but I am talking now about the disclosing of information that the commission has discovered in the course of the action of its employees.

Mr. BARCLAY: There is a certain type of information we are called upon for—people looking for relatives. In those cases we do not disclose information but we arrange for the contact. Someone might come to the office and say, "I cannot find my father." We might happen to know where he is, and we will accept a letter from the person and forward it to him. Someone might apply to a city relief office for help. The city office might want to know whether or not they are getting unemployment insurance and the answer in many cases is that they are not. If we did not give that information it would be harder for that person to get the assistance he needs. There are a number of cases where this power has to be fairly wide. It is not used in any wide sense, however. I would say it is never used where the information is going to be used to the detriment of the claimant if it is information about the claimant.

Hon. Mr. GREGG: The chief commissioner just whispered in my ear, Mr. Churchill, that the commission would be delighted not to have that authority, but I think there is a strong point in what Mr. Barclay said that our cities will continually want to check with the commission on the matter of other assistance.

Mr. CHURCHILL: Mr. Barclay has mentioned types of information. I would see no objection to disclosing that type of information, but there may be other types of information to which I would object if it were disclosed.

Hon. Mr. GREGG: Unfortunately, I think it is one of those things where discretion will have to rest somewhere and the commission will have to accept that responsibility.

Mr. MICHENER: There is one aspect of this which is not clear. It appears the commission gives information to municipal authorities which is useful to them. For example, if they want to know if a person is in receipt of unemployment insurance.

Mr. BISSON: That is all we can give.

Mr. MICHENER: But that is information?

Mr. BISSON: Yes.

Mr. MICHENER: It was suggested that no information is given to any provincial authority, but I take it that it is, because there is no authority to do so.

Mr. BARCLAY: There is one field—the field of old age pensions—where they are checking on means tests, and there again we supply the provincial government in those cases with information. I am not sure we are doing it now, but for a time we were supplying the provinces with the names of children under 16 to whom unemployment insurance books were issued to help them administer their laws in connection with child labour and things of that kind. I do not know of any other cases, but we do not refuse to give information if the provinces ask.

Mr. MICHENER: The matter is in the discretion of the commission, and I wondered if we could see what rule the commission has set for this with respect to information. Is it set out in a regulation or a memorandum?

Mr. BISSON: It is set out in our manual instruction, and I think all the cases covered in the instruction have been covered this afternoon.

Mr. MICHENER: Could they be made available to the committee?

Mr. BISSON: Yes, we will make it available.

Mr. HAHN: Where men have no means of assistance and have to go to the provincial government for help, does the province not find out through you whether or not they are on unemployment insurance?

Mr. BARCLAY: I know of one instance in the province of Newfoundland, for example—I do not know if this is still going on now, but in the early days of confederation there was quite a lot of information passed between the province and ourselves.

Mrs. FAIRCLOUGH: It still is going on, is it not? You do give information to the provinces such as you mentioned with regard to people who are on old age pensions under the means test basis—I had one case just about six months ago—and what do you do; just give them a list of all people over 65 years of age?

Mr. BARCLAY: No, it is given on request, usually. They request information about a specific case, and if we have that information we give it to them.

Mrs. FAIRCLOUGH: You said if someone came in and wanted to find their father, you tried to locate him. Would you also do that if a woman came in and wanted to locate her husband?

An hon. MEMBER: Did you say, "her husband," or "a husband"?

Mr. MALTAIS: There is a difference there because in making an application for an old age pension between 65 and 70 they sign a declaration to the effect that they allow the government to go anywhere to get information regarding their financial status and income, for the government then has all the power required to get that type of information. I disagree with the unemployment insurance officers—they take information from books of firms and from individuals and give it to the income tax department, and so this is a problem that arises.

Mr. HAHN: I am rather surprised at this suggestion made by Mrs. Fairclough a moment ago, and the answer to it that a wife could find her husband through the employment bureau.

The ACTING CHAIRMAN: She did not receive an answer.

Mr. HAHN: —not for the reason she should not probably know where her husband is, but the post office will not give out information as to the address of individuals and I am just wondering if legally it is quite right to do that.

Mr. MURCHISON: I think that statement was made a little too baldly. The limitation in a case of this nature is where the wife has laid a charge in a court for non-support and the police appeal to us to see whether or not we know of the person's whereabouts—I do not know of any case where a woman has asked for it—we invariably request that a charge be laid and we do not give out the information until the police are available.

Mrs. FAIRCLOUGH: I think that is very true, and that is what I was driving at—I was being facetious about it.

Mr. BISSON: We give information to members of parliament upon request.

Mrs. FAIRCLOUGH: To follow this case up further—the case of a woman who has been deserted and who is trying to procure maintenance for her children—there is no place she can go and procure any assistance without first laying a charge and without getting a court order. She must first of all have the man up on a charge of non-support before she can get any assistance or any information whatsoever, and that applies with regard to unemployment insurance, does it not?

Mr. MURCHISON: The information must be given to the police or the welfare officer in charge of the case.

The ACTING CHAIRMAN: Does clause 98 carry?

Carried.

The ACTING CHAIRMAN: Clause 99 "Regulations" subclause (1), paragraph (a), (b), (c) and (d). Carried.

Subclause (2).

Mrs. FAIRCLOUGH: Concerning this clause, Mr. Chairman, we have already had an explanation from the officials with regard to which regulations may be made by the commission and which may be made only with the approval of the Governor in Council, and this appears to grant powers which were not granted under the present Act. I am looking at section 109 of section 1 of the present Act.

Mr. BARCLAY: Subsection (1) of section 109 is inoperative now because we describe certain regulations which can be made by the commission and certain regulations which must have the approval of the Governor in Council.

Mrs. FAIRCLOUGH: But under the present Act they all had to have the approval of the Governor in Council.

Mr. BARCLAY: The commission could make directions and make orders under the present Act, but it was confusing when you read one paragraph which said the commission could do so and so by prescription, and could make an order in another paragraph and now we do all these are done by regulation.

Mrs. FAIRCLOUGH: When you draw up your regulations are you going to indicate in the regulations which have had the approval of the Governor in Council and which are made by the commission?

Mr. BARCLAY: Yes.

Mr. MICHENER: I take it that any regulation which requires approval is by order in council and is published in the Canada Gazette?

Mr. BARCLAY: We have always made a practice of publishing special orders in the Canada Gazette although I do not know that that was specially required.

Mr. MICHENER: Could two different words be found to describe the two different kinds of legislative power of the commission instead of calling them both regulations?

Mr. BISSON: The people who drafted the Bill thought it would be clearer this way.

Mr. MICHENER: If the word regulations meant one requiring the approval of the Governor in Council, there would be no confusion as to which was which, and if the administrative order was the other kind of act of the commission it would be clear that that was an exercise of different power and need not be approved or published in the Canada Gazette. I suppose there is some means of making those regulations known at or before the time they become operative so those who have to deal with the commission can know what the law is? I am interested in knowing how the lesser regulations are handled and how they become effective?

Hon. Mr. GREGG: Would it be possible, Mr. Barclay, when they are published in the Canada Gazette in order to comply with Mr. Michener's suggestion to indicate "G.I.C." in one heading and "Commission" in the other heading. Would that comply with your suggestion?

Mr. MICHENER: That is what I have in mind, but I think two different words would be a better way of handling it.

Mr. BISSON: We would have to go through a lot of clauses to change them.

Mr. BARCLAY: The way the Bill is now was laid down by the legislative counsel, and apparently this follows the general pattern he is trying to establish. I have no doubt there would be a lot of people who would agree with his drafting, and others would disagree with the way things are set up, but he is working on a pattern for all dominion legislation, and this falls into that pattern.

Mr. MICHENER: It is only a matter of convenience.

Hon. Mr. GREGG: The chief commissioner assures me they will try to differentiate and will publish them all in the Canada Gazette in the future.

Mr. MICHENER: Are we clear that the regulations the commission makes and those made by order in council will both be published before they become effective?

Hon. Mr. GREGG: Both.

Mr. BARCLAY: Yes.

Mr. BISSON: They will be published at the time they are passed by the commission.

Mr. MICHENER: Before they become effective?

Mr. DUBUC: There is an Act called the Statutory Orders and Regulations Act, I believe, which prescribes what provisions must be published and what effect they have before or after publication, and the main sense of it is that no regulation can be enforced until it is published, but it may have effect before publication providing you do not try to enforce it.

Mr. MICHENER: Is that applicable to regulations of this commission?

Mr. DUBUC: Regulations made by the commission alone could not be enforced anyway because you cannot go to court and prosecute a man for not obeying them, but those of the Governor in Council are.

Mr. MICHENER: There is no penalty?

Mr. DUBUC: No.

Mr. CHURCHILL: In connection with regulations, the Act says—

The ACTING CHAIRMAN: We are discussing clause 99, subclause (2).

Mr. CHURCHILL: Yes, I am still on that. The Act in section 109, subsection (2) refers to certain regulations which shall be reported on by the unemployment insurance advisory committee. Are there some regulations in the bill which must be dealt with in the same way? Does the advisory committee have to examine certain regulations before they are approved?

Mr. DUBUC: That has been omitted from the bill as was explained earlier.

Mr. CHURCHILL: It is no longer required for regulations to come before the advisory committee?

Mr. DUBUC: No.

Mrs. FAIRCLOUGH: So the commission itself can make the regulations, those designated?

Mr. DUBUC: Yes.

Mrs. FAIRCLOUGH: But with respect to regulations made by the commission—

Mr. MURCHISON: There is no change in that because what we called that document in the present Act was a special order, and they did not come before the advisory committee.

The ACTING CHAIRMAN: Shall clause 99 (2) carry?

Carried.

The ACTING CHAIRMAN: Clause 100.

Carried.

Clause 101.

Carried.

Mr. MICHENER: Are there any special reciprocal arrangements in effect?

Mr. BARCLAY: There is an agreement with the government of the United States and under that agreement there are something like 48 states out of 52—which includes Hawaii, Alaska and the district of Columbia—that subscribe to it.

Mr. MICHENER: Is that for an exchange of information?

Mr. BARCLAY: No, it is a reciprocal arrangement regarding claims for benefits. If an American comes over here and has entitlement in the United States he can draw it while living in Canada, and similarly a Canadian who goes to the United States can register at one of their offices and draw benefits in the United States. You will find it at the end of the book of regulations.

Mr. MICHENER: So there is an exchange of funds to equalize the reciprocal payments?

Hon. Mr. GREGG: It will be very useful in the seaway project, and the hydro electric employment and forth.

Mr. MICHENER: It is limited to the United States?

Mr. BISSON: We did have discussion with the United Kingdom, but up until now no agreement has been made because of the exchange situation.

The ACTING CHAIRMAN: Carried.

Clause 102.

Mrs. FAIRCLOUGH: Concerning clauses 102 and 103, in one case it says, "liable to pay," and in the other, "liable to repay". It assumes that payment is made to the commission, but there is nothing there which shows to whom the payment shall be made or who should have the power to collect the payment.

Mr. DUBUC: It is to the fund, I think—it is clause 83 (d)—the amount paid under clause 102 and 103 are collected by the fund.

Mrs. FAIRCLOUGH: I see.

The ACTING CHAIRMAN: Clause 102 and Clause 103.

Mr. CHURCHILL: Clauses 102 and 103 of this bill incorporate subsection (1) and (3) of section 74 of the present Act, and omit subsection (2) which stated that upon recovery of an amount from an employer the commission shall pay the benefit if it has not already done so. Clause 102 says the commission may pay the benefit, but it is not obliged to do so.

Mr. BARCLAY: That provision if not exactly in those words is the same thing as in one of the other sections—at the moment I cannot put my hand on it, but I can assure you that the language and intent of that clause is in one of the sections of the Act.

Mr. MICHENER: If an employer fails to make contributions, as a consequence of which an employee would lose his benefit, he is liable to pay the entire benefit which the commission decides should be paid—that is what it seems to say. If an employer failed to pay stamps to the value of \$100 he might have to pay \$1,000. It seems a very serious penalty, and we do not want to condone neglect. However, it is more serious than would be provided in the case of failure to pay your income tax.

Mr. BARCLAY: We have never used that clause at all.

Mr. MICHENER: I know, but it is there, and we have to look at what the Act permits and not the practise that is followed. It seems to me it provides a pretty wide penalty.

Mr. DUBUC: In reply to the question asked by Mr. Churchill about section 74 subsection (2), of the present Act, once the employer has paid the contribution in question they are paid, and therefore they can be used by the claimant to obtain benefit. The old section 74, subsection (1) spoke of the case as being an employer who fails to pay a contribution. When we drafted clause 102 we widened it to cover cases when an employer had failed or neglected to comply with the Act. It only relates to one instance. Once it is paid it was useless. It has an effect.

Mr. CHURCHILL: What if it is not paid?

Mr. DUBUC: The commission can still pay benefits under clause 102.

Mr. MICHENER: If the employer fails to pay the insurance premium the commission may recover from him the amount of the claim that it pays which might be 10 times the amount of the premium, and I question whether that is a reasonable penalty. I would suggest that this particular clause be reconsidered.

Mr. DUBUC: Under the present section 74, subsection (1), it is even wider. An employer stood liable to pay the whole entitlement. We cut it down to what was actually paid.

Mr. MICHENER: The whole entitlement can be recovered from the unfortunate employer who may have neglected innocently to do what he should have done.

Mr. HAHN: What do you mean he might have done it innocently!

Mr. DUBUC: The commission has the power to direct otherwise, which is a new feature in line 14—"Unless the commission otherwise directs"—in cases as mentioned the commission can direct otherwise.

Mr. MICHENER: Yes, but the power is there to do it. I object because I think it is an unreasonable penalty. Suppose the man has only one employee and does not comply because he does not know about it?

Mr. BISSON: We had stricter powers under the present Act, and we never exercised them during 15 years.

Mr. MICHENER: That is to your credit, but you may not always be administering the Act.

Mr. GILLIS: Perhaps because it was so strong it was never used—it is like capital punishment!

Mr. MICHENER: According to these charts (Appendix), benefits might run to \$3,000. I do not think a man could get that far into trouble, but he might have to recoup the commission the complete benefit for 30 weeks.

Mrs. FAIRCLOUGH: Is it not true if an employer has failed to keep proper records and has not properly insured his employees, that when they catch up with him, he pays his own share and the employee's share also? He has very little penalty there—he pays twice instead of once as he would have said had he kept proper records.

Mr. MICHENER: I think there is adequate penalty in the other penalty clauses and there is a method of recovering. This puts too much power in the hands of the commission to decide what the penalty is and to assess and collect it, in my opinion.

Hon. Mr. GREGG: Perhaps it might stand for the moment at least and we will let the officials have a look at it either later today or at the first of the week.

The ACTING CHAIRMAN: Clause 102. Stands.

Clause 103. Carried.

Clause 104, subclauses (1) and (2). Carried.

Mr. DUBUC: These are new provisions. This is from the Income Tax Act with regard to a certificate.

Mrs. FAIRCLOUGH: Would you explain what that is?

Mr. DUBUC: Before a certificate is filed in a court the procedure will be to give notice of the time and the amount owed by the claimant or by the employer—whoever owes any money—to give him a chance to appeal to the board of referees and the umpire. When the appeal period is over, the certificate will be filed, in the exchequer court for the amount in question, and it becomes a judgment of the court, and if the person pays that is the end of it, and if he does not, we will have to take recourse through the civil courts of the province or by seizure of the goods, if any. This procedure is new in the sense that it replaces the present procedure. In previous years we had to go to the criminal courts, and lay a charge of non-payment of contribution and get a minimum fine, and then have the court impose as an additional penalty the amount the employer did not pay. The same thing applied to the employee who makes false statements in order to get benefits. Rather than using this criminal procedure, we have the civil procedure which means that if a man can pay there will not be any penalty attached.

Mrs. FAIRCLOUGH: I would like to comment that it is interesting to note this clause in view of the discussion which took place the other day, and the fact that the commission may deny access to the courts to ordinary citizens but not to itself. It is quite possible for the commission to take proceedings against employers or employees, but they in turn have no recourse to the courts if they feel they have not had justice from the board of referees or the empire. I must say I fail to reconcile that position in my own mind. I cannot see it at all.

Mr. CANNON: I would like to ask one or two questions in this connection. Did I understand the witness to say that the procedure outlined here is the same procedure as under the Income Tax Act?

Mr. DUBUC: No, the section dealing with the certification of the amount owed to us is the same as in the Income Tax Act.

Mr. CANNON: That means that the commission files a certificate with the exchequer court and it has the value of a judgment?

Mr. DUBUC: Yes.

Mr. CANNON: There is no opportunity for the person against whom the certificate is filed to put in a defense?

Mr. DUBUC: No; but he can appeal.

Mr. CANNON: The commission simply files a certificate and it has the value of a judgment, is that right?

Mr. DUBUC: Yes.

Mr. CANNON: In connection with subclause (5) of clause 104, I note that it says—

The ACTING CHAIRMAN: We are on subclause (2) at the moment.

Mr. LUSBY: I should like to ask a question. If the certificate is registered in the courts, could not the person against whom it is registered apply to the court to vacate it as if it were a judgment rather than an appeal?

Mr. DUBUC: It is a judgment.

Mr. LUSBY: But ordinarily a judgment of the court may be vacated, and the defendant is allowed to put in a defence if he can say that there is some miscarriage of justice. He does not necessarily have to appeal.

Mr. DUBUC: The claimant has the same right.

Mr. LUSBY: In this case you file your certificate and he has no chance to put in a defence in the first place. It seemed to me he might apply to the court to vacate it on the grounds that he had a good defence.

Mr. DUBUC: He has the right of appeal at two levels.

Mr. LUSBY: It is only then it gets into the courts?

Mr. DUBUC: That is right.

The ACTING CHAIRMAN: Subclause (2) of clause 104, carries.

Subclauses (3) and (4) of clause 104. Carried.

Clause 104, subclause (5).

Mr. CANNON: In connection with subclause (5), I note that it says that the powers and functions of the commission may be exercised by any officer appointed pursuant to this Act, and authorized in that behalf by general or special direction of the commission. These powers and functions are powers and functions that would normally be exercised by lawyers representing the commission before the court. Does this mean the commission is going to act directly before the court, bypassing the use of lawyers?

Mr. DUBUC: Under subclause (2), the commission certifies the amount, and under another clause the secretary of the commission is empowered to put on the seal of the commission. Subclause (5) allows the commission to have this done regionally rather than in Ottawa. It deals with the signature on the certificate.

Mr. CANNON: It has nothing to do with the proceedings before the court?

Mr. DUBUC: No, there is no proceeding at all.

Mr. CANNON: It would only apply to the preliminary proceedings that would have to be taken before the certificate is obtained?

Mr. DUBUC: That is right.

Mrs. FAIRCLOUGH: The poor lawyers!

The ACTING CHAIRMAN: Clause 104 (5). Carried.

Out of sympathy for the reporter, we will have to adjourn at 5.30. I think it has been decided that we would meet again at 8.30 in this room.

Hon. Mr. GREGG: Mr. Chairman, would it be possible to pick out some of the easy clauses that have stood and review them? Perhaps everyone has not kept their lists and perhaps we could call upon the clerk to call out those clauses which have stood.

Mrs. FAIRCLOUGH: I would think, Mr. Chairman, we are getting close to the end, and perhaps we should finish them up this afternoon. It would be interesting if the clerk would read out the list.

Mrs. FAIRCLOUGH: The interpretation section stood.

The ACTING CHAIRMAN: Yes. Would it not simplify matters if we just took these down?

The CLERK:

*Clauses stood over*

- 1
- 2
- 3 (1) and (2)
- 5
- 19 (1) and (2)
- 21 (1)
- 22 (2)
- 27 (a), (b), and (g)
- 29
- 37 (Schedule only)
- 47 (Schedule only)
- 48
- 51
- 53
- 56
- 66
- 67 (1) (c) (iv) only
- 73
- 75
- 102

An Hon. MEMBER: Bingo!

Hon. Mr. GREGG: Did clauses 1 and 2 carry?

The ACTING CHAIRMAN: No, they stood.

The meeting will now adjourn until 8.30 this evening.

## EVENING SESSION

June 2, 1955,  
8.30 p.m.

The CHAIRMAN: When we adjourned before dinner we had just finished clause 104, subclause (5), and now we start with clause 105, subclause (1)?

Carried.

Subclause (2)?

Carried.

Subclause (3)?

Carried.

Mr. MICHENER: That is all new, is it not?

The CHAIRMAN: Yes. Subclause (4)?

Carried.

Subclause (5)?

Carried.

Clause 106, "Obstruction of inspector," does that carry?

Carried.

Mrs. FAIRCLOUGH: That is the one I was talking about today. I spoke about that earlier today and I could not find it.

Mr. DUBUC: There has never been any prosecution under that.

The CHAIRMAN: Does clause 107 carry?

Carried.

Mr. MICHENER: Clause 107 provides "Every person who contravenes or fails to comply with any of the provisions of this Act or the regulations made by the commission with the approval of the Governor in Council is guilty of an offence." I take it that the other regulations have no sanction.

Mr. DUBUC: No penalty, that is true. They are merely methods of doing certain things.

Mr. MICHENER: They are administrative, but still if people do not conform to them they are guilty of an offence.

Mr. DUBUC: If you will give me an example I will tell you how it works.

Mr. MICHENER: I would like to know how you are going to compel compliance with the regulations made by the commission itself.

Mr. DUBUC: We will find some examples if we can. For example, if you apply for benefit you must apply on the form of the commission, and if a man does not use the form of the commission he gets no benefit.

Mr. MICHENER: Nothing happens?

Mr. DUBUC: Nothing happens.

Mr. MICHENER: Is it as simple as that?

Mr. DUBUC: Yes.

Mr. MICHENER: Is there no need to enforce any of the regulations made by the commission

Mr. DUBUC: No.

Mr. MICHENER: The penalties are automatic?

Mr. DUBUC: They follow by themselves.

The CHAIRMAN: Does clause 108 carry?

Carried.

Clause 109?

Carried.

Clause 110, subclause (1)?

Carried.

Clause 110, subclause (2)?

Carried.

Clause 111 (1)?

Carried.

Clause 111 (2)?

Carried.

Clause 112?

Mrs. FAIRCLOUGH: Just a minute, Mr. Chairman; I would like to ask a question about that one.

Mr. DUBUC: That is the same as section 51 of the present Act.

Mrs. FAIRCLOUGH: Is it exactly the same?

Mr. DUBUC: There is no change so far as I can see.

The CHAIRMAN: Does clause 112 carry?

Carried.

Clause 113, paragraph (a)?

Carried.

Paragraph (b)?

Carried.

Clause 114 (1)?

Carried.

Clause 114 (2)?

Mr. MICHENER: Mr. Chairman, is there any difference here?

Mr. DUBUC: Subclause (2) of clause 114 is new. It is the same proof of claims that we require when they claim at our office.

Mr. MICHENER: What I was going to ask was whether there is any conflict between the provisions of this Act and the ordinary rules of evidence with respect to the evidence of a husband or wife.

Mr. DUBUC: Yes. Clause 114(1) is the same as section 69(6) in the present Act. It is an exception to the Canada Evidence Act.

Mr. MICHENER: I see you make the spouse a competent and compellable witness, which seems to me to be contrary to the Criminal Code.

Mr. DUBUC: It is. It is contrary to the Canada Evidence Act, by derogation. Under sections 4 and 5 of the Canada Evidence Act there are certain cases where a husband and wife are compellable.

Mr. MICHENER: This section is subject to the Criminal Code, so you cannot compel a wife to give evidence against her husband if she is not compellable under the Criminal Code.

Mr. DUBUC: That is right, except for those offences.

The CHAIRMAN: Does clause 114(2) carry?

Carried.

Clause 115(a)?

Carried.

Clause 115(b)?

Carried.

Clause 115(c)?

Carried.

Clause 115(d)?

Carried.

Clause 116?

Carried.

Clause 117?

Carried.

Clause 118(1)?

Carried.

Clause 118(2)?

Carried.

Clause 118(3)?

Mrs. FAIRCLOUGH: Mr. Chairman, the section in the present Act dealing with benefits is really outmoded now, is it not?

Mr. BISSON: The Veterans' Benefit Act?

Mrs. FAIRCLOUGH: Yes.

Mr. BARCLAY: Yes, the benefits ceased in September, 1954, I think.

Mrs. FAIRCLOUGH: Is there not something that goes through until July 1, 1955?

Mr. BARCLAY: That is under the Veterans' Benefit Act; that is not under our Act at all.

Mr. DUBUC: July 1, 1955, is the last day of enlistment which will give rise to a right of coverage under this.

Mrs. FAIRCLOUGH: Then what provisions, if any, have been made in this Act for any veterans who are now serving and are likely to leave the armed forces and re-enter industrial commercial life.

Mr. BARCLAY: The provisions of the Unemployment Insurance Act refer to the veterans of World War II. The provisions for Korean veterans and those overseas in Germany are mainly in the Veterans' Benefit Act, but, as Mr. Dubuc has pointed out, there are some references in the Veterans' Benefit Act to the Unemployment Insurance Act. It is for the sake of those references in the Veterans' Benefit Act that this subsection is here, and they are fully protected although these sections will disappear.

Mrs. FAIRCLOUGH: There were certain concessions to veterans under the old Part V of the Act, which I take it are not available now to any veterans who may now come out of the forces in which they are presently serving.

Mr. BARCLAY: Yes.

Mr. GILLIS: All the special forces are still protected, and the regular forces up to July 1955, but after 1955 none of the regular forces will be protected.

Mrs. FAIRCLOUGH: But quite apart from the protection extending to them, I believe the local offices made special arrangements for these men, did they not? Was there not another program under which veterans received benefit for reinstatement and insurance coverage?

Mr. DUBUC: Yes.

Mrs. FAIRCLOUGH: But there is nothing in this bill at all.

Mr. BISSON: Any benefit to which they are entitled under our Act or the Veterans' Benefit Act are carried forward.

Mrs. FAIRCLOUGH: Just until July of this year.

Mr. BISSON: Any benefits to which they are entitled are carried forward under this Act here.

The CHAIRMAN: Clause 118(3)?

Carried.

Clause 118(4)?

Mr. CHURCHILL: Under subclause (4): what does this mean? "Pending benefit". It will never give the people the benefit of the new Act, will it? Is it just a matter of administration and determining the benefit period and so on?

Mr. BARCLAY: The subclause reads:

An application for benefit pending under the old Act at the coming into force of this Act shall be dealt with under the provisions of the old Act."

If, for example, this Act is proclaimed effective on the 1st of November we might have an application under the old Act which was made on the 15th of October and action is still pending. That application will be dealt with under the old Act and not under the new.

Mr. CHURCHILL: And the benefits will be the same as under the new Act?

Mr. BARCLAY: No, the rate and the duration and everything else will be calculated under the old Act.

The CHAIRMAN: Clause 118(4)?

Carried.

Clause 118(5)?

Carried.

Clause 118(6)?

Carried.

Clause 118(7)?

Carried.

Clause 118(8)?

Carried.

Clause 119(a)?

Carried.

Clause 119(b)?

Carried.

Clause 119(c)?

Carried.

Clause 120, subclause (1)?

Carried.

120(2)?

Carried.

120(3)?

Carried.

120(4)?

Carried.

120(5)?

Carried.

121(1)?

Carried.

121(2)?

Carried.

Paragraph (a)?

Carried.

Paragraph (b)?

Carried.

Hon. Mr. GREGG: Mr. Chairman, would it be sensible to leave clause 1 and clause 2 until the very end, that is the "Short title" and the "Interpretation," and start at clause 3(1) and see if there is anything very serious in some of those, starting at clause 3(1), that stand?

The CHAIRMAN: Clause 3, subclause (1)?

Mrs. FAIRCLOUGH: This was the clause to which I took exception, or at least to which I made an amendment, Mr. Chairman, which was ruled out of order and was subsequently placed in the chairman's hands in the form of a recommendation. Now, I am a little vague as to how to deal with that. I think it was left that after the other parts of the bill were all finished there were certain recommendations which would be dealt with. I am in the hands of the chairman so far as procedure is concerned.

Hon. Mr. GREGG: That was with respect to the enlargement of the commission.

Mrs. FAIRCLOUGH: Both subclauses (1) and (2), yes.

Hon. Mr. GREGG: And whether in proposing that there be an enlargement of the commission the extent thereof be specifically indicated.

Mrs. FAIRCLOUGH: The chairman has the wording of that recommendation.

The CHAIRMAN: The clerk will read it out.

The CLERK: "Amendment: line 9, substitute four for three; line 10, add after commissioner—"

Mrs. FAIRCLOUGH: No, that was the one that was withdrawn. The recommendation was that in line 9 the word five should be substituted for three and in subclause (2) line 11 the word one should read two, and in line 13 the word two should be inserted between the words "other" and "after". Do you have that? I gave it to Mr. Chassé.

The CHAIRMAN: Unfortunately Mr. Chassé who was our clerk went to the hospital this afternoon.

Mrs. FAIRCLOUGH: I am sorry to hear that.

The CHAIRMAN: He was sick when he was here this morning. As you noticed, he went out and I understand they took him to the hospital after he left here.

The clerk will now read this out as suggested by Mrs. Fairclough.

The CLERK: I will read it as it is suggested it be amended.

Mrs. FAIRCLOUGH: I think I did not give it to you completely. There is a change of wording in the clause, and I have not got the copy I gave to Mr. Chassé. I will have to re-write it myself.

The CHAIRMAN: I have not got it either.

Mr. HAHN: Until such time as we have this, can we proceed with clause 5?

Hon. Mr. GREGG: I was going to suggest we stand it. On the other hand, it would be helpful perhaps to answer Mrs. Fairclough's question now as to whether the committee should undertake to amend the two clauses or should make recommendations with regard to the points she has in mind. I have prepared here the official objection to it, and I will not tire the committee by raising it. I think it is fairly obvious to the committee that there might be some objection to specifying in the Act that a member of the commission other than the two that are there now, should represent a certain section of the community. Perhaps all the members of the committee do not agree with that point of view, but on the part of the government I know there would be objection to concurring in that recommendation as a definite amendment to this bill. On the other hand I am confident that if a recommendation at the end were made that this matter be kept as something for consideration as and when the commission were enlarged, it would receive that consideration. I have no right to say more than that.

Mr. GILLIS: The position the committee is in is that we cannot make a recommendation to add two new commissioners because that involves the expenditure of money, and if the minister is not prepared to bring in an amendment along those lines we are powerless to do it, but he suggests we might, when we are finished with the bill and are making our final report, make it as a recommendation that the government give consideration to it. I would like to ask the commissioner a question. There have been three commissioners since the inception of the Act. No doubt the business has grown considerably. Are three commissioners a sufficient number at the present time to handle the business expeditiously or do you think it would be wise and that you could effectively use two new members providing the government were willing to give them to you?

Mr. BISSON: We have been able to handle the business, as you say, expeditiously. The way we work is that no one is responsible for any certain thing—we do not distribute the work, but usually work altogether on the same business. The fact that we are only three and not five, has certainly not harmed the conduct of the business of the commission.

Mr. HAHN: We had considerable discussion on this before, and apparently it is just a case of making the recommendation if we see fit to do so. So far as I can gather we must pass these two clauses because they call for an expenditure of money, and we can make the recommendation at the close of the proceedings, and our discussion can take place at that time. I see no objective in lingering any further at this time on these clauses. Otherwise we might as well have a whole-hearted discussion now and get it over with.

The CHAIRMAN: Would it solve the difficulty if we allowed these to pass—or we would hope they would—and that Mrs. Fairclough, Mr. Hahn and Mr. Gillis sit in together and see if they can draft a recommendation on this.

Mr. HAHN: If you do not mind, I am not anxious to increase this so you can count me out. I do not agree with the proposal to increase the number from three to five, and I do not see any object to it. If the commission is doing the job properly, I do not see why we should add more expense to the handling of the work of the commission.

The CHAIRMAN: Our motion is not in order that will entail the expenditure of money, as I understand it, and for that reason it was ruled out of order. Now, the only alternative as I see it, is to vote on clause 3 (1). Does clause 3 (1) carry?

Some Hon. MEMBERS: Carried.

Mrs. FAIRCLOUGH: Well, I will have to object, Mr. Chairman, and I should like to be recorded as dissenting.

The CHAIRMAN: Do you want a recorded vote then? Those in favour of clause 3 (1) will please signify by raising their hands? Those opposed? I declare clause 3 (1) carried.

Clause 3 (2). Carried.

Mr. MICHENER: It would meet Mrs. Fairclough's purpose to provide that one of the three commissioners should be a woman. There is no particular objection to that.

The CHAIRMAN: Except that clause 3, subclauses (1) and (2) have both carried.

Mr. MICHENER: There is no reason why there could not be a new clause or subclause 2 (a) inserted providing that one of the three is a woman.

Hon. Mr. GREGG: The only thing would be in the carrying out of the mandate, it would mean we would have to tell organized management and organized labour and the government that they have to appoint a woman.

Mr. MICHENER: The government would have the ultimate responsibility if neither labour nor management appointed a woman the government would. The other way of dealing with it would be as a recommendation attached to the report of the committee.

The CHAIRMAN: Clause 3, subclauses (1) and (2) have carried.

Mrs. FAIRCLOUGH: It is all very well to say, "Well, we will take it as a recommendation and sometime in the future we will do something about it," but in the next clause you appoint commissioners for periods of 10 years and I take it, the minute this bill passes, the commissioners are appointed for a period of 10 years. We have had ample evidence of the capabilities of the commissioners and there is no reflection on any of them at all, but the fact of the matter is you still have not the chance of a snowball in hades of ever getting a woman on the commission.

Hon. Mr. GREGG: When this bill comes into effect it will not mean they are in for another 10 years. It will be the unexpired portion of their present appointment for which they will hold office.

The CHAIRMAN: Clause 5, subclauses (1) and (2). Carried.

Mr. MICHENER: Are we dealing with clause 5, Mr. Chairman?

The CHAIRMAN: Yes, it has carried.

Hon. Mr. GREGG: Mr. Chairman, if I might—I apologize for not doing this when we passed it before,—but there are certain legal complications with regard to clause 6, and the suggestion has been made since we discussed it before that certain information be provided at this time and Mr. Dubuc will undertake to do so.

The CHAIRMAN: Is this by way of further explanation?

Mr. DUBUC: Yes.

Hon. Mr. GREGG: This has been passed, but I would like the committee to know about this, and if there is any objection I would ask that the amendment to clause 6 be made in the committee as a whole when it comes back to the House.

Mr. DUBUC: The Department of Justice studied our Act and every Act passed recently, and they declared our bill is the only one which is out of line with the other bills and Acts that have been passed since 1950 in relation to clause 6 of the bill. In all the other Acts and bills mention is made of the corporation or body as an agent of Her Majesty which acts only as an agent of Her Majesty, and we have not done that in the clause. They suggested the clause be re-written to make it clear that the commission is a body corporate but acts for all purposes as an agent of Her Majesty in the right of Canada. When the commission contracts, it contracts in the name of Her Majesty and not in the name of the commission. We are not a commercial corporation and the provision that we can sue and be sued is not at all necessary.

Mrs. FAIRCLOUGH: You are going to leave that out?

Mr. DUBUC: Yes, the two changes would be to indicate that the commission is a corporate body acting as agent for Her Majesty in the right of Canada, and then when we contract it is not in our name, but in the name of Her Majesty, and that would leave out the power to sue and be sued. It would mean that you sue in court without fiat. There is no more need to have a fiat to sue the Crown.

Mrs. FAIRCLOUGH: How will the clause then read?

Mr. DUBUC: It is a new context. The first subclause would be:

Section 6. To be amended to read as follows:

6. (1) The Commission is a body corporate and is for all its purposes an agent of Her Majesty in right of Canada and its powers under this Act may be exercised only as agent of Her Majesty.

(2) The Commission may on behalf of Her Majesty enter into contracts in the name of Her Majesty or in the name of the Commission.

I could read to you a whole list—there are about 10 lines of titles of commissions and boards which have the same enactment all of which were changed in 1950 when they abolished the need to have the commission to sue the Crown.

The CHAIRMAN: I understand this amendment will be moved in the committee as a whole.

Mr. MICHENER: If the commission wished to obtain a judgment in the exchequer court what would be the style of cause?

Mr. DUBUC: I suppose it will be, Her Majesty getting judgment, not the commission.

Mr. MICHENER: "Her Majesty the Queen in the Right of Canada?"

Mr. DUBUC: Yes.

Mr. MICHENER: Nothing about the commission at all?

Mr. DUBUC: We would be an agent of Her Majesty. You see, all the moneys do not belong to the commission, but go to the fund. We do not own any money.

Hon. Mr. GREGG: And everything in respect of the property occupied by the commission comes under the Department of Public Works.

Mr. MICHENER: The commission would do business the same way as a department of government?

Mr. DUBUC: Yes.

Hon. Mr. GREGG: Shall we leave that then? Perhaps it would be tidier—there is no expenditure of money in this—

The CHAIRMAN: —if someone made a motion to have a vote?

Mr. SIMMONS: I will so move.

The CHAIRMAN: That clause 6 be amended?

Mrs. FAIRCLOUGH: Will you not have to re-open that? You have already passed it.

The CHAIRMAN: Yes. We will have to revert to clause 6 if we could have the unanimous consent of the committee.

Mr. BYRNE: I move that we revert to clause 6, and rescind the previous motion.

The CHAIRMAN: Now we have a motion of Mr. Simmons that clause 6 be amended.

Mr. BYRNE: That it be re-worded.

The CHAIRMAN: Yes, it will be a new clause.

On the motion of Mr. Simmons, is it agreed that this motion carry?

Some Hon MEMBERS: Carried.

Mr. HAHN: Before you go on to clause 21, I do not believe we carried clause 19, subclause 1.

Hon. Mr. GREGG: It stands.

Mrs. FAIRCLOUGH: Clause 19, subclause 1, and subclause 2.

The CHAIRMAN: Subclause 2 is carried.

Mrs. FAIRCLOUGH: No.

The CHAIRMAN: Yes, I am sorry.

Mrs. FAIRCLOUGH: I am sorry, but these were called off to us just before the adjournment, and the clerk called them off as standing and I have it marked on my book as standing.

The CHAIRMAN: Clause 19, subclause 2 is not on the list here.

Mrs. FAIRCLOUGH: It was on the list he called off to us.

Mr. HAHN: I recall Mr. Bell making some objection at the time we attempted to pass this.

The CHAIRMAN: What is the objection?

Mr. BARCLAY: If I remember correctly there was a point raised in the brief of the Canadian Congress in which they claimed that certain duties were being taken away from the Unemployment Insurance Advisory Committee. That is why that clause stood, while later on it was understood that in a later clause, that is, in clause 67-2 it was understood that it might be amended so that the regulations which were originally in the purview of the committee would be put back there under clause 67-2. That was my understanding of it. The committee stood the clause for a time, and later on went back and passed it.

Mrs. FAIRCLOUGH: I do not recall it.

The CHAIRMAN: That is what I have on my list, that we stood clause 19-1, and then we went back and passed 19-2 and also passed 19-1. That is what I have here.

Mr. CANNON: Has anybody any objections to clauses 19-1 and 19-2? If so, what are they?

Mrs. FAIRCLOUGH: It is hard to tell when we have not got the proceedings.

The CHAIRMAN: Let us go on. Clause 21, subclause (1). Does that carry?

Mr. CANNON: Clause 19, subclauses (1) and (2) are passed.

Hon. Mr. GREGG: Clause 21 (1) was the one which stood. I asked that it stand in order to change the word "may" to "shall", in reference to the National Employment Committee.

Mrs. FAIRCLOUGH: That is right, and there was a discussion as to the size of the committee and the fact that there was no reference made to a quorum but that was not the reason it was stood.

Hon. Mr. GREGG: No. I think it hinged around the word "may" and if anyone cares to make that amendment I would be glad to accept it.

Mr. CHURCHILL: In addition to changing the word "may" to "shall" in line 14, something was said about inserting in line 15 before the word "such" the words "may establish".

Mr. DUBUC: I have spoken with Mr. Driedger of the Department of Justice and we both agreed that to carry out the intention of the committee, if you changed the word "may" to "shall", it would have the same effect.

Hon. Mr. GREGG: It would make it mandatory for the national committee.

Mr. DUBUC: That is right.

The CHAIRMAN: Mr. Hahn moved that "may" be changed to "shall" in line 14 of clause 21, sub-clause 1. Is that agreed?

Agreed.

Now, clause 21, as amended, is carried. Does clause 22 subclause (2) (a) carry?

Hon. Mr. GREGG: That was one affecting discrimination. The discussion was on clause 22 (2) (b) I think, Mr. Chairman.

Mr. CHAIRMAN: I understand that we stood both of them.

Hon. Mr. GREGG: Yes. I asked that it be stood before we had any discussion. Perhaps the committee might express any opinion it has on it before I say anything about it at all.

The CHAIRMAN: Does clause 22 (2) (a) carry?

Carried.

Hon. Mr. GREGG: The reason I asked that it be stood was because the Canadian Congress of Labour in their brief referred to it and they felt that something should be done about it.

Mrs. FAIRCLOUGH: They felt the words "specification or preference" were unnecessary and out of place there.

The CHAIRMAN: That is in clause 22 (2) (b)?

Mrs. FAIRCLOUGH: Yes.

Hon. Mr. GREGG: The reason why the wording is in the bill as it is, is an attempt to bring the wording of this bill into line with the wording of the Canadian Fair Employment Practices Act which was passed through parliament after this clause went into the old Unemployment Insurance Act, and it is bringing it in line, you might say.

Mr. BISSON: Our feeling is that there is no change from the pertinence of the present section of the Act. The Canadian Congress of Labour felt the word "limits of specification or preference" would make it more difficult administratively. Our view is that there is actually no change.

The CHAIRMAN: Does clause 22 (2) (a) carry?

Carried.

Does clause 22 (2) (b) carry?

Carried.

Clause 27 (a)?

Carried.

Hon. Mr. GREGG: That can carry; that is the horticulture one.

The CHAIRMAN: Clause 27 (b)?

Carried.

Mr. CANNON: In respect to clause 27 (b) there is a motion which was made by Mr. Croll and which I seconded, that after the word "fishing" we add these words "except those who work for wages" or something like that. That is, if a fisherman is working for wages he would be covered by the Act. I understand it is not necessary to amend the Act, because there is power to bring in by regulation employments and place them under the scope of the Act. So speaking for myself, although I cannot speak for Mr. Croll, I would be willing to withdraw the motion for an amendment on condition that the committee should adopt the motion that I am making, that this following recommendation be included in the report of the committee.

Your committee recommend that action be taken as soon as possible by the Unemployment Insurance Commission after consultation with the Department of Fisheries to extend the coverage to the following classes of fishermen; (a) who work for wages; (b) and to other parts of the fishing industry as are manageable.

Mr. MICHENER: I submit that the motion is out of order. We are dealing with a bill which has been referred to us and we are not constituted to make requests to the minister for orders-in-council which he may approve, or to the commission as to regulations which it might make. It seems to me that we are going beyond our scope in doing it, desirable as it might be. It would be more appropriate to deal with these issues of agriculture and fishing in the House.

Mr. HAHN: I endorse most heartily what Mr. Cannon has proposed, but this would call for an expenditure of money in order to include fishermen in the group, which would mean that we could not pass it, I would say.

Hon. Mr. GREGG: As I understand it, Mr. Cannon is not moving that clause 27 (b) be amended, but rather that clause 27 (b) be passed as is, and that his motion be filed as a recommendation to be attached to the report of this committee when it is passed on to the House.

Mr. CANNON: And then the House will deal with it.

The CHAIRMAN: It is purely a recommendation.

Mr. MICHENER: That is why I objected to it. It is out of order. It is beyond the scope of reference to this committee to make recommendations of that kind.

Mr. CANNON: What is the Order of Reference to the committee?

The CHAIRMAN: The bill which is before us.

Mr. BYRNE: I think it has been understood that in order to comply with the wishes of Mrs. Fairclough, that we had to draw up a second report, so to speak, which would contain certain recommendations which we have, that the commission and the government would be well advised to follow. I see no reason if we make a recommendation to increase the commission to six, or that three commissioners should be women out of the total of six, that we need not also include this recommendation. It is not mandatory, and if we can make flesh of one, and fish of the other, it may be all right, but in this case I think we had better make fish out of them both. Will it be necessary?

Hon. Mr. GREGG: Perhaps I would ask the lawyers present to express their opinion on it. This is the clerk's copy of the terms of reference:

That the standing committee on Industrial Relations be empowered to examine and inquire into all such matters and things as may be referred to them by the House and to report from time to time their observations and opinions thereon with power to send for persons, papers, records, and so on.

Mr. MICHENER: What is it that was referred to us by the House?

Hon. Mr. GREGG: This Bill No. 328.

Mrs. FAIRCLOUGH: And Bill 188.

Mr. MICHENER: I think we are going beyond the expressed intent of the bill, if we suggest that some order in council be made by the commission and approved by the governor-in-council.

Mr. CANNON: Can we not recommend that an order-in-council be made?

Mr. GILLIS: After we finish with this bill we will file a final report in the House, and in that final report you can recommend that the government give consideration to anything. That has been common practice all the time.

Mr. MICHENER: What are the recommendations, in this case?

Mr. GILLIS: That the committee, in its final report would include this motion.

Mr. CANNON: "Your committee recommends that action be taken as soon as possible by the Unemployment Insurance Commission after consultation with the Department of Fisheries to extend the coverage to the following classes of fishermen: (a) who work for wages; (b) and such other parts of the fishing industry as are manageable."

Mr. FRASER (*St. John's East*): There is no mention of an order-in-council.

Mr. CANNON: No, it is simply to put a paragraph in the report of the committee.

Mr. MICHENER: Well, I have raised my objection.

Mr. CHURCHILL: Should you not say that action be taken, or consideration be given?

Mr. CANNON: I would like to word it as strongly as possible, and I prefer "action".

Mr. BYRNE: On a point of order, there is a possible question here. The member has suggested that he is willing to withdraw his original motion if the committee is agreeable to this recommendation. Now, what are we going to vote on?

Mr. CANNON: I said that I would be willing to withdraw it as far as I was concerned, but that I could not speak for Mr. Croll. However, I have reason to believe that he would be willing to withdraw it.

Mr. HAHN: Should we not leave it as a recommendation and then if Mr. Cannon wanted to present it along with the one on horticulture, which the minister brought to our attention, we could include them all at that time?

Mr. CANNON: I am not sure that I shall be here at the end, because I have to go to my constituency. This committee may finish its work next week and I may be in my constituency. That is why I wanted to bring it up tonight. However, if I could count on someone to do it for me—

The CHAIRMAN: I have looked this thing over as carefully as I can. According to the order of reference I am afraid that I would have to rule it out of order.

Mr. CANNON: What out of order?

The CHAIRMAN: This recommendation because the order of reference states that the standing committee of Industrial Relations be empowered to examine and inquire into all such matters and things as may be referred to it by the House, and to report from time to time their observations and opinions thereon, with power to send for persons, papers and so on. There is no mention of recommendations.

Mr. MICHENER: The only problem is to move an amendment.

The CHAIRMAN: We cannot put it in the bill, but it could go in at the end as a recommendation, if that is your suggestion.

Mr. CANNON: That is my suggestion.

The CHAIRMAN: Is that agreeable to the committee? Does clause 27 (a) carry?

Carried.

Mr. MICHENER: You have ruled that this is in order?

The CHAIRMAN: As a recommendation when we complete our work.

Mr. MICHENER: I want to have your ruling on the record.

Hon. Mr. GREGG: I am very glad that the ruling has come out because I know that in the committee on Veterans Affairs in former years, the wording is exactly the same as this, and a suggestion or proposal in general terms has always been put forward.

Mr. GILLIS: In this committee also.

Hon. Mr. GREGG: We will cross-check on the authenticity of it.

The CHAIRMAN: Clause 27(b)?

Carried.

Mr. CANNON: Mr. Chairman, in connection with this I have a suggestion to make. It may be that the chairman likes the word "opinion" rather than recommendation. The sentence could read: "Your committee is of the opinion that action should be taken." It comes exactly to the same thing, but I do not know whether you prefer the word "opinion."

Hon. Mr. GREGG: Your report will be reviewed again.

The CHAIRMAN: I am not an authority on this at all, but I suppose the legal end of the department will look at it. Clause 27(g)?

Mrs. FAIRCLOUGH: Is that going to stand?

Hon. Mr. GREGG: We are getting along so well that I feel badly at having to ask that clause 27(g) stand. Down at the Trades and Labour Congress in Windsor yesterday, amidst their discussions on various topics including their community program, I had the privilege of meeting them and making the shortest speech on record. After leaving I came out to a group of firefighters with fire in their eyes. They were holding a convention in the armory and they took me up to the officers' mess, and while the loudspeakers were blaring downstairs they told me their views in no uncertain terms. One of the most eloquent spokesmen was a gentleman named Vanasse, who signed the document that we had here, and other officials were there as well. Their feelings are very strong on the matter. I pointed out to them the desire of the government not to step backwards in its attempt to get a few more people under the Act. They felt that they ought to have the opportunity to present their case further, because of the convention being held of which they were a part, and to make a long story short, Mr. Vanasse asked whether on his way back he could consult with some member of the committee or with the committee as a whole. There was no indignation at the fact that they had not been invited to come to your

committee. I spoke to Mrs. Fairclough about it today, because she had shown special interest in this, and the tentative arrangement was made this way: as Mrs. Fairclough is going to Hamilton tonight and as Mr. Vanasse is coming back through Hamilton tomorrow, Mrs. Fairclough has agreed that if he desires to do so they could meet at some time which they might mutually arrange tomorrow at her office. In view of that I would ask that this be held over until Mrs. Fairclough reports back at the first of the week.

Agreed.

The CHAIRMAN: Then 27(g) stands. Clause 29, "Extent of authority to make regulations." Does clause 29 carry?

Mr. CHURCHILL: There is one difficulty in considering these clauses that have been stood over. We have not the record of proceedings in front of us and we may find ourselves repeating arguments that have already been made, or we may be overlooking something that was stated when the clause first came up. When is the record of proceedings likely to be made available to us? After the bill has passed the House?

Mr. BARCLAY: This clause was stood over because I believe it was Mr. Michener who objected to the last line or two in the clause

Mr. MICHENER: That is right. Mr. Chairman, I might explain my objection and perhaps suggest a way of overcoming it by amendment. The last two lines of this clause give power to the commission to modify and adapt the provisions of the Act, not for the purpose of carrying the Act into effect but as may be necessary to give effect to their regulations. Therefore it seems to me that in effect this clause gives the commission independent legislative authority. It first gives them the power to make regulations and then it gives them power to change the Act to comply with the regulations which they have made. I think that goes too far. It is not reasonable, it is not necessary, and I suggest that instead of reading in the last two lines "modifications and adaptations of the provisions of this Act as are necessary to give effect to the regulations made under those section," that it should read "to give effect to the Act." That is surely a broad enough power for the commission. If you give effect to the Act and it is necessary to modify it in some detail by regulation all right, but let us not set up the commission as an independent authority to make modifications, which they can do and then to change the Act to comply with the regulations. It seems to me that there is a principle involved here. I do not know that it is very important, because the commission has always been entirely trustworthy, and they have administered the Act properly, but I am against making unnecessarily broad delegations of authority to legislate.

Mr. DUBUC: I did not answer you properly at the last meeting. In the present bill there are some words to the same effect in some of the clauses.

Mr. MICHENER: As I remarked before, that is no justification.

Mr. DUBUC: No, but we have used those words in the past, and we needed them, otherwise we could not have extended coverage to certain industries.

Mr. MICHENER: I would like to see an example of it.

Mr. DUBUC: Well, take stevedores. When we extended it to cover stevedores we had to modify the Act and make the system different for them from the rest of the other insured persons.

Mr. MICHENER: Could you not have done that if the wording of this section had been "to give effect to the Act"?

Mr. DUBUC: The bill as it is now conceived is made to suit those who are now insured, and the purpose of this section is to enable the commission to extend it further and further. Most of the expected employments that may be insured will present difficulties in the application of the present provisions

of the Act, as it is now, so if you attempted to apply the bill as it stands now it would be a vicious circle, because you could not apply the Act as it is now; you must change the Act to apply to the extensions you are making. You might take fishermen: if you wanted to extend it to them you might have to change some provisions here and there to suit the fishing industry and only the fishing industry, but if you did not have this you could not do it; you would have to go back to parliament every time to make an alteration.

Mr. MICHENER: Could you give me an example where it is necessary to extend the provisions of the Act? Take your own case, suppose you bring the fishermen into the Act. Then you have to have regulations that deal with fishermen. They are going to be subject to the same rules about contributions, and as has been said already, the things that are immutable are the rates of contribution and the rate of benefit. Now the commission cannot deal with this and those are immutable; you cannot change those for the fishermen. With this clause you can, and I do not think that is proper.

Mr. BARCLAY: May I ask you a question? Would you have the same objection if this applied to regulations of the commission with the approval of the Governor in Council?

Mr. MICHENER: I would admit that that would improve it, if it were limited to regulations made with the consent of the Governor in Council. In fact, I do not know whether I would object to that. I think I would be content with that.

Mr. BARCLAY: This clause deals with regulations made in connection with clauses 26 and 28, and if you would turn back to clause 26 (1) there are certain regulations which may be made with the approval of the Governor in Council for including excepted employments. Those are all regulations which would have to be made by the commission with the approval of the Governor in Council. Now when you come down to subclause (2) it says:

The commission may make regulations for including in insurable employment;

- (a) with the consent of the government of the province, employment in Canada under Her Majesty in right of a province.

I can see no place there where the commission would have to change the Act at all.

- (b) with the consent of the employing government, employment in Canada under the government of any country other than Canada.

And so on. The regulations which the commission itself can make without the approval of the Governor General will probably not require any modification at all. If you turn to clause 28 you have the same situation. There are five types of regulations which the commission can make with the approval of the Governor in Council, and then under clause 28 (2) it says:

The commission may make regulations,

- (a) for excepting from insurable employment any employment in which persons are ordinarily employed to an inconsiderable extent.

You would not have to modify the Act to except somebody from the Act.

(b) respecting the time and manner of making and revoking elections—That is purely administrative.

- (c) for determining or predetermining the remuneration of employed persons—

So that again in those two paragraphs the powers which the commission has are very limited. The powers which might require the application of section 29 are all regulations which would have to be made with the approval of the Governor in Council. Now to get back to the example, if we included fishermen there would be a regulations which would have to have the approval of the Governor in Council. Supposing we could go a little further than the wage earners—Mr. Cannon has suggested we go as far as possible—it might be necessary to say that the skipper is an employer. The skipper of a ship for the purposes of our Act is treated as the employer. That would be a modification of the present Act.

Mr. MICHENER: But you have power to do that in the Act already.

Mr. BARCLAY: There may be power some place else. That was only one type of modification that I had in mind. We might have to modify in respect of weekly contributions and we might have to have some special rules for determining earnings and dividing the earnings over a period of say a month, by certain weekly divisors and so on. I do not think there is anything in the two clauses here where the commission itself has regulation-making powers where modifications would ever become necessary.

Mr. MICHENER: Well, I do not want to labour this point because it is not likely to be of importance, but I think that at least we ought to limit the power to give effect to regulations made with the approval of the Governor in Council.

Mr. CANNON: Well, it is limited, Mr. Mitchener.

Mr. MICHENER: In what way?

Mr. CANNON: Well, if you look, it is limited by reference to clauses 26 and 28 only. If you go back to clauses 26 and 28 you will see that both of them confirm regulations made with the approval of the Governor in Council, except the second part of clause 26 which is purely administrative.

Mr. MICHENER: That is the point. You see, both of these clauses, 26 and 28, have subclauses too which give the commission power to regulate on its own authority, and they could regulate to the effect that would require them to change some provision of the Act to enable them to carry out their regulations. In other words, they could change the Act by regulation and even without the approval of Governor in Council so that I think that our best course would be, if the committee is agreeable, to limit the power of the commission here to regulations made with the authority of the Governor in Council. That has been suggested by Mr. Barclay, and I think it would be acceptable. He does not see any need for any powers beyond that.

Mr. BARCLAY: I did not suggest it be changed. I simply suggested that there would be no occasion for the commission itself to make changes, and I can see no point in changing the clauses.

Mr. MICHENER: Then I have been speaking to no purpose. I move that the clause be changed to read in the last line "to give effect to the regulations made under those sections, with the approval of the Governor in Council".

Mr. HAHN: Would that call for any change in either of the other two clauses?

Mr. DUBUC: If that suggestion was put through it would throw the whole clause out of kilter, because the top part of subclause (2) relates to all regulations. If you were to limit the latter part to only those regulations made with the approval of the Governor in Council you would throw that out of kilter with the first part.

Mr. MICHENER: I am sorry, I cannot agree with that. The clause divides into two parts. The first part has to do with the regulations under clauses 26

and 28, and the second part reads, "Has the authority to make such modifications and adaptations of the provisions of this Act as are necessary to give effect to the Act." That is the part I am concerned with.

Mr. CANNON: I think the scope of clause 29 is sufficiently limited by the words at the beginning of clause 26.

The CHAIRMAN: You have heard the motion of Mr. Michener. Those in favour of changing clause 29 as amended by Mr. Michener's motion please raise their hands.

Mr. HAHN: Before you take that vote, we should know whether or not this thing is going to affect the whole understanding of the other two clauses which are referred to in the clause itself, or whether it will be completely out of order.

The CHAIRMAN: I think, Mr. Hahn, the officials have already said it would have an effect on both clauses 26 and 28. It would alter them, but nevertheless we have to decide—it is one way or the other.

Mr. HAHN: If it is going to alter them, I think we should consider the effect the alternative would have before we decide to vote.

Mr. BYRNE: I think we should make up our mind after hearing both sides of the question. I personally am prepared to vote quite happily on the matter.

The CHAIRMAN: There is a motion before the committee. Those in favour of the motion will please raise their hands?

Those opposed?

I declare the motion lost. Shall clause 29 carry?

Carried.

Mrs. FAIRCLOUGH: Inasmuch as the rest of these clauses are concerned with schedules for the most part, I think it might be advisable to adjourn.

Hon. Mr. GREGG: I think we have done very well today.

The CHAIRMAN: It is now almost 10 o'clock and we have had a rather full day. We shall now adjourn our meeting at the call of the chair. Would it be agreeable to meet on Monday morning at 10.30 and again at 3.30 in the afternoon?

Some hon. MEMBERS: Agreed.

Mrs. FAIRCLOUGH: Do you think we will get a quorum on Monday morning?

The CHAIRMAN: I hope so.

Mr. GILLIS: How many constitute a quorum?

The CHAIRMAN: Ten.

Hon. Mr. GREGG: I think it would be unfortunate if we just had a bare quorum on Monday.

The CHAIRMAN: We will meet on Monday morning at 10.30 and notices will go out to that effect.

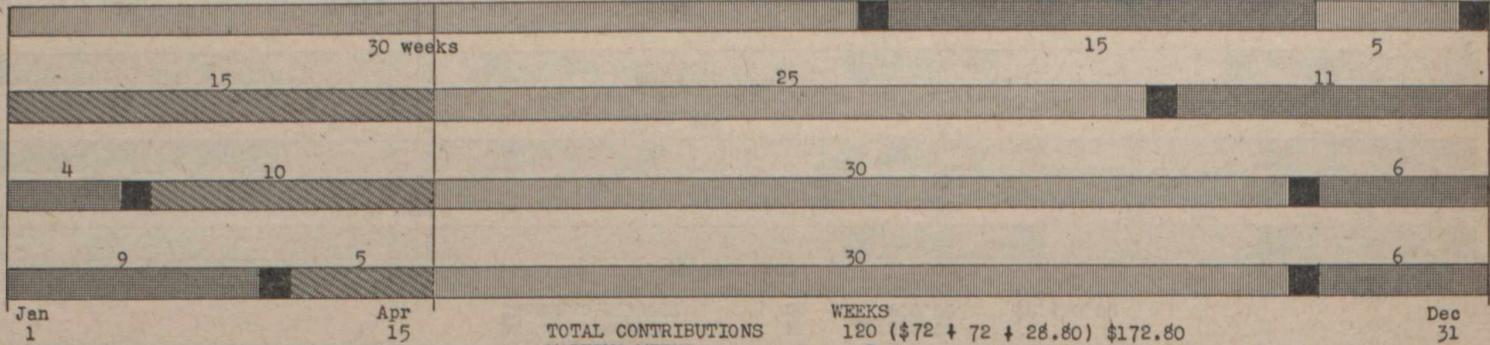
APPENDIX

PRESENT AND PROPOSED DURATION OF BENEFITS

NEW ENTRANT JANUARY 1, NO PREVIOUS CONTRIBUTIONS

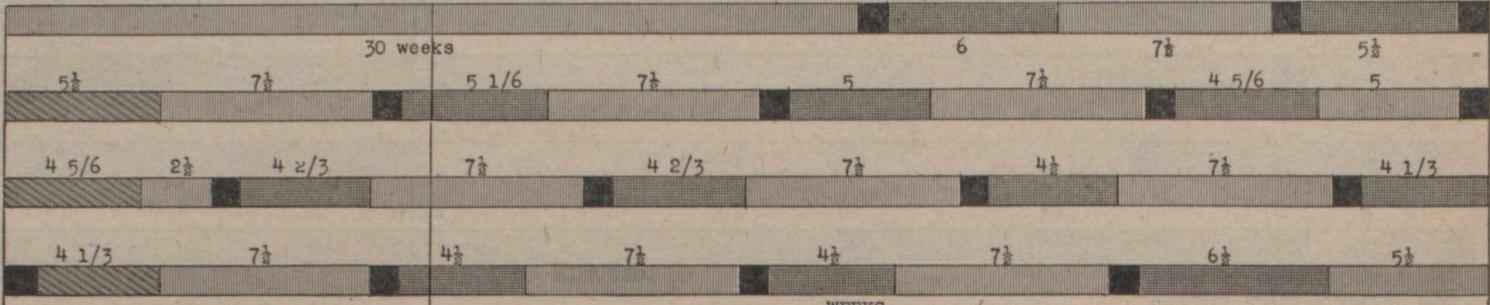
LEGEND  
 CONTRIBUTION WEEKS [diagonal lines]  
 WAITING WEEKS [solid black]  
 REGULAR BENEFIT WEEKS [horizontal lines]  
 SEASONAL BENEFIT WEEKS [cross-hatch]

BILL 328



TOTAL CONTRIBUTIONS	120	(\$72 + 72 + 28.80)	\$172.80
WAITING WEEKS	7		
REGULAR BENEFIT	51	\$1,530.00	
SEASONAL BENEFIT	30	<u>900.00</u>	\$2,430.00

PRESENT ACT (PRIOR TO JAN/55 AMENDMENT)



TOTAL CONTRIBUTIONS	118	(\$63.72 + 63.72 + 25.45)	\$152.89
WAITING WEEKS	15		
REGULAR BENEFIT	60 1/3	\$1,448.00	
SEASONAL BENEFIT	14 2/3	<u>352.00</u>	\$1,800.00

NEW ENTRANT JANUARY 1, NO PREVIOUS CONTRIBUTIONS

LEGEND  
 CONTRIBUTION WEEKS [diagonal lines]  
 WAITING WEEKS [solid black]  
 REGULAR BENEFIT WEEKS [horizontal lines]  
 SEASONAL BENEFIT WEEKS [cross-hatch]

BILL 328

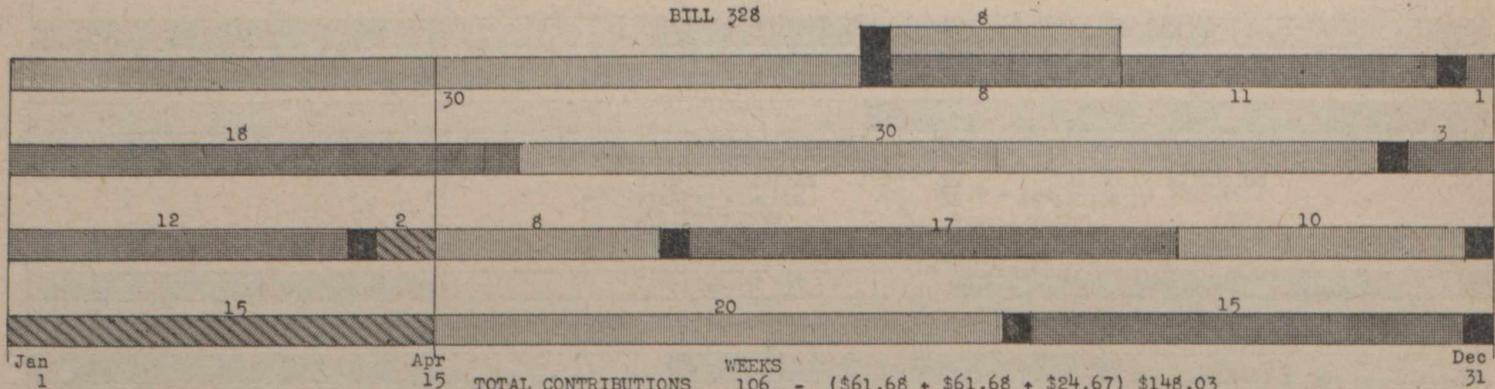
	30		15		5
	30 weeks		15		5
	15		25		11
	15		25		11
4		10		30	6
4		10		30	6
	9		5		30
	9		5		30
Jan 1		Apr 15			DEC 31
		TOTAL CONTRIBUTIONS	WEEKS	(72 + 72 + 28.80) \$172.80	
		WAITING WEEKS	7		
		REGULAR BENEFIT	51	\$1,530.00	
		SEASONAL BENEFIT	30	900.00	\$2,430.00

PRESENT ACT

	30		6		7 1/2		5 1/2
	30 weeks		6		7 1/2		5 1/2
10		7 1/2		5-1/6		7 1/2	4-5/6 1/2
10		7 1/2		5-1/6		7 1/2	4-5/6 1/2
10		7		4-2/3		7 1/2	4 1/2 2-1/6
10		7		4-2/3		7 1/2	4 1/2 2-1/6
10		5-1/3		4 1/2		7 1/2	6 1/2 3-1/6
10		5-1/3		4 1/2		7 1/2	6 1/2 3-1/6
		TOTAL CONTRIBUTIONS	WEEKS	108-1/6 (58.41 + 58.41 + 23.36 ) \$140.18			
		WAITING WEEKS	14				
		REGULAR BENEFIT	55-5/6	\$1,340.00			
		SEASONAL	30	720.00	\$2,060.00		

NEW ENTRANT AT JANUARY 1, NO PREVIOUS CONTRIBUTIONS  
 RESULT OF SHORT TIME EMPLOYMENT FOR 8 WEEKS IN FIRST BENEFIT PERIOD

LEGEND  
 CONTRIBUTION WEEKS  
 WAITING WEEKS  
 REGULAR BENEFIT WEEKS  
 SEASONAL BENEFIT WEEKS

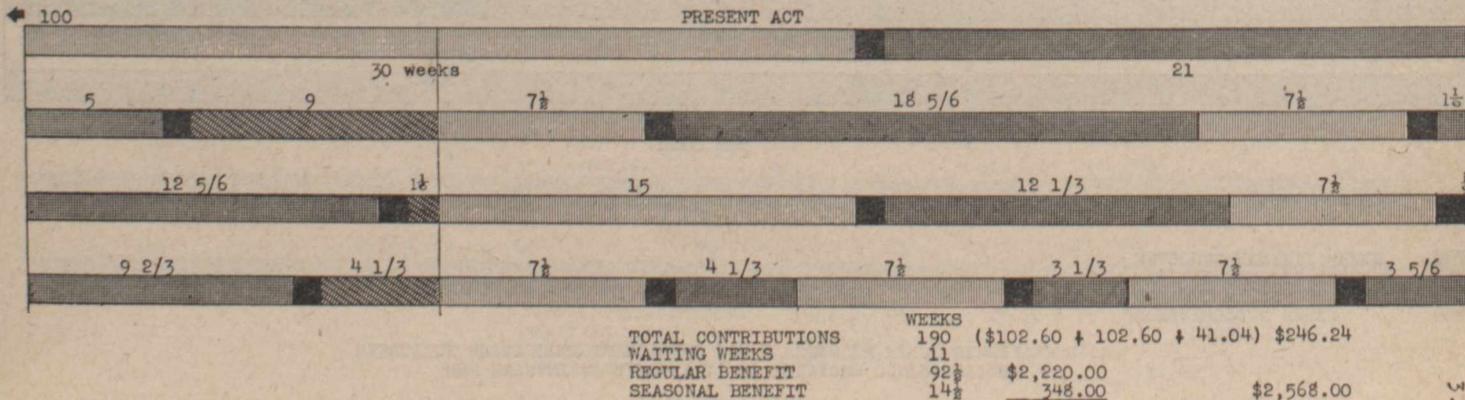
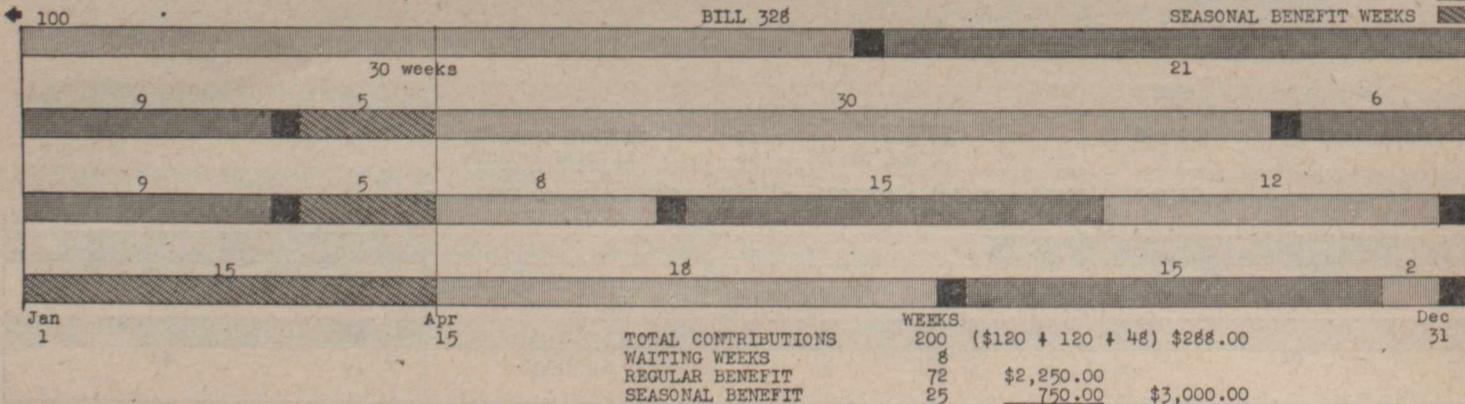


INDUSTRIAL RELATIONS

Jan 1	Apr 15	Dec 31																				
<table border="0"> <tr> <td>TOTAL CONTRIBUTIONS</td> <td>106</td> <td>-</td> <td>(\$61.68 + \$61.68 + \$24.67)</td> <td>\$148.03</td> </tr> <tr> <td>WAITING WEEKS</td> <td>8</td> <td></td> <td></td> <td></td> </tr> <tr> <td>REGULAR BENEFIT</td> <td>85</td> <td></td> <td>\$2,354.00</td> <td></td> </tr> <tr> <td>SEASONAL BENEFIT</td> <td>17</td> <td></td> <td><u>510.00</u></td> <td>\$2,864.00</td> </tr> </table>			TOTAL CONTRIBUTIONS	106	-	(\$61.68 + \$61.68 + \$24.67)	\$148.03	WAITING WEEKS	8				REGULAR BENEFIT	85		\$2,354.00		SEASONAL BENEFIT	17		<u>510.00</u>	\$2,864.00
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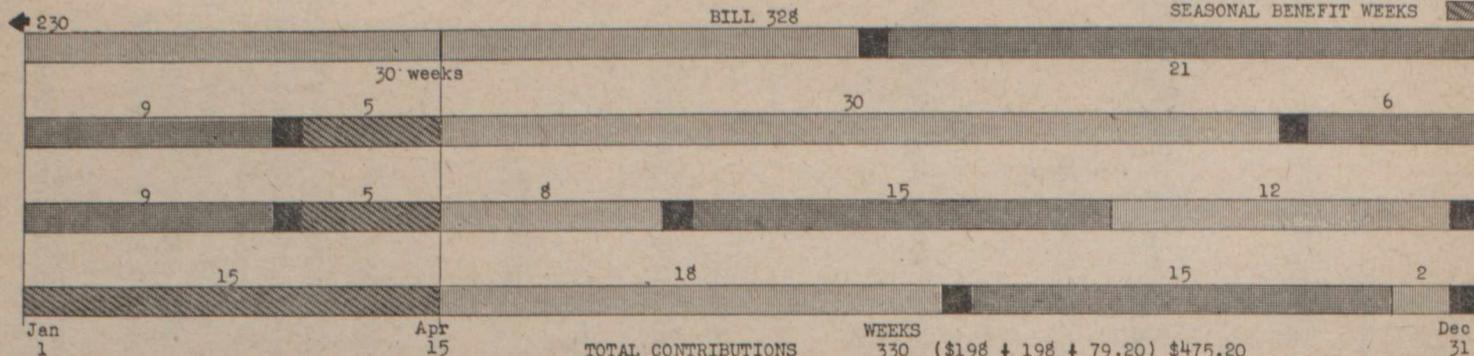
CONTRIBUTED 100 WEEKS PRIOR TO JANUARY 1 (2½ YEARS IN ALL)

LEGEND  
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 REGULAR BENEFIT WEEKS [horizontal lines box]  
 SEASONAL BENEFIT WEEKS [diagonal lines box]

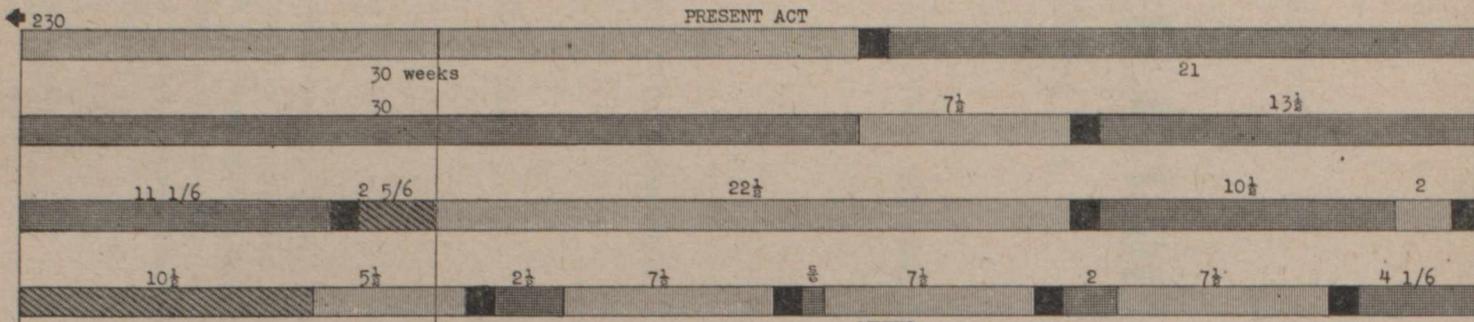


CONTRIBUTED 230 WEEKS PRIOR TO JANUARY 1 (5 YEARS IN ALL)

LEGEND  
 CONTRIBUTION WEEKS   
 WAITING WEEKS   
 REGULAR BENEFIT WEEKS   
 SEASONAL BENEFIT WEEKS 

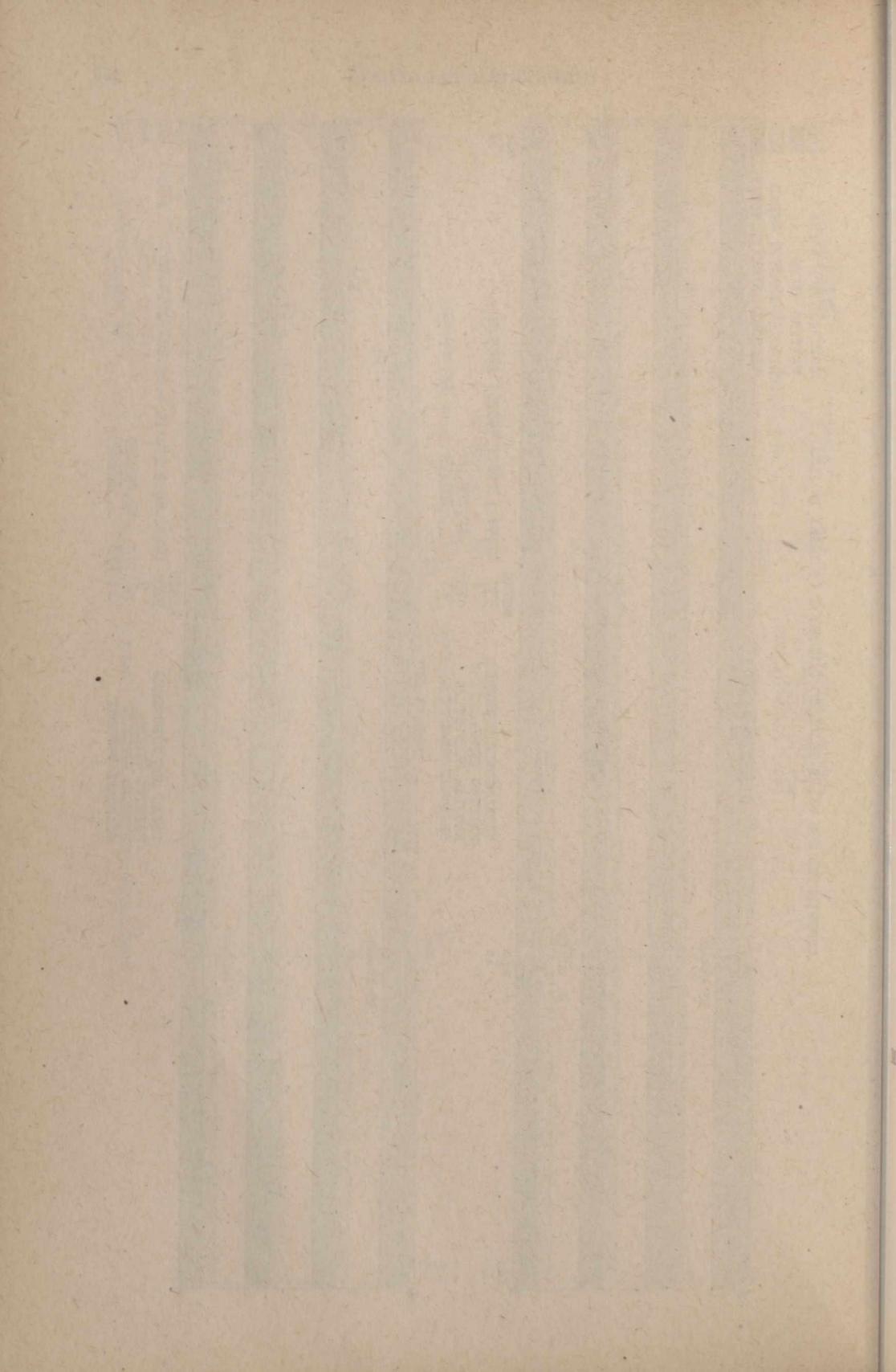


TOTAL CONTRIBUTIONS	WEEKS	330	(\$198 + 198 + 79.20)	\$475.20
WAITING WEEKS		8		
REGULAR BENEFIT		75	\$2,250.00	
SEASONAL BENEFIT		25	<u>750.00</u>	\$3,000.00



TOTAL CONTRIBUTIONS	WEEKS	320	(\$172.80 + 172.80 + 69.12)	\$414.72
WAITING WEEKS		9		
REGULAR BENEFIT		95 2/3	\$2,296.00	
SEASONAL BENEFIT		13 1/3	<u>320.00</u>	\$2,616.00

INDUSTRIAL RELATIONS



HOUSE OF COMMONS  
Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 9

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BILL No. 328  
An Act respecting Unemployment Insurance

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MONDAY, JUNE 6, 1955

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WITNESSES:

Mr. E. A. Driedger, Assistant Deputy Minister of Justice; and the following from the Unemployment Insurance Commission: Mr. J. G. Bisson, Chief Commissioner; Mr. C. A. L. Murchison, Commissioner; Mr. R. G. Barclay, Director of Unemployment Insurance; Mr. Claude Dubuc, Legal Adviser; Mr. J. McGregor, Chief Claims Officer; and Mr. D. J. Macdonnell, Chief Coverage Officer.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955.

*Correction*:—Page 178, line 19, issue No. 4;  
Delete the figures "35" and substitute the figure "5"  
therefor.

# MINUTES OF PROCEEDINGS

## MORNING SITTING

MONDAY, June 6, 1955.

The Standing Committee on Industrial Relations met at 10.30 a.m. The Acting Chairman, Mr. James A. Byrne, presided.

*Members present:* Messrs. Barnett, Bell, Brown (*Essex West*), Brown (*Brantford*), Byrne, Cannon, Churchill, Croll, Mrs. Fairclough, Messrs. Fraser (*St. John's East*), Gillis, Hahn, Hardie, Lusby, Simmons, and Viau.

*In attendance:* Mr. E. A. Driedger, Assistant Deputy Minister, Department of Justice; and the following from the *Unemployment Insurance Commission*: Mr. J. G. Bisson, Chief Commissioner; Mr. C. A. L. Murchison, Commissioner; Mr. R. G. Barclay, Director of Unemployment Insurance; Mr. Claude Dubuc, Legal Adviser; and Mr. James McGregor, Chief Claims Officer.

The Committee resumed consideration of Bill No. 328, An Act respecting Unemployment Insurance, as follows:

The Chairman informed the Committee that the Canadian Mine-Mill Councils' brief had been received and distributed. On motion of Mr. Gillis, it was agreed that the said brief be appended to this day's proceedings (*See Appendix*).

### *On Clause 27(g).*

Clause 27(g) was re-studied in the light of a report made by Mrs. Fairclough but was allowed to stand over again and was referred to the Subcommittee on Agenda and Procedure to consider whether or not oral representations should be heard thereon from the firefighters association.

### *On Clause 53.*

Mr. Driedger explained the reasons for the wording of Clause 53, which Clause previously had been allowed to stand.

(*Later*): On subsection (5) of Clause 53, the Committee deleted the wording thereof and substituted the following therefor:

(5) A person coming within paragraph (b) of section 50 shall not be paid seasonal benefits in excess of the weekly rate applicable to him multiplied by the number of weeks in his seasonal benefit period.

Clause 53, as amended, was agreed to.

Mr. Barclay presented copies of a statement entitled "Time Allowed for Appeals" which were distributed to the Committee.

### *On Clause 73.*

The Committee gave further consideration to Clause 73, which previously had been allowed to stand, and agreed to delete from subclause (1) the word "exceeding" in line 34 and to substitute the words "less than" therefor.

Clause 73, as amended, was agreed to.

*On Clause 70.*

The Committee reconsidered Clause 70, which previously had been agreed to, and agreed that the word "twenty-one" in line 12 be deleted and that the word "thirty" be substituted therefor.

Clause 70, as amended, was agreed to.

*On Clause 75.*

The Committee gave further consideration to Clause 75, which previously had been allowed to stand, and agreed that the word "thirty" in line 15 be deleted and that the word "sixty" be substituted therefor.

Clause 75, as amended, was agreed to.

*On Clause 29.*

The Committee reconsidered Clause 29, which previously had been agreed to, and agreed that the words "with the approval of the Governor in Council" be inserted between the words "and such" in line 15.

Clause 29, as amended, was agreed to.

*On Clause 102.*

The Committee gave further consideration to Clause 102, which previously had been allowed to stand. It was agreed that all the words after the word "benefit" in line 12 be deleted.

Clause 102, as amended, was agreed to.

*On Clause 121.*

The Committee reconsidered Clause 121, which previously had been agreed to, and agreed to delete the first five lines of subclause (2) and that the following be substituted therefor:

(2) Where, within a period of three years from the coming into force of this Act, a benefit period has been established in relation to an insured person that is the first benefit period in respect of which he has exhausted his benefit rights under Part III.

Clause 121, as amended, was agreed to.

*On Clause 116.*

The Committee reconsidered Clause 116, which previously had been agreed to, and agreed to delete the wording thereof and to substitute the following therefor:

This Act except Section 3 shall come into force on October second, 1955.

Clause 116, as amended, was agreed to.

*On Clause 46.*

The Committee reconsidered Clause 46, which previously had been agreed to, and agreed to delete the wording of subclause (2) and to substitute the following therefor:

(2) A benefit period does not commence until the previous benefit period, if any, has terminated, but, where an insured person establishes a benefit period that immediately follows the previous benefit period, the subsequent benefit period may commence with the week in which the

previous benefit period is terminated and the benefits payable in respect of that week shall be allocated to the respective benefit periods.

Clause 46, as amended, was agreed to.

At 11.45 o'clock a.m., the Committee adjourned to meet again at 3.30 o'clock p.m. this day.

#### AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m. The Acting Chairman, Mr. James A. Byrne, presided.

*Members present:* Messrs. Barnett, Brown (*Essex West*), Brown (*Brantford*), Byrne, Cannon, Churchill, Mrs. Fairclough, Messrs. Fraser (*St. John's East*), Gillis, Hahn, Hardie, MacEachen, Simmons, Studer, and Viau.

*In attendance:* Mr. J. G. Bisson, Chief Commissioner; Mr. C. A. L. Murchison, Commissioner; Mr. R. G. Barclay, Director of Unemployment Insurance; Mr. Claude Dubuc, Legal Adviser; Mr. James McGregor, Chief Claims Officer; and Mr. D. J. Macdonnell, Chief Coverage Officer; all of the Unemployment Insurance Commission.

The Committee reconsidered from this morning paragraph (g) of Clause 27. The Commission presented copies of a statement entitled "Coverage of Federal, Provincial and Municipal Employees" which were distributed and read into the record by Mr. Barclay and also commented on by Mr. Murchison.

After discussion, Mrs. Fairclough moved in amendment that the following words be added to paragraph (g) of Clause 27: "or as a member of the fire-fighting forces of a municipality". After discussion, and the question having been put on the said amendment, it was resolved in the negative on the following recorded division:

*Yeas:* Mr. Churchill, Mrs. Fairclough—(2).

*Nays:* Messrs. Barnett, Brown (*Essex West*), Brown (*Brantford*), Cannon, Fraser (*St. John's East*), Gillis, Hardie, MacEachen, Simmons, Viau—(10).

Clause 27 was accordingly agreed to.

*On Clause 67.*

The Committee resumed consideration of sub-paragraph (iv) of Clause 67 (1) (c). The statement presented on June 2 entitled "Married Women" was read into the record by Mr. Barclay. The said paragraph and statement were being discussed when the Division Bells rang in the House of Commons at 4.45 o'clock p.m.

The Committee resumed its deliberations on the said paragraph and statement at 5.10 o'clock p.m.

After further discussion, the said paragraph was allowed to stand.

At 5.45 o'clock p.m., the Committee adjourned to meet again at 11.00 o'clock a.m., Tuesday, June 7, 1955.

A. Small,  
*Acting Clerk of the Committee.*



## EVIDENCE

MONDAY, June 6, 1955,  
10.30 A.M.

The ACTING CHAIRMAN (*Mr. Byrne*): We have a quorum ladies and gentlemen. When we adjourned on Thursday evening it was the understanding of the committee that Mrs. Fairclough would meet with a representative of the Fire Fighters Union over the weekend to discuss their problem with her. I understand Mrs. Fairclough has a report to make to the committee.

Mrs. FAIRCLOUGH: I do not have a further report because Mr. Vanasse telephoned me and was unable to make the necessary arrangements to stop off on the way, but he suggested Mr. Mel Tucker, the vice president of the association, is here in Ottawa. I have talked to Mr. Tucker on numerous occasions and to Mr. Vanasse on the telephone. The point of their whole presentation is pretty much what is in the brief, and that is since they are employed on basically the same regulations and rules as policemen, that if policemen are to be excluded from the coverage they should also be excluded. I might point out that their probationary period runs from 3 to 6 months and at the end of six months they are permanent employees. I am speaking now of municipal fire fighters. To have them insured for three years and then to have no further insurance is just in effect taxing them for that length of time. They feel very strongly about it and feel that the same arguments as used to support the exclusion of police should be used in their case also.

I might add further that for some ten years now I have personally had a considerable knowledge of the conditions under which the municipal firefighters work and I strongly support their request for exemption from insurance.

Mr. HAHN: Mrs. Fairclough, would you go so far to support in that same plea anyone who is not likely to require insurance?

Mrs. FAIRCLOUGH: No. This is a little different case. Within from three to six months they know whether they are going to have permanent employment and the municipalities know whether they will be permanently employed. If at the end of six months they should be laid off they still do not have enough contributions as firemen to qualify for benefits.

Mr. HAHN: But they would if they had their former service.

Mrs. FAIRCLOUGH: You are assuming they worked in some other employment previously but they do not always do that.

The ACTING CHAIRMAN: Would you address the chair, please.

Since the contentious part of the whole discussion is that the municipal police and provincial police are excluded from the effects of the Unemployment Insurance Act, would the committee consider making a recommendation to be incorporated as a supplementary report to the report that the committee anticipates making and suggest that the municipal and provincial police be included then we will have eliminated the discriminatory aspects.

Mrs. FAIRCLOUGH: Mr. Chairman, I think that is somewhat in the nature of a threat and is totally unrealistic in my estimation. The police have been excluded heretofore and the firemen also up until about a year ago. I would like to know how many municipalities already have firemen covered. Can somebody on the commission tell me that?

Mr. BISSON: At the moment they are all covered for the first three years of their employment.

Mrs. FAIRCLOUGH: I understand there are quite a few municipalities which have never covered their firemen even up to the present time. Does the commissioner know just how many are covered at the present time?

Mr. BARCLAY: The auditors in their regular visits would pick up any coverage matters which were not properly attended to and if there are firemen who are not covered the auditors would pick that up.

Mrs. FAIRCLOUGH: But you do not know for a fact?

Mr. BARCLAY: We of course know that under the general rule the firemen and the other municipal employees at the end of three years are no longer covered.

Mrs. FAIRCLOUGH: That is not my point. My point is that the coverage for firemen was only made compulsory a year ago in 1954.

Mr. BARCLAY: Yes.

Mrs. FAIRCLOUGH: So probably the auditors had not made their first call on the various municipalities.

Mr. BARCLAY: That could be. They covered about 85 per cent of all the registered employees in the last year.

Mrs. FAIRCLOUGH: There is no definite information then to the effect that firemen, generally speaking, as of today are covered across Canada.

Mr. BARCLAY: I would say, as the auditors have covered around 85 per cent of all the licensed employers, that any adjustments that had to be made in this 85 per cent would now be made.

Mrs. FAIRCLOUGH: Well, Mr. Chairman, over the weekend I talked to two fire chiefs and their men are not covered at the present time. I do not think the scheme has had time to get into full swing and there has been some reluctance on the part of municipalities to cover firemen for the reason that they consider they are in the same type of employment as police.

Mr. BROWN (*Essex West*): Probably you would give us the names of the two chiefs.

Mrs. FAIRCLOUGH: I have no intention of doing that. Do you think I am going to be a stool pigeon?

Mr. BROWN (*Essex West*): You would not be a stool pigeon at all but you would be performing a public service.

Mr. BARCLAY: I think that perhaps an explanation of this situation is this: As from January 1954, a year and a half ago now, when the new regulations came into force it would not effect any firemen who at that time had three years service.

Mrs. FAIRCLOUGH: I know.

Mr. BARCLAY: It is quite true that our information is that firemen are much more prone to stay in their jobs than other municipal employees and for that reason there would be many fire brigades where no one would be covered because there was nobody in the bracket under three years.

Mrs. FAIRCLOUGH: I grant you that. I think that, probably, that is part of the reason. Mr. Barclay has said firemen are more prone to stay in their employment permanently than other municipal employees and that applies also to police but the turnover in police is greater than that of firemen. I cannot see why the firemen are included. I would understand it if you included them for six months which is a period of probation.

Mr. BARCLAY: Mrs. Fairclough, they were always included. To say that the firemen were never covered is wrong. Prior to the change in the regulation in January 1954 we accepted the certificate of the municipality for permanency.

Mrs. FAIRCLOUGH: I have not heard anything to make me change my mind.

The ACTING CHAIRMAN: I am sorry to interrupt this interesting discussion. There are two other items of business which I should have gone into first. Would the committee mind if I terminate this discussion at this time?

Agreed.

I think that should be referred to the sub-committee as the sub-committee had made the agreement. So we will have a meeting of the sub-committee immediately after this meeting.

Now, we have a brief presented to, I believe, all the members of the committee from the Canadian section of the International Union of Mine, Mill and Smelter workers and I believe it would be appropriate to have this brief appended to the minutes of the industrial relations committee.

Mr. GILLIS: I move that, Mr. Chairman.

The ACTING CHAIRMAN: All agreed?

Agreed.

(See Appendix)

Now, we have with us this morning the Legislative Counsel of the Department of Justice, Mr. Driedger and he has come prepared to make a statement on section 53 of the Act. Mr. Driedger.

Mr. E. A. DRIEDGER (*Assistant Deputy Minister of Justice*): Mr. Chairman, ladies and gentlemen, I understand that there has been some discussion of clause 53 and the question has been asked whether it could not have been written without the need of referring to six other sections of the Act with their numerous subsections.

Well, the answer to this question is in the affirmative. The section could easily have been written without the reference back to these other sections but it would take fifteen pages to do so. Instead of referring to these sections we could have started with section 44 and re-written them all, down to section 82, substituting "seasonal benefits" wherever necessary, dropping those sections that are not applicable to seasonal benefits, and altering those sections that can apply to seasonal benefits only with modification. I doubt whether the Act would be improved by adding another fifteen pages. Indeed, I am afraid that if I had done so I would have been criticized for needless repetition.

Perhaps it is merely a matter of opinion. I think it is easier to read the present sections and refer back to the other sections than it would be to read through another fifteen pages of statutes.

Now, there are other possibilities which I have considered. It might be asked whether an indication could not be made in clause 53 of the subject matter of the sections referred to. This could be done but again I doubt whether the section would be improved. We could say, for example, "subject to this section all the provisions of this Act respecting benefit periods and benefits apply in respect of seasonal benefit periods and seasonal benefits respectively except section 44 which provides that benefits are payable as provided in this Act in respect of the benefit period established by an insured person. Sub-section (1) of section 45 which provides that..." and so on.

Now, if we follow this course the 10½ lines of subsection (1) would be expanded to 105 lines and I am afraid that the purport of the section would be completely lost by the constant repetition of these other sections.

As a third alternative one might insert a summary of the section referred to rather than its full context. This also would increase the length of the section in pages making it rather difficult to follow.

This alternative, however, involves some serious problems. I take the view that a section of a statute cannot be summarized. To summarize you must leave out words or use different expressions and if you do this you do not

have the same provisions. We would then have two versions in the statute of the same section and there could well be difficulties in interpretation.

What are we to do if section 45 is construed to mean one thing and a summary of it in section 53 is construed to mean something else?

Now, the foregoing alternatives are all I can think of. Perhaps there are others, but they have not occurred to me yet. One simply is, in my opinion, at least the best of the four and is the only one that I can recommend as a draftsman. I appreciate there may be disagreements with my choice.

The original form is the shortest and the most accurate and perhaps it is not unreasonable to assume that by the time the reader of the statute reads section 53 he will have some idea of what the previous sections have said and would not have much difficulty in reading the section.

In any case, it would be a simple matter to take a pencil and mark the sections referred and then read them again substituting "seasonal benefits" for "benefit" in the unmarked sections and skipping the marked sections.

The ACTING CHAIRMAN: You have heard Mr. Driedger's statement. Are there any questions?

Mr. CHURCHILL: May I ask, Mr. Chairman, how the conclusion is reached that fifteen extra pages would be required?

Mr. DRIEDGER: I counted the sections and the length. I said that if we had re-written the sections dealing with benefits and benefit periods and applied them to seasonal benefits it would be necessary to re-write those sections in relation to seasonal benefits and by counting these sections and the lines it would come to another fifteen pages because you would have to start with section 44 and go on down to section 81 at least.

Mr. CHURCHILL: This is a re-write of the sections 93, 94 and 95 which occupies two pages in the present Act without anything like the number of references back. I think that is what bothered the committee when it first looked at 53.

Mr. GILLIS: What do you think, Mr. Brown, as a lawyer?

Mr. BROWN (*Essex West*): I suggest Mr. Churchill write it the way he thinks it should be and then bring it in for consideration.

Mr. CHURCHILL: I tried to do that once at the first meeting we had and it was rejected offhand.

Mr. BROWN (*Essex West*): You are a lawyer, Mr. Churchill.

Mr. DRIEDGER: I might make this suggestion, that in the present statute of the Unemployment Insurance Act section 95 says:

Except as provided in this Part all the provisions of any other Part of this Act applicable in respect of insurance benefit or applicable in respect of supplementary insurance benefit.

And I do assume from the layman's point of view it would be better not to use Latin phrases in statutes because it is not clear and even if we substitute a new English translation for *mutatis mutandis*, making those changes which ought to be made, the reader would not know in what respect the other sections would have to be changed to make them fit and that is why in the Act we have always pursued the course that these sections of the Act must be changed in order to make them fit seasonal benefits.

Mr. CHURCHILL: I hope, Mr. Chairman, that the legal draftsman will not object to members of the committee raising questions because of drafting from time to time. I have said it on two or three occasions and certainly appreciate the difficulties involved in drafting. It is an extraordinarily difficult operation. Nevertheless, Acts of parliament should be so written that the

average person will be able to understand them and the objection raised to 53 of the Act was that it made it rather difficult for the average person to understand it.

Mr. BROWN (*Essex West*): They should also express the law.

Mr. CHURCHILL: Oh, yes, express the law but nevertheless it should not be so complicated that it cannot be understood by the layman.

The ACTING CHAIRMAN: Shall the section carry?

Carried.

Section 53?

Carried.

Section 73. You will note, of course, that we are not taking the sections in order as they stood. The minister will be unable to attend the committee until tomorrow so we are attempting to clear up those matters which may be done by official representatives. Section 73 deals with appeals and there is some difference of opinion regarding the 30 days or 60 days. I think Mr. Barclay has a statement to make.

Mr. BARCLAY: The question which was raised on section 73 was the length of time allowed a claimant to appeal. Over the weekend we have reviewed the sections of the Act which deal with the time allowed for appeals and the messenger is now distributing a short statement to show where the matter stands. You will notice that an appeal to the commission from a decision of the insurance officer on a question of coverage, which comes under section 30 and is governed by regulation 12 at the present time allows 21 days, and that period of 21 days may be extended by the commission.

The second appeal is an appeal to the Board of Referees from a decision of the insurance officer on a claim for benefit. This is governed by section 70 which the committee has already passed, and that has 21 days with power of extension. I may say in connection with that power of extension that our plan up to the present time has been that we have delegated to our regional officers authority to accept an appeal which is up to 30 days late. The regional officers can not refuse an appeal, and any extensions which they do not think should be granted are referred to Ottawa, and any appeal which is over 30 days late comes in here for review. Most of these extensions have been granted in the past.

Number three is an application to the chairman of a Board of Referees for leave to appeal to the umpire, and section 73 states the commission can set a time, but that the time is not to exceed 30 days.

Number four is an appeal to the umpire from the decision of the Board of Referees, and under section 75 that is set at 30 days.

Number five is an appeal to the umpire from a decision of the commission on the question of coverage. That was amended in committee the other day and the committee changed it from 30 days to 60 days.

The last column on the sheet which has been presented indicates the time which we suggest should be allowed for these different types of appeal, and suggests in the first instance that the period of appeal to the commission from the decision of the insurance officer on a question of coverage be raised from 21 to 30 days, with power for the commission, as they have now, to extend it further; that the appeal to the Board of Referees from a decision of the insurance officer on a claim for benefit be raised from 21 days to 30 days.

With regard to the application to the chairman of the Board of Referees for leave to appeal to the umpire, we suggest that section 73 be changed so that the commission can make regulations, which would provide that the period be not less than 30 days rather than not more than 30 days.

Then, under 35, we suggest that the 30 day period in the new bill be raised to 60 days which would make the period the same as with respect to an appeal to the umpire from the decision of the Commission. The committee has already changed that. I should point out that if these suggestions are adopted it would mean reverting to some of these sections and re-opening them.

### UNEMPLOYMENT INSURANCE COMMISSION

#### TIME ALLOWED FOR APPEALS

(Periods maked (X) may be extended by the Commission or Umpire)

		Present Proposal Days	Suggested Days
1. Appeal to the Commission from a decision of the Insurance Officer on a question of coverage (Sec. 30) . . . . .	Reg. 12	21(X)	30(X)
2. Appeal to Board of Referees from a decision of the Insurance Officer on a claim for benefit . . . . .	Sec. 70	21(X)	30(X)
3. Application to Chairman of Board of Referees for leave to appeal to Umpire (By Regulation of Commission) . . . . .	Sec. 73	not more than 30	not less than 30
4. Appeal to Umpire from decision of Board of Referees . . . . .	Sec. 75	30(X)	60(X)
5. Appeal to Umpire from decision of the Commission on question of coverage (as amended by Committee) . . . . .	Sec. 31	60(X)	60(X)

Mrs. FAIRCLOUGH: On this chart, with reference to section 3—oh, I am sorry, I misread it, I thought that in the first instance you were referring to what was down in the old Act—the new Act as it now stands—the old section 59—do I understand that section 62 applied to section 59 a time limit of six months?

Mr. BARCLAY: You are speaking about section 73?

Mrs. FAIRCLOUGH: I am speaking about section 73 which revises section 59 of the old Act, and clause 62 is the time limit clause under the old Act, is it?

Mr. BARCLAY: Yes, the time set for leave to appeal is by regulation. I should perhaps say this: that in certain cases the Act now provides, and the Bill will provide, that the claimant has to get the leave of the chairman before he can appeal. The suggestion is that that might be 60 days, but if he takes 60 days to get the leave he has no time left for the appeal. That is why we think that where the claimant is dealing with the court of referees the 30 day period would be sufficient, and if that is left he still has another 30 days left to file his appeal after he has received his permission.

The CHAIRMAN: What is the wish of the committee?

Mrs. FAIRCLOUGH: This was the suggestion: that this be left at 30 days—to make it not less than 30 days instead of not more?

Mr. BARCLAY: That is right. In other words, the commission could raise it to 60 days if they found it necessary but they could not make it less than 30 days.

Mrs. FAIRCLOUGH: I wonder what would happen if they could not get hold of the chairman—such a case as Mr. Gillis mentioned the other day.

Mr. GILLIS: In my case they have "blocked that hole" by appointing another chairman.

Mr. BARCLAY: I think they would be bound to extend the time in a case like that. They would extend the time wherever there was any doubt at all.

Mrs. FAIRCLOUGH: Would it be possible that the claim would be stopped on the ground that the time had expired?

Mr. BARCLAY: I think that would only happen if they felt the appeal was what we call a frivolous appeal and if there were no ground for it at all. There are such cases—our records will show, for example, that a man has less than 180 days in which to qualify in the first instance. There is no decision made, but we write him a letter saying that we can find for him only, say, 150 days and suggest that if he has any more evidence he should get in touch with us about it. After he has had a chance of bringing more evidence, then the insurance officer makes the decision; we have contacted all the employers whom he has told us about and we still find 180 days have not been paid. Then, later on, he comes along and wants to appeal to the Court of Referees. The facts have been established and in such a case we refuse an extension—if he comes along three or four months later—unless of course there is additional evidence. But ordinarily, we are not too strict as to the time of the appeal.

Mr. HAHN: Mr. Barclay has said that the regulations in the Act are applied sympathetically, but unfortunately one must look at the letter of the Act itself. I am not thinking particularly of the Unemployment Insurance Act, but there are cases where officials and departments adhere to the letter of the law—for instance, the Income Tax branch who allow the taxpayer precisely one year, and no more, to appeal for a rebate, while the government has six years to do the opposite.

Mr. BARCLAY: Mr. Hahn, the way the bill reads now, it is 21 days, but that period may be extended by the commission or the umpire. The people at the local offices have nothing to do in respect of this matter; if a man makes an application they are bound to forward it to the region where it will be considered. We are not in the hands of local people, even if they want to go "haywire".

The CHAIRMAN: Does the committee agree?

Mr. CANNON: I think the suggestion made by Mr. Barclay is a very good one. I have had some cases in my own constituency where workmen have lost compensation because they made their appeals too late.

The CHAIRMAN: Will this require the reopening of clause 70?

Mr. BARCLAY: It will mean the reopening of clauses 70, 73 and 75.

The CHAIRMAN: Clause 73 stands, and clause 75 stands.

Mr. BARCLAY: It just means re-opening clause 70.

Mr. BELL: The second column is the present provision under which the bill stands now, even though it may be amended in some cases?

Mr. BARCLAY: That is right.

Mr. BELL: And then the last column is what you now propose, with, perhaps, a revised suggestion in one or two cases; in other words, you people have changed your minds too, due to suggestions, perhaps, or due to circumstances which we brought to the committee?

Mr. BARCLAY: It was due to taking a look at the whole picture in the light of amendment made to clause 31. We thought that the whole thing could be put in one definite pattern, but it means reopening clauses 70, 73 and 75.

Mr. CANNON: As to your suggestion, I understand that the change will be made by amending regulation 12.

Mr. BARCLAY: That is right.

Mr. CANNON: We have nothing to do with that at all.

The Acting CHAIRMAN: Shall clause 3 with the suggested amendment carry?

Mrs. FAIRCLOUGH: I am still not very well satisfied with the time being reduced from six months to thirty days because it seems to me to be a drastic reduction. Despite the intention, it is a fact, as has been said, that there is a tendency among all of us who have a responsibility for the administration of the Act, to go by the book, and if the time has elapsed during which a claimant may make an appeal, I fear that some of these people will be hurt.

Mr. BARCLAY: The clause as written now, and as it will be amended, carries with it the provision that the time may be extended by the umpire if he sees fit.

Mrs. FAIRCLOUGH: How does it get to the umpire if the local office does not know that the time has expired?

Mr. BARCLAY: When the appeal is filed at the local office it immediately goes through. They cannot stop it.

Mrs. FAIRCLOUGH: Whether or not the time has expired?

Mr. BARCLAY: That is right.

Mr. HAHN: They will make known, on your request, that it be appealed? Will they?

Mr. BARCLAY: They have no power to judge whether or not the umpire will grant the extension.

Mr. HAHN: The board makes a request to the local office?

Mr. BARCLAY: That is right.

Mr. CROLL: I assume that these minutes are being sent to all the regional offices so that they will know of the discussion in the committee and have it in mind?

Mr. BARCLAY: Yes.

The Acting CHAIRMAN: Shall clause 73 (1) as amended carry?

Carried.

Clause 73 (2)? Carried!

We go back now to clause 70 and I will ask Mr. Barclay for the amendment.

Shall clause 70 be re-opened?

Agreed.

Mr. BARCLAY: The idea there would be to delete the word "twenty-one" in line 12 and substitute "thirty".

The Acting CHAIRMAN: Shall the clause as amended carry?

Carried.

Clause 75?

Mr. BARCLAY: The suggestion there is to delete the word "thirty" in line fifteen and substitute "sixty".

The Acting CHAIRMAN: Shall the clause as amended carry?

Carried.

On Thursday evening we debated clause 29 and Mr. Michener raised some objection to that clause and proposed an amendment which was defeated, as I recall it. However, after consideration, the Commission and the minister are prepared to make a slight amendment to that clause which would perhaps have the effect of removing the objection raised by Mr. Michener. I must ask if it meets with the approval of the entire committee? Is it the wish of the committee to re-open clause 29?

Agreed.

The ACTING CHAIRMAN: Clause 29?

Mrs. FAIRCLOUGH: There are two "and's".

Mr. BARCLAY: Yes. The first "and"—is the one. When this was discussed the other day there was a little bit of confusion. Had the amendment gone through where Mr. Michener asked for it, it would have thrown the whole clause out of line. But it can be put in here without doing any "harm", and it would have the effect Mr. Michener wants.

The ACTING CHAIRMAN: Shall clause 29 as amended carry?

Mr. CANNON: You are to drop the first "and" rather than the second "and"?

Mrs. FAIRCLOUGH: Does this mean that the regulations have to have the approval of the Governor in Council, or only the modifications and adaptations?

Mr. BARCLAY: Just the modifications. That is all Mr. Michener asked for.

Mrs. FAIRCLOUGH: "With the approval of the Governor in Council". Oh, I see. Yes.

The ACTING CHAIRMAN: Clause 29, as amended. Carried.

Clause 102?

Mr. BISSON: There was a point raised in connection with clause 102 that there was too much power given to the Commission in the last part of that clause, which, in substance, says that we could recover from an employer a sum equal to the amount paid by the Commission. We have never exercised that power and the suggestion we make is to delete everything after the word "benefit" at the end of line 12.

Mrs. FAIRCLOUGH: And take out the last four lines?

Mr. BISSON: That is right.

The ACTING CHAIRMAN: Shall clause 102, as amended, carry?

Mr. CHURCHILL: Wait a minute until we have a look at it.

The ACTING CHAIRMAN: Clause 102.

Mrs. FAIRCLOUGH: If you take out those four lines, that only removes the provision which might force an employer to pay the full amount. It still does not stop him from paying the actual contributions. But that would come under another clause.

Mr. BARCLAY: That is right. This was another of Mr. Michener's suggestions which was not carried.

The ACTING CHAIRMAN: shall clause 102, as amended, carry?

Carried.

I am going to have to ask you to go back to clause 53. We carried that en bloc with all the subclauses. The commission have a suggested amendment to this clause, I believe, for clarification or modification.

Mr. BARCLAY: If you will look at clause 53, subclause (5), you will see that it says: ". . . a person coming within subparagraph (d) of section 50",—that is a person who has exhausted his previous benefit year—" . . . shall not be paid seasonal benefits in excess of (a) the weekly rate applicable to him multiplied by the number of weeks in his seasonal benefit period, or (b) 15 times the weekly rate applicable to him, whichever is the lesser amount."

A case could arise, it could arise this year, where a season benefit period could start in the week in which January first falls and if it ended in the week in which April 15 falls, you would have a period of 16 weeks. Subclause (b) as written might deprive that man of one week's benefit, and the amendment simply deletes subclause (b) and rewrites the rest of the clause without "(a)" in it because "(a)" is not now required. The effect of the amendment

is to take care of any of those cases—and there will not be many—where we might under the wording of the bill have deprived someone of one week's benefit.

Mrs. FAIRCLOUGH: This would not affect the minimum length of benefit?

Mr. BARCLAY: No.

The ACTING CHAIRMAN: Shall clause 53, as amended, carry?  
Carried.

Mr. CANNON: How does it read now?

Mr. BARCLAY: Subparagraph (b) is out, Mr. Cannon.

Mr. FRASER (*St. John's East*): The clause would end at the word "period" and the word "or" would be struck out.

The ACTING CHAIRMAN: Clause 53 is carried, as amended. Turn now to clause 121, subclause 2, which is the last clause in the bill.

Mr. BARCLAY: If you look at subclause 2 of clause 121, you will find an expression in lines 3 and 4, "...that is his first benefit period established under this Act." With that wording it would mean that these transitional privileges could only apply to the first benefit year which was set up under the new bill. It is just possible that a person setting up his first benefit year might not exhaust the benefits, but he might have a second or a third benefit period in the three years and the way the bill is written, if he did not take advantage of the transitional period in his first benefit year, he could not take advantage of it at all. We are proposing to amend clause 121 so that the transitional privileges can be picked up by any claimant in any benefit year in the three-year period and not necessarily in his first. It is broadening the provisions of the Act slightly. On the sheet which was distributed, the last line says that subparagraphs 2 and (b) remain the same. That is a misprint, and it should be (a) and (b). There will be no change in (a) and (b) but just in the first part of the subclause.

The ACTING CHAIRMAN: Shall the clause carry, as amended?

Some Hon. MEMBERS: Carried as amended.

The ACTING CHAIRMAN: We should like now to revert to clause 116 and the commission would like to reopen that clause. Mr. Murchison I understand, will make a statement concerning it.

Mr. MURCHISON: Mr. Chairman, clause 116 is the clause of the bill dealing with the coming into force of the Act. It is now suggested that the clause be made to read that section 3 of the Act should come into effect on the day it is assented to, and the remainder should come into effect on the second day of October, 1955.

There are two reasons for the proposed change, the first is that the term of one of the commissioners will expire in July, 1955 and to have section three in effect at that time will permit the Governor in Council to provide for the ensuing term.

The second reason is that the commission feels from the standpoint of administration that it will be ready to administer the new Act on the date given, namely October 2nd. It is desirable to have it in effect before the next winter season.

Mrs. FAIRCLOUGH: Mr. Chairman, if you just substitute these words, then you make no provision for the rest of it coming into effect. Should this be in addition to, or does it take the place of clause 116?

Mr. MURCHISON: It takes the place of clause 116. Mark you, I am not suggesting that the words I gave you will be those which will be written in,

but the principle is to have section 3 come into effect when the bill is assented to and the balance of the bill will come into effect on a given date, namely October 2nd.

Mrs. FAIRCLOUGH: Clause 116 reads: "This Act shall come into force on a day to be fixed by proclamation of the Governor in Council." You have no wording in there to replace that.

Mr. MURCHISON: No proclamation.

Mr. HAHN: How will you arrange for section 3 to come into effect?

Mr. MURCHISON: When it is assented to; automatically. The words will have to be set up by the Department of Justice.

Mr. CANNON: I am not sure that that wording is very good. It almost implies that section 3 does not come into force unless you have a proclamation.

Mr. MURCHISON: That is not what I said.

Mr. CANNON: I know it is not what you said, but I say that is what it means. That is the way it strikes me.

Mr. CROLL: Suppose it read something like this, "The Act shall come into force on a date fixed by proclamation. Section 3 of this Act shall come into force on October 2, 1955."

Mr. CANNON: That is not the idea.

Mr. CROLL: It is just the opposite.

Mr. MURCHISON: If I may repeat, I am not suggesting the words I am giving are the words that will be written in by the Department of Justice, but the sense of it is to provide that section 3 shall come into effect on the day the Act is assented to, and the balance of the Act shall come into effect on the 2nd day of October.

Mr. CHURCHILL: Mr. Chairman, I think the department will have to submit the amendment so that it will be understood by the average person and I do not think we can accept it in principle here.

Mr. CANNON: I will propose that the amendment read as follows:

"This Act, subsection (3), shall come into force on the day this Act is assented to."

The ACTING CHAIRMAN: Is the committee willing to agree that this section pass in principle and that the wording be left to the Department of Justice so long as it has the effect of carrying out the undertaking made by Mr. Murchison?

Mr. CROLL: I think that Mr. Cannon has it clearer.

Mr. DUBUC: The Interpretation Act states that where there is no other date mentioned the date on which it comes into force is the date of assent, that is why it is that way.

Mr. CANNON: Somebody reading this section would find it simpler if it had the words, "will come into force on the day this Act is assented to".

The ACTING CHAIRMAN: Shall the section carry in principle?

Mr. CHURCHILL: I do not think that is a satisfactory precedent to establish. I think if we are going to amend it we should have the amendment in front of us.

The ACTING CHAIRMAN: It will be coming up for third reading in the House and the amendment will be brought in at that time. The commission wish to point out there may be some such wording in others of the amendments which were made today, the principle of which has been accepted, and the Department of Justice may make certain small changes.

Mr. HAHN: Mr. Chairman, I am glad you explained that. I considered we were agreeing to the amendments in the exact wording as we have them. I did not realize until this moment that the other parts depended upon the Department of Justice and that when we arrive at this in the House we may have to take a second look at some of these amended clauses.

Mr. CROLL: When we finally send the bill to the House, could the Department of Justice indicate, or the commission indicate, where the Department of Justice have made some changes in wording?

Mr. DUBUC: We will be very glad to.

The ACTING CHAIRMAN: Is that satisfactory?

Agreed.

We will revert to section 46 subsection (2). It is hoped to make some changes there which would have the effect of overlapping the benefit periods.

Mr. BARCLAY: I am sorry we did not get this amendment to 46 (2) into the sheet which was printed this morning. In going over some of the details again we found that subsection (2) of Clause 46 might possibly create rather a bad situation. Any benefit period that is set up according to other sections of the Act starts on a Sunday. If a person becomes unemployed on a Wednesday his benefit period is ante-dated to a Sunday so we will always be dealing with a complete week. Section 46 subsection (2) as presently written says the new benefit period does not commence until the previous benefit period if any has terminated. I am told by the legal people that under section 46 any benefit period only terminates on a Saturday. We can visualize this situation arising: a person has been on benefit and has set up a benefit year and comes along to the end of it and has \$8 left. Now in that particular week he is entitled to \$30 benefit. But, the way section 46 is written now all we can pay him in that week would be \$8 because his old benefit year would not terminate until we finished paying the \$8 at the end of that week and the new benefit year would not begin until the beginning of the next week. We are proposing an amendment, and here again we have not had an opportunity of getting the legislative counsel to okay this. The words I hope will be even clearer than they are here. We are suggesting that section 46 subsection (2) permit an overlapping of the two benefit periods where that is necessary. In other words, if this amendment is made a claimant would be paid the balance of his old benefit period, \$8, and get \$22 out of his new period for the same week; that is the effect of these words. Again I think that perhaps Mr. Driedger can polish this up so that it is clearer. I will read the particular section as we suggest it be amended:

A benefit period does not commence until the previous benefit period, if any, has terminated, but, where an insured person establishes a benefit period that immediately follows the previous benefit period, the subsequent benefit period may commence with the week in which the previous benefit period is terminated and the benefits payable in respect of that week shall be allocated to the respective benefit periods.

Again it is helping a situation which would be hard to explain to the claimant.

Mr. CANNON: One thing is not very clear to me. Take the example you just gave of a workman who would have \$8 coming to him from his previous benefit period and \$30 for the first week in a subsequent benefit period; would he get \$38 or \$30?

Mr. BARCLAY: I said his rate was \$30. He would get \$8 out of the old year and \$22 out of the new year.

Mr. LUSBY: Why have you "may commence" in the fifth line rather than "shall commence"?

Mr. BARCLAY: It will not happen in every case. There will be lots of cases where a benefit year will terminate and this overlapping will not be necessary. In other words, if there were no broken time. If we can pay the man the full amount out of his old benefit year we do not have to anti-date the new benefit year.

The ACTING CHAIRMAN: Shall clause 46, as amended, carry?

Carried.

Now, we have exhausted most of the business that was suggested for this meeting in view of the fact that the minister is not with us. But, we do have section 67, a subsection of which deals with the married women and there is a brief to be read and it was suggested by the commission that it would be better to take this at one sitting, read the brief and have the discussion without any interval or break. Would it be agreeable that we meet this afternoon and the agenda will be clause 67, subclause (1) (c) (iv).

Mrs. FAIRCLOUGH: Mr. Chairman, if everyone is agreeable could we take up clause 66 which did not pass?

The ACTING CHAIRMAN: Well, we could for the moment discuss it and if it looks as though we cannot reach a conclusion we could let it stand to the pleasure of the minister.

Mrs. FAIRCLOUGH: Are you suggesting we do consider it now?

The ACTING CHAIRMAN: We could consider it. We have some time yet. If it is the wish of the committee. What is the feeling of the committee? It can be so contentious that we could not go very far without the minister being present.

If not we will adjourn until 3:30 this afternoon in this room. The sub-committee will meet immediately.

## AFTERNOON SESSION

MONDAY, June 6, 1955.

3.30 p.m.

The ACTING CHAIRMAN (Mr. Byrne): Ladies and gentlemen, we have a quorum. We should like to refer back to clause 27, "Exempted Employees," paragraph (g), for consideration. Mr. Barclay has prepared a statement on Coverage of Federal, Provincial and Municipal Employees. Would it be the wish of the committee to hear this statement?

Agreed

Mr. BARCLAY: This is a statement which sets out in general terms the situation at the present time with respect to the coverage of federal, provincial and municipal employees and gives some of the background as to how we arrived at the present position.

As passed in 1940, the Unemployment Insurance Act provided for the exception of employment in the public service of Canada or of a province or by a municipal authority if it was certified to the satisfaction of the Commission that the employment was, having regard to the normal practice of the employment, permanent in character. Presumably the exception of employment in the permanent public service is based on the assumption that such employment

is not subject to the contractions and expansions that affect private industry. Hence it does not need protection against unemployment and payment of contributions by permanent public servants would be a tax rather than insurance against a contingency.

Under this provision certificates of permanency were issued by individual departments of the federal government in respect of categories of employees who were considered to come within this description. Municipal authorities similarly submitted lists of employees whose employment was certified to be permanent in character. Additional certificates were submitted from time to time as further employees qualified for the exception.

The provision had little effect so far as the provinces were concerned as the Act provided elsewhere that employment under the government of a province was insurable only if the province concurred. Generally, therefore, the provinces have concurred in insuring only temporary and casual employees.

The expression "municipal authority" was held by the Umpire in a decision given in 1942 to extend to such agencies of a municipality as hydro commissions, school boards, libraries and parks boards. Certificates of permanency have therefore been accepted from these boards in the same manner as from the municipalities themselves.

The exception was restricted in 1943 by an amendment which excluded from certification employees of public utilities. This amendment was designed to prevent publicly-owned utilities from occupying a preferred position over utilities which were privately owned.

The 1940 Act did not specify any test by which it could be judged whether an employment was permanent in character. As this situation was unsatisfactory in some respects an amendment was obtained in 1948 which empowered the commission to define by special order what would be recognized as permanent employment. The order made under this section in 1948 designated two classes of persons who could be certified:

- (a) a person by whom or for whose benefit contributions were made to an established superannuation, pension or retirement fund,
- (b) a person who had been employed by the same employer (federal, provincial or municipal) for at least three consecutive years in a position or positions requiring full-time service for not less than eight months in each year, in which service he was expected to continue for an indeterminate period.

Generally speaking paragraph (a) provided for the exclusion of permanent civil servants in the employ of the federal government and the corresponding class in the employ of municipal authorities. Paragraph (b) provided for the exclusion of persons who, while not technically classified as permanent public servants, were in positions of continuing and indeterminate duration and for all practical purposes were permanent employees.

The amendments to the Public Service Superannuation Act which became effective January 1, 1954 lessened the distinction which had previously existed between permanent and temporary employees of the federal government. Admission to membership in the superannuation fund was made considerably wider. As the same process had been going on for some years among municipal employees the situation was reviewed and as a result of this the commission made a new special order defining the classes who could be certified as permanent. In substance the new order revoked the former paragraph (a) and certification was restricted to employees who had been employed for at least three consecutive years as provided in the former paragraph (b). The

order did not affect certificates of permanency which had been issued prior to January 1, 1954. Further, in respect of the public service of Canada, the new order permitted consecutive service in two or more departments to be counted towards fulfilment of the three years requirement.

Prior to making the new order the commission had obtained information regarding the amount of turnover among federal government employees in the first three years of service. It was found that approximately 60 per cent of all separations in the public service took place within the first three years. A survey of the turnover of employees of municipal authorities disclosed a similar result, the percentage being about 70 per cent. It was therefore felt by the commission that during that period all employees should be protected against the risk of unemployment, irrespective of whether or not they made contributions to a superannuation fund.

Employees who have been insured for three years and whose contributions are then discontinued on their being certified as permanent retain their protection for a limited period. For some time after contributions have been discontinued they can still qualify for benefit in the event of their being laid off. However, their equity in the fund diminished with each week that passes. Some dissatisfaction has been expressed by employees who feel that their security of tenure is doubtful and who would prefer to continue their contributions. However, under the legislation the option rests with the employing department or municipality whether to take advantage of the exception in the case of an employee or a class of employees to whom the special order applies.

At the present time it is estimated that some 60,000 federal government employees are being insured. The number of persons who are not insured by reason of certificates of permanency or because provincial governments have not concurred in insuring such classes is estimated to be as follows: Federal, 70,000; Provincial, 72,000; Municipal, 35,000 — 177,000.

Mr. MURCHISON: Mr. Chairman, I would like to add just a very short statement to the written brief. The ultimate in this social security scheme is to have universal coverage or at least coverage for all those who work for wages or salary.

To except firemen from coverage would be a step away from that goal. Moreover, it could quite easily bring on requests from other civic employees who work in municipal offices and in the departments of Public Works and other branches of civic administration for similar exemptions where employment is as stable as it is in the case of firemen.

It would be more in keeping with the general intent of the Act if policemen were brought under it. Incidentally, I believe they are the only class of civic employees now not covered.

Certain financial organizations have made representations to the commission from time to time to be relieved from the obligation of making contributions under the Act for and on behalf of their employees and they based their requests upon the ground that employment in those institutions is as secure and permanent as is employment in the government service.

Now, to except firemen from coverage might be interpreted by banks and trust companies and other financial institutions as a trend and undoubtedly the institutions would be back making further requests to be relieved of the obligation.

During the noon recess, Mr. Chairman, the commission discussed this matter further and we came to the conclusion that if the committee recommended that the police be covered, the commission would undertake on its

part to recommend to the Governor in Council under what will now be 26 (1) that coverage for all employees of federal and municipal services be limited to the first two years of service instead of the first three years as the law now provides.

The reason for the reduction is that we are not going to look beyond two years' contribution for the purpose of ascertaining a person's entitlement for rates or duration and so we could quite conveniently reduce that period to two years as suggested.

The ACTING CHAIRMAN: We are discussing clause 27(g). Carried?

Mrs. FAIRCLOUGH: Mr. Chairman, I would just like to supplement my remarks of this morning to say that I am still of the same opinion that firemen should come within the excepted category. It is all very well to talk about firemen who should be covered, but I think you should bear in mind that they are not covered in any event after three years by reason of the nature of their employment any more than the police are or other persons who have been certified by the employing agency. So in fact what happens is that the firemen really contribute some \$90 to the fund and I notice in this brief which we have just read that there is a statement at the end of the first paragraph which sounds rather pious in intent and it says:

Hence it does not need protection against unemployment and payment of contributions by permanent public servants would be a tax rather than insurance against a contingency.

And that is precisely what is happening with regard to the firemen if you insist on covering them for this short period of time.

I can see much more virtue in covering no employees permanently than I can in covering people who attain permanency as employees after six months' trial basis and who are then compelled to pay for three years and I might add that as they pay so also does the municipality and this morning in discussing those persons who were not covered the commissioner brought out that after all most of the firemen would be in the class who had served three years and therefore they would not be covered. But over a period of time that a new man going into the force it just practically means that in order to be a fireman you pay an almost \$100 tax and the municipality pays the same for everybody that enters the firefighting forces as opposed to those who enter the police forces.

Now, I don't agree with the suggestion either that the policemen should be brought in and I cannot believe the commission is really seriously considering that. I think that is just the answer to the representations that are being now made.

Since, Mr. Chairman, I feel very strongly about this I cannot see that the reduction to two years is any great help. As I said this morning, if a fireman is laid off at the end of six months and if it is his first employment he will not have the contributions to qualify for benefits and he is not likely to be laid off for any cause by reason of which he has qualified for benefit even if he does pay into the fund for three years and therefore, Mr. Chairman, I move that clause 27(g) be amended by adding thereto in line 27:

... or as a member of the firefighting forces of a municipality.

The CHAIRMAN: The amendment to subclause (g) means that the clause would now read:

(g) employment as a member of the police forces of Canada, a province or a municipality or as a member of the firefighting forces of a municipality.

Mr. GILLIS: Mr. Chairman, in listening to Mrs. Fairclough it was reminiscent of 1940 when we were talking about whether we would set up an Insurance Act or not. We got all of those arguments at that time from the chambers of commerce and the Manufacturers' Association and some members of the Senate that we could not afford an Unemployment Insurance Act at all and then they went all over the railway people, the police and the civil servants and it would only be a tax. I don't think that argument is valid today—it never was.

I agree with the recommendation made by Mr. Murchison. Now, while Mrs. Fairclough read a little section of the brief there that set out that proposition of tax under certain circumstances, if she will look at page 3 she will discover that there is a large percentage of the categories she is talking about particularly in the municipalities which require protection because on page 3 it says that "A survey of the turnover of employees of municipal authorities disclosed a similar result, the percentage being about 70 per cent." A 70 per cent turnover in that classification is a pretty high percentage. I think that rather than going backwards, as the amendment proposes by starting to whittle down the Unemployment Insurance Act it should be the obligation of this committee if they are looking ahead to see that the main objectives of the Act itself which was set up for universal coverage should be adhered to. I would suggest what this committee should do rather than take out the group is to recommend to the commission that they should give consideration to bringing in the policemen along with the firemen and cutting that period when certification may be granted by the body that is paying them from three years to two years. I think the two years is long enough, but I very definitely think that the figures given us here of the turnover in municipalities warrants bringing in the policemen rather than taking out the firemen, and I would move, Mr. Chairman, that as an amendment to Mrs. Fairclough's motion that this committee would recommend to the commission the bringing in of the policemen and the retaining of the firemen.

Mr. CANNON: I will second the motion.

The ACTING CHAIRMAN: I think it would be better to deal with the question of Mrs. Fairclough's amendment first as these are almost opposing motions. One is to bring in, the other is to delete so that if we can dispose of the amendment first.

Mrs. FAIRCLOUGH: If I might just say a word with regard to the reference that has been made to the statistics on page three, I cannot possibly see where those statistics refer to firemen specifically—they refer to all municipal employees.

Mr. GILLIS: Including policemen and firemen.

Mrs. FAIRCLOUGH: Well, firemen are not insured actually. They refer to the men who work as outside workers and clerks, stenographers—everybody in municipal service. Actually the only argument that there is for Mr. Gillis' recommendation is that there is a greater turnover on the part of police than there is for firemen. That is about the only argument that I can think of that would cause me to support it, but I cannot support it in any event because if these people were going to be insured for the whole period of their employment that is one thing, but they have been granted that after a given period of time they will be excluded from coverage so therefore it is wrong to put them in for a short period of time when the basis of permanency is people who remain in their employment.

The ACTING CHAIRMAN: The question is on the amendment, which has the effect of exempting the firefighting services of a municipality from the effects of the Act. Shall the amendment carry?

Mr. CHURCHILL: Mr. Chairman, let us not hurry this so much. Mrs. Fairclough has put up a good argument and we have not had much in the way of reply. We have had a brief presented here covering a lot of ground, but like some of the other briefs presented on behalf of the Unemployment Insurance Commission it seems to be simply refusing to move an inch from some earlier decision. I should like to have a little more information. If it seemed wise to except policemen who are employees of a municipality, how did the distinction creep in with regard to firemen, because in the eyes of the public they are looked upon as much the same. Their training, their services and their activity on behalf of the public corresponds very largely to the work of the police and I think they should be considered on a par. How did the distinction creep in between the two divisions of municipal employees?

Mr. MURCHISON: There is no information available. Unfortunately those who sat around the table when the 1940 Act was under consideration are not now serving the commission. Quite frankly, the commission has no explanation to offer as to why policemen are not covered. We cannot see why they should be excepted. That is the view of the administration.

Mr. CHURCHILL: Were firemen under the Act when it was first brought in in 1940?

Mr. MURCHISON: Yes.

Mrs. FAIRCLOUGH: It was not compulsory, though, to start with; it depended on whether an application was made or not.

The WITNESS: They were covered but the commission had power to make a special order to exclude them on presentation of a certificate of permanency and throughout the administration of this Act we have defined what permanency is. At this time it is three years of service.

Mrs. FAIRCLOUGH: But municipal employees generally speaking were excluded from coverage until fairly recently?

Mr. BARCLAY: No. They were not excluded except for that part of a municipality's employees who were considered permanent. All municipal employees were under the Act. They could be taken out from the Act by a certificate of the municipality that certain employees were permanent. The brief which has been tabled endeavours to explain the steps taken over the years by the commission with regard to these certificates of permanency. The statement in the first paragraph was made because it was felt that government employees were not industrial employees and presumably, therefore, did not need the coverage of the Act. That is only a presumption on our part. As Mr. Murchison said, the reason why some of these exceptions were made is now very vague and there is no available record why they were not included.

Mr. CHURCHILL: Have you any figures to indicate the turnover of firemen? As Mr. Gillis has pointed out, the municipal authorities show a turnover of about 70 per cent. What about firemen as a class by themselves?

Mr. BARCLAY: The figure given on page 3 includes all municipal employees, including police. I have not got the figures here, but the figures do indicate that the turnover among firemen is less than the turnover among the police.

Mr. CHURCHILL: Would it come anywhere near to being 70 per cent of the total number of firemen employed?

Mr. BARCLAY: No.

Mr. CHURCHILL: Many people are in quite casual employment under the municipalities—they are engaged in casual work during the winter, for example, and repair work during the summer.

Mr. BARCLAY: The figures do not include the seasonal people.

Mr. BARNETT: I understood those percentages to refer not to the number of employees turning over but to the fact that that percentage of the turnover which did occur took place in the first three years.

Mr. BARCLAY: That is quite right. It is the percentage of the total turnover that took place after one, two or three years of service.

Mr. BARNETT: But that does not mean that in the first two years of service 60 per cent of all people have left.

Mr. BARCLAY: No. 70 per cent of the people who leave in any year and who had not three years service.

Mrs. FAIRCLOUGH: Well, I would think, Mr. Chairman, that in as much as permanency in the fire fighters is attained after six months, then probably 19 per cent of all the firemen who leave the force leave at the end of six months or before. They don't leave right away, or they stay for the rest of their working days.

Mr. BARCLAY: In the Dominion service permanency now takes place almost automatically on appointment, and the largest turnover occurs in respect of people with short service—60 per cent as against 70 per cent in the municipalities.

Mrs. FAIRCLOUGH: I don't think that has any particular bearing on the terms of employment for firemen because we know that once they have passed their probationary period there are very few people who leave the fire service except for reasons of health and matters of that kind. As I say, very few people leave the service once they have passed through their probationary period.

The ACTING CHAIRMAN: We are ready now to vote on the amendment proper. Will all those in favour please raise their hands?

Mrs. FAIRCLOUGH: I would like a recorded vote.

The ACTING CHAIRMAN: A recorded vote will be taken. All those in favour? Opposed?

I declare the amendment lost. (See minutes)

Shall Clause 27 carry?

Mr. GILLIS: With the recommendation I have read, that the commission give consideration to bringing the police in as the firemen are at the present time.

The WITNESS: I think that recommendation should be addressed to the Minister.

The ACTING CHAIRMAN: Clause 27 (g)?

Carried. Clause 27. Carried.

Now we shall turn to clause 67 which deals with the question of married women. Mr. Barclay will read a statement.

Mr. BARCLAY:

In its reports to the Governor in Council for both the fiscal years 1946-1947 and 1947-1948, the Unemployment Insurance Advisory Committee drew attention to the heavy incidence of benefit payments to married women who made claims at the time of or shortly after marriage and who had no genuine interest in getting employment. The Committee felt that the real problem is the woman who has been an insured contributor up to the date of her marriage and who leaves her employment, either at the time of her marriage or shortly afterwards, and applies for benefit, stating that she is available for employment but having in reality no serious intention of working and not being obliged by economic circumstances to obtain employment.

It is difficult in many such cases to test the genuineness of the claimant's availability. Often it simply is not possible to offer suitable employment; and, where it is offered, the married woman who does not really want it and can afford to turn it down in favour of benefit, not being forced to support herself, has her own ways of causing an employer to reject her without actually refusing to apply for the job and thus risking disqualification. Many examples have been recorded by the Employment Service—trained stenographers who have been taking shorthand for years have suddenly found they have lost their knowledge; the necessity of time off for domestic responsibilities is elaborated; women who are smartly dressed and presentable at the Employment Office appear before the prospective employer untidy.

In its report of July 27, 1949, covering the fiscal year 1948-1949, the Advisory Committee further stated:

The Committee has for some time been giving careful consideration to the accumulating evidence that there was some significant and unintended drain on the fund through the payment of benefits to married woman who have really withdrawn from employment but who represent themselves to be unemployed for the purpose of drawing benefit. The heavy incidence of benefit payments to women workers in the age group 20-29 is in part a reflection of this weakness in the present legislation. The Canadian Manufacturers' Association and the Canadian Construction Association have submitted briefs setting out their views that the Fund should be safeguarded at this point. The Committee endorses a principle proposed by the Commission, viz. that a married woman should be entitled to benefit only if she fulfils the other requirements of the Act and if of the 180 daily contributions specified in the First Statutory Condition not less than 90 daily contributions have been paid in respect of her since her marriage.

It will be clear that the intention is that a married woman should be required to prove her availability for employment by showing a record of employment after marriage. It should also be clear that there is no desire to limit the legitimate rights of married women to benefit under the Act. The adoption of this principle is not likely to prove a complete safeguard against misuse of the Fund. It will, however, in the opinion of the Committee, be of substantial help and experience may dictate more effective adaptations. It is the recommendation of the Committee, therefore, that the principle be implemented by an amendment to the Act which would give the Unemployment Insurance Commission power to make regulations on this subject.

Information obtained from the Dominion Bureau of Statistics in January, 1950, served further to confirm what had been observed by local offices of the Commission with regard to the filing of unwarranted claims by married women. In the course of its quarterly labour force surveys, D. B. S. obtains information with reference to the number of persons who report that they are without jobs and seeking work. The Commission also furnishes statistics regarding the number of persons who are on claim at any given date. From a comparison of these two figures, D.B.S. reported successive surveys from 1946 to 1949 which showed

- (a) that more women were claiming benefit than the total number of women reported by the labour force survey as without jobs and seeking work, and
- (b) that women aged 20-44 constituted the main group where this was happening.

This information seemed to re-enforce the opinion already expressed by the Advisory Committee that there appeared to be claims for benefit from a good many women who were not in the usually accepted sense in the employment field.

Following further consideration at the meeting of the Advisory Committee in July, 1950, a regulation was made effective November 15, 1950, which provided as follows:

A married woman would be disqualified from receiving benefit for the period of two years following her marriage unless she was relieved from disqualification under any of the following circumstances:

(1) That she proved her attachment to the labour market by working for at least 90 days

(a) after her marriage if she was not employed at the date of her marriage, or

(b) after her first separation from work subsequent to her marriage if she was working at the time of her marriage. (Such employment had to be under contract of service but could be either insurable or excepted employment provided it was not employment by an immediate relative.)

(2) That her separation from work after her marriage was due to shortage of work.

(3) That she was laid off either subsequent to her marriage or within two weeks prior to it because of her employer's rule against retaining married women in his employ.

(4) That her husband had died or become permanently or wholly incapacitated or had deserted her or that she had been permanently separated from him.

There is a slight gap in the brief. Between the advisory's committee report and the date of this regulation in July, 1950, there was an amendment made to the Act which permitted the regulation to be made.

The regulation applies only to the two years subsequent to marriage because it was assumed that any change in status usually takes place either at the time of marriage or in the period immediately following marriage. It is in the two years after marriage that the contributions made before marriage count for eligibility for benefit, and it was considered that this was the maximum period during which the regulation should apply. Any woman who retired from the labour market for two years following her marriage would not be entitled to benefit until she had earned more contributions so that no special provision was needed.

It was necessary to have the provision that 90 days must be worked after marriage or after the girl gave up her job, whichever was the later, in order to prevent evasion, intentional or otherwise, of the regulation by deferring the separation till after marriage. It would seem that the change of status brought about by marriage is only effective in the case of an employed woman as from the date she quits the job she had at the time of marriage. There are many women who would possibly remain with an employer for some time after marriage, not because they particularly want to work but to help the employer; others continue to work for varying periods in order to help in setting up the new home or for other reasons.

Precedents for a regulation of this nature are found in the legislation of other countries. In the United States about half of the States disqualify a woman who leaves her employment because of marital obligations. Certain

States do this by disqualifying a claimant who leaves work voluntarily to marry or because of marital, parental, filial or other domestic obligations, or to undertake the duties of a housewife or a homemaker. In certain States the disqualification extends to women who lose their jobs because of an employer's rule not to employ married women. Some of the States cancel all wage credits and others cancel wage credits earned prior to marriage. In several of the States the disqualification continues until a married woman proves that she has been re-employed for a specified period in insurable employment, for example, 30 days, or that she has become the main support of herself or of her family.

In Britain, similar regulations were in effect for many years under the Anomalies Orders of 1931, 1933 and 1935. Under the Act of 1935 the order required a married woman to prove the payment of a specified number of contributions subsequent to her marriage before she could qualify for benefit, unless she could prove in some other way that she was normally employed in insurable employment and would normally seek to obtain her livelihood thereby, or unless she was deserted by or permanently separated from her husband.

Under the present National Insurance Act in Great Britain a woman on marriage may apply for voluntary exemption from insurance. If she does so and later wishes to be insured she must requalify before she is entitled to benefit. The statutory authorities, in determining claims for benefit from married women, are required to give due weight to the domestic responsibilities arising from a woman's marriage, having regard to the circumstances of each case.

That the regulation introduced in November, 1950 was justified was demonstrated by a review which the Commission made covering the first month of operation—that is, from the 15th November to the 15th December. During this period 8,884 married women were disqualified because of the regulation. This includes those on claim at the 15th of November as well as the new claims since that time. Of this number, 1,559 or 17·5 per cent kept alive their applications for employment; 460 or 5·2 per cent reported that they had found work; while 6,865 or 77·3 per cent allowed their applications for employment to lapse. It is fair to say that 77·3 per cent of the married women on claim at the 15th of November, or who claimed in the month following, were not interested in employment. Of the remainder, some undoubtedly kept their applications alive pending the outcome of an appeal or to take advantage of any possible changes in the regulation.

As a result of experience of operating the regulation some inequities were found and several amendments were made effective July 1, 1951, as follows:

- (1) It was felt to be more in keeping with the requirements of the Act to impose additional conditions as a prerequisite to entitlement rather than to impose a disqualification. The regulation was therefore recast in this way.

- (2) In the case of a woman whose employment terminated because of the employer's rule against keeping married women in his employ, the regulation was amended to exempt women who terminated their employment within eight weeks prior to marriage rather than two weeks.

- (3) "Leaving voluntarily because she had just cause for reasons solely and directly connected with her employment" was made an additional ground for relief from the application of the regulation.

- (4) The provision regarding disablement of the husband was modified. The expression "has become permanently or wholly incapacitated" was replaced by "has become wholly incapacitated for a period of at least four weeks".

(5) The 90 days rule was modified so that, while a woman subject to the regulation had to show her attachment to employment by working at least 90 days after marriage, only 60 of these had to be worked after the first separation if she was in employment at the time of marriage.

Effective September 1, 1952, this last provision was again modified and only 60 days' employment had to be proved in any case either after marriage or after the first separation, whichever was the later.

Criticism of the regulation has been received from numerous sources from the time it first came into force, mainly on the ground that it discriminates against married women as a class. In the view of the Commission this is not so. The regulation applies only during the first two years after marriage and it applies only to a married woman who has voluntarily left her employment. There is no more discrimination against married women as a class than against persons who are excluded from coverage because of their high salary or because they are working in a non-insurable occupation, or persons who are unable to get benefit because of seasonal regulations.

As an indication that married women as a class are not being discriminated against, it may be noted that in the fiscal year 1952-1953, 68,459 married women made claims for benefit and were otherwise qualified apart from the requirements of the regulation. Of these claims, only 9,848 or 14.4 per cent were disallowed under the regulation. This percentage remained practically unchanged in 1954. The total number of women (married and single) who established benefit years during the calendar year 1954 was 211,594, of whom 108,776 or 51.4 per cent were married. As before, of the married women claimants only 15,713 or 14.5 per cent had their claims disallowed under the regulation.

Evidence has continued to accumulate that, even with the regulation in force, there is a heavier incidence of benefit payments to married women than to single women and that the proportion would be even higher if the regulation were not in force to control unjustified claims. The actuarial adviser, in his report of July 7, 1954 to the Unemployment Insurance advisory committee, commented on the large proportion of married women who became claimants and do not seek work after the exhaustion of their benefit rights. He stated:

The reasonable inference would seem to be that, were it not for the payment of benefit, a large proportion of their periods of claim would not be recorded as unemployed time and would not contribute to an increase in the recorded rate of unemployment. . .

From an examination of the data of the labour force surveys, it would appear that the number of married women in insurable employments is about one-half the number of single women in those employments. Hence, on the basis of numbers, we should expect the total of the benefit years for married women to be about one-half the number for single women; and again on the basis of relative numbers, the total benefit days of married women should be about one-half the total for single women.

However, as the actuarial adviser's report went on to point out, the number of days of benefit paid to married women in the three calendar years 1951-52-53 was more than three times as great as to single women. The average number of benefit days authorized in that period was 144.3 for single women and 151.8 for married women, which shows that the record of employment during the preceding five years and of claim during the preceding three years was appreciably better for the married women than for the single women; but

notwithstanding this better prior record of married women the average number of days of benefit paid to them in those three calendar years, in spite of the regulation, was 69·8 or nearly 50 per cent more than the average of 48·3 days paid to single women. (In the calendar year 1954 the figures were 76·2 and 57·4, an excess of 33 per cent.)

A further statement from the actuarial adviser's report reads:

The data do confirm with some precision what appears to be a general impression that the claims of married women are excessive both as to the numbers and to the period on benefit. The obvious attractions and advantages to a married women of remaining at home so long as benefit may last, as against employment, are so great as to make unemployment insurance a most difficult coverage.

The growing extent to which women after marriage are remaining in or re-entering employment makes it important to have some method of controlling unjustified payments of benefit while not doing injustice to bona fide claimants. The growth since the war of the percentage of married women in the insured female population is shown by the following figures obtained from D. B. S. (figures as at April 1 in each of the years shown).

#### WOMEN IN THE INSURED POPULATION

Year	Total		Marital Status			
	Number	%	Single		Married	
			Number	%	Number	%
1946 .....	634,920	100	488,233	76·9	146,687	23·1
1950 .....	693,270	100	509,553	73·5	183,717	26·5
1954 .....	849,152	100	561,289	66·1	287,863	33·9

(NOTE: "Single" includes widowed, separated or divorced.)

From this table it will be seen that the percentage of married women in the insured population has risen from 23·1 per cent just after the war to 33·9 per cent in 1954. The percentage in the labour force was about the same in 1954, viz. about 35 per cent. It is significant therefore that, as mentioned above, the claims from married women were 51·4 per cent of all claims from female claimants in 1954.

In recent months, in the light of these developments and the further experience obtained in operating the regulation, the Commission and the Advisory Committee have again reviewed the situation. Particular attention was given to some anomalies that were not previously provided for. While satisfied that the regulation should be retained, they agreed to submit for approval of the Governor in Council a further amendment to remove these anomalies. The proposed modification would apply to the following situations:

- (1) Under the present regulation, a married woman does not have to comply with the additional conditions if she voluntarily left her employment because she had just cause for reasons solely and directly connected with her employment. It is proposed that this same relief be granted to a woman who is discharged from her employment for reasons other than her own misconduct.
- (2) The second modification is to provide relief for a woman who leaves her employment voluntarily in order to follow her husband who has been permanently transferred to another location, provided that in the new location there is a labour market for her classification. This would not apply to persons such as the wives of service personnel who are only temporarily transferred or to wives who follow their husbands into remote areas where there is little, if any, work available.

The ACTING CHAIRMAN: Clause 67.

Mrs. FAIRCLOUGH: Mr. Chairman, as you know I have been making representations for a long time, as have some other members of the committee—notably Mr. Gillis—to have this discrimination removed and now I find, adding insult to injury, we have not only discrimination but a brief which I can only describe as slanderous. Perhaps the instances related in the second paragraph of the brief were inserted facetiously, but nevertheless the fact remains that in my opinion it amounts to a slander against women in employment. This brief starts off by talking about the women who have no genuine interest in getting employment. We do not know, Mr. Chairman, how anyone determines whether a person's interest in anything is genuine or not; it is not given to many of us to be mind readers. We do not know what the intention of a person is in any field of endeavour. I maintain that you cannot say any individual has no genuine interest in getting employment or that she has no serious intention of working. To say she has her own way of causing an employer to reject her applies to any employee, male or female, who may be applying for benefits. I could write a very good brief myself on experiences I have had with male employees who have found devious ways of avoiding the acceptance of employment if it did not particularly suit them to take the employment.

I notice that the report of the advisory committee on which the commission has based its action is dated in 1949. Six years have elapsed since then. I notice that taking the figures from 1946 to 1949 the D.B.S. reported that more women were claiming benefit than the total number of women reported by the labour offices survey as out of jobs and seeking work. Now, if a woman claimed benefit I do not know how she could do other than apply for a job at the same time. So, therefore, I wonder how the D.B.S. arrived at their figures. She certainly could not apply for unemployment insurance unless she indicated she was willing to work and was seeking a job. So how could they have more people seeking benefits than they had applications for employment? They go on to say that the advisory committee in 1950 held a meeting at which this regulation was drawn up. I forget what the chairman told me the other day as to whether there were any women included in the personnel of that advisory committee at that time.

Mr. BISSON: In 1950 there were none.

Mrs. FAIRCLOUGH: If we look down the following page, page 3, we find that she must approve her attachment to the labour market for work by working at least 90 days after her first separation from employment subsequent to marriage. Then it goes on to say that such employment had to be under contract of service but could be either insurable or excepted employment provided it was not employment by an immediate relative. I point out, Mr. Chairman, that a great many women and men do work for relatives and that they are not excepted from the payment of unemployment insurance contributions by reason of the fact that they are employed by relatives. That is particularly true in small commercial retail establishments. Then it goes on to say, on page 3 in the last paragraph, that it was necessary to have the provision that 90 days must be worked. The necessity may have seemed very real to the advisory committee. I give them credit for sincerity and purpose when they brought this into effect but if it was so necessary that there should be 90 days then why did they finally decide it was only necessary to have 60 days? In my estimation it could be 30 days or nothing. Once you start to tamper with the period I cannot see that you can uphold the illusion of necessity. I am once more in that same paragraph and we have talk about evasion.

The ACTING CHAIRMAN: Are these questions?

Mrs. FAIRCLOUGH: These are comments.

The ACTING CHAIRMAN: You will not expect an answer to each question?

Mrs. FAIRCLOUGH: No. I am just arguing. On page 4 the commission quotes precedents from other countries, notably the United States. I think the other day when we were considering coverage for fishermen, despite the fact that we had precedents from other countries, these were not considered. Apparently precedents are only considered if they happen to support the argument being presented. Down in the last line of that paragraph it states that in the United States one of the circumstances under which a woman would qualify would be if she has become the main support of herself and her family. Well, Mr. Chairman, I hope that in Canada we do not get into the position where we start to put unemployment insurance on a means test basis. People pay for insurance and they are entitled to benefit if and when the circumstances dictate that they qualify for it.

The ACTING CHAIRMAN: Shall we reconvene immediately after the division?  
Agreed.

(The committee adjourned for a division in the House)

The CHAIRMAN: Order, please. Mrs. Fairclough?

Mrs. FAIRCLOUGH: Well, Mr. Chairman, when the committee adjourned I was discussing the examples of legislation in other countries which had been used by the commission in presenting these provisions and I would like to point out that even in the precedents quoted from the United States this clause appears: "In many states disqualification extends to—" and so on—"Some of the states do such and such"—"In several of the states the disqualification is considered" and so on, but nothing is said about the states which have more advantageous provisions for married women than Canada.

Likewise, I notice coming down the page a bit to the United Kingdom—and I presume this refers to the United Kingdom—it says:

Under the present National Insurance Act a woman on marriage may apply for voluntary exemption from insurance.

Well, we have no such provision in Canada. If she is in insurable employment she pays contributions and it is my contention that if she pays her contributions she is entitled to coverage under the Act. If it is intended to disqualify her from the receipt of benefits, then the way should be open to her to indicate her intention.

Proceeding further to page 5 we have these phrases which say that the regulations do not justify it, which irks me somewhat because it is only a matter of opinion whether they were justified or whether they were not.

That the regulation introduced in November, 1950, was justified was demonstrated by a review which the commission made. . .

But even in this review it will be shown that 22·7 per cent of these women wanted work and continued to keep their applications alive or else went out and found work on their own and despite the fact that 22·7 per cent fall into this category it is the 77·3 per cent the commission says justifies this regulation.

And, farther on:

Of the remainder, some undoubtedly kept their applications alive pending the outcome of an appeal or to take advantage of any possible changes in the regulation.

Once more, Mr. Chairman, who is going to say that some of those kept their applications alive because the commission or some employee of the commission suspected that that is the case? They cannot say for sure. They don't really know that that is the reason why these people took this action.

Now, Mr. Chairman, there are a number of statistics quoted in this brief and before I go further I just want to ask the members of this committee to consider one thing. Every place where there are statistics I want them to ask themselves whether that same list does not apply also to a male employee. Just keep that in your mind from now on.

It makes reference here to the modification of the ninety-day rule to which I have already referred and then once more we go down and in three or four paragraphs of page 6 it starts quoting statistics again and it says:

On these claims, only 9,848 or 14.4 per cent were disallowed under the regulation.

Down further again:

As before, of the married women claimants only 15,713 or 14.5 per cent had their claims disallowed under the regulation.

I wonder, Mr. Chairman, what the percentage of these disallowances is for claims received from male claimants. I also wonder what percentage of the population which is insured is men and I also wonder what percentage of all of those who apply are married. It goes on and talks in the next paragraph again about "unjustified claims." Apparently any claim which does not quite meet with the approval of the commission is unjustified.

Over on page 7, quoting from the report of the actuarial adviser, in the second paragraph it says:

. . . it would appear that the number of married women in insurable employments is about one-half the number of single women in those employments.

And prior to this and earlier in the brief it quoted on page 2:

. . . that women aged 20—44 constituted the main group where this was happening.

Mr. Chairman, I wonder what constitutes the main group of applications from men. Is it the young, single men who are predominantly claimants to the fund or is it older married men who are claimants? After all, when you get past a certain age it stands to reason you are going to find more married people than single people so the age group has a great deal to do with it and that in turn has a bearing on these statistics on page 7 which come under the actuarial adviser's report.

Until you know precisely what wage groups these people fall into you have no way of knowing whether the majority of these claims are made by people between 20 and 30, the normal age at which women marry, or whether they are made by older women and remember that in so far as applications from married women are concerned they are all put into one class; there is nothing here which says: "A certain number of applications were received at a given time." It just says so many were married women and this percentage is so much,—not that it is how much is from single women.

Once more, Mr. Chairman, again we find this word "unjustified" and it says:

(it is) important to have some method of controlling unjustified payments of benefit while not doing injustice to bona fide payments.

And I claim that is precisely what you are doing under this discriminatory clause.

On page 8, once more, it is significant that the claims from married women were 51.4 per cent of all claims from female claimants in 1954 despite the fact that you say there was just 33.9 per cent married women in the insured category.

Again, Mr. Chairman, I point out that I am not convinced in my mind that a large percentage of these claims came from women who were older women just as a large proportion of claims would come from older men rather than from younger men.

The commission in presenting this brief speaks about a proposed modification which would apply and for certain reasons amongst which we find that disqualification comes if a woman follows her husband to another locality. She does not qualify unless there is in that locality the type of employment in which she has been working or to which she is suited and unless they can not find her a position in that locality in suitable employment.

Now, Mr. Chairman, I would just like to stress these few facts. There is a discriminatory situation. It is one which does not fit in the Act or the regulations because in every group of workers despite the fact that there are a number of other groups who take advantage of the Act as often as they can—and I am sure anyone who has had any experience in hiring help or in the labour market in general can name two or three cases of which they know who have from time to time deliberately taken advantage of the Act and sometimes succeeded in procuring benefits to which they were not entirely entitled.

Now, when I make that statement I realize that if the provisions of the Act were carried out religiously by all concerned it would be very easy to weed out those people who are applying under, you might say, false pretences, but it is not always so easy. An employer when application is made by a claimant and the appropriate form is forwarded to him and he is asked to give the reasons why this person has left his employ does not always say that he fired them. They walked out on him and failed to return and yet that happens very often. Ordinarily, those people should be disqualified but they are not because the employer very often does not want to go to the trouble of telling the truth; they evade it rather than spend a little time on the case.

You say:

No man is disqualified by reason of the fact that his wife is employed and how many of us here, as I said, could write a brief of some one single class of workers who has exploited the Act at one time or another.

Finally, Mr. Chairman, I have here a telegram which came to hand this morning and I am sorry the minister is not here because I understand the minister also has a telegram. I shall read the one that came to me:

Mrs. Ellen Fairclough, M.P.  
Ottawa, Ontario.

"We urge the repeal of provisions of Unemployment Insurance Act and regulations now before the Industrial Relations Committee which discriminate against married women".

And it is signed by the Canadian Confederation of Business and Professional Women.

Now, Mr. Chairman, I might point out that the members of this group...

The ACTING CHAIRMAN: Mrs. Fairclough, at this point I can assure you that I have just been handed a telegram that had been forwarded to the minister in substantially the same terms as that which you have read just so that it will appear on the record.

Mrs. FAIRCLOUGH: I would just like to point out that many of these women in this federation are employers and a great many more are office managers—personnel people who understand the conditions of coverage and understand also the conditions in which not only women but men work in their respective industries. I submit, Mr. Chairman, that as responsible people a group of women such as this would not send a recommendation to the minister and to this committee if they were not in full possession of the facts and fully conversant with conditions as they are. Therefore, Mr. Chairman, I ask that this clause be removed from the bill.

The ACTING CHAIRMAN: We are dealing with clause 67, subclause (1), and sub-paragraph (iv) of paragraph (c). Is that carried?

Mr. CANNON: I was going to ask a question if I might, before we vote on this. Would the Unemployment Insurance director give us some idea what has been the result of these regulations which were introduced in 1950? Have we had any beneficial results? If we had some further information it might help us make up our minds how we should vote.

Mr. BARCLAY: In the brief Mr. Cannon, on page 6, there are some figures as to the number of married women who have failed to meet the conditions. In the fiscal year 1952-1953, 68,000 married women made claims for benefit and were otherwise qualified apart from the requirements of the regulation. Of these claims only 9,848 or 14.4 per cent were disallowed under the regulation. That means that that number of married women failed to meet the additional requirements of this particular clause.

Mr. CANNON: If it had not been for that amendment they would have received indemnities under the Act?

Mr. BARCLAY: They would have qualified.

Mrs. FAIRCLOUGH: Would Mr. Barclay like to reconsider that statement that the whole of the 14.4 per cent were disallowed for that specific reason?

Mr. BARCLAY: That is right.

Mrs. FAIRCLOUGH: And none by reason of the fact that they did not have sufficient contributions? They were all disqualified for that one reason?

Mr. BARCLAY: The 68,000 married women made claims and were otherwise qualified, apart from the additional requirement. I do not know how many married women made claims altogether, and the number whose applications were disallowed because they lacked other qualifications. This figure refers only to those who were otherwise qualified for benefit.

Mrs. FAIRCLOUGH: The percentage might not have been 14.4—it might have been much smaller if you included the total number of applications.

Mr. BARCLAY: In a year—last year—we had 100,000 or more claims which did not meet the regular qualifying conditions. I do not know just how many of these claims were from women. Then in 1954 there were 211,000, of whom 108,726 were married and, as before, of the claims with respect to married women only 15,000 or 14 per cent were disallowed.

These paragraphs in the brief were written with the idea of showing that we are not discriminating against married women as a class; we are dealing only with a certain small portion of the married women who are causing a drain on the fund, and according to the actuary and the advisory committee they should not draw benefits except when they have met certain additional conditions.

Mr. BARNETT: I have one or two questions I would like to ask for the sake of clarification. However, I would like to say at the outset that I do not quite agree with all Mrs. Fairclough's reasoning with respect to what she calls discrimination. I think the fact of the matter is that this brief deals with a particular subject, the subject of married women, and that if we were having prepared for us a brief which dealt with the various attempts which people of the male sex have made to secure benefits under false pretences, probably just as impressive a brief could be drawn up.

I would like to suggest that if the social situation were reversed and if in point of fact the same percentage of men left gainful employment after marriage as do married women, the facts as set forth here would certainly apply with equal force to the men and the "discriminatory clause" as Mrs. Fairclough has termed it would certainly have to go into the Act. As far as I am concerned, out of some experience with what happens, I do know that the claims the commission makes are borne out by actual cases which I have come across, and I do not think it is quite fair to suggest that the commission in submitting this situation to us is attempting to discriminate against a certain class. My concern is that in the application of these regulations there should not be any discrimination, and the one point which is giving me concern at the moment is the question of the attachment to the labour market for 90 days. That is mentioned on page 3 of the brief. On page 8 of the brief, about half way down, certain proposed modifications are mentioned. At the bottom of that paragraph it says:

It is proposed that this same relief be granted to a woman who is discharged from her employment for reasons other than her own misconduct.

Do I understand correctly that that present regulation and the proposed modification are designed to cover this 90 day situation?

Mr. MURCHISON: The two proposed changes mentioned on page 8, while they have been approved by the commission, have not yet been agreed to by the Governor in Council. They are not in effect at the moment.

Mr. BARNETT: I understand that.

Mr. MURCHISON: It has nothing to do with the number of days of insurable employment following marriage—nothing to do with that at all.

Mr. BARNETT: The point of my question is that in the rigid application of this 90 day provision I conceive that there may be instances of bona fide unemployment on the part of a group of women: to take an example with which I am somewhat familiar, in our plywood plants on the Pacific coast there are a large number of women employed, as members of the committee know, and many of these plants have been running on a three shift basis. Occasionally, however, through lack of orders or a slack market, a whole shift might go off for a period of time, and under the seniority provisions of the contract, a large number of these women—those who have been most recently employed—will be laid off, and the working force will be rearranged. Now, in a layoff of that kind, it is quite conceivable that there would be a number of married women who would be generally desirous of working and who would be caught in that layoff.

Mr. MURCHISON: They are not disqualified, no. If you will look at page 3 of the brief you will see that when we get a claim from a married woman we get the date of her marriage, and if it was within two years of the date of the claims, she has to comply with certain other conditions; that is, it is a 60 day rule now, not a 90 day rule. We modified it, but under certain circumstances she does not have to comply with those conditions. If her

separation from work after marriage was due to a shortage of work, she does not have to have anything extra at all. If her husband has died, become disabled, or has deserted her, and she has become permanently separated, she does not have to have 60 days.

Mr. BARNETT: The items in this list on page 3 are independent, one from the other?

Mr. MURCHISON: Yes, any one of them.

Mr. BARCLAY: If she qualifies under number 2, then number 1 does not apply. She has only to prove any one of these. And another thing is that once she has complied with the rule, there is no further questioning. We do not bring her up again.

The ACTING CHAIRMAN: Shall the clause carry?

Mr. GILLIS: Clause 67 gives the Commission power to make regulations. Apparently after experimenting for sometime with married women in insured employment, the Commission came to the conclusion that some abuses were taking place. You called in your advisory committee and it authorized you to make regulations under section 4 in regard to married women. You can argue the suggestion as much as you like that there is no discrimination; but the fact that you single out married women from all insurable employees clinches the fact that there is discrimination so far as married women are concerned.

This 90 day rule which Mr. Barclay mentioned would make it sound easy for a married woman to get unemployment insurance. But that has not been my experience. The way it has worked has been this way: that in order for a married woman to qualify, she in fact is obliged to take her separation in order to get married, and then come back to work for 60 or 90 days. I have had many cases, and I have mentioned them before. For example, the Maritime Telephone and Telegraph Company put in a dial system. When that happened a lot of women were let out. Many of them were married, and had gone back to work. Some of them had been working for as long as four or five years. But when they registered for unemployment insurance they were told that since this was their first separation after being married, they must go back and take employment for 60 days in order to qualify. That is the way it was administered. For many, many months, we wrestled with that particular problem and it was never cleared up. If you began to work after you were married two years, at first this clause was not applied. Later it was applied right across the board, no matter how long you had been at work, and if this was your first separation, you then had to go back to work in order to qualify.

I believe there is no need for making a special regulation, and if you took out the reference to 90 days altogether, I think it would pretty well clear up the matter; that is, if a married woman is employed in insurable employment she comes under the regular provision of the Unemployment Insurance Act. If she is off from work for any of the reasons which the Act sets out, she can receive unemployment insurance. This 90 day business after the first separation after marriage has made a lot of dishonest people not only among the women who were honestly trying to qualify, but among the employers who were trying to qualify them in some way. I think you should put married women pretty well together under the Act, and you should take that regulation out. I think that the 90 day provision should be taken out altogether.

Mr. BARCLAY: Are you suggesting that the rule should be 60 days after marriage?

Mr. GILLIS: I suggest in B, "after her first separation from work" should come out altogether, that is, that B should come out. That leaves her in the position that if she ceases working, she has unemployment insurance. It takes away the qualification of making her work for 60 days after marriage.

Mr. MURCHISON: In a new job.

Mr. GILLIS: Yes, exactly. And on page 8, in your proposed modifications, in number 2 it says:

The second modification is to provide relief for a woman who leaves her employment voluntarily in order to follow her husband who has been permanently transferred to another location, provided that in the new location there is a labour market for her classification.

Suppose the husband is an employee of National Defence, or of Mines and Technical Resources, and the wife is working and is insured. If some one issues a directive that her husband has to go to some other part of the country to take employment, that is indirectly telling her—if she is a wife at all—that she must follow her husband. She is not leaving voluntarily at all, but in order to keep her home together she must follow her husband. You say that the work is only temporary, but it is not easy to find. I know a lot of National Defence people who have moved out of Ottawa. The wife was working and earning a fairly substantial salary. They moved, let us say, to Halifax. I know some who have been there for three or four years, and the wife cannot find any employment in that city, and she is denied her unemployment insurance. I believe that is wrong. If the wife has to follow her husband to another part of the country because of the exigencies of the service, and if she has paid for unemployment insurance, and if she is unemployed quite legitimately, I submit that she is entitled to receive her unemployment insurance just as anyone else who is obliged to shift to another part of the country.

The ACTING CHAIRMAN: The normal time for adjournment has passed, so the committee now stands adjourned until tomorrow morning at 11:00 o'clock in this room when we will continue to deal with this question of benefits.

## APPENDIX

Gentlemen:

The Canadian Section of the International Union of Mine-Mill and Smelter Workers, representing 33,000 workers in the non-ferrous metals mining and smelting industry in our country, welcomes this opportunity of presenting its views to the Standing Committee on Industrial Relations of the House of Commons, which is now considering the Bill to amend and revise the Unemployment Insurance Act.

The Committee's work is important at this time, partly because of the years of experience which have now been gained in the working and administration of national unemployment insurance, and particularly because of the large and growing number of unemployed among Canadian workers. Our presentation will be divided into three parts: first, a statement of the principles on which, in our view, a sound and adequate system of unemployment insurance should rest; second, a brief analysis of unemployment as it now exists; and third, consideration of the Government's proposals as contained in Bill 328.

### I. PRINCIPLES FOR UNEMPLOYMENT INSURANCE

We submit that a sound and adequate system of unemployment insurance should rest on the following principles:

(1) The rates of unemployment insurance payments or benefit rates, should be equal to 75 per cent of earnings.

(2) Insurance payments should last for as long as unemployment continues. No arbitrary limit, be it of 51 or of 30 weeks, should apply. Rather, it should be recognized that the longer unemployment continues, the greater becomes the need for insurance payments.

(3) All wage earners should be covered by unemployment insurance. The present large exclusions should be carefully reviewed from this point of view.

(4) Allowable earnings should be in reasonable proportion to benefit rates. Moreover, the Act should provide that insurance payments can be integrated with plans to guarantee employment or wages in the event of lay-off. The plan along these lines which is now attracting the most widespread attention is that of the Guaranteed Annual Wage. Our own Union in Canada proposed over two years ago a system for the division and rotation of work, and more recently a plan for "loss of time" insurance guaranteeing a minimum weekly income, was adopted at our International Convention. All these plans, which are valuable and constructive in their approach to the workers' needs for security, should be facilitated and encouraged by the provisions of the Unemployment Insurance Act.

(5) There should be no non-compensable first week of unemployment.

(6) Workers who become ill before their waiting period is up should not be disqualified from insurance payments.

(7) Finally, when employees are laid off, the employer should be required to notify the nearest Unemployment Insurance office, instead of the workers having to prove that they are unemployed and entitled to insurance.

We urge that the proposed revisions to the Unemployment Insurance Act be considered in the light of the above principles and changed to conform to them as nearly as possible.

## II. GROWING MASS UNEMPLOYMENT

Unemployment is rising and has been for several years. To describe it as merely "regional and seasonal" is to ignore the real problem, to pretend that it does not exist. But in March of this year, according to Government figures, there were 632,900 workers unemployed. This was the highest figure at any time since the great depression of the thirties, and an increase of 11 per cent over a year ago, and 55 per cent over two years ago. The above figure is the number of applications for employment at the offices of the National Employment Service across the country. The number of persons without jobs and seeking work, given as part of the monthly Labour Force survey, although smaller, shows a much sharper percentage increase—25 per cent in the past year and 133 per cent in two years. Unemployment in April showed some seasonal decline from the high point in March, but is still well above that of a year and two years ago.

It is usual to relate the figures of unemployment to the total civilian labour force. Thus, unemployment in March was about 12 per cent of the labour force in that month, and in April was about 10 per cent. These percentages are certainly high, and give ground for very serious and justified concern. Nevertheless, the method understates the actual intensity of unemployment for two reasons: first, because there are reasons for thinking that the actual number of unemployed workers is greater than is shown by the government figures; secondly, because large segments of the labour force, i.e. employers, people working on their own account and unpaid family workers, are not subject to unemployment, and should therefore be excluded in calculating the percentage of unemployment. A table in the 13th Annual Report of the Unemployment Insurance Commission is based on the assumption that all those who are unemployed are wage earners (see page 31 of this Report). Table I attached is made up in the same way, and relates the number of unemployed to the number of wage earners. The table shows that:

First, wage earners account for approximately three-quarters of the total labour force. In turn, between 75 per cent and 80 per cent of wage earners are covered by unemployment insurance. In other words, up to one-quarter of all wage earners, numbering approximately 800,000 to 1 million workers, are not insured. The number and proportion of non-insured wage earners is higher in summer than in winter, owing to the rise in seasonal employment, much of which is not covered by the Act.

Secondly, the number of job applicants at the offices of the National Employment Service increased from 156,300 in August 1953 to 254,800 in August, 1954; that is, from 4 per cent of wage earners to 6 per cent. August and September are the two months in which unemployment is lowest, whereas it is usually highest in February and March. Thus, the number of job applicants increased from 401,700 in February, 1953 to 613,400 in February, 1955; that is, from 10 per cent of wage earners to 14.5 per cent. Relating the number of workers drawing unemployment insurance to the number of insured wage earners, we find that 11.5 per cent of the insured wage earners were out of work in February, 1953, and no less than 17 per cent were out of work in February, 1955. This last figure means that one insured wage earner in every

six was out of work and drawing unemployment insurance in February of this year, and the ratio was even worse in March. The degree and intensity of unemployment is thus seen to be far greater than the usual comfortable comparisons suggest.

Another striking feature of the heavy unemployment which now prevails is the marked increase in the average length of unemployment. More and more workers are unemployed for longer and longer periods of time. Table II attached shows that in March, 1953, 63,549 unemployed workers, or 17 per cent of the total number drawing insurance, had been on the unemployment register between 49 and 72 days, and 96,592 or 26 per cent of the total, had been on the register 73 days and over. In March, 1955, the number of unemployed workers who had been on the register between 49 and 72 days had increased by 68 per cent to 106,796—accounting for 19 per cent of the total. The number who had been on the register 73 days and over had increased by 94 per cent to 186,957, they accounted for 33 per cent of the total. The table shows that the increase in the number of unemployed was proportionately greater, the longer the period of unemployment.

Table III shows that same thing in terms of the number of persons without jobs and seeking work, based on the monthly Labour Force survey. There were more than three times as many workers who had been unemployed for six months to a year in the first three months of this year than there were in the first three months of 1953. The number who had been out of work for more than a year increased a whopping six times! It is indeed strange, in the light of the above, that the Government should now propose to reduce from 51 to 30 weeks the maximum period during which an unemployed worker may draw insurance. We consider this proposal altogether unacceptable.

The large and growing number of unemployed, and particularly of long term unemployed, is especially serious in view of the measure of economic recovery which has taken place in the past year. The Minister of Finance based the estimates of his budget presented last April on a rise of 8 per cent in gross national product this year over last. Rosy forecasts are being made that "the current Canadian business upsurge" has "plenty of staying power" and "has already produced many new economic highs". Unfortunately, one of the highs has been in unemployment. The volume of business may be rising. But employment is rising much less or not at all. Higher productivity, owing to "automation" and speed-up, makes it possible to produce more with fewer workers. As the *Financial Post* noted (May 28, 1955): "Until the spring of 1955, the increase in output was not being reflected in increased employment. . . . Manufacturing industry is at the peak of a spurt of increased productivity, which enables them to increase output without requiring more labour".

Our Union represents the workers in the non-ferrous metals, mining and smelting industry. Mining production as a whole, including non-ferrous metals, was 21 per cent greater in the last three months of 1954 than it was in the last three months of 1953. Employment, however, was up only 5 per cent. Thus, productivity was 15 per cent higher—certainly a remarkable increase for only one year. In the two years from the last quarter of 1952 to the last quarter of 1954, workers in the mining industry increased their average output by 29 per cent.

Output in manufacturing industry, which provides much the largest part of industrial employment, was 3 per cent lower in the last quarter of 1954 than it had been a year before. But employment was down by 6 per cent. In the durable goods sector of manufacturing, which accounts for roughly 40 per cent of the total, output fell by 6 per cent, while employment fell by 10 per cent. Output per worker has thus increased within the year by 3 per cent in manufacturing as a whole, and by 4 per cent in the durable goods sector.

Mining clearly provides an essential base for heavy industry. If production in the one has increased while in the other it has declined, this is because the bulk of the output of our mining industry is exported. We have on other occasions and in other contexts, drawn attention to and emphasized the danger to our national economic development and independence which this involves. Here we shall confine ourselves to noting, and indeed underlining, the fact that along with the export of so much of our output of raw materials go also potential jobs for many thousands of Canadian workers. Instead, they are unemployed.

It is clear that, even if the increase in economic activity forecast by the Minister of Finance takes place, it will not be sufficient to re-absorb the hundreds of thousands of workers now unemployed as well as provide jobs not only for the growing labour force but also for those who are displaced and thrown out of work by rising productivity and intensified labour. Mass unemployment appears probable as a permanent feature of our economic life. The revision of the Unemployment Insurance Act, which the Committee is now considering, becomes all the more important as an essential minimum protection against hardship and want.

### III. PROPOSED CHANGES TO THE UNEMPLOYMENT INSURANCE ACT

#### 1. *Rates of Insurance Benefit.*

It is proposed to rearrange the present seven earnings classes into nine, and to raise the maximum benefits from the present \$17.10 a week for single unemployed workers and \$24.00 for those with dependants to \$23.00 and \$30.00 a week.

This does not mean that all benefits will be raised and that all unemployed workers will get a higher percentage of their wages when they are unemployed. Benefit rates for single unemployed workers vary from 51 per cent of earnings for those earning less than \$15.00 down to 38.5 per cent of earnings for those earning \$57.00 a week and over; for unemployed workers with dependants the rates vary from 68 per cent of earnings down to 50 per cent. The rearrangements of earnings classes and changes in benefit rates will mean higher benefits for unemployed workers who earn \$45.00 a week and over, and is a step in the right direction. But it falls far short of the 75 per cent of earnings which our Union considers desirable, and of the 50 per cent increase in benefits which has been widely demanded by the labour movement.

Average earnings of all wage and salary employees in the Canadian mining industry were \$70.48 in 1954; in manufacturing industry they were \$60.94. A large number of workers necessarily earn more than these averages. To set the limit of the highest earnings class at less than the average weekly earnings of all industrial employees is certainly to set it too low, and keeps the insurance benefits which large numbers of workers will receive when unemployed seriously out of proportion to their earnings. Further earnings classes should be established and the benefit rates increased to a more adequate ratio of earnings.

The benefit rates in the new Act appear to have been decided on in the light of the Minister's statement that "the benefits designed to alleviate the hardships of unemployment should not be of a nature that would lessen the incentive to work when jobs are available." We hope the Committee will reject this callous approach, with its gratuitous insinuation against Canadian workers, and will bring the proposed benefit rates more into line with present earnings and the minimum needs of workers and their families when unemployed.

## 2. Duration of Benefits.

Three changes are proposed under this heading.

- (i) Minimum of 15 weeks of benefits, instead of the present 6, after 30 weeks of work and insurance contributions.
- (ii) Benefits to accrue thereafter at the rate of one week of benefits for every two weeks of work, instead of the present rate of one week for every five. Seasonal benefits will accrue at the rate of two weeks of benefits for every three weeks of work, instead of the present rate of one for five.
- (iii) The maximum period of benefits to be cut from 51 weeks to 30 weeks.

The first two changes are good, and are commended accordingly. The third one however is bad. We are opposed to it, and trust that the Committee will reject it.

On balance, the new formula for the duration of benefits appears to be better than the present one. As the Minister of Labour explained: "In the past, the majority of workers using up all their benefit rights were those whose entitlement was less than 15 weeks." Accordingly, the added protection to workers who are just entering insurable employment or cannot find steady work is to be welcomed. But the real need, especially at this time, is for insurance payment to last for as long as man is out of work, regardless of how long he has worked and contributed to the Unemployment Insurance Fund. The Minister stated that the Fund had to be "maintained on a sound actuarial basis"; for this reason, the greater protection for the unemployed who had worked only a short time had to be balanced by cutting down the maximum period of benefits. We do not accept this argument, nor that the needs of unemployed workers for insurance benefits should be sacrificed to an arbitrary requirement of actuarial "soundness" for the Fund.

In the first place, we would point to the very large sums which have been accumulated in the Fund over the years. Only in the past year have insurance payments to unemployed workers exceeded contributions to the Fund. Secondly, the new earnings classes and contribution rates may well result in a larger income for the Fund. In any case, if the demand that insurance benefits last as long as unemployment does would make the Fund actuarially unsound, the answer is to increase the contribution paid by the employer and the Government.

An alternative and much more limited proposal is to extend the period of seasonal benefits from April 15 to May 15. Nor should these benefits start only on January 1st—after Christmas! We suggest that the period for making claims for seasonal benefits begin on November 15th, and that the benefits be paid starting December 1st. The minimum period for supplementary benefits was increased in January from 3 to 10 weeks, which is also to be the minimum for seasonal benefits under the new Bill. The maximum period should be increased from 15 weeks proposed in the Bill to 25 weeks.

## 3. Weekly Instead of Daily Basis for Contributions and Benefits.

The scale of insurance contributions is to be revised. The contributions now paid by the workers vary from 2 per cent of earnings for those earning up to \$12. a week to 1 per cent for those in the top earnings class of \$48. a week and over. Under the new Act contributions will run from 16c. to 60c. a week, equal to about 1 per cent of earnings in every class. This means that contributions will be lower for workers earning up to \$39. a week. On the other hand, contributions for workers earning \$51 a week and over will be a few more cents a week.

A more important change is that contributions will be based on the amount earned during each week, without reference to any specific number of days. To qualify for insurance benefits, 30 weekly contributions within the previous two years will be required, of which 8 must be within the previous year. This should make it easier to qualify for benefits than it is now, and appears therefore to be an improvement.

Indeed, changes which make it easier to qualify for unemployment insurance are necessary as well as welcome. In the seven months from May to November 1954, 206,500 applicants were ruled ineligible and not entitled to unemployment insurance. In the case of 85,600 of them, or 41 per cent, the reason was that a benefit year had not been established; that is to say, the workers involved had not been employed long enough and had not made the necessary number of contributions. In the four following months, from December 1954 to March 1955, 390,900 workers who applied for unemployment insurance were ruled ineligible. Of this number, 221,900 were unable to qualify for regular benefits owing to insufficient contributions, but qualified for supplementary benefits. Of the remaining 169,000, 74,000—or 44 per cent—were unable to qualify even for supplementary benefits. From which it follows:

First, that supplementary or seasonal benefits are clearly a necessary and valuable part of unemployment insurance, without which the heavy seasonal unemployment, added to the heavy and growing non-seasonal and long-term unemployment, would leave hundreds of thousands of workers without any assured means of livelihood.

Secondly, the length of employment and number of contributions required under the present Act to qualify for regular or supplementary insurance benefits are such that a large number of workers cannot draw insurance when they become unemployed. The change to a weekly basis of contributions and benefits may alleviate this situation to some slight extent at least.

On the other hand, Section 45 (2) is a backward step. In establishing a first benefit period, 30 weekly contributions within the previous two years are required, of which only 8 must be within the previous year. But in establishing a second or subsequent benefit period, no contribution which is more than a year old will be counted. Section 45 (2) will require that all 30 contributions be made within one year, instead of the two years allowed for the first period. Why should it be more difficult to qualify for a second and subsequent benefit period than for the first one?

The illogic of this Section is emphasized by its obscure and seemingly confused language. It should be obvious that if the 30 contributions must be within fifty-two weeks "before the commencement of the subsequent benefit period", the requirement that they must also be "within the one hundred and four weeks immediately before the commencement of the previous benefit period" is superfluous. If the contributions were within 52 weeks of the beginning of the subsequent period, they would necessarily be within less than 52 weeks of the beginning of the first benefit period, let alone within 104 weeks. The Section would make more sense if it said 52 weeks where it now says 104, and 104 weeks where it now says 52. In any case, the practical result of the Section as written is harsh; it will make it more difficult than it now is for workers to qualify for unemployment insurance in any but their first benefit period, and we are opposed to it.

Another result of the change from daily to weekly contributions is in relation to short-time work. Under the present Act, if a worker is employed three days a week and laid off for two, he is entitled to unemployment insurance

for the two days. Under the new Bill, once he has exceeded the allowable earnings and reached a range of weekly earnings on which he would have to contribute to the Fund, he would apparently not be entitled to insurance. We urge that this problem be looked into and clarified.

#### 4. Allowable Earnings

It is proposed to change the allowable earnings from the present \$2. a day to a graduated weekly schedule ranging from \$2. to \$13. a week. These amounts are much too low. Not only that, with one exception, they are lower than the \$12. a week which the present Act allows. As noted above, the Minister spoke of the "incentive to work" as a reason why the scale of benefits had to be kept down. The exceedingly low schedule of allowable earnings would frustrate this incentive and prohibit workers from acting on it even to provide for the barest minimum needs of their families. How can Canadian families be expected to live on \$8. unemployment insurance plus \$2. allowable earnings a week? Even the maximum of \$13. is too little when added to the inadequate scale of insurance benefits.

If the allowable earnings were increased, the deletion of the proviso that they must be from "an occupation that could ordinarily be followed . . . in addition to, and outside of, the ordinary hours of (a worker's) usual employment" would be of more advantage. With the scale of allowable earnings proposed in Section 56, the Minister's claim that it "will provide a greater measure of protection to workers who can find casual employment or who are working short-time" is hardly warranted. Section 56 should also make it clear that the allowable earnings do not have to be from current employment but may also come from a guaranteed wage or income maintenance plan.

#### 5. Coverage.

A major weakness of the present system of unemployment insurance is that it covers only 4 or less than 4 out of 5 Canadian wage earners. Between 20 and 25% of all wage earners are in excepted employment. Workers in agriculture and forestry, in fishing, and in hunting and trapping are excluded. These are seasonal jobs where unemployment insurance is particularly needed. Hospital workers and private nurses, policemen and members of Canada's armed forces are also excluded, as well as domestic servants and all teachers, whether at schools, colleges, or university. These large exclusions, which the new Bill would perpetuate should be carefully reviewed. Lay-offs and growing unemployment are clearly not limited to those workers who are insured. All workers who come unemployed should be covered by unemployment insurance.

All of which is respectfully submitted.

May, 1955.

## I—UNEMPLOYMENT IN CANADA SHOWN IN RELATION TO NUMBER OF WAGE EARNERS

AUGUST 1952, 1953 AND 1954 — FEBRUARY 1953, 1954 AND 1955  
(in thousands)

<i>Labour Force</i>	August 1952		August 1953		August 1954	
		%		%		%
Insured Wage Earners.....	3,151	58.0	3,197	57.4	3,206	57.3
Non-Insured Wage Earners..	893	16.4	1,018	18.3	1,016	18.2
Total Wage Earners.....	4,044	74.4	4,215	75.7	4,224	75.5
Total Civilian Labour Force.	5,435	100.0	5,569	100.0	5,591	100.0
<i>Unemployed</i>						
Job Applicants, N.E.S. and % of Total Wage Earners..	156.3 - 3.9%		164.8 - 3.9%		254.8 - 6.0%	
Un. Insurance Claimants (1) and % of Insured Wage Earners .....	102.9 - 3.2%		111.3 - 3.5%		191.3 - 6.0%	

(1) Ordinary Claimants only.

<i>Labour Force</i>	February 1953		February 1954		February 1955	
		%		%		%
Insured Wage Earners.....	3,164	60.3	3,342	63.2	3,403	63.1
Non-Insured Wage Earners..	835	15.9	758	14.3	822	15.3
Total Wage Earners.....	3,999	76.2	4,100	77.6	4,225	78.4
Total Civilian Labour Force.	5,251	100.0	5,285	100.0	5,391	100.0
<i>Unemployed</i>						
Job Applicants, N.E.S. and % of Total Wage Earners..	401.7 - 10.0%		558.9 - 13.6%		613.4 - 14.5%	
Un. Insurance Claimants (2) and % of Insured Wage Earners .....	363.2 - 11.5%		512.6 - 15.3%		578.6 - 17.0%	

(2) Ordinary and supplementary Claimants only, excluding short-time and temporary lay-off Claimants.

*Sources* - The Labour Force, November 1945-January 1955; and February 1955.

The Employment Situation (issued jointly by the Department of Labour and the D.B.S.)

Statistical Report on the Operation of the Unemployment Act, D.B.S.

## II—UNEMPLOYMENT INSURANCE CLAIMANTS, BY NUMBER OF DAYS ON THE REGISTER—MARCH 1953, 1954 AND 1955

Days on the Register	March	March	% Incr.	March	% Increase from	
	1953 (1)	1954 (1)		1955 (2)	March 1953	March 1954
6 and less .....	66,256	73,589	11	67,701	2	-8
7 - 12 .....	30,521	43,509	43	38,615	27	-11
13 - 24 .....	49,864	60,523	21	58,710	18	-3
25 - 48 .....	72,099	94,063	31	104,511	45	11
49 - 72 .....	63,549	89,783	41	106,796	68	19
73 and over .....	96,592	150,193	56	186,957	94	25
TOTAL .....	378,881	511,660	35	563,290	49	10

## Percentage Distribution

6 and less ..	17.5	14.3	12.0
7 - 12 .....	8.0	8.5	6.9
13 - 24 .....	13.2	11.8	10.4
25 - 48 .....	19.0	18.4	18.5
49 - 72 .....	16.8	17.6	19.0
73 and over ..	25.5	29.4	33.2
TOTAL .....	100.0	100.0	100.0

(1) Including Short-time and Temporary Lay-off Claimants—16,012 and 2,759 respectively in March 1953, and 44,134 and 5,691 respectively in March 1954.

(2) Excluding Short-time and Temporary Lay-off Claimants—For this reason, not all the figures for March 1955 are strictly comparable with those for March 1953 and 1954.

Source—Statistical Report on the Operation of the Unemployment Insurance Act, D.B.S.

## III—PERSONS WITHOUT JOBS AND SEEKING WORK, BY NUMBER OF MONTHS UNEMPLOYED—LABOUR FORCE SURVEY

AVERAGE: JANUARY—MARCH 1953, 1954 and 1955.  
(in thousands)

	January- March	January- March	% Incr.	January- March	% Incr. from 1953	% Incr. from 1954
	1953	1954		1955		
Under 1 month....	54	76	41	82	52	8
1-3 months .....	89	152	71	178	100	17
4-6 " .....	28	61	118	80	186	31
7-12 " .....	8 (1)	13	63	27	238	108
13 and over.....	2½(1)	4 (1)	71	14 (1)	500	350
TOTAL .....	181	306	69	381	110	25

(1) Residual

Source—The Labour Force, November 1945-January 1955, p. 67, and February and March 1955.



HOUSE OF COMMONS  
Second Session—Twenty-second Parliament  
1955

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

including

THIRD AND FOURTH REPORTS

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BILL No. 328

An Act respecting Unemployment Insurance

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TUESDAY, JUNE 7, 1955

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WITNESSES:

The Honourable Milton F. Gregg, Minister of Labour, and the following from the *Unemployment Insurance Commission*: Mr. J. G. Bisson, Chief Commissioner; Mr. C. A. L. Murchison, Commissioner; Mr. R. G. Barclay, Director of Unemployment Insurance; Mr. Claude Dubuc, Legal Adviser; and Mr. James McGregor, Chief Claims Officer.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1955



ORDER OF REFERENCE

TUESDAY, June 7, 1955.

Ordered—That the name of Miss Aitken be substituted for that of Mr. Small on the said Committee.

Attest.

Leon J. Raymond,  
*Clerk of the House.*

LETTER OF RECOMMENDATION

London, June 1, 1911.

Dear Sir—This is with pleasure in recommending for the post of  
Head of the said Committee

Yours faithfully,  
Chair of the Board

## REPORTS TO THE HOUSE

WEDNESDAY, June 8, 1955.

The Standing Committee on Industrial Relations begs leave to present the following as its

### THIRD REPORT

Your Committee has considered Bill No. 328, An Act respecting Unemployment Insurance, and has agreed to report it with amendments, namely:

#### CLAUSE 6

Page 3, lines 13 to 15 inclusive, delete present clause and substitute the following:

6. (1) The Commission is a body corporate and is for all its purposes an agent of Her Majesty in right of Canada and its powers under this Act may be exercised only as agent for Her Majesty.

(2) The Commission may on behalf of Her Majesty enter into contracts in the name of Her Majesty or in the name of the Commission.

#### CLAUSE 21

Page 7, line 14, subclause (1), delete the word "may" and substitute therefor the word "shall".

#### CLAUSE 29

Page 12, line 15, insert between the words "and such" the words "with the approval of the Governor in Council".

#### CLAUSE 31

Page 12, line 33, delete the word "thirty" and substitute therefor the word "sixty".

#### CLAUSE 46

Page 19, line 6, subclause (2), after the word "terminated", add the following:

except that a benefit period may commence with and include a week during which benefit rights with respect to a previous benefit period are exhausted, and the benefits payable in respect to that week shall be allocated to those benefit periods.

#### CLAUSE 53

Page 22, line 36, subclause (5), delete subclause (5) and substitute therefor the following:

(5) A person coming within paragraph (b) of section 50 shall not be paid seasonal benefits in excess of the weekly rate applicable to him multiplied by the number of weeks in his seasonal benefit period.

#### CLAUSE 67

Page 27, line 34, subclause (2), insert the following words immediately preceding the word "may":

shall be reported on by the Advisory Committee before they are made and.

## CLAUSE 70

Page 29, line 12, delete the word "twenty-one" and substitute therefor the word "thirty".

## CLAUSE 73

Page 29, line 34, delete the word "exceeding" and substitute the words "less than" therefor.

## CLAUSE 75

Page 30, line 15, delete the word "thirty" and substitute therefor the word "sixty".

## CLAUSE 102

Page 38, insert a period after the word "benefit" at the end of line 12 and delete all the words in lines 13 to 16 inclusive.

## CLAUSE 116

Page 42, line 41, delete clause 116 and substitute therefor the following:  
This Act, except section 122, shall come into force on the 2nd day of October, 1955.

## CLAUSE 121

Page 45, line 1, subclause (2), delete all the words in lines 1 to 6 inclusive and substitute therefor the following:

Where an insured person, for the first time after the coming into force of this Act, exhausts his benefit rights under Part III with respect to a benefit period that was established in relation to him under this Act within a period of three years from the coming into force of this Act.

## CLAUSE 122 (New)

Add new clause 122 as follows:

122. (1) Subsections (3) and (4) of section 4 of the old Act are repealed and the following substituted therefor:

(3) The Chief Commissioner shall be appointed to hold office for a period of ten years, and each of the other Commissioners shall be appointed to hold office for a period not exceeding ten years.

(4) A Commissioner may be removed by the Governor in Council at any time for cause, and a Commissioner ceases to hold office upon attaining the age of sixty-five years.

(5) A Commissioner whose term of office has expired is eligible for re-appointment, and a Commissioner who ceases to hold office by reason of his having attained the age of sixty-five years is eligible for re-appointment for one or more terms not exceeding one year each.

(2) This section shall come into force on the day this Act is assented to.

A copy of the Minutes of Proceedings and the Evidence in respect of the said Bill is appended hereto.

All of which is respectfully submitted.

Fernand Viau,  
Vice Chairman.

WEDNESDAY, June 8, 1955.

The Standing Committee on Industrial Relations begs leave to present the following as its

## FOURTH REPORT

Your Committee, having reported Bill No. 328, An Act respecting Unemployment Insurance, with amendments, as contained in its Third Report, wishes to submit certain observations and opinions thereon.

Your Committee recommends that the government consider the advisability of extending the Unemployment Insurance Act to cover

- (1) the following classes of fishermen:
  - (a) Those who work for wages; and
  - (b) Those who work in such other parts of the fishing industry as are amenable to coverage.
- (2) Those workers in hospitals and charitable institutions who would normally be covered if employed at the same tasks in industry.
- (3) Provincial and municipal police.

Your Committee further recommends that consideration be given to the appointment of a woman to the Unemployment Insurance Commission and to the Advisory Committee.

Your Committee further recommends that the government consider the advisability of increasing the period of maximum benefits beyond the thirty weeks provided in the Bill; and also that the regulations respecting married women be reviewed to eliminate the additional contribution requirements after the first separation from employment subsequent to marriage.

All of which is respectfully submitted.

Fernand Viau,  
*Vice Chairman.*



# MINUTES OF PROCEEDINGS

TUESDAY, June 1, 1955.

## MORNING SITTING

The Standing Committee on Industrial Relations met at 11.00 o'clock a.m. The Acting Chairman, Mr. James A. Byrne, presided.

*Members present:* Messrs. Barnett, Bell, Brown (*Essex West*), Brown (*Brantford*), Byrne, Churchill, Croll, Deschatelets, Mrs. Fairclough, Messrs. Fraser (*St. John's East*), Gillis, Hahn, Hardie, Knowles, Leduc (*Verdun*), Lusby, MacEachen, Michener, Richardson, Simmons, and Viau.

*In attendance:* The Honourable Milton F. Gregg, Minister of Labour, and the following from the *Unemployment Insurance Commission*: Mr. J. G. Bisson, Chief Commissioner; Mr. C. A. L. Murchison, Commissioner; Mr. R. G. Barclay, Director of Unemployment Insurance; Mr. Claude Dubuc, Legal Adviser; and Mr. James McGregor, Chief Claims Officer.

The Committee resumed consideration of subparagraph (iv) of Clause 67(1)(c). After further discussion, Mrs. Fairclough moved that subparagraph (iv) of Clause 67(1)(c) be deleted; and the question having been put, the said motion was resolved in the negative on the following recorded division:

*Yeas:* Mr. Churchill, Mrs. Fairclough—(2).

*Nays:* Messrs. Barnett, Brown (*Essex West*), Brown (*Brantford*), Croll, Fraser (*St. John's East*), Gillis, Leduc (*Verdun*), Lusby, Richardson, Simmons, Viau—(11).

Subparagraph (iv) of Clause 67(1)(c) was accordingly agreed to.

Mr. Gillis moved that a recommendation to the following effect be included in the Report to the House:

That the Commission and the Advisory Committee review the present regulation imposing additional conditions on married women to eliminate the requirement respecting contributions after the first separation subsequent to marriage and to make such other changes as are considered advisable.

The said motion was agreed to.

Mr. Knowles moved—That subclause (2) of Clause 67 be amended by inserting the following words immediately preceding the word "may" in line 34 "shall be reported on by the Advisory Committee before they are made and".

The said motion was agreed to.

Clause 67, as amended, was accordingly agreed to.

Clause 37 was reconsidered and entirely agreed to.

Clause 47 was reconsidered and entirely agreed to.

### *On Clause 48*

Clause 48 was reconsidered and, after discussion, Mrs. Fairclough moved on subclause (1)(a) that the word "thirty" in line 3 be deleted and the word "fifty-one" substituted therefor.

The Acting Chairman ruled the motion out of order on the grounds that it proposed an increase in public expenditure.

After further discussion, on motion of Mr. Croll, it was agreed that a recommendation to the following effect be included in the Report to the House:

That consideration be given by the government to increase the maximum benefits in Clause 48(1)(a) from "thirty" to a higher figure.

The said motion was agreed to.

Clause 48 was accordingly entirely agreed to, on division.

*On Clause 51*

Clause 51 was reconsidered and, after discussion, subclauses (1) and (2) were agreed to.

After further discussion, Mrs. Fairclough moved that Clause 51 be amended by adding thereto subclause (3) as follows:

(3) Notwithstanding anything contained in subsections (1) and (2) of this section, the dates for a seasonal benefit period may be extended under such circumstances and conditions as are prescribed by regulations made by the Commission with the approval of the Governor in Council.

After discussion, and the question having been put, the said motion was resolved in the negative on the following division: Yeas, 7; Nays, 8 (including deciding vote of the Acting Chairman).

Clause 51 was accordingly entirely agreed to.

At 1.00 o'clock p.m., the Committee adjourned to meet again at 3.30 o'clock p.m. this day.

A. SMALL,

*Acting Clerk of the Committee.*

#### AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m. The Acting Chairman, Mr. James A. Byrne, presided.

*Members present:* Miss Aitken, Messrs. Barnett, Brown (*Essex West*), Brown (*Brantford*), Byrne, Cannon, Cauchon, Churchill, Croll, Deschatelets, Mrs. Fairclough, Messrs. Fraser (*St. John's East*), Gauthier (*Lac St. Jean*), Gillis, Knowles, Leduc (*Verdun*), MacEachen, Michener, Richardson, Simmons, Studer, and Viau.

*In attendance:* The Honourable Milton F. Gregg, Minister of Labour, and the following from the *Unemployment Insurance Commission*: Mr. J. G. Bisson, Chief Commissioner; Mr. C. A. L. Murchison, Commissioner; Mr. R. G. Barclay, Director of Unemployment Insurance; Mr. Claude Dubuc, Legal Adviser; and Mr. James McGregor, Chief Claims Officer.

The Committee reconsidered Clause 56 which, after discussion, was agreed to.

Clause 66 was reconsidered and, after discussion, was agreed to.

Clause 2 was reconsidered by paragraphs and, after discussion, was entirely agreed to.

The Committee, having completed its study and consideration of all clauses of the Bill, proceeded to review all amendments made including reconsideration of certain amendments as to proposed rewording of same, as follows:

1. *On Clause 6:* Amendment reconsidered and adopted.
2. *On Clause 21(1):* Amendment reconsidered and adopted.
3. *On Clause 29:* Amendment reconsidered and adopted.
4. *On Clause 31:* Amendment reconsidered and adopted.
5. *On Clause 46:* The amendment made to subclause (2) by the Committee on June 6 (*morning sitting*) was reconsidered. It was agreed to replace same by adding the following wording immediately following the word "terminated", in line 6, page 19:

except that a benefit period may commence with and include a week during which benefit rights with respect to a previous benefit period are exhausted, and the benefits payable in respect of that week shall be allocated to those benefit periods.

Clause 46, as above amended, was agreed to.

6. *On Clause 53(5):* Amendment reconsidered and adopted.
7. *On Clause 67(2):* Amendment reconsidered and adopted.
8. *On Clause 70:* Amendment reconsidered and adopted.
9. *On Clause 73:* Amendment reconsidered and adopted.
10. *On Clause 75:* Amendment reconsidered and adopted.
11. *On Clause 102:* Amendment reconsidered and adopted.
12. *On Clause 116:* The amendment made to Clause 116 by the Committee on June 6 (*morning sitting*) was reconsidered. It was agreed to replace same by substituting the following in lieu thereof:

this Act, except section 122, shall come into force on the 2nd day of October, 1955.

Clause 116, as above amended, was agreed to.

13. *On Clause 121(2):* The amendment made to Clause 121(2) on June 6 (*morning sitting*) was reconsidered. It was agreed to replace same by substituting the following in lieu thereof:

Where an insured person, for the first time after the coming into force of this Act, exhausts his benefit rights under Part III with respect to a benefit period that was established in relation to him under this Act within a period of three years from the coming into force of this Act,

Clause 121, as above amended, was agreed to.

14. *On New Clause 122:* As a consequence of the revised amendment to Clause 116, the following new Clause 122 was adopted:

122. (1) Subsections (3) and (4) of section 4 of the old Act are repealed and the following substituted therefor:

(3) The Chief commissioner shall be appointed to hold office for a period of ten years, and each of the other Commissioners shall be appointed to hold office for a period not exceeding ten years.

(4) A Commissioner may be removed by the Governor in Council at any time for cause, and a Commissioner ceases to hold office upon attaining the age of sixty-five years.

(5) A Commissioner whose term of office has expired is eligible for re-appointment, and a Commissioner who ceases to hold office by reason of his having attained the age of sixty-five years is eligible for re-appointment for one or more terms not exceeding one year each.

(2) This section shall come into force on the day this Act is assented to.

The Bill, as amended, was adopted.

*Ordered*,—That the said Bill be reported with amendments (*See Third Report*).

The Committee agreed that the Subcommittee on Agenda and Procedure draft the Committee's *Fourth Report* to the House with respect to certain proposals made in relation to the said Bill involving recommendations for additional public expenditure and other related matters.

At 4.50 o'clock p.m., the Committee adjourned to meet again at 8.15 o'clock p.m. this day to consider the subcommittee's draft of the *Fourth Report* to the House.

E. W. Innes,  
*Acting Clerk of the Committee.*

#### EVENING SITTING

The Committee resumed its deliberations at 8.15 o'clock p.m. *in camera*. The Acting Chairman, Mr. James A. Byrne, presided.

*Members present*: Miss Aitken, Messrs Brown (*Essex West*), Byrne, Cannon, Deschatelets, Mrs. Fairclough, Messrs. Fraser (*St. John's East*), Gauthier (*Lake St. John*), Gillis, Hahn, Hardie, Lusby, MacEachen, Michener, Richardson, Simmons, and Viau.

*In attendance*: The Honourable Milton F. Gregg, Minister of Labour, and Mr. R. G. Barclay, Director of Unemployment Insurance (*the latter on call*).

The Acting Chairman presented the proposed *Fourth Report* to the House as drafted by the Subcommittee on Agenda and Procedure. After discussion, and clarification of certain points by the witnesses, the *Fourth Report* was revised and adopted by the Committee. (*See Fourth Report*).

*Ordered*,—That the said Report be presented to the House.

The Acting Chairman and members of the Committee expressed their appreciation in respect of the cooperation and thorough explanations received from the various witnesses and their knowledge of the subject under consideration.

At 8.45 o'clock p.m., the Committee adjourned to the call of the Chair.

A. Small,  
*Acting Clerk of the Committee.*

## EVIDENCE

Tuesday, June 7, 1955.

11.00 A.M.

The ACTING CHAIRMAN (*Mr. Byrne*): Order, please, we have a quorum. Ladies and gentlemen, before beginning the meeting I would like to announce that it was erroneously reported that our Committee Clerk Mr. Chassé was suffering from a heart attack. Apparently he has some respiratory trouble but is doing very well and expects to be in good shape very soon. In the meantime Mr. Small is carrying on very capably in his place.

We are dealing with clause 67, page 27, subclause (1), paragraph (c), subparagraph (iv); that is the regulation regarding "who are married women". Shall the clause carry?

Mr. CHURCHILL: Mr. Chairman, I do not think this is the type of clause that should carry as quickly as the chairman apparently would like. It is a matter of very considerable importance and I was quite impressed yesterday with the situation presented by Mrs. Fairclough who has made a very extensive study of this Act and certainly has a knowledge of its application as far as married women are concerned. I feel the case she presented yesterday is very clear-cut and certainly indicates that this particular clause in the bill should not be here.

I studied the brief with some care and listened to it attentively yesterday and I think that the brief presented on behalf of the commission is certainly slanted against married women. I think that the commission should have been a shade more objective than they are and given us something on the favourable side about married women rather than putting in this brief all the unfavourable aspects that could be determined.

The commission is an independent body and is, from my point of view, expected to give us both sides of the question, but my impression from the brief was that it was rather weighted in favour of opposition towards any consideration of married women such as has been advocated in the past. I was not too impressed with the second paragraph on the first page which would seem to indicate from perhaps the very small number of samples that some women were taking advantage of the Act. Nor did I see any particular weight in the advisory committee's statement away back in 1949 where they leaned upon the Canadian Construction Association in its suggestions as to married women and safeguarding the fund against them.

I am not so sure that the Construction Association is a large employer of women nor was I very much impressed with page 4 where precedents were drawn from experience in the United States. I noted that one of the sentences reads:

In the United States about half of the states disqualify a woman who leaves her employment because of marital obligations.

Well, why couldn't it have been put the other way around—that half of the states do not disqualify the women because of marital obligations? Why just state the case where it is to the disadvantage of the women?

Then, I think, as Mrs. Fairclough pointed out yesterday, the states vary in nature and there is no information on that page as to which states disqualify the married women and no particular details as to how they are dealt with in the states that do not disqualify them. So, as I say, I cannot see much weight to that particular page of the brief except as it was found against the married women.

Then, here and there throughout the brief the suggestion is made that there was some sort of a drain on the fund. We have had no evidence presented to us to show what that amounted to and over the years that the fund has been in operation \$1 billion has been paid out in benefits and there still is a substantial surplus remaining in the fund—it is close to \$1 billion. Is it fair to suggest or infer that the married women have caused any drain on the fund? I think we will need more evidence than has been presented here at the present time to indicate that.

I cannot help but feel that Mrs. Fairclough was right in suggesting that there is an element of discrimination against married women as expressed in this brief and through the inclusion of that line in the bill and I feel that any suggestion of discrimination should be removed. We are discovering as time goes on that more and more women are employed in the ranks of those who are working in the country outside of their homes and the contribution of the married women to that group of employees is certainly important and essential. I think we tend to forget too readily the absolute necessity of the employment of women in times of crises and I am getting back into past history here, but without the work of the women in wartime the productive capacity of the country would have been much less than it was.

Certainly then in view of the work they have done in the past and are doing right now in the labour force of the country they are deserving of full consideration and my hope is that the present proposed section in the Act will be struck out.

Mr. GILLIS: Mr. Chairman, I expressed my opinion on this yesterday. I think the commission gave us a pretty comprehensive brief on the whole matter. I may not agree with everything that is in it, but there is one thing that sticks out, I think, in so far as the "married woman" regulation is concerned and that is the fact that she has to work that 60 or 90 days—60 days at the present time—for her first separation and that first separation may take place three, four or five years in some places after marriage but when she applies for unemployment insurance it is her first separation after marriage so she gets no unemployment insurance unless she goes back to work and finds work for 60 days. I think that should be eliminated. I think we have discussed it a long time and have a fairly good idea of what it means.

I am going to move the following amendment, Mr. Chairman:

The committee recommends that the commission and the advisory committee review the present regulation imposing additional conditions on married women to eliminate the requirement respecting contributions after the first separation subsequent to marriage and to make such other changes as are considered advisable.

I am going to make that as a motion. I think so far as my thinking is concerned that is the real bear-trap in the regulations that has caused most difficulty in respect of married women and if it was cured in that way I think it would clear up a lot of difficulty.

The ACTING CHAIRMAN: The committee will realize that this is not an amendment to the bill but a recommendation for the consideration of the committee in its report to the House.

Then, we are still on subparagraph (iv) of Clause 67 (1) (c) as presently worded. Is it the wish of the committee to deal with this recommendation at this moment and perhaps it would clarify the position that the members are taking with respect to this clause if they had their say on this?

Mrs. FAIRCLOUGH: Mr. Chairman, you have my motion of yesterday that the clause be struck out.

The ACTING CHAIRMAN: That is correct.

Mrs. FAIRCLOUGH: You cannot entertain another motion while that is before the committee.

Mr. GILLIS: Mine is a recommendation.

The ACTING CHAIRMAN: This is a recommendation. We are still dealing then with subparagraph (iv) and Mrs. Fairclough's amendment that the—I don't recall being handed any motion.

Mrs. FAIRCLOUGH: I just wound up my remarks by moving that it be struck out. Your secretary will have a record.

Mr. GILLIS: I think about that time the bell rang.

Mr. CROLL: It still appears to me at this time if there is any expression of opinion on Mr. Gillis' motion I cannot see any reason why we cannot have such a discussion. It may clarify the situation and there are some matters that need clarification. In due course before the committee rises that matter should be gone into and included in our report.

Mr. BROWN (*Essex West*): Mrs. Fairclough says there is no motion in writing.

The ACTING CHAIRMAN: I have no amendment to the original clause.

Mrs. FAIRCLOUGH: Mr. Chairman, it is on the record and I moved at the close of my remarks yesterday that paragraph (iv) of (1) (c) of clause 67 be struck out.

Mr. CROLL: Let us have a vote.

Mr. BROWN (*Essex West*): Could we not have the amendment to Mr. Gillis' motion seeing that, while there is a motion to say that it shall be struck out, an amendment would be that it would be struck out after it has been considered by this committee following along the ideas of Mr. Gillis' motion?

Mr. CROLL: But Mr. Gillis' amendment is not a proper amendment; it is a recommendation.

The ACTING CHAIRMAN: It has been the practice of the committee to accept these recommendations that would make the motion more palatable and, after accepting the recommendation, then the committee have voted on the clause as it stood.

Now, the recommendation of Mr. Gillis reads:

The committee recommends that the commission and the advisory committee review the present regulation imposing additional conditions on married women to eliminate the requirement respecting contributions after the first separation subsequent to marriage and to make such other changes as are considered advisable.

Now, is the committee agreed that such a recommendation—

Mrs. FAIRCLOUGH: No, Mr. Chairman, that is a terribly watered down version. Either you are going to strike this clause out or not strike it out.

Mr. CROLL: Question, Mr. Chairman.

Mrs. FAIRCLOUGH: Then the question is on the original motion I made yesterday?

Hon. Mr. GREGG: I wonder if I can just say a word. I was not able to hear the discussion yesterday but I think it was reported to me very fully this morning at a meeting I had with the commission and I think there are two things involved here. Mrs. Fairclough's motion, of course—eliminating that subclause—would make it impossible to carry out Mr. Gillis' recommendation which is coming after that. So that if you wish to deal with it in the order in which it apparently was discussed, I would have no objection, but I think it is very evident from what was said yesterday and from what has been said in the House many times that perhaps one of the things that was unfortunate and unhappy was the fact that in the old Act and in the new bill there is in a given line this sentence after the preamble, "Who are married women."

Now, the reasons for that have been discussed. The matter was before the advisory committee and all that. I am wondering whether it would meet that or overcome that objection if that were changed and the period came after the word "married" and the word "women" were eliminated, which would make it read:

(1) The commission may, with the approval of the Governor in Council, make regulations ...

Then jumping down to (c):

(c) imposing additional conditions and terms with respect to contributions and the payment thereof and with respect to the receipt of benefit, restricting the amount or period of benefit and making modifications in the provisions of this Act relating to the determination of claims for benefit, in relation to persons ...

Jumping down to (iv):

(iv) who are married.

That would enable the commission to do what should be done or what they would want to do to conform with the wishes of this committee and perhaps the House in such a general presentation as was incorporated in the recommendation, and I would like to say on my own behalf and on behalf of the government that we would welcome greatly the opportunity to find a good solution to this thing in the regulations. Not only will I express that pious hope, but I can assure the committee that, following these discussions, the commission has assured me this morning that they will take the points of view expressed here and make a determined effort to bring something forward to the advisory committee that will go far to eliminating those objections that have been expressed.

Mrs. FAIRCLOUGH: I know the minister is trying to work something out that might be acceptable and members of the committee appreciate that, but, nevertheless, what would be the value of a clause like that, "who are married"? Does that mean that you are going to apply the maxim, or the commission will apply the maxim that if a man is thrown out of work and his wife happens to be working that he won't qualify for unemployment insurance? What would be back of it if it were not something of that nature? It seems to me the only reason that clause is in there is to permit some leeway for the commission in the matter of handling claims from one specific group of people. Now, if as the commission has tried to prove that particular group are difficult to handle, let me say they are not the only group that are difficult to handle and if they have at times succeeded in securing benefits which might have been thought to have been paid on a false basis, they are not the only group that have done that but despite all groups of people and individuals who have from time to time secured benefits from the fund to which they were possibly not entitled, this is the one and only group that is legislated against.

Now, I still say, Mr. Minister, I don't see any more reason why that clause should be in there than that there should be a clause against any other group of people who are in the fund and I have not any intention of listing them here. I am sure the commission knows which group are the most frequent claimants as well as I do. They can find in various parts of the country where groups work in the summer months and then go to some other uninsurable employment and succeed in collecting unemployment insurance. If you are going to put that list in there why don't you put the others in? That is what the administration is for, to weed out the proper claimants from those who are claiming improperly and I do not concede that the number of persons who have made these claims on what the commission may consider a false basis are in a sufficient number to cause that concern. I still stick by my original motion that that clause be struck out.

The Acting CHAIRMAN: Are we ready to vote on Mrs. Fairclough's amendment? The original record does not disclose the amendment but just asking that it be struck from the bill.

Mrs. FAIRCLOUGH: Yesterday morning I specifically said "I move."

The Acting CHAIRMAN: It is at the conclusion of your statement?

Mrs. FAIRCLOUGH: Yes.

The ACTING CHAIRMAN: Well, this is the official record. The official record says:

Mr. Chairman, I ask that this clause be removed from the bill. But what you say this morning is that you move that the clause be removed from the bill.

Those in favour of the amendment please raise your right hand? Opposed? I declare the amendment lost.

Mrs. FAIRCLOUGH: Mr. Chairman, I would like a recorded vote. (*See minutes*).

The Acting CHAIRMAN: Those in favour of the amendment please raise your right hand? Opposed?

Those in favour of the clause?

Mr. BARNETT: Would it be in order now to move that that word "women" be struck out?

Mr. CROLL: Not now; it doesn't mean anything.

The ACTING CHAIRMAN: There is a suggested amendment to delete "women" from the clause "who are married women."

Mr. CROLL: When you are speaking of being married who are we speaking of—cats and dogs?

Mr. RICHARDSON: It could be men.

Mr. CROLL: I realize that, but it would not be applicable in the same way. Of course, it could be a man but men are covered by the Act and men usually do not stop because of pregnancy, as I recall it.

The ACTING CHAIRMAN: What about "a married person"?

Mrs. FAIRCLOUGH: You might just as well leave it the way it is.

The Acting CHAIRMAN: Shall the clause carry as is?

Mr. GILLIS: Mrs. Fairclough said that first proposed recommendation to the commission was a "watered down version." I want to have this on the record. We have not voted on that yet, I know, but you are going to vote. This is no watered down version. This is an attempt to get something done whereas her method—she knew she was not going to get it done. But I think that the commission's brief sets out all the facts and figures. We have read

it and discussed it and have been convinced that this particular category has to have regulation in order to properly administer the fund in that field. Secondly, the objectionable feature and where we ran into 90 per cent of our trouble is in regard to that proposed amendment "the first separation after marriage." That is where all the trouble came from and if we could have that particular thing removed I think we will not hear very much more about it. That is a recommendation to this committee and to the commission and I am going to ask you, Mr. Chairman, that that suggestion be adopted in our final report. I want to have a vote on it just to say we are in favour of having something done.

Mr. CROLL: Mr. Chairman, I will support the amendment.

The Acting CHAIRMAN: We have subparagraph (iv) to vote on first. Shall it carry?

Carried.

Now, the recommendation to the committee as outlined by Mr. Gillis. Shall I read it again?

Mrs. FAIRCLOUGH: Are we taking those recommendations now? It seems to me the other recommendations were left over.

Mr. BROWN (*Essex West*): We have to decide whether they should be recommended or not recommended.

The Acting CHAIRMAN: I would not go so far as to say every suggestion so far has been accepted by the committee as going into the report.

Mr. GILLIS: This is something I want this committee to decide on.

The Acting CHAIRMAN: Would the committee agree that:

The committee recommends that the commission and the advisory committee review the present regulation imposing additional conditions on married women to eliminate the requirement respecting contributions after the first separation subsequent to marriage and to make such other changes as are considered advisable.

Is the committee agreed on that recommendation?

Mr. CHURCHILL: Mr. Chairman, I think you are out of order because if the committee, when it makes its final report, includes certain recommendations, that should be done at the conclusion. At the moment we are dealing with the bill and the clauses of the bill. We are not dealing with recommendations.

The Acting CHAIRMAN: It may be recalled that we did deal with the question of including fishermen in our recommendation.

Mrs. FAIRCLOUGH: Yes, but you would not take my recommendation on clause 3. You said it would come in at the end. You did not take my recommendation yet on clause 3 (1) and (2). I am holding it here still waiting for the proper time to put it in. If this is not the time to put this recommendation in we will save this recommendation, but the question in whether this is a proper time to bring it in.

The Acting CHAIRMAN: No, because it is not making legislation. It will be a recommendation and will be discussed when we formulate our report to the House and as such we will just say the committee has agreed.

Now, before carrying this clause I understand there is an over-all amendment for clarification.

Mr. BARCLAY: Mr. Chairman, you may recall that in the initial discussion of this clause Mr. Knowles who is here today suggested that the provision in the present Act of the regulations under this section to be reported on by

the advisory committee be continued and it was that point that I thought might be discussed before the clause was finally passed. If Mr. Knowles is here he might like to move that that should be put in the bill.

Mr. KNOWLES: Yes, Mr. Chairman, when we were on clause 19 I complained that the effect of that clause was to reduce somewhat the status of the advisory committee. The suggestion was made to me then that we might wait until we got to this clause 67 whereupon the commission would accept a proposal to slightly repair the damages.

Therefore, I move that this clause 67 be amended by adding to section 67 (2) in line 34 between "(1)" and "may" the following:

shall be reported on by the advisory committee before they are made and...

In other words, what is now subclause (2) would then read:

(2) Regulations made under paragraph (c) of subsection (1) shall be reported on by the advisory committee before they are made and may be applicable...

In other words, it restores some of the authority and status of the advisory committee I thought was destroyed by clause 19.

The Acting CHAIRMAN: It seems to meet with general approval of the commission, objectors and the minister. Shall clause 67 carry as amended?

Carried.

Now, we come to the schedule, clause 37. Shall the schedule carry?

Hon. Mr. GREGG: That is "Contributions."

The ACTING CHAIRMAN: Shall clause 37 carry?

Carried.

Clause 47 dealing with the schedule and "Rates of benefit." Shall the schedule carry?

Mrs. FAIRCLOUGH: Wait a minute. No, I think it is 56 I want to talk on.

The ACTING CHAIRMAN: Clause 47?

Carried.

Clause 48?

Mrs. FAIRCLOUGH: This one, Mr. Chairman, is the clause to which we really take the most objection. We have had many representations on this from labour organizations and practically everyone who has made a statement has mentioned this particular clause or the effect of it one way or the other.

In the brief which was produced by the commission—I guess it was the statement of the chief commissioner—on page 69 of the proceedings it refers to the percentage of claimants who drew more than 30 weeks' benefit from the fund. Then, this, I take it, was a revised figure because the figure which was presented previously was 4 point something and then 3·4 and finally corrected, I think, to 3·5 per cent of the total number of claimants.

Despite the small percentage the statement of the commissioner goes on to make two rather contradictory statements. In the first place it says on page 69 of the proceedings:

In view of the high percentage of claimants who do not use the long period of entitlement that is often set up for them, it was considered justified to reduce the maximum period of entitlement to 30 weeks.

And then down in the next paragraph it speaks about the drain on the fund from this type of claimant, speaking of the persons who to all intents have

withdrawn from the labour world. Also, Mr. Chairman I do not know how you can determine what a person's intentions are. If a claimant presents himself at the employment office and says, "I want a job," I do not know how you can say to him, "You can't possibly have a job, you are 65 years of age." I don't see how anyone can determine what is in a man's mind when he applies for employment.

Now, the whole basis of payment of claims is that the person shall be "capable of and available for work," and, secondly, "unable to obtain suitable employment."

Now, in my estimation the fact that he has by reason of the rules of the plant in which he works or by reason of a shutdown of that plant or ordinary lay-offs, the fact that he is now out of work and that his age may be such as to make it difficult to procure suitable employment for him has no bearing whatever on his eligibility. Now, he may say that his age may make it difficult, which can apply, I would like to point out, to anyone over 40 years of age because workers over 40 years of age are not particularly acceptable, particularly in industrial employment. So you may have a great many people who will be hurt by this without there actually being a great percentage of claimants. 3.5 per cent is the revised figure quoted by the commissioner after careful calculation and I would accept that.

Now, in the actuary's presentation he referred to the covered population being about 4 million and contract population about  $3\frac{1}{4}$  million and he referred also to the revenue which may be received of \$6.70 per person and the interest which would be received and so on and we acquired at that time a net figure of \$5.11. You will find this calculation on page 84 of the proceedings which we now have. The net result of that will be that you will have despite these claims which are paid to 3.5 per cent of the claimants in excess of 30 weeks—you would have an actual profit per person of \$3.49. So I cannot see that you can substantiate that statement that there would be such a drain on the fund.

Again I find throughout these presentations of the commission the inference that persons are making claims who are not genuinely in search of work and again who are genuinely unemployed and seeking work and once more the inference is there that if these persons are making the false claims the whole scheme will be brought into disrepute.

Mr. Chairman, one of the things that concerns me very greatly about all of these revisions is that it seems to me there is a general tightening up of the Act all the way through which appears to be more in the nature of the easing of the work for the administrators rather than for any other reason and by reason of the fact that it is becoming more and more possible for claimants to be brushed off with one excuse or another naturally more and more people are going to be hurt by these very regulations.

I do not like this sort of thing myself. I think we have set up across the country as we have a great many regional offices and some very fine managers of those offices with good administrators and we have a good staff in most of them and these people are quite capable of determining who is making a proper claim and who is not making a proper claim, but the very fact that so many persons are turned down indicates that they are quite capable of weeding out the improper claimants.

Also, I notice that the commission itself is not too sure about this particular provision by reducing the maximum benefit period from 51 to 30 weeks. If they were so sure about it why would they defer the effective date for three years? Now, Mr. Chairman, it is my opinion that this three-year transitional period is merely in the nature of a trial run. They will work it out and see what happens and if it becomes apparent with the increased contributions

that the fund is growing to the place where they no longer need to be concerned about claimants between 30 and 51 weeks, then the government will get big-hearted and say, "Well, after all, we have had a change of heart and we think we will just leave it at 51 weeks," and make big fellows of themselves. I think they should have sufficient courage right now to leave the maximum benefit at the 51 weeks and work out their three years and then decide whether or not it is necessary and I am convinced they will find out at the end of three years that it is not necessary at all.

Mr. KNOWLES: They will probably get big-hearted two years from now.

Mrs. FAIRCLOUGH: Yes. I should like to point out once more that despite the statements which were made the other day to the effect that people did really want to work and find work that it is not true that older persons are able to find employment, any kind of employment, much less suitable employment. They certainly cannot find employment in insurable employment. They go out and they take little odd jobs—doing some gardening, acting as porters, ticket takers at functions and so on—anything to get a few dollars and it is very obvious that casual workers are not insurable. Therefore, once the period of benefit has run out they have little or no hope of ever qualifying again for benefit.

I refer specifically to statements which were made by the administration the other day with regard to the fact that if and when a man's benefits ran out he could ask for a certain length of time to go and qualify and that is blithely assuming all he has to do is go out and find a job. Most of the employment that is available to these older persons is in the non-insurable class.

Those are just a few good reasons, Mr. Chairman, why we oppose this section 48 (1) (a) in its present form and we consider that it is once more an attempt to legislate against one specific group of people and a very small group at that and we can see no reason why it should have been put into this bill and therefore, Mr. Chairman, I move that No. 48 (1) (a) be amended by removing the word "thirty" in line 3 thereof and substituting the word "fifty-one".

Hon. Mr. GREGG: On behalf of the administration, the amendments to the Act incorporated in this bill were not worked out for the purpose of making it easy to administer. If that had been the objective, then part 5 "Transitional and Repeal", would not have been put there at all because it complicates the administration. In the second place, that was not incorporated so much as a trial run as it was to deal fairly with those who had an equity in insurance fund under the Act at the present time so that they could not, under any circumstances, be treated in a less favourable manner than if these amendments had not come into effect.

I do not intend to cover the other points which Mrs. Fairclough made, and which have been discussed. But I can say on behalf of the government that we have been concerned to make sure that the soundness of the fund should not be jeopardized. We are anxious to go as far as possible to comply with the points which Mrs. Fairclough made on behalf of older people coming under the Act. I know we cannot go as far as 51 weeks in addition to what we have already done on seasonal benefits, and on behalf of those who are younger in the labour force. I have nothing more to say.

The Acting CHAIRMAN: Before there is any further discussion, we should determine whether we can accept this amendment under the rules of the House, although I think it was established earlier that for the purpose of the bill we could not increase the amount of expenditures without a recommendation from the Governor in Council. So I reluctantly must say that I am unable to accept this motion at this time as an amendment.

Mrs. FAIRCLOUGH: I think we raised that point the other day. I do not pose as an authority by any manner of means, but is there any difference between a fund which is an insurance fund established by contribution from employers and employees in the main, and expenditures made for administrative purposes which are a direct charge on the government?

Hon. Mr. GREGG: I did check on that. As the chairman has pointed out, there would be no objection to making a recommendation because it has been done in other cases. But the contributions are on a 40-40-20 basis, the 20 per cent is the money of the taxpayers, and it is in exactly the same category as other financial commitments in legislation.

Mr. CROLL: In view of your ruling, Mr. Chairman, and the fact that the same ruling was applied to my earlier amendment with respect to fishermen, I am going to move by way of recommendation that paragraph (a) of sub-clause (1) of clause 48 be amended by deleting therefrom the word "thirty" and substituting the word "thirty-six". I am not going to enter into an argument. It has already been made clear. I was impressed with the case made by the officials of the department—not wholly impressed, as you can see from my amendment—but I think if the committee is prepared to make this recommendation, there is a chance that it may be looked upon favourably. It would be some progress and I think it would be rather a good compromise if we could bring it about.

The ACTING CHAIRMAN: I have been unable to accept the amendment proposed by Mrs. Fairclough. So we still have to vote on clause 38 (1) (a).

Mrs. FAIRCLOUGH: Will you accept that motion as a recommendation and bring it up at the time that recommendations are brought in?

Mr. KNOWLES: If 51 weeks is out of order, then why not 36 weeks?

Mr. CROLL: No. I said it was a recommendation of the committee and had nothing to do with the bill.

The ACTING CHAIRMAN: It has been the practice to accept recommendations for our final report.

Mr. CROLL: Mine has nothing to do with the clause as such. My observation was a recommendation to be put forward by this committee. What I am saying in effect is that instead of 30 times it should be 36 times. That is the effect of my recommendation.

Mr. KNOWLES: I move that the words "thirty-six" in Mr. Croll's recommendation be changed to "fifty-one".

The ACTING CHAIRMAN: In view of the fact that I have been unable to accept the amendment to the clause shall the clause carry?

Carried.

Mr. CHURCHILL: There is still one way left to the committee, and that is to try to persuade the minister to suggest a change.

Hon. Mr. GREGG: I said a moment ago that I regretted that I was unable to accept the 51 weeks amendment as indicated by Mrs. Fairclough.

Mr. CHURCHILL: I thought if you were not able to accept Mrs. Fairclough's amendment that you might put one forward yourself as a sort of face-saving.

Hon. Mr. GREGG: You wanted to change the actual clause in the bill.

Mr. BROWN (*Essex West*): Is the minister a member of the committee at the present time or is he just sitting here as a member of the government?

Hon. Mr. GREGG: I am not a member of the committee, no.

The ACTING CHAIRMAN: If this clause passed as is, the committee might later vote on a recommendation from the committee in the presence of the minister who would be dealing with all these questions again in the cabinet.

Mr. KNOWLES: I think Mr. Churchill has a point, and that we might have some discussion on the matter before the vote is taken on the clause. The minister is a reasonable man and we might yet be able to persuade him that his cabinet colleagues are wrong, that the members of this committee are right, and that this period should be extended. I think one of the best arguments for continuing the longer period was proposed by the minister himself in the explanation which he gave regarding this clause in the House. I have not got *Hansard* here and if I misquote him, I would be glad to accept a correction; but as I recall it, the very night or day on which the Prime Minister made the proposal to the federal-provincial conference regarding the sharing of relief costs between the two levels of government, the Minister of Labour said in the House of Commons that it was an alternative to which the people might have to resort.

It seems to me that in making that statement the minister admitted that there will be people who will have exhausted their thirty weeks of unemployment insurance benefits, but who still need income protection. That being the case, it seems to me that it is far better that it should be income out of an insurance fund which is a matter of right, rather than that it should be income which, whatever name you put on it, is going to be a form of relief. Frankly, I do not like it. I was bitterly disappointed that the government seemed to have gone the full circle, and gone back to the concept of the thirties when we accepted relief as the only answer. I thought we had made progress and had got to the insurance concept, and that so far as possible these things were to be made a matter of right. I thought that the minister's statement that this was an alternative to which the people should have to resort was a poor statement. I did not like the suggestion that relief was better than insurance. At the same time he admitted by that statement that there will be cases where more than 30 weeks of income protection due to unemployment are required.

Hon. Mr. GREGG: I think it would be dishonest to state otherwise. It would be quite wrong to make a statement that nobody would go beyond it.

Mr. KNOWLES: I appreciate and respect the honesty of the minister in making the statement he did; but having made that statement it seems to me that our concern as a committee dealing with unemployment insurance should be to cover as much of unemployment by an insurance fund as possible, rather than to be increasing the area of unemployment that is going to be covered by relief. I feel we should be going in the very reverse direction from that which is proposed by this reduction from 51 weeks to 30 weeks. This reduces the amount of unemployment covered by insurance and increases the amount covered by relief. I think we should be going in the other direction and cutting down on the period covered by relief and increasing the period to be covered by the insurance fund.

Hon. Mr. GREGG: And thus increase very greatly the contributions.

Mr. KNOWLES: If necessary I would do that, yes. I think the principle of the Unemployment Insurance Act is infinitely better than the principle of relief. Surely nobody could agree with me more in that statement than the Liberals, who are proud of the fact that at long last in 1940 they brought in the Unemployment Insurance Act.

The minister said today in answer to a question of Mrs. Fairclough on the three-year period, that the reason was not that it was a trial run, but that the government wanted to make sure that any individual with equity in the fund would not be put in a position of losing some of that equity.

Hon. Mr. GREGG: That was a wrong word. Equity should have been protection.

Mr. KNOWLES: But I quoted you correctly?

Hon. Mr. GREGG: Yes, but it was the wrong word.

Mr. KNOWLES: Very well. Here is the situation: by this three-year clause you provide that a person who has been paying into the fund, or will have paid into the fund from 1940 to 1958 gets the benefit of the 51 week period of unemployment insurance benefits. But a person who turned 65 in 1959 does not get that 51 weeks equity or protection. Where does that line get drawn? Quite frankly, I think the reason for the three-year period is not one of mathematical equity or mathematical protection, but rather it is an attempt to take the heat off the workers who would feel most bitterly about this if it happened all of a sudden. This three-year clause would have an effect on those who saw it coming. The younger people are not worried too much, and those who are three years off, or those who are three years away, would not worry too much about it yet.

Hon. Mr. GREGG: The thinking was not quite as precise and scientific as that. The man in 1958 or 1959 will have had in the interim the benefit of the additional protection during the seasonal unemployment periods, and under these other clauses.

Mr. KNOWLES: I recognize the validity of the argument, but to the workers who may have the good fortune to have had no unemployment during that period, and who then find at 65 that they get a shorter protection on compulsory retirement than has been the case with their fellow workers across the years, it will seem like an unfortunate cutting down of their protection. As members of the committee are aware,—although I have been away for a few days—I have been in contact with workers in my own city of Winnipeg and in some other parts of the west, and I think the statement I made a moment ago was a correct summing up of the situation. The railway workers in particular who are in their sixties are concerned about this. It means something to them to know that that three-year period is there. If you did not put it in they would really be hot, but the younger men do not like it. There is always the hope that by the time they are laid off some change will have been made. Even among younger men there is a good deal of concern about unemployment, with the lay-offs which are taking place on the railway. I do not want to be misunderstood in my suggestion that there is not a good deal of heat about this among railway workers generally, although the greatest amount of it is among the older men. I think the government has made a mistake in making a decision that this group of people should have been protected up to 51 weeks under the unemployment insurance fund as a matter of right, and to say that henceforth that protection must be cut down to 30 weeks, and after that, if they require protection, it will have to be in some form of relief.

Mr. CHURCHILL: Along the same line as trying to persuade the minister, I would like to comment on a page in the brief of the Chief Commissioner to which Mrs. Fairclough referred earlier. I mean page 16.

I think there is a fallacy in the argument of the Commission. I shall read the paragraph to which I make reference.

Moreover, it has been found that considerable numbers of those who remain on benefit for long periods, i.e., in excess of 30 weeks, are persons who have to all intents withdrawn from the labour market. Many of these persons go through the motions of lodging an application for employment in order to obtain benefit but are not genuinely in search of work. The drain on the fund from this type of claimant is considerable but this is not the most important reason for eliminating such claims.

May I interrupt at this point to say that I doubt how the Commission can determine "genuinely".

The ACTING CHAIRMAN: What is the page?

Mr. CHURCHILL: Page 16, and I now read the last sentence of the last paragraph on that page:

What is really important is that the fund should only be used for the proper purpose and that benefit should be paid only to persons who are genuinely unemployed and seeking work.

That is the end of the quotation. The assumption is that these people of 65 years and over are not really looking for work, yet, when you examine the figures of the Dominion Bureau of Statistics which refer to people 65 years of age and over, while you find that a great many of them are employed, more are unemployed. I have some information here from an article in the Winnipeg Tribune of the 31st of May, 1955, which quotes the figures from the Dominion Bureau of Statistics. It indicates that of the male population over 65 years of age, just in round numbers, in 1951 there was 500 thousand, and of that number again, in round numbers again, 200 thousand were employed, and 300 thousand were not employed. I submit that that indicates that people 65 years of age and over are definitely willing to work if they can find work, and that the Commission surely cannot be right in saying, as it has done in this brief, that many of these persons go through the motion of lodging an application for employment in order to obtain benefits, but are not genuinely in search of work. If 200 thousand out of 500 thousand are actually working at the age of 65 and over, I think it would be fair to assume that the majority in that age group are genuinely in search of work, and when they report that they cannot find work and report to the Commission, I think the Commission should accept the fact that they are making a genuine effort and should not turn in a report of this nature.

Well then, if you examine the figures, after you find that  $\frac{3}{5}$  of the people are not working, the article goes on to point out the difficulties which face the ageing population in respect to illness and other matters which bother them at that time.

I think, too, when the Commission has shown that only 3.5 per cent drew from the fund over that period of 30 weeks, that it does not constitute what the Commission likes to call in its brief a drain on the fund. It is for this reason as well as the one brought forward by the others today, that I think the minister might very well reconsider it and put back into this bill the figure of 51 weeks instead of 30 weeks.

Mr. GILLIS: Mr. Chairman, this of course is one of the clauses which is controversial. I think the government will have to remember, in addition to having an efficient Commission, that it must also have the cooperation of the labour bodies outside. You recognize that fact in the Act, when it is necessary to have an advisory committee.

When the Congress of Labour was before us they made a presentation on that particular point and argued very strongly against a reduction from 51 weeks to 30 weeks. I agree absolutely with Mr. Knowles that we should make this Act at the present time cover people who are unemployed until such time as they are employed, and I think that we should not be taking a backward step. The minister admitted in the House on April 4 that only 5 per cent of the people who were drawing unemployment insurance actually used up to 51 weeks. The amount of money there involved is pretty small. I do not think it would affect the solvency of the fund to any great extent. Looking at the Act from a purely insurance principle, I think it is a backward step. What you are going to do is to throw that 5 per cent, in the extra 21 weeks, into the ranks of the totally unemployed as a burden on the municipalities.

Now, when unemployment is the issue that it is today, and you have committees working, both provincially and federally, trying to work out some formula to relieve unemployment as it exists today, for those who are not receiving benefits, I think it is absolutely a wrong step to take to add to that burden by throwing workers, particularly, into the ranks of the unemployed when you could carry on under this Act with the small amount of money which would be involved. I think in view of the representations of the labour bodies, whose cooperation you will have to have in the future to make this Act effective, that some attention should be paid to the representations made on this point.

I know that Mr. Croll is endeavoring to get a bit of something done. His proposal is to make it 36 weeks, but to add a few weeks to it I do not think is good enough.

The principle involved here is that of widening the area of relief, as Mr. Knowles correctly put it, and I suggest that is a bad thing to do at this time particularly when unemployment is the burning question that it is. I know that we cannot make a motion which is going to change it, but I think the minister should give this matter more serious consideration, and if necessary he should consult with his advisors and see if something cannot be done by way of meeting the wishes of practically everybody who has made representations to us, on the retaining of the 51 week benefit period, and to see how it will work out for a period of a year or so. By that time he may have some other formula by which to look after unemployment on the outside. But I think we should at least let the minister have another look at the thing with his cabinet colleagues, and at a later date come back to us and say that the government bows to the wishes of practically everybody who has made a representation.

Mr. CROLL: The minister has said that consideration was given to 51 weeks and that he did not receive support in a way which would permit him to put it into the bill or to bring it to this committee. I understood him to say that. I thought that we might strengthen the minister's hand by putting in a recommendation that might get the support of his colleagues, by raising 30 weeks to 36 weeks, and it would be some progress. In that way we would be doing something worthwhile.

Mr. KNOWLES: This is a game of bargaining which is being proposed and the best that might come out of it would be a compromise between 36 and 30. Surely Mr. Croll knows that if he wants to have 36 he must ask for 42 or 45; and if we cannot make a decision, then why suggest 36? Mr. Croll should move a recommendation that the government be asked to lengthen the period. That would be far better than just to ask for six more weeks. I think there should be a request that we restore the 51 week period, or request that the government consider lengthening the period for that duration.

The ACTING CHAIRMAN: We are in the unhappy position of having two questions before the committee, one of which we can officially deal with, while the other is merely a matter of a recommendation. I understand that it is the wish of the committee, as in previous cases, to make a recommendation that the 30 be increased either to 36 or some other figure, and that such a recommendation should be added to our supplementary report. Would that be satisfactory to the committee?

Mr. KNOWLES: What is the recommendation?

Mr. CROLL: There is a motion.

Mr. KNOWLES: I move in sub-amendment that 36 be changed to 51.

Mr. CROLL: There is a suggested recommendation, too, that it be changed to 36, and there is an amendment to that recommendation that it be changed to 51. Those are the two recommendations which are now before the chair.

Mr. CHURCHILL: I think we are out of order with those recommendations and that we should accept the bill and reject the clause, and bring a recommendation in at the time when we are considering some clause of the bill.

The ACTING CHAIRMAN: Unfortunately this precedent was set at an earlier stage of the committee and it would be difficult now to change.

Mr. CHURCHILL: You mentioned earlier when you put the question "Does the committee agree that the recommendation be considered when we reach the end of our deliberations?" You have now interpreted the recommendation as having been accepted by the committee at the time you put that question to us. If you are saying that this recommendation was to be considered at the end of our deliberations, I would say: yes, let us consider it then.

The ACTING CHAIRMAN: Yes, that is it. All the matters which have come before the committee so far have been by general agreement, and I would hesitate to accept an amendment to one of those general agreements at this stage. Is it not satisfactory to say that the committee will make a report recommending such an amendment in the clause as it now exists, whether it be 36 or 51, or whatever it may be, and that it could be considered at that time? And in the meantime could we not vote on subparagraph (a)?

Mr. BARNETT: So that we are perfectly clear on this matter of procedure, is it clear that if the committee agrees to pass this clause as it now stands, that when we come to the matter of a recommendation, if the committee desired to make a recommendation for lengthening the period in this particular instance, would the fact that we had passed this clause as it stands—would it not be quoted back to us and said that we had passed the clause and we could not bring in a recommendation contrary to the wording of the clause?

The ACTING CHAIRMAN: The minister has said that he is prepared to take the matter to the cabinet for further consideration on the question of increasing the 30 week period; and it does not tie our hands in any way. I do not see how it could change it very much. It has been indicated that we cannot accept an increase to 51 weeks or any other figure while considering this bill. So let us just carry on and have some discussion and we will still be in the same position. The minister said he was willing to discuss this before third reading.

Mr. BARNETT: I have one or two points I would like to bring up when we consider a recommendation, but I am quite prepared to defer them at this time.

The ACTING CHAIRMAN: It would be in order.

Mrs. FAIRCLOUGH: In an effort to try to persuade the minister to do something about this before we get around to considering a recommendation, I would like to make one or two comments. In the first place, the minister knows that the older workers want work and they have greater difficulty in obtaining it. He has interested himself in the plight of the older workers. That fact has been well publicized, and we know the stand he has taken on it. His concern has been publicly expressed over the lack of work for older workers, and of the conditions under which they are employed.

I would like to comment further on the minister's statement to which Mr. Knowles referred, when he dealt with the matter in the House and I would like to point out to the Minister and ask him to consider carefully his statement in the light of the fact that while it might be made available these people simply cannot qualify.

People who have worked over a period of time and have succeeded in acquiring certain worldly goods—it may be a home, furniture, a motor car—cannot qualify for relief. They may even have a few hundred dollars in the

bank, so they cannot get on relief. You have to be destitute in order to qualify for relief. Last of all, I would like once more to reiterate that it is not only those who are 65 and over, or 60 years of age and over. These are not people who are in the first flush of youth and who, for some reason or other are thrown out of work because of the closing of a plant, or because of a temporary lay-off, or for any reason whatever. These people are thrown out of work and they have great difficulty in securing any employment at all. I just leave those thoughts with the minister. I hope he will consider the discussion which has been indulged in here today and that he will be prepared, when we come to a consideration of the recommendations, to amend this clause.

The ACTING CHAIRMAN: Shall clause 48 carry?

Mrs. FAIRCLOUGH: Are we going to do it piece-meal, like the others?

The ACTING CHAIRMAN: Very well. I shall call paragraph (a) of subclause (1) of clause 48.

Mrs. FAIRCLOUGH: I would like to vote against it.

The ACTING CHAIRMAN: Would you like to have a recorded vote or on division?

Mrs. FAIRCLOUGH: On division.

The ACTING CHAIRMAN: Does paragraph (b) of subclause (1) of clause 48 carry?

Carried.

Does subclause (2) of clause 48 carry?

Carried.

Clause 51?

Hon. Mr. GREGG: That is the length of the seasonal benefit. If I might comment on what Mrs. Fairclough said without being out of order, I can assure her that the need of the older workers—probably I will be out of a job myself and looking for one—

Mr. CROLL: Fifteen or sixteen years from now.

Mrs. FAIRCLOUGH: Is that a prognostication?

Hon. Mr. GREGG: We have got three years or two and a half years ahead of us, and I am just as confident as I am of sitting here that this Act will be gone over, studied, and looked-at before those two and a half years are up. The Commission will undertake during 2½ years to find out just how great this alleged hardship is going to be. The Minister of Labour at that time, I am sure, will take that into consideration in the light of what is found by that experience. In that regard, it is true to say that clause 51 is something of an experimental nature to see if hardship is going to be experienced. On behalf of the treasury and all concerned, I should add this word: that it has been indicated to me that we are going pretty far without increasing the contributions to any appreciable degree. Our nice big fund may receive a shock which I hope it will not have if we have three winters, or 2½ winters as bad as last winter,—but again this will give us a chance to see what is going to happen. This matter should be reviewed at the end of two years in the light of that experience. In view of what you will be talking about when you come to the final report and the recommendation for lengthening this period, I can say now that I have discussed the matter of the 51 week extension with my colleagues in recent days, and it will not be possible for the government to concede to it. This afternoon when you come to these reports, I will take it into consideration and bring to the attention of my colleagues again some lesser extension, to see whether or not approval can be gained for it along the lines which Mr. Croll has suggested. I do not think that in view of the discussion I have had—in fact, I am quite certain there would be little hope

of attempting to provide for a time greater than 36 weeks. The 36 weeks plus the 15 weeks' seasonal would give the man who becomes unemployed the possibility of receiving a total of 51 weeks' benefit, but I will do the best I can in the light of the discussion which has been held here this morning.

Mr. CHURCHILL: You are saying that the increase in the seasonal benefits for the younger workman is at the expense of the older workman.

Hon. Mr. GREGG: No.

The ACTING CHAIRMAN: Does clause 51 subclause (1) carry?

Carried.

Mr. BARNETT: There was some discussion on this subject and the matter was stood.

Hon. Mr. GREGG: No, it was stood because it was related to the regular benefits. I do not think anybody had any criticism of the amount of the seasonal benefits. Oh, I am sorry, you had something to say about the 1st of January and the 15th of April.

Mr. BARNETT: Yes. The suggestion I made and which I hoped would receive some consideration was that while I was not advocating an extension of the overall period in this connection, I would like to have considered the possibility of the Commission having some latitude as to how they applied it in relation to conditions as they might exist in various parts of the country. I quoted the Pacific Coast as an example, and the situation as it applied to loggers in the coastal area of British Columbia. I felt that for them to qualify equally with other workers for the period of seasonal benefits, that the period which is stated in the Act might be changed in respect of the amount. In fact it disqualifies them from the same duration of benefits that is applicable to other workers in parts of the country where the spring season arrives later. My contention was that this particular group of workers—and I suggest that it is in the neighbourhood of ten thousand,—did not seed seasonal benefits up until the 15th of April; but under some circumstances they did need them before the 1st of January. If the Commission had latitude to meet a situation of that kind, and to shift that period so that it would commence on the 15th of December, and not have it end on the 1st of April, or from the 1st of December, until the 15th of March, it would enable the Commission to deal with a situation like that, when having the power to extend the period allowed by parliament in the Act.

Hon. Mr. GREGG: Normally I hate rigidity more than anything else, but here is a case where I am afraid that rigidity must be recognized. You said that there would be variations geographically and industrially, and that with respect to a group of workers within a province the Commission should be able to say that they will start in the middle of December and not end on the 1st of April, while all the others are in different categories.

In view of what was said in the House I would hate to have the governor in council, as well as the minister, faced with the problem every spring of getting weather reports and getting conditions which existed on the prairies, in the Maritimes, and in the west, and of having to make up his mind, because by that time it would be too late to take advantage of it, as to whether it was going to go from the middle of January to the 1st of May. I think the best thing that can be done is to do what is done here, and take what appears to be a period which is common, and which is the best one possible, and place it in the Act and stick to it.

Mr. BARNETT: Let me clarify my position a little further. When I made the suggestion, I did not think it would be necessary that it have the flexibility which the minister has described. I was not suggesting that it should be reviewed year after year, or whether, if the thing could be worked out it

should be done on a seasonal or on an occupational basis. As far as my knowledge of conditions which apply on the coast of British Columbia is concerned, I believe the thing could be applied on a regional basis, and that it would be a permanent regulation and not one subject to review.

Hon. Mr. GREGG: Our workers happily go back and forth across regional boundaries without having the Act stop them. I cannot see how you could keep it going without a lot of trouble. If British Columbia and the prairie regions were put on different times, it would be worse than daylight saving as against God's time.

Mr. BARNETT: Is it not true that under the Act a worker can only qualify for so many weeks of seasonal benefits? And if he became unemployed and was eligible for seasonal benefits, and he was working on Vancouver island, and the seasonal benefit period there was different from here, would it make any difference whether his permanent home was in Alberta, Saskatchewan, or Ontario, as far as his entitlement was concerned; and if he commenced to draw those benefits on the 15th of December, or the 1st of December, his first benefit period would last up until the 1st of April?

Hon. Mr. GREGG: What would you suggest for British Columbia, when would he start his 15 weeks?

Mr. BARNETT: I suggested two possible alternatives, either the 1st of December or the 15th of December. If the suggestion I put forward was to be accepted, then I would assume that the Commission, after consultation with the workers organizations on the coast, and after careful study of it, would set an exact period in the light of what appears to be the best. I would not want to pass on the details and ramifications of it and to say that it should be the first or the 15th, but I do know that those are dates which have been suggested in discussion.

Hon. Mr. GREGG: This is a kind of thing which should only be decided under the criterion of what would best serve the public. Frankly, I believe that in the Maritime provinces if we consulted the people who would be affected there, we would get a great many different points of view. We would find most of them saying to this committee that it should start on this date and that it should end on that date; and the commission has over a period of years come to the conclusion that so far this is the best way. I would not like to deviate from that now except to say that in view of what you have said here in regard to the two-year period would you be willing, Mr. Chief Commissioner, to keep an eye on that to see whether or not organized labour in various geographical areas and regions would generally prefer to have a variation in the time and to see whether that would be possible to administer?

But I would deplore without that knowledge to make a change. It would come back to the fact that it would have to be a decision reached by the Governor in Council. I will take back what I said a moment ago. It would not be decided in the spring—it would have to be decided each year before Christmas and announced each year.

Mr. BARNETT: What I had in mind was that it would be in the nature of a proper regulation.

Hon. Mr. GREGG: But if it did not work out properly it would be changeable next year.

Mr. BARNETT: Well, the commission could set a period and stick with it.

Hon. Mr. GREGG: We have not had many complaints that this has not fitted pretty well. We had a revision after it started from the 31st of March, it was then, to the 15th of April and that has since been the case.

Mr. BARNETT: The one example of which I have personal knowledge is the example I used of the lumber and logging industry and as far as my

knowledge of it goes that situation is as I described it the other day and I think I can say with a good deal of confidence that if the amount of variation I suggested was applied even for only that specific industry—and there are other regulations in respect of lumber and logging—that once that was established I do not think there would be any further trouble in having to go back each year with a fresh approach for an order in council.

Mrs. FAIRCLOUGH: Mr. Chairman, we had quite an extended discussion on this point the other day and we also discussed not only the points which Mr. Barnett has raised now and which he also discussed the other day, but also the final date of April 15. The minister has said today that generally speaking he does not like rigidity in this legislation and I think that has been one of the reasons why we have not been able on previous occasions to make any alteration during the period of the seasonal benefit.

I believe this very situation is so well known that it scarcely needs elaboration now so without any further argument I propose an amendment. I move that clause 51 be amended by adding as subclause (3) the following:

- (3) Notwithstanding anything contained in subsections (1) and (2) of this section the date for the seasonal benefit period may be extended under such circumstances and conditions as are prescribed by regulation made by the commission with the approval of the Governor in Council.

Hon. Mr. GREGG: That would be still fifteen weeks?

Mrs. FAIRCLOUGH: No, I just said that the date would be extended and I was going to ask that the final date be extended but after Mr. Barnett's argument I think it would be more applicable.

Hon. Mr. GREGG: And without increasing the fifteen?

Mrs. FAIRCLOUGH: No, but giving the commission with the approval of the Governor in Council the opportunity if and when an emergency arises that they should be permitted to make such recommendations as are necessary without amending the Act.

Mr. KNOWLES: The minister was hoping you could extend the fifteen weeks.

Hon. Mr. GREGG: When you infer that it would be for all Canada would you suggest then that you would vary it as much as Mr. Barnett suggests?

Mrs. FAIRCLOUGH: That is a matter for the commission to decide.

Mr. HAHN: I would vary it as much as Mr. Barnett suggests. He happened to mention one industry but that industry happens to affect the economy of the whole province of British Columbia. When those loggers are out of work every business house in Vancouver knows it. It is not just a little industry that goes out; it is the whole region that is affected. If the commission can authorize through order in council that that period of time starts, say, on the 15th of December of a year and extends for fifteen weeks following that period I would fully endorse this resolution.

It may not be necessary, on the other hand, to bring in that seasonal benefit period to begin until the second week in January and that would allow some degree of flexibility and certainly make it a very practical thing as far as we are concerned on the Pacific coast.

Hon. Mr. GREGG: Is there not some advantage in the present plan—knowing and planning out where he is going to be and the type of work? I am thinking of the day labourer—who knows that between fixed dates "If I run into trouble I am going to have something," and makes his plans accordingly. I have no right to talk on the question, but I know that from the individual's point of view the present plan is preferable and I am quite

sure that without more knowledge than we have now if we changed rigidity which is in the Act at present, I am quite sure that it would lead to a constant uncertainty, and representations—I would not mind representations as far as I am concerned—representations would come in saying, “Is it going to be or isn’t it going to be?”

The ACTING CHAIRMAN: Apart from the argument at the moment we were dealing with subclause (1) of clause 51 and we have not dealt with either (1) or (2). This amendment deals with “Notwithstanding anything contained in (1) and (2).”

Mrs. FAIRCLOUGH: Well, Mr. Chairman, I might point out you probably know we have not been following these in order. We have not followed that practice throughout the consideration of this Act. There are a great many sections where we have passed certain subclauses before we dealt with the others.

The ACTING CHAIRMAN: Would it not be more in order for you to at least have (1) and (2) passed before we refer back to them? We have not considered subclauses (1) and (2) and the next question asked to be decided is whether this amendment would have the effect of increasing the cost and therefore subject to a further ruling.

Mrs. FAIRCLOUGH: No, I have not asked for an increase in the charge. I have just asked for flexibility. The minister has said he does not like rigidity. Here is his opportunity.

The ACTING CHAIRMAN: In any case we are dealing with subclause (1) and if we want to add a clause we will deal with it when we come to it. Clause 51, subclause (1)?

Carried.

Subclause (2)?

Carried.

Mrs. FAIRCLOUGH: Now, would you put the amendment?

The ACTING CHAIRMAN: We have an amendment from Mrs. Fairclough:

“(3) Notwithstanding anything contained in subsections (1) and (2) of this section...”

That is clause 51.

“—the date for the seasonal benefit period may be extended under such circumstances and conditions as are prescribed by regulation made by the commission with the approval of the Governor in Council.

Hon. Mr. GREGG: Then, of course, there is that principle that the Governor in Council should not be given too great an authority to act as a dictator over the freedom and rights of the people of Canada whose freedom and rights should be protected by parliament.

Mr. KNOWLES: The minister’s thought was coming from a well known place. The government likes to be able to stand up on the floor of the House and say, “But we cannot say this because we must abide by what parliament decides.” Let parliament through this committee be given a chance to decide.

Mr. HARDIE: On the question of whether it increases the expenditure I do not think there is any doubt because with the fixed period we do not know the number, but we know a certain number will draw seasonal benefits. By this flexibility clause that is suggested we are increasing the expenditure right away. I do not think there is any doubt about it.

The ACTING CHAIRMAN: Well, it seems to me—

Mr. BROWN (*Essex West*): It would mean the amendment would make coverage for other people.

The ACTING CHAIRMAN: It seems the amendment is in order and the amendment is that we add a subclause (3) as I have read.

All those in favour of adding subclause (3)? Opposed.?

Amendment lost. (*See Minutes*)

This is approaching the adjournment hour. We can have this room again at 3.30 this afternoon. Agreed?

Agreed.

## AFTERNOON SESSION

JUNE 7, 1955.

The ACTING CHAIRMAN: Order please. We will begin our discussions on clause 50, page 23, "Payment of Benefits".

Mr. MICHENER: Mr. Chairman, looking at the purposes of the Act to provide means of subsistence during unemployment one would think the figures in the third column should be reversed so that the greatest allowance is to be made to a person working at the lowest level at the time he becomes unemployed. I appreciate that if that were done, or if the larger earnings were allowable in the case of the lower compensations, that the combination of earnings and compensation might very well be greater than the wage on which the compensation is based which would not certainly be any incentive to the unemployed to go to work again if he were making more money while unemployed through a combination of the benefits and wages than if he were working. I would like to hear what the commission has to say about this miserable allowance which is permitted to a man drawing \$6 a week compensation leaving him the compensation of \$8 en total while he is unemployed.

Mr. BARCLAY: Mr. Chairman, if you will look at the brief which was filed by the commission on the first day, on page 36 there is a table there showing the allowable earnings and the percentage of benefit plus allowable earnings to the income in the various brackets. When we get into the lowest bracket, less than \$15 a week, the benefit—that is the dependency benefit plus the weekly allowable earnings—is 84.7 per cent of the actual earnings in that clause. On the second class, \$15 to \$20.99, the benefit plus the allowable earnings is 84 per cent and it goes down there to the highest bracket where the benefit plus the allowable earnings is 72 per cent of normal wages. On page 24 of the brief there is a statement showing the number of persons in each of these categories as a percentage of the insured population. There is only one tenth of one per cent of the people in the lowest category and .8 per cent in the next category, and 3.8 per cent in the next category which is a total of 5.7 per cent in these lower brackets where the allowable earnings are very small. Any higher rate would create over-insurance. If we have \$13 of allowable earnings in the lower bracket, a person with a dependent would be paid \$8 benefit and he could earn \$15, giving him a total of \$21, as against the top earnings for his class of only \$15.

Mr. MICHENER: I appreciate that, but is that an answer to the problem? May I ask who are the people who earn less than \$15 a week who are covered by unemployment insurance as a regular thing.

Mr. BARCLAY: The only answer I can give you to that is that every week we sell stamps in these lower categories. They must be people who are really

taking part-time work or only working part of the day. I cannot conceive of anybody working full-time getting any kind of wages like that. The government now pays \$50 for an office boy.

Mr. MICHENER: I suppose the person would have to work at the rate of \$15 a week for the same length of time as at any other rate in order to qualify for benefits. Are there any people who work regularly for as little as \$15 a week who pay up any benefits? That is my point.

Mr. BARCLAY: Yes. 4.7 per cent of the claimants are in those lower categories.

Mr. MICHENER: The three lowest categories amount to 4.7. That is up to the \$26 a week, 4.7 per cent of the insured.

Mr. CROLL: Mr. Chairman, the question of allowable earnings raised by Mr. Michener presents itself for an observation now in the light of what he said. We have heard a great deal in recent days about the offer that the Ford Motor Company in Detroit made to the union and which was accepted. I think it provided for 60 to 65 per cent of wages for a maximum of 26 weeks. It would appear that the Ford scheme is well within the four corners of our Act. Our Act actually provides a minimum of 72 per cent of wages for a possible 30 to 36 weeks as a maximum, so there is a minimum of 72 per cent of wages on the basis of \$60 a week.

Now, it seems to me that the plan that we have at the present time, from looking at page 36 to which reference has been made is adequate to meet the present needs and requirements of industry and since my observation is that it will take care of what Ford has now offered to the people in Detroit it will certainly more than take care of what they will offer to the people in Windsor.

Now, it surprises me that the allowable income is as much as it is. It does not seem much in money but it does say this in effect, that if any company, Ford included, does wish to provide facilities equal to that which they are giving to their American workers, our Act at the present time can still take care of it.

Now, I don't know what others have in mind with respect to percentage of earnings, but until such time as some better scheme comes along it would appear that this under the present circumstances would answer our needs.

Mr. MICHENER: I am thinking of the needs of the individual who has been employed at \$15 a week long enough to be entitled to benefit and then becomes unemployed. Now, I suppose no one would be able to work for as little as \$15 a week over a period of time unless that person had some other means of support. So that these people must be part-time workers or people in unusual circumstances to be in that category at all. But accepting them as a class and looking at what happens to them when they become unemployed the single person gets \$6 and is entitled to earn \$2 each week. That is a total of \$8 to live on until further employment can be found. It does not seem to me that there is any inducement for any person to stay unemployed with only \$8 a week. So if you gave him the right to earn \$9 a week so that that person could be in receipt of \$15, his usual pay, even then I do not think there is an inducement there to stay unemployed.

Certainly at that rate of pay the inducement should be to better one's position and get into a higher category of employment if one wants to be employed at all. Therefore, I question whether the application of the insurance principle that you must not give benefits greater than the pay a person will earn so as not to destroy the incentive to go to work is applicable in these very low classes and exceptional categories which admittedly do not involve many people who are insured.

My disposition would be to increase the allowable weekly earnings there and I would ask the minister to consider that in those early three or four categories, even though it means increasing the percentage in the final column on page 36 to 100 per cent or more because it does not seem to me the incentive is what is suggested.

Hon. Mr. GREGG: Well, you remember, Mr. Michener, that the labour unions stressed the importance of having the benefits on a progressive scale corresponding with the wages. That was the basic amount. Now, in working out the allowable earnings the commission felt that the same principle should be worked out there. I must admit I agree with you but I cannot see how that lowest category can live if that is all they have got to live on, but I think it would have an unhappy effect if you were to make, for instance, the first three categories one 124 per cent, if you like, and the other one 104 per cent and the other 100 per cent or 96 per cent and then slip down to 72 per cent.

Mr. BISSON: Under the present Act you have what is known as subsidiary employment. There are no contributions payable on such earnings. Under the bill a contribution would be made.

Mr. MICHENER: What harm would there be, Mr. Chairman, in starting your scale at \$5 instead of \$2 and taking \$5 for one, \$5 for the second, \$5 for the third and then you come to \$5 for the fourth, so that a person could draw the benefits under these allowable earning categories and still be entitled to one day's pay at office work or something like that for which people in that category can get \$5.

Mr. MURCHISON: It is very difficult to justify that under the insurance principle. You can not provide a scale that will give an individual 100 per cent of his normal earnings and expect him to be very interested in getting a job.

Mr. MICHENER: If you give \$5 to one person and allow him to make \$8 he will only be making \$13.

Mr. BARCLAY: Or if you take the next category on that basis the person with a dependant would be getting \$12 benefit and with the allowable earning added to that he could have \$17 a week where his normal earnings are only going to be \$15, \$16 and \$17, so that you would have over 100 per cent.

Mr. MICHENER: Well, it doesn't alarm me at all, infringing the insurance principle to that extent.

Mr. BARCLAY: It would alarm the actuaries.

Mr. MICHENER: Well, the actuaries are very rigid in their approach. I doubt if anyone is going to earn regularly the \$5 we allow and by and large it probably won't mean that the combination of benefits and earnings will be greater than (*a*). In any event, it is not costing the fund anything. It is only giving the person who admittedly is depressed when he becomes employed the opportunity to make a little money on the side without taking anything extra out of the fund.

Mr. GILLIS: Well, Mr. Michener, the people you should be talking of are the employers who pay that kind of wages.

Mr. MICHENER: They make a contribution to the fund.

Mr. GILLIS: But the wage rates they are paying is what make that classification.

Mr. MICHENER: We are legislators, Mr. Chairman, not employers.

Mr. GILLIS: Mr. Michener asked some time ago if there was anyone in the country working for that amount of wages. There are dozens of people. Take your waitresses in many sections of the country who are working for \$12.

Mrs. FAIRCLOUGH: Where?

Mr. GILLIS: You will find them in the Maritimes.

Mr. CROLL: You will find them across the river.

Mrs. FAIRCLOUGH: Not in Ontario.

Mr. GILLIS: I think you are arguing on the wrong end. You will also find small business establishments that hire a boy to deliver groceries paying him \$12 and \$14 a week. You will find all the big department stores who hire girls in the starting period at around \$11 a week and after six months they get up to \$12.

Mr. CROLL: That is not so. They can't do that in Ontario or the western provinces.

Mr. GILLIS: There are many sections of this country where that kind of wages I am describing are paid.

Mr. CROLL: Where?

The ACTING CHAIRMAN: Let us hear Mr. Gillis.

Mr. GILLIS: Many sections of this country—in Quebec and through the maritimes and I think to some extent in some of your western provinces in the categories I am talking about. The fact that you have a number of unemployment insurance claims in those wage brackets proves that that is correct and until such time that you can get your wages lifted I think if you are going to retain that insurance principle you will have to go along with the actuaries until, I think, you are ready to adjust wages.

Mr. DESCHATELETS: You are talking about children's wages?

Mr. GILLIS: They are not children—truck drivers are not children, waitresses are not children and the big department stores are definitely not employing children. They have a starting wage the lowest in the whole country.

Mr. CROLL: Oh, no.

Mr. GILLIS: Places like Eaton's, Simpson's and Woolworth's. You get out among the people and take a look around.

Mr. CROLL: I am amongst the people and I know what those people have to pay as a minimum wage in Ontario and they are not paying that kind of wages.

The ACTING CHAIRMAN: Let us hear what Mr. Gillis has to say.

Mr. GILLIS: I think Mr. Michener is arguing on the wrong end. I think and believe we have to jack up the terrible incomes of these categories; people should get their wages up, and as long as that situation prevails and you are getting wages on that scale the only thing you actually can do is retain the insurance principle and work it out as it pertains to those categories.

Mr. CROLL: I agree that there are small sweat shops in Canada which pay that kind of wage, but most of the provinces have what they call a minimum wage law and it is pretty strictly enforced. Generally, though, that kind of wage is most unusual, though it does exist nevertheless and we try to cover that situation to the best of our ability, and I believe we are doing so in the present instance. From the other angle, perhaps the provinces will do something about fixing and insisting upon a decent minimum wage, but until then this is the only thing we can do.

Mr. MURCHISON: What was the scale under the old Act which corresponds to this?

Mr. BARCLAY: If a person earned anything at all in his ordinary working hours he got nothing. To that extent this is a better deal. If a man was earning \$12.00 a week and he worked one day during that week he would receive no benefit for that one day. His benefit would be reduced.

Mr. MICHENER: If he had been working at the rate of \$15.00 a week and become unemployed and received his benefit...

Mr. BARCLAY: If he was cut down to short time, not only would he lose a day, the day on which he worked, but he would lose benefit for the next day. The only way he could make any money at all was under the provision for subsidiary employment outside his ordinary working hours.

Mr. MICHENER: What was the total amount?

Mr. BARCLAY: \$12.00 a week.

Mrs. FAIRCLOUGH: If he earned \$2.00 a day, conceivably it could be \$14.00 a week?

Mr. BARCLAY: No, \$12.00 a week.

Mrs. FAIRCLOUGH: If he worked seven days a week.

Mr. BARCLAY: We divide by six.

Mrs. FAIRCLOUGH: They have earned \$14.00.

The CHAIRMAN: Shall the item carry?

Mr. MICHENER: I do not want to press this too far. I appreciate what Mr. Gillis says, that we really have a problem as far as the minimum wage is concerned, but we cannot deal with that at this time. We will have to leave it to the minister's conscience whether in cases like this some infraction of the actuarial principles would not be warranted.

Hon. Mr. GREGG: I do not want to quote the fact that it is only .1 per cent, because the smallness of the proportion does not affect the principle. On the other hand, I give some weight to the fact that in the long discussions on this with organized labour before they came to this committee—in the preliminary discussions—there was no stress laid upon this point. I quickly add however the fact that this problem of the smaller wage earner would not be found so much in organized labour as in unorganized labour. But I do not think there would be something out of line in operating at a higher percentage—a very much higher percentage—than is paid on the two combined sources of revenue.

Might I ask, if the committee sees fit to let this go, whether this question might not again be reviewed pending the next survey of the Act? I think it would be well for the commission to see just where and how this small group of people are affected.

Mr. GILLIS: I think the committee endorses the principle. For this to be extended too far would open the door to employers who might take advantage of the Act and provide low wages in the expectation of benefits being drawn from the fund to supplement those low wages.

Mr. CROLL: Suppose we carry it and then, at the end, consider making recommendations?

The ACTING CHAIRMAN: Shall clause 56 carry?

Carried.

The ACTING CHAIRMAN: Clause 66.

Hon. Mr. GREGG: I think we have already had some discussion on this, Mr. Chairman, and I might make this comment at the beginning of today's consideration: the committee will recall that two years ago we opened up the Act for the specific purpose of doing something about illness during the period of unemployment while benefit was being received. At that time we did go as far as this with regard to benefits. It is not the view of the government that we should go any further than we did two years ago.

Mr. KNOWLES: Has any thought been given to the matter of going further in view of the representations which have been made to this committee by at least two of the organizations which have appeared before us?

Hon. Mr. GREGG: Following those representations I brought forward the points made, but no agreement was reached to change the decision which had been made before with regard to sickness benefits.

Mr. KNOWLES: There is no doubt that it was a slight improvement over the change which was made two years ago. If anyone wants to search the record he could find that it does in fact spell out the request which a number of us had made for a number of years that the government should go at least this far. Surely the government is not surprised if, having gone this far, they should be asked to go a little further? It does seem to me that the time has come for a wider coverage of sickness. I know the answer that the Prime Minister gives us in other places, and which is sometimes quoted to us, to the effect that sickness benefit would be health insurance "through the back door". It seems to me, Mr. Chairman, that we should face up to that assertion. Sickness benefit is not health insurance. Sickness benefit can be one aspect of a health insurance program, but it can also be an aspect of an unemployment insurance program and I think it is most unfortunate that the commission and the government have not seen fit to recommend a further step forward at this time.

I was interested in the comment which Mr. Humphrys made when he was before the committee and I asked him whether any figures had been worked out. It is certainly not my intention to tie him to those figures or to their meaning, but at least it did suggest to me that some thought had been given to the possibility of establishing a rate of payment into the fund which would make it possible to cover unemployment, whether that unemployment was due to there being no job or whether it was due to the illness of the worker. I am sure the minister agrees with me that this is a social advance which has to come some day. I would like to see him propose it.

Mr. CROLL: So would I.

Hon. Mr. GREGG: I do not think I can do any more than say that I am not in a position to propose it. I have the opinion that when this is done, as far as the present government is concerned, it will be done in some other government agency rather than in the Unemployment Insurance Commission, but I may be wrong in that. If we are, we can review the matter again.

Mr. GILLIS: There is another angle to it which I would like to recheck with the minister. I have mentioned it several times in the House on his estimates, and that is the insured person who works in a plant or factory where they have a sick benefit plan. That is a form of insurance in which the payments range around \$14 a week in the classes I am thinking of. Suppose that man takes sick. He may not be well enough to do his regular employment which is heavy, but if he "lays-off" sick and he can draw his sick benefits which he paid for by way of his insurance through his company plant, is there a possibility that if the man "laying-off" sick, and drawing \$14 a week in sick benefits, that when he registers for some other type of work in which he can engage until he is ready to go back to his regular employment—is there a possibility of his registering for unemployment insurance and receiving an amount of money which is the difference between what he ordinarily can earn and what he is getting while he is not regularly employed? He is not able to do the kind of work that he does ordinarily.

Hon. Mr. GREGG: He is laid-up on account of sickness?

Mr. GILLIS: Yes.

Mr. BARCLAY: That is one of the things that has not been ironed out 100 per cent. We did have a case of that just recently where a person was drawing sick benefits but was not in bed. He was able to work and he had registered for employment in our office. In that particular case we paid him the full

benefits and he drew his sick benefits besides. I do not say that is going to be the rule 100 per cent, but I do know of one case where that happened not long ago.

Mr. GILLIS: I have had many cases of that kind over the years, and on two occasions I raised it in the House on the minister's estimates. The case of which I am thinking is a steel plant, and a coal mine at Sydney. Both plants have that type of insurance.

There is another feature which prevents a steel worker or a miner from getting into the type of employment you stated, and that is if the man "lays-off" sick and registers for benefit, and at the same time he goes to the Unemployment Insurance office and registers for benefits, and the company takes the position that he has severed his connection with the company. Then he is "out of luck" for the pension plan rights, back employment, and that sort of thing.

Mr. BARCLAY: One scheme may be a company-financed scheme entirely, and another scheme may be one in which the worker contributes 5 cents an hour. That may make a difference in the treatment. I do not want to be too definite about it one way or another, but there have been cases where he was receiving both.

Mr. GILLIS: Would the Commission probe the possibility of trying to supplement the sick benefit grant under the circumstances I have described?

The ACTING CHAIRMAN: Shall clause 66 carry?

Mrs. FAIRCLOUGH: The other day when we discussed this clause I brought up the point of a person who was taken ill. As far as illness, injury, or quarantine taking place either during the waiting days or subsequent thereto, or before he reported: let us take the case of a long weekend. Has any thought been given to extending the provisions for the payment of unemployment insurance to those persons who are continually laid-off because of lack of work, but who suffer injury, illness, or quarantine before they are able to qualify to receive benefits?

Mr. BARCLAY: The way the clause is written now the person who takes ill during his waiting period would be unable to draw benefits until he has recovered from that illness. Under the previous Act we had two conditions of that kind; if it was his initial claim,—the waiting period is only at the beginning of what we call his initial claim—if the person took sick during his waiting period, he would not be paid benefits for the duration of that illness.

Another case we had was that of a non-compensable day at the beginning of any period of unemployment. A person could very well be "laid-off" through lack of work, let us say, on a Saturday, Monday would be a non-compensable day; and if he took sick on Monday, he is just out of luck.

There is no non-compensable day in the bill, so we have reduced the number of people who may not benefit when they take sick at the beginning of their benefit period. If they take sick during the currency of their benefit period, they will be able to draw their benefits.

Mrs. FAIRCLOUGH: This man was laid-off on a Friday. The office was closed on Saturday and Sunday, and again on Monday because of a statutory holiday. But over the week-end he got into an automobile accident, and he was not able to report.

Mr. BARCLAY: If that man was on a current benefit year, he would be paid his benefits. But if he had not previously started a benefit year, and if he was hurt during the waiting period, he could not receive them.

Mrs. FAIRCLOUGH: No, he did not. Would the Commission give consideration to that? It hardly seems fair. If he is genuinely unemployed and the illness or other cause takes place after he has been laid off work, he should be given consideration, the same as a man who is already receiving benefits.

Hon. Mr. GREGG: I shall be glad to give consideration to it. Again it has been based on the discussion which was up before, and it has been considered, rightly or wrongly, that since there is to be a cut-off date, this would bring us too close to the possibility of sickness being taken as a cause for unemployment rather than the lack of a job, and it is not considered by the government that there should be any change to this.

The CHAIRMAN: Shall clause 66 carry?

Mr. KNOWLES: It does seem to me that further consideration should be given to this hardship. Suppose there are two men laid-off from the same plant and for the same reason, because there is no work for them. One man becomes ill. He takes sick after ten days and he gets his unemployment insurance benefits. The other man however, takes sick on the 5th day before he qualifies for benefits, and he does not get them.

Let me bring into the picture a third man who was laid-off at the same time. He takes sick on the fifth day, too, but not quite as sick as man "B". He at least is able to hobble down to the unemployment insurance office and establish his claim and he is all right. By this, are you not as a matter of fact encouraging people to get out of bed if they possibly can and get down and establish their right to benefit and leaving it open to a number of anomalies? There is no doubt about it; I would like to see it go the whole way, even with an increase in the premium for a sickness benefit across the board something of the order Mr. Humphrys described the other day. If it cannot go that far it seems to me that people genuinely unemployed for the reason set out in the Act, namely that there is no work, should not be denied their benefit because they take sick on the fifth day rather than on the tenth day.

The ACTING CHAIRMAN: Shall clause 66 carry?

Carried.

Hon. Mr. GREGG: I shall give it further consideration but I cannot undertake to say that there would be any result therefrom.

The ACTING CHAIRMAN: We shall now return to clause 2 which was stood at the request of the chairman.

Mrs. FAIRCLOUGH: Are you taking this paragraph by paragraph?

The ACTING CHAIRMAN: If it is the wish of the committee we shall so take it.

Paragraph (a) carries.

Paragraph (b) carries.

Paragraph (c) carries.

Paragraph (d).

Mrs. FAIRCLOUGH: Paragraph (d) says that the word "employer" includes a person who has been an employer. How long does any individual remain an employer if he ceases to renew his licence to employ workers and if he no longer has workers in his employ?

Mr. BARCLAY: In reviewing the drafting of the Act we found quite a number of clauses where the language was repetition and in regard to a person who has or has been an employer, the draftsman felt he would save a little ink if he set out in the interpretation clause the fact that the expression "employer" included a person who is or has been an employer and it would save repetition throughout several clauses of the Act.

Mrs. FAIRCLOUGH: It still does not answer the question, does it? The fact that he has been an employer at any time—

Mr. BARCLAY: I would say off hand the statute of limitations would probably cover it. If the auditor, for example, five years from now went back

and found that a certain person had some people in his employ and had not paid contributions it would operate in his case.

Mrs. FAIRCLOUGH: But would he not cease to be an employer for the purposes of the Act when he ceases to renew his licence or to employ workers?

Mr. BARCLAY: Not until he has satisfied all his obligations under the Act.

Mrs. FAIRCLOUGH: Until he has a clean bill from the auditors. You said the other day that most of them are cleaned up within one year?

Mr. BARCLAY: Yes, 85 per cent.

Mrs. FAIRCLOUGH: That would be within the time of the renewal of his licence?

Mr. BARCLAY: There may be the odd one we do not catch.

Mr. MURCHISON: It is largely a matter of enforcement, Mr. Chairman. It is necessary on occasions, for the administration to go back over the records of a person who at one time was an employer and is not at the time the default was discovered. It is necessary to have the right to go back.

Mr. MICHENER: I think from a legal point of view you and I might say we will save some ink, but it will create some problems. For example, if you try to interpret some of the sections of the Act where employers are mentioned—for example, in section 3, subsection (2)—“Shall be appointed after consultation with organizations representative of employers”—this definition means that there will be consultation with organizations representative of persons who are and persons who have been employers. You are going to have a little problem finding them.

Hon. Mr. GREGG: I think this was put in to make that unnecessary.

The ACTING CHAIRMAN: Paragraph (d) carried.

Paragraph (e) carried.

Paragraph (f) carried.

Paragraph (g) carried.

Paragraph (h) carried.

Paragraph (i).

Mrs. FAIRCLOUGH: Once more we have the same situation here—“insured person” means a person who is or has been employed in insurable employment”. Since one of the objects of the bill was to clarify the text it seems to me not much has been gained in this particular case. In the case of a person who has been in insurable employment but who has made no contribution for years and has exhausted all benefit claims, is he still going to be called an insured person under this bill?

Mr. BARCLAY: It is a little closer than that, Mrs. Fairclough. It means a person who is or has been employed in insurable employment—the moment he becomes unemployed he is no longer employed.

Mrs. FAIRCLOUGH: But he may be employed now in uninsurable employment?

Mr. BARCLAY: But if he was insured in insurable employment he could claim under the Act.

Mrs. FAIRCLOUGH: Conceivably if a person at any time has been employed in insurable employment he is still an insured person despite the fact he is not insured in employment and has not been for some time and has exhausted all the benefits coming to him?

Mr. BARCLAY: It would go that far, but I do not know how it would apply to a person who had no connection whatever with the Act.

Mr. KNOWLES: I was insured in insurable employment in 1940 and 1941. Am I an insured person?

Mr. BARCLAY: Have you any rights under the Act?

Mrs. FAIRCLOUGH: Perhaps you should say then who has rights under the Act.

Mr. MICHENER: Perhaps the answer lies in the sections where the words are used. It may be found that it is not practical to work with the kind of definition section which we have. It may be found impractical.

The ACTING CHAIRMAN: Paragraph (i) carried.

Paragraph (j) carried.

Paragraph (k) carried.

Paragraph (l) carried.

Paragraph (m).

Mrs. FAIRCLOUGH: Could the commission explain why paragraph (m) is necessary in view of paragraph (c). What is the difference between these two and why is it necessary to interpret "week" as commencing on and including Sunday?

Mr. DUBUC: The word "week" is in this clause to make it clear that all weeks in the various sections of the bill start at the same time and end at the same time.

Mrs. FAIRCLOUGH: As distinct from a contribution week which might start on Thursday or Friday?

Mr. DUBUC: No, a contribution week is one of these weeks from Sunday to Saturday in which a person has earnings and contributions.

Mrs. FAIRCLOUGH: In the case of a contribution week, now that the plan of contribution is changed from a daily to a weekly basis and stamps are placed in the book for a week, in some cases the work week terminates on Thursday, you see—

Mr. DUBUC: Yes.

Mrs. FAIRCLOUGH: Conceivably if a man worked a full week, that is his employer's week—he started on a Friday and concluded the following Thursday, and just had the one week,—would his employer place a stamp in his book for one week or for part of two weeks?

Mr. DUBUC: It could be one week or two weeks because you have to allocate that period to the week of seven days. If a man works Thursday to Thursday that is a working week and the employer's weeks could be weeks for contribution purposes—

Mrs. FAIRCLOUGH: What does the employer do in placing stamps in his book?

Mr. DUBUC: The commission has power to prescribe regulations as to whether he is going to put in one stamp or two stamps.

Mrs. FAIRCLOUGH: There is no problem for people who are steadily employed, but for a man who worked for actually one week but the days which he worked were part of two calendar weeks—

Mr. DUBUC: There is a power in the Bill to allocate. I will read you the section which is section 42 (f):

for defining and determining 'earnings' and 'pay period' and for the allocation of earnings and contributions to pay periods and to weeks;

There is your answer as to whether or not he will have one stamp for the first week or the second week or both.

Mrs. FAIRCLOUGH: It would seem to me that you are going to have difficulty proving just what time these people work. A man may have a stamp in his book already and then he goes to a second employer and he has another stamp put in.

Mr. DUBUC: That is right. It is for the earnings, not for the week.

Mrs. FAIRCLOUGH: He should probably have two contribution weeks because now you are on the basis of whether he works at all in a given week.

Mr. DUBUC: It is a matter for the auditors to see that it is in the right place.

Mrs. FAIRCLOUGH: I think you will have to give some thought to that. I can see where you could conceivably have three stamps in one week where probably that should be spread over three weeks.

Mr. DUBUC: It will be placed where it should be placed.

The ACTING CHAIRMAN: Shall paragraph (m) carry?

Carried.

Shall Clause 2 carry?

Carried.

You now have the wording proposed by the legislative counsel of the Justice Department for all of the amendments which have been made by this Committee since the beginning of the discussion on this Bill.

Mr. BARCLAY: I might say that on this list where there is no change mentioned the wording is as already concurred in by the committee.

The ACTING CHAIRMAN: Is the committee satisfied that these things form part of the report? (*See Minutes*) They have all been adopted in principle. It is simply a matter of the wording.

Clause 6?

Agreed.

Clause 21 (1)?

Agreed.

Clause 29?

Agreed.

Clause 31?

Agreed.

Mr. KNOWLES: What did you do on 46 (2)?

Mr. BARCLAY: The legislative counsel wants to change the wording adopted by the committee to the wording suggested here.

Mr. MICHENER: What we are asked to adopt is the last wording?

Mr. DUBUC: In 46 (2) the clause suggested by the Department of Justice is added to the present 46 (2). It is an addition.

Mr. KNOWLES: We are trying to find out which one is being accepted. The first part is a complete substitution for 46 (2). Do you intend to keep 46 (2) as it is plus the addition of the last paragraph?

Mr. BARCLAY: It should say "add at the end of subclause (2) the following."

Mrs. FAIRCLOUGH: We have already adopted one and in a minute we will have to take that out and put this in its place.

Mr. BARCLAY: Yes.

The ACTING CHAIRMAN: Clause 46 (2)?

Agreed.

Clause 53 (5)?

Agreed.

Clause 67 (2)?

Agreed.

Clause 70?

Agreed.

Clause 73?

Agreed.

Clause 75?

Agreed.

Clause 102?

Agreed.

Clause 116?

Mr. BARCLAY: The committee yesterday did not like the way 116 was amended.

Mr. CROLL: Did not like the wording.

Mr. BARCLAY: Clause 116 at present reads:

This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

The committee adopted the wording "This Act except section 3 shall come into force on October 2, 1955." That was referred to the legislative counsel and he did not like the wording either. He has substituted: replace Clause 116 with the following:

116. This Act, except section 122, shall come into force on the 2nd day of October, 1955.

and added a new clause 122. He has achieved what the committee wanted to do. The new clause 122 says:

Subsection (3) and (4) of section 4 of the old Act are repealed and the following substituted therefor:

Now, these subclauses which he has here (3), (4) and (5) are the same as in the present clause 3 of the bill and while it is a repetition he feels that this is the best way to achieve what the committee had in mind yesterday.

Mr. MICHENER: Will clause 3 still remain in the bill as it is?

Mr. BARCLAY: Oh, yes.

Mr. KNOWLES: I know, Mr. Chairman, it is risky to argue with legislative counsel but I have found from my experience that these draftsmen can change their ideas and the result would be that clause 3, subclauses (3), (4) and (5) will by virtue of clause 116 come into effect on the 2nd day of October, 1955.

Mr. BARCLAY: These particular subclauses will go into effect on assent of the bill. But, Mr. Chairman, by clause 116 you bring into effect on October 2nd all of the bill except clause 122 which you have brought into effect on assent. It is the same wording as you have in clause 3.

Mr. DUBUC: There will be an overlap, I think, there.

Mr. KNOWLES: My point is you will have three subclauses (3), (4) and (5) of clause 3 and (3), (4) and (5) of clause 122 which show the same thing. In one instance they come into effect on the 2nd of October and in the other instance on assent.

Mr. DUBUC: That is right, it is just to bridge the gap between royal assent and October 2. It is a repetition of clause 3.

The CHAIRMAN: We have agreed to the changes in 116. Then we will have to dispose of clause 122, I suppose.

Shall clause 122 carry?

Mr. CANNON: I don't quite understand this. He says that the same sub-clauses in 122 are the ones in 3. Well, why do they need 122 if you have them in 3?

Mr. DUBUC: It is to give you the date of royal assent for those three sub-clauses. When it comes to October 2 they will be in effect again by virtue of the other clause.

Mr. CANNON: If by operation of 116, won't the whole clause 3 come into force on October 2, 1955?

Mr. KNOWLES: That will come into effect on October 2, but it will already have come into effect by royal assent.

The ACTING CHAIRMAN: Clause 121?

Mr. BARNETT: Mr. Chairman, perhaps the Minister of Labour would agree that at the next session he would bring in an Act to repeal 122.

Hon. Mr. GREGG: Not at all.

Mrs. FAIRCLOUGH: Does this mean that the chief commissioner holds office for ten years from the date of appointment or re-appointment regardless of age? Supposing a chief commissioner is still not 65 years of age, supposing he is 64 and he is re-appointed; does he hold office until he is 74?

Supposing his term of office of ten years terminates while he is 64, in his 65th year, and he is appointed. You see, the other commissioners, other than the chief commissioner cease to hold office upon attaining the age of 65, but this subclause (5) only covers the chief commissioner because he is spelled out in a different category there.

Mr. BARCLAY: Mrs. Fairclough, subclause (1) of 3 says:

(1) There is hereby established a commission called the "Unemployment Insurance Commission" consisting of three commissioners, appointed by the Governor in Council, of whom one shall be chief commissioner.

And subclause (4):

(4) A commissioner may be removed by the Governor in Council at any time for cause, and a commissioner ceases to hold office upon attaining the age of sixty-five years.

It is intended that that will cover the chief commissioner. I think the wording of subclause (1) does that.

Mrs. FAIRCLOUGH: But subclause (3) differentiates between the chief commissioner and other commissioners.

Mr. BARCLAY: Except in subclause (1).

Mrs. FAIRCLOUGH: Then why do you have (3) in there:

(3) The chief commissioner shall be appointed to hold office for a period of ten years, and each of the other commissioners shall be appointed to hold office for a period not exceeding ten years.

Mr. MICHENER: There is no doubt that the chief commissioner is also a commissioner, but when you have defined him as a chief commissioner and made provision in respect to him and then you go on to speak about a commissioner and not the chief commissioner, I think it raises a difficulty of interpretation which could be resolved simply by adding to subclause (4): "A

commissioner including the chief commissioner may be removed by the Governor in Council."

Hon. Mr. GREGG: Well, the intention, of course, was to make it possible for all the commissioners to be extended beyond 65, that the 65 was only put there as a check date in reality. Now, if there is any great doubt about that we will refer it back to the legislative counsel and bring it in when it comes back into the committee of the whole.

Mrs. FAIRCLOUGH: The commissioners would be appointed subsequent to 65 years of age for one-year periods?

Hon. Mr. GREGG: Yes.

Mrs. FAIRCLOUGH: But according to the way this reads it seems as though the chief commissioner could be re-appointed at the age of 64 for a ten-year period.

Hon. Mr. GREGG: He could be extended, but he could not be appointed for a ten-year period. We will check that again.

Mrs. FAIRCLOUGH: I think we can discuss this matter without personalities coming into it because obviously the chief commissioner is a long way definitely from 65.

Hon. Mr. GREGG: He is just a boy.

Mr. KNOWLES: At 65 he can go on unemployment insurance for 30 weeks.

The ACTING CHAIRMAN: Shall the clause carry?

Carried.

Clause 121(2)?

Carried.

On clause 121(2) we are accepting the wording by the legislative counsel?

Agreed.

Shall the title carry?

Carried.

Shall the bill, as amended, carry?

Carried.

Shall I report the bill with amendments?

Carried.

Mrs. FAIRCLOUGH: I suppose the recommendations will be included in the report? I still have these recommendations.

The ACTING CHAIRMAN: We have those matters to deal with.

Mrs. FAIRCLOUGH: But the door is not closed to receiving them because I still have these recommendations of mine.

The ACTING CHAIRMAN: I think the committee were more or less unanimous on most of these recommendations. I will read them again.

Mr. CANNON: Before you read the recommendations, I think I should get this on the record. When we studied subparagraph (b) of clause No. 27 concerning the employment in fishing an amendment was suggested by Mr. Croll which I supported.

Later on when we came to that clause Mr. Croll was not here and I said as far as I was concerned I was willing to have the amendment withdrawn but felt that a recommendation be made in the report of the committee concerning fishermen. I have talked to Mr. Croll about it since and he is also willing to withdraw the amendment that he proposed on condition that the recommendation be included in the report of the committee.

The ACTING CHAIRMAN: This is not a report. It is simply a list of the matters that were suggested.

Clause 3—To increase number of commissioners. —Mrs. Fairclough.

Clause 27(a)—Suggestion by Mr. Gregg to include under the coverage of the Act certain fringe groups in agriculture.

Clause 27(b)—To cover fishermen who are wage earners. —Mr. Cannon.

Clause 27(d)—Suggestion by Mr. Gregg to cover certain categories of hospital employees.

Clause 27(g)—To include under coverage provincial and municipal police. —Mr. Gillis.

Clause 48(1)—To increase the duration of benefit from the 30 weeks proposed to a longer period. —Mr. Croll.

Clause 67(1) (c) (iv)—To modify the regulations imposing additional conditions on married women. —Mr. Gillis.

As I have said, I think we on the committee are all in agreement and the minister, that these should go into the report with the exception of the increase in the number of commissioners. Do the committee wish to adopt all of these separately?

Hon. Mr. GREGG: Mr. Chairman, would it save time if I made a suggestion that the steering committee plus those who are interested in these various recommendations might meet together and work out the actual wording. I think the secretary has the wordings that were discussed before and then could the committee meet again and go over those, say, at 8.15 or sometime like that?

Mr. GILLIS: I would like to ask the minister a question for the record before we finish: I take it the regulations which we have been looking at here during the course of the discussions of this Act die with the passage of this Act?

Mr. BARCLAY: They will have to be redrafted.

Mr. GILLIS: The regulation which refers to a guarantee wage, passed in 1952, is I think unnecessary and I suggest when the commission is studying the regulations again that they drop that.

Hon. Mr. GREGG: When you say "die", Mr. Gillis—they will have to continue from day to day until they are renewed. The commission has already started some work in connection with this, and as soon as this has passed the House it will begin to go over all these regulations and renew them. We do not have to amend the Act, but the regulations.

Mr. GILLIS: You will consult the labour unions before you make regulations?

Hon. Mr. GREGG: I said that the other day.

Mr. GILLIS: So if they ask about the regulations, such as the one which Mr. Knowles has referred to, you will not be in the position of saying they have agreed to all this.

The ACTING CHAIRMAN: Can the steering committee meet immediately?

Mrs. FAIRCLOUGH: The report will have to include all the amendments, I take it.

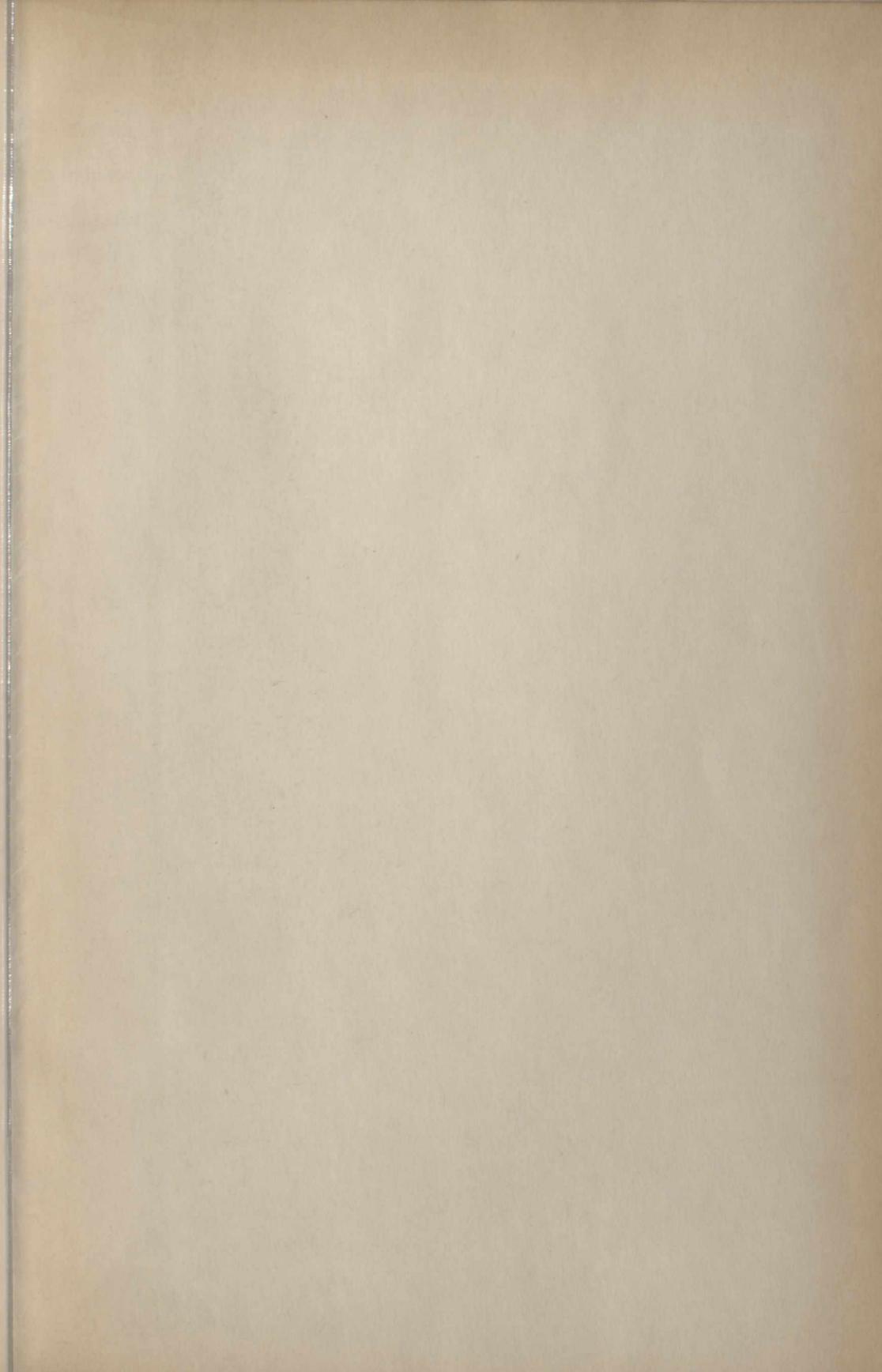
The ACTING CHAIRMAN: The report will consist of the suggested amendments.

Mrs. FAIRCLOUGH: Remember that the committee is not reporting unanimously on this bill.

The ACTING CHAIRMAN: You will be remaining to take part in the meeting.

Mrs. FAIRCLOUGH: When the report comes in, there are some clauses which we have objected to.

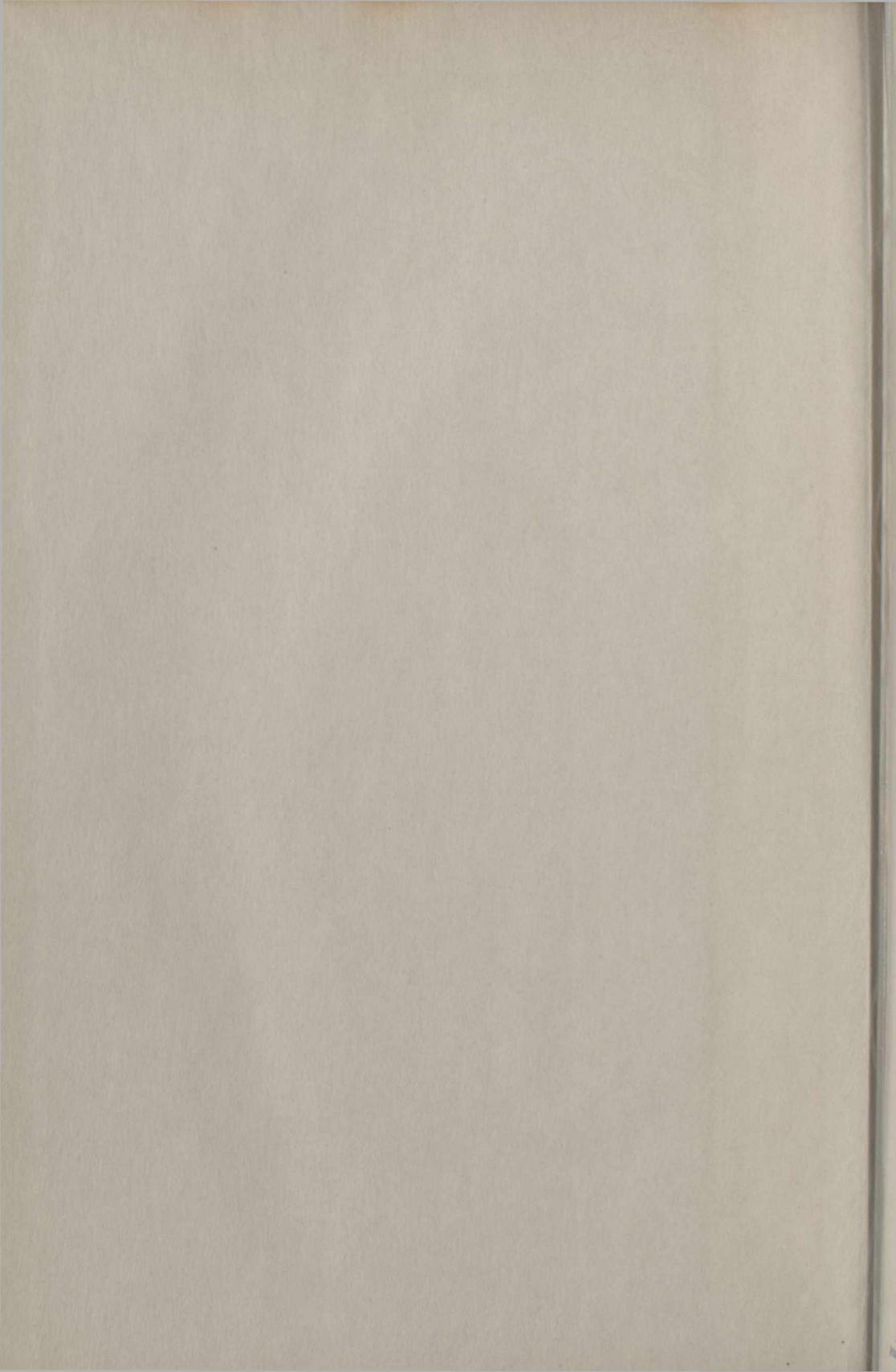
The ACTING CHAIRMAN: There will be a meeting of the entire committee at 8.15 to deal with the whole report *in camera*. The committee will meet at 8.15 in this room.



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