

## Section 5.—Unemployment Insurance

During the depression of the 1930's the necessity arose for some form of systematic unemployment assistance, for legislation that would provide for federal control and administration of such assistance and for an employment service that would be closely related to it. Thus in 1935 the Employment and Social Insurance Act was passed by the Federal Parliament but was subsequently declared invalid by the Privy Council. Later, consent of the provinces was sought to an amendment to the British North America Act to empower the Federal Parliament to legislate on unemployment insurance and in 1940 the Unemployment Insurance Act was passed, making provision for a compulsory contributory unemployment insurance scheme and also for the establishment of a national employment service to operate in conjunction with and ancillary to the unemployment insurance operations carried on under the Act. The Act, which came into effect on July 1, 1941, was later amended on several occasions and was replaced by a new Unemployment Insurance Act passed on July 1, 1955, and effective Oct. 2, 1955.

Legislation provides for compulsory coverage of four-fifths of non-agricultural employees under an insurance program administered by the Federal Government and requires employers to join with their insurable employees and the Government in building up a fund. This fund is held in trust by the Unemployment Insurance Commission for the payment of benefits to unemployed insured persons. The Act is administered by a Commission of three persons appointed by the Governor in Council of whom one is the Chief Commissioner. One Commissioner, other than the Chief Commissioner, is appointed after consultation with employer organizations, and the other after consultation with employee organizations.

The Unemployment Insurance Act applies to all persons employed under a contract of service, except the following: employment in specified industries or occupations such as agriculture, horticulture, forestry (effective Jan. 1, 1956, coverage was also extended to certain employments in these three industries); the Canadian Armed Forces; the permanent public service of the Federal Government; provincial government employees except where insured with the concurrence of the government of the province; certified permanent employees of municipal or public authorities; private domestic service; private duty nursing; teaching; certain director-officers of corporations; workers on other than an hourly, daily or piece-rate, earning more than \$4,800 a year unless they elect to continue as insured persons; employees in a charitable institution or in a hospital not carried on for purpose of gain except where the institution or hospital consents to insure certain groups or classes of persons with the concurrence of the Commission. All persons paid by the hour, day, or at a piece-rate (including a mileage rate) are insured regardless of amount of earnings, together with all employees who receive \$4,800 or less at weekly, monthly, yearly or commission rates.

**Unemployment Insurance Fund.**—Employers and employees contribute to the Unemployment Insurance Fund, the total paid by each group being equal. The Federal Government contributes an amount equal to one-fifth of the combined employer-employee contributions and assumes the cost of administration. From July 1, 1941 to Mar. 31, 1957, employers and employees contributed \$1,757,865,079 to the Fund and the Federal Government added \$351,569,530. Interest and profit on the sale of securities amounting to \$223,134,877 and fines of \$294,145 made a total revenue of \$2,332,863,631.

Benefits first became payable on Jan. 27, 1942, and from that date to Mar. 31, 1957, total benefit payments amounted to \$1,458,288,979, leaving a balance of \$874,574,652 in the Fund. Revenues of the Fund are invested in Government of Canada bonds the par value of which amounted to \$878,402,500 as at Mar. 31, 1957.