

Section 5.—Unemployment Insurance*

During the depression of the 1930's the need for a nation-wide scheme of unemployment insurance became recognized. In 1935 the Employment and Social Insurance Act was passed by the Federal Parliament but was subsequently declared invalid by the Privy Council. Later, by consent of the provinces, an amendment to the British North America Act was obtained empowering 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 some four-fifths of all 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 and 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 \$5,460 a year effective Sept. 27, 1959, 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 \$5,460 or less at weekly, monthly, yearly or commission rates.

Under the Canadian Unemployment Insurance Act, benefit payments are made out of a Fund derived from moneys provided by Parliament and from contributions by insured employed persons and their employers. The amount of the employee contribution is determined by his weekly earnings and, since 1950, an equal contribution is required from the employer. Federal Government participation amounts to one-fifth of the aggregate employer-employee contribution. In addition, administrative costs are assumed by the Federal Government. Contributions became payable on July 1, 1941 and by Mar. 31, 1961 a total of \$3,168,000,000 had been provided from these three sources; accruals from investment over the period brought the net revenue to \$3,436,000,000. Investment transactions, as authorized by an Investment Committee, are carried out by the Bank of Canada.

Benefits became payable on Jan. 27, 1942 and by Mar. 31, 1961 a total of \$3,251,000,000 had been paid, the balance in the fund at that date being \$184,700,000.

* Prepared by the Unemployment Insurance Section, Labour Division, Dominion Bureau of Statistics; statistics of unemployment insurance are compiled and published by the DBS from material supplied by the Unemployment Insurance Commission.