

Security covered the public more effectively than government annuities. Accordingly, by Cabinet directive, at the close of 1967 the sales force was disbanded and active sales promotion of annuities ceased.

During the years, inflationary pressures and rising interest rates had placed annuitants at a distinct disadvantage. The interest rate on government annuities ranged from 3% to 5¼% with the average rate about 4%.

The Government Annuities Improvement Act became law on December 20, 1975. By it the rate of interest on annuity contracts was raised to 7% and a further percentage adjustment was provided for when the annuity came under payment; greater flexibility was provided in annuities administration; and the sale of annuity contracts was formally terminated. This program comes under the administration of the Unemployment Insurance Commission.

8.5 Unemployment insurance

Unemployment insurance has been part of Canada's social and economic life since the Unemployment Insurance Act was passed in 1940. Since that time various amendments have brought new categories of workers into the plan and contributions and benefit rates have been raised periodically to meet changing economic conditions. However, until recently, the basic structure of the plan remained unaltered.

In 1968, when Parliament approved upward revisions of both contributions and benefit rates and broadened the scope of coverage, the Unemployment Insurance Commission was instructed to investigate the program and to recommend appropriate changes in philosophy and structure. The Unemployment Insurance Act, 1971, effective June 27, 1971, was the result of this study; its basic objectives were to provide assistance to cope with interrupted earnings resulting from unemployment, including unemployment from illness, and to cooperate with other agencies engaged in social development.

The 1971 act extended coverage to all regular members of the labour force (effective January 2, 1972) for whom there existed an employer-employee relationship. The only non-insurable employees were those who earned less than 20% of the maximum weekly insurable earnings or less than 20 times the provincial hourly minimum wage, whichever was less. Coverage, contributions and benefit entitlement ceased at age 70.

Employers and employees would absorb the cost of initial benefits and administration with the employer rate at 1.4 times the employee rate. The government share was confined to the cost of extended benefits and the excess cost of initial benefits resulting from a national unemployment rate greater than 4%. In 1975 the rate of employee contributions was \$1.40 per \$100 of insurable earnings with a maximum of \$2.59 a week. The Department of National Revenue, Taxation collects the contributions.

Under the program, the duration of benefit was not determined solely by how long a person had worked. A claimant could draw benefits for a maximum of 51 weeks depending on his employment history and prevailing economic conditions, providing he had contributed for at least eight weeks in the last 52 and was available, capable and searching for work. Persons with 20 or more weeks of insured earnings (a "major labour force attachment") were eligible for a wider range of benefit that included a pre-payment of three weeks of regular benefit for work-shortage lay-offs, benefit payments when the interruption in earnings was caused by illness or pregnancy, and three weeks retirement benefit for older workers.

Sickness benefit was available for a maximum of 15 weeks for persons with a major labour force attachment whose earnings were interrupted by illness, injury or quarantine (excluding workmen's compensation). If a person was taken ill while on regular claim, sickness benefit was available but the combined duration of benefits during the initial benefit period could not exceed 15 weeks.