

The Government Annuities Improvement Act became law on December 20, 1975. It raised the interest rate on annuity contracts 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 new annuity contracts was terminated.

Unemployment insurance

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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 brought new categories of workers into the plan and contributions and benefit rates were raised periodically to meet changing economic conditions. However, the basic structure of the plan remained unaltered until 1968, when Parliament approved upward revisions of both contributions and benefit rates and broadened the scope of coverage, and the Unemployment Insurance Commission was told to investigate the program and recommend appropriate changes. The Unemployment Insurance Act of 1971 was the result. Its basic objectives were to provide assistance to cope with interrupted earnings resulting from unemployment, including unemployment from illness.

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.

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 above-average rates of unemployment. In 1978 the rate of employee premiums was \$1.50 per \$100 of insurable earnings. The employer premium was \$2.10 per \$100. The revenue department collected the premiums.

Changes to the act have made the benefit structure more responsive to economic conditions. Under the 1971 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 employment history and prevailing economic conditions, providing he contributed for at least eight weeks in the prior 52 and, now unemployed, was available, capable of and looking for work. Persons with 20 or more weeks of insured earnings (a major labour force attachment) were eligible for benefit payments when the interruption in earnings was caused by illness or pregnancy, and three weeks retirement benefit for older workers.

To be eligible in late 1977 the person must have worked from 10 to 14 weeks in insurable employment during his qualifying period, usually the 52 weeks prior to applying for benefits, or since the start of the last claim, whichever was more recent. The exact number of weeks required to be eligible depended on the unemployment rate in the economic region where the claimant normally lived. There were 16 economic regions in Canada. Benefits could be drawn for a maximum of 50 weeks.

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. Previously, sickness benefit had been available only during the first 39 weeks of the claim. Now it was payable any time during the benefit period. If a person took ill while on regular claim, sickness benefit was available, limited by the weeks of regular benefit already received.

Maternity benefit was available for 15 weeks to women with a major labour force attachment. They must also have been part of the labour force for at least 10 weeks during the 20-week period between the 30th and 50th week before the expected date of birth. The claimant could take the 15 consecutive weeks anytime between the 10th week before the expected birth and the 17th week after.

Retirement benefit, available for three weeks, was paid in a lump sum to claimants with a major labour force attachment who were 65 years of age. They were eligible whether or not they continued working. The benefit was paid without a waiting period and without regard to earnings or availability.