

The Province of Quebec introduced a supplementary family-allowances program for dependent children under the age of 16. These allowances are based on family size and the ages of the children and are paid twice yearly. Newfoundland also pays supplementary schooling allowances with twice-yearly payments to school children.

Youth Allowances

This program, which is administered by the Department of National Health and Welfare, became effective in September 1964. It provides monthly allowances of \$10 in respect of all dependent youths aged 16 and 17 receiving full-time educational training or precluded from doing so by reason of physical or mental infirmity. Youth allowances are paid from general revenue and are not considered income for income-tax purposes. A higher income-tax exemption is allowed for dependents 16 years old and over than for those under 16. Eligibility is determined by the residence of a child's parents. A child may be temporarily absent from the country, at school, or absent and receiving care if disabled, and still be considered eligible. Quebec has its own system of youth allowances under special financial arrangements with the Federal Government.

Canada Pension Plan

The Canada Pension Plan is a contributory social-insurance program for members of the Canadian labour force. It was enacted in 1965 and the first contributions were collected in January 1966. Each contributor builds up a right to a retirement pension, the amount of which is related to his previous earnings patterns. Benefits are also provided thereunder to a disabled contributor and his dependent children. At the contributor's death, his widow and children receive a lump-sum death benefit, as well as monthly benefits. Quebec operates its own plan, the Quebec Pension Plan, which is closely coordinated with the Canada Pension Plan, so that both operate as one. Together they cover about 92 per cent of the labour force in Canada. There are certain minor exemptions from coverage. The largest of the exempted groups are employees who earn \$600 or less a year and self-employed persons who earn less than \$800 a year.

The Plan is financed by contributions from employees, employers and self-employed persons, and by interest earned by the fund. The Plan provides a pension index and an earnings index, which are used to make adjustments thereto for changing economic conditions. The pension index reflects upward changes in the consumer price index from 1 per cent up to a limit of 2 per cent and is principally used to adjust benefits in pay. The earnings index, on the other hand, is based on a long-term moving average of national wages and salaries and will be used from 1976 on to adjust the contributory limits under the Plan. Retirement pensions were first payable in January 1967 to retired contributors 68 years of age and over. Each year thereafter, the retirement age has been reduced by one year, so that from 1970 on any contributor aged 65 or over who has retired is able to claim his retirement pension.