PART II - INCOME MAINTENANCE

Family Allowances

Every child under 16 years of age who was born in Canada, or who has resided here for at least one year, or whose father or mother was domiciled in Canada for three years immediately before his birth is eligible for family allowances. The allowances, which were established in 1945, are paid from general revenue by the Department of National Health and Welfare, involve no means test and are not considered as income for income-tax purposes. The income-tax exemption allowed for dependent children eligible for family allowances is, however, less than that for those not so eligible. Allowances are paid at the monthly rate of $6 for children under ten years of age and $8 for children aged ten or over but under 16. The Department pays family assistance, at the rates applicable for family allowances, for each child under 16 years of age supported by an immigrant who has landed for permanent residence in Canada or by a Canadian returning to Canada to reside permanently. This assistance is paid monthly for a period of one year, until the child is eligible for family allowances.

Youth Allowances

This programme, 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, are not considered as income for income-tax purposes, and, unlike family allowances, their receipt does not reduce the income-tax exemption allowed for a youth as a dependent child. Eligibility is determined by the residence of a child's parents. A child may be temporarily absent from the country, at school or absent receiving care, if disabled, and still be considered eligible. The Federal Government does not pay youth allowances in Quebec, which has its own programme. Quebec is compensated by a tax abatement adjusted to equal the amount that the Federal Government would otherwise have paid in allowances to Quebec residents. Both programmes cover all youths in this age group in Canada.

Canada Pension Plan

The Canada Pension Plan is a contributory social insurance programme 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 pattern. Benefits are also provided thereunder to a disabled contributor and his dependent children and, at the contributor's death, a lump-sum death benefit is paid, as are monthly benefits to his widow and children. Quebec operates its own plan, the Quebec Pension Plan, which is closely co-ordinated with the Canada Pension Plan, so that both plans operate as one and the same plan. 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 in a calendar year or self-employed persons who earn less than $800. The Plan is financed by contributions of 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 will reflect upward changes in the consumer price index and is principally used to adjust benefits in pay, and the earnings index, which will be based on a long-term moving average of national wages and salaries, will be used mainly from 1976 on to adjust the contributory limits under the Plan.