Guaranteed income supplement. A 1966 amendment to the Old Age Security Act provides for the payment of a monthly guaranteed income supplement (GIS) to old age security pensioners who have little or no income other than the pension. When the program commenced on January 1, 1967, the maximum supplement was $30 a month; after 1967, it was 40% of the amount of the old age security pension. An amendment passed in December 1970 raised the maximum monthly supplement to $55 for a single pensioner and to $95 for a married couple, both of whom were pensioners. A further amendment in 1972 increased the GIS benefits to $67.12 a month for a single pensioner and $119.24 for a married couple effective January 1, 1972. The increase in the basic OAS pension to $100 and escalation of GIS benefits effective April 1, 1973 will provide a minimum income consisting of the OAS pension and GIS supplement of $170 a month for a single pensioner and $325 a month for a pensioner couple. GIS benefits are escalated each April by the full increase in the consumer price index.

Pensioners with income in addition to their old age security pension may receive partial benefits. The maximum supplement is reduced by $1 a month for every full $2 a month of income over and above the old age security pension and any supplement that may have been received. Income for this purpose is the same as that computed in accordance with the Income Tax Act. In the case of a married couple, each is considered to have one half of their combined income. Where one spouse will not be receiving an old age security pension at any time in the current year, six times the amount of the monthly old age security pension is deducted from one half of the combined income in calculating the income of the pensioner for guaranteed income supplement purposes.

The guaranteed income supplement program is administered in conjunction with the old age security pension program. An application for the supplement is sent to each person when he begins to receive the old age security pension and subsequently at the beginning of each calendar year. Entitlement is reassessed each year on the basis of the pensioner's income in the preceding year.

6.5.3 Family allowances

The Family Allowances Act of 1944 assists in providing equal opportunity for all Canadian children. The allowances do not involve a means test and are paid from the federal Consolidated Revenue Fund. They do not constitute taxable income but there is a smaller income tax exemption for children eligible for allowances.

Allowances are payable in respect of every child under age 16 who was born in Canada, or who has been a resident of the country for one year, or whose father or mother has been domiciled in Canada from a date three years immediately prior to the date of birth of the child. Payment is made by cheque each month, normally to the mother, although any person who substantially maintains the child may be paid the allowance on his behalf. Allowances are paid at the monthly rate of $6 for each child under ten years of age and $8 for each child age ten or over but under 16 years. If the allowances are not spent for the purposes outlined in the Act, payment may be discontinued or made to some other person or agency on behalf of the child. Allowances are not payable for any child who fails to comply with provincial school attendance legislaton, who ceases to be maintained by a parent or who ceases to be a resident of Canada, or on behalf of a girl who is married and under age 16. Details of the operations of the plan for the year ended March 31, 1972 appear in Table 6.7.

The program is administered by the Department of National Health and Welfare through regional offices located in each provincial capital. The regional director located at Edmonton also administers the accounts of residents in the Yukon Territory and Northwest Territories.

The federal government pays family assistance, at the rates applicable for family allowances, for each child under 16 years of age resident in Canada and supported by an immigrant who has landed for permanent residence in Canada, or by a Canadian returned to Canada to reside permanently. The assistance, which is payable monthly for the first year of the child's residence in Canada, is intended to bridge the gap until the child becomes eligible for family allowances. The eligibility requirements, other than that relating to residence, are the same for family assistance as for family allowances.

Quebec introduced its own family allowances program, supplementing the federal scheme, under legislation enacted in 1967 (see Section 6.7.4). The Newfoundland program, called the Parents' Supplement (Schooling Allowance) introduced in 1966 under which payments were made for children attending school, was discontinued in July 1972.