

In 1972 Quebec amended its Plan to make changes to take effect on January 1, 1973. Maximum escalation under the pension index was raised from 2% to 3%. Maximum pensionable earnings were increased from \$5,500 in 1972 to \$5,900 in 1973; these ceilings will rise to \$6,100 in 1974 and to \$6,300 in 1975. The widow's pension, the disabled widower's pension for pensioners under 65 and the disability pension were all increased in that the flat rate portion of these pensions which was \$27.60 a month in 1972 was increased to \$80.00 in 1973. The amount of orphan's benefit and the benefit for a disabled contributor's child will no longer be reduced when the number of children in a family exceeds four. The orphans' and children's benefits will be fixed at \$29.00 a month from January 1974. The retirement test was altered as well; commencing in 1973 a retired pensioner under age 70 will be entitled to earn \$1,020 annually and still receive the full amount of his pension and when his earnings are over \$1,020 the pension will be reduced by 50 cents for each dollar earned in excess of this amount. Administrative arrangements have been worked out between the Canada Pension Plan and Quebec Pension Plan to deal with dual contributors. In 1971, 125,343 beneficiaries received \$43.5 million in benefits.

## 6.8 Health and welfare statistics

### 6.8.1 Government expenditures on health and welfare

In the years ended March 31, 1963-71, expenditures by all levels of government on health and social welfare rose approximately two and a half times from \$3,899 million to an estimated high of \$10,027 million. If these figures are adjusted to take account of the growth in population, the increase in per capita expenditures from \$208 to \$466 was about 124%. Government expenditures may also be measured in relation to major economic indicators; on this basis, annual government expenditures on health and social welfare over the 1963-68 period remained relatively stable, fluctuating between 11.5% and 12.9% of net national income and between 8.6% and 9.7% of gross national product. Since 1968, however, they have tended to rise from year to year. Table 6.12 gives the relevant statistics.

The federal share of health and social welfare expenditures fell from 68.8% in 1962-63 to 57.8% in 1970-71, the provincial share rose from 28.2% to 40.1%, and municipal outlays declined from 3.0% to 2.1%.

Compared with the previous year, 1969-70, health and social welfare expenditures by all levels of government increased by \$1,450 million or close to 17%. This may be compared to the rise of \$1,178 million or 16% in 1969-70 over 1968-69. Expenditures by the federal and provincial governments increased by 14.6% and 20.8%, respectively, from 1969-70 to 1970-71. The main items causing this rise included higher disbursements under the old age security and guaranteed income supplement programs, principally because of the lowering of the eligible age and increase in the monthly benefits paid, the increased expenditures under the Canada Assistance Plan, much higher expenditures under the Unemployment Insurance Act, increases under the Canada Pension Plan, greater outlays for health and welfare for the Indian and Eskimo populations, and constantly rising expenditures under the Hospital Insurance and Diagnostic Services Act, and the Medical Care Act.

The relative federal declines, compared to provincial gains in recent years, have been caused to a substantial degree by increasing hospital expenditures by the provincial government augmented by the effect of the "opting-out" arrangements made available to the provinces. Under the Established Programs (Interim Arrangements) Act, a province may choose to receive contributions from the federal government in the form of a tax abatement and an equalization payment in lieu of a direct federal contribution under the Program. The "opting-out" arrangements have the effect, in this presentation, of showing an increase in provincial government expenditures while the federal fiscal payment is treated not as an expenditure but as a transfer payment. Thus, provincial expenditures include gross outlays by Quebec whereas federal expenditures on health and social welfare do not include the large sums paid or transferred to that province under the Established Programs (Interim Arrangements) Act and other fiscal arrangements.

The proportion of government expenditures on health and social welfare taken up by health programs continues to grow; in 1962-63 such programs accounted for \$1,247 million or 32% of the total and in 1970-71 they amounted to \$4,380 million or 44%.

An outline of the principal federal income maintenance programs for 1970-71 shows the