

The allowance may be paid when the child or parent is absent from Canada in prescribed circumstances. The allowance is normally paid to the mother of the child. Family allowances are taxable and must be included as income by the person who claims the child as a dependent.

Monthly, non-taxable special allowances are payable on behalf of a child under the age of 18 who is in the care of, and maintained by, a government, a government agency, or an approved private institution. Although normally paid to the institution which has care of the child, special allowances may be paid to the child's foster parent at the request of the institution.

The legislation provides for family allowances and special allowances to be increased at the beginning of each year if the Consumer Price Index for Canada increases. In 1974 the monthly allowances stood at \$20, in 1975 at \$22.08. In 1976, however, indexing was suspended as a result of the federal government's expenditure restraint program. Consequently, federal rates paid in 1976 were the same as those paid in 1975. In 1977 they were increased to \$23.89 and in 1978 to \$25.68.

The act permits a provincial legislature to specify family allowance rates to be paid to families resident in the province provided that: the rates are based only on the age of the child, the number of children in the family, or both; no monthly rate is less than 60% of the current federal monthly rate; and the total amount of family allowances paid in the province is, as far as practicable, the same as if the federal rates had been paid. Only Quebec and Alberta have specified their own rates. Provinces do not have the power to specify the special allowance rate.

Family allowance rates paid in Quebec monthly during 1977 and 1978 under the federal program were as follows:

Per family	Federal rate	
	1977	1978
1st child	\$14.34	\$15.42
2nd child	21.50	23.11
3rd child	35.53	47.45
Each additional child	50.75	59.13

An additional \$6.42 is also paid on behalf of each child 12 years and over.

Monthly family allowances paid in Alberta, during 1977 and 1978 under the federal family allowance program were as follows:

Age of child	1977	1978
0-6 years	\$18.00	\$19.40
7-11 years	22.80	24.60
12-15 years	30.00	32.30
16-17 years	33.50	36.00

6.4.2 Canada Pension Plan

The Canada Pension Plan (CPP) is a compulsory, contributory, earnings-related pension plan that covers most employed members of the labour force between the ages of 18 and 70. The law was proclaimed in force May 5, 1965, collection of contributions started in January 1966, and first benefits, retirement pensions, were paid in January 1967. With the exception of Quebec where the Quebec Pension Plan is in effect, the plan covers all Canada. The Quebec and Canada pension plans have established administrative arrangements to deal with dual contributors so that pension credits under either plan are automatically taken into account for purposes of the other plan when a person moves from an area covered by one plan to that covered by the other (i.e. in or out of Quebec).

Contributions amounting to 1.8% of pensionable earnings falling within the range of \$1,000 to \$10,400 (1978) are made by employees and matched by the employer. Self-employed persons contribute 3.6% on the same range of earnings. The following types of benefits are payable.

Retirement pensions amount to 25% of a contributor's updated pensionable earnings averaged over the number of years contributions were required. Because the minimum period for averaging earnings is 120 months and applicants for pensions within the first