

Family allowances

8.2.2

Federal family allowances are paid monthly on behalf of children up to the age of 18 years. To qualify a child must be dependent on parents or guardians who are Canadian citizens or legal immigrants. Normally the allowances are paid to the mother of the child.

In 1980 the family allowance payment was \$21.80 a month in most of Canada for children cared for in their own families. A special allowance was paid for children under 18 who were in the care of institutions, welfare agencies, government agencies or foster parents. This was indexed to \$30.51 a month in January 1980.

The Family Allowances Act, 1973, allows a provincial government to specify rates to be paid in its province, based on age of the child, number of children in the family or both. Quebec and Alberta are the only provinces which have chosen this alternative. Quebec has an additional provincial family allowance supplement. Table 8.2 gives the rates for 1979 and 1980. Prince Edward Island used to pay a \$10 supplementary allowance for the fifth and any subsequent child in a family, but this was discontinued in 1980.

Background. The federal family allowances program was initiated after World War II to provide a basic monthly payment to Canadian families for each child up to age 16. In 1964 coverage was extended to children of first year immigrants and children of 17 and 18 years who continued attending school. In 1973 the Family Allowances Act was revised to cover children up to the age of 18 living at home. Monthly benefits were increased to \$20 a month and provision was made to index them to correspond to the rising cost of living. In 1978 the indexed value was \$25.68 a month. In January 1979 the basic benefit was reduced to its 1974 value of \$20, but a new child tax credit (Table 8.3) was introduced to pay back \$200 a child when families paid their income tax, for children under 18 years in families with gross income under \$18,000 for 1978. For higher incomes the value of the tax credit was reduced at a graduated rate. For 1979, through indexing the basic child tax credit was increased to \$218.

Income security expenditures

8.2.3

The federal government also provides income security payments to persons enrolled in manpower training, to registered Indians and war veterans. For those enrolled in institutional and industrial training, income support is provided for the worker and his or her dependents.

In 1978-79, payments under Canada manpower training programs amounted to \$200.7 million, a marked decrease from the previous year. This decrease was offset by increased use of unemployment benefits (\$118.4 million in 1978-79) to support manpower training. Federal payments of social assistance to registered Indians on reserves accounted for \$104.0 million, a sizable increase over 1977-78 (Table 8.6). Payments to the veteran population both for war related pensions and for the war veterans allowance program amounted to \$673 million in 1978-79. Table 8.7 gives data by province on recipients and payments from 1972 to 1979. Adding these expenditures to old age security and family allowances payments, the total federal spending on income security in 1978-79 was \$8,458 million, an increase of nearly \$0.5 billion over 1977-78 (Table 8.8).

During the period 1966-68 there was significant growth in expenditures for federal income security programs, particularly with the introduction of manpower training allowances and extension of benefits under the old age security program.

Another growth period was 1972-75 largely because of the revised unemployment insurance program, indexation of old age security and the taxable family allowance program. Since that time the year-to-year increases of these expenditures have tended to moderate rather rapidly, from 27.8% in 1974-75 to 6.3% in 1978-79.

Federal-provincial income assistance

8.3

Initially the provinces and the municipalities provided welfare payments to persons in need. With increasing costs, especially during the depression years, the provinces could not independently handle this kind of responsibility. The federal government was