

such legislation. Originally designed to provide income protection for low income earners, the unemployment insurance program was revised several times until in 1971 it was made universally applicable to all members of the labour force with certain minor exceptions. Benefits were extended to persons at all levels of earnings. While providing full coverage of unemployment, the program was also broadened to provide benefits for those suffering from extended sickness, for women having to leave the labour force temporarily because of pregnancy and childbirth, and supplementary benefits to unemployed fishermen and to persons undertaking manpower training courses. In the fiscal year 1978-79, unemployed workers received \$3.9 billion in benefits and \$557 million was paid under these added benefits. Other major programs providing income insurance are the provincial worker compensation programs. During 1978-79 worker compensation boards across Canada paid \$768 million in cash compensation benefits to injured workers and their dependents or survivors. More information on both these programs is given in Chapter 7, Employment and incomes.

Canada and Quebec pension plans

8.4.2

The second federal initiative in income insurance came with the introduction of the Canada Pension Plan (CPP) in 1966. The CPP applied to all provinces except Quebec, which undertook to develop its own insurance program, the Quebec Pension Plan (QPP). There is reciprocity between the two programs, so all Canadians between 18 and 64 in the labour force are covered.

Initially proposed in 1963 to provide only for retirement benefits, as finally introduced the CPP and QPP provided also for survivor benefits for a widow or widower and dependent children when the contributor dies prematurely, a death benefit, disability benefits to contributors forced to retire early because of disability and benefits for their dependent children. In 1978-79 under these programs combined, total payments to beneficiaries amounted to over \$1.8 billion (Table 8.11).

Both the CPP and QPP are funded by equal contributions of 1.8% of pensionable earnings from the employer and 1.8% from the employee. Self-employed persons contribute the full 3.6%. In 1980 the range of contributory earnings was from \$1,300 to \$13,100.

Retirement pension is payable at 65 years at the earliest and is calculated at 25% of the average adjusted contributory career earnings. The minimum period for averaging earnings is 120 months. As of June 1980, the maximum retirement pension payable under the CPP or QPP was \$244.44.

Survivors pensions are payable to the family of a contributor who dies prematurely, after having contributed to the Canada or Quebec pension plans for at least one-third of the calendar years for which he or she could have contributed. The pension is calculated as a flat rate component plus a component based on the computed retirement pension of the deceased contributor. The age and family status of the surviving spouse also influences the amount of pension payable. In January 1980, the maximum benefit payable to a widow or widower under the Canada Pension Plan was \$148.92; under the Quebec plan, with a larger flat rate benefit, the maximum benefit was \$238.45.

Disability pensions. If a contributor suffers severe and prolonged mental or physical disability to a degree that requires withdrawal from the labour force, that person may apply for a disability pension. The applicant must have contributed for at least five whole or part calendar years within the last 10 years. The application is subject to a medical review before a pension can be awarded. The pension may be payable four months after the disability occurred. As with survivors pensions, the disability pension consists of a flat rate component plus a computed value of the retirement component. There is no discounting of disability benefits because of a pension received from a worker compensation program or from a private disability insurance plan. In June 1980, the maximum disability pension payable under the CPP was \$240.58; the maximum disability pension under the QPP was \$330.11.

Children's benefits. The Canada and Quebec pension plans provide benefits generally to the age of 18 for dependent children of disability pensioners and of surviving spouses.