

of pregnancy and childbirth, to unemployed fishermen and to persons enrolled in manpower training courses. (See also Chapter 5, Employment and incomes.)

#### 6.4.2 Worker compensation

Provincial worker compensation programs assist workers when they sustain injuries on the job. Compensation boards across Canada paid \$1.3 billion in benefits to injured workers and their dependents or survivors in 1981-82. (See also Chapter 5, Employment and incomes.)

#### 6.4.3 Canada and Quebec pension plans

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).

Initially proposed in 1963 to provide only for retirement benefits, the CPP and QPP as finally introduced provided also for survivor benefits for a widow or widower and dependent children when a contributor dies prematurely, a death benefit, disability benefits to contributors forced to retire early because of disability, and benefits for their dependent children.

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% of contributory earnings. In 1983, this included the first \$1,800 of earnings, and the maximum on which contributions could be made was \$18,500. (See Table 6.11 for benefits and amounts of payments.)

For CPP, an advisory committee representing employers, employees, self-employed persons and the public regularly reviews the operation of the plan, the state of investments, and the adequacy of coverage and benefits. Reciprocal agreements are in effect with Italy, France and Portugal to achieve portability of pensions. New agreements with the United States, Greece and Jamaica would be in force upon ratification.

**Program administration.** The programs are administered through regional offices across Canada with central control over eligibility for benefits and payment of pensions. Contributions are administered through the taxation systems of the federal and Quebec governments.

**Retirement pension** is payable at 65 years at the earliest and is calculated at 25% of the average adjusted contributory earnings. The minimum period for averaging earnings is 120 months. In November 1982 about 1.2 million persons were receiving retirement benefits.

**Survivors pensions** are payable to the family of a contributor who dies prematurely, after having contributed to the CPP or QPP for at least one-third of the calendar years for which he or she would have been

eligible to contribute. 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 November 1982 approximately 417,000 widows and widowers were in receipt of survivor benefits. About two of every five beneficiaries were over the age of 65.

**Disability pensions.** A contributor with severe and prolonged mental or physical disability that requires withdrawal from the labour force 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. The pension may be payable four months after the disability occurred. Like survivor pensions, the disability pension consists of a flat rate component and 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 November 1982, about 130,000 Canadians of working age received disability benefits under the CPP or QPP; close to half the beneficiaries were in the 60-64 age group.

**Children's benefits.** The CPP and QPP provide benefits generally to the age of 18 for dependent children of disability pensioners and of surviving spouses. When the child continues in education, the benefits may be paid to the age of 25. Equal benefits are payable for all children in a family.

More than 184,000 children were receiving benefits as of November 1982. The maximum child benefit was \$70.68 per month under the CPP and \$29.00 per month under the QPP.

**Death benefit.** When a contributor dies prior to retirement, a lump sum death benefit is payable to the person's estate if the individual has contributed to the plan for at least one-third of the calendar years possible (a minimum of three years). In January 1983 the value of the death benefit under the CPP and QPP was \$1,850.

**Sharing pension credits.** When a marriage ends in divorce or legal annulment, provision is made for pension credits earned by one or both spouses during their years of marriage to be divided equally. They must have lived together in marriage for at least three consecutive years. Application for division of credits must be made within three years of the date of a decree absolute.

Table 6.11 provides an analysis of Canada and Quebec pension plan payments including benefits for retired persons, the disabled and survivors. Retirement pensions of the CPP and QPP are still in early stages of development. Pensions now being paid are based on a relatively small number of years of contribution. Increasing the years leads to