

progressively larger benefits for the individual. As a result of growth of the labour force, particularly with higher participation rates for women, it is expected that the number of beneficiaries will expand rapidly as this work force retires. For survivors and for disability beneficiaries, future increases in payments will be more conservative because of the flat rate component of the benefit. The number of new cases of disability entering the system is also fairly stable. From 1972 to 1976, total payments for disability and survivors benefits exceeded the total payments for retirement benefits. But by 1982, with the plan maturing, total payments for retirement beneficiaries were almost double the amount paid to survivors and disability beneficiaries.

6.4.4 Funding income insurance

In 1965 the CPP and QPP were introduced as programs that would be publicly funded, based on contributions from all employed persons with pensionable earnings from age 18 to 70. By the end of 1981, the balance of funds in the CPP account was \$20.8 billion. The comparable figure for the QPP was estimated to be \$8 billion.

The unemployment insurance program was also set up on a funded basis. Contributions were made to the fund by all employed workers according to a formula that was later substantially modified. Since 1972 annual unemployment insurance expenditures have required more money from the consolidated revenue fund to meet payments to beneficiaries. In fiscal 1980-81, revenues from premium contributions to the unemployment insurance fund amounted to \$3.4 billion. Changes in regulations extended the number of work weeks required to become eligible for benefits and modified terms for continuation of benefits.

Worker compensation, administered by a government board on behalf of the employers of each province, is financed by contributions entirely from business, industry and government enterprises. A substantial balance is always held in reserve to provide for future payments of pensions for injured and deceased workers. Total compensation payments in calendar year 1981 amounted to \$1.3 billion.

Trends in expenditures. Expenditures on income insurance benefits by federal and provincial governments combined rose from \$2.2 billion in 1971-72 to \$10.0 billion in 1981-82, close to five times as much in 10 years (Table 6.12). Despite the rapid growth of CPP and UIC, income insurance increased its share of total social security expenditures only from 18.2% in 1971-72 to 20.1% in 1981-82.

6.5 Provincial initiatives

While a considerable share of financial support for the needy comes from federal funding, individual provinces pioneer new programs to protect and maintain the well-being of low income persons. These initiatives are sometimes fully funded

provincially; others are cost-shared with the federal government. Innovation is taking place in three major areas: systems of tax credits, direct income supplementation, and social services programs.

6.5.1 Tax credits

In nearly all provinces tax credits or grant programs are available to both homeowners and renters. In general such credits or grants are income. These programs have been implemented to support families and the elderly who cannot cope with rapidly rising costs of shelter.

The first programs refunded or deferred most property and school taxes levied on the residences of elderly homeowners. In other cases smaller rebates were paid to homeowners, usually relating the amount of the rebate to income. A more recent development in the 1970s was the creation of programs to assist renters, particularly the elderly, either through occupancy cost rebates which go directly to the renter, or through shelter allowances which pay all or part of rent that exceeds a percentage of income ranging from 20% to 30%. The rebates of property tax and occupancy cost are administered by the income tax or property tax collection authorities; shelter allowances are usually paid by the provincial housing authorities. Additional forms of tax credit programs have since been introduced by the provinces. For example, since 1981 Quebec has allowed tax-filers to opt for an allowance in lieu of a deduction for child care expenses (for children under 6 years of age), amounting to \$300 for the first child, \$200 for the second and \$100 for each additional child claimed. Manitoba has provided a cost of living tax credit since 1974. Ontario included home heating credits in tax returns for 1981 through 1983, and Yukon pays an annual \$480 pioneer utility grant to tax-filers 65 or older. These provincial initiatives are part of the social security system and account for substantial expenditures.

6.5.2 Income supplements

Provincial income supplement programs have been designed to assist the elderly, the disabled or families with insufficient income to maintain themselves independently.

Senior citizens. Except for Quebec and Prince Edward Island, provincial governments have instituted income supplements (top-ups) for the elderly. In general these programs provide a monthly, quarterly or annual income supplement payment to OAS beneficiaries in receipt of the GIS benefit. Usually such supplements are also income tested. In Ontario and the western provinces equivalent benefits are also payable to residents over 55 who are unable to maintain themselves. These programs include a guaranteed available income for need (GAIN) for the elderly in British Columbia, the Alberta assured income plan (AAIP), the