

residence. Reciprocal International Social Security Agreements have been signed with a number of countries to enable persons to satisfy minimum residency requirements for establishing eligibility for OAS benefits. A person living in Canada may add periods of residence in another country to his years in Canada in order to qualify. Pension is earned at the rate of 1/40th for each year of residence in Canada, subject to a minimum of 10 years for payment in Canada and 20 years for payment abroad. Agreements with Italy, France, Portugal, Greece, Jamaica, the United States, Barbados, Denmark and Sweden are currently in force; agreements with Belgium and the Federal Republic of Germany, Luxembourg and Norway are awaiting ratification.

Both GIS and SPA benefits are income-tested. Entitlement is based on the income of the pensioner/applicant in the previous year, calculated in accordance with the Income Tax Act. The maximum GIS is reduced by \$1 a month for every \$2 a month of other income. In the case of a married couple, income is assumed to be equally shared. The SPA is made up of an amount equal to the OAS pension plus the maximum GIS at the married rate. The amount payable is reduced by \$3 for every \$4 of the couple's combined monthly income until the OAS amount is eliminated. After that, the GIS amount is reduced by \$1 for every \$4 of combined income. In the case of extended or widowed SPA, the GIS portion is reduced by a ratio of \$1 for every \$2 of income.

Beginning in 1973, OAS/GIS/SPA benefits were escalated quarterly at the rate of increase in the Consumer Price Index (CPI). A legislative amendment limited indexation increases in OAS payments to 6% for 1983 and 5% for 1984 as part of the federal government's fiscal restraint program. During this period, the GIS rate was increased slightly to compensate for any loss arising from the limited indexation of the basic OAS benefit. Full quarterly indexation resumed in 1985.

As of July 1986, the maximum OAS pension was \$291.51. The Guaranteed Income Supplement provided an additional \$346.45 to eligible single pensioners and \$225.63 to each spouse in a married couple. Regular SPA benefits were \$517.14; the rate for the Extended and Widowed SPA was \$570.95. All amounts are paid monthly.

In 1984-85, just over 2.5 million Canadians received OAS benefits; 50% of those recipients also received GIS payments. The Spouse's Allowance program provided income to more

than 90,000 Canadians. Total program expenditures for OAS/GIS/SPA were approximately \$11.4 billion during 1984-85.

In addition to benefits from the OAS/GIS/SPA programs, many Canadian seniors also receive income from other income support programs. At the federal level, Canada Pension Plan provides monthly benefits to retired contributors (see section 6.3.2). The Unemployment Insurance program offers a lump-sum benefit to insured workers upon retirement (see section 6.3.1). Most provinces provide supplements to low-income seniors, and offer property or shelter-related tax credits, grants or rebates (see sections 6.4.3 and 6.4.4). Furthermore, all three levels of government offer services to elderly Canadians.

6.1.2 Family Allowances

The federal Family Allowances program was initiated near the end of World War II to provide a basic monthly supplement to Canadian families for each child up to age 16. A family assistance program which began in 1956 provided benefits for children of immigrants until they qualified for Family Allowances after one year in Canada. In 1964, the Youth Allowances Act extended coverage to children aged 17 and 18 years who continued to attend school. The Family Allowances Act, 1973, replaces the former legislation. It covers dependent children up to the age of 18. The act increased benefits to \$20 a month and provision was made to index them annually to correspond to the increases in the cost of living. Normally, the allowances are paid to the mother of the child.

In 1986, the Family Allowance payment was \$31.58 a month on behalf of each child cared for in the parental home. A Special Allowance is payable on behalf of children under 18 who are in the care of institutions, welfare agencies, government agencies or foster parents. The monthly benefit was \$47.12 in 1986.

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 currently exercising this option. Quebec also provides a supplement to the federal Family Allowance. Table 6.3 outlines the rates payable in Quebec and Alberta.

In 1984-85, an average of 3.6 million families received Family Allowances on behalf of 6.6 million children. A total of just over \$2.4 billion was provided to families under the program (Table 6.2).