

community to finance such benefits. That is quite a different approach when compared to the government's operation, and the private employees. Is that not basically the difference?

Dr. WILLARD: That is a basic difference. Any program for the payment of pensions or survivors benefits that is financed and administered by the government, such as the one proposed, depends on the taxing power of the government over the years. This is a point that also comes up in a discussion of the question of funding under a public plan. That is one of the reasons it is possible to have a wide variation in the funding. But always in the last analysis you do have the taxing power of the country behind it.

In the case of the private pension plans, there has been wide variation in the amount of funding that has been provided, and wide variation as to the extent of solvency. One of the concerns of the Ontario government's legislation has been the solvency of private pension plans. You do not have continuing taxing power behind the private scheme, as you do in the case of the public plans. Therefore, if solvency is not protected, the rights of the beneficiaries may not be protected in the future.

Mr. RHÉAUME: Dr. Willard, do I understand correctly that a person who makes no contribution to the Canada pension plan draws out no benefits? Is that right?

Dr. WILLARD: That is correct, unless the person benefiting is a wife or spouse, and the husband has been the contributor. These benefits are derived through the contributions of the contributor. Even though subsequently she becomes a widow she may not have contributed herself. In the same way the orphan benefits from contributions of his parent or parents.

Mr. RHÉAUME: That is survivorship benefits?

Dr. WILLARD: Yes.

Mr. RHÉAUME: Does this mean that for the extremely low income group or category—and there are many of these people in Canada—they will get nothing from the Canada pension plan as it is now constituted?

Dr. WILLARD: Well, it is a question of how low the income is.

Mr. RHÉAUME: If they are earning less than \$600 a year, my understanding is that they would not be contributing anything.

The CHAIRMAN (*Mr. Cameron*): I think that question should be framed in different language, made clearer and more precise.

Dr. WILLARD: It is quite true that there is a basic exemption of \$600. If a person working for 47 years was each year earning below that amount, he would not come within coverage of the program. But it would seem to be quite unusual that this would occur. Certainly, in the case of the retirement part of the program, the earnings related portion has to be taken together with the flat rate portion under old age security, and this latter benefit is, of course, available.

Mr. RHÉAUME: Would you say that it is rather unusual? I am sure that you are not forgetting the average annual income of the Indian and Eskimo people in this country—and they constitute quite a few hundred thousand, I think. There is a whole group of Canadian people. I am directing my question to this group now, whose average income over the period of their lifetime is such that they would not be contributors. I am referring to the Indian and Eskimo people. My question is this: as it is presently constituted, there are no benefits in the Canada pension plan for people in that group who earn less than \$600 a year.

The CHAIRMAN (*Mr. Cameron*): I think Dr. Willard has repeated this at least twice.

Mr. RHÉAUME: There is nothing for them, or for the widows or orphans of this group. Would that be true?