

Appendix 3

Average Earnings

1. General

The estimates, particularly for the long term, are dependent to a significant degree on assumptions made as respects the rate of increase in average earnings that will apply over the period covered by the estimates. Past experience is examined and the assumptions used for the estimates are described in section 2 below.

The average earnings figures needed to accord with the calculation methods used for the estimates and, incidentally, with the rates of participation developed as described in Appendix 2, were average annual earnings "rates" for all workers eligible to contribute under the Canada Pension Plan excluding an average number of unemployed workers, determined in such manner that the earnings taken into account for a worker with earnings greater than the contributory earnings upper limit is an amount equal to that limit. Such average earnings rates, applicable to workers in Canada excluding Quebec, were required for males and females separately and for each relevant age group for each year covered by the estimates. Their development is described in section 3 below.

2. Rates of increase in average earnings

In Schedule 1 below are shown, for each twelve-month period from 1948 to 1963, the average Consumer Price Index for Canada and the average D.B.S. "average weekly wages and salaries" statistic for the Industrial Composite classification (for all of Canada) together with the rate of change in those statistics from year to year.

SCHEDULE 1

HISTORIES OF CONSUMER PRICE INDEX AND
AVERAGE WEEKLY WAGES AND SALARIES

Calendar year	Consumer Price Index		Average Weekly Wages and Salaries	
	Index	Percentage increase from preceding year	Amount	Percentage increase from preceding year
1948.....	97.0	%	\$ 40.06	%
1949.....	100.0	3.1	42.96	7.2
1950.....	102.9	2.9	45.08	4.9
1951.....	113.7	10.5	50.04	11.0
1952.....	116.5	2.5	54.41	8.7
1953.....	115.5	-0.9	57.53	5.7
1954.....	116.2	0.6	59.04	2.6
1955.....	116.4	0.2	61.05	3.4
1956.....	118.1	1.5	64.44	5.6
1957.....	121.9	3.2	67.93	5.4
1958.....	125.1	2.6	70.43	3.7
1959.....	126.5	1.1	73.47	4.3
1960.....	128.0	1.2	75.83	3.2
1961.....	129.2	0.9	78.17	3.1
1962.....	130.7	1.2	80.59	3.1
1963.....	133.0	1.8	83.41	3.5

From the above schedule, it may be determined that, for periods of 15 years, 10 years and 5 years ended in 1963, the average annual rates of increase in the Consumer Price Index were 2.1%, 1.4% and 1.2%, respectively, and the