

It is almost certain that a substantial proportion of the workers who entered into the statistics from which the percentages in Schedule 7 were computed had earnings of less than \$500 during the twelve-month period ended June, 1961, either by reason of entering or leaving the labour force part way through that period or by reason of unemployment for some part of that period. Because the average labour force for any year is determined as the average of the labour force figures for the twelve months of that year, workers who enter or leave the labour force during the year are not included as full units in the annual labour force. Also, a number of unemployed workers are, in effect, excluded from the estimated "covered worker" population by a reduction of the basic participation rates in accordance with assumed rates of unemployment. Thus, thought had to be given to the avoidance of duplicate exclusions when account was taken of workers with average earnings less than the minimums required for contribution purposes.

Besides workers who will not be eligible to contribute under the Plan because of earnings less than the required minimums, there may well be substantial numbers of self-employed or "own account" workers with net earnings above the required minimums who will not contribute because of lack of records, lack of understanding of rights and responsibilities, fear of getting on tax rolls of any type, habitation in sparsely settled areas and so on. For instance, if experience under the Canada Pension Plan accords with early experience under the OASDI system in the United States, participation among self-employed farmers will be relatively low, at least in the early years of operation of the Plan. Similar low participation is to be expected among other groups of workers such as fishermen, hunters, trappers and domestic servants with less than full-time employment.

With the almost complete lack of pertinent statistics, until experience develops under the Plan it will not be possible to predict with any confidence the proportions of otherwise eligible workers who either will not be eligible to contribute because of annual earnings less than the minimums required for contribution purposes or will not contribute for reasons of the nature mentioned in the preceding paragraph. For the current estimates, the reduction factors used to take account of such workers in the development of the participation rates for all the major age groups were 3% for males and 10% for females. (Additional account is taken of probable lower-than-average participation among self-employed farmers in the manner described in section 5 below.)

#### 4. Proportion of total contributory earnings attributable to salary and wages and to self-employed earnings

For Canada excluding Quebec, the proportion of self-employed workers to total paid workers less members of the armed services was 19.9% for males and 5.9% for females according to 1961 Census data and 20.3% for males and 4.7% for females according to Special Survey statistics for 1963. While it is recognized that many workers classed as wage-earners have additional earnings from self-employment and many workers classed as self-employed workers have additional earnings from salaries and wages, no reliable statistics were available to estimate the extent or even the direction of the difference in the totals to these additional earnings.

For purposes of the current estimates, it was assumed that the proportion of estimated total contributory earnings attributable to salary and wages would be 80% for males and 95% for females, and that the remainder would be attributable to self-employed earnings.