

The "supplementary labour income" item listed in Schedule 2 above comprises payments made by employers on behalf of their employees to provide them with future benefits, either definite or contingent, that is, payments such as employers' contributions to employee pension and welfare funds, to workmen's compensation and to the Unemployment Insurance Fund. Since a considerable part of such payments will not be subject to contributions under the Plan, it seemed proper to exclude the whole of this income item in order not to overestimate the contribution income. In consequence, total 1961 income for Plan purposes was taken to be

$$\begin{aligned} &14,095 - 633 + 779 + 1,767 \\ &= \$16,008 \text{ million.} \end{aligned}$$

(It should perhaps be made explicit that the total income figure of \$16,008 million does not include military pay and allowances, an exclusion that accords with the exclusion of the armed services from coverage under the Plan.)

Division of the total income figure of \$16,008 million by the corresponding 1961 civilian "paid worker" labour force figure of 4,601,000 gave an average earnings rate for 1961 of \$3,479 for Canada excluding Quebec. This average earnings rate is some 3% higher than the corresponding rate for all of Canada because of relatively low average earnings in Quebec.

For the financial estimates in this report, average earnings rates for all workers (including the unemployed from time to time) other than members of the armed services and unpaid family workers were not used directly. The calculation procedures were so designed that the average earnings figures needed were average earnings rates for civilian paid workers excluding a number of unemployed persons determined in accordance with the assumption that a proportion of the labour force equivalent to the average rate of unemployment was unemployed for the whole year. For 1961, the average number of unemployed workers in Canada excluding Quebec was 301,000. The 1961 "aggregate" average earnings figure used for the development of average earnings rates by sex and age group for purposes of the estimates was, thus,

$$\frac{16,008}{4.3} = \$3,723.$$

Step 2—Average earnings rates by sex and age group

The main statistical bases for the breakdown of the "aggregate" average earnings rate by sex and age group were two sets of special tabulations prepared by D.B.S. from 1961 Census data—one set in respect of wage-earners only and the other set in respect of all paid workers other than self-employed farmers. These tabulations showed, for Canada and Quebec separately, numbers of workers and total reported earnings for the 12-month period ended June 1, 1961, classified by sex, age group and, except in one instance, earnings range. From these data, average earnings for each sex and relevant age group were computed for Canada excluding Quebec. The average earnings figures so determined were then related to the average earnings figure for the arbitrarily chosen male age group 45-54.

From the description of the data included in the special tabulations, it will be understood that the average earnings figures computed from the tabulated data were not average earnings rates but were, instead, averages of the actual earnings during a 12-month period of all workers whose reported earnings were included in the tabulations. For the younger male age groups and for almost all female age groups, where work participation is relatively low, movement in and out of the labour force results in relatively larger differences between average annual earnings rates and averages of actual annual earnings than for the relatively stable male age group 45-54. Thus, some upward