

5.6.2 Labour income

Labour income, comprising wages and salaries and supplementary labour income, is defined as compensation paid to employees residing in Canada and to Canadians who are employed abroad by the federal government. Not included are earnings received by self-employed persons such as independent professionals, proprietors of unincorporated businesses and farmers. Also excluded are military pay and allowances because they are shown as a separate item in the national income accounts.

Wages and salaries include director fees, bonuses, commissions, gratuities, income in kind, taxable allowances and retroactive wage payments. Wages and salaries are estimated on a gross basis, before deductions for employee contributions to income tax, unemployment insurance and pension funds. Remuneration accumulating over time, for example, retroactive payments, are accounted for in the month and year of payment.

Supplementary labour income, defined as payments made by employers for the future benefit of their employees, comprises employer contributions to employee welfare and pension funds, worker compensation funds and unemployment insurance.

5.6.3 Help-wanted index

The help-wanted index serves as an indicator of labour market conditions by measuring changes in the demand for labour relative to a base year, currently 1981. The index measures changes in the amount of space devoted to help-wanted ads published in the classified sections of 18 major metropolitan area newspapers. Excluded are ads which are titled "careers" or "opportunities". The help-wanted index is published monthly for Canada and the five regions. Time series for these geographic areas (see Table 5.16) are available starting in 1962.

5.7 Income maintenance

5.7.1 Pension plans

Private pension plans. Socially and economically, one of the most significant aspects of the income maintenance system is the extent of labour force participation in employer-sponsored pension plans. At the beginning of 1984, there were 17,711 private pension plans (employer-sponsored) operating in Canada, according to a pensions data bank maintained by Statistics Canada. These plans, which have grown in number by more than 16% since 1982, covered

4.6 million workers, a decrease of 93,312 in the same two years.

Plan members represented 47% of the employed paid workers in the labour force including the armed forces. Excluded from the labour force data were unpaid family workers, the self-employed and the unemployed who by definition are not participants in employer-sponsored pension plans.

Plan sponsors included both the public and private sectors. Although there were only 803 public sector plans they accounted for 45% of all members.

Small plans tend to be funded with insurance companies. Although there were 12,788 of these plans, they covered only 13.6% of the members. Large plans were funded on a trustee basis. A trustee pension fund is an arrangement under which contributions to a pension plan are deposited with a trustee who is responsible for holding and investing the funds and paying the benefits in accordance with the terms of a trust agreement.

Only 26% of all plans were trustee but they covered 3.1 million members. Some of the largest were the 19 plans for federal and some provincial public servants, covering 712,583 members. Contributions for these plans are paid into consolidated government revenue funds and are not held in cash or securities.

Other pension plans, including the Old Age Security Program, the Canada and Quebec pension plans and other income maintenance programs, are described in Chapter 6, Social security.

5.7.2 Unemployment Insurance

One important Canadian income support program is the Unemployment Insurance program. In 1985 alone, over \$10.2 billion was paid to approximately 3.3 million persons who experienced some interruption in their employment income. This compares, for example, with disbursements of \$4.4 billion in 1980. To provide some perspective, during the fiscal year 1984-85, a total of \$42.7 billion was paid in Canada through income security programs. Of this amount, 23.8% was distributed through Unemployment Insurance payments, 19.2% through the Old Age Security Program and 13.7% through the Canada and Quebec pension plans.

The Unemployment Insurance Act of 1971 covers virtually all paid workers in the labour force as well as members of the armed forces. The main exceptions are persons 65 years of age and over and individuals who work fewer than 15 hours per week and who earn less than 20%