

# **CLOSING THE GENDER WAGE GAP:**

## A Consultation Paper for Businesses and Organizations

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Ministry of Labour

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# Introduction

The Premier has asked the Minister of Labour, working with the Minister Responsible for Women's Issues, to develop a wage gap strategy "that will close the gap between men and women in the context of the 21<sup>st</sup> century economy."

On April 15, 2015, Ontario appointed a Gender Wage Gap Strategy Steering Committee to provide advice and recommendations to the Ministers. The Committee members are:

- Nancy Austin, Executive Lead, Gender Wage Gap Strategy, Ministry of Labour
- Linda Davis, Past-President of the Business and Professional Women's Clubs of Ontario
- Emanuela Heyninck, Ontario's Pay Equity Commissioner
- Dr. Parbudyal Singh, Professor of Human Resource Management at York University, PhD in Human Resources Management/Labour Relations

The Committee will conduct research and consult the public. It will report back to government in late 2015 with the results of its consultations, and in 2016 with recommendations that will help shape the province's Gender Wage Gap Strategy.

## A note on the scope of the consultations:

The Steering Committee will consult with diverse groups across the province to:

- Examine how the gender wage gap affects women: at work, in their family, and in their community.
- Examine how the gender wage gap impacts different women in the workforce, across the economic spectrum.
- Examine ways in which government, business, labour, other organizations, and individual leaders can work together to address the conditions and the systemic barriers that contribute to the wage gap.
- Understand the issues that intersect with gender, such as race and disability, that may increase the wage gap, and recommend how those issues could be addressed.

The Steering Committee will consider whether Ontario's existing legislation (including the Pay Equity Act, Employment Standards Act, 2000, and Human Rights Code) sufficiently address the gender wage gap, but it will not recommend specific legislative amendments.

There is some overlap between the gender wage gap and other workplace issues being considered by other initiatives, such as the Poverty Reduction Strategy and the Changing Workplaces Review. The Steering Committee will ensure its recommendations complement, but do not infringe, upon these other initiatives.

## Letter from the Steering Committee

Greetings,

On April 20, 2015, we were appointed to the Gender Wage Gap Strategy Steering Committee to provide advice and recommendations to the government for a strategy that will work to close the wage gap between men and women. We look forward to engaging with the people of Ontario on this very important issue – an issue that affects us all.

Gender wage gaps show that workplace inequalities continue to exist. Nearly half of Ontario's workforce is female, yet women earn less than men throughout their working lives. Despite increased participation in the workforce and higher levels of education and increased skills, women still face significant barriers and disadvantages in employment compared to men. More women than men are in lower-paying jobs, are disproportionately in minimum wage and part-time work and are under-represented in occupations that have higher-paying wages. This negatively affects women, their families and Ontario's economy. In many of today's families, both parents work and try to balance work and family responsibilities. Workplaces have been slow to adjust to this emerging trend.

Over the next several months, we will examine the causes and effects of the gender wage gap on women, of all ages, backgrounds and abilities, across the economic spectrum. We will examine societal attitudes and beliefs that influence women and men when they make decisions that change their lives, including decisions relating to education, careers, and caregiving. We will examine business practices and business culture that may contribute to the gender wage gap.

Our task is to look at ways in which government, business, labour, other organizations, and individual leaders can work together to address the conditions and barriers that lead to the gap. Public consultations will help us accomplish this task.

We want to hear your views on the issues related to the gender wage gap and how these issues may have affected you personally. We would like your advice on potential solutions for closing the gender wage gap in our province. We look forward to hearing from you, through your comments on this consultation paper or by attending our regional consultation sessions this fall.

Our vision for Ontario is a province where men and women have equal opportunity to achieve their full potential within a modern workplace, thus contributing to Ontario's economic growth. Help us to achieve this vision.

Sincerely,  
Nancy Austin  
Linda Davis  
Emanuela Heyninck  
Dr. Parbudyal Singh  
Gender Wage Gap Strategy Steering Committee

# Context: Closing the Gender Wage Gap in Ontario

Nearly half of Ontario's workforce are women, but on average they earn less than men, despite high levels of education and participation in the workforce. The existence of a gender wage gap means that there continue to be barriers to women achieving their full economic potential.

There are compelling reasons to address this issue. Many countries, including our closest competitors and trade partners, are examining ways to close the gender wage gap. It would increase the economic security of women and their families – provide opportunities for Ontarians and improve the lives of children. It would also lower women's chances of living in poverty during their working lives and in retirement.

Ontario businesses also could gain from closing the gap. A 2005 report from the Royal Bank of Canada estimated that if women in Canada had the same labour market opportunities as men, personal incomes would be \$168 billion higher each year. Many women will graduate from post-secondary education, or rejoin the workforce, with the skills and abilities necessary to fill the anticipated vacancies created by the shortage of skilled labour. We need to use all available talent (both men and women) to ensure Ontario's future economic stability.

Research shows that equal opportunity employers attract talented staff with better morale and motivation, resulting in increased productivity. Ensuring that women are able to fully participate in the workforce, using their education and skills, should lead to higher productivity rates for the province, increasing the province's potential for economic growth.

## Background: The Gender Wage Gap

The gender wage gap is the difference between wages earned by men and women. It is often presented as a percentage. The smaller the percentage, the fairer it is for women.

There are many ways to measure the gender wage gap. Some common ways are:

- Hourly Earnings (Average or Median) – All earners
- Annual Earnings (Average or Median) – Full time / Full year earners
- Annual Earnings (Average or Median) – All earners

All of these show that, on average, women earn less than men. The most recent data available from Statistics Canada shows that Ontario's gender wage gap ranged from 12% (average hourly earnings – all earners) to 31.5% (average annual earnings – all earners) in 2011. (For statistical profile and gender wage gap trends, see the [Appendix](#).)

The gender wage gap tends to become wider over a women's working life, in almost all industries and sectors. More women than men work in minimum wage jobs and more women take time away from work, or exit the labour market altogether for caregiving activities contributing to the overall gap. This impacts families, whether both parents work or whether there is only one parent responsible for the household. It may mean that families will have less money to provide a reasonable standard of living for their children: lack of resources for housing, food and care, paying for computers and other technology needed to develop the appropriate skills, or funding for children's extracurricular activities.

In retirement, women are less financially secure than men and experience higher risk of living in poverty.

Some women, like Aboriginal women, women with disabilities or immigrant women, face even more challenges in the workplace. The gender wage gap is higher for these women.

According to researchers, the gender wage gap is affected by many factors including: age and marital status, education, job tenure, unionization, hours of work, occupational segregation, and business practices rooted in stereotypes about women and work.

Regardless of how it is measured, the gender wage gap signals a greater, underlying problem of labour market and workforce inequality.

## Current Measures

For many years Ontario has recognized that the gender wage gap needs to be closed. There are many initiatives and programs that help in overcoming some of the barriers that working women face, including: increase in daycare spaces, availability of junior kindergarten, changes in the school curriculum to teach students about the gender wage gap. To address discrimination, Ontario has three key laws that are relevant to the gender wage gap. Each has different eligibility requirements and time limitations. These laws have different goals, but all relate to the workplace.

## Pay Equity Act

Pay equity is commonly referred to as ‘equal pay for work of equal value’.

Pay equity recognizes that, historically, women and men have tended to do different kinds of work and that work traditionally performed by women has been undervalued and underpaid.

The purpose of Ontario’s Pay Equity Act (PEA) is to correct systemic gender discrimination in compensation for work performed by employees in female job classes. The PEA requires all public sector employers and all private sector employers with 10 or more employees to identify and correct any gender discrimination in their pay practices. They are to adjust the wages of their employees in female job classes so that they are at least equal to the wages of their employees in comparable male job classes based on skill, effort, responsibility and working conditions.

## Employment Standards Act, 2000

Ontario’s Employment Standards Act, 2000 (ESA) sets out minimum rights and responsibilities that apply to workers and employers in most Ontario workplaces.

The “equal pay for equal work” provision in the ESA requires that men and women receive equal pay when they perform substantially the same kind of work in the same establishment, if their performance requires substantially the same skill, effort and responsibility, and their work is performed under similar working conditions.

## Ontario Human Rights Code

Ontario’s Human Rights Code (the “Code”) prohibits actions that discriminate against a person based on a protected ground in a protected social area.

The protected grounds include family or marital status, gender identity, gender expression, sex (including pregnancy and breastfeeding), sexual orientation, disability, race, ancestry, citizenship and age. Protected social areas include employment and contracts.

# The Working Life Cycle

The gender wage gap tends to widen as women progress through their working life. We need to understand when and why that happens, and then identify solutions.

We know that young men and women are achieving similar education levels, but may make different career and job choices. Research shows that “feminine”, female-dominated careers are paid substantially less than “masculine”, male-dominated careers, even when the educational requirements are similar.

Even though many women may need to support themselves and their families, they may only be able to get part-time, temporary, casual or independent contract work. Some women may have to accept these jobs because of the division of labour in their home, but others, such as Aboriginal women, women with disabilities, immigrants, or racialized women may experience further discrimination, lack of credential recognition or other employment barriers that prevent them from obtaining employment that matches their skills.

Research confirms that women still do more caregiving than men, and spend more time doing it. Caregiving is the care of children, elderly or ill relatives or other dependents. Many families still rely on informal, unpaid caregiving done by women. Working women may find it difficult to juggle their job and family caregiving arrangements. It can be even harder for those earning low or minimum wages, or working shifts, odd or long hours. Lack of advance notice of work schedules makes it more difficult to plan.

The options available to families and the arrangements they make for caregiving can affect a woman’s career path and seniority. These decisions can affect her wages, access to health benefits and pensions derived from long-term or uninterrupted employment. The long term cost to women of lost or unrealized earnings (lost opportunity costs) may not be considered.

Given the high number of families with two working parents, more men now are involved in caregiving. However, workplace practices may make it difficult for parents to share caregiving activities. This can be due to inflexible work arrangements or to outdated perceptions about work and family. This could also be due to a tax system that may encourage women to leave work (temporarily or longer term) to take advantage of tax deductions or credits that assist in the short-term. Yet, the cost implications of leaving work can continue for many years.

Once in the workplace, human resources practices and pay systems also can affect women and men differently. Research shows that hidden biases and outdated societal and business norms prevent women from succeeding at the same pace as their male colleagues. This can cause less access to promotions, training and professional development opportunities, fewer bonuses, allowances and performance-related pay.

Pay structures can be biased in favour of the work typically done by men, leading to a gender wage gap within an establishment.

There is significant research that highlights the low numbers of women in leadership and decision-making positions within organizations. In addition, the gender wage gap is wider at higher levels in organizations.

## Consultation Questions

1. What encourages and what prevents women from pursuing employment in jobs that tend to be male-dominated (e.g. STEM – science, technology, engineering, math – or skilled trades)? And what encourages and what prevents men from pursuing employment in jobs that tend to be female-dominated (e.g., nursing, child care, social work)?
2. What kinds of services and supports might help men and women to consider pursuing and succeeding in non-traditional careers? What can businesses, business organizations and sectors do to attract and retain both men and women in non-traditional careers?
3. Do the current laws (pay equity, equal pay for equal work, human rights) protect women from gender-related workplace discrimination and harassment? If not, how can these laws be improved? Can the operation of these laws be improved from the perspective of employers?
4. How could government, business, unions and individuals support caregiving responsibilities?
5. What types of workplace programs and policies could address the barriers that prevent women from being hired, being promoted and achieving leadership positions?
6. What actions could employers take to ensure that women receive equal opportunities for training and advancement?
7. Some jurisdictions require workplaces to report on their progress on addressing workplace gender imbalances and gender wage gaps. What would the effect be if Ontario required this?
8. Are some groups of women and men (e.g., Aboriginals, immigrants, those in low-income families, women with disabilities), more affected than others? In what way? How could these negative impacts be prevented?

9. Societal attitudes can create barriers. Please give examples of how government, business, labour, advocacy groups, individual leaders or others could help change attitudes about women's roles, value and contributions in the workplace.
10. The gender wage gap will not be closed by a single solution. It will require a variety of approaches. What ideas or best practices can you share? (e.g., educational or awareness campaigns, economic incentives or penalties, income supports, social programs, partnership development, etc.)?
11. Are there other issues or barriers, not included above, that contribute to the gender wage gap, or that prevent women from full participation in workplaces?

## Conclusion

This consultation will help us develop a strategy that will work to close the wage gap between men and women in Ontario, working in the 21<sup>st</sup> century economy.

The gender wage gap is complex and will persist until government, business, labour, other organizations, and individual leaders identify, understand and work to remove all of the existing barriers. These barriers are not only a problem for women and other disadvantaged groups; they also prevent Ontario from using the skills of all men and women to strengthen our economy.

Closing the gender wage gap is not only good for women; it is good for all Ontarians.

## How you can provide input

Further information about the Gender Wage Gap Strategy Steering Committee, including its [Terms of Reference](#), is available on the [Ontario Ministry of Labour website](#).

If you are interested in responding to this paper with your comments, ideas, and suggestions, please contact the Ministry of Labour by:

**E-mail:** GenderWageGap@ontario.ca

**Mail:** Gender Wage Gap Strategy Steering Committee,  
400 University Avenue, 12th floor,  
Toronto, Ontario, M7A 1T7

**Fax:** 416-326-7650  
(Attention: Gender Wage Gap Strategy Steering Committee)

Please provide your response by Friday January 15, 2016.

If you would like us to contact you, please provide your contact information in your cover letter. Please do not include it in the submission itself, unless you agree to have your contact information become public (see “Notice to Consultation Participants” below).

Please note that public consultations on this issue will be held in the fall of 2015. Details of the dates and locations for the consultation sessions will be available on the [Ministry of Labour website](#).

## ***Thank you for participating.***

### **Notice to Consultation Participants**

Submissions and comments provided become part of the public consultation process. The Ministry of Labour may publish any submissions, comments, or summaries of them. In addition, the Ministry may share your submissions, comments, or summaries of them, to other parties during and after the consultation period.

Therefore, please note:

- 1) Do not include the names of other parties (such as the names of employers or other employees) or any other information by which others could be identified, in your submission.
- 2) If you do not want your identity to be linked to your submission, only put your name (and any other identifying information) in a cover letter, NOT in the submission itself.
- 3) If you do identify yourself in your submission, this information may be released with published material or made available to the public.
- 4) However, if your name and contact information is only in the cover letter, it will not be disclosed by the Ministry, unless required by law.
- 5) An individual who provides a submission or comments and indicates an affiliation with an organization will be considered a representative of that organization and his or her identity may be disclosed.

Personal information collected during this consultation is under the authority of the Gender Wage Strategy Steering Committee and is in compliance with subsection 38(2) of the *Freedom of Information and Protection of Privacy Act*. Personal information provided in your submission is voluntary and will be used by the Committee in order to develop recommendations to help create a strategy that aims to close the gender wage gap.

If you have any questions regarding privacy matters, you may contact the Ministry’s Freedom of Information and Privacy Office at 416-326-7786.

# Appendix – Ontario Snapshot<sup>1</sup>

## Labour Force Status

Over 6.8 million people are in the labour force (both employed and unemployed). 3.3 million, or 48.4%, are women. Of the 3.6 million people who are not in the labour force, over 2 million (or 57.8%) are women.

Men have a higher labour force participation rate (69.9%) than women (61.4%) and a higher employment rate (64.2% to 56.3%). Men and women have the same unemployment rate (8.3%).

## Gender Wage Gap

Based on average annual earnings for all earners, Ontario's gender wage gap has narrowed from 55.6% in 1976 to 44.4% in 1986 and 31.5% in 2011. In ten years between 1976 and 1986, the gender wage gap narrowed by 11.2 percentage points, but it only closed by a further 11.3 points in the next 24 years between 1987 and 2011.

Based on hourly wages, for both full time and part-time employees, the gender wage gap is smaller. The average hourly wage gap increased from 18.0% in 1997 to 20.2% in 2001, then narrowed to 15.9% in 2006 and rose again to 16.5% in 2007 before falling to 12.0% in 2011.

## Work Activity

Work activity refers to the number of weeks in a year in which a person worked for pay or in self employment. Men work almost one more week on average than women in a year. Of those who worked, the majority (both men and women) worked 49-52 weeks.

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<sup>1</sup> Statistics Canada. Data in this section uses Statistic Canada's 2011 National Household Survey, the Labour Force Survey and Survey of Labour and Income Dynamics.

## Full time Work / Part-time Work

The majority of employed women worked full time (nearly 2.3 million women). However, 26.7% of all women who worked (over 800 thousand women), worked part-time compared to 14.2% of all men.

Women's share of full time employment has been increasing slowly from 38% in 1987 to 44% in 2014. During that same time, women's share of part-time employment decreased moderately from 71% in 1987 to 66% in 2014.

Research often cites caregiving and family responsibilities as a reason why women work part-time. In 2014, 11% of women reported working part-time because of caring for children and a further 3% cited other personal or family responsibilities.

Female part-time workers have higher average hourly wages than their male counterparts (a -15% male-female gap in 1997 and a -7.6% gap in 2014). However, part-time workers tend to earn less per hour than full time workers. Based on average hourly wages among full time employees, the gender wage gap has persisted, though it narrowed from 16.0% in 1997 to 9.6% in 2014.

## Permanent and Temporary Work

The gender wage gap, measured by average hourly wages, was more pronounced for permanent employees (12.5%) than temporary employees (9.6%) in 2014. However, since 1997, the gender wage gap for permanent employees has decreased from 18.7%, while the gap for temporary employees has risen from 6.4%.

## Minimum Wage Work

It is important to note that for those earning minimum wage, there is no gender wage gap because both men and women earn the same minimum wage rate. However, more women than men work in minimum wage jobs. In 2012, 58.3% of minimum wage earners in Ontario were women, so overall women still face a disadvantage in terms of wages.

## Age

A notable trend is that younger women have stronger earning power. For women aged 15-24 years the gender wage gap narrowed from 8% in 1997 to 5% in 2014 (average hourly wages), and narrowed from 33% in 1976 to 19% in 2011 (average annual earnings).

## Marital Status

Married women experience a much higher gender wage gap (measured by average annual earnings) than those who are never married. However, married women experienced a larger decrease in their gap of 17.2 percentage points (from 46.6% in 1976 to 29.4% in 2011) compared to 3.7 percentage points (from 12% in 1976 to 8.3% in 2011) for women who were never married.

## Education

Based on average annual earnings, from 1987 to 2011, the gender wage gap for full time full year workers has narrowed for all education levels except for those with a university degree. Women with a university degree experienced an increase in the gap by 2% over this period, resulting in the largest wage gap at 30.9% among all education categories in 2011.

Fifty seven percent of women (56.8%) have a college, CEGEP, or other non-university certificate or diploma and about a third have an apprenticeship or trades certificate or diploma. In terms of having a university certificate, diploma or degree at bachelor level or above, women and men are at 23.8% and 23.0% respectively. Women and men with no certificate, diploma, or degree are at 18.4% and 18.9% respectively as their highest level of education.

The most popular field of study for over 700,000 women is business, management and public administration. Over 600,000 women are in the health and related field, which is 80.9% of all students in that field. Architecture, engineering and related technologies is a large field of study with over 1.1 million individuals, however, only 9.2% are women.

## Occupations and Industries

Female-dominated occupations have seen little change since 1987. The following occupations have consistently had 50% or more of women: health occupations; business, finance and administrative; social science, education, government service and religion; sales and service; and art culture, recreation and sport.

A similar trend can be seen in female-dominated industries. Since 1987, health care and social assistance, educational services, accommodation and food services, and finance insurance, real estate and leasing have had over 50% female employees.

The highest number of women are employed in sales and service occupations (nearly 900,000), business, finance and administration occupations (nearly 800,000), and occupations in education, law and social, community and government services (over 500,000).

Health occupations have the highest share of women compared to men (80.1% are women). Trades, transport and equipment operators and related occupations have the highest share of men compared to women (93.5% are men). It is also the category with the highest number of men (over 800,000), followed by sales and service occupations (nearly 700,000) and management occupations (nearly 500,000).

Industry refers to the general nature of the business carried out in the establishment where the person works. The three industries with the highest number of women are health care and social assistance (nearly 600,000), retail trade (just over 400,000), and educational services (over 300,000). For men, it is manufacturing (nearly 500,000), construction (nearly 400,000), and retail trade (over 300,000). The highest concentration of women (82.6%) is in health care and social assistance. For men, it is construction (88.4%).

The gender wage gap differs depending on the occupation and industry. In management occupations—which account for some of the highest hourly wages—the hourly gender wage gap has improved from 21% in 2008 to 12% in 2012. In senior management occupations, the gender wage gap was even smaller at 10% in 2008 to 6% in 2012 but only 0.3% of women worked in senior management jobs compared to 1% of employed men.

In child care and home support worker occupations, where women make up 93% of workers, women actually earned more than men based on an average hourly rate of \$16.59 compared to \$15.08 in 2012; even so, these women were earning almost \$6 per hour less than the average female hourly wage.

Women in trades, transport, primary industry, and utilities experienced the highest hourly gender wage gap (between 24% to 28% in these jobs in 2012). The job categories with the highest percentage of women—business, finance and administration and sales and services had hourly gender wage gaps in the middle of the range of all occupations (14% and 20%). With respect to STEM fields (i.e., science, technology, engineering, engineering technology, mathematics and computer science), there are approximately 2.6 times more men than women working in these industries.

## Unionization

Using average hourly wages, the gender wage gap for both unionized and non-unionized workers has narrowed from 1997-2014, though the gap remains higher for those with no union coverage. The narrowing of the gap has also been steadier for unionized employees.

The gender wage gap decreased from 9.8% in 1997 to 4.6% in 2014 for unionized employees, but fell from 20.6% in 1997 to 16.4% in 2014 for non-unionized employees.