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Ontario

July 29, 2021

Ontario's Task Force on Women and the Economy
c/o Ministry of Finance
by email

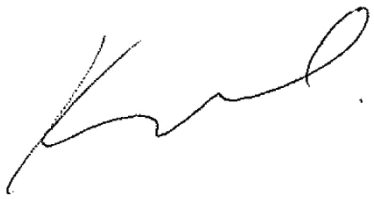
Dear Task Force Members:

Re: Pay Equity Office Submission

Please accept this letter and attachment as the Pay Equity Office's submission to Ontario's Task Force on Women and the Economy. The Office recognizes women's economic empowerment and engagement as foundational to a strong economy and a twenty-first century workplace. This submission focuses on supporting women as the enter and re-enter the workforce, supporting women's entrepreneurship, and removing barriers for women in fields where they are underrepresented.

Do not hesitate to contact me if you have any questions regarding the submission or require further information.

Yours truly,



Kadie Ward
Commissioner
Pay Equity Commission

Submission to Ontario's Task Force on Women and the Economy

July 29, 2021

PAY EQUITY OFFICE
BUREAU DE L'ÉQUITÉ SALARIALE

Introduction

Women are vital to Ontario's economy, but face unique and disproportionate barriers in reaching their full economic potential. Ontario has long recognized this fact and has been an international leader in pay equity legislation. Ontario's Pay Equity Act (the Act) was passed in 1987 with all party support and was the first of its kind globally. The stated purpose of the Act is to redress systemic gender discrimination in the compensation of work performed by employees in female job classes.

The Pay Equity Office focuses on women, work, and compensation. It promotes women's economic equality through effective case and complaint management to ensure compliance with the Act. It promotes awareness to advance economic equality for Ontario's working women, and it advances research on the gender wage gap. The Office recognizes women's economic empowerment and engagement as foundational to a strong economy and a twenty-first century workplace and understands that there is an economic imperative to act in support of these goals.[1]

The Pay Equity Act proactively applies to all organizations in the private sector with 10+ employees and all organizations in the public sector. Job classes are analyzed and quantified by skill, effort, knowledge and responsibility and compared. If the two jobs are different but equally valuable to the company, then they are considered "work of equal value" and should be compensated as such.[2]

The passage of the Act established the Pay Equity Commission (PEC), an independent agency reporting to the Legislature through the Minister of Labour, Training and Skills Development (MLTSD). The PEC is composed of two separate bodies: the Pay Equity Office (the Office) and the Pay Equity Hearings Tribunal. This submission is made by the Pay Equity Office.

The Economic Imperative

The economic impact to be derived from women's participation in the labour market and economic empowerment through women's participation in the economy and wage equity is large and measurable. Addressing the barriers that limit women's full participation in, and subsequent contribution to, the economy not only increases consumer spending and tax revenue, but also decreases social spending and health care costs, and allows for a better return on investments in education.

[1] For more information on the Pay Equity Office see: http://www.payequity.gov.on.ca/Pages/default.aspx.
[2] Pay Equity Act, R.S.O. 1990, c. P.7

An often-cited report by McKinsey estimated that, by 2026, Canada could add $150 billion to its annual gross domestic product (GDP) by supporting women's participation in the workforce.[3] The Royal Bank of Canada (RBC) puts the number at $100 billion.[4] While the numbers are not disaggregated by province, it is safe to assume that Ontario would receive a significant boost to its GDP by supporting women's participation in the labour force and economic activity. The increased participation of women over time contributes to productivity growth.[5] In addition to this, research has noted that men's wages may increase as a result of greater inclusion of women in the labour force since productivity will increase overall leading to gains for everyone.[6]

Deloitte LLP found that a qualified working woman in Ontario who have the same socio-economic and demographic characteristics (e.g., education level, age, marital status), and experience in the workplace (e.g., job status, occupation, and sector) as a man, on average receives $7,200 less pay per year. This amounts to $18 billion of foregone income per year for all working women in Ontario. Deloitte also estimated that revenues from personal and sales tax could increase by $2.6 billion and that government spending on social assistance, tax credits, and child benefits could decrease by $103 million, due to the projected increase in families' income.[7] Addressing women's wage inequity is an economic opportunity to bring an equitable and fair economic recovery to Ontario.

Globally, McKinsey & Company's Global Institute report found that narrowing the gender wage gap could add between $12 and $28 trillion to the global GDP.[8] If as many women worked as men, the International Monetary Fund (IMF) estimates GDP would increase by 5 percent in the U.S., 9 percent in Japan, 12 percent in the United Arab Emirates and 27 percent in India.[9] Compensating women's work fairly is also likely to lower poverty rates among women and reduces the gender gap in old age pensions for retired women.[10]

The economic imperative extends beyond the positive impact economic equality would have on the GDP. Increasing women's participation in economic activity and the labour

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[3] McKinsey Global Institute. June 2017. The Power of Parity: Advancing Women's Equality in Canada.
[4] Royal Bank of Canada. July 2020. Pandemic Threatens Decades of Women's Labour Force Gains.
[5] Lagarde, Christine and Ostry, Jonathan D. November 2018. Economic Gains from Gender Inclusion: Even Greater than you Thought.
[6] Ibid.
[7] Deloitte. May 2016. Costs and Benefits of Closing Ontario's Gender Wage Gap. Prepared for Ministry of Labour.
[8] McKinsey Global Institute. September 2015. The Power of Parity: How Advancing Women's Equality can add $12 Trillion to Global Growth.
[9] Jovanović, M. March 2017. Girl Power.
[10] European Institute for Gender Equality. How Closing the Gender Labour Market Activity and Pay Gap Leads to Economic Growth.

market also impacts an organization's profitability, innovation and competitiveness. For example, companies with gender diversity were 25 percent more likely to experience above-average profitability than peer companies without it.[11] As well, companies who see inclusion as a strength are likely to leverage it to bounce back from an economic recession more quickly.[12] In addition, research shows that women frequently tackle problems with a perspective that often fundamentally differs from that of their male colleagues, and therefore can foster innovation, and creativity.[13] Innovation, and the value it creates, is gender neutral. Gender diverse labour forces drive innovation and value creation.

The business case for women's participation in the labour force and wage equity in Ontario's economy is strong and supports the rebuilding of the economy post COVID-19 and ensures Ontario keeps pace with a rapidly evolving twenty-first century workplace.

Supporting Women as they Enter and Re-enter the Workforce

Women's participation in the economy is largely through representation in the labour market. Women's equal representation has both social and economic benefits driving income equality, workforce productivity and increasing household income. Increasing household income is a salient fact given that 57 percent of Canadian GDP is driven by household spending.[14] This means that supporting women's entering and re-entering the workforce is critical not only to economic equality, but a strong recovery from the COVID-19 pandemic.

Up until the start of the pandemic, women's participation in the labour market in Ontario had increased dramatically over the past half-century: between 1976 and 2019, the participation gap between men and women in Ontario narrowed from 39 percentage points to nine points, according to Statistics Canada.[15] However, it has been reported that 1.5 million women in Canada lost their jobs in the first two months of the pandemic and in April 2020, women's employment dropped to 55 percent, the lowest it has been since the 1980s.[16] Research studying year-over-year employment patterns in Canada found that women accounted for 53.7 percent of losses in employment from March 2020

[11] McKinsey & Company. May 2020. Diversity Wins: How Inclusion Matters.
[12] Ibid.
[13] Fink, J. 2017. Gender sidelining and the problem of unactionable discrimination. SSRN Electronic Journal.
[14] Yalnizyan, Armine, Measuring the She-Cession in Canada in MacLean's. December 2020. Charts to Watch in 2021: The most important Canadian economic graphs for the year ahead.
[15] Ontario Ministry of Finance. 2014. Ontario's Long Term Report on the Economy and Financial Accountability Office of Ontario. 2020. Ontario's Strong 2019 Labour Market Performance.
[16] RBC Economics. July 2020. Pandemic Threatens Decades of Women's Labour Force Gains.

to February 2021.[17] Despite the beginnings of a recovery, women have been slower to return to work.

This is in part because of women voluntarily or involuntarily exiting the workforce due to competing unpaid caregiving responsibilities; this is especially true for Black mothers.[18] From February to May 2020, the pandemic exacerbated the gender employment gap among parents of school-aged children. Family responsibilities may have caused women to stay at home and possibly limited their ability to telework, particularly in the early days of the pandemic. Women's full return to the workforce necessitates programs that support childcare and other unpaid care responsibilities.

In Ontario, as of May 2021, women were less likely than men to be participating in the labour market (59.3 percent compared to 69.5 percent) and were more likely to be unemployed (9.4 percent compared to 9.1 percent). Additionally, many more women (747,800) were engaged in part-time employment than men (468,900).[19] Furthermore, employment among women was further behind its pre-COVID February 2020 level −5.2 percent) than employment among men (−3.1 percent).[20] As noted above, it is estimated that Canada could add somewhere between $100-150 billion to its annual GDP by supporting women's participation in the workforce.[21] It is likely that Ontario would receive a significant boost the GDP by supporting women's participation in the labour force.

Finally, youth unemployment reached unprecedented highs during the pandemic and young women responded by enrolling in postsecondary institutions at a higher rate than a year earlier, while there was no increase among young men. However, as a result of the pandemic, the employment rate of students declined year-over-year from 56 percent to 49 percent for young women, while it remained stable for young men. This was predominantly due to decreases in employment in the accommodation and food services sector for young women.[22] Job opportunities that afford students the opportunity to explore career options, earn an income while studying and develop valuable skills that set them up for success in the job market should not be overlooked during the development of a workforce recovery plan.

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[17] Grekou, Douwere and Lu, Yuqian. May 2021. Gender Differences in Employment One Year into the COVID-19 Pandemic: An Analysis by Industrial Sector and Firm Size.
[18] Statistics Canada. February 2021. Study: A Labour Market Snapshot of Black Canadians During the Pandemic.
[19] Statistics Canada. Table 14-10-0287-03 Labour force characteristics by province, monthly, seasonally adjusted.
[20] Government of Ontario. Labour Market Report, May 2021.
[21] McKinsey Global Institute. June 2017. The Power of Parity: Advancing Women's Equality in Canada and Royal Bank of Canada. July 2020. Pandemic Threatens Decades of Women's Labour Force Gains.
[22] Statistics Canada. May 2021. Study: Gendered Impacts of the COVID-19 Pandemic on the Proportion of Youth Neither in Employment nor Education at the Start of the School Year.

Supporting Women's Entrepreneurship

As noted above, research shows that gender-diverse organizations are more profitable. Further, research also shows that women entrepreneurs tend to do better than their male counterparts in terms of profitability, with one study finding that women owned start-ups generate twice as much revenue per dollar as start-ups led by men.[23] According to the Business Development Bank of Canada (BDC) $117 billion of economic activity can be traced to women-owned businesses in Canada and moreover, $88.2 billion of additional revenue could be pumped into the Canadian economy if women entrepreneurs earned as much as men.[24]

However, women entrepreneurs face unequal barriers in starting and running a business. Three noted challenges are: lack of mentors and a network of peers, difficulty accessing enough financing and capital, and unconscious bias that disproportionally affects women.[25] For example, research has found that the innovations created by women entrepreneurs are often under-recognized because of the way innovation is equated with or understood as advances in technology. While women entrepreneurs are using technology and adapting it to their needs, many of their innovations fall outside this sphere. The majority of women-owned businesses are located in the services sector and struggle to obtain funding for start-up and growth. Financial institutions and venture capitalists are slow to recognize the value imbedded in these businesses. Indigenous women are also innovating and face similar challenges, plus those arising from prejudice, lack of support from family and community, and a shortage of training opportunities.[26]

There are some current supports to be aware of. For example, as of 2018, there were 35 gender lens investment offerings in the public market, with approximately $2.4 billion worth of assets under management. Global initiatives such as GenderSmart, which seeks to unlock gender-smart capital at scale, and SheEO, which seeks to ignite opportunities for female entrepreneurs and innovators, have also entered the space, indicating the significant appetite for this market.[27] Canada is now ranked third for venture capital investment according to the Organisation for Economic Co-operation and Development (OECD).

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[23] Abouzahr, K., Krentz, M., Harthorne, J., Brooks Taplett, F. June 2018. Why Women-Owned Startups Are a Better Bet.
[24] Business Development Bank of Canada
[25] Ibid.
[26] Beckton, C. and McDonald, J. March 2018. Government needs to better support women entrepreneurs.
[27] KPMG

Furthermore, the 2021 Ontario Budget contains support for women entrepreneurs and business owners through programs such as Digital Main Street which provides $57 million to help up to 22,900 Ontario businesses create and enhance their online presence; 56 percent of supported businesses are operated by women entrepreneurs. Applying gender-based analysis plus (GBA+) to these types of programs and investments will be valuable to ensure that they do not unintentionally widen gender gaps.[28] GBA+ is not meant to be just another step in designing a policy or approving a program, but is meant to ensure that gender and diversity factors are front of mind at all times, including monitoring and evaluating and the way data is gathered. Resources and courses provided by the Federal government can help by posing questions that challenge assumptions about gender and diversity implications. A 2015 report by the Auditor General of Canada found that GBA+ contributed to program development when used, and when not used, may have lead to incomplete analysis and conclusions not supported by evidence.[29]

Removing Barriers for Women in Fields Where they are Underrepresented

Women and men have historically been clustered in certain occupations and these occupations, though economically significant, are valued and compensated differently by society and employers. This clustering persists in Ontario today. As of May 2021, women are dominant in areas such as health (77.8 percent); and in education, law, and social, community and government services (68.1 percent). Women in Ontario were also clustered in sectors significantly impacted by COVID-19: accommodation and food services, retail services, and tourism services.[30] The full or partial shut-down of activities such as travel, hospitality, arts and entertainment, personal services, and airlines, to slow the spread of COVID-19 have also significantly impacted women.[31] As such, women need support and opportunities that bridge them from hard-hit industries to those that are experiencing growth, or into entrepreneurship. For instance, women are least represented in trades, transport and equipment operators and related occupations (7.0 percent).[32] This suggests that systemic barriers exist, preventing women from entering or succeeding in these sectors. Sectors needing skilled trades and transport

[28] Gender-Based Analysis Plus (GBA+) is the process by which a policy, program, initiative or service can be examined for its impacts on various groups of women and men. GBA+ provides a snapshot that captures the realities of women and men affected by a particular issue at a specific time.
[29] Office of the Auditor General of Canada. 2015. 2015 Fall Reports of the Auditor General of Canada.
[30] Statistics Canada. Table 14-10-0023-01 Labour force characteristics by industry, annual (x1,000) and Destination Canada. March 2021. Revisiting Tourism: Canada's Visitor Economy One Year into the Global Pandemic.
[31] Wang, Weimin. May 2021. Impacts of the COVID-19 Pandemic on Productivity Growth in Canada.
[32] Statistics Canada. Table 14-10-0296-01 Labour force characteristics by occupation, monthly, unadjusted for seasonality (x1,000)

and equipment operators, such as the utilities and manufacturing sectors, are poised for growth.[33] Ontario programs, outreach and training could include content that breaks the gender stereotype of these occupations being “male jobs” while supporting women navigating entering these occupations out of high school or reskilling later in their careers.

Other sectors that have shown growth throughout the pandemic through hours worked are professional, scientific and technical services; finance, insurance and holding companies; and retail trade.[34] Ontario economic development programs could ensure that women are supported in training and preparing to enter these additional growth sectors.

Research from 2017 highlighted that the one of the most important levers for growth is adding more women to high-productivity sectors such as mining and technology.[35] Furthermore, because there are well-paid jobs in trades, and because there is progress to be made in this occupational sector, there are opportunities for Ontario’s training programs to support women in upskilling or reskilling for jobs in the skilled trades as a way of supporting their participation in the economy and closing the wage gap.

Recommendations

Ontario recognizes the value proposition for women’s economic equality. The Ontario government has made investments in women’s economic equality such as $117.3 million in employment and training supports to assist women, racialized individuals, Indigenous peoples, youth and people with disabilities who are facing the highest rates of unemployment during the pandemic. Budget 2021 also contains explicit recognition of the correlation between women’s participation in the labour market and access to affordable childcare. The Office encourages the Task Force to continue build on momentum when making recommendations to government.

1. Use Gender-Based Analysis Plus (GBA+)[36] as a tool to review and underpin all actions proposed by the Committee. Applying GBA+ to the Task Force’s analysis helps to ensure that policy recommendations do not unintentionally widen workforce participation or gender wage gaps.

[33] Ontario Chamber of Commerce. 2021 Ontario Economic Report and IBIS World. Fastest Growing Industries in Canada by Revenue Growth (%) in 2021
[34] Wang, Weimin. May 2021. Impacts of the COVID-19 Pandemic on Productivity Growth in Canada.
[35] McKinsey Global Institute. June 2017. The Power of Parity: Advancing Women's Equality in Canada.
[36] Gender-Based Analysis Plus (GBA+).

2. Support women entrepreneurs by broadening the definition of innovation used by the government in assessing grants and new programs beyond technology to recognize women entrepreneurs' innovations in all sectors.

3. Support women by providing opportunities that bridge them to sectors that are experiencing growth or where there are existing well-paid jobs. For instance, women are least represented in trades, transport and equipment operators and related occupations (7.0 percent).[37] Ontario programs, outreach and training could include content that breaks the gender stereotypes of these occupations while supporting women navigating entering these occupations out of high school or reskilling later in their careers.

    3a. Consult women already in these sectors and occupations, as well as organizations and individual's representative of women who want to move into these areas to ensure there is a clear understanding of the barriers faced by women.

4. Focus on an inclusive and equitable recovery by valuing work in occupations or sectors where women have historically been clustered. Research demonstrates that valuing work historically performed by women increases wages overall, household income, consumer spending, tax revenue, and GDP.

5. Consider the experiences and specific needs of Black women, women who are immigrants, women who are disabled, trans women, young women, and Indigenous women so policy recommendations do not unintentionally widen economic participation or wage gaps.

6. Consider how care responsibilities, such as childcare and elder care can be supported or supplemented so women can spend less time on unpaid work, and more on employment opportunities.

7. Consider how telework can be supported across industries long-term. Research shows that the employment gap between men and women was bridged during the pandemic in service industry occupations that were conducive to telework such as finance and insurance and educational services. Equally important will be the consideration of any inadvertent adverse consequences of the continuation of telework post-pandemic. Research completed before the

[37] Statistics Canada. Table 14-10-0296-01 Labour force characteristics by occupation, monthly, unadjusted for seasonality (x1,000)

pandemic has shown that hybrid work models can actually reinforce gender inequities.[38]

Conclusion

The economic impact to be derived from women's economic empowerment and participation in the labour market including wage equity is large and measurable. Addressing the barriers that limit women's full participation and the labour market and subsequent contribution to the economy means an inclusive recovery that will bolster Ontario's economic growth prospects. In this submission we have noted that women's increased participation in the labour market only increases consumer spending and tax revenue, but also decreases social spending and health care costs, and allows for a better return on investments in education – both leading to economic growth.

[38] Bloom, Nicholas. "Hybrid Work Is Here To Stay. Now What?" Harvard Business Review (transcript and audio).