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Ontario

July 29, 2021

Ontario Workforce Recovery Advisory Committee
c/o Ministry of Labour, Training and Skills Development
by email

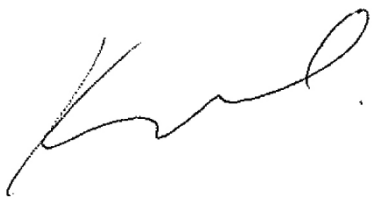
Dear Committee Members:

Re: Pay Equity Office Submission

Please accept this letter and attachment as the Pay Equity Office's submission to the Ontario Workforce Recovery Advisory Committee. The Office recognizes women's economic empowerment and engagement as foundational to strong labour markets. This submission focuses on the economic imperative to close labour market participation gaps and gender-based wage gaps for women to advance economic equality, thereby supporting growth and a strong recovery for Ontario.

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 the Ontario Workforce Recovery Advisory Committee

July 29, 2021

PAY EQUITY OFFICE
BUREAU DE L'ÉQUITÉ SALARIALE

Introduction

Women are vital in Ontario's labour market and central to Ontario's competitiveness as a top jurisdiction in recruiting, retaining, and rewarding world class talent. 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 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.[1]

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 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 strong labour markets and understands that there is an economic imperative to act in support of these goals.[2]

Women and the Workforce: An Economic Imperative

The economic impact to be derived from women's participation in the labour market and economic empowerment through 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 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] Pay Equity Act, R.S.O. 1990, c. P.7
[2] For more information on the Pay Equity Office see: http://www.payequity.gov.on.ca/Pages/default.aspx.

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. 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]

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 the labour 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

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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.

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 recovery is strong and supporting it will make Ontario a top jurisdiction with a world class workforce and supply of talent. Below, this submission outlines ways the Government of Ontario can close both the participation and gender wage gap for women in Ontario in order to support a more prosperous and equitable recovery.

Women and the Workforce: The Participation Gap in Ontario

Women's representation in the labour market 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]

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's been since the 1980s.[16] As a province, Ontario cannot recover from this recession without women's equitable participation in the labour market.

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

[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.

(747,800) were engaged in part-time employment than men (468,900).[17] Furthermore, employment among women was further behind its pre-COVID February 2020 level −5.2 percent) than employment among men (−3.1 percent).[18] 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.[19] It is likely that Ontario would receive a significant boost the GDP by supporting women's participation in the labour force.

Women and men have historically been clustered in certain occupations and these occupations 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.[20] 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.[21] As such, women need support and opportunities that bridge them from hard-hit industries to those that are experiencing growth. For instance, women are least represented in trades, transport and equipment operators and related occupations (7.0 percent).[22] This suggests that systemic barriers exist, preventing women from entering or succeeding in these sectors. Sectors needing skilled trades and transport and equipment operators, such as the utilities and manufacturing sectors, are poised for growth.[23] 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 based on hours worked are professional, scientific and technical services; finance, insurance and holding companies; and retail trade.[24] Ontario workforce development programs could ensure

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[17] Statistics Canada. Table 14-10-0287-03 Labour force characteristics by province, monthly, seasonally adjusted.
[18] Government of Ontario. Labour Market Report, May 2021.
[19] 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.
[20] 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.
[21] Wang, Weimin. May 2021. Impacts of the COVID-19 Pandemic on Productivity Growth in Canada.
[22] Statistics Canada. Table 14-10-0296-01 Labour force characteristics by occupation, monthly, unadjusted for seasonality (x1,000)
[23] Ontario Chamber of Commerce. 2021 Ontario Economic Report and IBIS World. Fastest Growing Industries in Canada by Revenue Growth (%) in 2021
[24] Wang, Weimin. May 2021. Impacts of the COVID-19 Pandemic on Productivity Growth in Canada.

that women are supported in training and preparing to enter these additional growth sectors.

Women and the Workforce: The Gender Wage Gap in Ontario

The gender wage gap is the difference between wages earned by men and wages earned by women. It is a result of a host of complex interconnected structural issues. Part of the wage gap can be explained through identified factors that Statistics Canada shared in 2019. These include human capital (education, job tenure); job attributes (part-time vs. full-time, public vs. private sector, firm size, unionization); occupation and industry; and demographics. The identifiable factors can only explain about 30 percent of the wage gap in Ontario. Approximately 70 percent remains unexplained. The unexplained portion of the gap could include factors such as: differences in behaviours (e.g., wage negotiation) and the impact of explicit or implicit gender-based wage discrimination.[25]

The gap can be measured in various ways: annual, full-time, part-time, hourly, including performance-based pay or not, but no matter how the gap is measured, it persists.[26] It is important to note that the gender wage gap is larger for racialized women, women who are newcomers, women with disabilities, Indigenous women, and trans women.[27] There is often a lack of disaggregated data that allows for intersectional analysis and outcomes measurement. Opportunities to gather and report on these data should be prioritized.

Using average hourly wage data, which accounts for differences in hours worked between men and women, the most recent Statistics Canada data (2020) show that the gender wage gap in Ontario is 11 percent. This means that for every $1.00 earned by a male worker, a female worker earns 89 cents. Since 1998, the average hourly gender wage gap has closed by eight percentage points.[28]

Some occupational fields have been more effective at closing the gender wage gap then others. Over the last decade in Ontario these occupations include: management; natural resources, agriculture and related production occupations; and, occupations in

[25] Pelletier, Patterson, and Moyser. October 2019. The Gender Wage Gap in Canada: 1998 to 2018.
[26] For example, in this submission the Office cites average hourly data, but acknowledges that the gap can be wider by other measures. According to the Canadian Income Survey, using average annual earnings which includes performance pay, the gap was 29 percent in 2019.
[27] Statistics Canada. Census 2016, Trans PULSE Project, 2010.
[28] Statistics Canada. Table 14-10-0340-02 Average and median gender wage ratio, annual. Note: The Office leverages data from the Labour Force Survey. Unlike some other measures, these data allow for comparable analysis that can be updated annually to track progress.

art, culture, recreation and sport. On the flip side, from 2010-2020, the gender wage gap in health occupations widened by seven percent. As of 2020, the gender wage gap was the largest in trades, transport and equipment operators and related occupations ($0.72 for every dollar earned by men).[29]

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.[30] 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 closing the wage gap.

Women in the Workforce: Impact of COVID-19

The COVID-19 pandemic has greatly changed the landscape of the labour force by widening the gap between working women and working men. In addition to what has been outlined above, research studying year-over-year employment patterns in Canada finds that at the onset of the pandemic, in March 2020, employment losses for women accounted for 62.5 percent of overall employment losses. This same research found that women accounted for 53.7 percent of losses in employment from March 2020 to February 2021.[31] Despite the beginnings of a recovery, women have been slower to return to work.

This is in part because women are voluntarily or involuntarily exiting the workforce due to competing unpaid caregiving responsibilities; this is especially true for Black mothers.[32] 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.

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

[29] Ibid.
[30] McKinsey Global Institute. June 2017. The Power of Parity: Advancing Women's Equality in Canada.
[31] 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.
[32] Statistics Canada. February 2021. Study: A Labour Market Snapshot of Black Canadians During the Pandemic.

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.[33] 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.

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 Committee to continue build on momentum when making recommendations to government.

1. Use gender-based analysis plus (GBA+)[34] as a tool to review and underpin all actions proposed by the Committee. Applying GBA+ to the Committee's analysis helps to ensure that policy recommendations do not unintentionally widen workforce participation or gender wage gaps.

2. 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.

3. Support women by providing opportunities that bridge them to industries 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).[35] Ontario programs, outreach and training could include content that breaks the gender stereotypes of these occupations

[33] 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.
[34] 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.
[35] Statistics Canada. Table 14-10-0296-01 Labour force characteristics by occupation, monthly, unadjusted for seasonality (x1,000)

while supporting women navigating entering these occupations out of high school or reskilling later in their careers.

4. Focus on an inclusive and equitable recovery by valuing work in occupations or industries 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 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.

Conclusion

Ensuring we close participation gaps and wage gaps for women as an aspect of workforce recovery will strengthen Ontario's economy and further confirm its status as a world leader. When women are strategically considered, when their voices are heard, both the story of the pandemic and the path to economic and workforce recovery change – and for Ontario, this means an inclusive recovery that will bolster Ontario's status as the best place for people to work and for organizations to recruit, retain and reward workers.