Every Step You Take
Ontario’s Gender Pay Gap Ladder

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Executive Summary

For the third year in a row, the Government of Ontario recognizes the persistence of the province’s gender pay gap by acknowledging April 19, 2016 as Equal Pay Day.

Why April 19th? Because women in Ontario who work full-time, full-year have to work roughly an additional three-and-a-half months into the new year to catch up to how much men have earned, on average, by the end of the previous year. In other words: it takes women almost 16 months of work to match what men make in 12 months in Ontario.

The goal of Equal Pay Day is to sketch out steps to close that pay gap, but how do you accomplish that goal if you don’t know where the gaps are along the income spectrum, by occupation, or by demographics such as racialized group or immigration status?

This study makes a new contribution to the understanding of Ontario’s gender pay gap by drawing upon a decile analysis to understand the distribution of men’s and women’s earnings. Imagine lining up men and women on an employment income ladder that has 10 steps (deciles), going from the poorest 10 per cent to the highest paid 10 per cent. How different does that ladder look for men as compared to women?

This study reveals a number of stubborn trends that underlie the persistence of Ontario’s gender pay gap: each step in that ladder is lower for women than men except the first one, where they earn an average of $190 per year more than men.
Moving up the steps in that income ladder, the gender pay gap persists and widens.

Average earnings in the second decile for women fall 15 per cent below that of men. That translates into a shortfall of $1,000 in women’s annual average earnings compared to men. Taken over the course of a woman’s working life, over a 35-year period, women who remain in the second lowest-paying decile would earn an average of $35,000 less than men in the same income category.

Average earnings in the third decile for women fall 27 per cent below that of men — a shortfall of $3,700 in women’s average annual earnings compared to men. Over a 35-year period, women in this decile would earn an average of $129,500 less than men in the same income category.

In the middle rung for women, average earnings fall 27 per cent below that of men — a shortfall of $9,000 in women’s average annual earnings compared to men. Taken over the course of a woman’s working life, over a 35-year period, women in the middle-paying decile would earn an average of $315,000 less than men in the same income category.

In the seventh rung for women, average earnings fall 25 per cent below that of men — a shortfall of $14,000 in women’s average annual earnings compared to men. Taken over the course of a woman’s working life, over a 35-year period, women in the seventh highest-paying decile would earn an average of $490,000 less than men in the same income category.

Here’s the kicker: in the top decile, the best paid 10 per cent of women in Ontario experience an average earnings shortfall that is 37 per cent less than average earnings in the top decile for men. That translates into a whopping $64,000 annual average earnings shortfall, giving new meaning to the glass ceiling. Taken over the course of a woman’s working life, over a 35-year period, women in the top-paying decile would earn an average of $2,240,000 less than men in the same income category.

Regardless of which industries or occupations women work in, they make much less than men, on average, even in areas where women predominate.

As women get older and gain more work experience they still earn substantially less than their male counterparts. Immigrant and Aboriginal women experience a bigger gender pay gap.

In other words, gender inequality reigns no matter how you slice up the Ontario labour market. The persistence of these inequality patterns shows that the market operates systematically so that women incur substantial economic losses throughout their lifetime. While Ontario women are seek-
ing to rise up the pay hierarchy by investing in education and seeking new jobs as a key to their income mobility, the income gap remains.

Despite higher educational attainment, entry into new occupations, increased labour force participation, age and experience, the gender gap shadows women along every step of the income ladder.

Introduction

On April 19, 2016, the Ontario government officially recognizes Equal Pay Day — a day dedicated to shining a light on the persistent problem of pay inequities in the province.

The day also provides an opportunity to assess what needs to be done to find solutions to close the gender pay gap and end pay discrimination once and for all.

Ontario’s overall gender pay gap stands at 29.4 per cent, based on average annual earnings using the most recent Statistics Canada Canadian Income Survey (CIS) data for 2013. That means women in Ontario earn 70.6 cents for every man’s dollar.

Why is the gender pay gap so persistent? This report examines gendered trends along the entire income spectrum using 2013 CIS data on average annual earnings to describe a deeper dimension to the story of gender pay inequality: it shows where Ontario’s gender pay gap exists along every step of the income ladder.

Decile analysis is an important tool to add to the gender pay gap debate and to help those who are trying to close it — including provincial and municipal governments, equality-seeking organizations, and businesses.

Federally, a variation of this approach at the workplace level is used under the Employment Equity Act, where employers are required to provide pay and occupational information using occupational clusters (eg. management positions) and then divide the pay for those clusters into quartiles to show where women, Aboriginal peoples, people with disabilities and visible minorities are clustered. This type of analysis facilitates the comparison of a designated group’s salary data with other employees working within the same occupational groups to determine if there is clustering in the lower salary ranges. It also provides the overall distribution or concentration of the designated group members by occupational groups.

This paper models out an analytical approach that could be useful at the provincial level.
Ontario’s gender pay gap by decile

*Figure 1* shows the difference in the distribution of men’s and women’s average earnings in Ontario in 2013. It divides women’s average earnings into 10 equal steps and men’s average earnings into 10 equal steps, going from the poorest 10 per cent (decile one) to the highest paid 10 per cent (decile 10).

*FIGURE 1* Difference in the distribution of earnings for men and women (deciles by gender), Ontario 2013

Source: Statistics Canada, C1S 2013, calculations by Richard Shillington.

It shows the differences in earnings profiles by gender.

This chart reveals a disturbing and persistent pattern: it shows how different the distribution of men’s and women’s earnings are — and how that disparity grows as you move up the earnings ladder. There is a gender pay gap at each step of the earnings ladder in Ontario’s labour market except for the absolute bottom, where women among Ontario’s poorest 10 per cent earn $190, on average, more a year than men among the poorest 10 per cent. Average earnings in the second decile for women fall 15 per cent below that of men. That translates into a shortfall of $1,000 in women’s annual
average earnings compared to men. Taken over the course of a woman’s working life, say over a 35-year period, women in the second lowest-paying decile would earn an average of $35,000 less than men in the same income category.

Average earnings in the third decile for women fall 27 per cent below that of men — a shortfall of $3,700 in women’s average annual earnings compared to men. Over a 35-year period, women in this decile would earn an average of $129,500 less than men in the same income category.

In the middle rung for women, average earnings fall 27 per cent below that of men — a shortfall of $9,000 in women’s average annual earnings compared to men. Taken over the course of a woman’s working life, over a 35-year period, women in the middle-paying decile would earn an average of $315,000 less than men in the same income category.

In the seventh rung for women, average earnings fall 25 per cent below that of men — a shortfall of $14,000 in women’s average annual earnings compared to men. Taken over the course of a woman’s working life, over a 35-year period, women in this decile would earn an average of $490,000 less than men in the same income category.

Here’s the kicker: in the top decile, the best paid 10 per cent of women in Ontario experience an average earnings shortfall that is 37 per cent less than average earnings in the top decile for men. That translates into a whopping $64,000 annual average earnings shortfall, giving new meaning to the glass ceiling. Taken over the course of a woman’s working life, over a 35-year period, women in this top decile would earn an average of $2,240,000 less than men in the same income category.

Despite significant investments by women in education and training, as well as their increased entry into higher paying professions and jobs, they come up against the gender pay gap. It follows women up the income ladder every step of the way and the economic losses and social costs for women and their families are enormous.

**Gender pay gap by occupation, industry and sector**

Ontario’s men and women work in many different industries and occupational categories, both in the public and private sector. Examining pay patterns by gender in these areas reveals inequities that contribute to the unequal pay hierarchy experienced throughout the income ladder in Ontario.
Figure 2 shows average annual earnings of men and women across occupational categories. The occupational categories range from management occupations to those relating to health, trades, transportation and equipment, sales and service.

The picture in Figure 2 reveals a similar pattern to Figure 1: every occupational category with data for women features a gender pay gap and many of those gaps are substantial.

Take health occupations, where women are highly predominant, with many possessing university and higher professional qualifications. Men earn $28,000, on average, more than women working in health occupations — a gender pay gap of 37 per cent.

In management occupations, women make on average $24,000 less than men working in the same occupation — for a gender pay gap of 26 per cent.
Sales and service occupations deliver an average of $17,400 less for women, comprising a gender pay gap of 48 per cent.

The highest occupational gender pay gap is in social sciences and government: the gap is an average of $32,000, or 39 per cent.

The gap is lowest in natural and applied science occupations, at $8,000, or 11 per cent.

The results show that the pay gap between men and women in Ontario is represented at the occupational category level across the board, with women consistently earning, on average, substantially less than men.

Women have been doing their part — increasing their education credentials and their labour force participation — but it does not appear to be translating into pay equality in Ontario.

*Figure 3* shows the annual average earnings of men and women across 15 industries in Ontario.

All industries with data for women reveal a gender pay gap.

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**FIGURE 3** Average annual earnings by industry, Ontario 2013

Source: Statistics Canada, C1S 2013, calculations by Richard Shillington.
The income gap ranges from the lowest — a $1,000 difference in average earnings in retail trade — to the highest — a 54 per cent pay gap in real estate and leasing (a difference of $32,000).

Women in educational services experience a gender pay gap of 23 per cent, earning on average $20,000 less than what men make.

Finance and insurance weigh in with a gender pay gap of 31 per cent, or a $19,000 average earnings gap.

Does it make a difference if you work in public or private sector? In short: yes. The public sector gender pay gap is 24 per cent, compared to 37 per cent in the private sector. Even so, women who work in the public sector experience, on average, a difference in average earnings of $17,000 annually. Women in the private sector earn, on average, $19,000 less than men in Ontario.

With greater unionization and better equality policies and enforcement, the public sector delivers greater pay equality but it still has a long way to go to actually deliver equality.³

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**FIGURE 4** Average annual earnings by education, Ontario 2013

Education and age pay gap

Does getting more education help to close the gender pay gap? Since 1997, there has been a substantial increase in the proportion of highly educated women, with women now consisting of the majority of degree holders and moving into professions once dominated by men. Given this increase, it is surprising that the gender pay gap is still so great.

Figure 4 looks at the average annual earnings for men and women in Ontario by educational attainment. It shows two trends: (1) for both men and women, higher educational attainment pays off in terms of higher average annual earnings, but (2) from high school diploma to graduate degree, men’s earnings outstrip women’s.

Women, regardless of their job, profession or business, still face many barriers in rising through the ranks, especially as a result of the unequal share they bear of reproductive care and family responsibilities. As well, research shows that when occupations have a greater share of women in them, they pay less than those with a lower share, even when controlling for education and skill. As women enter fields in greater numbers, pay declines for the same jobs that men were doing before. The association of work with women lowers its pay.

Figure 5 Average annual earnings by age group, Ontario 2013

Does getting older with more experience help erase the pay gap? *Figure 5* examines average annual earnings for men and women in Ontario by age. It shows the pay gap persists throughout the life cycle: it starts out narrower for younger workers, then it grows even as both men and women’s earnings grow between ages 25 and 54. As men and women age, their average annual earnings decline but the pay gap still exists till the end.

The best ages for a woman are 15-24, where they only have an average pay gap of $3,100. After that the pay gap just keeps widening.

Between 35 and 44, when women are working to provide for their growing children and obtaining housing, women earn $18,000, on average, less than men.

During the prime working years of ages 45-54, when women are bringing up families and saving for retirement, women are earning, on average, $21,000 less than men.

All of these pay gaps have serious consequences for women as they try to support their families and save for their retirement years.

In the years just before retirement, ages 55-64, the difference in earnings is $25,000, on average — the largest dollar gender pay gap over a women’s lifetime.

### Intersectional Pay Lens

Ontario’s gender pay gap is intensified by the fact that women make up the majority of workers in precarious employment relationships and predominate in lower paying occupations and industries.\(^7\)

Ontario women who face systemic discrimination because they are Aboriginal, racialized, have disabilities, are immigrants, have precarious new or temporary migration status, are LGBTQ, elderly or face other systemic barriers face larger pay gaps.\(^8\)

We know research based on earlier Census data has shown that the income gap worsens for women who are racialized, recent immigrants, and Aboriginal.\(^9\) Data limitations prevent us from doing an intersectional analysis justice in this report, though the re-establishment of a long-form Census in 2016 holds promise that reliable disaggregated data will once again be available to analysts in the near future.

Given data limitations, this report analyses the earnings gap for women who are immigrants and for Aboriginal women.
Comparing female and male annual average earnings across immigrant and non-immigrant populations in Ontario, the data reveals that immigrant women earn $33,000, on average, which is $21,000 less than non-immigrant men — a 39 per cent gender pay gap.

The data also shows that immigrant men face a pay gap of $10,000 less in earnings, on average, in comparison to non-immigrant men.

Women who are recent immigrants have average earnings of only $23,000 annually, which is $31,000 less than non-immigrant men.

Comparing male and female average annual earnings across Aboriginal and non-Aboriginal populations in Ontario, the data show that Aboriginal women earn $23,000, on average, which is $31,000 a year less than non-Aboriginal men. The data also show that Aboriginal men earn $9,000 a year less than non-Aboriginal men.

**Vision for a zero gender pay gap**

When Ontario women earn, on average, the same as Ontario men each year, a key dimension of gender equality in employment will be achieved. That day will not come without concrete action.

Substantive equality means that a woman’s employment prospects and outcomes are not determined by discrimination due to her gender nor by the intersection of other factors, such as immigration status or racialization. Just as the world’s future would be secured by urgent action on climate change, women’s future would be secured by urgent action to transform Ontario’s economy, so that it produces equal outcomes for all women and men.

What would an Ontario without a gender pay gap look like?

Ontario women and men will, on average, have the same earnings in each decile of overall earnings, in each sector, occupational category, and industry and whether or not they are immigrants, Aboriginal peoples, or those who face further systemic discrimination due to other aspects of their identity.

Ontario women and men will both have the economic and social opportunities to share equally in Ontario’s labour market.

Ontario women and men will both be treated with equal dignity and respect.

Ontario women and men will both have their work valued and recognized appropriately.

The barriers women face in gaining access to better pay and secure or “decent” work will have been removed.
Women will not experience a penalty for their reproductive role.
Care responsibilities will be shared equally by women and men and will be supported through social and economic policies that do not impose a gender penalty.
Women will no longer face sexual violence and harassment in their workplaces and communities.
Discrimination on grounds other than gender will also be eliminated so that women will not face greater economic penalties because they experience multiple forms of prohibited discrimination.
Women will be freed from all the discriminatory dynamics operating together to trap them in an unequal labour market that produces unequal outcomes for them.
In other words, closing the gender pay gap requires that all the diversity of Ontario’s women can access the resources and opportunities they need to fully participate in and contribute to the economic, political, and cultural life of their community and province.

Conclusion

Taken together, and looking at the persistent, gendered pay hierarchy along the entirety of Ontario’s income spectrum, what do these results mean?
Gender pay inequality follows women wherever they work in Ontario’s labour market, despite their individual efforts to improve their situation.
Women are being denied fair rewards in the labour market for their ongoing investments in education and deeper work experience.
The pattern of unequal average earnings across all industries, occupational categories and sectors, its reach throughout women’s work lives, and despite higher education attainment, leads to the conclusion that systemic barriers persist for women in Ontario’s labour market.
These barriers flow from a multitude of factors, which include a systemic pattern of undervaluing the workplace skills and responsibilities of women as well as a failure to reward their effort and working conditions.10
Women’s ongoing income inequality is driven by a number of different political and economic trends that support the gender pay gap and that constrain action to close the pay gap.
These include growing and gendered income inequality; fragmentation of the workplace; the austerity agenda and declining equality role of gov-
ernments; the decline of unionization; and the impact of unequal households and unpaid care obligations.\textsuperscript{11}

As well, specific workplace and social dynamics that constrain and forge Ontario women’s unequal earnings range from discrimination in pay to the myriad of barriers women face in accessing decent work with secure hours, equal pay, and equitable employment status and conditions.\textsuperscript{12}

These labour market dynamics deliver to women the unequal earnings which are detailed in this report which in turn cause hardship and economic losses for women, their families and communities across Ontario. This also contributes to the social harms of poverty, economic insecurity, and ill health.\textsuperscript{13} While we know that equitable economies generate sustainable and inclusive prosperity and growth, the persistence of the gender pay gap undermines those very goals.

Equality of outcomes is at the heart of a democratic society. Ontario’s labour market system needs to be transformed to produce economic equality for women.
Notes

1. Statistics Canada, Canadian Income Survey (CIS), calculations by Richard Shillington. For women working full-time, full-year, the pay gap is 24.3 per cent. The hourly pay gap in 2015 stood at 14 per cent, up 2 per cent from 2013. While all three statistical measures contribute in different ways to understanding the gender pay gap, the average annual earnings gap is best illustrates the overall picture of what the labour market delivers to women annually in earnings to support them and their families. See discussion re: pay gap data measurement in “Closing the Gender Wage Gap: A Background Paper, Ministry of Labour, October, 2015.


4. See Martin Turcotte, Women and Education: A Gender-Based Statistical Report, Statistics Canada, December, 2011; See also discussion of education pay gaps in Closing the Gender Wage Gap: A Background Paper, supra, at pp. 46-47.


For a discussion of these dynamics, see Part VI, Mapping Systemic Discrimination Dynamics That Sustain the Gender Pay Gap, Securing Human Rights Justice for Women’s Work The Path to a 0% Gender Pay Gap by 2025, Preliminary Submissions to the Ontario Gender Wage Gap Review, supra.


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