



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Special Committee on Pay Equity

ESPE • NUMBER 007 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Monday, May 2, 2016

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Chair

Ms. Anita Vandenbeld

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•(1735)

[English]

The Chair (Ms. Anita Vandenbeld (Ottawa West—Nepean, Lib.)): I call the meeting to order.

Thank you very much to our witnesses from Statistics Canada. We have Alison Hale, who is the director of the labour statistics division, and Marie Drolet, research economist with the labour statistics division.

I believe that members have a hard copy of the PowerPoint presentation, entitled An Overview of the Gender Pay Gap. If you don't, it's being distributed right now.

[Translation]

Welcome.

[English]

Thank you very much.

We will start with a 10-minute presentation.

Will you both be speaking? I will call on Ms. Hale. Thank you.

Ms. Alison Hale (Director, Labour Statistics Division, Statistics Canada): Good afternoon.

First I want to remind everybody that today is Census Day. We're all very happy at StatsCan today. I want to remind everybody to check your mailboxes. I also want to thank you for the opportunity to present to the Special Committee on Pay Equity. Our presentation today contains data and analysis from Statistics Canada related to the gender pay gap that may inform your discussions.

The fact that men continue to earn more than women is not new. The first objective of today's presentation is not to provide a single definitive estimate of the pay gap but rather to describe the different measures that are commonly used to describe gender pay differences and to demonstrate that measurement and methodology matter. The second goal is to demonstrate how the Canadian gender pay gap has changed over time.

The most widely cited statistics on the gender pay gap are based on annual earnings. Women working full year, full time, earn 74¢ for every dollar earned by men. An alternative measure is based on hourly wages. Women earn on average about 86¢ for every dollar earned by men. Why is there such a large difference in these ratios?

One caveat with the earnings ratio is that it does not accurately account for differences in work volume. In 2015 men working full time worked about 3.3 hours longer than women working full time,

so in principle there could be no gender gap in hourly wages while there was one in annual earnings simply because men work more hours than women do.

Another caveat regarding the earnings ratio is that it excludes a large and changing segment of the population. In 2013, roughly 68% of women and 75% of men worked full year, full time. Ratios based on hourly wages overcome these problems and have the added advantage of being job-specific, thereby facilitating comparisons between the wages of men and women.

Slide 3 looks just at the trend since the 1980s in these two gender-based ratios: one using annual earnings, which is the one on the bottom, the solid line, of full-time, full-year workers; and the other using an hourly wage rate of full-time workers. Between 1984 and 1992, the annual earnings ratio increased by 7.5%. After 1992, the series for the annual earnings remained relatively stagnant. This differs from the hourly wage ratio, which increased moderately throughout the period.

When they're trying to describe the gender wage gap, researchers also look at the attributes men and women bring into the workplace. In 2012 men had roughly three years' more work experience than women did. This difference is accounted for by work interruptions, by any restriction in the number of hours worked per week, or by the number of weeks worked per year. Difference in experience, coupled with the fact that wages increase with work experience, accounts for about 11% of the gender pay gap.

It is a well-known fact that educational attainment of both men and women has been rising, but there have been persistent differences between the fields of study chosen by men and women. Since wages differ by field of study, the choice of discipline accounts for about 4% of the overall gender pay gap.

The types of workplace to which men and women belong also differ. The characteristics of the workplace account for more of the gender pay gap than do differences in work characteristics, such as education and experience. Women are concentrated in low-wage workplaces. The results show that women earn about 15% less than men do when the workplace is not taken into account, compared to 8% less when workplace controls were included.

When the wage ratio is adjusted for differences in the observable characteristics of men and women and the workplaces to which they belong, women earn on average over 90¢ for every dollar earned by men.

Despite the long list of factors used in the various studies, a portion of the gender wage pay gap cannot be explained.

● (1740)

There are numerous other factors not accounted for that may contribute to our understanding of the gender pay differences. Take, for example, pre-labour market experiences. Personal choices, expectations of family and friends, or the education system may influence the level of educational attainment, the choice of field of study, whether to participate in the labour force, job selection, work habits, and career progression. Differences in any of these factors can manifest themselves in different labour market behaviours and ultimately in different labour market outcomes, namely wages.

Going to the next slide, and again trying to explain why the gender wage gap narrowed between 1988 and 2008, we see that between 1988 and 2008, women's real wages increased by 12%, with increases occurring in all age groups and at all points across the wage distribution, but the dramatic change occurred among older workers and those at the higher end of the wage distribution. In contrast, the real wages of men increased by 1.3%. Losses were incurred among men in some age groups and at the lower end of the wage distribution.

While women make up half the paid workforce in Canada, it is their changing relative position that matters for wages. Three trends were noted.

One is education. The proportion of women in the labour force with a university degree has nearly doubled from the early 1990s and now surpasses that of men. Most university degrees are now granted to women. The wage gap among the university-educated remained at 16% due to persistent gender differences in the major field of study. Women outnumber men in social sciences and health, while men outnumber women in mathematics and engineering.

Looking at job tenure, we see that there has been an increase in the average job tenure among women, so that there is no longer a difference when compared to men. Also, women used to be much more likely to be in a job that had just started, with a tenure time of less than three months in the 1990s. That is no longer the case.

Finally, structural changes in the Canadian economy help explain why the wage ratio narrowed between 1988 and 2008. The shift away from manufacturing jobs and a decline in unionization had a disproportionately larger impact on men's wages. Women increased their representation in high-wage occupations, such as senior management positions, throughout the period. However, the wage gap in these occupations continued to be larger than the average. This is not surprising, since increasing representation is first apparent at the lower entry-level positions within these high-wage occupations.

Other Canadian research has shown that women continue to choose a more narrow range of occupations than men and that women still represent a large portion of workers employed in the 20 poorest-paid occupations. Female-dominated occupations, such as health and education, had relatively small initial pay gaps at the beginning of this period and changed very little over time. These changes in marketable characteristics accounted for about 60% of the narrowing of the wage gap between 1988 and 2008.

Going to slide 7, I'll turn to examining the changing relationship between gender wage gap and age.

In any given year, wage gaps are larger among older workers than younger workers. For example, in 2008 the wage gap was 19.3% among those aged 50 to 54, versus 9.9% among those aged 25 to 29. Also, in year-to-year differences, wage gaps in all age groups are becoming smaller. Among persons aged 35 to 39 the wage gap was 23.2% in 1988, whereas it had shrunk to 16.3% in 2008.

In following a birth cohort over time, there is little evidence of a widening of the wage gap as workers age. For example, in 1988 the wage gap was 20.6% among those aged 30 to 34. By 2008, when this group was aged 50 to 54, the wage gap for this cohort was 19.3%, which is not much of a change.

Generally, the wage gap early in their career is a good indicator of the gap throughout a generation's working life.

● (1745)

The Chair: If I may, I'll ask you to finish up quickly.

Ms. Alison Hale: Yes, I'm on the summary page, so it works out well for once.

The goal of this presentation was to highlight that gender wage inequality is complex and that it requires analysis from a number of different perspectives. The narrowing of the wage gap since the late 1980s is due to compositional changes, to changes in how the labour market compensates workers, and to the fact that wages of men and women no longer diverge as they age.

There are two things to keep in mind when looking at the gender pay gap.

First, measurement matters in terms of both level and trend. In the current context, hourly wage ratios are higher than annual earnings ratios, with the earnings ratio showing little change over time, while the wage ratios continue to increase.

Second, methodology also matters. The raw or unadjusted pay gaps do not simultaneously control for a variety of factors other than gender that can influence wages. As shown, the gender pay gap narrows considerably to over 90¢ after controlling for these effects.

I hope you've found this interesting. Also included in the package are some supplementary slides that provide more information.

The Chair: Thank you very much for that excellent information.

We'll now go into rounds of questioning. We'll start with Ms. Dzerowicz, who has seven minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Yes, seven minutes are more than enough. Thank you.

First, I want to begin by saying happy Census Day.

I want to also thank you so much for the excellent presentation. There's so much to wrap my mind around in a short period of time.

There's one thing I'm grappling with as we're going through and trying to think about proactive pay equity legislation, and this is at the federal level. The thing I'm trying to wrap my head around is we have a number of women who are not paid equally to men at the federal level, but they don't have an equal comparator in terms of an automatic male group. It's not as though we have men and women in a group, and all these men are paid more, and we want women to be paid the same.

What advice, or what information, do you think we should be looking at? Say there are 50 or 60 categories of women for which we're trying to see how we can create equal pay. What are the statistics, or what's the information you would advise us to look at when we're trying to create legislation that will create an equalizing force? That's my first question.

I'm going to ask the second question. We have two provinces that have put in pay equity legislation. I don't know if there's anything you can draw from them in terms of what they have done that you think has been particularly helpful or if you think there's some additional information you might want to look at. I don't know if there's anything you can comment on in terms of what they have looked at.

Those are my first two questions.

• (1750)

Ms. Alison Hale: To answer the second question, I'm not aware of any studies that have looked at the two provinces that have put in pay equity to see if there are differences.

Ms. Marie Drolet (Research Economist, Labour Statistics Division, Statistics Canada): On how to equalize wages across occupations, for a number of these studies that we have, we have controls for experience and job tenure. I'm not sure if the occupations you are addressing have that information associated with them. We do know that wages increase with experience. Wages do increase with occupation. We find that in a lot of our studies, if you control for the workplace, the wage gap is half as large within a workplace than it is economy-wide. Getting some information based on that may help your discussion.

I don't think I have anything else to add to job tenure and experience.

Ms. Julie Dzerowicz: I'll go to a couple of more things. One thing we're told—and I think I also hear it when I go to door to door—is that the world of work is changing. We're getting a lot more contract work and precarious work. How is it in the statistics we're seeing that this impacts the wage gap between men and women? Do you have any information around that?

Ms. Alison Hale: It's definitely true that the world of work is changing. Our monthly labour force survey does collect information, so you can look at the wages of people in those different types of jobs, based on the characteristics of the job, to see if there is a difference. We haven't seen anything noticeable by gender in that area.

Ms. Marie Drolet: The gender wage gap by part-time status is small because men and women find themselves in very different part-time jobs. There's more heterogeneity within part-time jobs for women compared with men. Men are more likely to be in retail sales part-time jobs, whereas women can take on a variety of different

part-time tasks. The labour force survey has information on self-employment, but I think it only has annual earnings associated with that, and not an hourly wage rate.

Ms. Julie Dzerowicz: Do I have any time left?

The Chair: Three minutes.

Ms. Julie Dzerowicz: One of the many interesting things that you've mentioned is that while more and more women are going to university and becoming more educated, more women, you said, still choose 20 of the poorest occupations. Can you give us a few examples of that and tell us why that might be the case?

Ms. Marie Drolet: In terms of university education, we still see a gender difference in major field of study. Wages vary by major field of study, so you're going to see a gender wage gap with that.

Some of the Canadian research has shown that among university graduates, the gender gap is small when you first graduate but tends to get larger five years later. For example, in the 1995 cohort of graduates, the wage gap was about 6% or 7%. Five years after the fact it was more like 13% or 14%, so you see that it increases over time.

In the 12 lowest-paid occupations, we still see that women tend to choose a more narrow range of occupations than men. I think two-thirds of women are in education, health, office support, and sales and service occupations. In terms of the 20 poorest-paid occupations, sales support and office and clerical workers are the lowest paid.

Ms. Julie Dzerowicz: Thank you.

I'm passing it over to Sonia.

Ms. Sonia Sidhu (Brampton South, Lib.): Thanks to the panel for being with us.

Ms. Hale, you bring up some very interesting sector-by-sector analysis on the wage gap. Where would you direct us as Parliament to look in terms of work already done in this regard, whether in terms of sector or regional analysis?

Ms. Alison Hale: You'll notice in the presentation that there are some references to papers already done by Marie, who has looked at things across Canada.

Marie, are you able to answer?

Ms. Marie Drolet: I'm not sure about the regional analysis. I haven't personally looked at that. One of my studies looked at the importance of the workplace and workplace characteristics. That could address what you're aiming for with sector- or industry-type analysis. In that particular analysis I looked at non-profit firms, different workplace practices, and how that may impact the gender wage gap.

I don't have the reference here.

• (1755)

Ms. Alison Hale: We can send you some of the papers that Marie has written on some of that.

The Chair: Send those to the clerk, and then we'll distribute them to the committee.

That's the end of your time, so we are now going to Ms. Gladu for seven minutes.

Ms. Marilyn Gladu (Sarnia—Lambton, CPC): Excellent.

I want to welcome you and thank you for being here.

As a statistical specialist for a global business for a few years, I want you to know I love StatsCan.

I'm going to start with a question that has to do with overall compensation as opposed to the hourly wage. Do you have any information on how much of that extra gap that occurs is due to bonuses and other forms of compensation?

Ms. Alison Hale: The information we were providing today would include overtime but not bonuses. We don't have that information.

Ms. Marilyn Gladu: I see that as an area where there is an opportunity to discriminate in a sneaky way, if I could say so. I think that will be important.

In the work that you talked about, you said that there were workplace characteristics that contribute to the devaluing of a woman's work. Can you talk a little bit more about the workplace characteristics that are evaluated and which ones specifically you think are undervalued?

Ms. Marie Drolet: In that particular study, the statistics that Alison cited in saying that the wage gap is half as large within a workplace as it is economy-wide used information from our workplace and employee survey, and that was circa 1999 or so. In that particular one we used workplace size and industry as control variables. There are other workplace characteristics. I'm just trying to remember what they all were. I didn't go over that particular study because it was a bit older. There was a non-profit flag. I do think there was something to do with different compensation, such as bonuses and what have you, but that was mostly when I was able to control for the workplace.

Most of these studies cited here always believe that wages are tied to the individual worker and not necessarily to the workplace. That was the first Canadian study that brought in the workplace characteristics.

Ms. Marilyn Gladu: Okay.

We had Dr. Kathleen Lahey from Queen's University here. She had some great statistics on the difference in the gaps in Ontario and Quebec. We were talking about the legislation there. It showed that overall, for Quebec the wage gap was really 92¢ for women compared with one dollar for men. They had implemented legislation and a few things like that.

If I look at that and I compare it with what you've said, if we account for all the observable characteristics, the wage gap is at 90¢. That's consistent with what you're saying. Do I understand that the

other 10% is made up of choices and other factors? Could you give us some examples of those?

Ms. Marie Drolet: That's what economists generally refer to as the unexplained component. Researchers in the field take the wage gap and they partition it into an explained component and an unexplained component. The explained component looks at gender differences in productivity-related characteristics, evaluated at the male pay structure. The unexplained component looks at the differences in the returns to those characteristics by men and women, evaluated at the female mean characteristics.

Those statistics also include other measures of skill that aren't captured perfectly in a particular study. For example, if we're missing work experience, and we know that work experience influences wages, it then gives us a different estimate of this unexplained component.

The questions related to the gender pay gap are often framed in such a way that it's what the hypothetical woman would earn if she were paid according to the male pay structure. We can use different comparative pay structures, and that will give us a different estimate of this unexplained component.

Depending on the variables used in the study, depending on the methodology used, you could have differences in unexplained components, different estimates. A lot of the studies do suggest that the unexplained component can run between 50% to 75% of the actual gender wage gap, so for lot of our models, if we had better data, the data that we're missing on what determines wages, we could do a better job in explaining the gender pay gap.

• (1800)

Ms. Marilyn Gladu: But there's no interview data that could be Paretoed for women-related causes, such as why they've not been in the workforce as long, or anything like that?

Ms. Marie Drolet: Some of our data does ask questions like that. Again, it's often debatable whether you should include measures such as that in a gender wage gap study. Analyses that fully omit occupation and industry, let's say, tend to say that choice doesn't matter, or preferences don't matter, whereas analyses that include variables like that tend to undervalue any labour market constraints on wages. Oftentimes a lot of these analyses will have a model with these variables in and a model without the variables, and the reader can then decide what's what.

Ms. Marilyn Gladu: Very good. Thank you.

The Chair: Dan, you have one minute.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you.

I want to thank the clerk specifically for bringing in StatsCan. I think the work they do is very valuable not only to Canadians but to this committee.

You've done a very good job of estimating. You've given us a number of different graphs here that explain that there are a number of different variations on how to define, how to explain.

To go back to something Ms. Dzerowicz mentioned, right now there is no way for StatsCan to break down provincial-specific information to quantify data for provinces that have what we've heard time and time again are proactive regimes versus those with reactive regimes. Is it possible to section out and compare the individual wage gaps in certain provinces?

Ms. Alison Hale: Definitely. We do have that information. I just wasn't aware of any studies.

For instance, we do have information on the wage gap by province. Quebec and Ontario were mentioned. In Quebec, for instance, between 1997 and 2015 the gender wage gap was 84%, and in 1997 it went up to 91%. In Ontario it went from 81% to 86%. That's just purely looking at hourly earnings. In Canada, by comparison, it was from 81% to 85% over that same period.

The Chair: That's the time for that question.

We'll now move on to Ms. Benson. You have seven minutes.

Ms. Sheri Benson (Saskatoon West, NDP): Thank you.

I appreciate the information.

There are just a couple of things I would like you to comment on. Is it the role of Statistics Canada to help departments figure out how to evaluate a policy and start to collect statistics, and advise departments on how best to do that?

I guess some of the challenge here is that there need to be some decisions on how we are going to measure consistently, over time, in order to be able to evaluate whether a policy is impacting the gender pay gap. From what I hear, you are saying that it is difficult because there are different ways people are measuring it and there isn't a consistent way we are saying, as a government or even as a department, what the best way is to go forward.

Ms. Alison Hale: As you know, Statistics Canada is not a policy department. Our role is to provide data that will help you to illuminate your discussion. When people come to us and they want to understand what is happening in the labour market, we just provide the data that would help them understand what is going on. It really depends on the questions you have. We'll provide the data that we feel would help you understand the question you have.

Ms. Sheri Benson: One of the things you brought forward was that when you controlled for experience of men and women at the same age, and followed that cohort over a period of time, even though they would be in similar jobs and have the same level of experience, the pay gap didn't get any better with increased experience. The wage gap is persistent over time.

Ms. Marie Drolet: We do have statistics that show that the wage gap is persistent over time. I think what you are referring to more is why wages might not have diverged as much as workers aged over time. Is that correct?

• (1805)

Ms. Sheri Benson: Yes.

Ms. Marie Drolet: You can look to a career path as two possible explanations. Traditionally, women have been viewed as having higher absenteeism and higher quit rates. More recent empirical evidence suggests that there is no gender difference in absenteeism and permanent quits, so the wage gap for a particular cohort may be

stagnant or decline simply because those explanations are no longer used to account for women's lower wages for a particular cohort.

Another case in point would be women with children. As the children age, women are more able to devote themselves back to the labour force, so for a particular cohort, or birth cohort, the wage gap could be stagnant or decline because women's increased earnings will be reflected in their work effort.

Those are two reasons the wages are no longer diverging as workers age.

Ms. Sheri Benson: Okay.

Ms. Marie Drolet: I am not sure if that answers your question.

Ms. Sheri Benson: I think I understand.

Ms. Marie Drolet: Another way to look at things is that we know that the wage gap is small for young workers.

Young workers are new entrants into the labour market, and they have similar skills. The impact of career interruptions has yet to take place, so the wage gap is quite small. Older workers have a narrower range of occupational choices, for example, and career interruptions have taken place, but for that group we have seen the wages increase quite a bit between 1988 and 2008. That difference in the wage gap between older and younger workers is now a lot smaller. Following a birth cohort over time, we see that the wage gap at the beginning of a generation's life kind of follows them through.

Ms. Sheri Benson: There is a point in which everyone is kind of the same, almost, and then as women's lives impact their work experience—whether that is having more unpaid work, having children, or the fact that women are in more precarious, lower-paid jobs—those things start to influence it and make the wage gap not get any better for women over time.

Ms. Marie Drolet: We do see that there is a family gap between women with children and women without children. Women with children earn less, even after controlling for work interruptions. Some estimates suggest that these earnings losses could be as large as \$11,000 in the first year and maybe \$8,000 in the second year. The break-even point is around seven years after a child is born. As you can see, we do have information about the impact of children on earnings.

We also have information on what happens when a woman delays having children until she is a little older. We know that at the beginning is when lifetime earnings grow very quickly. You accumulate more work experience and training, so depending on when you take time off to have children, it may have an impact on your wages, and that may carry through over time.

Ms. Sheri Benson: Do you have any information about the impact over generations of the wage gap on the incidence of poverty and what we've lost from an economic point of view? Really, what is the impact beyond the individual—not beyond in that it's less, but economy-wide? What does the gap mean in societal terms as far as productivity and GDP go?

Ms. Alison Hale: We do know there that tends to be generational mobility. From one generation, then, the next generation tends to be economically more mobile, especially in certain populations, but I haven't seen a study looking specifically at what you're looking at.

Ms. Sheri Benson: Thank you.

The Chair: We're now going to Mr. DeCourcey for seven minutes.

Mr. Matt DeCourcey (Fredericton, Lib.): Thank you very much, Madam Chair.

Thanks to both of you for the presentation this evening. I too share the excitement of today being Census Day, and I promise that I will get a tweet out before the end of the evening.

Some hon. members: Oh, oh!

Mr. Matt DeCourcey: I also appreciate the nuance and the diversity that are part of the gender wage gap, and the interconnected components, but I want to try to focus it back onto the conversation around the introduction of pay equity legislation in the provinces—Quebec and Ontario—that have legislation covering both public and private sectors, as well as the other provincial examples.

I wonder if we could go back into what the statistics show us, following up on what Mr. Albas had us starting to examine. Can we look at how that legislation has helped address the wage gap? Maybe you can delve into some of the examples of the other provinces, such as New Brunswick, Nova Scotia, or Prince Edward Island.

• (1810)

Ms. Alison Hale: We had a few numbers with us today for looking at the change in the gender wage ratio from 1997 to 2015.

The province with the biggest change in the gap was Nova Scotia. The second-biggest change is in New Brunswick—I'm from Fredericton too.

Mr. Matt DeCourcey: It's a great community.

Ms. Alison Hale: I'm sorry. I'm just trying to order these: New Brunswick was third and P.E.I. was second. It looks like they were followed by Quebec and then Manitoba.

This is all information that can be calculated fairly straightforwardly from our database, but we could send this information to the clerk as well. They're just some summary statistics that we had pulled together to show what it is.

I'm not aware of anyone who has done a specific study looking at provinces that have put in pay equity and then digging further, because this is just pure raw information at a provincial level. It's not looking at differences by the different types of occupations or the public sector versus the private or any of that, but we do have that information in the labour force survey.

The Chair: If it's possible, could you send that by the end of the week? We will be starting the report soon after that.

Ms. Alison Hale: Yes. Thank you.

Mr. Matt DeCourcey: Thank you very much.

Witnesses have come before us and talked to us about the challenges around the maintenance of a pay equity system once legislation or a model is in place. Do you have any statistics or any information that would look at how maintenance mechanisms in a pay equity regime might ensure that the gender wage gap continues to narrow?

Ms. Alison Hale: I can't even think of how you'd measure that, actually. I've never seen anything like that.

Mr. Matt DeCourcey: I'm an arts graduate and I couldn't tell you how to do that either, but I certainly appreciate any information that can help us try to identify how the various provincial models can demonstrate gender wage inequities or greater equity.

I'll pass the rest of my time along to Ms. Sidhu.

Ms. Sonia Sidhu: Thank you.

You've explained very well in this report how the changes are coming about and you've already explained the gender pay gap in Canada and how it has changed in the past few decades. What, in your view, has led to these changes? What were the circumstances?

Ms. Marie Drolet: In terms of the current pay gap, right now I think women earn on average about 87¢ for every dollar earned by men, and that's an hourly wage rate estimate.

In the article that's cited, "Why has the Wage Gap Narrowed", we looked at differences in education, job tenure, shifts in industry, shifts to higher-paying occupations, and occupational shifts of different age groups of workers. Some of those things account for about 60% of the reduction in the gap over time.

In another particular study with Michael Baker we calculated the adjusted pay gap over time. We saw that in the late 1980s the adjusted gap was much higher than the unadjusted gap, and by 2008 there was no difference between the adjusted gap and the unadjusted gap. That has to do with the fact that the differences in explainable characteristics between men and women are no longer explaining the gender wage gap by 2008, and there are more differences in how the labour market compensates men and women.

There are several interpretations along with this finding. First of all, men and women could be paid more equally in 2008 compared to 1988. We've seen a widespread convergence in unobservable characteristics between men and women. This would definitely be the case in work experience, which was not included in that particular study. We see that the attitudes towards women at work have also changed in that time. Those are some leading factors explaining why the gender wage gap has changed between 1988 and 2008.

Another potential factor is related to what we call a selection effect or a selection bias. Here we want to compare wages of men and women at two very different points in time, and the characteristics of people have been changing. One case in point here is that the employment rates of women have increased substantially between 1988 and 2008, so you can imagine a situation in which women in the late 1980s have above-average skills, and then there's a massive influx of women with average skills. This tends to decrease the wages of all women. Then when you're looking at the wage gap over time, it looks as if the wage gap didn't reduce as much as if you compared the exact same characteristics of workers.

When you control for the selection effect, the wage gap would be narrowed further by about 1.6 percentage points over that same period. If you do the same analysis on unobserved components of the wage gap, it could be as high as an additional 5%, so the wage gaps cited here could be a very conservative estimate about the reduction in the wage gap over time.

• (1815)

The Chair: That's it for the time.

We will be moving on to Mr. Albas for five minutes.

Mr. Dan Albas: Thank you very much, Chair. I certainly appreciate the opportunity to follow up with a few different things.

In regard to my earlier question to Ms. Hale in regard to provincial breakouts, so to speak, I think we always should be very careful that correlation does not imply causation and about the counter-assumption that correlation proves causation. However, I do think it would be helpful to have breakouts from across the country, and perhaps some analysis as to what some of those trends may come from.

I'm not sure if they can be explained because we've learned about the unexplained components of some of the research, but I do think it would be helpful. I think we also have to bear in mind that by your presentation, the national average pay gap seems to be narrowing even if you look at it from a variety of different lenses.

That's what I take away—that on the whole we're seeing a narrowing. I'm not saying it doesn't exist and I'm not saying there's not room for us to work on it, but to me that's what I take away from some of the presentations that have been made here.

Is that correct?

Ms. Alison Hale: Yes. The trend in the hourly wage rate is going up.

Mr. Dan Albas: Okay. That's helpful.

Earlier my colleague, Ms. Gladu, had mentioned bonuses and there being no information as far as that is concerned. Is this something that can be implemented through a labour force survey or whatnot, or through general taxation, so that when someone files their taxes, you could take note of that from an aggregated data viewpoint? How do we capture that difference?

Ms. Alison Hale: We do get bonuses at an aggregate level. The problem is to get at it at an individual level. In the labour force survey we're only getting people's average wage at the time when they are in the survey. That doesn't quite work, because bonuses are very much an ad hoc.

Mr. Dan Albas: Does the aggregate data you get come from taxation?

Ms. Alison Hale: Yes.

Mr. Dan Albas: Okay. Does that aggregate data also allow you to compare between men and women?

Ms. Alison Hale: No, it doesn't.

Mr. Dan Albas: Okay. So that's a pretty big gap.

Ms. Alison Hale: Yes. We don't have details.

Mr. Dan Albas: Is that within your authority at StatsCan, or do you need a minister to direct you, through an order in council, to prepare a report that would be like that, or is that—

Ms. Alison Hale: No, it's because the information is actually at a payroll level. The data isn't even available currently at a more disaggregated level. Currently, to get that information, we're using payroll information that employers provide to Revenue Canada at an aggregate level. They don't provide that information at the employee level.

Mr. Dan Albas: How would you seek to get that information, then? Do you feel it would be useful towards addressing Ms. Gladu's concern?

Ms. Alison Hale: I don't know whether employers could actually provide that information at an individual level. More detailed information is always of interest. The burden is on whoever's providing that information.

Mr. Dan Albas: Well, I totally understand the burden effect. The idea would be to have practical legislation. As much as we want to crack that last remaining 10%—or slightly higher in some cases, according to other measures—and see true equality right across the board, as a former small-business person, I'd much rather you'd just tell me what information you need and I'd send it to you, rather than having individual agencies asking for the information that may never have been tracked before to deal with these things. However, that doesn't really have to do with you.

I'll go back to the unexplained component, the gaps in data that lead to unknowns. Ms. Drolet, I heard you mention that if we had better data on wages, we could better explain wage gaps. I may be paraphrasing, but could you please explain that a little further? What data is StatsCan currently missing that would help not just parliamentarians but also policy-makers across the country to better understand the pay gap?

• (1820)

Ms. Marie Drolet: One case in point is that of work experience. We have information on the amount of full-year, full-time work experience of men and women, which is a great indicator for wages. However, we're missing information on the continuity of that work experience, the frequency of labour force withdrawals, the timing of those withdrawals, and the duration of those withdrawals.

You can imagine a situation in which a woman is anticipating frequent interruptions to her career, so she may be in lower-wage jobs, jobs that are easier to exit and enter into, for example.

Mr. Dan Albas: If you did have that data, what kinds of differences do you think...? I know you can't say what data you'd get, but how would that give a group like this committee a better understanding of what things—

Ms. Marie Drolet: I think it would just give you a better idea of work histories and the different trajectories that people take throughout their careers and how their wages can progress throughout their lives.

The Chair: That's time, so thank you very much.

We are moving to Mr. Sheehan for five minutes.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much.

It was a great presentation, very insightful as well, and I am very pleased to also say happy stats day to you as well. We're looking forward to it.

This committee's been working really hard at this for the last little while. We've heard a lot of different things and we're exploring different areas. We've been talking a lot about the provinces and the territories. Iceland is considered to be one of the models for closing the gender gap.

In any case, a persistent wage gap remains in rural areas. I represent the riding of Sault Ste. Marie, which is a city, but there is also a rural area. Northern Ontario is obviously part of that, and there are rural areas. I bring that up because in Iceland, in particular, it's the natural resource sectors and the fisheries that have persistent wage gaps.

Is there also a wider gender wage gap in rural areas of Canada and in certain economic sectors? If so, has the situation been improving in recent years?

Ms. Marie Drolet: I don't think I can comment on the rural areas. I think in some of the studies I have seen, there is a breakdown by large census metropolitan areas, or CMAs, and other areas, so maybe that could inform you.

In terms of certain economic sectors, pulling up some numbers today from our CANSIM tables, we have hourly wage rates in 1997 compared to 2015. You were commenting on the forestry, fishing, mining, and oil and gas resource. Here we see that in 1997 women earned 83¢ for every dollar earned by men, and by 2015 it had gone up to 92¢ in that particular sector, so that was a gain of 8.2 percentage points.

We also saw large gains in the construction sector. I think that construction was up almost 10 percentage points. These are just unadjusted gaps, unadjusted for anything; they are just raw gaps. These types of numbers are readily available from our labour force survey that's on CANSIM.

Mr. Terry Sheehan: Does anybody want to add any more to that?

The other question I have goes back to the provinces and the territories again, and we keep talking about the various statistics coming out of various areas. In Ontario the Pay Equity Act came in

in 1987. In Quebec the Pay Equity Act was passed in 1996, and then, of course, we've heard about Manitoba, Nova Scotia, New Brunswick, Prince Edward Island, and the Northwest Territories. They also have pay equity legislation.

Just on those specific dates, I want to hear in particular about Ontario and Quebec. What have we seen for the numbers, and how have these provinces been differentiated since they have enacted these legislations, both in the public sector and the private sector? Would you care to comment on that?

• (1825)

Ms. Alison Hale: I don't really have anything differentiated by private and public. All we have are just the numbers from 1997 and 2015 in front of us.

Basically, across all the provinces, the difference between the ratios has shrunk. As I said, for both Quebec and Ontario, they've all basically gone up. Is there one in particular that you're looking for? There were a quite a few provinces, and I could list off the numbers, but I think that rather than naming them off, I'll provide those to the clerk later so you'll have them by province.

The Chair: That is the time.

Ms. Marie Drolet: One thing I'd like to mention is that—

The Chair: That's the time. We have one last question and we have about four minutes for Mr. Albas. I'm sorry about that.

Mr. Dan Albas: A lot of these charts only go to 2008, and we keep hearing over and over that it's 2016. Is there any plan to update some of the charts that you've given us here? Some of them go that far. Is there a reason some of them just illustrate 1998 to 2008?

Ms. Marie Drolet: A lot of the supplemental slides go up to 2015. They were updated to 2015, but the more thorough analysis covered the 1998 to 2008 period. The analysis wasn't redone up to 2015.

Mr. Dan Albas: Looking at some of the breakdowns you spoke about earlier, P.E.I., Nova Scotia, and New Brunswick obviously have a much different regime in place legislatively than Quebec. Why is it that there's also movement on those? It seems that in those provinces they've also reduced their gap. Is that from immigration? Is that from demographics?

I'm trying to get a better understanding because we've heard from a number of people who continue to push a proactive regime, and I guess the committee will decide whether or not the proactive regime is right. It seems to me that we're seeing right across the country that the pay gap is narrowing.

Ms. Alison Hale: To really understand what's going on in each province, you'd have to do the sort of analysis we were presenting by province, and I'm not aware of that having been done.

Mr. Dan Albas: Is this something on which StatsCan could issue a research project or engage with academia or with your own internal resources? I would really hate for the committee to put forward recommendations that aren't based on evidence.

By the way, this has probably been the most helpful presentation we've had in terms of identifying where we are on the road map.

Can you share your thoughts on that?

Ms. Alison Hale: A lot of the analysis that's in the first part of the deck is very sophisticated statistical analysis that takes a lot of time. It probably goes beyond the time, because from what I understand, this is a fairly short-lived committee.

On the straightforward data that we could update to 2015, that is based on information that's on our standard database that we could make available to the researcher, to the committee, who could just pull out some information that doesn't have that analysis. You could look at straightforward tabulations for specific areas of interest, but you wouldn't be able to do the sort of analysis to get into that through controlling for various variables. Those are things that take months of research, which is beyond what I think you could do in the time you have.

• (1830)

Mr. Dan Albas: I just want to say again that I do appreciate the work you do. Independent analysis is very important, particularly to this issue, because I think we need to wrap our minds around where we are, why we have gotten there, and what can take us forward. I would hate to see us deploy assets and resources and put burdens on Canadians that won't necessarily impact.... Again, I think we need to have better research so that we can make better decisions.

Thank you.

The Chair: I want to thank Ms. Hale and Ms. Drolet for being here today. We are going to suspend for just a few minutes while we change panels and bring in the teleconference.

Thank you very much. We're suspended.

• _____ (Pause) _____

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• (1835)

The Chair: We'll call to order again. Thank you very much for coming, especially at this hour.

We're very pleased this evening that we have with us three separate groups. We have the Canadian Bankers Association, and that is Marina Mandal, the assistant general counsel of the legal branch. From FETCO, we have Derrick Hynes, the executive director, and Elizabeth Cameron, the vice-chair. On video conference, we have from Saskatoon, from Vancity Credit Union, Catherine Ludgate, manager of community investment. Thank you very much for being here.

We will give each of you seven minutes because there are so many panellists, and we will start with Marina from the Canadian Bankers Association.

Ms. Marina Mandal (Assistant General Counsel, Legal Branch, Canadian Bankers Association): Thank you.

Thank you for inviting us to be here with you today to contribute to your review of pay equity in federally regulated sectors.

My name is Marina Mandal. I am the assistant general counsel at the Canadian Bankers Association. The CBA represents 59 domestic banks, foreign bank subsidiaries, and foreign bank branches operating in Canada.

The banking industry contributes significantly to job growth and to Canada's labour market. Banks and their subsidiaries employ over 280,000 Canadians. Banking is a knowledge-based industry that offers high-quality, well-paying jobs. Over 80% of jobs in the banking industry are full-time positions, and banks paid \$24 billion in salaries and benefits to their employees in 2014.

The banks' human resources policies and practices are at the leading edge. Many banks enhance their employees' personal lives with comprehensive benefit programs and pension plans, generous leave policies, and alternative work arrangements, such as flexible work schedules, job-sharing, and telecommuting.

Canada's banks are leaders at fostering diverse workplaces. Many of our members have formal and informal diversity policies, practices, and programs in place aimed at promoting diversity, and a bank's diversity strategy is often overseen by a senior advisory council.

A workforce that is truly representative of the organization's external labour market and its customer base is something in which we strongly believe. Not only is building a diverse workforce the right thing to do, it also broadens a bank's ability to compete for top talent and respond to rapidly changing markets.

Regarding gender diversity specifically, as of 2014, women constituted 62% of the workforce at Canada's six largest banks, which is substantially more than any other federally regulated sector. The banking industry exceeds the government's benchmarks for representation of women at executive, professional, and middle management levels, with women making up 34.5% of all senior managers in banking, 50.4% of middle managers, and 50.5% of professionals.

Canada's banks have been committed to the principles of pay equity for more than 35 years. Banks have refined their job evaluation and compensation systems to ensure they are gender neutral and compliant with the Equal Wages Guidelines, which provide guidance on the application of the pay equity provisions in the Canadian Human Rights Act.

In order to ensure that compensation is gender neutral, banks have established internal pay equity plans and have implemented a number of policies and procedures to ensure equitable compensation for men and women. This includes undertaking regular audits to identify pay differences, requiring that compensation decisions be based on a set of gender-neutral factors, conducting spot checks to ensure there are no biases in the decisions regarding compensation, and conducting pay equity maintenance exercises to correct any salary gaps. Canada's banks strongly believe in equal pay for work of equal value and will continue our leadership in this area.

As the committee has already heard previously, there is a distinction between pay equity and the gender wage gap. In addition to their efforts on pay equity, banks are minimizing the wage gap by implementing human resource strategies to encourage an increasing number of women to enter into senior executive roles. For example, banks have implemented staffing protocols to promote increased representation of women in senior positions, provide access to training and leadership development programs, and support initiatives that promote the advancement of women in banking.

We understand the committee has been mandated to propose a plan for the federal government to implement a new pay equity regime, either through legislation or through other means. While the banking industry is supportive of pay equity, a more complex and prescriptive pay equity regime will not have the desired effect of closing the gender wage gap in Canada. As you consider options moving forward, we would encourage the committee to take into account the following overarching principles in drafting its recommendations to the government.

First, a new federal regime for pay equity must remain sufficiently flexible and take into account differences in the size of workforces among federally regulated employers, the types of businesses represented, corporate structure, and workforce composition. A one-size-fits-all approach is not appropriate for pay equity.

Second, it should take into account the degree to which pay equity has already been achieved by an individual employer and not impose onerous new rules and requirements where they are not needed. This will allow the government to focus on areas where outcomes need to be improved.

Third, a new pay equity regime should build on existing precedents and structures. It is appropriate that protection of the human right to be free from gender discrimination should remain with the Canadian Human Rights Commission.

Last, it should be clear about its objectives. The focus should be on eliminating systemic discriminatory practices in pay systems and on programs to increase development opportunities and promote the advancement of women broadly.

• (1840)

In closing, the banks are fully committed to the principles of pay equity. Having a flexible, efficient, and effective regulatory framework would support the objectives of pay equity.

Thank you again for the opportunity to present our views, and I look forward to your questions.

[*Translation*]

The Chair: Thanks very much, Ms. Mandal.

Mr. Hynes now has the floor.

[*English*]

Go ahead, Mr. Hynes. You have seven minutes.

Mr. Derrick Hynes (Executive Director, FETCO): Thank you, Madam Chair.

Good evening, everyone. Joining me today is Elizabeth Cameron, who is vice-chair of FETCO but also the vice-president of labour

relations at Nav Canada, a federally regulated firm. I'll provide opening comments, and we will be both available for questions at the end of the presentation.

For those of you who don't know, FETCO stands for Federally Regulated Employers – Transportation and Communications. I recognize that's a mouthful.

FETCO member organizations are all federally regulated firms in the transportation and communications sectors. We have existed as an employers association for more than 30 years. We are generally large employers in the federal sector, encompassing more than 400,000 employees and representing well-known firms such as Air Canada, Bell Canada, CN, Canadian Pacific Railway, and Telus, to name a few.

FETCO is not one voice. We try to present positions on issues that accommodate the concerns of all our members, but this is not always possible. Therefore, please accept the comments today as a collection of thoughts from many of our member companies. In the short timelines presented to us to report back to you on your work, this is what we can offer.

Let us start by stating one clear fact: FETCO member organizations support the concept of pay equity—that is, equal pay for work of equal value. We firmly believe that closing the wage gap between men and women is important. This is the right thing to do, and it makes good business sense. FETCO members believe that while the current system for addressing pay equity complaints is not perfect, it is better than creating an entirely new system following the proactive model used in Ontario and Quebec.

When we polled FETCO members on the positive attributes of the current approach, we heard three clear messages.

First, the current complaints-based approach has raised awareness about pay equity. Employers have a sense of responsibility and commitment to comply with the Canadian Human Rights Act, which specifically includes protection against wage discrimination based on gender. Employer awareness continues to grow through better knowledge, understanding, and application of some of the more technical aspects of gender analysis and job evaluation. These issues are all moving in the right direction.

Second, it is important to note that the provisions of the act, which prohibit discrimination in general, also protect the members of those groups against wage discrimination. In other words, prohibition on wage discrimination is already covered under the act for the 11 protected groups, which include the employment equity designated groups, of which women are one such group, of course.

Third, the current approach has led to significant pay adjustments for women in the federal sector, in the hundreds of millions of dollars. While our members may not agree with all aspects of the settlements that have emerged, we have seen the needle move in a number of areas via a number of cases. There has been progress under the current model. These are complicated cases that have, at times, taken years to resolve, but they are resulting in change.

Now, here are a few challenges.

First, as you know, pay equity complaints tend to be protracted, confrontational, and costly. Pay equity is complex and resource-intensive to study and implement. Even larger and more sophisticated employers must engage expert consultants. The Canadian Human Rights Commission is under-resourced in this area and therefore is often unable to investigate and process complaints in a timely way.

Second, the current system can make collective bargaining relationships more complicated. Under the Canada Labour Code, parties enter into good-faith bargaining to find an agreement on many matters, including compensation. A practical challenge emerges when, at the end of bargaining, unions can use section 11 of the act to launch a pay equity complaint against an employer.

Third, some of our members raised issues with the exceptions listed under section 16 of the Equal Wages Guidelines. There is a concern that section 11 of the Canadian Human Rights Act assumes that nearly all pay variances must be attributed to gender discrimination. We suggest there may be other factors at play that contribute to wage gaps, and we would welcome an opportunity to research this further.

FETCO members are generally not convinced that a proactive model is the solution. This would be costly and administratively cumbersome for both government and business. This model has not proven ideal in the jurisdictions in which it has been introduced. As an aside to this, we'd like to better understand the pros and cons of the proactive approach. At this point there are more questions than there are answers.

This approach would create a commission and tribunal duplicating the Canadian Human Rights Commission and the Canadian Human Rights Tribunal, which already have the structures and processes in place to handle such complaints, and with which all the parties are already familiar. We are not sure of the value in creating a whole new set of government entities when adequate infrastructure already exists.

● (1845)

We suggest that governments should commit to enhancing the role of the Canadian Human Rights Commission and improving the processes by which pay equity complaints are administered, including injecting additional resources.

As employers, we would like to be part of the solution. We believe consultation and study should continue to be pursued. Also, we are big advocates of this work being done under the tripartite model, whereby government, business, and labour collaborate on finding solutions.

We believe the best way to tackle the issue of pay equity is to take a comprehensive approach that addresses the root causes of wage disparity between men and women. Raising awareness among employees about the issue and processes available, both internal and external, should also be considered.

We do not believe this is an issue that can be solved overnight via one solution. In addition to addressing discrete challenges with the current complaints-based approach, we suggest other areas in which the parties can collaborate. For example, we could study the root causes of the wage gap; support labour market research that forecasts demand for skills, allowing educational institutions and organizations to proactively plan for roles and income within industries; sponsor activities to attract women to non-traditional fields where they are currently under-represented, such as science, technology, engineering, and math—the STEM sectors—via apprenticeship programs or other educational resources; provide educational opportunities for employers to ensure that any gender stereotypes and biases are removed from all human resource activities; support initiatives to promote women in leadership roles to ensure effective paths exist for women to advance within organizations across the public and private sectors; and finally, reward organizations that increase their diversity.

This is what we believe a system of the future looks like: three parties coming to the table, solving problems and jointly improving the current approach via comprehensive analysis.

Thank you.

The Chair: Thank you very much, Mr. Hynes. You were right on time.

We now have Ms. Ludgate, who is joining us via video conference from Saskatoon.

Ms. Ludgate, you have seven minutes.

Ms. Catherine Ludgate (Manager, Community Investment, Vancity Credit Union): Thank you.

Good evening. Thank you for inviting me to speak with you. I'm Catherine Ludgate. I'm a manager in the community investment team at Vancity Credit Union, based in Vancouver. I'm actually in Saskatoon at a conference of all credit unions.

I'm Vancity's lead on our adoption of the living wage and its advocate to other employers to adopt the living wage. This committee knows the statistics about pay inequality in Canada and has heard and will hear from many more experts offering analysis and tools.

I'm here to talk about one of the tools that employers can use to address pay equity and the poverty that results from low-waged work. As *The Globe and Mail* recently reported:

Women are lagging at both the bottom and the top of the pay scale. At the lower end, women are more likely to earn minimum wage, work part time and live on low income, particularly if they are aboriginal or a visible minority. Erratic scheduling and insecure work makes life more difficult, especially for single mothers.

That was from just a couple of months ago from *The Globe and Mail*.

Many discussions about pay equity focus on the glass ceiling and the inequity of pay in middle-income management and leadership roles. Of course this must be addressed, but let us not forget about those workers who work full time, year round, in minimum-wage jobs, many of which are gendered roles, such as hospital workers, service workers, retail sales agents, clerical agents, and janitors.

This group of critical services is populated in large measure by women. In the absence of adequate minimum wages and important social programs such as universal and accessible child care, the voluntary adoption of the living wage is one tool that employers themselves can use to improve working conditions for women at the bottom of the pay spectrum in Canada.

It is a proactive model. It's within the reach of most employers. It is being adopted by credit unions across the country. It simply and directly addresses the low wages that are paid to some of the most vulnerable workers, some of the most vulnerable women in our communities.

I'd like to focus on the connection between low-wage work and inequality and poverty for the remainder of my remarks.

Canada, a country of very rich resources of all kinds—natural and environmental, social capital and community, educational and technological—is a country with a poverty crisis. By its own reporting, Statistics Canada notes that one in seven Canadians lives in poverty, meaning almost five million people. In a 25-year period, from 1980 to 2005, average earnings for the lowest-paid Canadians fell by 20%. In my home province of British Columbia, one in five citizens now lives in poverty, and a majority of those are working full time, full year.

What is to be done? We need federal and provincial poverty reduction strategies and we desperately need a federal housing strategy and a universal child care strategy, but concurrent with citizen advocacy to press for better public policy, employers ourselves can play a role in poverty and inequity in our communities. One of the best tools available to employers is the adoption of the living wage.

The living wage is a calculation of what it costs for a family of four—two income-earners and two small children—to address the cost of child care and to make basic ends meet. In metro Vancouver, that wage is now calculated at \$20.64 per hour. That wage is composed of base pay offered by an employer and the value of non-mandatory payroll benefits, such as extended medical coverage or a transportation allowance.

The wage is updated each year based on a transparent methodology developed by the Canadian Centre for Policy Alternatives, and it calculates inputs such as housing, transportation, child care, food, household supplies, an education for parents, and

some costs for social participation, such as enrolling children in limited after-school activities.

The living wage is not a luxurious wage. It doesn't include paying off any existing debt or saving for retirement or saving for one's children's education. It simply covers the costs of getting by at one full-time job per adult worker.

In B.C., we calculate that the living wage includes almost \$4 an hour to cover the very high cost of child care and \$1 an hour to cover the co-pay aspect of our provincial medical insurance program. With better public policy and programs around accessible child care and medical premiums, the living wage would be reduced to closer to \$15.00 an hour, in line with various calls for an increased minimum wage across the country.

In the absence of those public programs, the voluntary payment of the living wage is how employers can address poverty and pay inequity in our communities.

My credit union became a living wage employer in 2011 and is proud to have recertified the new living wage rate each year. We actively encourage other employers, and in particular credit unions, to join us as living wage employers as a best practice for employers. By the end of 2015, seven credit unions across Canada had become living wage employers, and now we are eight.

• (1850)

We learned a lot as we became a living wage employer. We learned that where we had subcontracted out for labour supports—for janitorial, security, temporary agencies, and offsite catering—those workers who served us were making minimum wage, and those jobs were largely gender-based.

The janitorial staff were working at two or three jobs. They were at another workplace during the day and then cleaning our buildings at night. As we moved to paying a living wage through those subcontracts, those janitorial staff no longer had to work at multiple low-wage jobs. Janitorial staff can now work at one fair-paying job, and those moms now have time to participate in the lives of their families, to read to their children, to play with their kids. The security staff can now make food choices they hadn't made before and can look after aging parents.

For our own staff, pride in who we are as an employer increased. Universally for living wage employers, the experience is that the cost of attraction, recruitment, and retention goes down significantly. Productivity goes up. Morale improves. In fact, morale improves for everyone as employers create more just, equitable, and inclusive workplaces.

Thank you, Madam Chair and members of the committee, for inviting me to speak today about the living wage. The voluntary payment of the living wage by employers is both the right thing to do and a best practice in addressing pay inequity for low-income earners.

The Chair: Thank you very much.

Thank you to all the witnesses.

We will start our questioning now. We'll start with a first round. It's seven minutes to Ms. Sidhu.

•(1855)

Ms. Sonia Sidhu: Thank you, Madam Chair.

Thank you, panels, for being with us.

I will share my time with Matt.

My first question is to the Canadian Bankers Association.

Many of your members are large corporations with considerable resources. Some of your members, such as trucking companies, are smaller organizations. Some countries with a pay equity system allow small companies more time to establish pay equity plans, allow less detailed reporting, and provide a longer timeline to correct pay inequities.

What will be the effect on your members being required to implement and report on maintaining pay equity plans?

Second, if implementing these changes will be a challenge for some members, what, if anything, should be done to support such companies?

Ms. Marina Mandal: Just to clarify, was the question for the Canadian Bankers Association or FETCO?

Ms. Sonia Sidhu: Either one can answer.

Ms. Marina Mandal: I'm happy to start.

Thank you for the question.

I think you're absolutely right; we haven't formulated detailed views on that. One of the principles I mentioned in my opening remarks was flexibility in terms of the types of operations and the size of the workforce. When people think of Canadian banks, they think of the big five with the biggest stakes, but we do have small bank members. Small bank members have subsidiaries that are not always run in the same way as the parent banks. I think looking at that type of flexibility is really valuable, as well as looking at models in other jurisdictions that adopt flexibility.

Ms. Sonia Sidhu: My other question is, what is the current gender composition of your member companies? Has it changed over the past decades?

Ms. Marina Mandal: I actually just looked at the numbers. The short answer is yes.

The numbers I have in front of me are actually for senior manager, middle-management, and professional roles.

For the senior manager, it went up approximately 14% from 2004 to 2014. For the representation of women in middle management, it went up, I believe, 6%. Then there was a drop-off in the professionals category, which we suspect is probably because of the migration of professionals up into management roles. If that is data the committee wants, we can definitely look into it. I just don't have it collected in front of me.

Ms. Sonia Sidhu: Thank you.

The Chair: Mr. Hynes.

Mr. Derrick Hynes: We also don't have that data at our fingertips right now. If it is information that would be of interest to the

committee, we could certainly reach out to our members and ask them for that sort of information.

The Chair: Okay.

If you do send further information, please send it to the clerk, and if possible by the end of the week, because we will be starting our deliberations on our report.

Mr. DeCoursey, you have four minutes.

Mr. Matt DeCoursey: Briefly, before I flip it to Ms. Dhillon, I noted some comments that were made.

I think, Mr. Hynes, you mentioned that you weren't sure about the effect of proactive legislation in Ontario and Quebec in reducing the wage gap. We just had a presentation that demonstrated a variety of different measures that do help reduce the wage gap. I think we also saw some evidence that proactive legislation has helped as well in those big provinces.

Do you have conflicting evidence or information that might suggest otherwise? Are there other contacts that lead you to question whether proactive legislation does have the desired effect of reducing the wage gap?

Mr. Derrick Hynes: Yes, there are two things.

First, when we did our research in preparing for this presentation and in consulting with our member companies, we could find little evidence that suggested great success for the proactive model in reducing the wage gap.

Second, the StatsCan presentation comparing Ontario with the rest of Canada placed Ontario under the proactive model and Canada itself outside that model. The wage differentials in terms of the changes are almost identical. This leads me to wonder whether there are other factors in play. Would throwing out the current system and bringing in a proactive approach be the right thing to do without high-quality data to justify it?

•(1900)

Mr. Matt DeCoursey: I will pass the time I have left to Ms. Dhillon.

Ms. Anju Dhillon (Dorval—Lachine—LaSalle, Lib.): Ms. Mandal, on page 3 you say:

Third, a new pay equity regime should be built on existing precedents and structures. It is appropriate that protection of the human right to freedom from gender discrimination should remain with the Canadian Human Rights Commission.

Can you please elaborate on that?

Ms. Marina Mandal: If I understand the question correctly, we put that position forward because it's a human right.

Ms. Anju Dhillon: Looking at the existing precedents and structures, which would you use?

Ms. Marina Mandal: In putting that comment together, we were thinking of some of the recommendations in the 2004 pay equity task force report. The suggestion by the task force was to create a new piece of legislation, a new pay equity commission, a new tribunal. This throws out a lot of the processes and precedents.

There's also a pay equity office under the labour program, and there's authority in the Canada Labour Code for inspectors in the labour program to look into the workplace and assess pay equity.

Those are two legislative avenues having to do with infrastructure and how familiar banks and other employers are with the processes already in place. It's not clear that we need a whole new apparatus—legislative or infrastructural—to achieve our goal. It's a human right and it is enshrined in the act.

The Chair: Ms. Gladu.

Ms. Marilyn Gladu: Welcome to all of our panel members.

Ms. Mandal, you were saying that within the banking industry you've achieved 50.5% of women at the lowest ranks, 50.4% in the middle ranks, and about 34.5% in the senior ranks. This sounds like gender parity for the middle and the bottom as well as a pretty good improvement in senior management. You've done it nationally, and this interests me because we were thinking about legislation in various areas. Not all provinces are legislated, yet you've been able to achieve it.

I'm wondering if you could comment on the elements that you think helped you to close the gap in the absence of legislation.

Ms. Marina Mandal: The numbers I quoted are reported under the employment equity data collection requirements: 34.5% for senior management, and then gender parity with middle managers and professionals.

Section 11 of the Human Rights Act prohibits discrimination on the basis of gender. When the Equal Wages Guidelines came out—and that is national legislation—banks put a lot of effort into pay equity programs to ensure that they were compliant with the law.

Other witnesses, including StatsCan, talked about unexplained factors, other socio-cultural or sociological factors. I can't speak to that. I can say that from our industry's perspective part of the pay gap for all Canadian companies is that there are not enough women in senior roles.

There's been a lot of effort made. I have lists of the kinds of programs that banks have in place to attract and recruit women. There are targeted recruitments at universities as well as mentorship programs for women in the STEM sectors. Then there's the leadership pipe or pipelining at the banks, which identifies women who are seen to have career trajectories that would pull them into senior roles. There is a lot of fostering of women's advancement, because of the obvious correlation between a senior role in an organization and a higher wage.

● (1905)

Ms. Marilyn Gladu: Excellent. I do support promoting women in STEM especially. I'm the first female engineer in the House of Commons.

My other question goes back to this Human Rights Commission thing, because we've heard a lot of testimony that suggests that any complaints that go to the Human Rights Commission take, I think we heard, from six to 15 years, and sometimes longer, by the time people get paid. It costs millions of dollars, yet, Mr. Hynes and Ms. Mandal, both of you suggested that this is the right mechanism.

Can you comment on how you'd like to see that work, or is it exactly as we've seen in the past with Air Canada and Bell? I think those are two of the examples that went there.

Mr. Derrick Hynes: Yes, there are examples, and there's no denying they took a long time, and that's not great. We would like to see that improve. What we do wonder about is whether there are things we could consider to speed up those processes, to accelerate them, to make them more efficient, rather than throwing it all out.

We do see—and the StatsCan data from earlier this afternoon verified this—that the gap is narrowing. Do we still have a problem? Absolutely, and it is one that we need to address. Representing our member organizations, it's certainly one that we take seriously and want to address because it's the right thing to do, but we're not sure that throwing it all out because it takes a long time or it costs a lot is the best approach. We have mechanisms in place, structures in place, infrastructure in place, processes in place that people understand.

What we think we need to do is put our heads together and make those processes better, because the evidence is not clear that going another route is necessarily going to be any better. It's definitely going to be more costly and cumbersome, and there's going to be a whole new bureaucracy that we'll all have to learn how to use.

We do think there's potential. As I said in my presentation, we'd like to be a part of that solution. We think 21st century employers get this and are already putting mechanisms in place, and Marina has referred to them. We certainly have examples from our member companies as well to address these gaps and to make this better.

Ms. Marilyn Gladu: Do you have anything to add to that, Ms. Mandal?

Ms. Marina Mandal: The only thing I'd add is that sometimes this may get a bit lost in the conversation, but employers also do not like long protracted battles at tribunals and courts, so it is definitely in the interests of all sides to have disputes resolved as quickly as possible.

Ms. Marilyn Gladu: Yes, I think there's something that needs to be done there.

The Chair: Ms. Ludgate, are you interested in answering some of these questions, or shall we move on?

Ms. Catherine Ludgate: No, I don't have information to offer on the gender breakdown of the credit union employees across the country. If it's of interest to the committee, I can ask colleagues to send that in for the end of the week, but I can't specifically comment on that.

The Chair: If you do want to ask a question, please raise your hand, because there's a bit of a time lag and I may miss you.

I'm sorry; go ahead, and I'll add extra time.

Ms. Marilyn Gladu: Thank you.

My other question is about the different sizes of businesses and not making a big bureaucracy when you implement the pay equity thing. Large businesses and small businesses are different.

I noticed that Ms. Mandal talked about having a pay equity committee and audits and spot checks. Can you give me some guidance as to how you see this happening in a smaller organization as opposed to a larger organization?

Ms. Marina Mandal: I will try.

I think some of those elements that the banks have identified for me as things that they do should be relatively easily achievable for a small organization. Whether it's at an internal review or a periodic review, I think what becomes more challenging for smaller organizations or small companies, simply because of resourcing issues, is building out a whole audit system, a whole reporting system that's heavily prescribed by law, which is why we keep going back to flexibility for organizations and building on existing systems.

Smaller banks also have pay equity plans in place. Therefore, the answer is that if you're looking at proposing a model, I think flexibility is really what helps some of the smaller companies that might struggle a bit. It gets to outcomes as well, rather than employers sort of moving hard and not being able to keep up with the legislation.

Ms. Marilyn Gladu: Thank you.

The Chair: The next question goes to Ms. Benson. You have seven minutes.

Ms. Sheri Benson: Thank you.

Thank you very much. It's nice to see you again, Mr. Hynes. I'm following you around here.

I'll go first to the Canadian Bankers Association. I want to clarify a couple of things in your report. The percentages are a representation when you're talking about the middle and lower levels; it's not about pay equity.

• (1910)

Ms. Marina Mandal: No.

Ms. Sheri Benson: That's fair enough. I just wanted to make that note.

The other clarification that's important for me with the Canadian Bankers Association, and perhaps with some comments Mr. Hynes made, is that in the 2004 pay equity task force report there is a whole piece that talks about being flexible with smaller and larger employers. Some of that is addressed, but I wonder if both of you can let us know how you are doing, as industries, on pay equity.

I'm not talking about wage discrimination, because that's illegal. If Derrick and Elizabeth are doing the same thing, and I'm paying Elizabeth \$5 and Derrick's getting \$10, that's illegal. We all understand that.

The next thing is the fact that when women are in a workforce or in a particular area, then that brings the wage down, and then you find equal work of equal value is not happening. Bankers have been committed to the principles of pay equity for 35 years. I'm wondering how you know how well you're doing.

I would ask the same of FETCO. Where are you at? What are your own statistics?

Ms. Marina Mandal: On pay equity, equal pay for equal value of work, and separating that out from the wage gap, as you alluded to, it's the law, so since—

Ms. Sheri Benson: No, sorry. I have to clarify.

Wage discrimination is illegal. That's the description I gave with Elizabeth and Derrick, but we're talking about equal pay for work of equal value, which adds to the wage gap. I wondered how the Canadian Bankers Association knows how well it is doing on that front.

Ms. Marina Mandal: The way the banks have approached it is at the origin point of compensation. I mentioned a few of these.

At the starting point it's gender-neutral job evaluation, the Hay method, which not just banks use, but also a lot of corporations globally.

Ms. Sheri Benson: Do you know how well you're doing, though? Is there no issue within banks? How close are you?

It comes to the point, in lots of cases, of how long do we have to wait—no offence—for employers to get their act together to address it. When we're just asking for more statistics and that kind of thing, it's hard for us to tell people that we have to wait and do another study. I'm wondering if either of you knows how well you're doing in this area.

Mr. Derrick Hynes: That's a great question.

What I will say on behalf of the member organizations within the organization that I represent is that we are 18 large employers that are federal. Most, if not all, are heavily unionized. I don't know if Statistics Canada has run data on this, but from reading some of the literature, my sense is the gaps are narrower within heavily unionized settings.

When I was talking to some of our member companies over the past couple of weeks and preparing to come to speak to you today, I got a lot of positive feedback from HR professionals who have been around for a while and have seen the world change in this area. Did they have statistics they could give me to say it was 10% better than it was when they started in their jobs in HR? No, but certainly there was a positive vibe around the way pay equity is a part of the conversation and the way HR systems are organized around joint job evaluations and these sorts of things.

There is a sophistication to it now that might not have existed 25 or 30 years ago, and I believe that is revealing itself in the data. The gap is narrowing. Are we there? Absolutely not. I read some of the transcripts from the previous committee meetings you've held, and I know that some of the union leaders have said "Get off your wallets, companies, and fix this." We believe the issue is more complex than one simple fix, which was the tone of our presentation, but overall, the feedback I received from the member companies was that it is a lot better and things are improving.

• (1915)

Ms. Sheri Benson: I guess the other piece is that it is important that there be a responsibility on employers. If in fact you're saying it's a priority, then they should be able to demonstrate that, because what we've heard from the complaints-based system, even from the Human Rights Commission, is that they don't have the expertise, and it's long and drawn out. You know, some of those people died before they got their thing, and that's not okay, so it's not a whole new system.

It's a system that would be more efficient and effective with the expertise you need to do that kind of thing with the flexibility that Ms. Mandal talked about, and that is similar to occupational health and safety. There would be an ability to be within a bigger framework with more expertise focused in the area, so you'd actually move more quickly.

Obviously, you can tell what I think of 2004. There's a lot of good stuff, and we don't need to reinvent the wheel. Do you have any comment on that?

Ms. Marina Mandal: I guess my comment would be that I definitely don't want to give the impression that we have come into this appearance with our minds made up, at least for the banks. What we'd want to do is look at the details and look at where we can avoid duplicating or reinventing the wheel.

I totally understand the point about the requisite expertise needed, and there are maybe other ways to handle that, such as having those people at the Human Rights Commission versus a brand new commission. The devil is in the details. We as an industry, and I'm sure others around the table, would want to take a close look at what's being proposed and what the consequences, intended or otherwise, could be for employers and employees.

The Chair: That's time.

We will now go to Ms. Dzerowicz for seven minutes.

Ms. Julie Dzerowicz: Thank you so much.

First I'd like to say thank you to all three presenters. It was excellent.

I'm going to ask all my questions at once, and you can sort of put your thoughts together.

Ms. Mandal, you've mentioned that banks have made progress on pay equity, and Mr. Hynes, you've indicated that the gap is narrowing.

I'm following up on Ms. Benson's point. I'm a very big believer that what is not measured is not going to be worked on and that progress cannot be made, so I would highly recommend that if there

are any statistics that give us any indication that banks have actually made progress on equal work of equal value, they be given to our committee. I'm a little bit worried that it wasn't presented today. That would be a very key thing to present.

There's a second thing I want to say, and I should let you know I am a former bank executive and I'm very familiar with banks. I've spent the majority of my life working in the banking industry at very senior levels, so I want to indicate that in my experience, unless there is a road map, a game plan, an executive champion, accountability, transparency, and reporting and rewards on progress, things aren't going to happen at the bank. I'd like to know whether or not that is actually happening at each of the banks, and if so, if you could relay where the progress is with all the banks. That's my first set of questions.

Second, with all due respect, Mr. Hynes, more reports and studies are not needed. The train has left the station. In 1977 pay equity was made a human right in Canada, and the reason we actually have this pay equity committee, in my personal opinion, is that we haven't made the progress we should have made on pay equity thus far. Now, even in saying all of that, I will say to you that I care a lot about costs for banks and I care a lot about costs for businesses. This means something to me; I care about our economy.

You have indicated, Mr. Hynes, that it is costly to put in a proactive model and it will be prohibitive from the administrative perspective. What data do you have or what more information can you give us on both of those fronts?

Mr. Derrick Hynes: To answer that question, I don't actually have concrete data to say that it's x numbers of dollars to do this or x numbers of dollars to do that.

I don't disagree with you. I believe you said that the train has left the station, and we've been researching this issue for many years. The 2004 report, which is 600 pages long and has dozens and dozens of recommendations, was clearly a substantial piece of work. At FETCO, my predecessor was quite involved in that process. We didn't necessarily agree with all the key recommendations that came out of it, but we certainly were a part of it.

In terms of measuring the overall impact for where we need to go next when we look at the proactive versus the current model, what we're saying is that we have a system right now under the Canadian Human Rights Commission. It's not perfect, but it does exist. Also, we're not just talking about the cost of business; we're talking about the cost of government. If government is going to invest in something new to try to take this further and narrow this gap even more, which we all agree is a great idea, we question whether building a whole new system under a whole new bureaucracy is necessarily the thing to do.

For us, it was just common sense to think that if we're going to build a whole new thing, that's likely going to cost us more. Also, we're all going to have to learn the new processes to make that work, and it's going to take more time to figure it all out than it would if we were to try to improve the processes currently in place to try to bridge those gaps.

•(1920)

Ms. Julie Dzerowicz: I would just say, Mr. Hynes, that if there's any way that the cost or the administrative burden can be articulated to us, that would be very helpful. Our mandate is to create a proactive pay equity model. I know from my own perspective that I want to be as helpful as possible and very considerate of our business community, our banking industry, and anybody in that field.

Do you have anything to add, Ms. Mandal?

Ms. Marina Mandal: I generally agree with Derrick's comments.

To add to them, you talked about your experience at a bank in terms of the road-mapping and the game plan and having it be a priority. It is for the banks. It's a priority as part of broader talent recruitment and management. The banks have offices or departments—they're named differently—of diversity and inclusion, so it's not just about women. It's about other designated groups under the Employment Equity Act.

This is for the banks a really important part. It's an industry that is very heavily knowledge based, and recruiting the top talent in a small labour market pool like Canada's is a priority. I just wanted to confirm that point. Beyond that, I don't think I had anything to add to what Derrick said.

Ms. Julie Dzerowicz: I think the only thing for me to reiterate is that what is not measured is not going to be worked on. We need some data. If there has been great progress in equal work of equal value, please pass it along to us. If banks definitely have the road map, the accountability, the champions, the transparency, and the progress, I would also like some data on that. That's the only way that at least I could.... I know that we've measured progress of banks in various different things, and that's what I'd also be looking for.

If I have any time left, I'd like to leave it to Ms. Lapointe.

[*Translation*]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you very much.

I am very pleased to meet the witnesses with us today.

I have a question for Mr. Hynes.

You suggested a potential solution earlier, namely, that organizations that achieve equality between men and women should be rewarded. What did you have in mind? What would you suggest?

[*English*]

Mr. Derrick Hynes: That's a great question. As for what we were really envisioning there when we raised that point, we were thinking largely of small and medium-sized enterprises. At FETCO, the companies we represent are very large and certainly have the models, the tools, and the resourcing in place to do whatever is required in the event that the system changes. We're not going to cry poor and say that we can't accommodate, because clearly we can.

There are hundreds and maybe thousands of small and medium-sized enterprises across the federal system that also will have to accommodate this approach, so we're thinking of things such as tax credits, some sort of tax incentives as a reward, rather than using a stick all the time to punish those who don't actually follow the rules. Could there be tax credits, tax incentives, or award ceremonies and

some way to raise the profile of this issue amongst those who may not have the resources to accommodate all the needs under the system?

The Chair: Thank you very much, Mr. Hynes.

We have Mr. Albas for five minutes.

Mr. Dan Albas: Thank you, Madam Chair.

I do appreciate all witnesses being here. Unfortunately, because of time constraints, I won't be able to spend time with you all. First I am going to go to Mr. Hynes.

It seems to me that we heard earlier from StatsCan that there wasn't a silver bullet they could point to for the reason that the pay gap is slowly closing. They said there were gaps, through lack of data, etc., in their ability to understand what those reasons were vis-à-vis certain provinces that have certain legislative directives, the proactive versus the reactive style. To me, it doesn't seem to be.... Your comments were that the burden of proof should be on the government's side that there has been progress, but it can't be connected to a proactive regime. Do you think that is a reasonable statement?

•(1925)

Mr. Derrick Hynes: Yes, I think that is reasonable. The data show that nationally the gap is narrowing. As I stated earlier in my presentation, we honestly don't have our heads in the sand on this issue, because we do believe there is a problem. There is still a gap that needs to be addressed. We believe that there are a multitude of factors that might contribute to that gap and that we don't fully understand it.

While I recognize there are some who don't want to do more studies—I get that—we believe there are still questions that are unanswered that would help us better understand. To your point, yes, I agree. There is no clear indication, under whatever system, which is better than the other, because the trends seem to be headed in the same direction.

Mr. Dan Albas: I also think it is unreasonable to say to people who are being regulated, “You tell us the cost of a program that we are going to implement on you.” I don't think that is a reasonable thing. Maybe I am not being completely fair here, but I think the burden of proof should be on those who wish to implement it and have the resources.

Now, from your presentation, Ms. Mandal, my understanding is that 280,000 Canadians are employed by you. Is that correct? That is almost a third of the 874,000 private sector employees who are federally regulated.

Ms. Marina Mandal: That sounds right.

Mr. Dan Albas: That's about right.

Mr. Hynes, how much of your membership...? How many employees would you say you represent?

Mr. Derrick Hynes: It's around 400,000 to 450,000. Between the two of us, we constitute a large portion of the federally regulated employees.

Mr. Dan Albas: Okay. If you remember the prior testimony from Employment and Social Development Canada, there was talk about how different federally regulated industries are. It is unfortunate, and I blame myself, Madam Chair, because I didn't think to invite the Canadian Federation of Independent Business, because I am sure there are some smaller businesses that are not there. Are they...?

The Chair: Yes, they declined the invitation.

Mr. Dan Albas: Oh, I am sorry to hear that, because it would be nice to hear from them.

I understand, Mr. Hynes, that you represent some larger companies. Ms. Mandal, you obviously represent some very large companies as well.

Ms. Mandal, there were some concerns from Ms. Dzerowicz in regard to the road map or how seriously banks are taking this issue. Notwithstanding her experience, because I think it is extremely important for members of Parliament to bring their relevant work experience here, would you be willing to ask one of your member banks to see if perhaps...? Obviously there would be proprietary concerns and so this would have to be done in camera, but if the committee was able to ask for some documentation just so we could see it, because my understanding of working....

I have met various bank managers over the years, and usually when a new policy comes in from the head office, it is accompanied by a binder yay thick with lots of paper in it and it's expected to be done by Friday, so there is a lot of work.

I think we should bear in mind some of the testimony here. We have two-thirds, if not more, of the private sector groups represented here, who are telling us that maybe we should look at improvements. There has been talk about a streamlined process or perhaps some tweaking of the current regime or new resources. You know, we all want to see disputes....

Are there any other suggestions that this committee could look at? I am not saying no to a proactive legislative approach, but I am saying that perhaps we need to do a little more research to get our burden of proof and say that this is the silver bullet.

The Chair: Actually, I'm sorry, Mr. Albas, but that is your five minutes.

If the witnesses wanted to submit something in writing to answer that question, certainly that could be done in camera as well.

Mr. Dan Albas: I'm sorry.

[Translation]

The Chair: We have just two minutes left and Ms. Lapointe has the floor.

•(1930)

Ms. Linda Lapointe: Thank you very much, Madam Chair.

My question is for Ms. Mandal, although Ms. Gladu did mention this briefly.

I was a bit surprised by something you said. Women make up 62% of the workforce in the banking sector, yet they hold just 24% of senior management positions. Moreover, if I understood you correctly, women hold just 42% of middle management positions.

You mentioned that you have a program for this. You also said you have endeavoured to identify talented women and to help them break through the proverbial glass ceiling. How do you explain such a large gap, given that the bulk of positions in the banking sector are held by women? How is it that there are so few women in senior management despite the talent recruitment programs?

We discussed this earlier, but I would like to hear your comments. What would you do to ensure that, should we revisit the issue in five years from now, women account for 50% of senior management positions?

[English]

Ms. Marina Mandal: I'll just clarify some of those numbers, but I think you have them right. It's 62% overall at the six largest banks. For middle management and professionals, it's 50.4% and 50.5%, and then 34.5% of all senior managers. If I understand the question correctly, it is why it is still not at parity, perhaps, for the senior management roles.

[Translation]

Ms. Linda Lapointe: Women have long made up the bulk of the workforce in banks.

[English]

The Chair: Could you answer very quickly?

Ms. Marina Mandal: Obviously the number of administrative and business support positions in banks is huge. The number is much, much larger than the number of senior roles available for men or women.

Really, this is a focus for the banks. It is a focus for HR. I can read out a number of things the banks are doing, which I have in front of me, such as outreach programs and leadership training. Banks will map what they call the gender cliff, which is the point at which, while rising through an organization, women drop off. They pinpoint that point in time, at whatever position that is, and they specifically target that to see if they can improve opportunities for training or development for those women.

The Chair: Thank you very much. We're already one minute over and we have the other panel waiting. I would encourage you, if you did have anything to add, to please send it to the clerk. You can send it in writing and the committee can review that.

I want to thank all of our panellists, including Ms. Ludgate from Saskatoon and those who are here in person. Thank you so much for coming.

We are going to suspend for just a few minutes while we change panels and bring in the next video conference. Thank you very much.

• _____ (Pause) _____

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•(1935)

The Chair: We're starting again.

Thank you very much to the witnesses for coming at this late hour, and thanks also to the committee members.

We have with us here Serena Fong, the vice-president of government affairs for Catalyst, and then by video conference from Saskatoon we have Beth Bilson, who has testified before. Welcome back to the committee, and thank you very much for coming back.

Also by video conference from Toronto, we have Janet Borowy, member and lawyer, Cavalluzzo Shilton McIntyre Cornish LLP.

I do believe that you have submitted a brief, Ms. Borowy. That brief is in translation, so the committee members haven't received it yet, but they will receive it as soon as it's translated.

Also, for Professor Bilson, if there's anything you testified on last time that you wanted to add, please feel free in your opening remarks to add that.

We will be giving each of you just seven minutes, because of the number of panellists.

We will start with Ms. Fong, for seven minutes.

Ms. Serena Fong (Vice-President, Government Affairs, Catalyst): Thank you, Madam Chairperson and committee members, for the opportunity to provide input on such an important issue.

I'm Serena Fong, vice-president of government affairs. It is a distinct honour for me to be here representing Catalyst. Our goal as a non-profit organization is to help businesses around the world build workplaces where women and men of all backgrounds have equal opportunities to succeed.

I'll be focusing my remarks from the perspective of working with organizations to close the worldwide gender gaps in wages, leadership, and opportunity in the hopes of providing further context for your deliberations.

Our research, along with that of many others, shows that wage inequality starts early in most women's careers and worsens over time. In fact, Canadian high-potential women earned approximately \$8,000 less than men in their first post-MBA job and were more likely than men to start at a lower-level position. Women are also offered fewer career-accelerating work experiences and international job postings. These missed opportunities significantly contribute to the gender wage gap. Clearly the pay gap is all too real, and unless we act now, it's not going anywhere.

There is some positive news about the gender wage gap. These days, unequal wages usually don't happen intentionally. Outright discrimination when it comes to wages in the workplace is not nearly as prevalent. Wage and other gender gaps exist due to systemic barriers and unconscious biases.

The majority of talent, recruitment, development, and management systems aren't designed to correct early inequities, nor will giving it time even the playing field for women and men. Only intentional actions by both the business community and the government will help close these gaps.

Pay transparency is one such action that can narrow the wage gap. It provides women with the information they need to better negotiate for fair and equal pay. Government mandates requiring companies to

publicly disclose salaries and/or gaps between women and men's wages, such as the U.K. government's regulations and Australia's legislation requiring companies to report on the remuneration of their employees, are examples of ways to achieve pay transparency. Similarly, organizational policies disclosing exact wages, stock option data, salary bands, and pay levels have been found to be effective pay transparency methods.

Yet pay transparency alone won't close all the gaps or break down every barrier to workplace equality. Numerous studies show that when women negotiate for higher salaries, people react more negatively than they would to a man asking for more money. Non-negotiation policies and a focus on paying for the work and not the potential can help combat these and other biases. For example, in the United States, the federal government's Office of Personnel Management, which is the government's HR department, recently issued a memo advising other agencies not to rely on salary history when determining compensation. Doing so could adversely affect a candidate who's returning to the workforce after an extended leave, or their existing salary may not be reflective of their qualifications or the market rate, perhaps due to systemic gender biases.

Organizations should conduct equal pay audits on an ongoing basis in order to identify and correct anomalies based on gender. Once the audit is done, they should bring in an external organization to verify the findings. Policies and actions like these benefit employers by providing companies with the tools and knowledge needed to set salary rates appropriately. They also aid job-seekers in determining whether they want to work for a particular organization and rightly take the onus off women, who are often blamed for earning less than men because they didn't negotiate.

Government policies mandating companies to report the types of actions they are taking to address the wage gap as well as explain why they may not have policies in place force companies to address the issue. They can also provide best practices for other organizations to implement. Furthermore, consequences for non-compliance should be robust and enforced in order to bring about actual change.

There are companies that are actively implementing some of these solutions. I'd like to share one example. Gap Inc. was the first Fortune 500 company in the United States to publicly disclose and validate that it pays women and men equally. The company's pay equality is a result of its long-standing commitment to inclusion. It emphasizes Gap Inc.'s intentional efforts to promote equality through its talent management processes with remarkable results.

• (1940)

In addition to reaching pay equality, between 2007 and 2015 women's representation at the vice-president level increased globally from 44% to 49.7%. At the most senior leadership level—meaning those reporting to the CEO—women's representation has gone from 33% to 77%, and out of the 10 women, four are women of colour. Notably, between 2010 and 2015 women's representation on Gap Inc.'s board of directors increased from 10% to 36%.

These policies are ones that organizations can and should enact and that the government should encourage and adopt.

It's also critical to gender equality to monitor and track progress toward goals and embed checks and balances within recruitment, retention, and advancement policies. Countries with a more holistic approach toward gender equality, including guaranteed non-gendered family leave, access to affordable child care, and legislated efforts to increase gender diversity in senior leadership, can be more successful in building inclusive workplaces that benefit women, men, and society.

Thank you for your attention. I look forward to your questions.

The Chair: Thank you very much, Ms. Fong.

We now have, by video conference, Professor Bilson, who has testified before the committee before. We've now had the benefit of a number of other witnesses who have come since.

Professor Bilson, did you wish to testify again, or was there anything you wanted to add to your previous testimony?

• (1945)

Prof. Beth Bilson (Former Chair, Pay Equity Task Force and Interim Dean and Professor of Law, University of Saskatchewan, As an Individual): I don't really want to detain you long with a presentation, since I did have a chance to talk to you some weeks ago. There are just a couple of things that I want to point out.

One has to do with the complexity of determining pay equity. One of the things that has bogged down systems that have been aimed at achieving pay equity, such as joint job evaluation, is the complexity, because generally speaking the comparison is between components of jobs, not whole jobs. That's a very complex process, and there are a number of models on the market. I think one of the things that led to all that protracted litigation under the Canadian Human Rights Act was that numerous experts testified for very long periods of time about different models.

If there's something useful that you could accomplish if you decide to go ahead with some sort of pay equity legislation, it's not necessarily to choose one particular model but to provide the guidance on what kind of model might be advantageous. That really is a research project. There are lots of people with expertise in those areas who I think could provide assistance in determining what the limits should be on the possible models for implementing pay equity.

Compared to, say, employment equity, where you are just deciding how the workforce should proportionately reflect society, or equal pay legislation, which really does compare the same job and decide whether people are achieving the same pay rate, I think pay

equity is always going to be a more complicated proposition, and you have to be prepared for that.

Other than that, I would just welcome your questions.

Thanks.

The Chair: Thank you very much.

Now we go to Janet Borowy, from the Equal Pay Coalition. You have seven minutes.

Ms. Janet Borowy (Member and Lawyer, Cavalluzzo Shilton McIntyre Cornish LLP, Equal Pay Coalition): Madam Chair, thank you very much.

The Equal Pay Coalition, by way of background, is an organization of over 30 women's groups, trade unions, community groups, and business organizations, first formed in 1976.

The objective is to secure action through laws, collective bargaining, policies, and programs to eradicate the gender pay gap and of course eradicate those factors creating and reproducing gender pay discrimination. Some 40 years later, the coalition continues to pursue its vision.

There's an approximately 30% gender pay gap that exists in Canada's labour market today, and that's a statistic based on earnings. Our objective is to see that this disappears to 0%.

Frankly, the gender pay gap is an urgent human rights crisis. There's an impact on our mothers and their pensions, on our daughters in the impact on their earnings over their lifetimes, and on our granddaughters who are about to enter into the labour market and face a significant human rights crisis. Frankly, for our families, our communities, and Canadian society at large, the losses brought by the gender pay gap are staggering.

The Equal Pay Coalition very much supports the committee's work in a forward-looking and progressive approach to securing pay equity in the federal jurisdiction. We have provided you with detailed submissions. We won't repeat those, obviously, and we encourage you to review them when they become available to you.

There are three points we wanted to make this evening, but to start our comments, we want to say that it's widely recognized that the gender pay gap arises from systemic discrimination against women. What has been lacking is a comprehensive government action plan, which would include proactive legislation and policies and programs to explicitly and directly close the pay gap. Pay equity is, as you've heard from many deputants, an internationally recognized fundamental human rights legal standard that guarantees men and women receive equal pay for work of equal value.

This is for three reasons: first, women are segregated from men into different work in different workplaces. Second, the gender segregation of the labour market is accompanied by wage inequality: female domination of a job and low pay are directly linked. Third, despite the attempts to explain away this gap by looking at the personal characteristics of women or the hours and the nature of their work, what fundamentally is taking place is an undervaluation of women's work, their skills, their efforts, their responsibilities, and their working conditions. It's pay equity in the form proactive legislation that steps in to help cure that undervaluation.

The coalition calls upon this committee and the federal government to develop a comprehensive action plan to accomplish a goal of 0% gender pay equity gap within 10 years. In order to do that, we argue there are three steps that need to be taken.

First and foremost, the starting point for the foundation of a comprehensive action plan is to immediately act upon the 2004 pay equity task force recommendations and introduce proactive pay equity legislation.

Those recommendations included legislation to provide a comprehensive way to cover as many federally regulated employers and contractors and as many types of employment relationships as possible. The legislation needs to apply to female-dominated workplaces and enable proxy comparison methods.

It needs to include mechanisms to maintain pay equity of all of the plans that would have been negotiated to achieve this. It needs to include a special oversight agency to administer and to interpret new plans and to receive copies of pay equity plans to ensure the transparency that Ms. Fong just testified to.

The task force itself recommended innovative processes to develop access to pay equity complaints considering multiple grounds of discrimination because of the deeper types of structural inequity that exist for the equality-seeking groups. We support all of that.

• (1950)

Our second major point, frankly, is that this committee should recommend the quick and immediate repeal of the Orwellian-titled Public Sector Equitable Compensation Act. It was enacted but not proclaimed by the prior Conservative government. From the coalition's vantage point, this legislation is regressive. It does not guarantee a fundamental right of equal pay for work of equal value. It introduced market forces into the calculation of the value of work, which are the same forces that created and reproduced the gender pay gap to begin with. Discrimination embedded in market mechanisms helps explain the persistent gender wage gap.

Our third argument is that in order to effectively reduce the gender pay gap, the government needs to introduce and develop a comprehensive action plan. That requires an uprooting, if you will, of systemic discrimination through a fully multi-dimensional action plan.

Included in that, as you will see in our brief to you, is a national child care program, improvement to the federal minimum wage, and improvement in and access to a robust form of collective bargaining for women in various forms of employment relationships. In order for this to be done, the government must actually apply a robust

gender-based analysis to all forms of work and all forms of programs and policies that exist at the federal level.

We appreciate that getting from nearly 30% to 0% will take a tremendous effort, but it's time to put women, in all their diversity, at the head of the line in terms of economic and social priorities; otherwise, Canada leaves women languishing in lower-paid inferior jobs or without jobs because of their care responsibilities or the barriers they face to gaining decent work.

We look forward to bringing an end to systemic pay discrimination in collaboration with you and with decision-makers, policy-makers, community organizations, businesses, trade unions, and women's groups. Now is the time the federal government can take bold and innovative action to close the gender gap.

Thank you very much. We look forward to your questions.

• (1955)

The Chair: Thank you very much.

Thank you to all of the witnesses.

We will start our questions with Mr. Sheehan, for seven minutes.

Mr. Terry Sheehan: Thank you very much to all our presenters. That was very good information.

My first question is to Beth. I didn't have an opportunity to ask this question because our time was cut short; we had to go vote. Since that time, we've had several witnesses. They've pointed to Quebec as having the pay equity model that is closest to what was recommended in the 2004 report of the pay equity task force. However, Ontario has had a pay equity law in place longer, I think since 1987. What is the difference between the Ontario and Quebec pay equity regimes? They do seem to be similar.

Beth, could you comment on that?

Prof. Beth Bilson: They are fairly similar. Certainly the framework is very similar. That's not surprising, because I think the Quebec legislation really borrowed heavily from the Ontario legislation when it was passed.

There are some differences in the Quebec legislation that are worth drawing attention to. One is that in Quebec they have dealt, I think quite imaginatively, with the problem that is caused by trying to compare jobs in small enterprises, enterprises under a certain size, for which, as you might imagine, it's very difficult to draw sensible conclusions when you have very few jobs in an enterprise.

They have made provisions to deal with sectoral jobs—those in the tourist industry, for example, or the hospitality industry—in which there are lots of small-business employers. They have made provision to develop a single pay equity plan to cover a number of employers so that they can smooth out those anomalies and actually make some accurate comparisons and start getting an accurate picture of how those employees are dealt with.

There are, I think, some differences from the Quebec legislation, but there are certainly a lot of similarities.

Mr. Terry Sheehan: In your view, which system is more effective, and why? Would you be able to comment on that?

Prof. Beth Bilson: I have to say that I haven't really monitored either Ontario or Quebec recently. Since our report was done, I haven't really paid close attention to how those two systems are operating, but I think the difference in Quebec is something worth looking at, because there is still a lot of employment in Canada in small organizations and small employers. I think it is worth examining whatever mechanisms can be adopted to make meaningful comparisons between male and female workers in those sectors.

Mr. Terry Sheehan: Thank you very much. My next question is for Serena.

Your board of directors and your supporting members represent a large number of major global companies. What do your member companies do to achieve gender pay equity? That is my first question.

Ms. Serena Fong: In terms of the example I gave with Gap Inc., the approach that we take and that we counsel them on is about solving all the gaps you have. Once you do that, when you build an inclusive environment, you are going to end up closing your wage gap. Having more women in leadership, evaluating your talent management systems, looking at the way you're promoting and hiring then just cascades and will bring about pay equity, so we talked to them about....

I think one of the people who testified prior to me talked about looking at talent development systems. We talk about diverse slates and counsel them a lot about the business case for doing this. That's the approach we take with them. If you try to piece it out too much, you're not really going to get to the systemic unconscious and subconscious biases that are built into the systems.

• (2000)

Mr. Terry Sheehan: Thank you.

I have a question for Janet. Your document is called "12 Steps to Closing the Gap", and it was directed at the Government of Ontario. Which, if any, of the key points in your document are relevant for the federal government as well?

Ms. Janet Borowy: Thank you.

The brief we provided has actually updated those 12 steps and directed those at the federal government as well. For example, we've reviewed and based some of our recommendations with respect to the improvement to the labour relations regime federally on Prof. Arthurs' report on improvements to the Canada Labour Code, which called for an increase to the minimum wage.

From the coalition's vantage point as well, we're generally calling for mainstreaming equity compliance and gender-based analysis into government laws and policies. Very often policies or government programs are looked at as just simply neutral, when in fact they actually do have a gender impact.

Those are recommendations that make sense both federally and provincially. I think you'll find that in the brief we provided, we've updated this to ensure that it addresses federally regulated sectors.

The Chair: I'm pushing it; that's it for the time.

We now have Mr. Albas for seven minutes.

Mr. Dan Albas: Thank you very much, Chair.

Thank you to all of our witnesses for being here.

I'd like to go over to Ms. Fong first. Ms. Fong, I want to say that your submission here today has been excellent because it touches on more than just some of the issues that are at work here. I think we've really focused too heavily on just Canada. Now, if we were focusing on Europe and other countries, I probably would then have the criticism that we haven't focused on Canada enough, but I do appreciate your taking a larger world view.

I'm intrigued when you talk about pay transparency, particularly what the U.K. experience has been. Do you know much about what the government is doing in that case, or do you just cite it as something that possibly could be looked at by the committee?

Ms. Serena Fong: I think both, to a certain extent, because the U.K. government has either just passed its regulations or is about to, so those measures haven't actually come into effect yet. They were just announced by the Cameron government a few months ago, and they're going to build on it, but it's about transparency.

Mr. Dan Albas: Just so the committee.... I hate having conversations when I know nothing about it. Is it companies with 250 employees and up that have to comply—

Ms. Serena Fong: Right.

Mr. Dan Albas: — and what they do is they average out men to women and what the average employee makes, and if there's a large differential, I guess, then they can take a look at that.

Have I described that accurately?

Ms. Serena Fong: Yes. Basically companies with 250 employees or more have to report out on what their salaries are, but I don't think there's any kind of penalty per se, in the sense that they're going to be fined or anything like that. It's a way for them to see if there is a gap within their own organization. Also, because of the way that they're doing it—they don't have to say this is what X employee or what Y employee is making—to your point, it does give the government and the public and the companies themselves the opportunity to look at what's going on.

Mr. Dan Albas: In the earlier panel we had the Canadian Bankers Association, and one of the suggestions I made was that perhaps one of the banks could share some proprietary information on their policies, on their road map on how they're going to address that. Thinking about it further, I think that's highly competitive data, and I don't think anyone would want to give that out because a lot of investment goes into it.

I appreciate your third paragraph, that there is some positive news about the gender wage gap. To take an averaging of employees and what they make and then putting it out there transparently, if there is a distortion due to some....

These days unequal wages usually don't happen intentionally. I think that's a really key point, and so what I like about the pay transparency regime is that an individual business under the federal regulations might just see they have something out of whack.

Then, on the next page, you say organizations should conduct equal pay audits. Would you say that the two almost go hand in hand? If a number was put out publicly by a large company, a bank or whatnot, then the onus would be on them to ask why the wage gap was happening and then to look for internal remedies, because, as you said on the first page, unequal wages usually don't happen intentionally.

What are your thoughts on that?

• (2005)

Ms. Serena Fong: Yes, you're absolutely right. There's a reluctance around reporting out that information. It's very private. It's what you're making, and no one wants to share that. It makes people very uncomfortable, but if you report out in terms of averages and bands, then yes, companies can benchmark themselves against the other averages, and that's what we also recommend.

Earlier you mentioned that what gets measured gets done, and I think that it helps to have these kinds of transparency laws and have those requirements to put out averages.

Mr. Dan Albas: I think we're struggling a bit here because both the public sector and the private sector are different beasts, so to speak, and I think we're trying to find tools to bring up awareness, particularly in the private sector, because, as I said, 874,000 Canadians are employed in that sector.

Would you say that pay transparency may be an option to engage the private sector? Again, I don't want to put a number out there, but perhaps this committee might want to spend more time on that.

Ms. Serena Fong: I think so. We've shown that pay transparency has been very effective in terms of closing the gaps, even within organizations. As I mentioned, Gap Inc., before they came out and publicly said what they did, ran a pay equity study, and they continued to do that as part of their whole program in terms of building an inclusive environment.

The other thing that I think is really interesting about what they do is not only do they continually do the audits, but they also have money set aside, reserved, just in case they find a gap, so they can correct for it.

I do think that pay transparency is very helpful, and again, you don't have to get that specific. You can do it in terms of bands, in terms of ranges that your employees are falling into.

Mr. Dan Albas: The regulations could be put in place in a broad way, but then individual companies—particularly ones, for example, like Gap—that make it a priority, or ones that find that there's something out of whack, could form these equal pay audits and do some of things you're talking about to correct their course. Is that right?

Ms. Serena Fong: Yes.

Mr. Dan Albas: I sincerely appreciate that.

I'm just going to touch on the no-negotiation policy. That was done as an executive order to the public service in the United States. Can you briefly touch on that? Perhaps if there's any Canadian context you might say how it might be adapted or at least examined. I think that's an important part.

Ms. Serena Fong: Don't have negotiations. Just say this is what the salary is.

The Chair: Okay. There will be a chance to follow up from that side.

We will now go to Ms. Benson for seven minutes.

Ms. Sheri Benson: Thank you very much.

Thanks, everyone, for the presentation. It's starting to jell around some pieces, and we certainly heard from different witnesses about some of the things that are jelling around what we could do as a committee to finally move this piece forward.

Beth, one thing you said was quite helpful for me, and we've had various witnesses talk a bit differently about it. It was about the complexity around pay equity in comparison to some of the other things we've been able to address more easily around outright wage discrimination and employment equity. Is that complexity one of the reasons for the need to have a stand-alone organization that has some expertise?

What I hear you say is that part of the reason some of those complaint-based pay equity cases took so long—20 years for one of them—was that doing it piecemeal every time you got together to do one meant everyone was doing it over again for that particular complaint.

Is that what you're saying?

• (2010)

Prof. Beth Bilson: Yes, I think that's right.

One of the reasons for setting up administrative bodies and administrative tribunals to work under statutory mandates has to do with their specialized expertise. The pay equity litigation that took place under the Canadian Human Rights Act followed the normal process under that act, which was through the Canadian Human Rights Commission or the Canadian Human Rights Tribunal.

They had a wide mandate covering all kinds of discrimination. You would have a panel of the Human Rights Tribunal that would sit on one of those cases and then never sit on another one. There was no ability to build expertise or to have people become comfortable with complex ideas, and the implementation is quite complicated.

As I said last time, it's a simple proposition, but putting it into effect does have some complexities. The idea of having a specialized tribunal is what underlies our recommendations.

Ms. Sheri Benson: Thank you.

Ms. Fong, you talked about Gap being the first Fortune 500 company in the United States to publicly disclose and validate that it pays women and men equally. Are they the only one?

Ms. Serena Fong: No. Since then, other companies have come forth and announced they've run pay equity studies. Salesforce was one that announced they did an audit, and they found they did have a gap. I think they ended up saying they spent two million dollars to three million dollars to close the gap within their company. Others are doing it.

Ms. Sheri Benson: Do you think the leadership of their peer group...?

It seems to be what you're saying is that part of the role of your organization is to help leaders to come forward and to set some kind of bar that others want to reach.

Ms. Serena Fong: Right, exactly.

Ms. Sheri Benson: Good.

Janet, I think the points that you brought up, which I think Serena made as well, are important. It's complex. If you're just tackling one piece, you're only going to see the pay gap narrowed for that particular reason.

I think you were talking about the systemic piece that we need to get at. That's the piece that's critical. It's easy to say, as some people have mentioned, that if you have the same job as someone else and you're not being paid the same, that's wage discrimination, but to actually get at systemic inequities, we need to have mandates and government leadership. It's not just going to happen on its own by virtue of the market, because that's one of the reasons we are where we are. Does that make sense?

Ms. Janet Borowy: Yes, it does.

There are two pieces, two arguments that we make. Number one is that you absolutely need proactive legislation and clear timelines. Ontario and Quebec had timelines for the creation of the plans, for example. There are models out there that demonstrate it doesn't have to be a 20-year laborious process where you're reinventing the wheel every time you appear in front of a tribunal.

Certainly there are the recommendations of the 2004 task force, which I frankly have to say is one of the most complete analyses of pay equity done internationally. It's a phenomenal piece of work, and I hope that the committee doesn't feel it has to turn around and replicate it, because it is so important.

So one aspect is a proactive law. That's a key element, a legislative element.

I do want to mention the importance of transparency. It was recommended in 2004 and echoed by Ms. Fong. The task force called for the posting of pay equity plans and the registration of those plans with a specialized agency. That's a key part of transparency. Recent legislation in the U.K. and the U.S. calling for the posting of wage information within each private sector employer is equally important. That's one aspect, but we do know at the coalition, after 40 years of work, that a single piece of legislation won't close the gap.

In Ontario in 1985, the green paper on pay equity recognized that there was a 38% wage gap with respect to earnings. Since the introduction of Ontario's Pay Equity Act, we're now roughly at 29% or 30% in the province, so we've seen an 8% reduction. That's important, but we know that there needs to be a comprehensive plan

with elements including a national child care program, training, and gender-based analysis in all aspects of the government.

●(2015)

The Chair: Thank you, Ms. Borowy. That was your time.

Now we will go to Mr. DeCoursey for seven minutes.

Mr. Matt DeCoursey: Thank you very much again, Madam Chair, and thank you, everyone, for being here this evening.

Ms. Bilson, it's nice to have the opportunity to ask you a few questions, as I didn't have that chance several weeks ago.

Since you came and spoke about your recommendations from the 2004 report and the process that was undertaken to deliver that, we've had a range of testimony from witnesses, some of whom I would characterize as proponents of the framework laid out in your recommendations. They have talked about some of the areas, though not in specifics, where it wasn't quite palatable for government to move forward with implementation. They've talked about ways that the implementation of a proactive pay equity system could be done in stages and could have some flexibility for different-sized organizations, different sectors.

I wonder if you have any reflection on that. If we were to ground a system broadly in your recommendations, where are some areas that might have some flexibility or that could be implemented through a graduated approach?

Prof. Beth Bilson: I think that our recommendations actually have quite a lot of capacity for flexibility, partly because one of the characteristics of the system we were proposing involved a lot of participation by employees and employers together to work out the plan that they wanted to put in place. I think that kind of provision—obviously there would need to be a little more meat on it than that—can provide for a lot of flexibility. That is, it can reflect small workplaces or large workplaces, public sector or private sector, a wide range of jobs or a fairly homogeneous workplace. I think all of those things are possible under that kind of legislation, and there is some built-in flexibility there.

I'm not sure what your question is in terms of the implementation and the timing. Obviously, if you're going to establish timelines, which the Ontario and Quebec legislation certainly did, they have to be realistic. You have to understand that it's going to take people some time to work through the job comparisons and agree on the plan that they're going to put forward. On the other hand, time limits can be used to kind of delay implementation, and I certainly think the task force didn't favour that. I think we favoured having realistic timelines, but having some kind of goals in terms of time for implementing the system.

●(2020)

Mr. Matt DeCoursey: What stuck with me from some of the testimony is that there are good things here. Can we implement them in bite-sized chunks so they can be digested, and then government can move forward with working on the next pieces? I therefore certainly appreciate your reflection on that issue.

Something else we've heard of is the need—and maybe I'll ask everyone here for comment—for ongoing maintenance of pay equity once it's established.

Ms. Bilson, and perhaps Ms. Borowy and Ms. Fong, can you talk about some of the best ways to ensure maintenance of pay equity once legislation or a system is in place and is being achieved?

Prof. Beth Bilson: I think the most obvious one is the reporting requirements. That is, the pay equity plan needs to be reported. That was one of our recommendations. There need to be periodic reports from an employer on the picture under the plan as they've implemented it, and then some kind of monitoring of the results of that to see whether the gap is narrowing or whether it's for some reason staying stagnant or even widening again.

Ms. Serena Fong: When we talk about maintenance of pay equity, it means you have to continue to run your audits.

To go back to something that Ms. Borowy also talked about, the gap is a reflection of a bigger issue in terms of gaps. For example, if you have a company that says they did a pay audit and they actually don't have a gap, yet you see the women in leadership are very few, the way they can say they closed their gap is by claiming that if they only have 10 employees in a department and one of them is a woman, then they can say they're paying the woman equally to the rest of the men because there's only one of them.

You have to continue to see what other biases are happening. You also have to cut the data in different ways. You also have to look at what's happening, which is why you have to continue to report. It's not a matter that once you set forth and reach pay equity, so to speak, within a company or within a business, you're done. You have to continue to look at it on a macro level and just cut the data differently, and also look at what's happening in terms of representation of women and men in other areas.

Mr. Matt DeCoursey: Ms. Borowy, maybe I'll ask you to comment. I think you mentioned a proactive system being part of a more complex system around pay equity, so perhaps that speaks to some other mechanism where maintenance is ongoing.

Ms. Janet Borowy: I think in terms of maintenance, I'd turn to the Ontario act, which states that every employer shall establish and maintain compensation practices that provide for pay equity. That is a proactive obligation on employers that should be monitored or audited on a regular basis. I think you would find in Ontario in unionized workplaces that people are looking at their pay equity plans on a regular basis, every two years.

The act also provides for changed circumstances. With restructuring, for example, in a workplace, the parties then go back and assess whether they should amend the plan or negotiate a brand new plan based on the broader issues that Ms. Fong was talking about. Now, in—

The Chair: Thank you very much, Ms. Borowy. I'm sorry to interrupt you, but we're already 30 seconds over. We have to go to the next questioner.

Ms. Stubbs, you will have five minutes and 30 seconds.

Mrs. Shannon Stubbs (Lakeland, CPC): Okay. Hopefully I will be quick.

I would like some more information on the international context, if you can provide it. Given the international scope of your organization and the experiences of your companies in various countries, I wonder if you could share more on your perspective

about those countries that have been successful at advancing gender pay equity, and if you have any views on what the reasons are for those successes. Cover, if you can, the whole gamut of public policy decisions, legislative measures, and also non-legislative tools that may exist in the countries that are the most successful.

Second, perhaps you could comment on what you perceive to be the barriers, or the gaps, or the downward pressures on countries that aren't as successful at advancing gender pay equity.

● (2025)

Ms. Serena Fong: I read and listened to some of the previous testimony, and I know they mentioned some countries internationally, such as Sweden and Norway. One of the things you find there—again, it's what others have said before—is that their approach to the issue of pay equity has been wide-ranging, not only in terms of the legislative actions they have taken, such as the minimum wage, access to affordable day care, non-gendered parental leave, and those kinds of things, but also in terms of the representation of women on boards and in leadership. All of that has helped.

Then you look at their partnership, as I mentioned, with the private sector.

When you have all of this working together, with the kind of legislation that is being passed, that puts pressure, I think, on the private sector to really step up. They want to be good, to close their gaps, and to be seen as examples. I think that's why you're having those situations internationally. There are good partnerships going on, and you also have the legislative action as well as the actions that the businesses are taking upon themselves.

In countries where the gaps are bigger, you have a lot of cultural issues. In Japan, for example, the Abe administration is doing a lot of work. They have recognized what the business case is for increasing women's representation. They have to do it, because they are losing their labour force, but there are a lot of cultural issues they have to break through in terms of the way they see women and women's roles in society. It takes a long time.

Unfortunately, because this is so complex, it's something we need to act on immediately. It will take time to break down those societal barriers.

Mrs. Shannon Stubbs: Thank you.

Mrs. Bilson, I have a question for you about one of the recommendations in the 2004 report, which was that companies under the federal contractors program should be required to comply with proactive federal pay equity or whatever kind of regime may be put forward federally. I just wondered, then, if in your view pay equity compliance should also be a condition for companies that may be recipients of federal subsidies or grants—if they're not compliant, for instance.

Prof. Beth Bilson: I guess I would say so. I think we have to recognize that there is a lot of constitutional and legislative framework in Canada that suggests that discrimination is against the law.

I think the federal government has, as one of the tools at its disposal, the ability either to enter into contracts with companies or to give subsidies or grants to companies. I think that gives them some influence and an ability to insist that the people they deal with not perpetuate discriminatory compensation practices.

I think it logically follows from that recommendation that it would apply to companies that are receiving other kinds of financial benefits from dealing with the federal government.

Mrs. Shannon Stubbs: Thank you.

The Chair: You have 30 seconds.

Do any of the other witnesses want to respond to that question in 20 seconds or less?

● (2030)

Ms. Janet Borowy: I would simply point the committee to the report of the 1984 Royal Commission on Employment Equity by Justice Abella, in which she said that to imply that women somehow have a duty to be paid less until other financial priorities are accommodated was specious reasoning.

I think one of the factors underlying the application of a proactive pay equity scheme and regime to federally regulated contractors, frankly, is answered by Justice Abella.

The Chair: Okay. Thank you very much.

It is 8:30. I don't know the will of the committee. We have this room until 9:30, as we discussed previously. We could finish the full

round of questioning in 18 minutes if that's the wish of the committee, or we could adjourn now.

Is there consensus to adjourn?

Some hon. members: Agreed.

The Chair: It is quite late, and we've been now three hours straight without a break of panels.

There has been some tremendous information. Thank you very much to the panellists.

I do want to update the committee on the status of the witnesses we have been inviting. A number of witnesses have declined our invitation, and I just want to go through them very quickly for your information.

The Canadian Bar Association; the Canadian Chamber of Commerce; the Canadian Federation of Independent Business; Beatrix Dart, a professor at the University of Toronto; and the Women's Legal Education and Action Fund have declined.

We also received today another request to appear from the Canadian Association of Counsel to Employers. We have invited them to submit a written brief, given that it's so late in the day.

We do have a special meeting tomorrow at a different time, Tuesday, 5:30 to 7:30, with the three ministers, in Centre Block. We will also have another long meeting on Wednesday night.

Thank you very much, everybody. The meeting is adjourned.

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