

April 5, 2019

The Honourable Laurie Scott, Minister of Labour  
Ministry of Labour  
400 University Avenue, 14th floor  
Toronto ON, M7A 1T7  
By email: laurie.scott@pc.ola.org

Re: Proposed Pay Transparency Act reporting requirements

Dear Minister Scott,

We are writing in response to your consultation paper to provide input on the development of Pay Transparency Act, 2018, regulations.

The following are our recommendations, discussed in detail further below:

- **The gender wage gap be calculated and reported by: (1) total compensation, (2) median pay for women as a percentage of men's pay, and (3) distribution of women by pay quartile.**
- **There is no consensus across the nonprofit sector on how the gender wage gap should be calculated as both the annual and hourly methods have merit.**
- **The same prescribed reporting period should apply to all employers.**
- **A 100+ employee level threshold is reasonable because nonprofit organizations smaller than this are unlikely to have capacity and systems in place for reporting.**

The Ontario Nonprofit Network (ONN) is the independent nonprofit network for the 58,000 nonprofits in Ontario, focused on policy, advocacy, and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive by engaging our network of diverse nonprofit organizations across Ontario and channelling their voices to government, funders, and other stakeholders.

The nonprofit sector plays a vital role as an economic driver in Ontario, contributing \$50 billion to our province's GDP.<sup>1</sup> As a sector, Ontario nonprofits receive less than half of their revenues from governments, which means they can leverage public investments - via business activities, donations, and the contributions of volunteers - into significantly higher value in the services they deliver to Ontarians.

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<sup>1</sup> Imagine Canada and Canadian Council on Social Development. "[The Nonprofit and Voluntary Sector in Canada: Regional Highlights of the National Survey of Nonprofit and Voluntary Organizations.](#)" p. vi.

Pay transparency regulations are of particular interest to us as we are a significant employer in Ontario and a women-majority sector. We employ one million workers, 80 percent of whom are women.

ONN is currently implementing a three-year project, called “Decent Work for Women Working in Ontario’s Nonprofit Sector.” According to our [research](#), compensation in the sector is not only lower compared to other sectors, but within the sector women experience a gender wage gap. Recent Statistics Canada data reveal that the average compensation in nonprofits was \$42,500 while average compensation for the entire economy was approximately \$59,800 in 2017.<sup>2</sup> A recent Charity Village report highlights that the gender wage gap between men and women is the greatest at the senior leadership level (17%) where men reported an average salary of \$100,733 and women \$85,760, in 2019.<sup>3</sup>

As a sector-serving organization, ONN takes into account the perspectives of both workers and employers in the Ontario nonprofit sector. We support the Pay Transparency Act in principle, and in particular its provisions concerning the public release of compensation range information, the prohibition on employers asking prospective employees for salary histories, as well as the Act’s anti-reprisal provisions. When all women have access to the same compensation information there is a more level playing field for earning a fair living. These provisions, as well as accurate pay transparency reporting for employers with 100 or more employees, allow organizations to mitigate and remedy wage gaps. We know that when employees are earning fair wages, nonprofit organizations are better equipped to meet their missions. Moreover, these are international best practices that are already being implemented by many employers across sectors in Ontario and beyond. At the same time, we are conscious of the existing reporting burden on Ontario nonprofits and would like to ensure that new gender wage gap reporting requirements are reasonable.

### **Reporting Recommendations:**

**An accurate picture of the gender wage gap will help nonprofit employers to remedy any gaps found over time. Taking into account the need to balance the importance of good data with a reasonable reporting burden, we recommend that the gender wage gap be calculated and reported as follows:**

- Total compensation;
- Median pay for women as a percentage of men’s pay;
- Distribution of women by pay quartile

**There is no consensus across the nonprofit sector on how the wage gap should be calculated as both the annual and hourly methods have merit.**

There is much debate around how the gender wage gap should be calculated as each method paints a different picture. Either way it would be helpful to frame reporting requirements in such a

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<sup>2</sup> Statistic Canada “[Non-profit institutions and volunteering: Economic contribution 2007 to 2017.](#)” p. 4.

<sup>3</sup> Charity Village “Nonprofit Sector Salary and Benefits Report.” p. 29-30.

way that it is possible to identify the gender wage gap by job status (full-time, part-time, casual/seasonal) as women are disproportionately represented in part-time and precarious work.

- Annual earnings for all workers (full-time, full-year, seasonal, part-time): This method reflects both the price of labour and the quantity of it. It captures lower incomes associated with women's over-representation in part-time and precarious work. It allows for comparisons that address the impact of earnings differences on people's ability to support themselves and their families.
- Hourly wages: This method reflects only the price of labour. It better captures issues of gender-based discrimination in wages and enables comparisons of pay for similar jobs. However, it does not paint a full picture of the gender wage gap as does the annual earnings calculation because of women's over-representation in part-time and precarious work.

**The same prescribed reporting period should apply to all employers.**

In having the same reporting period for all employers, reports can remain consistent and be compared over time and across organizations and sectors. Whether reporting requires an annual or hourly wage gap calculation, the prescribed period should be uniform.

**A 100+ employee level threshold is reasonable because nonprofit organizations smaller than this are unlikely to have capacity and systems in place for reporting.**

Organizational size is an important consideration when it comes to determining whether a reporting burden is reasonable.

From our report *Shaping the Future*, we found that Ontario's nonprofit sector consists overwhelmingly of many small organizations that have fewer than 50 paid staff (82% of organizations) yet these organizations collectively employ a small portion of the nonprofit labour force (20%). On the other hand, the sector has very few large organizations that have more than 51 paid staff (18% of organizations) but that employ more than half of the sector's labour force (79%).<sup>4</sup>

Smaller organizations are unlikely to have the capacity and systems in place to calculate an accurate picture of the gender wage gap and then remedy it. Larger employers are more likely to have HR capacity to be able to accurately report gaps and implement remedies. Moreover, implementation of reporting for these organizations will impact the majority of women workers in our sector as these organizations employ the bulk of the sector's workers.

In the interests of broader equality, we recommend that provisions be built in over time to report the gender wage gap for specific groups of women such as racialized, immigrant, Indigenous, and trans women, and women with disabilities.

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<sup>4</sup> ONN & The Mowat Centre "[Shaping the Future: Leadership in Ontario's Nonprofit Labour Force](#)." pg 12

**Conclusion**

ONN understands the critical value of pay transparency for women workers in the nonprofit sector and the capacity required to do it well. For this reason we support pay transparency provisions and have provided key reporting recommendations that attempt to balance the benefits of pay transparency with the capacity concerns of our diverse sector. We recommend that the gender wage gap be calculated by (1) total compensation, (2) median pay for women as a percentage of men's pay, and (3) distribution of women by pay quartile. We also support the 100+ employee threshold for employers reporting on pay transparency. As there is no consensus on how the gender wage gap should be calculated, we've outlined both for consideration.

Please let us know if you have questions regarding our recommendations. We look forward to more opportunities to contribute the voices of nonprofits to the advancement of your government's priorities.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathy Taylor". The signature is fluid and cursive, with the first name "Cathy" being larger and more prominent than the last name "Taylor".

Cathy Taylor  
Executive Director