



April 5, 2019

The Honourable Laurie Scott
Minister of Labour
Ministry of Labour, 14th Floor
400 University Ave.
Toronto, ON
M7A 1T7

Dear Minister Laurie Scott,

On behalf of the Ontario Society of Professional Engineers (OSPE), we are pleased to provide a submission in response to *Bill 3, Pay Transparency Act, 2018* consultation request.

Background

OSPE is the advocacy body for the 85,000 professional engineers and 250,000 engineering graduates in Ontario. We are deeply committed to supporting the creation of an equitable and inclusive profession that is reflective of the province's rich diversity.

As part of our commitment, we would like to reiterate our support for *Bill 3, Pay Transparency Act, 2018*. Our research and that of other key stakeholders demonstrates that gender inequity in Ontario remains a serious problem. Women must be engaged and valued in the Ontario workforce, otherwise, companies risk decreasing productivity and will be unable to attract and retain top-talent. Ultimately, this affects Ontario's "Open for Business" initiative.

Women also remain underrepresented in the engineering profession. In 2015, women comprised just 20% of undergraduates enrolled in engineering programs across Ontario. In that same year, women accounted for only 14% of professional engineers licensed by the provincial regulator, Professional Engineers Ontario (PEO).

Recognizing that a bold initiative was needed to reach gender parity, in 2015 Engineers Canada – the national organization comprised of the 12 engineering regulators that license Canada's 290,000 engineers – launched their 30 by 30 campaign. This campaign aims to increase the percentage of newly licensed engineers who are women to 30% by the year 2030. The figure currently sits at 17% nationally. OSPE is proud to be one of the Ontario champions for this important initiative.

The retention of women in engineering is an issue of great concern to OSPE – and we know that the gender wage gap is a significant part of the issue. If the profession is to increase the number of women engineers, the wage gap must be addressed.

OSPE's Women in Engineering Advocacy Champions Task Force (WE ACT) has been actively engaged in this topic, submitting recommendations to both the Gender Wage Gap Steering Committee and Women's Economic Empowerment Strategy. We also dedicated our 2017 Fall Forum, in part, to this specific issue. Ontario's Pay Equity Commissioner and a representative from Mercer Canada delivered a presentation on the gender wage gap in Ontario and the gender wage gap in engineering respectively, to over 170 attendees.

This past fall, OSPE developed a survey for its “Let’s Break Barriers” project, funded by Status of Women Canada. The project aims to identify the systemic barriers that contribute to the underrepresentation of women in Science, Technology, Engineering, and Math (STEM). The survey garnered over 3,000 responses from women and men in STEM programs and careers across Canada.

When asked what challenges women encountered in their engineering careers, the top three answers we received from female respondents were:

1. Feeling disrespected and undervalued in the workplace;
2. A lack of mentors and role models; and
3. Feeling that they were paid less than male colleagues.

Below are comments OSPE received from a selection of women who participated in our “Let’s Break Barriers” survey:

“I have had conversations on this with several of my engineering friends who are women in two provinces and the pay issue seems to be a very common complaint, especially when you know for a fact that someone less qualified with less experience is being paid more...”

“I left engineering consulting and moved to municipal government to have more equal salary and more reasonable work hours...”

“On numerous occasions throughout the years, I have asked for pay increases backed with measurable data, to no avail.”

In another survey OSPE conducted in partnership with Western University in 2016, 81% of female respondents believed that men in engineering made more money than women, even when completing similar work. We know these perceptions are not unfounded – they are real.

In partnership with Mercer, OSPE conducts an annual compensation survey of engineering companies across Canada. The OSPE Mercer National Compensation Survey summary is available to all OSPE members at no cost. This survey is a valuable resource and tool that empowers our members – recent graduates, professional engineers, and seasoned professionals, especially women – with the salary information they need to effectively advocate for themselves during a salary negotiation with a current or prospective employer.

OSPE has been using this survey to measure and monitor the engineering gender wage gap over the past four years. Analysis of 2017 compensation data revealed the following:

- For women with one to eight years of engineering experience, the wage gap was up to 4% (or \$3,916); and
- The largest discrepancies were evident in the most senior levels of engineering responsibility, ranging from 5% to 9% (\$6,314 to \$15,025).

We know that there are also financial consequences associated with the gender wage gap. The gap can lead to a significant amount of “lost” compensation over the course of a woman’s career.

In fact, OSPE's most recent analysis of 2016 Census data found that although the wage-gap narrowed from 2005 to 2015, women in engineering are earning 12% less than their male counterparts. This amounts to almost \$11,000 annually and over \$100,000 over a ten-year period.

In addition, women in engineering who are paid less than men for completing similar work often feel undervalued, discouraged, and resentful – while others may choose to leave the profession altogether.

When OSPE's "Let's Break Barriers" survey asked what kinds of workplace policy changes were needed to address the gender wage gap, women's responses were clear. The following comment from a woman in STEM summarizes the feedback we received:

"The only thing that would help is [the] publication of salary surveys, or publicly displayed salaries.

Women do not ask for higher salaries as often as men... I think they don't have the same confidence, or maybe they don't know what they're worth. But if they had more education on what people exactly like them were earning, they may be more willing [to ask for more money]..."

Lastly, according to the Organisation for Economic Co-operation and Development in their report *The Pursuit of Gender Equality: An Uphill Battle*, Canadian men's up-take of parental leave is low. This is in part due to fathers' earning higher wages and parents being unable to share care responsibilities for economic reasons. Pay equity will help address this by ensuring that women are being paid fair wages. Ontario must be a leader in this important aspect of achieving gender equality.

Key Considerations

As noted above, OSPE conducts an annual compensation survey of engineering companies across Canada, in partnership with Mercer. Our recommendations are based on the collection and reporting of this data, and the expertise of our members and volunteers.

Question 1 and 2:

Calculating the gender-wage gap by focusing solely on median and average wages for all employees within an organization is limiting. The proposed calculations and requirements do not account for all factors impacting wage differences between men and women, nor do these metrics address the depths of inequality. In addition to proposed calculations, our members believe that for Pay Transparency Act reporting to provide an accurate representation of the wage gap, it is imperative to include additional calculations such as base salary, short-term and long-term bonuses, and band progression and promotion. Additionally, pay-gap by job class and job-status should also be calculated.

Compensation elements that should be captured in reports include:

Base Salary: Base salary is determined in relation to the internal/external equity or value of the role. Base salary can be influenced by the employees' experience, education and scope of responsibility.

To strengthen the ability to confirm equitable base salaries, data about education levels, year of graduation, and number of direct reports can be utilized. Companies should already have this information in their records.

Short-Term Bonus (STB) and Long-Term Bonus (LTB): STB and LTB are often paid based on a combination of the performance of the individual and the company. These are important compensation elements to report and would be strengthened in combination with indicators such as a flag for "top performers". Reports should include targets, actuals, receivers and non receivers.

(Incentives can have significant variance between position, company, industry and province and can adjust up or down quickly in response to corporate performance and economic cycles.)

Fair and Timely Salary Band Progression and Promotion

It can occur that an individual would be paid at the appropriate level, but perhaps be overlooked for a promotion, and in turn be underpaid based on experience and performance because the variance of compensation is wide between companies, industries, and provinces. It could be argued that equitable compensation should be reviewed in relation to the "norm" of the position at the company. It is important to ensure that when making comparisons, all other elements are constant to ensure accurate results.

Question 3:

In order for the data to be consistent and comparable it is imperative to have a specified reporting period. Given that organizations differ in their fiscal year, the calendar year would be the best period for reporting. However, companies expected to implement this reporting may have consistent periods of bonus pay-out and salary increases. It is important to consider how this will impact the reporting period.

Additionally, it would be interesting to report start salaries as employees enter new salary bands. That way the "norm" for promotion points would be trackable.

Question 7:

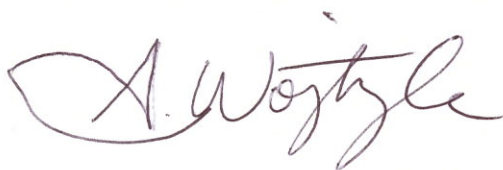
- On February 9, 2019, the *Globe and Mail* published an article titled "Britain reveals big gender pay-gaps at Canadian firms". The article disclosed that Canadian companies operating in Britain report significant wage-gaps between men and women.
- Companies like Toronto-Dominion Bank and SNC-Lavalin Rail & Transit Ltd. have complied with new Pay Transparency legislation revealing a rather concerning picture. Reporting on salary differences, differences in average bonuses, and the proportion of men and women who received bonuses is not only possible but is already being done.

- We believe that mandatory reporting will create accountability for employers and will empower women. However, the success of this Act is contingent on developing cohesive and comprehensive reporting requirements and a robust enforcement mechanism.
- Section 7(1) and 7(2) state that the legislation will be applicable to employers of 100 or more employees. However, small and medium-sized enterprises account for 95% of employers in Ontario.
 - How will this legislation protect all women, including those working in small companies?
- Section 13(7) explains that if a compliance officer finds a person has contravened a provision of this Act or the regulations, they may issue a penalty.
 - How much will the penalty be? For large companies, a small fine may be a mere slap on the wrist.
- Ontario has comprehensive *Pay Equity* legislation.
 - How will the *Pay Transparency Act* be harmonized with the existing legislation?
 - Will the *Pay Equity Act* be amended to reflect the current landscape?

The Ontario government must consider the impact of the gender pay-gap and other gender inequities on the economic and social well-being of the province. We urge you to implement *Bill 3, Pay Transparency Act, 2018*, as the first step in solving one of our most pressing challenges.

Again, thank you for inviting OSPE to participate in this important discussion around pay transparency and closing the gender wage gap in Ontario. For questions or comments regarding this submission, please contact Andrea Carmona, Lead, Policy and Government Relations at acarmona@ospe.on.ca or (416) 223-9961 ext. 243.

Sincerely,



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Champions Task Force (WE ACT)
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About the Ontario Society of Professional Engineers (OSPE)

The Ontario Society of Professional Engineers (OSPE) is the voice of the engineering community in Ontario. Ontario is home to over 80,000 professional engineers and over 250,000 engineering graduates who contribute to the most strategic sectors of Ontario's economy.

Engineers are trained, innovative problem solvers who develop solutions by considering costs and benefits, sustainability, public safety, and the complete lifecycle and integration of projects. Engineers are on the frontlines of developing, safeguarding, and maximizing Ontario's investments and are key stakeholders for all levels of government.

About the Women in Engineering Advocacy Champions Task Force (WE ACT)

Since 2003, OSPE's Women in Engineering Advocacy Champions Task Force (WE ACT) has been encouraging women to study engineering, pursue a career in engineering, obtain their license, and seek leadership opportunities.