

**Annual Pay Gap Survey**

**Pay Gap between  
CEOs and Workers in  
Canadian Industry,  
2016**

**By Pushpa Kumari**

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## Executive Summary of Annual Pay Gap Survey 2016

Annual pay gap survey 2016 reports the Canada's pay gap between CEOs and workers in the entire industry and in its various sectors during the fiscal year 2015. Some of the main points of this survey are mentioned below:

A list of top 100 public companies of 2015 is used to represent the Canadian Industry's CEOs. There were 102 CEOs in the list; Michael Pearson of Valeant Pharmaceuticals International Inc. was the highest compensation earning CEO (\$182,902,190), and Mark Leonard of Constellation Software Inc. the lowest (\$1).

These 102 CEOs received a total compensation pool of \$882,883,113 in 2015 and experienced a record annual increase of 12.7 per cent once again after 2013. The CEOs of three sectors – Manufacturing, Finance, and Professional Services – took away about 56 per cent share of it, and CEOs of all other ten sectors shared the rest about 44 per cent.

A representative CEO bagged an annual average compensation of about \$8.7 million, whereas a typical Canadian industry employee (hourly-&-salaried) earned an average annual pay of about \$50 thousand and an hourly-paid employee about \$37 thousand in 2015. Therefore, a representative CEO earned 175 times than a typical employee and 232 times than an hourly-paid employee in 2015.

In the current survey, 27 industrial sectors were considered for the sectoral pay gap analysis. Out of all these sectors, an employee (salaried-&-hourly) and an hourly employee received the lowest annual average pay of \$17,916 and \$15,319 respectively in the Food Service sector. So far highest annual average pay is concerned, an employee (salaried-&-hourly) received \$134,435 in the Oil and Gas sector and an hourly employee \$84,444 in the Oil & Gas- Support services.

Sectoral CEO-employee (salaried-&-hourly) pay gap was examined for these 27 industrial sectors, whereas CEO-hourly employee pay gap for 18 industrial sectors because of data constraint. With respect to the CEO-employee (salaried-&-hourly) pay ratio: top three sectors with their pay ratios were Manufacturing- Chemical (700) Food

Services (511), and Non-Bank Financing (350); and three sectors at the bottom were Oil & Gas- Support services (31), Utilities (33), and Manufacturing- Wood Products (40). With regards to the CEO-hourly employee pay ratio: there were the same top three sectors as the former: Manufacturing- Chemical (934) Food Services (598), and Non-Bank Financing (523); however, three sectors at the bottom were Oil & Gas- Support services (33), Manufacturing- Wood Products (44), and Precious Metals (71).

Where 37% sectors of all these given 27 sectors had higher than the national average CEO-employee pay ratio (175), and 39% sectors of the given 18 sectors had higher than the national average CEO-hourly employee pay ratio (232). On the other hand, 37% of all had less than half the national average (<88) CEO-employee pay ratio, and 29% sectors had less than half of the national average CEO-hourly employee pay ratio (<116).

The most representative case of higher pay gap in 2015 was found for the Banking sector as CEO compensation was high across the sector and employees' pay low. Other sectors in the similar league this year were: Retail- Food & Beverage Stores Retail- General Stores, Manufacturing- Transportation Equipment, and Transportation- Rail.

Higher pay ratio always shows greater pay differences between CEOs and other employees, which is considered a bad sign for any society. During 2015, not only national ratios depicting pay gap have increased at an alarming rate but also the sectors having greater than national average ratios have increased on the one hand and the sectors with lower than half of the national pay gap ratios have decreased on the other hand. This is all when Canadian economy was still reeling from 2014 oil price shock and experiencing one of the worst annual real GDP growth rate in the last two decades.

# Pay Gap between CEOs and Workers in Canadian Industry, 2016

## Introduction

The year 2016 would be remembered for two unexpected political events, Brexit and Trump's win. The USA being world's superpower has left every side of the world confused with his win. Should it be considered a win of right and a loss of left or center? Right has always been known for its Laissez faire capitalistic agenda comprising basically of the free enterprise, free trade, non-intervention, free market forces etc. But Trump has won his election with opposite promises – for example, national jobs, reverse investment, on-shore manufacturing, limiting trade (if it benefits the USA), controlled enterprise/ capital/ markets etc. (as against free, liberalized, globalized, and self-interest/profit driven). How much he will be able to keep his promises, time will tell. Nevertheless, his win has shown that political economy of conservatives and liberals has failed the people and as a result people have rejected the mainstream politicians. Thus, the US election has confirmed the failure of Laissez faire capitalism itself and the political structures of capitalism; ironically at the hands of a non-politician capitalist! It brings two interrelated fundamentals to the forth once again: first, unchecked capitalism does not serve the interests of the people/society, it serves only the capitalist-political nexus; and second, when politics does not care the society but follows only the capitalists' selfish dictates, people can take away the social license, whether right/left/center. If social license can be taken away from the so-called politicians, why can't it be taken away from the corporations if these or their CEOs don't heed the voice of the people that corporations are too big, too powerful, too corrupt and their CEOs compensation is ballooning too much!!!

Given the background, EPD 2016 Survey examines how much has been the pay gap between the CEOs of the top 100 corporations and workers in the Canadian industry as a whole and also in its various sectors for the year of 2015. Sector level pay gap analysis differentiates our work from other Canadian pay gap surveys.

In the first part of the survey, the annual compensation pool of CEOs of the top 100 corporations will be analyzed, also will be seen which sectors bags the most from the CEO compensation pool. Second part will observe absolute and relative pay gaps between annual average compensation of a CEO of the top 100 corporations and an annual average earning of a worker for the Canadian industry. Third part will present the pay gap between CEOs and workers in the various sectors of Canadian industry. Closing part will have the methodology and sources of data which present survey relies on. Compensation of the top 100 corporations' CEOs will be used to represent the annual pay of the Canadian Industry's chief executives. And employees' annual average earnings will represent the pay of industry workers. Two categories of employees: 'all employees' and 'hourly-paid employees' will be considered in the survey; the first category will cover all the salaried and hourly employees; and the second will cover a sub-category of the former, i.e. hourly employees.

## **Part 1: Some Observations on CEO Compensation in 2015**

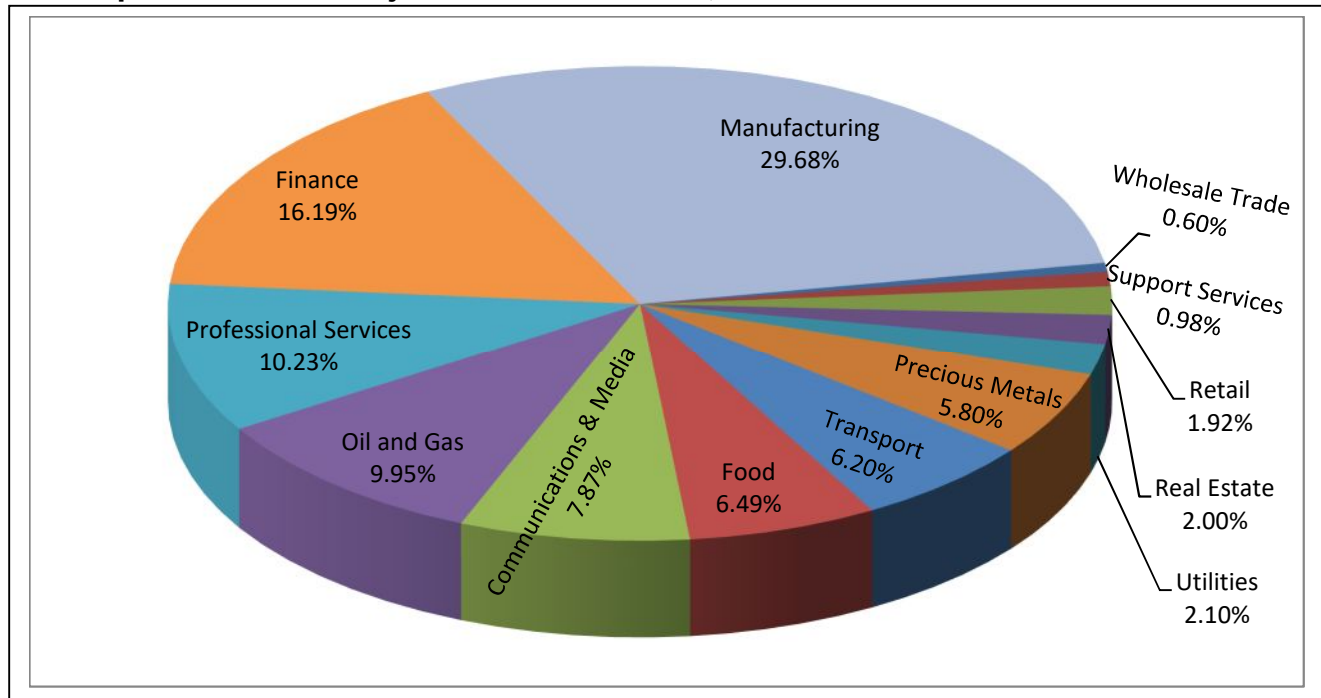
Pay gap survey takes CEOs' compensation from the Globe and Mail list. In the list of 2015, top 100 public corporations had 102 CEOs and their compensation. Same as in previous lists, two companies – IGM Financial and Power Corporation of Canada – had two CEOs each.

Top three CEOs with their compensation were: Michael Pearson of Valeant Pharmaceuticals International Inc. earned \$182,902,190, Donald Walker of Magna International Inc. with \$26,539,700, and Hunter Harrison of Canadian Pacific Railway Ltd. with \$19,902,453. Donald Walker maintained his second position from the last year, however Michael Pearson and Hunter Harrison have seen comeback once again in the top three ranking after some years<sup>i</sup>.

These 102 CEOs received a total compensation pool of \$882,883,113 in 2015 in contrast with \$783,480,228 last year. Total compensation saw a record annual increase of 12.7 per cent in 2015 once again after 2013. (column 4 of Table 2).

A division of the Canadian industry into major 13 sectors, presented in Table 1 and Graph 1, shows which sectors bagged how much share in the total CEOs compensation

**Graph 1: Percentage Distribution of (Top 100 Companies') Total CEO Compensation into Major Industrial Sectors, 2015**



**Table 1: Distribution of (Top 100 Companies') Total CEO Compensation into Major Industrial Sectors, 2015**

Major Industrial Sectors	Sectoral Distribution of CEO Compensation
Wholesale Trade	5,280,818
Support Services	8,679,973
Retail	16,984,866
Real Estate	17,671,079
Utilities	18,515,109
Precious Metals	51,167,440
Transport	54,757,396
Food	57,270,628
Communications & Media	69,480,353
Oil and Gas	87,816,152
Professional Services	90,313,814
Finance	142,932,578
Manufacturing	262,012,907
<b>Total</b>	<b>882,883,113</b>

pool. This year, CEOs of three sectors – Manufacturing, Finance, and Professional Services – took away about 56 per cent share of it; and CEOs of all other ten sectors shared the rest about 44 per cent. Sectoral distribution also saw a big change in 2015: Materials and Oil & Gas sectors could not make any place in the first three ranks, rather Manufacturing sector was in there at the top. Changing global circumstances have hit hard the Canadian resource economy and so might be the CEOs' compensation share of these sectors!



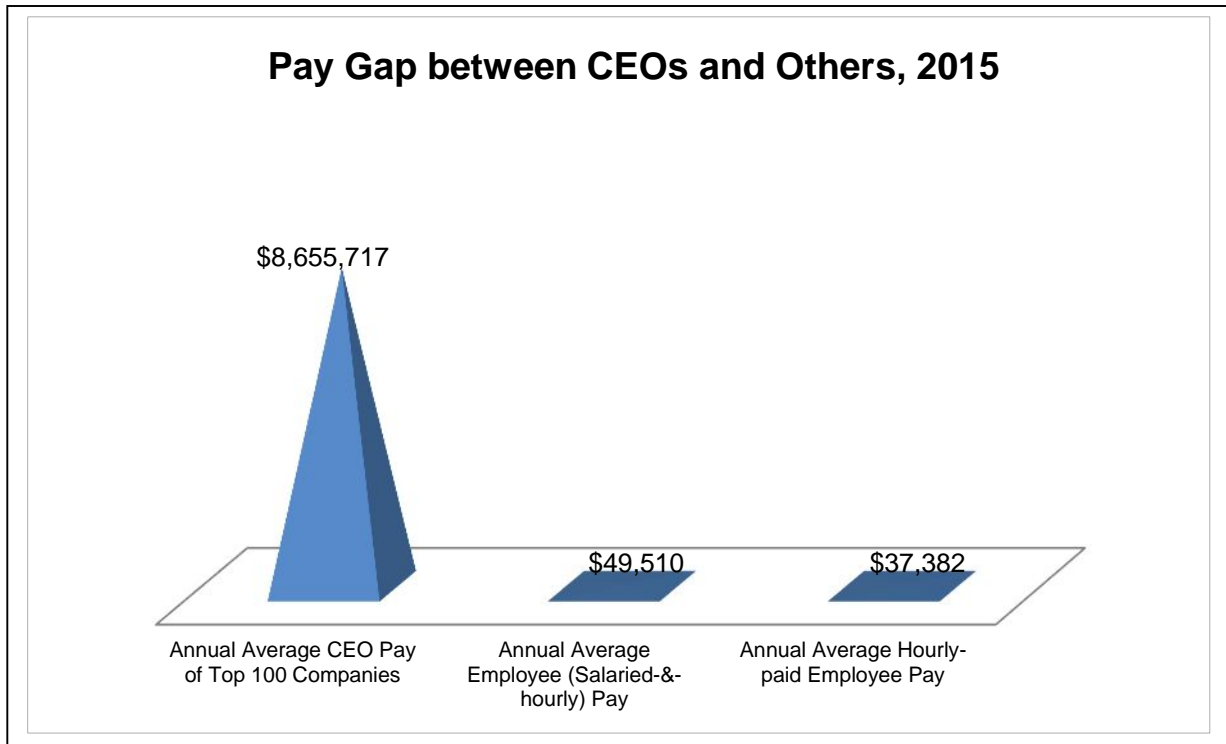
## Part 2: Pay Gap between CEOs and other Employees in entire Canadian Industry, 2015

A representative CEO of the top 100 corporations bagged an annual average compensation of about \$8.7 million, whereas a typical Canadian industry employee (hourly-&-salaried) earned an annual average pay of about \$50 thousand and an hourly-paid employee about \$37 thousand in 2015 (Table 2 and Graph 2). Therefore, a representative CEO earned 175 times than a typical employee and 232 times than an hourly-paid employee in 2015 (Table 2 and Graph 3). In fact, year 2015 has hit several records with regards to CEO compensation and pay gaps since 2008, the year for which first EPD pay gap survey was conducted (Table 2):

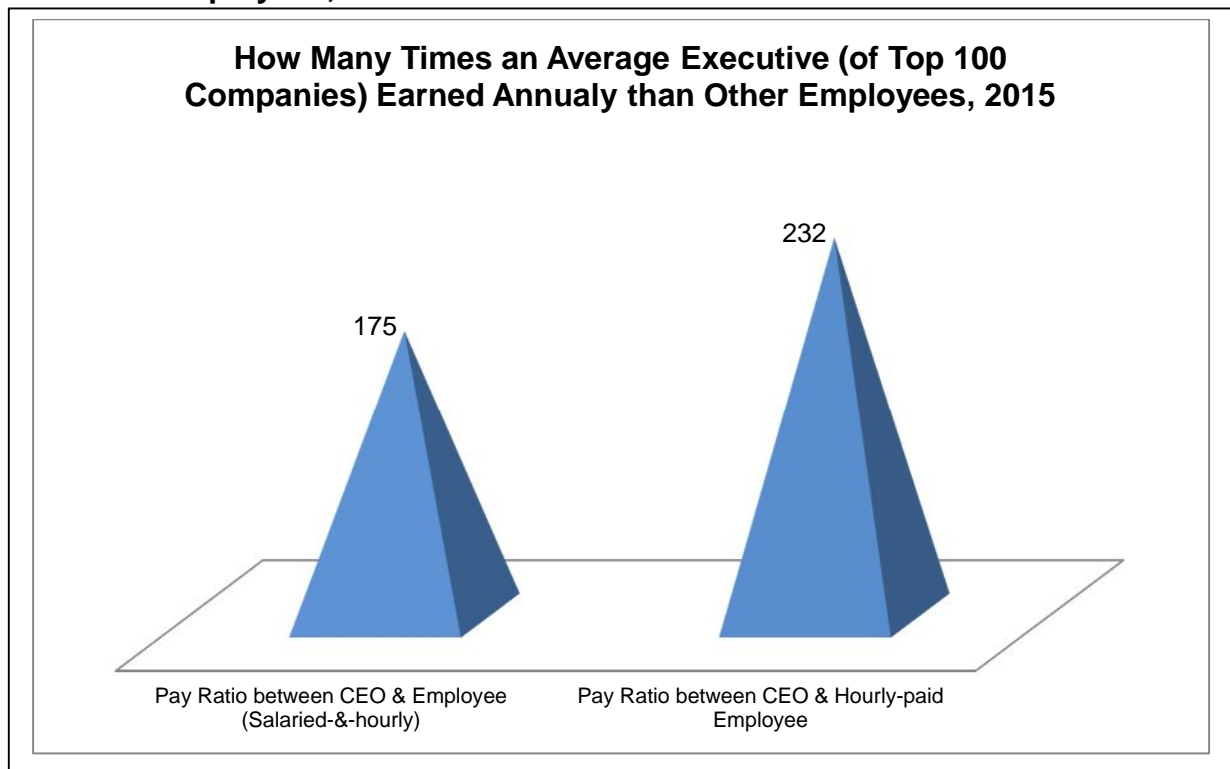
- CEOs received about 13 per cent annual jump in their average compensation, the increase never seen before;
- both the ratios representing the pay gap between CEO and employees (all employees and also hourly employees) saw the highest annual increase of about 11 per cent also never seen since 2008; and
- all employees had their pay increased by less than two (1.8) percent and hourly employees' slightly more than one (1.3) percent than the last year; both these rates are second worst rates since 2008.

This is all in the background when Canadian economy was still reeling from 2014 oil price shock and going through the second worst annual real GDP growth rate of 0.9 per cent (2009 being the worst year with -3 per cent) in the last two decades<sup>ii</sup>.

**Graph 2: Comparison between Annual Average Pays of a CEO (of Top 100 Companies) and other Employees, 2015**



**Graph 3: Ratio between Annual Average Pays of a CEO (of Top 100 Companies) and other Employees, 2015**



**Table 2: Pay Averages and Ratios in Canadian Industry, 2007-2015**

Year	CEO Annual Average Compensation	Number of CEOs	Cumulative Compensation	Annual Average Pay of an Employee	Annual Average Pay of an Hourly Employee	Pay Ratio between CEO & Employee (Salaried-&-hourly)	Pay Ratio between CEO & Hourly-paid Employee
	Top 100 Corporations						
<b>Amount in Canadian \$</b>							
2015	8,655,717	102	882,883,113	49,510	37,382	175	232
2014	7,681,179	102	783,480,228	48,636	36,890	158	208
2013	7,441,542	102	759,037,285	47,358	36,105	157	206
2012	6,875,135	98	673,763,184	46,634	35,568	147	193
2011	6,163,281	103	634,817,907	45,488	34,496	135	179
2010	6,048,345	104	629,027,838	44,366	33,009	136	183
2009	5,474,400	103	563,863,200	42,824	31,993	128	171
2008	5,706,443	103	587,763,653	42,169	31,885	135	179
2007	–	–	–	40,988	30,895	–	–
<b>Per cent Change from Previous Year</b>							
2015	12.7		12.7	1.8	1.3	10.7	11.2
2014	3.2		3.2	2.7	2.2	0.5	1.0
2013	8.2		12.7	1.6	1.5	6.6	6.6
2012	11.5		6.1	2.5	3.1	8.8	8.2
2011	1.9		0.9	2.5	4.5	-0.6	-2.5
2010	10.5		11.6	3.6	3.2	6.6	7.1
2009	-4.1		-4.1	1.6	0.3	-5.5	-4.4
2008	–		–	2.9	3.2	–	–

Source: Calculated from the given data. See past EPD Surveys for the last years' data.

Note: – Cannot be mentioned/calculated as Globe and Mail CEO List prior to 2008 not available.

### Part 3: Pay Gap between CEOs and Other Employees in various Sectors of Canadian Industry, 2015

This part of the survey analyzes the pay-gap in various sectors of the Canadian industry. This year's top 100 companies were reorganized into 29 specific industrial sectors. Or to say alternatively, above 13 general sectors in the Part 1 were reorganized into more specific 29 sectors. This rearrangement was done to obtain the workers' pay (at three-digit level) corresponding to the sectors for which CEOs' compensation was available. For example: broad Food sector was divided into Manufacturing- Food, Food Services, and Retail- Food & Beverage Stores. CEO-worker pay ratios were calculated for 27 out of these all 29 sectors as data on wages were not available for the employees of two sectors, Equity Funds and Transportation- Pipeline. Eleven out of these 29 sectors considered here were single-company sectors<sup>iii</sup>. After rearranging sectors, sectoral averages of CEO compensation are calculated; which is then used with the employees' average pays of those respective sectors to calculate CEO-employee

sectoral pay ratios. Sectoral pay ratios and their ranks here in the Table 4, Table 5 and Graph 4 document the sectoral pay gaps.

CEO-employee (salaried-&hourly) pay ratios are calculated for 27 industrial sectors, however CEO-hourly employee pay ratios only for 18 industrial sectors because data on the wages and working hours were not available for hourly-employees in case of other nine sectors<sup>iv</sup>.

Following are the key points from the sectoral analysis:

1. Michael Pearson, CEO of Valeant Pharmaceuticals International Inc. earned the highest compensation just shy of \$183 million, and Mark Leonard of Constellation Software Inc. the lowest \$1 annual compensation in the list of 102 CEOs.
2. Food Service sector had the lowest annual average employees' pay (salaried-&hourly: \$17,916 and hourly: \$15,319) in the given list of sectors, followed by most

**Table 3: Annual Percent Change in the Weekly Earnings of Employees in the Low Paying Sectors During Last Decade, 2006-2015**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Food and beverage stores (All Employees)	0.9	0.0	1.8	1.6	3.9	2.6	3.2	0.7	-0.4	4.4
Health and Personal Care stores (All Employees)	5.3	2.9	0.0	3.0	3.6	3.2	4.6	-2.4	1.9	-1.8
General merchandise stores (All Employees)	-5.6	4.5	5.5	3.2	3.6	-2.2	3.0	-0.8	5.0	-3.4
Food services and drinking places (All Employees)	3.4	7.3	5.8	3.1	5.6	1.4	2.7	-1.9	1.6	1.7
Food and beverage stores (Hourly Employees)	13.4	-3.7	5.0	5.7	4.0	2.3	2.4	0.4	-2.9	4.7
General merchandise stores (Hourly Employees)	2.4	-2.2	1.3	4.7	-0.7	1.1	NA	NA	NA	NA
Health and Personal Care stores (Hourly Employees)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Food services and drinking places (Hourly Employees)	5.4	4.4	7.2	3.3	7.3	2.6	2.4	-1.0	3.6	-0.7

Source: Calculated from the CANSIM Table 281-0027 (Survey of Employment, Payrolls and Hours (SEPH), average weekly earnings by type of employee, overtime status and detailed North American Industry Classification System (NAICS))

of the retail sector including Retail- General Stores (\$22,074, N.A.), Retail- Food & Beverage Stores (\$23,345, \$20,154), and Retail- Health & Personal Care Stores (\$30,640, N.A.). Unfortunately, employees' pay in these lowest paying sectors were not only low but seemed to have also been through a rough patch since 2013. Annual percentage changes in the Table 3 show that 50 per cent

observations of the total 18 available data points were negative during last three years from 2013 to 2015, leave aside the value of change.

3. All employees (salaried-&hourly) had the highest annual average pay in Oil and Gas sector (\$134,435) in the given list of sectors, followed by Utilities (\$93,091) Oil & Gas- Support services (\$91,786), and Precious Metals<sup>v</sup> (\$88,404). In fact, there was no change in the list of highest earning sectors except their ranking from the last year. However, there was one noticeable change in the amount of their earnings; three of the resource-based sectors had absolute decrease from the year 2014 earnings (Oil and Gas: \$138,892; Precious Metals (\$94,946; Oil & Gas- Support services: \$93,529; and Utilities (\$92,450). Hourly employees have highest paying sectors as: Oil & Gas- Support services (\$84,444), Precious Metals (\$79,868), Wholesale- Heavy Equipment (\$57,477), and Manufacturing- Chemical (\$54,276). There was only one repeat (Oil & Gas- Support services sector) from the last year's highest paying list that happened to be the top ranked sector in 2015 too; unfortunately, that also saw absolute fall in its hourly earnings which was \$90,009 in 2014.<sup>vi</sup> These data also indicate the ongoing upheaval in the resource economy.
4. With respect to both CEO-employee (salaried-&hourly) and CEO-hourly-employee pay ratios, Manufacturing- Chemical had the highest pay ratio of 700 and 934 respectively, and Oil & Gas- Support services the lowest at 31 and 33 respectively.
5. Total 10 sectors out of given 27 sectors (i.e. 37%) had higher than the national average CEO-employee (salaried-&hourly) pay ratio of 175, these are: Manufacturing- Chemical (700), Food Services (511), Non-Bank Financing (350), Retail- Food & Beverage Stores (332), Manufacturing- Transportation Equipment (318), Manufacturing- Clothing (272), Media (235), Retail- General Stores (219), Transportation- Rail (191), and Banking (177). With respect to the CEO-hourly employee pay ratio, 7 sectors out of given total 18 sectors (i.e. 39%) have higher than the national average ratio of 232: Manufacturing- Chemical (934), Food Services (598), Non-Bank Financing (523), Retail- Food & Beverage Stores

(385), Manufacturing- Clothing (342), Media (413), and Banking (264). Last year there were 29% and 26% sectors that had higher than the national average CEO-employee (salaried-&-hourly) and CEO-hourly-employee pay ratios, respectively<sup>vii</sup>; higher percentage during the year under current analysis means pay gap has increased from the last year.

6. Sectors with less than half the national average pay ratio were also observed to find out which sectors had lower pay ratio. As regards to the CEO-employee (salaried-&-hourly) pay ratio, 10 sectors (i.e. 37%) had less than half the national average (<88): Retail- Health & Personal Care Stores (81), Wholesale- Heavy Equipment (73), Real Estate (73), Precious Metals (64), Oil and Gas (49), Other Financial Investment and Related Activities (49), Support Services- Waste Management & Remediation (41), Manufacturing- Wood Products (40), Utilities (33), and Oil & Gas- Support services (31). Regarding CEO-hourly employee pay ratio, 5 sectors (i.e. 29%) had less than half of the national average ratio (<116): Wholesale- Heavy Equipment (92), Real Estate (108), Precious Metals (71), Manufacturing- Wood Products (44), and Oil & Gas- Support services (33). Last year these percentages were 39 and 37<sup>viii</sup> respectively, that means inequality has worsened in the year under current review because percentage of low paying sectors has gone down in 2015.
7. This year again Banking sector is found to be the most representative case of higher pay gap where CEO compensation (the numerator) was very high across the sector (a low Coefficient of Variation) and employees' pay (the denominator) low. Other sectors in the similar league this year were: Retail- Food & Beverage Stores Retail- General Stores, Manufacturing- Transportation Equipment, and Transportation- Rail. Food Services sector had second highest pay ratio and also the lowest average sectoral employees pay but because had only one company (Restaurant Brands International Inc. formerly Tim Horton) in it, therefore may or may not represent the whole sector. Although Manufacturing- Chemical sector had the highest pay-gap ratio and also the highest average sectoral CEO compensation, but it had really very high CV also which means

there was high disparity in the CEOs' compensation across the sector, for example, Michael Pearson of Valeant Pharmaceuticals International Inc. had the highest compensation of \$182,902,190 in the list of all the top 100 companies taken here and of course in all the four companies of Chemical sector<sup>ix</sup>, whereas Jochen Tilk of Potash Corp. of Saskatchewan Inc. had \$3,717,883 in his compensation. A very high pay-gap ratio in that case may not depict an actual picture of the sector.

8. Undoubtedly, sectoral high pay gap ratios are bad, but cases where besides higher pay ratios sectors have also very low employees' pays are even worse, for example, Food Services, Retail- General Stores, and Retail- Food & Beverage Stores, and Manufacturing- Clothing. Food Services sector had the 2nd highest CEO-employee and CEO-hourly-employee pay ratios, and the lowest employee pay.
9. Higher pay ratio always shows greater pay gap between CEOs and other employees, which is considered a bad sign for any society. During 2015 not only national ratios depicting pay gap have increased at an alarming rate but also the sectors having greater than national average ratios have increased on the one hand and the sectors with lower than half of the national pay gap ratios have decreased on the other. This is all when Canadian economy was still reeling from 2014 oil price shock and experiencing the second worst annual real GDP growth rate of 0.9 per cent during 2015 (2009 being the worst year with -3 per cent) in the last two decades. All these pay gap indicators clearly indicate one thing that richer are fully protected even in the economic downfall, its common people who bear the disproportionate share of the turmoil.

**Table 4: Sectoral Ranks, 2015 (Rank 1 indicates the Highest)**

Sectors	CEO- Employee Pay Ratios	CEO-Hourly Paid Employee Pay Ratios (For 19 Sectors)	Employee Pay	Hourly Employee Pay (For 19 Sectors)	Average CEO Pay (Sectoral)
Manufacturing- Chemical	1	1	8	4	1
Food Services	2	2	27	18	9
Non-bank Financing	3	3	16	11	3
Retail- Food & Beverage Stores	4	5	25	17	11
Manufacturing- Transportation Equipment	5	N.A.	12	N.A.	2
Manufacturing- Clothing	6	6	23	16	8
Media	7	4	14	13	5
Retail- General Stores	8	N.A.	26	N.A.	19
Transportation- Rail	9	N.A.	6	N.A.	4
Banking	10	7	16	11	6
Support Services- Auctioneering	11	8	22	15	15
Telecommunications	12	9	13	7	7
Management and Diversified	13	N.A.	7	N.A.	10
Manufacturing - Labels	14	11	20	10	18
Manufacturing- Food	15	13	21	9	20
Insurance and Related Activities	16	12	11	5	13
Professional, scientific and technical services	17	10	10	6	12
Retail- Health & Personal Care Stores	18	N.A.	24	N.A.	25
Wholesale- Heavy Equipment	19	15	9	3	17
Real Estate	20	14	19	14	22
Precious Metals	21	16	4	2	16
Oil and Gas	22	N.A.	1	N.A.	14
Other Financial Investment and Related Activities	23	N.A.	5	N.A.	21
Support Services- Waste Management &	24	N.A.	15	N.A.	26
Manufacturing- Wood Products	25	17	18	8	27
Utilities	26	N.A.	2	N.A.	23
Oil & Gas- Support services	27	18	3	1	24



**Table 5: Sectoral Pay Averages and Ratios, 2015**

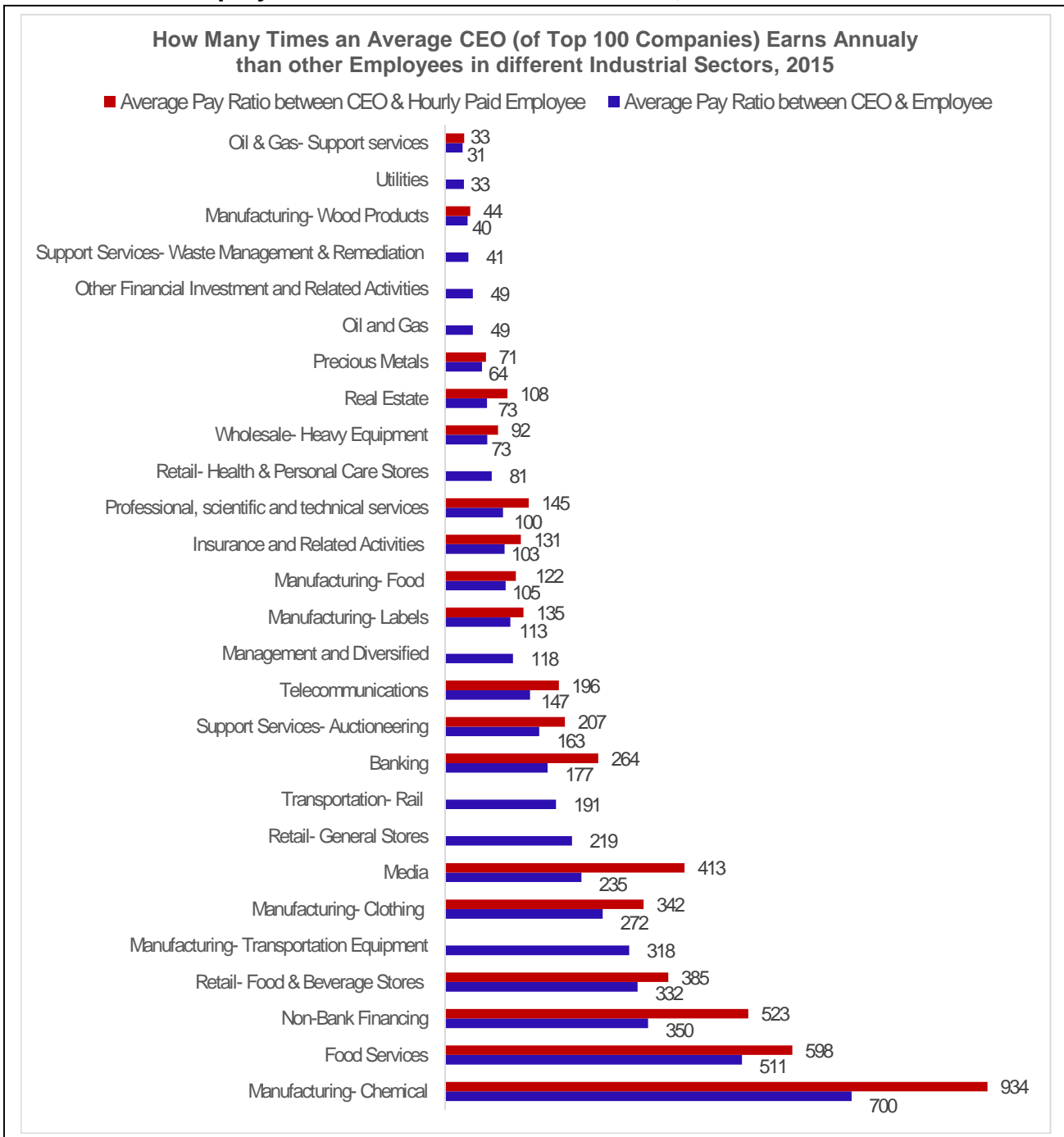
Sectors	CEO Pay - Sectoral Average (\$)	CEO Pay – Coefficient of Variation (CV)	Employee Pay - Sectoral Average (\$)	Hourly Employee Pay - Sectoral Average (\$)	Average Pay Ratio between CEO & Employee	Average Pay Ratio between CEO & Hourly Paid Employee
Manufacturing- Chemical	50,688,404	1.74	72,392	54,276	700	934
Food Services	9,161,333	-	17,916	15,319	511	598
Non-bank Financing	19,277,385	-	55,080	36,892	350	523
Retail- Food & Beverage Stores	7,750,720	0.61	23,345	20,154	332	385
Manufacturing- Transportation Equipment	20,377,267	0.43	64,156	N.A.	318	N.A.
Manufacturing- Clothing	9,272,175	-	34,079	27,085	272	342
Media	13,712,142	-	58,245	33,219	235	413
Retail- General Stores	4,835,519	0.15	22,074	N.A.	219	N.A.
Transportation- Rail	14,989,779	0.46	78,279	N.A.	191	N.A.
Banking	9,754,498	0.19	55,080	36,892	177	264
Support Services- Auctioneering	6,375,309	-	39,200	30,790	163	207
Telecommunications	9,294,702	0.47	63,313	47,342	147	196
Management and Diversified	8,650,980	0.23	73,536	N.A.	118	N.A.
Manufacturing - Labels	5,150,868	-	45,613	38,034	113	135
Manufacturing- Food	4,677,848	0.43	44,581	38,216	105	122
Insurance and Related Activities	6,679,863	0.77	64,770	50,937	103	131
Professional, scientific and technical services	6,963,737	0.86	69,456	48,186	100	145
Retail- Health & Personal Care Stores	2,478,308	-	30,640	N.A.	81	N.A.
Wholesale- Heavy Equipment	5,280,818	-	72,139	57,477	73	92
Real Estate	3,534,216	0.40	48,435	32,755	73	108
Precious Metals	5,685,271	0.55	88,404	79,868	64	71
Oil and Gas	6,537,702	0.50	134,435	N.A.	49	N.A.
Other Financial Investment and Related Activities	3,929,279	0.17	81,005	N.A.	49	N.A.
Support Services- Waste Management & Remediation	2,304,664	-	56,214	N.A.	41	
Manufacturing- Wood Products	2,040,858	0.30	51,481	46,531	40	44
Utilities	3,085,852	0.58	93,091	N.A.	33	
Oil & Gas- Support services	2,826,031	-	91,786	84,444	31	33
Equity Funds	9,331,911	-	N.A.	N.A.	N.A.	N.A.
Transportation- Pipeline	6,194,460	0.50	N.A.	N.A.	N.A.	N.A.

Notes:

N.A. Not Available

- Cannot be calculated as these are single-company sectors.

**Graph 4: Ratio between Annual Average Pays of a CEO (of Top 100 Companies) and other Employees in various Industrial Sectors, 2015**



**Notes:**

1. When there is no red bar, it means data for hourly-paid employees are not available.
2. There were 10 sectors with single company each in this graph – Food Services, Manufacturing- Labels, Manufacturing- Clothing, Non-bank Financing, Oil & Gas- Support services, Media, Retail- Health & Personal Care Stores, Support Services- Auctioneering, Support Services- Waste Management & Remediation, and Wholesale- Heavy Equipment.

## Methodology

**Data Sources:** Pay gap survey relies on two data sources: Globe and Mail list on executive compensation and Statistics Canada resources. The former “Canada’s highest-paid CEOs”<sup>x</sup> had a table on the ranking of compensation in fiscal 2015 for CEOs from the 100 largest public companies (by market capitalization) in Canada’s benchmark S&P/TSX composite index as of Dec. 31, 2015. CEOs’ total compensation figures include salary, bonus, stock awards, option awards, pension value, and all other compensation. Three summary tables<sup>xi</sup> of the Statistics Canada were used to calculate the pays of workers: industry-wise average weekly earnings for (hourly-&-salaried) employees, industry-wise average hourly earnings for hourly employees, and industry-wise average weekly hours for hourly employees. Another source ‘North American Industry Classification System (NAICS) 2007 – Canada’ published by Statistics Canada was used to determine the industry classification<sup>xii</sup>.

**Process:** For the sectoral CEO and employee pay ratios’ computation, companies were arranged into more specific 29 sectors on the basis of their type of activity. This arrangement was done in order to obtain the employees’ wages and working hours (at three digit level industrial classification) corresponding to the sectors for which CEOs’ compensation was available. For example, Financial sector was divided into Banking, Non-bank Financing, Equity Funds, Insurance & Related Activities, and Other Financial Investment & Related Activities. After rearranging the industrial sectors, data on employees’ wages and working hours were collected so as to get annual pays of the employees. Two types of workers were considered in the survey: all employees who comprised of salaried and hourly employees; and a sub-category of the former, i.e. hourly employees. To calculate employees’ annual average earnings, weekly earnings were multiplied by 52 weeks  $[(\text{weekly earnings}) \times (52)]$ . In case of hourly-paid employees, work hours and hourly earnings were given; therefore, to arrive at annual average earnings, hourly earnings were multiplied by weekly hours and 52 weeks  $[(\text{hourly earnings}) \times (\text{weekly hours}) \times (52)]$ . These annual pays were used to calculate the respective pay ratios. Two sectors Equity Funds and Transportation- Pipeline were not included in this year’s survey because of unavailability of data on the employees’ pays.

## Endnotes and Sources

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<sup>i</sup> See the EPD Pay Gap Surveys 2010, 2012, 2013 for details.

<sup>ii</sup> See Statistics Canada, CANSIM Table 380-0101.

<sup>iii</sup> Equity Funds, Food Services, Manufacturing – Labels, Manufacturing- Clothing, Non-bank Financing, Oil & Gas- Support services, Media, Retail- Health & Personal Care Stores, Support Services- Auctioneering, Support Services- Waste Management & Remediation, and Wholesale- Heavy Equipment.

<sup>iv</sup> These were: Manufacturing- Transportation Equipment, Retail- General Stores, Transportation- Rail, Management and Diversified, Retail- Health & Personal Care Stores, Oil and Gas, Other Financial Investment and Related Activities, Support Services- Waste Management & Remediation, and Utilities.

<sup>v</sup> This comes under ‘Mining and Quarrying (except Oil and Gas)’ sector at three-digit level.

<sup>vi</sup> See the EPD Pay Gap Survey 2015 for details.

<sup>vii</sup> Economic Policy Dialogue. Pay Gap between CEOs and Workers in Canadian Industry, 2015, published in January 2016, p.9.

<sup>viii</sup> *ibid.*, p.10.

<sup>ix</sup> Valeant Pharmaceuticals International Inc., Agrium Inc., Potash Corp. of Saskatchewan Inc., and Methanex Corp.

<sup>x</sup> Globe and Mail. Executive compensation 2015. 3 June 2016. “Canada’s Highest-paid CEOs”. Accessed on 20 Dec. 2016.

<<http://www.theglobeandmail.com/report-on-business/careers/management/executive-compensation/table-canadas-top-100-highest-paid-ceos/article30131636/>>

<sup>xi</sup> Following are the Sources of these three summary tables:

Statistics Canada. “Earnings, average hourly for hourly paid employees, by industry”. Summary Tables. Accessed in 2016. <[www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/labr74a-eng.htm](http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/labr74a-eng.htm)>.

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<sup>xii</sup> Statistics Canada. “North American Industry Classification System (NAICS) 2007 – Canada”. 2007. Accessed in 2016. <[www.statcan.gc.ca/subjects-sujets/standard-norme/naics-scian/2007/list-liste-eng.htm](http://www.statcan.gc.ca/subjects-sujets/standard-norme/naics-scian/2007/list-liste-eng.htm)>.