

Annual Pay Gap Survey

**Pay Gap between  
CEOs and Workers in  
Canadian Industry,  
2017**

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## Executive Summary of Annual Pay Gap Survey 2017

The annual pay gap survey of 2017 reports the Canada's pay gap between CEOs and workers in the entire industry and in its various sectors during fiscal year 2016. Some of the key findings of this survey are mentioned below:

A list of CEOs of the top 100 public companies is used to represent the CEOs of the Canadian Industry. There were 101 CEOs in the list of 2016; Joseph Papa of Valeant Pharmaceuticals International Inc. was the highest compensation earning CEO (\$83,131,252) in it, and Mark Leonard of Constellation Software Inc. the lowest earning (\$1).

These 101 CEOs received a total compensation pool of \$821,253,002 in 2016 recording an annual decrease of 7 per cent from the last year. The CEOs of largest four sectors – Manufacturing, Finance, Oil & Gas, and Communications & Media – took away about 60 per cent share of the total compensation pool, and the CEOs of all other nine sectors shared the rest about 40 per cent.

A representative CEO bagged an annual average compensation of about \$8 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 2016. Hence a representative CEO earned 163 times more than a typical employee and 217 times than an hourly-paid employee in 2016.

In the current survey, 25 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 pays of \$17,797 and \$15,510 respectively in the Food Service sector. So far highest pay is concerned, an employee (salaried-&-hourly) received annual average pay of \$146,697 in the Oil and Gas sector and an hourly employee \$81,782 in the Utilities sector.

Sectoral CEO-employee (salaried-&-hourly) pay gap was examined for these 25 industrial sectors, whereas CEO-hourly employee pay

gap for 19 industrial sectors because data was not available for other six sectors. With respect to the CEO-employee (salaried-&-hourly) pay ratio: top three sectors with their pay ratios were Food Services (460), Manufacturing-Chemical (384), Manufacturing- Labels (364); and three sectors at the bottom were Oil & Gas- Support services (31), Oil and Gas (42), and Utilities (47). With regards to the CEO-hourly employee pay ratio: top three sectors with their pay ratios were Media (582), Food Services (528), Manufacturing- Chemical (483), however, three sectors at the bottom were Oil & Gas- Support services (36), Utilities (52), and Precious Metals (82).

Where 52% sectors of all these given 25 sectors had pay ratio as equal or higher than the national average CEO-employee pay (salaried-&-hourly) ratio (163), and 47% sectors of the given 19 sectors had higher than the national average CEO-hourly employee pay ratio (217). On the other hand, 28% of all had less than half the national average (<82) CEO-employee (salaried-&-hourly) pay ratio, and 21% sectors had less than half of the national average CEO-hourly employee pay ratio (<109).

In 2016, high pay-gap representative sectors were: Banking, Retail- Food & Beverage Stores, Retail- General Stores, Manufacturing-Transportation Equipment, Telecommunications, and Transportation-Rail; these sectors had relatively higher CEO compensations across the respective sector and relatively lower (both All and Hourly) employees' pays.

Although national pay gap ratios have decreased in 2016 from the previous year, however sectoral analysis shows that pay gap between CEOs and workers has actually increased across the industrial sectors of Canada. As the sectors with higher pay ratios than the national average ratios have increased on the one hand and the sectors with lower than half of the national average pay ratios have decreased on the other.

# Pay Gap between CEOs and Workers in Canadian Industry, 2017

## Introduction

The US President Trump gave a 2017 Christmas gift of tax cut to the US corporations who are already sitting on piles of cash and enjoying the benefits of historically low interest rates.<sup>1</sup> It means that the rich will have now more money. This is how the power game works! Another play: companies' share prices rise, many a times because of external factors, and so as the shareholders' return. Who is rewarded, of course the management, that too without doing anything. Recent proof: when commodity prices rebounded in 2016 and so as the executive compensation in several mining companies.<sup>2</sup> Again, because of the power game! Now one more play: Companies go bankrupt hardly because of faults of workers; however, generally due to management failures. But still the bankruptcy laws protect the management and not the workers. Executive bonus is preserved first of all, and workers' severance and pensions are settled from whatever is leftover at the end. Proof is the bankruptcies of Nortel Canada, Target Canada and Sears Canada.<sup>3</sup> Why? Once again, the power game! All these above and plenty of such cases actually show that the game is always in favor of the powerful.

The powerful are the winners because they have power. Others are not, simply because they don't have power! Is it their fault or system's failure? Is this a system by/of/for the people, the so-called democracy? No no, this can't be. This is actually a system by the powerful, of the powerful and for the powerful, and the rest are left at the mercy of the powerful whose rules rule the system. CEOs and workers represent two such faces in the power game. Therefore, pay gap in this power game is just a small part of a whole big phenomenon.

The Pay Gap Survey of 2017 examines how much was the gap between the pays of chief executive officers (CEOs) of the top 100 corporations and workers in the Canadian industry in 2016. It surveys the pay gap for the Canadian industry as a whole and also in its various sectors for the year of 2016. Sector level pay gap analysis distinguishes our work from other Canadian pay gap surveys.

First part of the Survey will analyze the annual compensation pool of the CEOs of the top 100 corporations, and also which sectors get the most from this total pool. In the second part, absolute and relative pay gaps between annual average compensation of a representative CEO of the top 100 corporations and annual average earning of a typical worker will be observed for the Canadian industry. Third part will present the pay gap between CEOs and workers in various sectors of the Canadian industry. Closing part will be on the methodology and sources of data. In the current survey, annual compensations of the top 100 corporations' CEOs represent the pay of the Canadian Industry's chief executives, and annual average earnings of the employees the pay of industry workers. Two categories of employees: 'all employees' and 'hourly-paid employees' will be used in the survey; the first category will cover all the salaried and hourly employees; and the second, i.e. 'hourly-paid employees' will be a sub-category of the former 'all employees' category.

## **Part 1: Some Observations on CEO Compensation in 2016**

EPD pay gap survey takes CEOs' compensation from the annual Globe and Mail list of the highest paid CEOs of the top 100 public corporations. Year 2016 list included 101 CEOs; one company, Power Corporation of Canada, had two CEOs in the list.

Top three CEOs with their compensation were: Joseph Papa of Valeant Pharmaceuticals International Inc. who earned \$83,131,252, Donald Walker of Magna International Inc. with \$28,614,462, and Guy Laurence of Rogers Communications Inc. with \$24,602,993. So, two CEOs with highest compensation were from manufacturing sector and third from Telecommunications sector. Valeant Pharmaceuticals International Inc. had its CEO on the top as last year, but a new CEO this year and with around \$100 million less compensation (last year, Michael Pearson earned \$182,902,190). Donald Walker

maintained his second position consistently third year in a row. Rogers Communications Inc. came back in the top three ranks after 2012, however then had Nadir Mohamed as a CEO. Hunter Harrison of Canadian Pacific Railway Ltd. who saw comeback in the top three rankings last year after some years<sup>4</sup> went one position down this year once again.

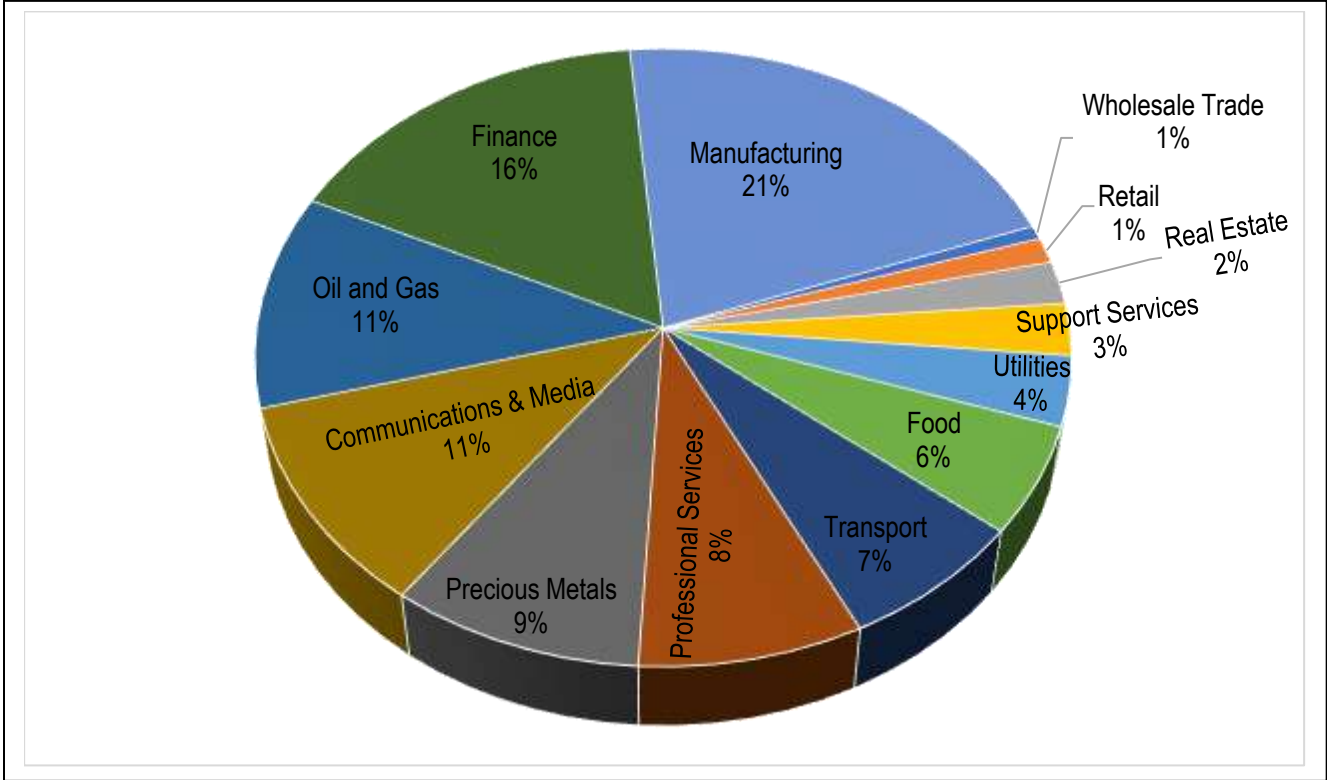
These 101 CEOs received a total compensation pool of \$821,253,002 in 2016 recording an annual decrease of 7 per cent from the last year. Two factors most likely responsible for this decrease seemed to be: one, the topmost CEO alone received \$100 million (i.e. more than 12% of the total pool) less compensation this year; and two, total number of CEOs was less by one this year as there were 102 CEOs in the last year's list, even single number counts for the type of compensation a CEO earns.

A division of the Canadian industry into major 13 sectors shows which sectors bagged how much share in the total CEO compensation pool, these are presented in the Table 1 and Graph 1. This year, CEOs of the largest four sectors – Manufacturing, Finance, Oil & Gas, and Communications & Media – took away about 60 per cent share of it; and the CEOs of all other nine sectors shared the rest about 40 per cent. This year Oil & Gas sector saw a comeback in the top three sectors in contrast to last year when it could not make any spot there; may be because of a rebound in commodity prices in 2016.

**Table 1: Distribution of (Top 100 Companies') Total CEO Compensation into Major Industrial Sectors, 2016**

<b>Major Industrial Sectors</b>	<b>Sectoral Distribution of CEO Compensation</b>
Wholesale Trade	5,877,749
Retail	10,872,166
Real Estate	18,369,156
Support Services	22,310,046
Utilities	29,966,888
Food	46,540,858
Transport	57,142,604
Professional Services	67,046,058
Precious Metals	75,616,587
Communications & Media	88,516,546
Oil and Gas	92,360,192
Finance	135,099,910
Manufacturing	171,534,242
<b>Total</b>	<b>821,253,002</b>

**Graph 1: Percentage Distribution of (Top 100 Companies') Total CEO Compensation into Major Industrial Sectors, 2016**

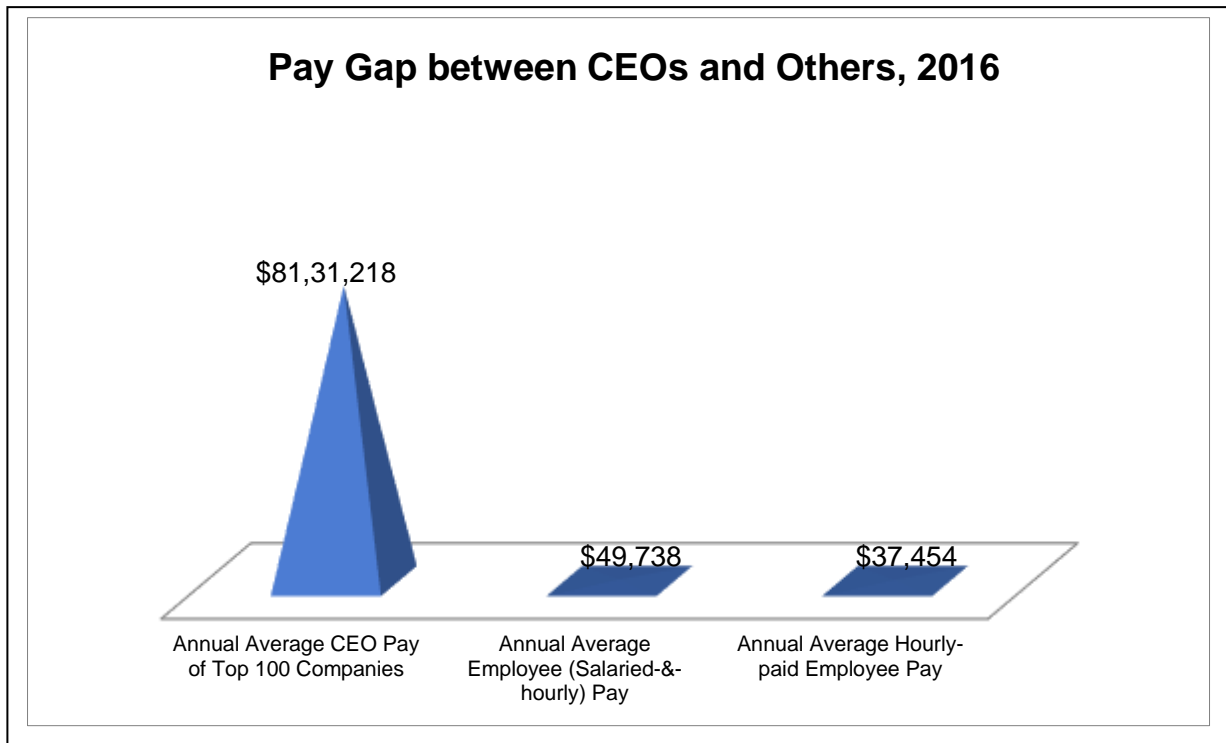


**Part 2: Pay Gap between CEOs and other Employees in entire Canadian Industry, 2016**

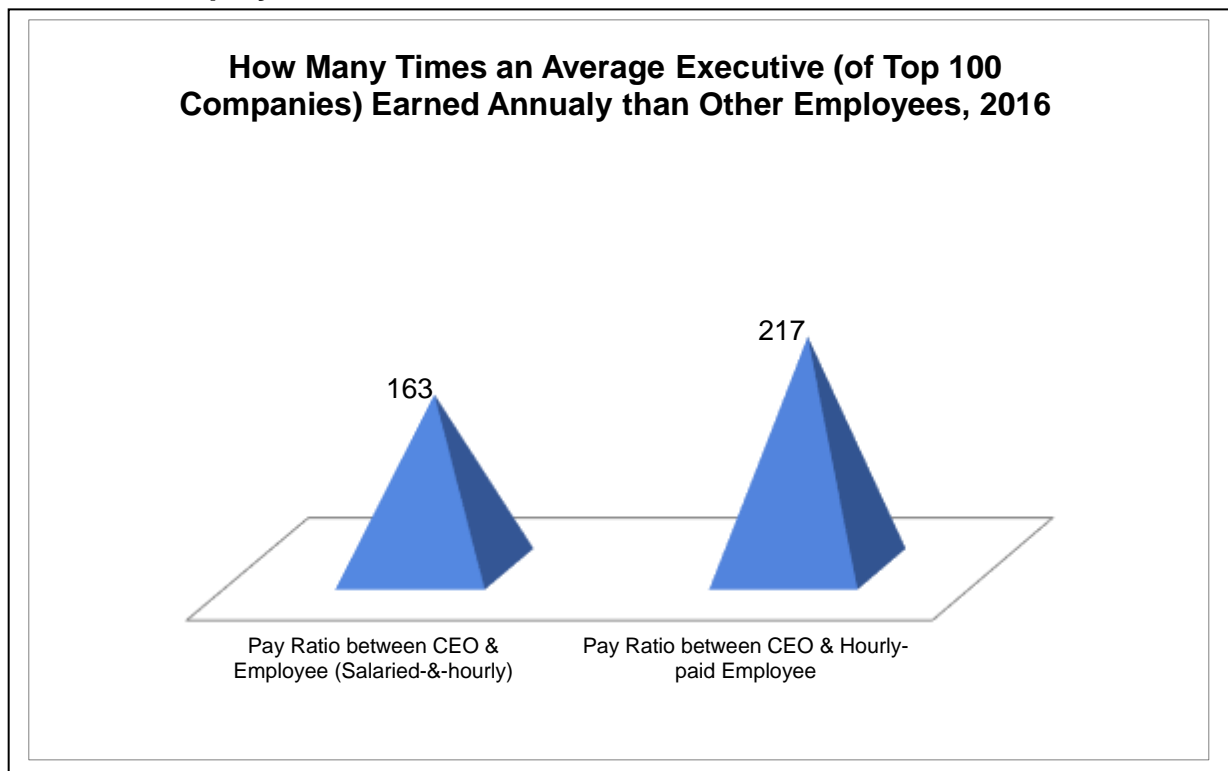
A representative CEO of the top 100 corporations bagged an annual average compensation of about \$8 million, whereas a typical Canadian industry employee (hourly-&-salaried) earned an annual average pay of about \$50 thousand and an hourly-paid employee about \$37 thousand in 2016 (Table 2 and Graph 2). Thus, a representative CEO earned 163 times more than a typical employee, and 217 times more than what an hourly-paid employee made in 2016 (Table 2 and Graph 3). In fact, year 2016 saw a negative annual change with regards to the CEO compensation and the CEO-worker pay ratios; fall in the topmost CEO’s compensation by \$100 million seems to be the major factor behind it. However, annual average pays of an employee (hourly-&-salaried) and an hourly-paid employee remained almost the same in 2016 as last year.



**Graph 2: Comparison between Annual Average Pays of a CEO (of Top 100 Companies) and other Employees, 2016**



**Graph 3: Ratio between Annual Average Pays of a CEO (of Top 100 Companies) and other Employees, 2016**



**Table 2: Pay Averages and Ratios in Canadian Industry, 2007-2016**

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>							
2016	8,131,218	101	821,253,002	49,738	37,454	163	217
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>							
2016	-6.1		-7.0	0.5	0.2	-6.5	-6.2
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: Author's calculations. See past EPD Surveys for the past 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, 2016

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 27 specific industrial sectors. Saying it alternatively, 13 general sectors in the Part 1 of the Survey were reorganized into more specific 27 sectors. For instance: broad Food sector was divided into Manufacturing- Food, Food Services, and Retail- Food & Beverage Stores. This rearrangement was done in order to find the workers' pay (at three-digit level) corresponding to the sectors for which CEOs' compensation was available. CEO-worker pay ratios were calculated for 25 out of these all 27 sectors as two sectors, Equity Funds and Transportation- Pipeline did not have any data on employees' earnings. Nine out of these 25 sectors considered for analysis were single-company sectors<sup>5</sup>. After this reorganization, sectoral averages of CEO compensation were calculated; which were

then used with the corresponding sectoral (all and hourly) employees' average pays to calculate CEO-employee sectoral pay ratios. These pay ratios exhibit the sectoral pay gaps. Sectoral pay ratios and their ranks are presented in the Tables 3, 4 and Graph 4.

CEO-employee (salaried-&hourly) pay ratios are calculated for 25 industrial sectors, however CEO-hourly employee pay ratios only for 19 industrial sectors because data on the wages and working hours were not available for hourly-employees in case of other 6 sectors<sup>6</sup>.

Following are the key points from the sectoral analysis:

1. Joseph Papa, CEO of Valeant Pharmaceuticals International Inc. earned the highest compensation of \$83 million, and Mark Leonard of Constellation Software Inc. the lowest \$1 annual compensation in the list of 101 CEOs.
2. Food Service sector had the lowest annual average pay in case of both salaried-&hourly employees with \$17,797 and hourly employees with \$15,510 in the given list of sectors, followed by the retail sector. Retail- Food & Beverage Stores had the second lowest and Retail- General Stores the third lowest all-employees (salaried-&hourly) pay with \$23,130 and \$24,833, respectively. In case of hourly employees, these both retail sectors had just their ranks changed, Retail- General Stores had the second lowest pay with \$20,354 and Retail- Food & Beverage Stores the third lowest with \$20,870. Manufacturing- Clothing sector had the fourth lowest annual average pay in case of both salaried-&hourly employees and hourly employees at \$33,161 and \$25,631, respectively.
3. All-employees (salaried-&hourly) had the highest annual average pay in Oil and Gas sector (\$146,697) in the given list of sectors, followed by Utilities (\$90,346), Precious Metals<sup>7</sup> (\$89,279) and Oil & Gas- Support services (\$87,697). In fact, this list has consistently been the same for quite some time except the ranking of these highest earning sectors. However, there was one noticeable change in the amount of their earnings that three of these four sectors, leaving Oil and Gas, have seen absolute decrease in 2016 from 2014. These four sectors had their All employees (salaried-&hourly) annual average pay for respective 2016, 2015, 2014 years as –

Oil and Gas: \$146697, \$134,435, \$138,892; Utilities: \$90,346, \$93,091, \$92,450; Precious Metals: \$89279, \$88,404 \$94,946; Oil & Gas- Support services: \$87679, \$91,786, \$93,529. <sup>8</sup> Hourly employees had highest paying sectors (along with their earnings) as: Utilities (\$81,782), Precious Metals (\$76,881), Oil & Gas- Support services (\$74,709), and Manufacturing- Transportation Equipment (\$57,378). Hourly employees had also seen a decline in their earnings in 2016 from 2014 for the sectors which had data available; annual average pay for these sectors for respective 2016, 2015, 2014 years were – Utilities: \$81,782, N.A., N.A.; Precious Metals: \$76,881, \$79,868, \$81,387; Oil & Gas- Support services: \$74,709, \$84,444, \$90,009; and Manufacturing- Transportation Equipment: \$57,378, N.A., N.A. <sup>9</sup>

4. With respect to CEO-employee (salaried-&-hourly) pay ratios, Food Services had the highest pay ratio at 460 and Oil & Gas- Support services the lowest at 31. Whereas with regards to CEO-hourly-employee pay ratios, Media had the highest pay ratio at 582 and Oil & Gas- Support services the lowest at 36.
5. Total 13 sectors out of given 25 sectors (i.e. 52%) had equal or higher than the national average CEO-employee (salaried-&-hourly) pay ratio of 163, these are: Food Services (460), Manufacturing- Chemical (384), Manufacturing- Labels (364), Manufacturing- Transportation Equipment (320), Media (304), Retail- Food & Beverage Stores (287), Support Services- Waste Management & Remediation (274), Retail- General Stores (219), Manufacturing- Clothing (214), Transportation- Rail (183), Banking (177), Telecommunications (170), and Support Services- Auctioneering (163). With respect to the CEO-hourly employee pay ratio, 9 sectors out of given total 19 sectors (i.e. 47%) have higher than the national average ratio of 217: Media (582), Food Services (528), Manufacturing- Chemical (483), Manufacturing- Labels (434), Manufacturing- Transportation Equipment (359), Retail- Food & Beverage Stores (318), Banking (281), Manufacturing- Clothing (277), and Retail- General Stores (267). As 52% and 47% sectors had higher than national average CEO-employee (salaried-&-hourly) and CEO-hourly employee pay ratios respectively this year, which were 37% and 39% in 2015 and even lower in

29% and 26% in 2014<sup>10</sup>; these larger percentages show that more sectors than before had higher pay gaps in 2016.

6. Sectors with less than half the national average pay ratio were also observed to find out which sectors had lower pay ratio and therefore were relatively better placed with regards to pay inequality. As regards to the CEO-employee (salaried-&-hourly) pay ratio, 7 sectors (i.e. 28%) had less than half the national average (<82): Oil & Gas- Support services (31), Oil and Gas (42), Utilities (47), Other Financial Investment and Related Activities (49), Non-bank Financing (69), Precious Metals (71), and Real Estate (73). Regarding CEO-hourly employee pay ratio, four sectors (i.e. 21%) had less than half of the national average ratio (<109): Oil & Gas- Support services (36), Utilities (52), Precious Metals (82), and Wholesale- Heavy Equipment (107). Last year these percentages were 37 and 29 for CEO-employee and CEO-hourly employee, respectively<sup>11</sup>; lowered percentages in 2016 means inequality has increased as lesser sectors in the Canadian industry have low CEO employee pay gap ratios.
7. As seen from the sectoral pay ratios, Food Services, Manufacturing- Chemical and Manufacturing- Labels were the top three sectors for all-employees (salaried-&-hourly), and Media in addition to these above-mentioned three sectors were for hourly-employees. However, none of these can be a truly representative sector with a high CEO-employees pay gap. Because for a sector with higher pay ratio to become a true representative pay gap sector, three conditions should be met: one, relatively high CEOs' compensation (numerator); second, relatively low employees' pays (denominator); and third, the sector-wide high CEOs' compensation (Coefficient of Variation being used as a measure here), because employees' pays were anyways the same for a given sector in the Survey. It means if a sector has only one corporation, it may or may not necessarily represent the whole sector; nine sectors were single-corporation in current analysis<sup>12</sup>. For the same reason, Food Services sector which had highest and second highest pay ratios for all-employees and hourly-employees respectively, besides the lowest average sectoral pays, may not be taken as a representative pay gap case. The other Manufacturing- Chemical

sector also does not qualify to be a representative case despite it had the highest average sectoral CEO compensation, and also very high pay ratios for all-employees (salaried-&-hourly) and hourly-employees, because it had really very high Coefficient of Variation (CV). It means high disparity in the CEOs' compensation across the sector may not depict accurately the pay gap between CEOs and their counterpart workers at the sectoral level.<sup>13</sup> This year again Banking sector is found to be the most representative case of higher pay gap where CEO compensation (numerator) was very high across the sector (a low Coefficient of Variation) and employees' pay (denominator) low. Retail sectors in the similar league this year were: Retail- Food & Beverage Stores and Retail- General Stores; both these retail sectors although had relatively low CEO compensation, but also had too low absolute workers' pays. Other sectors were Manufacturing- Transportation Equipment, Telecommunications, and Transportation- Rail.

8. Certainly, sectoral high pay gap ratios are bad, but sectors where higher pay ratios also combine with too low absolute employees' pays are even worse, for example, Food Services, Retail- General Stores, Retail- Food & Beverage Stores, and Manufacturing- Clothing. Food Services sector had the highest CEO-employee and CEO-hourly-employee pay ratios, and the lowest all (salaried-&-hourly) and hourly employees' pays.
9. Although pay gap ratios at national level have decreased to 163 and 217 in 2016 from 175 and 232 last year for CEO-employees (salaried-&-hourly) and CEO-hourly employees respectively (Part 2 of the Survey) in Canada, that at best may be explained by this year's steep fall in the single topmost CEO's compensation by \$100 million from the last year. However, sector-level analysis shows a different picture that pay disparity between CEOs and workers has increased in the industrial sectors of Canada. As the sectors having higher than the national average pay ratios have increased (Point 5 mentioned above) on the one hand and the sectors having lower than half of the national pay ratios have decreased (Point 6) on the other. Evidently, sectoral analysis reveals how macro level inequality may actually conceal the level and severity of inequality at micro level in the Canadian economy.

**Table 3: Sectoral Ranks, 2016 (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)
Food Services	1	2	25	19	9
Manufacturing- Chemical	2	3	11	7	1
Manufacturing - Labels	3	4	19	11	4
Manufacturing- Transportation Equipment	4	5	13	4	2
Media	5	1	15	15	3
Retail- Food & Beverage Stores	6	6	24	17	13
Support Services- Waste Management & Remediation	7	N.A.	17	N.A.	5
Retail- General Stores	8	9	23	18	19
Manufacturing- Clothing	9	8	22	16	11
Transportation- Rail	10	N.A.	7	N.A.	6
Banking	11	7	16	12	8
Telecommunications	12	10	10	5	7
Support Services- Auctioneering	13	11	21	13	14
Manufacturing- Food	14	13	20	10	20
Insurance and Related Activities	15	12	14	8	12
Management and Diversified	16	N.A.	6	N.A.	10
Professional, scientific and technical services	17	14	12	9	17
Wholesale- Heavy Equipment	18	16	8	6	18
Real Estate	19	15	18	14	24
Precious Metals	20	17	3	2	15
Non-bank Financing	21	N.A.	9	N.A.	21
Other Financial Investment and Related Activities	22	N.A.	5	N.A.	23
Utilities	23	18	2	1	22
Oil and Gas	24	N.A.	1	N.A.	16
Oil & Gas- Support services	25	19	4	3	25

**Table 4: Sectoral Pay Averages and Ratios, 2016**

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
Food Services	8,183,504	-	17,797	15,510	460	528
Manufacturing- Chemical	26,469,493	1.43	68,914	54,847	384	483
Manufacturing - Labels	17,370,182	-	47,664	40,019	364	434
Manufacturing- Transportation Equipment	20,596,236	0.55	64,443	57,378	320	359
Media	17,777,458	-	58,574	30,538	304	582
Retail- Food & Beverage Stores	6,631,471	0.41	23,130	20,870	287	318
Support Services- Waste Management & Remediation	15,854,660	-	57,934	N.A.	274	N.A.
Retail- General Stores	5,436,083	0.36	24,833	20,354	219	267
Manufacturing- Clothing	7,093,615	-	33,161	25,631	214	277
Transportation- Rail	13,565,980	0.55	74,213	N.A.	183	N.A.
Banking	10,383,550	0.15	58,549	36,894	177	281
Telecommunications	11,789,848	0.60	69,205	56,759	170	208
Support Services- Auctioneering	6,455,386	-	39,609	31,493	163	205
Manufacturing- Food	5,200,000	-	46,038	40,622	113	128
Insurance and Related Activities	6,851,406	0.74	64,176	49,229	107	139
Management and Diversified	7,763,472	0.30	74,769	N.A.	104	N.A.
Professional, scientific and technical services	5,998,695	0.70	68,477	47,214	88	127
Wholesale- Heavy Equipment	5,877,749	-	70,684	54,902	83	107
Real Estate	3,673,831	0.39	49,990	30,755	73	119
Precious Metals	6,301,382	0.54	89,279	76,881	71	82
Non-bank Financing	4,832,436	-	70,459	N.A.	69	N.A.
Other Financial Investment and Related Activities	4,092,762	0.33	84,067	N.A.	49	N.A.
Utilities	4,280,984	0.51	90,346	81,782	47	52
Oil and Gas	6,210,806	0.68	146,697	N.A.	42	N.A.
Oil & Gas- Support services	2,704,451	0.03	87,679	74,709	31	36
Equity Funds	10,486,689	-	N.A.	N.A.	N.A.	N.A.
Transportation- Pipeline	7,502,661	0.51	N.A.	N.A.	N.A.	N.A.

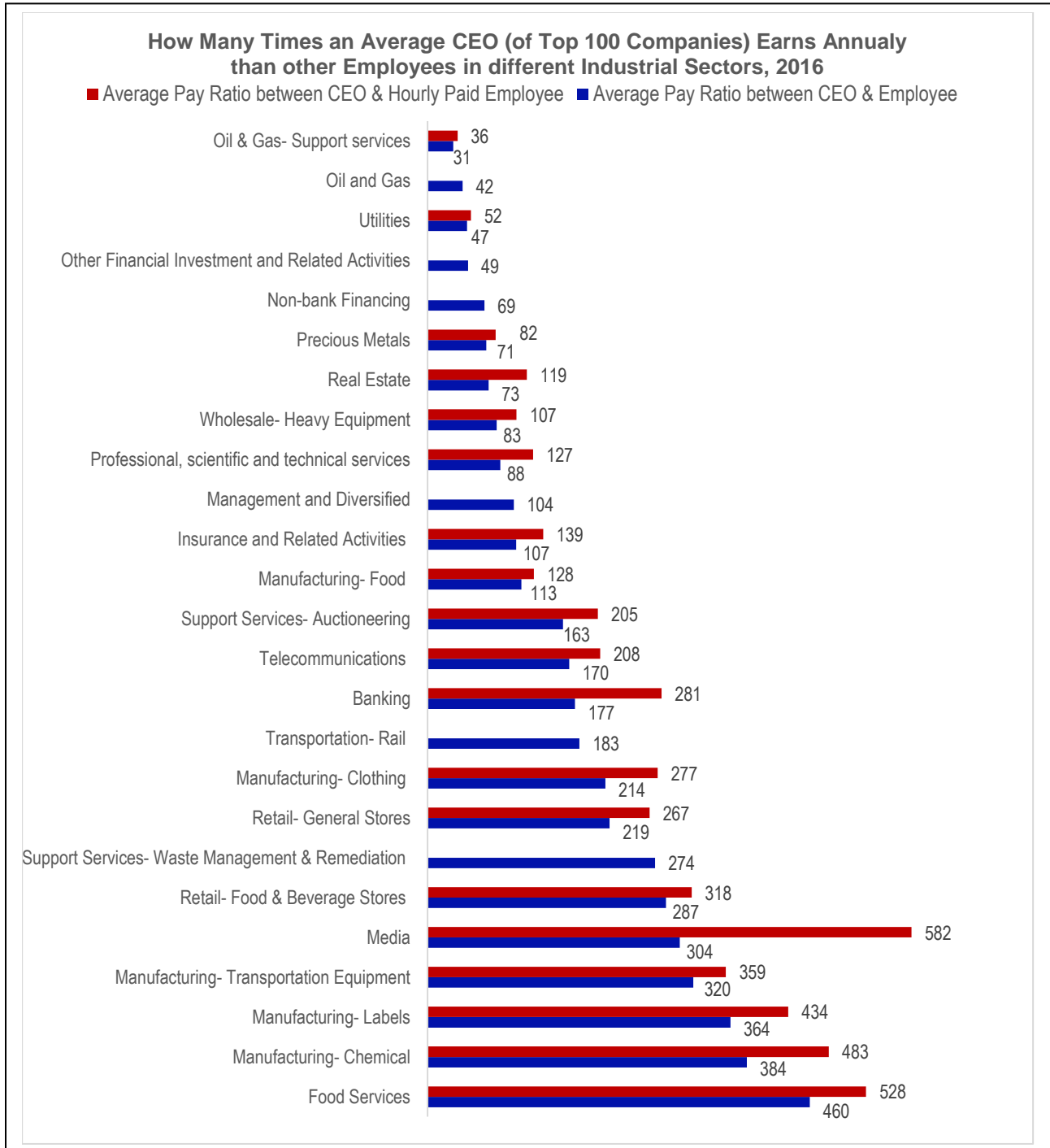
**Notes:**

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, 2016**



**Notes:**

1. When there is no red bar, it means data for hourly-paid employees are not available.
2. There were 9 sectors with single company each in this graph – Food Services, Manufacturing- Clothing, Manufacturing- Food, Manufacturing- Labels, Media, Non-bank Financing, Support Services- Auctioneering, Support Services- Waste Management & Remediation, and Wholesale- Heavy Equipment.

## Methodology

**Data Sources:** As always, the 2017 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 of 2016”<sup>14</sup> had a table on the ranking of compensation in fiscal 2016 for CEOs from the 100 largest public companies (by market capitalization) in Canada’s benchmark S&P/TSX composite index as of Dec. 31, 2016. CEOs’ total compensation figures include salary, bonus, stock awards, option awards, pension value, and all other compensation. Three summary tables<sup>15</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) Canada 2017 Version 2.0’ published by Statistics Canada was used to determine the industry classification<sup>16</sup>.

**Process:** For the sectoral CEO and employee pay ratios’ computation, companies were arranged into more specific 27 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. 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. These annual pays were then 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>2</sup> McFarland, Janet. “Investors Take Aim at Bloated Share Grants to CEOs”. The Globe and Mail. 11 June 2017. Accessed on 26 Nov. 2017. <<https://www.theglobeandmail.com/report-on-business/careers/management/executive-compensation/investors-take-aim-at-bloated-share-grants-to-ceos/article35280719/>>

<sup>3</sup> Castaldo, Joe. “The Optics are Terrible, and Jilted Workers are Justifiably Choked. But Letting Executives Flee in a Time of Crisis Can Make Matters Worse”. Maclean’s Magazine. 14 July 2017. Accessed on 15 July 2017. <<http://www.macleans.ca/economy/can-sears-canada-justify-those-ugly-retention-bonuses/>>

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<sup>4</sup> See the EPD Pay Gap Surveys 2010, 2012, 2013 for details.

<sup>5</sup> Food Services, Manufacturing- Clothing, Manufacturing- Food, Manufacturing- Labels, Media, Non-bank Financing, Support Services- Auctioneering, Support Services- Waste Management & Remediation, and Wholesale- Heavy Equipment.

<sup>6</sup> These were: Management and Diversified, Non-bank Financing, Oil and Gas, Other Financial Investment and Related Activities, Support Services- Waste Management & Remediation, and Transportation- Rail.

<sup>7</sup> This comes under ‘Mining and Quarrying (except Oil and Gas)’ sector at three-digit level.

<sup>8</sup> See the EPD Pay Gap Surveys 2016 and 2015 for details.

<sup>9</sup> Same as footnote 8.

<sup>10</sup> Economic Policy Dialogue. Pay Gap between CEOs and Workers in Canadian Industry, 2016, published in January 2017, pp.10-11.

<sup>11</sup> *ibid.*, p.11.

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<sup>12</sup> See footnote 5 for these sectors.

<sup>13</sup> For example, Joseph Papa of Valeant Pharmaceuticals International Inc. had the highest compensation of \$83 million in the list of all the top 100 companies under consideration, and of course in all the four companies of Chemical sector (Valeant Pharmaceuticals International Inc., Agrium Inc., Potash Corp. of Saskatchewan Inc., and Methanex Corp.), whereas Jochen Tilk of Potash Corp. of Saskatchewan Inc. had \$5 million in his compensation.

<sup>14</sup> Global Governance Advisors. "Canada's Highest-paid CEOs of 2016". Globe and Mail. 11 June 2017. Accessed on 26 Nov. 2017. <<https://www.theglobeandmail.com/report-on-business/careers/management/executive-compensation/table-canadas-highest-paid-ceos-of-2016/article35248817/>>

<sup>15</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 2017. <[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>16</sup> Statistics Canada. "North American Industry Classification System (NAICS) Canada 2017 Version 2.0". 2017. Accessed in 2017. <<http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=380372>>