

Annual Pay Gap Survey

**Pay Gap between
CEOs and Workers in
Canadian Industry,
2018**

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Executive Summary of Annual Pay Gap Survey 2018

The annual pay gap survey of the year 2018 reports Canada's pay gap between CEOs and workers in the entire industry and its various sectors during the fiscal year 2017. Some of the key findings of this survey are summarized here in this section.

A list of CEOs of the top 100 public companies is used to represent the CEOs of the Canadian Industry. However, there were 99 companies on the list of 2017 with 101 CEOs. Donald Walker of Magna International Inc. was the highest compensation earning CEO (\$26,427,738), and Mark Leonard of Constellation Software Inc. the lowest-earning (\$1) in it.

These 101 CEOs received a total compensation pool of \$755,638,918 in 2016, recording an annual decrease of 8% from the last year. CEOs of the largest three sectors – Finance, Manufacturing, and Oil & Gas – took away about 43% share of the total compensation pool, and the CEOs of all the other 11 sectors shared the rest about 57%.

A representative CEO bagged an annual average compensation of about \$7.5 million; in contrast, a typical Canadian industry employee (hourly-&-salaried) earned an average yearly pay of about \$51 thousand and an hourly-paid employee about \$38 thousand in 2017. Hence a representative CEO made 147 times more than a typical employee and 197 times than an hourly-paid employee in 2017.

The current survey considered 28 industrial sectors for the sectoral pay gap analysis. Out of all these sectors, the Food Service sector had the lowest annual average pay with \$18,357 and \$16,014, respectively, in the case of both salaried-&-hourly employees and hourly employees; in contrast, the Oil and Gas sector had the highest at \$139,047 and \$98,584, respectively, for both.

The sectoral CEO-employee (salaried-&-hourly) pay gap was examined for all the 28 industrial sectors, whereas the CEO-hourly employee pay gap for 19 industrial sectors because of the unavailability of data for the other nine sectors. Concerning the CEO-employee (salaried-&-hourly) pay ratio: top three sectors with their pay ratios were Media (322), Manufacturing- Clothing (307), and Food Services (294); and three sectors at the bottom were Manufacturing- Cannabis product (12), Wholesale- Personal goods (25), and Oil & Gas-Support services (37). On the other hand, regarding the CEO-hourly employee pay ratio: top three sectors with their pay ratios were Manufacturing- Clothing (372), Food Services (337) and Banking (299); however, three sectors at the bottom were Oil & Gas- Support services (42), Wholesale- Personal goods (44), and Oil and Gas (72).

Where 36% of all these given 28 sectors had pay ratio higher than the national average CEO-employee pay (salaried-&-hourly) ratio (147), and 32% of the given 19 sectors had higher than the national average CEO-hourly employee pay ratio (197). On the other hand, 25% of all the sectors had less than half the national average (<74) CEO-employee (salaried-&-hourly) pay ratio, and 26% had less than half of the national average CEO-hourly employee pay ratio (<99).

In 2017, the representative high pay gap sectors were: Retail- General Stores, Manufacturing- Transportation Equipment, Transportation- Rail, Banking, and Manufacturing- Food.

Certainly, sectoral high pay gap ratios are bad, but sectors where higher pay ratios also have too low absolute employees' pays are even worse. This year such sectors are Food Services, Retail- General Stores, Retail- Food & Beverage Stores, and Manufacturing- Clothing.

Pay Gap between CEOs and Workers in Canadian Industry, 2018

Introduction

Any imbalance of power may lead to abuse of power, especially if the weaker party has no choice, and the party with power has no accountability or responsibility. Doesn't matter even if it involves high profile institutions, e.g., Hollywood, Olympics, Clerics, United Nations.¹ Because it is the imbalance that leads perpetrators to misuse the power and victims the pressure to surrender. If too much power gap at an individual-level can influence one's actions, social interactions, and power dynamics, how power imbalance associated with the income distribution in any society wouldn't influence the economic and political institutions that are responsible for the public policy. In fact, the wider income inequality at the societal level, the more imbalance of power generally in almost every sphere of human decision-making. Also, entrusted to the market alone, every policy problem will have a capitalistic solution favoring the privileged ones. Thus, there is a strong will and deliberate action required by the polity-policy to make the social interest a priority issue rather than let it become a residual or tangential matter.

Perhaps this is a power imbalance at the root of the current economic system that a common man experiences vulnerability almost every day alongside a well-protected powerful living on an island of privileges. On the one hand, corporations get policies orchestrated in their vested interest with their capital power. On the other, those policy decisions are thrust upon society, even if clearly against the social interest. Because those corporations with their mighty power can buy an army of the mouthpiece (politicians, researchers, lawyers, lobbyists, public relations strategists, advertisement agencies, influencers, media, social media, and so on) to speak out loud in favor of their interest and manipulate the public opinion accordingly. Society is overpowered and made confused, divided, polarized, voiceless, hopeless, and weak. That is why, although the GDP of western nations is increasing, corporations are becoming rich, CEOs are getting richer; however, the majority of the society, represented by 99%, remains out of that rich ecosphere. Canada has a similar situation; it is proud to be a wealthy nation, its CEOs of the corporate world are enjoying the real prosperity, while Canadizens are bearing the burden of the hard realities of life. The majority of Canadians can no more dream for a secure job, sufficient earning, decent living, savings for contingency, or peaceful retirement. An average Canadian worker might never see an amount having worked for the entire life (with 2017 average yearly earning of approximately 50,000 x 40 total work years = around 2 million lifetime income) that an average CEO can get in one year of work (7.5 million average annual compensation in 2017). How? Again, this is the mighty

imbalance of power that a CEO can get in contrast to what a worker can earn in the Canadian industry.

Here is the Pay Gap Survey of 2018 that examines how much was the gap between the pays of a representative chief executive officer (CEOs) and worker in the Canadian industry in 2017. It investigates the pay gap in the Canadian industry as a whole and also in its various sectors for the year 2017. The sector-level pay gap analysis has been a feature of the annual EPD survey that distinguishes it from the other Canadian pay gap surveys.

The first part of the survey analyzes the annual compensation pool of the CEOs of the top 100 corporations, and also which sectors receive the most from this total pool. The second part observes an absolute and relative pay gap between a representative CEO and a typical worker in the Canadian industry. The third part presents the pay gap between CEOs (from a list of the top 100 corporations) and workers in various sectors of the Canadian industry. The closing part is on the methodology.

In the survey, the annual compensations of the top 100 corporations' CEOs represent the pays of the Canadian Industry's chief executives, and the average yearly earnings of the given employees represent the pays of the industry workers. Two categories of employees: 'all employees' and 'hourly-paid employees' are used in the survey; the first category covers all the salaried and hourly employees, and the second, i.e., 'hourly-paid employees' is a sub-category of the former 'all employees' category.

Part 1: Some Observations on CEO Compensation in 2017

The EPD pay gap survey takes the CEOs' list and their compensation from an annual Globe and Mail list of the CEOs of Canada's top 100 public corporations. The year 2017 list included 101 CEOs; two companies, Power Corporation of Canada and Spin Master Corp., had two CEOs each on the list. Actually, this year's list comprises 99 top companies as one company, Nutrien Ltd, was not added because it did not file its proxy circular by the complier's cut-off date where the CEO compensation information for each company comes from.

Top three CEOs with their compensation were: Donald Walker of Magna International Inc. with \$26,427,738, who reached on the top of the list in 2017 having being at the second rank continuously for the last three years; Keith Creel of Canadian Pacific Railway Ltd. (new CEO in 2017) ranked second with \$20,105,600; and James Smith of Thomson Reuters Corp. with \$18,738,773 stood third in the list.

Table 1 and Graph 1 depict the distribution of the total pool of the CEO compensation of these top companies into 14 major industrial sectors during 2017. Top three sectors – Finance, Manufacturing, and Oil & Gas – (same as the last year; however, Finance taking the lead over the Manufacturing this year) took away a 43% share of the total compensation pool this year. Remaining 57% of the pool was shared among all the other 11 sectors. The feature of this year may be the appearance of the cannabis sector with

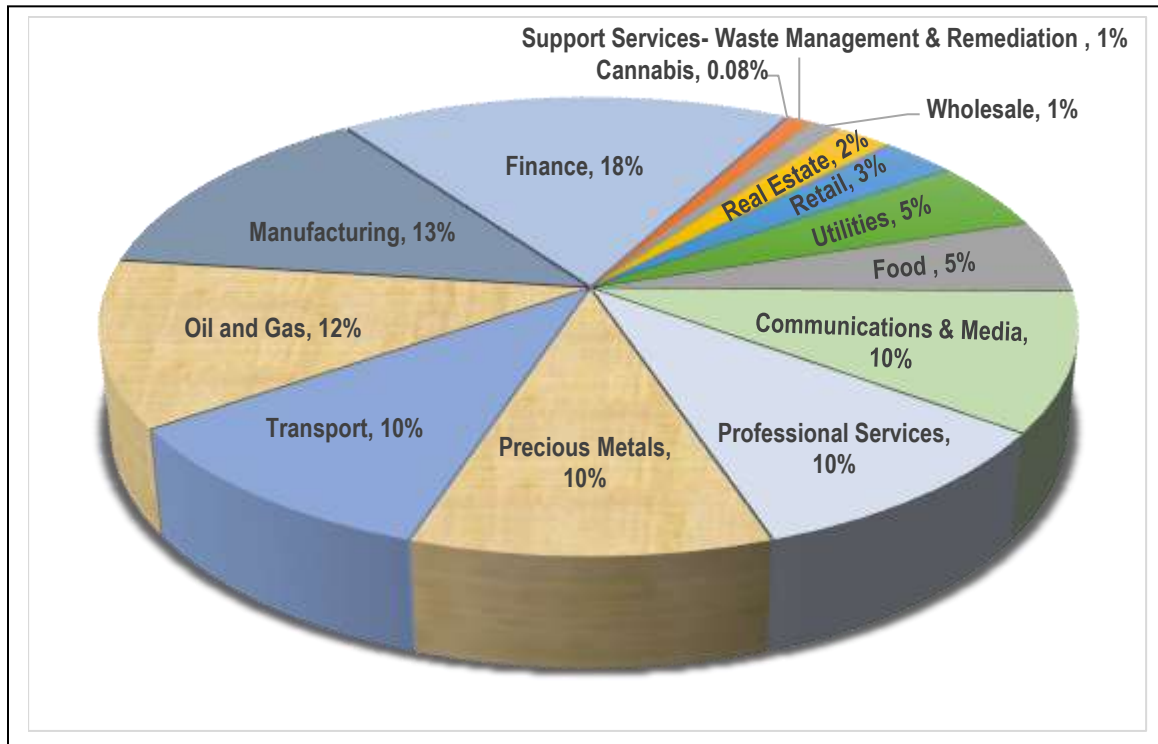
its proposed legalization for recreational purposes in 2018; however, the sector's share in the total compensation was less than 1%.

One major point to be observed about 2017 is that the year was second in a row to see a decline in the total CEO compensation of these top companies (Table 2). This year's decline (8%) was greater than that (7%) in 2016. Total compensation (\$755,638,918) was even lower in 2017 than the pre-oil-crisis level (\$759,037,285) of 2013. There may be several factors in play for this decline. One, as indicated in Graph 2, the year 2017 seemed to have missing No. 1 CEO on the list, practically, perhaps. The CEO of Magna International Inc., Donald Walker, who had been on the rank 2 for the last three years, was ranked No.1 this year. Because Joseph Papa of Valeant Pharmaceuticals International Inc., being on the top having received \$83,131,252 in 2016², was ranked 52nd with a total compensation of \$6,354,584 in 2017. To make matters clearer, Michael Pearson of Valeant Pharmaceuticals International Inc., ranking number 1 in 2015 (having received an extraordinary compensation of \$182,902,190 then), was ousted and replaced by Joseph Papa after several controversies³ embroiled against the company in 2015. Second, economic conditions⁴ might not be encouraging for the overall industry and CEOs' rewards in 2017 due to the following: the trade uncertainties (especially NAFTA-related) under Trump's trade war dominated the economic landscape⁵; lukewarm investment and exports⁶ (exports were low particularly in the 2nd quarter of 2017, as a lower volume of energy products outweighed its recently recovered prices, and contraction of a higher non-energy deficit, especially on account of the auto sector, outweighed an increased energy surplus⁷); and over-heated⁸ riskier economy because of post-oil-price crisis monetary and fiscal stimulus⁹, and heightened consumer spending that contributed to 2/3 of the exceptionally high 3% economic growth during 2017¹⁰ (which led the monetary authority to withdraw some stimulus through three official interest rate hikes since mid-2017¹¹, and Office of the Superintendent of Financial Institutions to set a new minimum qualifying rate stress test for uninsured mortgages¹² to be applied in Jan 2018 to address the real estate market challenges¹³).

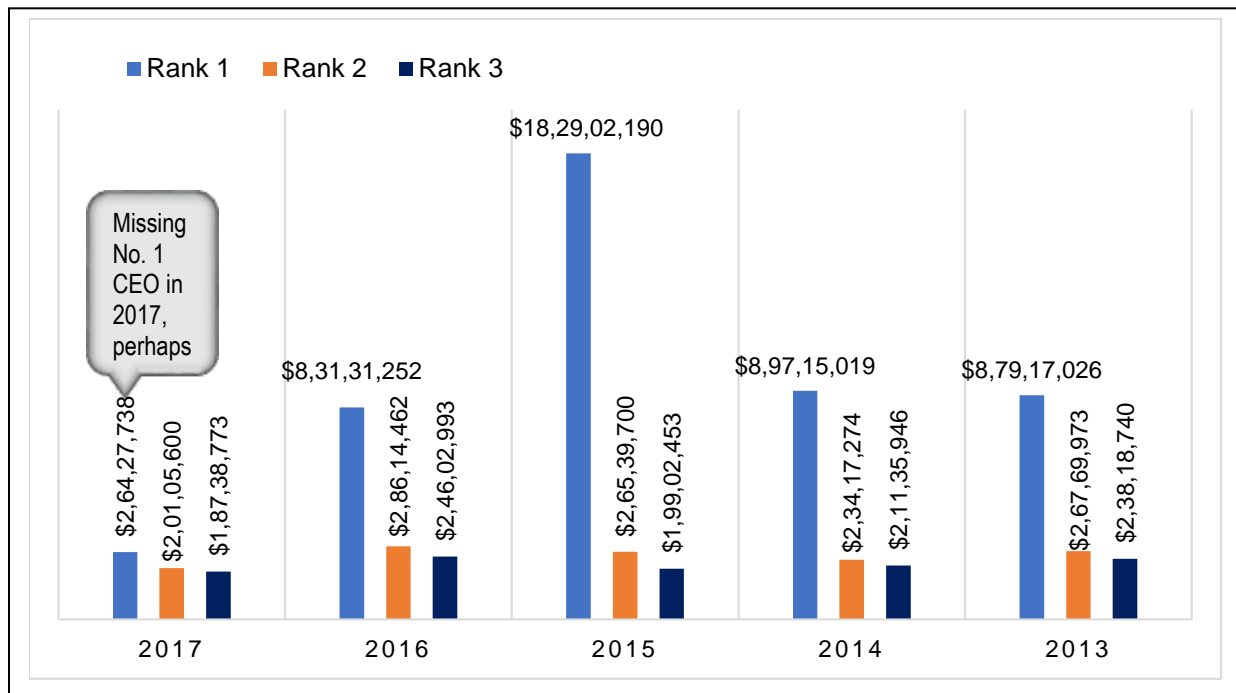
Table 1: Distribution of (Top 100 Companies') Total CEO Compensation into Major Industrial Sectors, 2017

Major Industrial Sectors	Sectoral Distribution of CEO Compensation
Cannabis	605,129
Support Services- Waste Management & Remediation	7,064,239
Wholesale	9,124,763
Real Estate	16,455,709
Retail	22,431,645
Utilities	37,259,613
Food	39,091,014
Communications & Media	73,785,957
Professional Services	74,470,279
Precious Metals	77,065,033
Transport	77,114,951
Oil and Gas	88,565,973
Manufacturing	99,866,375
Finance	132,738,238
Total	755,638,918

Graph 1: Percentage Distribution of (Top 100 Companies') Total CEO Compensation into Major Industrial Sectors, 2017



Graph 2: Compensation of Top 3 CEOs from 2013 to 2017



Source: This and previous years' Globe and Mail lists of executive compensation.

Part 2: Pay Gap between CEOs and other Employees in the entire Canadian Industry, 2017

A representative CEO of the top 100 corporations bagged an annual average compensation of about \$7.5 million, in contrast, a typical Canadian industry employee (hourly-&-salaried) earned an average yearly pay of about \$51 thousand and an hourly-paid employee about \$38 thousand in 2018 (Table 2 and Graph 3). Thus, a representative CEO made 147 times more than a typical employee and 197 times more than what an hourly-paid employee earned in 2017 (Table 2 and Graph 4).

Table 2: Pay Averages and Ratios in Canadian Industry, 2007-2017

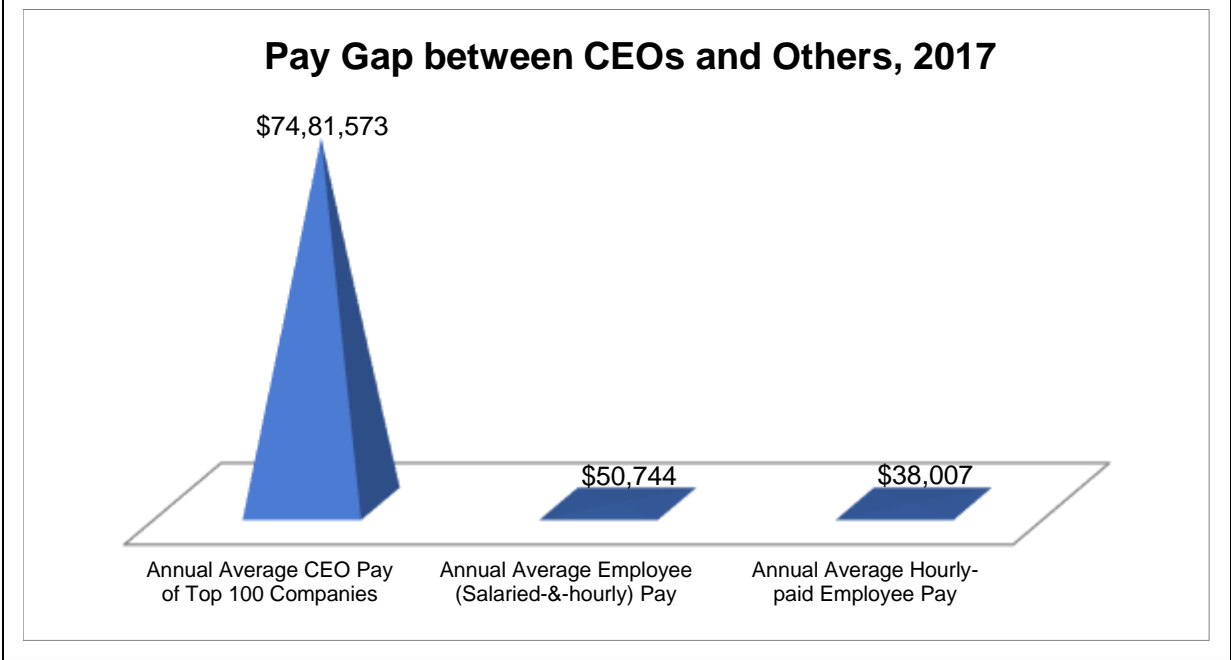
Year	CEO Annual Average Compensation	Number of CEOs	Cumulative Compensation	Average yearly Pay of an Employee	Average yearly Pay of an Hourly Employee	Pay Ratio between CEO & Employee (Salaried-&-hourly)	Pay Ratio between CEO & Hourly-paid Employee
Amount in Canadian \$							
2017	7,481,573	101	755,638,918	50,744	38,007	147	197
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	-	-
Percent Change from Previous Year							
2017	-8.0		-8.0	2.0	1.5	-9.8	-9.3
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 previous years' data.

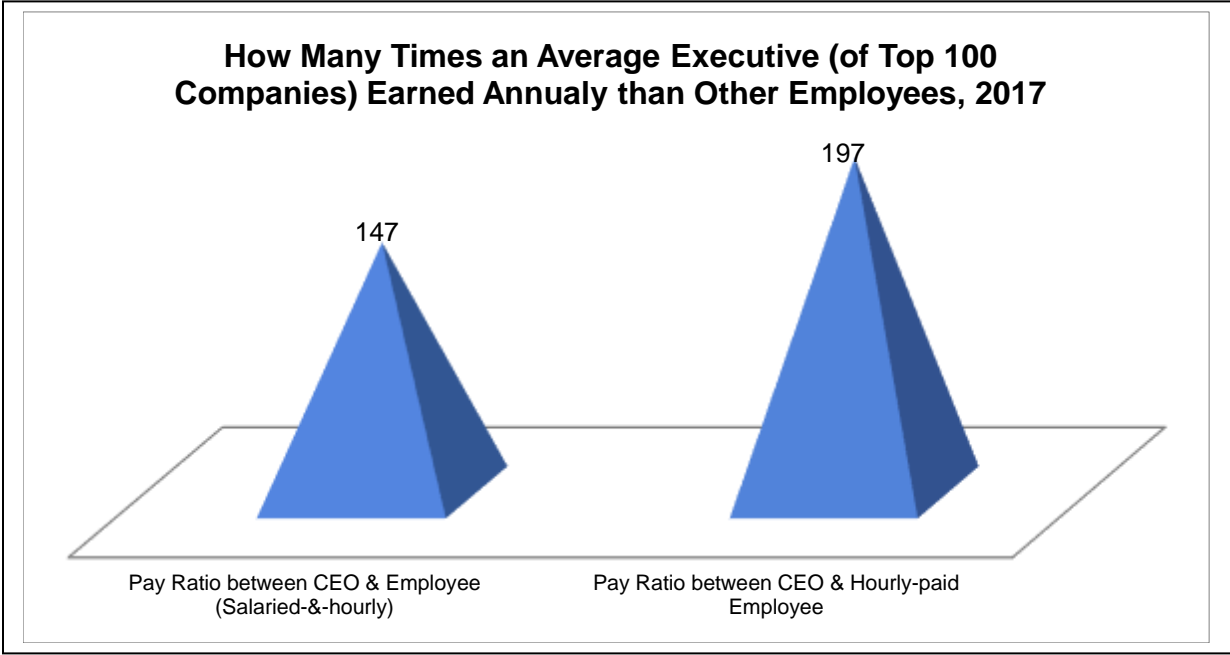
Note: - Cannot be mentioned/calculated as Globe and Mail CEOs' list prior to 2008 not available.

Just like last year, the year 2017 also experienced a negative change in the average CEO compensation and the CEO-worker pay ratios. As described earlier in the closing para of Part 1, the year 2017 had a smaller total compensation pool; hence, as expected, lower average CEO compensation and CEO/Worker earning ratios too.

Graph 3: Comparison between Annual Average Pays of a CEO (of Top 100 Companies) and other Employees, 2017



Graph 4: Ratio between Annual Average Pays of a CEO (of Top 100 Companies) and other Employees, 2017



Part 3: Pay Gap between CEOs and Other Employees in various Sectors of Canadian Industry, 2017

This third part of the survey analyzes the pay-gap in various sectors of the Canadian industry. This year's top 99 companies were reorganized into 30 more specific industrial sectors than those 13 general sectors mentioned in Part 1 of the Survey. For instance: the broad Retail sector there was divided here into Retail- General Stores Retail- Non-stores. This rearrangement was done in order to find the workers' pay (at three or more digit level) corresponding to the sectors for which CEOs' compensation was available. CEO-worker pay ratios were calculated for the 28 out of all these 30 sectors as two sectors, Equity Funds and Transportation- Pipeline, did not have data available on the employees' earnings. Eleven out of these 28 sectors, considered for the analysis, were single-company sectors¹⁴. After this reorganization, sectoral averages of the CEO compensation were calculated; these were then used with the corresponding sectoral (all and hourly-only) employees' average pays to calculate the CEO-employee sectoral pay ratios. These pay ratios exhibit the sectoral pay gaps. The sectoral pay ratios are presented in Table 3 and Graph 5 and their ranks in Table 4.

The CEO-employee (salaried-&-hourly) pay ratios are calculated for 28 industrial sectors; however, the CEO-hourly employee pay ratios only for 19 industrial sectors because earnings data for the other 9 sectors¹⁵ were not available for the hourly-employees.

Hereunder are the key points observed from the entire sectoral analysis.

1. Donald Walker, CEO of Magna International Inc., made the highest compensation of \$26,427,738, and Mark Leonard, CEO of Constellation Software Inc., the lowest of \$1 from the list of 101 CEOs.
2. In the given list of sectors, the Food Service sector had the lowest annual average pay in the case of both salaried-&-hourly employees and hourly employees with \$18,357 and \$16,014, respectively. About the all-employees (salaried-&-hourly) pay, the retail sector came next as Retail- General Stores had the second-lowest and Retail- Food & Beverage Stores the third-lowest at \$23,193 and \$23,863, respectively. However, in the case of hourly employees, Retail- Food & Beverage Stores had the second-lowest pay at \$20,468, and Manufacturing- Clothing the third-lowest at \$28,485.
3. About the highest level of annual average employees' pays in the given list of sectors, both all-employees and hourly employees had it in the Oil and Gas sector (\$139,047, \$98,584). The other top-earning sectors were: Utilities (\$96,849), Oil & Gas- Support services (\$93,604) and Precious Metals¹⁶ (\$90,783) in the case of all-employees (salaried-&-hourly); and Oil & Gas- Support services (\$82,854) Precious Metals (\$81,716), and Manufacturing- Chemical (\$56,663) in the case of hourly employees.

4. Concerning the pay ratios between the CEO and employee (salaried-&hourly), Media had the highest pay ratio at 322 and Manufacturing- Cannabis product the lowest at 12. On the other hand, in the case of CEO-hourly-employee pay ratios, Manufacturing- Clothing had the highest at 372 and Oil & Gas- Support services the lowest at 42.
5. Total 10 out of the given 28 sectors (i.e., 36%) had higher than the national average CEO-employee (salaried-&hourly) pay ratio of 147, and these are: Media (322), Manufacturing- Clothing (307), Food Services (294), Retail- General Stores (254), Manufacturing- Transportation Equipment (250), Retail- Non-stores (228), Transportation- Rail (209), Banking (190), Retail- Food & Beverage Stores (183), and Transportation- Air (149). Regarding the CEO-hourly employee pay ratio, 6 out of the given total 19 sectors (i.e., 32%) had higher than the national average ratio of 197: Manufacturing- Clothing (372), Food Services (337), Banking (299), Retail- Non-stores (294), Retail- Food & Beverage Stores (213), and Transportation- Air (200). As 36% and 32% sectors had higher than their respective national average CEO-employee (salaried-&hourly) and CEO-hourly employee pay ratios this year which were 52% and 47% in 2016 and 37% and 39% in 2015 and even lower at 29% and 26% in 2014¹⁷; it means though in 2017 fewer sectors had higher pay gaps than in 2016 and 2015, but these have been yet more than in 2014.
6. Sectors with the pay ratio below half the national average were also observed to determine which industrial sectors had a lower pay ratio and, thus, relatively less pay inequality. About CEO-employee (salaried-&hourly) pay ratio, seven following sectors (i.e., 25%) had lower than half the national average (<74): Manufacturing- Cannabis product (12), Wholesale- Personal goods (25), Oil & Gas- Support services (37), Other Financial Investment and Related Activities (47), Oil and Gas (51), Utilities (55), and Real Estate (66). Regarding CEO-hourly employee pay ratio, five sectors (i.e., 26%) had lower than half of the national average ratio (<99): Oil & Gas- Support services (42), Wholesale- Personal goods (44), Oil and Gas (72), Manufacturing- Wood product (84), and Precious Metals (86). As compared to this year's 25% and 26% sectors with less than half the national average pay ratio for CEO-employee and CEO-hourly-employee, respectively, these were 28% and 21% in 2016 and 37% and 29% in 2015.¹⁸ Smaller percentages in 2017 (except for the CEO-hourly employee pay ratio in 2016) at the lower spectrum of the pay ratio certainly imply that more sectors have a higher pay gap this year.
7. The higher the sectoral pay ratio, the more CEO-employees pay gap in those sectors. This year Retail- General Stores, Manufacturing- Transportation Equipment, Transportation- Rail, Banking, and Manufacturing- Food have a sector-wide high CEO-employees pay ratio. The relatively low value of a Coefficient of Variation (CV) for CEO compensation in these sectors reflects

sector-wide CEO compensation in the related average range. Although, sectors at the top with higher CEO-employee (salaried-&-hourly) pay ratio were Media, Manufacturing- Clothing, and Food Services beside sectors at CEO-hourly employee pay ratio as Manufacturing- Clothing, Food Services, and Retail- Non-Stores, but these sectors didn't have a CV for the CEO compensation because of being one-company sector; therefore, those sectors may or may not be a representative case of sector-wide high pay gap conclusively. A better representative case should have a sector-wide high pay gap.

8. Certainly, sectoral high pay gap ratios are bad, but sectors where higher pay gap ratios have very low absolute employees' pays also are even worse, for example, Food Services, Retail- General Stores, Retail- Food & Beverage Stores, and Manufacturing- Clothing. Food Services sector had one of the highest CEO-employee and CEO-hourly-employee pay ratios, and the lowest pay for both all (salaried-&-hourly) and hourly employees.

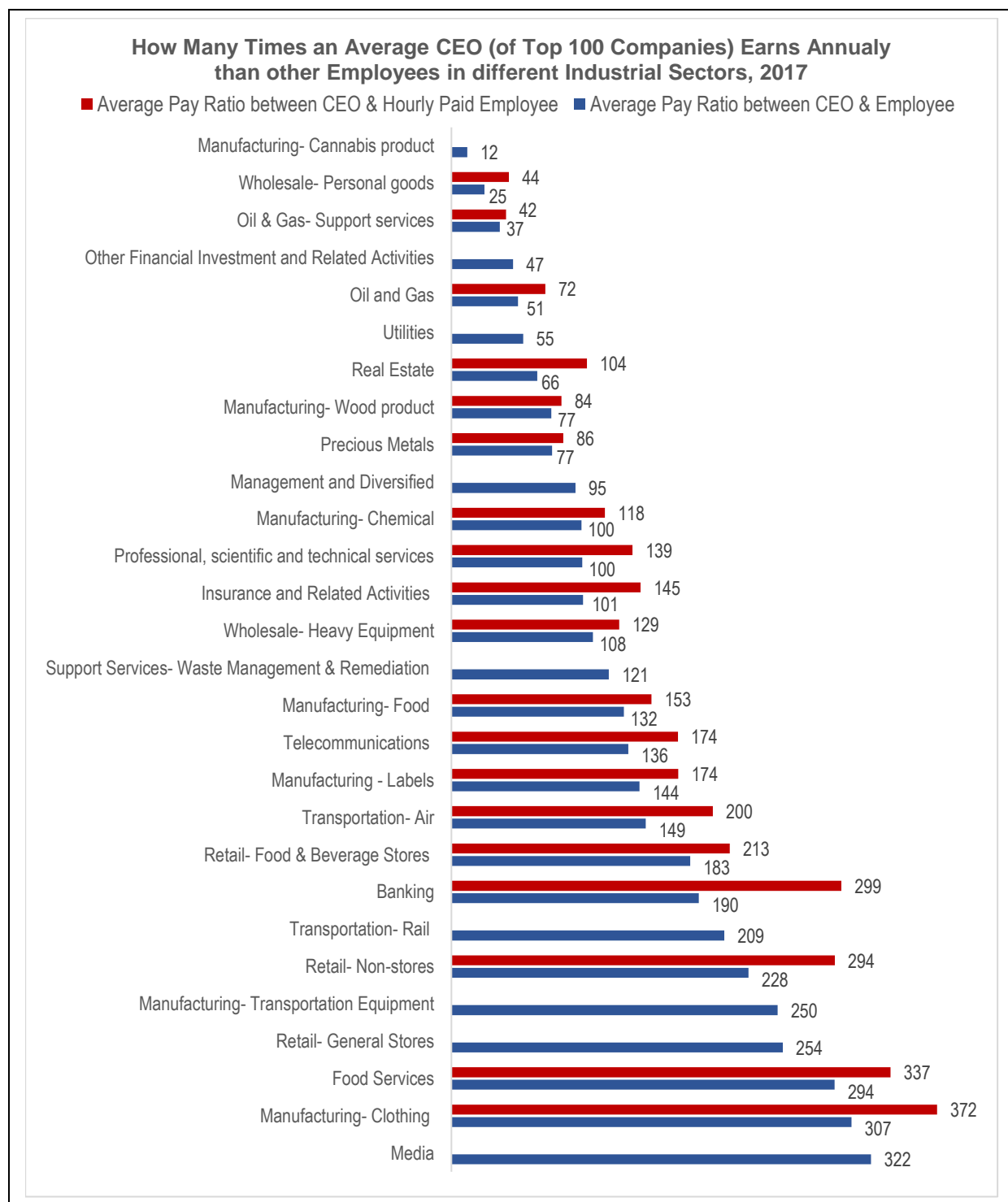
Table 3: Sectoral Pay Averages and Ratios, 2017

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
Media	18,738,773	-	58,271	N.A.	322	N.A.
Manufacturing- Clothing	10,602,379	-	34,577	28,485	307	372
Food Services	5,390,264	-	18,357	16,014	294	337
Retail- General Stores	5,889,044	0.42	23,193	N.A.	254	N.A.
Manufacturing- Transportation Equipment	16,132,928	0.48	64,508	N.A.	250	N.A.
Retail- Non-stores	10,653,557	-	46,793	36,260	228	294
Transportation- Rail	16,210,218	0.34	77,498	N.A.	209	N.A.
Banking	11,324,398	0.16	59,721	37,882	190	299
Retail- Food & Beverage Stores	4,365,565	0.72	23,863	20,468	183	213
Transportation- Air	9,005,849	-	60,470	44,944	149	200
Manufacturing - Labels	7,054,770	-	48,947	40,589	144	174
Telecommunications	9,174,531	0.52	67,665	52,864	136	174
Manufacturing- Food	5,936,464	0.18	44,897	38,735	132	153
Support Services- Waste Management & Remediation	7,064,239	-	58,546	N.A.	121	N.A.
Wholesale- Heavy Equipment	6,097,937	-	56,258	47,428	108	129
Insurance and Related Activities	6,673,847	0.65	66,094	46,027	101	145
Professional, scientific and technical services	7,014,875	0.72	70,008	50,560	100	139
Manufacturing- Chemical	6,662,532	0.07	66,893	56,663	100	118
Management and Diversified	8,095,258	0.42	85,161	N.A.	95	N.A.
Precious Metals	7,005,912	0.49	90,783	81,716	77	86
Manufacturing- Wood product	4,352,450	-	56,852	51,592	77	84
Real Estate	3,291,142	0.50	50,061	31,710	66	104
Utilities	5,322,802	0.45	96,849	N.A.	55	N.A.
Oil and Gas	7,091,860	0.59	139,047	98,584	51	72
Other Financial Investment and Related Activities	4,251,529	0.34	89,872	N.A.	47	N.A.
Oil & Gas- Support services	3,463,653	-	93,604	82,854	37	42
Wholesale- Personal goods	1,513,413	0.00	59,665	34,299	25	44
Manufacturing- Cannabis product	605,129	-	49,989	N.A.	12	N.A.
Equity Funds	11,994,179	-	N.A.	N.A.	N.A.	N.A.
Transportation- Pipeline	8,922,167	0.63	N.A.	N.A.	N.A.	N.A.

Notes: N.A. Not Available

– Cannot be calculated as these are single-company sectors. For the list, see note number 2 of the Graph 5.

Graph 5: Ratio between Annual Average Pays of a CEO (of Top 100 Companies) and other Employees in various Industrial Sectors, 2017



Notes: 1. When there is no red bar, it means data for hourly-paid employees are not available.
 2. Eleven sectors had single company each – Food Services, Manufacturing- Labels, Manufacturing- Cannabis product, Manufacturing- Clothing, Manufacturing- Wood product, Media, Oil & Gas- Support services, Retail- Non-stores, Support Services- Waste Management & Remediation, Transportation- Air, and Wholesale- Heavy Equipment.

Table 4: Sectoral Ranks, 2017 (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)
Media	1	N.A.	17	N.A.	1
Manufacturing- Clothing	2	1	25	17	6
Food Services	3	2	28	19	20
Retail- General Stores	4	N.A.	27	N.A.	19
Manufacturing- Transportation Equipment	5	N.A.	12	N.A.	3
Retail- Non-stores	6	4	23	14	5
Transportation- Rail	7	N.A.	7	N.A.	2
Banking	8	3	14	13	4
Retail- Food & Beverage Stores	9	5	26	18	22
Transportation- Air	10	6	13	10	8
Manufacturing - Labels	11	7	22	11	12
Telecommunications	12	8	9	5	7
Manufacturing- Food	13	9	24	12	18
Support Services- Waste Management & Remediation	14	N.A.	16	N.A.	11
Wholesale- Heavy Equipment	15	12	19	8	17
Insurance and Related Activities	16	10	11	9	15
Professional, scientific and technical services	17	11	8	7	13
Manufacturing- Chemical	18	13	10	4	16
Management and Diversified	19	N.A.	6	N.A.	9
Precious Metals	20	15	4	3	14
Manufacturing- Wood product	21	16	18	6	23
Real Estate	22	14	20	16	26
Utilities	23	N.A.	2	N.A.	21
Oil and Gas	24	17	1	1	10
Other Financial Investment and Related Activities	25	N.A.	5	N.A.	24
Oil & Gas- Support services	26	19	3	2	25
Wholesale- Personal goods	27	18	15	15	27
Manufacturing- Cannabis product	28	N.A.	21	N.A.	28

Methodology

Data Sources: Same as the previous years, the 2017 pay gap survey relies on two data sources: the Globe and Mail list on executive compensation and the Statistics Canada resources. The former “How much are Canada’s top CEOs paid?”¹⁹ had a table on the ranking of the CEOs as per the compensation for the fiscal year 2017 drawn from the 100 largest public companies (by market capitalization) in Canada’s benchmark S&P/TSX composite index as of Dec. 31, 2017. This year, the list included 99 companies; Nutrien

Ltd was not included because it had not filed its proxy circular by the complier's cut-off date from where the CEO compensation information is extracted. A CEO's total compensation figure includes salary, bonus, stock awards, option awards, pension value, and all other compensation. Two tables of Statistics Canada were used: 'Average weekly earnings by industry, including overtime' (to get the pays of workers) and 'North American Industry Classification System (NAICS) Canada 2017 Version 3.0' (to determine the industry classification).²⁰

Process: For the computation of the sectoral CEO/employee pay ratios, the given list of top companies was arranged into specific sectors based on their type of major activity. This arrangement was made in order to obtain the employees' wages (at three or more NAICS digit level) corresponding to the sectors for which CEOs' compensation was available. This year there were 30 sectors. However, sectoral analysis was conducted for the 28 sectors as two sectors, Equity Funds and Transportation- Pipeline, didn't have data on the employees' pays. After classifying the industrial sectors, data on the employees' weekly wages were collected so as to get the yearly pays of the employees. To calculate the employees' average annual earnings, weekly earnings were multiplied by 52 weeks. Two types of workers were considered in the survey: 'all employees' comprising of salaried and hourly employees; and a sub-category of all employees, i.e., hourly employees. These annual pays were then used to calculate the respective pay ratios.

Endnotes and Sources

¹ Following are the four sources:

Bronson, Brittany. "Steve Wynn and the Economic Inequality Behind #MeToo". The New York Times. 29 January 2018. Accessed on 30 January 2018. <https://www.nytimes.com/2018/01/29/opinion/steve-wynn-nequality-behind-metoo.html>

Faiola, Anthony and Stefano Pitrelli. "Abuse Accusations Against Clerics Still Runs High Under Pope Francis, Book Claims". The Washington Post. 16 January 2017. Accessed on 30 January 2018. https://www.washingtonpost.com/world/sex-abuse-still-taints-church-under-pope-francis-book-claims/2017/01/15/b8cf3b24-da73-11e6-a0e6-d502d6751bc8_story.html

Dodds, Paisley. "UN Child Sex Ring left Victims but No Arrests". AP Exclusive. The Associated Press. 13 April 2017. Accessed on 30 January 2018. <https://apnews.com/e6ebc331460345c5abd4f57d77f535c1/AP-Exclusive:-UN-child-sex-ring-left-victims-but-no-arrests>

Hobson, Will and Steven Rich. "290 Coaches, Officials Tied to U.S. Olympic Groups have been Accused of Sexual Misconduct since 1982". The Chicago Tribune. 18 Nov. 2017. Accessed on 30 January 2018. <https://www.chicagotribune.com/sports/ct-olympic-sexual-abuse-20171118-story.html>

² See previous Economic Policy Dialogue surveys for detail, Pay Gap between CEOs and Workers in Canadian Industry. www.epdonline.org/pay-gap-surveys

³ Court, Emma. "Valeant Gets a New Name to Shed its Scandals, but will it Work?" MarketWatch. 17 July 2018. Accessed on 18 November 2018. <https://www.marketwatch.com/story/valeant-will-get-a-new-name-again-hoping-to-shed-its-scandals-2018-05-08>

⁴ Discussion on this point is based on following two sources:

Gellatly, Guy and Elizabeth Richards. "Recent Developments in the Canadian Economy: Spring 2018". Economic Insights. Statistics Canada. April 2018. Accessed on 8 December 2018. <https://www150.statcan.gc.ca/n1/pub/11-626-x/11-626-x2018080-eng.htm>

OECD. "OECD Economic Surveys: Canada 2018". July 2018. Accessed on 8 December 2018. <http://www.oecd.org/economy/surveys/Canada-2018-economic-survey-key-policy-insights.pdf>

⁵ OECD. (See Note 3 for reference). p.32.

⁶ Chart 2. Gellatly et al. April 2018. (See Note 3 for reference).

⁷ *ibid.* Chart 12 and text-section on: "Lower exports weighed on the pace of economic growth".

⁸ *ibid.* Opening line of the 'Overview'. "Economic growth moderated in the second half of 2017 following the strongest cumulative growth in the first half of the year since the early 2000s."

⁹ OECD. (See Note 3 for reference). p.20.

¹⁰ Chart 2. Gellatly et al. April 2018. (See Note 3 for reference).

¹¹ OECD. (See Note 3 for reference). p.27.

¹² *ibid.* Table 9, p.40.

¹³ "Canadian house prices have more than doubled in real terms since 2000, outpacing incomes and rents.... Concerns around house price increases are concentrated on the Toronto and Vancouver markets.... They are considered to be highly overvalued by the Canada Mortgage and Housing Corporation (CMHC), and price pressures have spilled over to the neighbouring markets of Victoria (British Columbia) and southern Ontario. Provincial governments have responded with policy measures to ease housing market pressures, notably the introduction of foreign buyers' transaction taxes for purchases in Vancouver (August 2016; rate raised and expanded geographically in February 2018) and Toronto (as part of the Ontario Fair Housing Plan, announced in April 2017). In each case these measures were followed by a period of weaker price appreciation. While this is a positive sign of market stabilisation, the resumption of price growth in Vancouver in 2017 raises the possibility that cooling in Toronto might also be temporary." OECD. (See Note 3 for reference). p.35.

¹⁴ Food Services, Manufacturing- Labels, Manufacturing- Cannabis product, Manufacturing- Clothing, Manufacturing- Wood product, Media, Oil & Gas- Support services, Retail- Non-stores, Support Services- Waste Management & Remediation, Transportation- Air, and Wholesale- Heavy Equipment.

¹⁵ These were: Management and Diversified, Manufacturing- Cannabis product, Manufacturing- Transportation Equipment, Media, Other Financial Investment and Related Activities, Retail- General Stores, Support Services- Waste Management & Remediation, Transportation- Rail, and Utilities.

¹⁶ This comes under 'Mining and Quarrying (except Oil and Gas)' sector at three-digit level.

¹⁷ See previous Economic Policy Dialogue surveys for detail, Pay Gap between CEOs and Workers in Canadian Industry. www.epdonline.org/pay-gap-surveys

¹⁸ Same as above.

¹⁹ Global Governance Advisors. "How much are Canada's top CEOs paid? Here's the full breakdown". Globe and Mail. 21 June 2018. Accessed on 13 July 2018. <https://www.theglobeandmail.com/business/careers/management/executive-compensation/article-how-much-are-canadas-top-ceos-paid-heres-the-full-breakdown/>

²⁰ Following are the Sources of those two tables:

Statistics Canada. Table: 14-10-0204-01 (formerly CANSIM 281-0027) Average weekly earnings by industry, including overtime, annual. Accessed in 2018. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410020401>

Statistics Canada. North American Industry Classification System (NAICS) Canada 2017 Version 3.0. Accessed in 2018. <http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=1181553>