



EQUAL PAY COALITION

Consultation on Pay Transparency Regulations: What you need to know to respond

#ShowUsTheMoney

Pay transparency is a tool that helps workers enforce existing human rights laws and promote gender equality.

Pay transparency requires employers to disclose the wage structure in their workplaces.

This transparency reveals where

- women and men are paid differently for the same work;
- women are underpaid because their work is undervalued; and
- women are concentrated in precarious work.

Ontario's *Pay Transparency Act*, passed in May 2018, set the following basic framework:

- Each year employers with 100 or more employees must post reports about the pay structure in their workplace;
- The reports must be made public on a government website;
- Workers are protected against employer reprisals and employers asking about your compensation history when you apply for a job

The *Act's* purpose is "to disclose inequities related to compensation that women and other Ontarians may

experience in the workplace to encourage removal of such inequities."

The *Pay Transparency Act* was to be effective as of January 1, 2019. But first regulations needed to be made that detail the specifics of the information employers need to disclose.

Following the election, the Ontario government did not develop those regulations and instead put the Act on hold indefinitely.

The Government's Consultation

In February, Ontario announced a new round of consultations about the details that need to go into the regulation.

The government issued a [consultation paper](#) with 9 questions they are considering.

It is important to make our voices heard. Your input must be submitted [online](#) through the government's portal. (www.ontariocanada.com/registry)

Please email or write to the government and let them know what needs to be in the *Pay Transparency Act* regulation. The deadline for submissions is Friday April 5, 2019.

What is needed in the Pay Transparency Act's regulation

The Equal Pay Coalition says the following points are the key areas to include in the Pay Transparency regulation.

To fulfill the Act's purpose, a clear spotlight is needed on the data and information that really matters.

Consultation questions 1 and 2: The Employer's reporting categories to calculate the gender pay gap

The government wants to know what categories of compensation should be used in the public pay transparency reports.

They are suggesting a narrow focus on hourly wage and gender. This does not adequately reveal the depths of inequality because it overlooks women's access to fewer hours of work, concentration in precarious work, and concentration in female-dominated work. It also overlooks how race and other forms of discrimination intersect to deepen the gender pay gap.

For pay transparency to be a robust tool of enforcement, the publicly reported information must reveal the overall picture of the wage structure. This means it must include the following:

- **Intersectional data** based upon gender, race, disability and Indigeneity, which is information that must be reported in the federal sector.
- **Report total compensation rather than just hourly wages.** Total compensation includes any form of remuneration payable for work: salaries, commissions, vacation pay, dismissal wages and bonuses; reasonable value for board, rent, housing and lodging; payments in kind; employer contributions to pension funds or plans, long-term disability plans and all forms of health insurance plans.
- **Bonuses, commissions and tips** (where tips are a fixed percentage of salary) are part of total compensation but should be reported separately from wages because there are gendered gaps in access to these forms of payment.
- **Report by compensation structure:** Are wage grids different for male jobs and female jobs? (i.e How many steps are on the grid? How long does it take to move up the grid, etc.)
- **Report by Job classifications** (i.e. clerk, administrative assistant)
- **Report Job status** to show whether employees are full-time, part-time, casual, seasonal or are hired through temporary help agencies.
- **Report the overall wage structure** by the average hourly wage, median hourly wage, as well as **average annual earnings and median annual earnings** at the workplace.

Consultation question 3: The Reporting Period

- The *Pay Transparency Act* requires that reports be filed by May 15, 2020 for employers with 250 or more employees and May 15, 2021 for employers with more than 100 employees.
- **It is crucial that the same reporting period apply to all employers so that the information is consistent and can be comparison over time.** For this reason, the data that is collected in pay transparency reports should refer to data for a calendar year (1 January to 31 December). This is also consistent with the information that employers prepare for annual income tax slips which facilitates reporting.

Consultation questions 4 to 6. What is the cost to employers to prepare the reports?

- **Employers already have the data – this is basic payroll data.** With a press of a button on a payroll system, the pay transparency reports can be produced. If an employer operates in the federal jurisdiction, they are already required to file annual employment equity reports.
- **Data on annual earnings is already prepared by employers for reporting to Canada Revenue Agency.**

- **It is not costly to prepare pay transparency reports.** In the United Kingdom, employers had to file annual pay transparency reports beginning April 1, 2018. Employers stated it cost less than \$1,000 to produce the reports.¹
- When the U.K government consulted on their pay transparency reporting scheme, 82% of employers and business organisations agreed that the publication of gender pay information would encourage employers to take action to close the gender pay gap.
- Less than 2% of organisations said they were unable to measure the difference in the pay of male and female employees from existing data and systems.

Pay Transparency is good for Ontario's economy.

Why the delay in implementation?

According to the Ontario government's [own study](#) on the gender pay gap,

"a qualified working woman who has [the] same socio-economic and demographic characteristics (e.g., education level, age, marital status), and experience in the workplace (e.g., job status, occupation, and sector) as a man, on average receives \$7,200 less pay per year."²

¹ See United Kingdom, Government Equalities Office, Closing the Gender Pay Gap: government response to the consultation, February 2016.

² Final report and recommendations of the Gender Wage Gap Strategy Steering Committee, 2016.

The pay equity gap is equal to \$18 billion of foregone income each year for all working women in Ontario, which translates to about 2.5% of Ontario's Gross Domestic Product.

The government's own report concluded that closing the gender wage gap in Ontario would increase revenues from personal and sales tax by \$2.6 billion and decrease government expenditures on social assistance, tax credits and child benefits by \$103 million.



Closing the gender pay gap makes basic economic sense.

There should be no delay in implementing the Pay Transparency Act.

The Equal Pay Coalition calls for the immediate implementation of the Pay Transparency Act. **The government must take action no later than May 1, 2019.**

Pay Transparency helps close the gender pay gap by making employers prove they are complying with existing law to deliver discrimination-free pay.

Pay Transparency is an internationally recognized approach to closing the gender pay gap:

- In 2014, the European Union Commission passed a recommendation that its member states implement pay transparency.
- Australia implemented pay transparency measures.

- In 2016, the United Kingdom passed a Pay Transparency law after voluntary efforts did not work.
- In 2018, the global Equal Pay International Coalition was launched by the ILO, UN Women and the OECD and identified pay transparency as a key tool for closing the gender pay gap. Canada is a member of the EPIC steering committee.

Now is the time for Ontario to implement strong pay transparency legislation so that it can catch up with the global leaders in closing the gender pay gap.

File your submissions with the government online by **Friday April 5, 2019.**

Then join our **Equal Pay Day** actions across the province on **Tuesday April 9, 2019** to demand that employers and government **#ShowUsTheMoney**.