

Factsheet 4

A Spotlight on Transparency

Pay transparency laws are new access-to-information tools that are being used globally to fight pay discrimination. They are a vital evolution in the laws to advance women's economic justice.

Pay transparency laws require employers to disclose their pay practices so workers know if they are receiving fair pay or not. Workers need pay information to enforce their fundamental right to equality at work.

Why do we need pay transparency?

For generations, across Canada at both the federal and provincial levels, it has been against the law to discriminate on the basis of sex in pay. At the federal level, all employers have legal obligations under the *Canada Labour Code* and the *Canadian Human Rights Act* to deliver discrimination-free pay.

But Canada's anti-discrimination laws are poorly enforced. Employers regularly flout the anti-discrimination laws which contributes to the large gender pay gap. (See Fact Sheet #1 for statistics on the gender pay gap.)

Despite the existing laws, women and men are often paid differently even when they are doing the same work. Women are also underpaid because their female-dominated work is undervalued. Women face lower pay because they are concentrated in precarious jobs. Women's pay is also suppressed because they are systemically denied opportunities for training and advancement.

One reason that discrimination goes unchecked is because workers lack access to key information. Unless a worker is unionized, an employer's pay structure is secret. Non-unionized workers must often sign confidentiality agreements that prohibit them from discussing or disclosing their pay. That means that some workers can be disciplined or even fired if they ask about pay information or share their own pay information.

If workers don't know what the pay structure is in their workplace, they can't enforce their rights to non-discriminatory pay. That undercuts rights to equal pay for equal work, pay equity and general equality rights at work (See Fact Sheet #3 about the different equality rights at work.)

The Opportunity for Change

In its February 2018 budget papers, the Canadian government promised to introduce "pay transparency".

The government promised it will provide Canadians with more information, on-line, regarding the pay practices in the federally regulated sector. The government committed to spending \$3 million on pay transparency over five years starting in 2018-2019.

What is pay transparency?

Pay transparency reports require employers to disclose existing pay structures; this makes the existing pay gaps visible.

Pay transparency helps buttress the enforcement of existing human rights laws by giving women access to the information they need to enforce their rights.

By making pay structures public, pay transparency shifts the onus onto employers to prove that they are complying with the law. In this way, the publication of pay transparency reports can hold employers accountable for wage gaps that affect women, Indigenous peoples, persons with disabilities and racialized peoples.

Pay Transparency is going global

Pay transparency laws have been introduced in many countries including the United Kingdom, Germany, Australia as well as in the some U.S. states.

So on the global stage, the federal government is playing catch-up. (See Fact Sheet #1 for Canada's standing globally on the gender pay gap.) Canadian companies operating internationally already have to comply with pay

transparency laws in countries where those companies operate. That information shows that these Canadian businesses have significant gender pay gaps.

For example, pay transparency reports are publicly available for Canadian companies operating in the UK. The public reports that were filed in April 2018 show that federally-regulated Canadian companies operating in the UK have significant gender gaps:

- The Royal Bank of Canada's 2018 report showed that women's median hourly wages are 57% lower than men's and women's median bonuses are 86% lower than men's.
- The Toronto Dominion Bank's 2018 report showed that women's median hourly rate is 47.9% lower than men's and women's bonuses are 84.1% lower than men's.

Both companies' reports showed that women are concentrated in the lowest paying quartile of their workforce and that the percentage of women decreases the higher one moves up the income level.¹

Pay transparency reports then disclose not just pay differences, but differential access to training and promotions and they can show who is concentrated in precarious work.

We shouldn't have to rely on international website to determine what Canadian companies are doing. We need pay transparency here in Canada.

Next Steps to make pay transparency real for women

The federal pay transparency framework is still being developed. Attention is needed to ensure that the framework is developed in a way that allows easy public access to meaningful information.

To be effective, the employers' annual pay transparency reports must include meaningful information to close the gender pay gap. Employers must be required to state hourly as well as annual earnings, wage structure, including bonuses and benefits, by gender, job classification and job status (full-time, part-time, casual, seasonal and temporary help agency workers). The new pay transparency framework must require that all employers report on the same time frame (calendar year) so that data is consistent and allows for year-over-year comparison. The framework must also provide for mandatory filing deadlines.

In consultations conducted in the spring of 2019, the federal government indicated its intention to build its pay transparency framework on the existing reporting structure under the *Employment Equity Act*. Those mandatory Employment Equity Act reports contain workplace information on women, racialized workers, Indigenous workers and workers with disabilities.

Pay transparency initiatives have also begun at the provincial levels. In 2018, Ontario in fact introduced Canada's first *Pay Transparency Act*. The law was to have come into effect on 1 January 2019 but following a June 2018 provincial election, the legislation's implementation has been suspended indefinitely. Again, attention is needed to ensure that this law actually takes effect.

¹ All data on pay transparency reports can be downloaded from the UK Government's, *Gender Pay Gap Service* website.