



Coalition for Pay Equity
Coalition pour l'équité salariale
New Brunswick • Nouveau-Brunswick

LEGISLATING PAY TRANSPARENCY

Policy Statement—September 2023

Introduction

This policy statement is intended to provide guidance to all provincial political parties, so they will support legislating pay transparency.

Definition

Pay transparency means ending the culture of secrecy around pay in the workplace. It helps prevent and expose unfounded pay differences between workers doing the same work or work of equal value. Pay transparency can also provide employees with salary information to help detect and prove possible discrimination based on sex. This information holds employers accountable for ongoing wage discrimination affecting woman and members of minority groups.

The Issue

Deeply rooted social norms around money and personal income have fostered a culture of secrecy around salaries. Although the Human Rights Act and the Labor Standards Act guarantee pay parity—equal pay for equal work—irrespective of any identity factors such as gender, race or sexuality, it is virtually impossible for employees to ascertain their employer's compliance with the law without having access to salary information.

The Current Situation

The momentum toward greater pay transparency is growing both nationally and internationally. Over **25% of the US workforce** is covered by pay transparency laws, along with the European Union under a new **Pay Transparency Directive**, as well as a number of other countries such as Israel and Iceland. At the federal level, pay transparency has been incorporated into the Employment Equity Regulations as of June 2022. Four provinces have already adopted legislation, including two Atlantic provinces:



The Solution: Legislating Pay Transparency

Pay transparency legislation is a crucial step towards resolving pay inequality and inequity, as it helps to dispel doubts about equal pay between men and women and reduces gender bias in pay practices. By gaining a better understanding of wages in their workplace, employees regain autonomy and can hold their employer to account in the event of pay discrepancies.

There are various approaches to legislating pay transparency, such as a stand-alone bill or amendments to the Employment Standards Act. We recommend a model amendment to the Employment Standards Act to add sections on pay transparency (appendix I).

Legislation can include a variety of measures and approaches. The Coalition for Pay Equity is promoting the following measures which are the most widely adopted across different jurisdictions:

- » Ban employers from preventing employees from discussing their compensation with other employees and other agencies.
- » Require employers to include the compensation range – the lowest possible pay and the highest possible pay – and any other compensation elements in all job postings.
- » Ban employers from asking about a person's pay history.
- » Require employers file annual reports on the wage gap within their organization.

Implementation Costs

Costs to government and to employers to implement pay transparency would be minimal. Most employers already compile the relevant data for reporting, and the other pay transparency provisions are cost-free. The necessary oversight and enforcement mechanisms are already built into existing Employment Standards, so any additional costs to the government would be minor.

Conversely, the personal, social and economic benefits of pay transparency are varied:

- » Enables more effective recruitment
- » Improves employee productivity and morale
- » Increases employee retention and reduces staff turnover
- » Preserves valuable employees
- » Fills gaps, promotes inclusion and fosters innovation

Now is the Time to End Secrecy

It's time for New Brunswick to join the growing movement for pay transparency, so that the province remains competitive for employers to better attract and retain workers, and for employees to avoid pay discrimination.

It can not only be a lever to ensure pay parity, but also to shine a light on gender bias in pay systems and the undervaluation of the work mostly done by women. Pay transparency can also foster change in attitudes towards women's pay by raising awareness and stimulating debate around the reasons for structural gender pay differences.