

COMPENSATION CONSIDERATIONS

A Regional Employers Services Publication

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ONTARIO LEGISLATION UPDATE: *PAY TRANSPARENCY ACT (BILL 203)*

On March 6, Bill 203, *Pay Transparency Act, 2018* was introduced in the Ontario legislature. Bill 203 is aimed at reducing wage gaps across disadvantaged groups in the province of Ontario by establishing requirements related to the disclosure of information about the compensation of employees and prospective employees.

Bill 203, Pay Transparency Act, 2018

The [*Pay Transparency Act*](#) (“the Act”) seeks to address biases in compensation in the private and public sectors in Ontario. Highlights of the Act include:

1. Requiring employers to post expected compensation or the expected range of compensation for publically advertised job postings.
2. Requiring employers to prepare a pay transparency report relating to the employer’s workforce composition and differences in the compensation in the employer’s workforce with respect to gender and other prescribed characteristics. The report must be submitted to the Ministry and posted online or in at least one conspicuous place in every workplace of the employer where it is likely to come to the attention of employees in that workplace.
3. Banning employers from seeking compensation history information about any applicant by any means, excluding publically available information or information voluntarily disclosed by the applicant. Employers are not prohibited for seeking information about compensation ranges or aggregate compensation provided for positions comparable to the position for which the applicant is applying.
4. Enacting arbitration processes, penalties, and contravention measures.

The proposed legislation will first be applied to the Ontario Public Services and then to companies with 500 or more employees, followed by firms with 250 or more employees.

The Conference Board of Canada Report

The *Pay Transparency Act* was put forth in part as a response to a [*report*](#) by the Conference Board of Canada (CBOC) measuring the country’s social and

economic performance. The 2017 society report card measured the quality of life for Canadians against international peers, ranking Canada 10th out of 16

peer countries and awarding an overall letter grade of “B”.

The report identified that quality of life is effected by standards of living and social outcomes. A notable social outcome reviewed in the report was gender

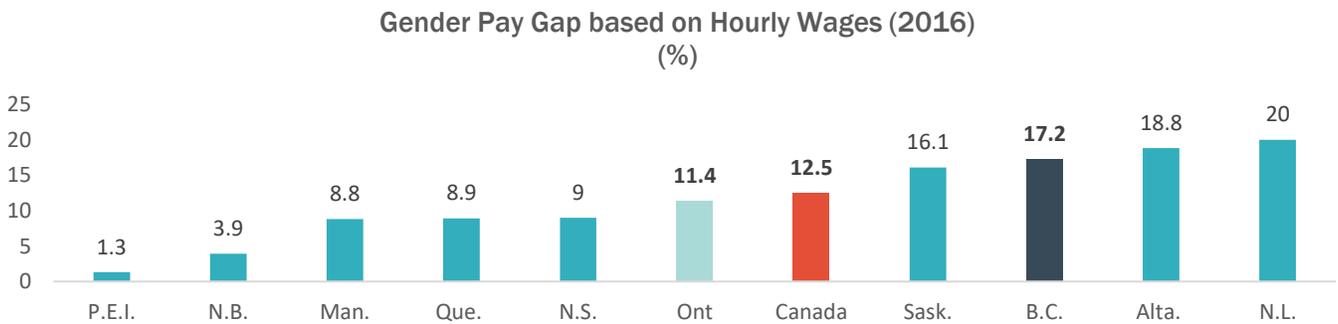
equity. Amongst other findings, the report identified that shrinking the gender wage gap is necessary for a healthy society. On this measure, Canada received a letter grade of “C” and ranked 13th out of 16th peer countries. British Columbia and Ontario received letter grades of “D” and “C”, respectively.

ADDRESSING GENDER WAGE EQUALITY

The gender wage gap has narrowed in recent decades across Canada and most provinces and territories. Despite this reduction, the most recent report on human rights in Canada conducted by the United Nations found there are “persisting inequalities

between women and men” and the “high level of the pay gap”. For example, in British Columbia and Ontario the median hourly gender pay gaps are 17.2% and 11.4%, respectively (see Figure 1).

Figure 1:



Source: Conference Board of Canada

To address the wage gaps, CBOC identified a number of approaches including:

1. encouraging more women to seek employment in higher-wage occupations and in science, technology, engineering, and mathematics (STEM) occupations;
2. implementing workplace policies that attract and retain highly skilled women and facilitate work-life balance such as flexible hours and telecommuting;
3. establishing affordable child care and encouraging men to take parental leave; and,
4. implementing transparent practices around recruitment, compensation, and promotions.

Regarding the latter point, the report highlighted that in 2012, Belgium, which has the lowest gender pay gap across the comparator jurisdictions, introduced legislation requiring companies with at least 50 employees to produce a gender pay gap report every two years. More recently, in April, 2017 the U.K.

government introduced a plan to make it mandatory for companies with 250 or more employees to report on gender wage gaps and gaps in bonus pay.

The Ontario *Pay Transparency Act* is expected to pass and come into force in January 2019.

Compensation Considerations

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QUESTIONS?

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